



Budget 2001 Highlights

BUDGET 2001 HIGHLIGHTS — Today's Families First

Minister's message

It is my pleasure to present *Budget 2001* — a budget for today's families.

This is really a budget about choices: do we choose dramatic tax cuts at the expense of our crucial health and education programs? Or do we choose to protect these programs with a strong fiscal commitment?

While preparing this budget, I heard from British Columbians from all walks of life and their choices were clear. British Columbians want to protect our health and social programs and they want a balanced budget.

So in *Budget 2001* we say 'yes' to health care and education, and we say a resounding 'no' to dramatic tax cuts.

Because of the choices we have made in this budget, hospitals will have more funding to hire nurses; and universities, colleges and institutes will have more resources to fund new spaces. Class sizes will remain small in K-3, more schools will be built and seismic upgrades will be made to schools, post-secondary institutions and hospitals. As well, tuition fees, which have been frozen for five straight years, will now be cut by five per cent. British Columbians have told us that these are their priorities. They're our government's priorities too. This budget is a significant step forward in meeting these priorities.

Honourable Paul Ramsey
Minister of Finance and Corporate Relations

Budget 2001 — Highlight Points

Financial House in Order

- The auditor general confirmed that B.C. balanced its budget in 1999/2000.
- The government projects balanced budgets for 2000/2001 and 2001/2002.
- B.C.'s debt will be reduced in 2000/2001 by \$405 million.

Focus on Health Care

- 52 per cent of new program spending in *Budget 2001* is for health care, an increase of almost \$1 billion to \$9.23 billion.
- \$1.6 billion has been committed over four years to build and renovate hospitals, build a cancer clinic in the Fraser Valley and more health facilities.
- \$681 million, or two-thirds of the new spending increase, is being directed to fund regional programs, like cardiac care and more cancer treatments.

- \$70 million in capital funding has been committed to purchase and replace vital diagnostic and treatment equipment.

Social Justice

- *Budget 2001* increases funds for Child Care B.C. by \$45 million.
- Funding for people with disabilities increases by \$60 million.
- *Budget 2001* invests \$3.5 million on a school meal program for children in need.
- It provides \$13.5 million in new funding for early childhood programs for Aboriginal children.

Focus on Education

- *Budget 2001* devotes \$169 million more toward funding B.C.'s public schools, the tenth straight year of increased funding.

- \$505 million in capital funding is committed to building and improving B.C.'s public schools, colleges, universities and institutes.
- *Budget 2001* sets aside a \$123 million fund over the next two years for seismic upgrading including B.C.'s schools and post-secondary institutions.
- It reduces post-secondary tuition by five per cent and increases funding to institutions by eight per cent, an extra \$143 million.
- *Budget 2001* also creates more than 5,000 new student spaces in these institutions.

Quality of Life

- *Budget 2001* commits \$1.4 million to improve rural community access to the Internet.
- It invests \$10 million in capital funding to upgrade B.C.'s parks.

Financial House in Order

B.C.'s budget framework is now the most open, accountable and transparent in the country. Over the past year, the B.C. government has introduced the *Budget Transparency and Accountability Act* and the *Balanced Budget Act*. Last year the government's first priority was to put B.C.'s financial house in order. By opening the books, balancing the budget and promoting economic growth in the province, that foundation has been set.

A growing economy — balanced budgets

Our books are balanced, this year, last year and next year. B.C.'s auditor general confirmed that the books for fiscal 1999/2000 were balanced, with a moderate surplus of \$52 million. Budgets for 2000/2001 and 20001/2002 are projected to be balanced as well.

For 2000/2001, revenues increased as energy prices rose and the economy gathered steam. Revenues will surpass forecast targets by \$2.5 billion — 11.8 per cent over forecast.

Projections for the coming year remain positive, despite the slowing of the U.S. economy. The Economic Forecast Council predicts economic growth of 2.4 per cent for 2001. The government's forecast matches this prediction.

Expenditures

B.C.'s total expenditures are projected at \$24.3 billion, an increase of \$1,849 million from the 2000/2001 budget.

Debt Figures

British Columbia's debt is expected to fall by \$405 million in 2000/2001.

