



BUDGET SPEECH

INTRODUCTION

I am pleased to present the fourth budget of this New Democrat administration.

When our government assumed office three-and-a-half years ago, we had one overriding priority — jobs and prosperity for ordinary British Columbians.

We were faced with three big challenges.

The first was to put the province's financial house in order.

That meant eliminating the deficit and getting debt under control.

Failure to meet this challenge would result in more British Columbia tax dollars going to pay interest to banks, with less available to provide badly-needed services.

The second challenge was to make our economy the strongest in Canada.

By making the right investments — affordable investments — to ensure long-term growth and jobs.

By investing in people — in job training and new skills for working British Columbians.

By investing in our natural resources and the communities that depend on them.

And by building the infrastructure necessary for new business investment and job creation.

***Financial house
in order***

Failure to meet this challenge would undermine our longer-term economic potential and prevent ordinary British Columbians from sharing in its benefits.

Our third challenge was to protect the essential public services that British Columbians rely on.

One service in particular makes British Columbia and Canada different — our medicare system.

Universal access to health care is a key part of our economic productivity, our security, and our social fabric.

Failure to meet this challenge would mean regressing to an American-style system — where access to health care depends not on what you need, but on what you earn.

Honourable Speaker, our first three budgets met these challenges.

We have put British Columbia's financial house in order.

We came into office facing a budget deficit of \$2.4 billion and cut it by over 80 per cent in our first three budgets.

We brought down real government spending per person, which was growing at four per cent per year in 1991/92 to a real reduction in spending per person of one per cent last year.

As a result of sound financial management, we were able to freeze taxes for three years.

By setting clear priorities and cutting waste, we were able to protect essential medicare and public education in the face of declining federal government support.

We have maintained the lowest level of debt as a percentage of gross domestic product in Canada.

And we have the highest credit rating of any province.

This sound financial management has produced results, Honourable Speaker.

When this government took office in 1991, the provincial economy was weak. Each year since, it has grown steadily.

The British Columbia economy has created 139,000 new jobs since 1991, over 40 per cent of all new jobs in Canada.

Last year our economy grew by 4.3 per cent, an achievement British Columbians can be proud of.

When we took office, we inherited a backlog of urgent demand for infrastructure — for schools and hospitals, and transportation, sewer and water systems.

We addressed these needs to ensure long-term economic growth and jobs in all of British Columbia's regions.

Honourable Speaker, in 1991 our forest industry was suffering from decades of neglect.

We took action to renew British Columbia's forests and the communities that depend on them.

Now — thanks to the efforts of all British Columbians — our economy is growing, investment is at its highest level in seven years, and we continue to lead Canada in job creation.

Against this positive background, we began to prepare our budget for 1995/96.

Honourable Speaker, six months ago, I began to consult the people of British Columbia about this budget.

Thousands of people offered me their views, and more than 100 groups submitted reports.

Most said the government was on the right track.

They were pleased that we had cut the deficit.

And they supported the steps we have taken to reduce government spending.

They strongly supported the three-year tax freeze.

And they were often surprised to learn that B.C. has the lowest debt and the highest credit rating of any province.

They gave a high priority to jobs and investment.

***Extensive
consultation***

***Balanced budget
one year ahead
of schedule***

And they agreed that health and education must be protected in the face of limited tax dollars.

But they said, “Do more. Go further. Finish the job.”

We listened. And we have acted.

With this year’s budget, Honourable Speaker, we have completed a key part of the job started when we took office.

There will be no budget deficit for the government of British Columbia this year.

With this 1995 budget we have balanced the budget a full year ahead of our promise to the people of British Columbia.

And we have done it while maintaining our commitment to freeze taxes.

People also told me “control debt.”

This budget caps the cost of debt, at a rate lower than any other province.

This budget introduces a debt management plan to make sure British Columbia’s debt level remains the lowest in Canada.

People also said “cut the cost of government.”

This budget cuts administrative overhead, chops spending for services like advertising and consultants, and delivers existing programs more efficiently.

As a result, real government spending per person will decline by 2.3 per cent this year — the third decrease in spending in a row.

Important as it is, Honourable Speaker, British Columbians are looking for more than just sound financial management.

They want a government with a vision of the future, and a commitment to keeping our economy the strongest in Canada.

This budget continues to make the investments which are essential to job creation. Investments in our people, natural resources and infrastructure.

It continues our Skills Now initiative to give students, workers, and unemployed British Columbians the training they need for the new jobs in our changing economy.

It continues to invest in wise use of our land base, the renewal of our forests, and the health of the communities that depend on them.

And it ensures a strong fiscal foundation while making the affordable investments essential for British Columbia's future.

People want a government that is prepared to stand up for them, to protect the medicare, public education, and other vital services they value so highly.

This budget makes our health care system a priority.

We will take action to expand cancer clinics, shorten surgery waiting lists, move health care closer to home, and spend health dollars more effectively.

Balancing these goals is what sets British Columbia apart.

A number of other provinces have reduced or eliminated their budget deficits.

Some have done it through drastic cuts in essential services, and ordinary people are paying the price.

We will not do that in B.C.

We will balance our budget, but we have chosen a different way. A better way. A made-in-B.C. way.

By listening to the people, we have developed a budget that reflects their priorities. A budget that paves the way for continued job creation and a prosperous future.

ECONOMIC REVIEW AND OUTLOOK

Honourable Speaker, let me now review British Columbia's economic performance over the last year and our prospects for the coming year.

British Columbia's economy recorded another impressive gain in 1994. Growth was greater than expected.

***Medicare
top priority***

***Economy best
in 7 years***

Our real gross domestic product grew by 4.3 per cent — the highest rate of growth in seven years.

By most indicators, British Columbia has one of the strongest economies in North America.

- Retail sales increased by almost 10 per cent in 1994.
- Exports were up by 20 per cent.
- And non-residential capital expenditure was up by over 23 per cent.

***67,000 new jobs
created in B.C.
last year***

Last year 67,000 new jobs were created in British Columbia — one out of every four jobs created in Canada.

Growth is expected to moderate somewhat in 1995, but the economy will still show a solid 3-per-cent increase.

And new jobs will continue to be created at an impressive rate — 43,000 in 1995.

A STRONG FISCAL FOUNDATION

Honourable Speaker, ensuring jobs and prosperity over the longer term requires sound government finances.

To ensure a strong fiscal foundation, we must do three things.

First, we must eliminate the deficit and begin to pay down the debt created by previous deficits.

A situation in which a government continues to spend more than it brings in is both unacceptable and unsustainable.

Second, we must ensure that our debt levels remain affordable over the long term.

Excessive debt levels reduce governments' ability to maintain the public services demanded by a growing population.

Third, we must reduce the cost of government and make government more efficient — by eliminating waste and duplication.

With our tax freeze in place — it becomes essential to cut the cost of government, improve efficiency, and find savings in order to fund the public services that British Columbians require.

Eliminating the Deficit

Honourable Speaker, when this administration took office three-and-a-half years ago, the government's spending exceeded its revenues by \$2.4 billion. And it could have gotten worse.

An independent audit showed the deficit soaring to \$3.3 billion if no action were taken.

The Premier pledged to bring the deficit down and eliminate it.

And to do so in a balanced, deliberate way — without damaging our economy or making drastic cuts to medicare, public education, or other vital public services.

Progress to Date

In our first three budgets we made steady progress toward our goal of eliminating the deficit.

Let me first outline the results recorded in 1994/95, the year just ending.

I am pleased to announce that the government's spending for the fiscal year 1994/95 will be on target at \$19.6 billion.

And because our economy was even stronger than expected, revenue will exceed \$19.2 billion — \$524 million higher than estimated.

Every penny of this additional revenue has been used to reduce the deficit and hold down debt.

As a result, the 1994/95 deficit will be \$370 million — well under half of the \$898 million targeted in last year's budget.

And this faster progress in eliminating the deficit means that the amount of new taxpayer-supported debt incurred in 1994/95 was also one-half of the level projected in last year's budget.