Total projected taxpayer-supported debt was reduced to \$24.5 billion compared to the budget forecast of \$27.9 billion in fiscal 2000/2001. Projected total debt was reduced to \$33.8 billion from the budget forecast of \$36.5 billion — a reduction of \$2.7 billion. Taxpayer-supported-debt-to-GDP ratio is forecast at 19.6 per cent for 2000/2001, one of the lowest in the country.

Budget 2001 provides the capital funding for schools, hospitals and post secondary institutions across the province.

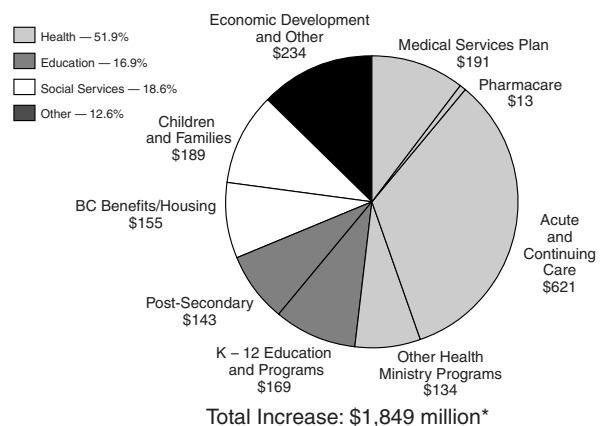
As a result of this choice there is a projected increase in the provincial debt:

- taxpayer-supported debt is expected to increase by \$1.2 billion to \$25.7 billion in 2001/2002
- total debt is expected to increase by \$850 million to \$34.7 billion
- taxpayer-supported debt to GDP is forecast to be 19.7 per cent for 2001/2002

B.C. Economic Facts at a Glance — 2001 Forecast

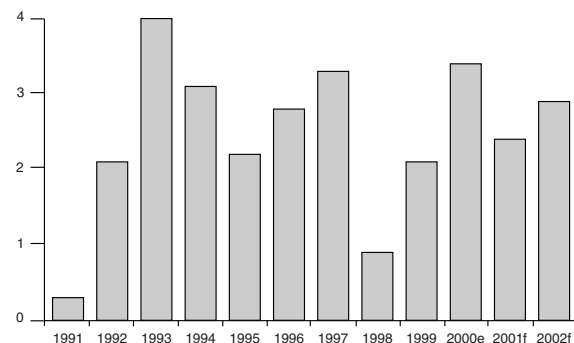
- economy forecast to grow by 2.4 per cent in 2001 and 2.9 per cent in 2002
- retail sales to grow by 3.5 per cent
- unemployment rate forecast at 7.4 per cent
- housing starts to rise by 6.1 per cent

2001/02 Program Budget Increases*
Consolidated Revenue Fund (\$ millions)



*Based on the 2000/01 restated budget estimate, excluding pension accounting policy changes (see Table C5).

BC Real GDP Growth
Percentage change



Sources: Statistics Canada & Ministry of Finance and Corporate Relations

Focus on Health Care

Health care is this government's highest priority. If government fails to invest here, it may open the back door to a U.S.-style health care system. In an effort to avoid this, *Budget 2001* increases spending to \$9.23 billion — \$959 million more than last year.

- This budget devotes 52 per cent of new program spending to meeting the needs of patients — funding doctors, nurses, hospitals and services.
- *Budget 2001* provides \$1.6 billion in capital funding over four years for new and expanded hospitals, including a new cancer clinic in the Fraser Valley and more health facilities in communities throughout B.C.
- It provides \$70 million in capital funding to purchase and replace diagnostic and treatment equipment.

Budget 2001 focuses on solving the nursing shortage.

- Building on the commitment in the last budget to fund 400 new post-secondary spaces for training nurses, this budget will invest \$4.7 million to create 400 new training spaces for nurses.
- It will also add funding of \$12 million to attract more nurses to B.C., while helping to further educate and retain nurses already in the system.

Funding for the health action plan, announced in *Budget 2001* will also add:

- \$2.8 million for more intensive and critical care beds
- \$8.9 million for transitional or flex beds in acute care.

Health care in British Columbia will get more support with:

- a 10 per cent increase in home support and nursing for the elderly and disabled — a \$39 million increase
- a palliative home care funding increase of \$2.9 million for the terminally ill.