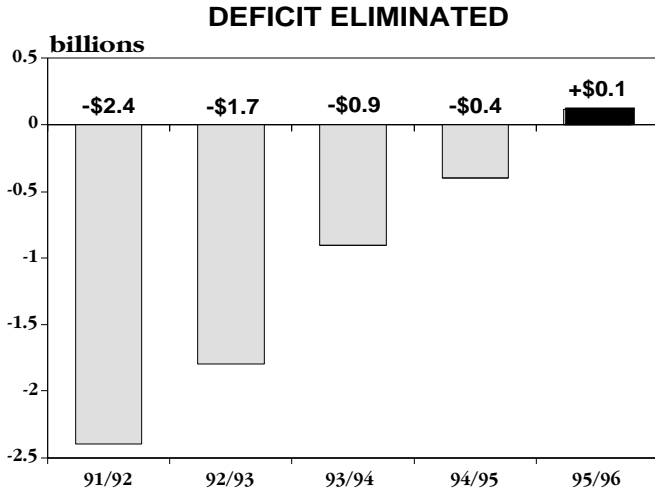
In total, the first three budgets of this administration cut the deficit by over \$2 billion, a decline of over 80 per cent.

**Budget surplus
for 1995/96**

A Balanced Budget for 1995/96

Honourable Speaker, let me turn now to 1995/96.

British Columbia's deficit is gone.



Strong economic growth will generate revenues of \$20.3 billion while expenditures will be \$20.2 billion.

The resulting budget surplus will be \$114 million.

Honourable Speaker, over the last six years, there has been much public debate over the reporting of B.C.'s budget deficit.

The *Public Accounts of British Columbia* contains two different financial presentations.

One, the consolidated revenue fund or CRF, covers all expenditures made directly by the government.

This approach has been used by B.C.'s provincial governments to report budget deficits or surpluses since Confederation.

The other, called the summary financial statements, is more comprehensive in that it also includes the financial results of all provincial government agencies and enterprises, including some that are outside the direct financial control of the provincial government.

The Auditor General favours the use of the summary financial statements and has recommended we report the surplus or deficit on that basis.

Financial reporting includes all government agencies

Starting in 1995/96, the budget documents will present financial results using both approaches.

Using either the summary financial statements or the consolidated revenue fund, British Columbia has a surplus budget in 1995/96.

Honourable Speaker, eliminating the deficit is only the first step in meeting a larger long-term challenge.

	94/95	95/96
Consolidated Revenue Fund	-\$370 million	\$114 million
Summary Financial Statements	-\$202 million	\$31 million

This government is committed to ensuring balanced or surplus budgets in future years so that we can pay down the debt accumulated from decades of operating deficits.

This challenge is made more difficult by Ottawa offloading its responsibilities onto the provinces.

For more than a decade, the federal government has unilaterally cut back funding for medicare, post-secondary education and our social safety net.

Offloading by successive federal administrations is costing B.C. about \$2 billion a year — money that could have been used to eliminate the deficit and pay down debt.

We have overcome these cutbacks and achieved a balanced budget for the coming year.

But the recent federal budget announced new funding cuts to the provinces for medicare and post-secondary education — cuts that are going to hurt ordinary people and their families.

We will continue to stress to Ottawa the damage caused by these actions.

And we will look at new ways to protect vital services within our financial means. But, I must stress Honourable Speaker, that this is in no way an easy task.

Honourable Speaker, last year we introduced a three-year tax freeze.

During my consultations across the province, some people said we should go further this year. Rather than just freeze taxes, we should cut them.

We believe that taxes should be lower, and it would have been easy to boost this government's popularity with new tax cuts.

However, many people told us that it was much more important for B.C.'s long-term economic future to keep the budget balanced, repay debt, and preserve vital services.

We agree with this view.

There will be no major tax cuts in this budget and the three-year tax freeze will continue.

***Three-year tax
freeze continues***

Managing Government Debt

Honourable Speaker, there has been considerable debate over the last several months on the state of British Columbia's debt.

I'm a community planner, not an economist or an accountant.

So I look at what financial experts — those whose job it is to assess credit worthiness — have said about this province's financial situation recently.

Moody's Investors Service states, and I quote, "Debt levels remain the lowest of any Canadian province."

The investment dealer Wood Gundy also supports this assessment, concluding, and I quote, "the government's commitment to balance the budget by freezing taxes and cutting the rate of expenditures underscore the market's view of B.C. as a top-notch credit."

The investment dealer Nesbitt Burns concludes, "B.C. is in the best financial shape of all the provinces ... the province has taken action to keep debt growth on a downward path."

The investment dealer Goldman Sachs says, "B.C.'s high double-A credit ratings and stable outlook are based on the province's improving fiscal profile, moderate debt burden and strong economic performance."

I could continue, Honourable Speaker, but I think the picture is clear.

B.C. has the highest credit rating of any province

The fact is that British Columbia has the highest credit rating of any province in Canada and the lowest debt level relative to gross domestic product.

However, we believe that just being number one is not enough.

British Columbians tell me they're concerned about public debt and this government shares their concerns.

Failure to control debt means that more and more British Columbian tax dollars go to banks to pay interest instead of providing services to people.

And the role of outside lenders in setting our financial and economic policies becomes ever larger.

Therefore, managing debt is one of our highest priorities.

As of March 31, 1995, the total debt of the government of British Columbia stands at \$26.9 billion.

This debt is comprised of commercial debt and taxpayer-supported debt.

Commercial debt is the debt of commercial Crown corporations. It totals \$8.1 billion, and is repaid from the sale of their services not from tax dollars.

Total taxpayer-supported debt is \$18.8 billion — the lowest per capita debt of any province in Canada.

Taxpayer-supported debt comes from two sources: debt to fund past operating deficits and debt to build infrastructure.

Debt to fund past operating deficits totals \$10.2 billion — \$7.4 billion of which was incurred before this government took office.

Honourable Speaker, there will be no more borrowing or adding to debt to finance operating deficits.

And with this surplus budget we can begin to pay down the debt resulting from past deficits.

The second type of taxpayer-supported debt is used to build schools, roads, health care facilities, public transit, water mains, sewer systems, and other infrastructure.

Debt to fund infrastructure totals \$8.6 billion — \$5.9 billion of which was incurred before this government took office.

The practice of borrowing to pay for infrastructure over the long term has been followed in British Columbia for almost 30 years.

Successive governments have decided that the cost of such assets should be spread over their useful life rather than paid for in advance.

It is also sound business practice.

British Columbia's private sector companies frequently borrow to finance large investments in plant and equipment.

***No more
borrowing to
finance
operating
deficits***

***Comprehensive
debt management
plan in place***

And they pay the cost over many years.

Without debt financing, many businesses would be unable to expand production and meet customer needs.

Similarly, without debt financing we would not be able to keep up with the needs of our growing province.

The 700,000 new people added to our province's population over the last decade have significantly increased the demand for infrastructure.

And the sharp cutback in capital construction during the mid 1980s created a backlog of unfilled needs for basic infrastructure in many of our growing communities.

Although many of these needs must still be met, we must strike a balance between what we need and what we can afford.

We will borrow only to make affordable investments in infrastructure — repaying the debt over the life of these investments.

Debt Management Plan

Honourable Speaker, today I am announcing the details of a comprehensive debt management plan for British Columbia.

It will ensure that British Columbia's debt levels remain affordable while we make the necessary investments to keep B.C.'s economy the strongest in Canada.

In last year's budget, we put forward a fiscal plan that took the first essential step — eliminating the provincial deficit by 1996.

We have eliminated the deficit this year, one year ahead of schedule, and we did this while keeping taxes frozen.

The debt management plan I am announcing today takes the next essential step.

It follows extensive consultation at the Premier's Summit on the Economy in January and subsequent recommendations presented to us.

The plan has four key goals.

The first goal will be to maintain British Columbia's credit rating as the best of any province.

Major credit rating agencies have signalled their approval of this government's record by giving us the highest rating of any province. We will work to maintain that confidence.

Our second goal will be to balance the budget and use surpluses to pay down the \$10.2 billion in debt incurred from decades of operating deficits.

A 20-year pay-back period will be established, based on realistic economic and fiscal assumptions. This goal is consistent with recommendations coming out of the Premier's Summit.

Our third goal will be to reduce the size of total taxpayer-supported debt as a share of provincial gross domestic product.

It will be reduced from its current level of 19.1 per cent to 15 per cent within 10 years and to 10 per cent within 20 years. This goal goes further than the recommendations of the Premier's Summit.