Two-thirds of the new spending increase for health care this year is dedicated to regional programs. This funding will increase the number of acute and continuing care beds, home support services, the operation of new MRI and CT scanners, provide more cardiac care and renal dialysis and more cancer treatments in Victoria and the Fraser Valley.

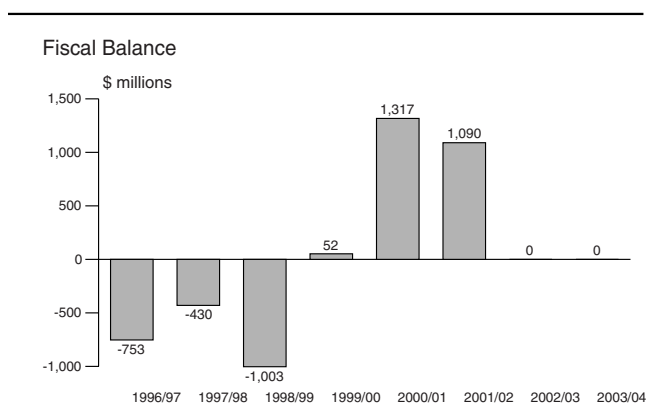
The province's mental health investment more than triples in *Budget 2001* providing an increase of \$31.5 million to B.C.'s mental health plan.

Ensuring a fair and just B.C.

Government has a social responsibility and must address the needs of the least advantaged and the least fortunate. Last year's budget introduced a new approach to helping parents with safe and affordable before- and after-school child care.

Budget 2001:

- provides \$45 million in additional funding for Child Care BC, giving more parents affordable and safe before-and after-school care, saving them up to \$1,100 per child annually
- gives an additional \$3.5 million for school meal programs for B.C.'s children in need
- provides an additional \$13.5 million in funding for early childhood intervention initiatives to help aboriginal children get a strong start in life
- provides an additional \$60 million for British Columbians with disabilities.



Focus on Education — B.C. The Education Province

The new natural resources are not trees or minerals, but knowledge, skills and ideas. And, the incubator for these is our education system. *Budget 2001* directs 28 per cent of total spending to funding teachers, schools, colleges, universities, and skilled trades and training opportunities. This year B.C.'s education funding will increase by \$312 million.

Over the past 10 years B.C. has:

- cut class sizes in the early grades, giving young children the individual attention they need in those crucial early years
- hired nearly 4,000 new teachers over the last 10 years and replaced 658 portables with permanent classrooms since 1998.
- wired every public school and campus to the Internet through the Provincial Learning Network (PLNet)
- opened three new universities and created 40,000 new post-secondary spaces across B.C. (including 2,000 spaces for high technology).

Post-secondary students in British Columbia pay the second lowest tuition fees in all of Canada. B.C. students graduate with at least \$7,000 less debt than the average Canadian student.

Budget 2001 provides:

- \$505 million in capital funding for public schools and post-secondary institutions
- an increase of \$312 million in operating funding for both the public school and post-secondary education systems.

Investing in our public school system

This year's budget invests in our young people, providing new funding of \$169 million for our public school system.

Budget 2001:

- continues government's class size initiative, ensuring there will be no more than 20 students in kindergarten classes and no more than 22 in Grades 1 to 3
- provides funding to operate three more Career Technical Centres, allowing young people to kick-start their training or post-secondary training while getting their high school diploma
- provides capital funding to renovate, expand or build 22 schools, and further improve another 190
- provides \$123 million over two years for seismic upgrading, including schools and post-secondary institutions.

Investing in B.C.'s resources, tomorrow's workers:

B.C.'s greatest natural resource is its skilled and knowledgeable work force. In *Budget 2001*, government has invested to create an environment where these resources can blossom and grow.

Budget 2001:

- reduces tuition for post-secondary school students by five per cent
- raises post-secondary funding by eight per cent, an increase of more than \$143 million
- adds more than 5,000 new student spaces to our universities, colleges and institutes
- embarks on a plan to double the number of apprenticeship and skilled trades training spaces over the next four years to 50,000.

Budget 2001 also commits to other infrastructures including:

- a \$1.4 million digital infrastructure initiative which improves Internet access to rural B.C. communities via the Provincial Learning Network (PLNet)
- a \$10 million capital investment to upgrade trails, roads, beaches and campsites in B.C.'s parks.