Our taxpayer-supported debt as a percentage of the provincial gross domestic product is already the lowest in Canada — lower than Alberta at 37 per cent, lower than the federal government at 73 per cent.

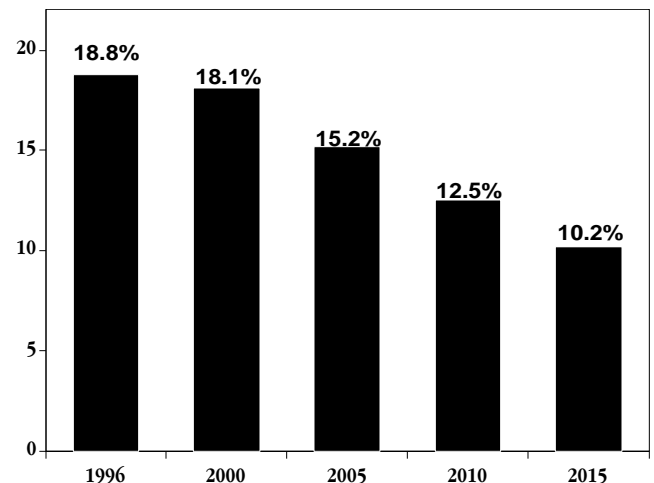
But we are going to ensure that it is further reduced.

The fourth goal will be to ensure that B.C.'s cost of debt remains the lowest in Canada.

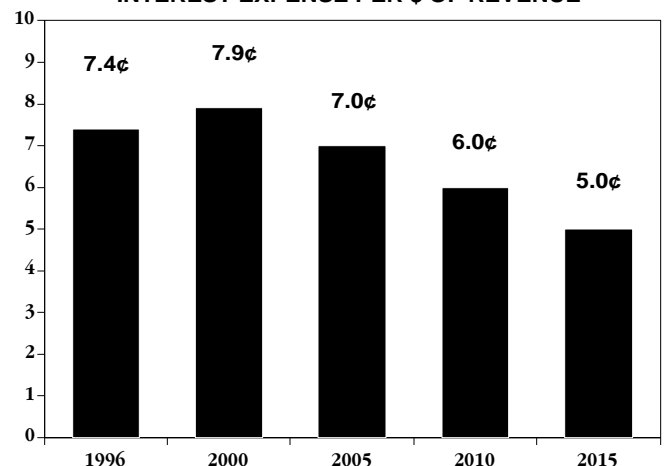
Under the debt management plan — interest payments on taxpayer-supported debt as a percentage of government revenue will be capped at 8.5 per cent.

Again, this goes further than the recommendations of the Premier's Summit.

TAXPAYER-SUPPORTED DEBT
DEBT AS A % OF GDP



DEBT INTEREST BITE
INTEREST EXPENSE PER \$ OF REVENUE



**Government
spending lowest
in 25 years**

Currently, British Columbia's cost of tax-supported debt is 7.2 per cent of revenue, compared to 13 per cent for Alberta and 34 per cent for the federal government.

To accomplish these goals, we commit in the debt management plan to finding more innovative ways to reduce the need to borrow in the first place.

These will include better use of existing public facilities, partnerships with the private sector, and the sale of non-essential public assets.

And Honourable Speaker, except for the allocation to the region announced recently by the Premier, all of the Columbia River downstream benefits will be used to pay down the province's debt.

The debt management plan also sets out specific benchmarks to allow the objective measurement of results over time.

And it ensures annual public reporting of the government's progress in achieving these benchmarks, with an independent review by the Auditor General.

With this debt management plan, we can move ahead — confident we have struck that balance between what we need and what we can afford.

Cutting the Cost of Government

Honourable Speaker, British Columbians want a government that lives within its means.

That does not mean drastic cuts to the services we all value and rely on — cuts which would make everybody less healthy, less well-educated and less well-off.

Rather, British Columbians want the province to run its affairs the way they run their own households — efficiently, with a minimum of waste and duplication.

Since assuming office in 1991, this government has taken action.

We have cut the rate of growth of government spending every year, from the 12 per cent when we took office, to 3.7 per cent last year.

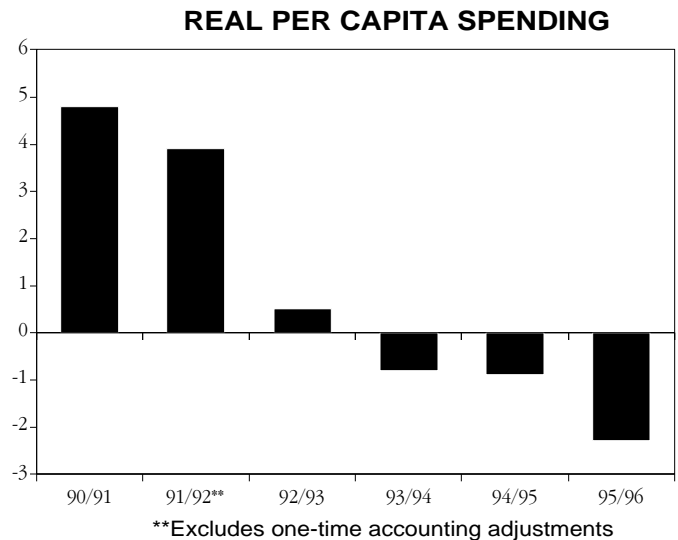
In this budget we have cut it to under 3 per cent — the lowest in 25 years.

Some have argued that we should cut deeper and faster, as some other provinces have done.

But other provinces do not have the rapidly-growing population that British Columbia has experienced over the last several years.

When adjusted for our growing population and for inflation, overall provincial government spending will decline by 2.3 per cent during the coming year.

That marks the third annual decline in real per capita spending.



Leading by Example

Honourable Speaker, British Columbians expect their elected representatives and senior government officials to lead by example when it comes to keeping spending down.

We agree.

In 1992, we froze the salaries and allowances of all MLAs and cabinet ministers and have extended this freeze every year.

In early 1993, the Premier implemented a five-per-cent cut in cabinet pay for himself and his ministers.

And the salaries of deputy ministers and other senior officials were frozen.

All these freezes and reductions will be continued in the coming year.

And new measures will be taken to control executive compensation in the broader public sector and end unacceptable practices.

Honourable Speaker, many British Columbians have expressed concern that the pension plan for Members of the Legislative Assembly is excessive relative to those in the private sector.

During this legislative session, we will be bringing forward proposals to change the MLA pension plan.

MLAs, cabinet ministers salaries remain frozen

MLA pension plan to be changed

**Public sector
wage growth
below
private sector**

Improving Public Sector Bargaining

Honourable Speaker, wages and salaries account for just under half the total cost of public services.

When we took office in 1991, public sector wages were increasing by an average of 5.4 per cent — well ahead of the private sector.

Over the past three-and-a-half years, we have taken action to bring down this growth.

In 1993, we established the Public Sector Employers' Council to ensure consistency and increase the overall effectiveness of collective bargaining.

These actions have been successful in bringing down public sector wage increases to just 1.6 per cent last year, well below the private sector increase of 2.2 per cent.

New Initiatives to Cut Wasteful Spending

Honourable Speaker, holding wage costs down helps to control government spending but operating costs must be reduced as well. Unlike some other provinces, we have not slashed indiscriminately but are rationally reviewing programs to identify waste and improve efficiencies.

Last year, I announced a number of measures to cut wasteful spending and improve operating efficiency within government.

These included the elimination of Government Air Services.

The sale of the government's jets realized \$9.7 million in 1994 — money that was used to pay down debt.

In addition, using the private sector to provide air services will cut costs by over 30 per cent, for an ongoing saving of \$2.4 million each year.

During the last year we also implemented a number of initiatives to reduce the costs of welfare to ensure that benefits are paid to those truly in need.

Measures include recovering income assistance payments made while recipients are waiting for unemployment insurance payments,

for a savings of \$20 million, and cooperating with other provinces to identify fraudulent claims, which will save another \$5 million.

This is not enough, however.

This year we took a hard look at operating costs in government ministries, and we cut them across government to achieve savings of over \$40 million.

Advertising has been cut by 15 per cent for a saving of \$3.6 million.

Consulting budgets have been cut by 5 per cent for a saving of \$26.5 million.

Travel costs have been cut by 3.5 per cent for a saving of \$2.4 million.

Spending on information systems and equipment has been cut by 3 per cent for a saving of \$9.1 million.

And furniture budgets have been cut by 4.5 per cent for a saving of \$800,000.

Honourable Speaker, seven government ministries will spend less this year than they did last year. And six will cut staffing levels this year.

Let me outline some examples of the specific actions we are taking to cut waste and improve efficiencies over the coming year.

Administration in the Ministry of Transportation and Highways will be cut by almost \$12 million.

Administration in the Ministry of Health will be cut by \$19 million.

Delivery of the Pharmacare program will be streamlined to save \$37 million.

The cost of delivering student financial assistance will be reduced by \$16 million, with no impact on students.

Two hundred Ministry of Forests employees are being moved from headquarters and administrative functions to direct “front line” program delivery.

1,400 Ministry of Health employees will be moved to regional health boards.

***More than
\$100 million
of savings***

Funding for education administration spending has been reduced, again, for a saving of \$7 million.

Eliminating duplication of financial management functions across government will save \$850,000.

Policy functions within the ministries of Employment and Investment and Environment, Lands and Parks have been streamlined for a saving of \$1.45 million.

The above measures will total over \$100 million.

We must continue to identify ways to bring down the cost of government.

BC Hydro, for example, has recently announced the elimination of 500 positions in order to improve its cost effectiveness.

Over the next year, we will be undertaking a major new initiative to improve public sector efficiency and cut unnecessary bureaucracy. Assisted by members of the business community, we will streamline organizational structures within government.

The review will emphasize the fair and equitable treatment of affected employees and its goal is to reduce the number of supervisory positions by 450.

AFFORDABLE INVESTMENTS IN BRITISH COLUMBIA'S FUTURE

***Investing in
our future***

Honourable Speaker, up until now I have been talking about British Columbia's fiscal situation.

Balancing the budget and ensuring a strong fiscal foundation is vital, but it is not an end in itself.

One of the most important challenges facing us today is to secure prosperity and jobs for working people over the long term.

Our economy has been the strongest in Canada over the last three years.

But our continued prosperity cannot be taken for granted. We must make the right investments — affordable investments — to ensure long-term economic opportunity and jobs.

We must invest in people, in our natural resources, and in key infrastructure.

And we must ensure that ordinary British Columbians benefit from the province's economic success.

Education and Skills for the Real World

We live in an economy that is changing rapidly.

An economy where success is based on the quality of our workforce — no longer on the quality of our natural resources.

The single most important investment we can make is in training and skills, and we have made this a top priority of government.

Over the last three years we have provided the funding necessary to protect the quality of our schools and universities in the face of scarce resources.

And we have made an unprecedented investment in the skills that British Columbians need to compete in the real world.

When we took office in 1991, British Columbia's schools and post-secondary institutions were bursting at the seams.

Schoolchildren faced crowded classrooms and a proliferation of portables, while universities and colleges were turning away young people because of lack of space.

Over the last three years we have taken action to reduce the backlog of requirements for new facilities. We made capital investments of \$1.2 billion in schools and a further \$700 million in post-secondary institutions — including the new University of Northern British Columbia.

This year, we will invest over \$550 million to continue building and expanding schools and post-secondary facilities.

Over the last three years we have increased the funding grant for primary and secondary education by \$425 million — an average increase of 4.8 per cent per year.

Last year we froze administrative spending to ensure that the increased education grant was targeted to kids in classrooms.

***Skills for a
changing
economy***

In this 1995 budget the operating grant for education will be \$3.4 billion, an increase of 4.4 per cent over the previous year.

Again, resources will be directed to maintaining quality education in the classroom. This year's education grant does not include funding for salary increases for teachers, and cuts school administration.

Honourable Speaker, over the last three years we have increased funding to create 15,000 new spaces in colleges, universities, and other post-secondary institutes.

Last year the Premier announced the Skills Now initiative. It invests \$200 million over two years to give British Columbians the skills they need in a changing economy.

Skills Now goes beyond the traditional education system. It targets training programs directly to those most in need — students, workers, and unemployed British Columbians.

Priorities for the coming year include:

- Increasing apprenticeship and work-related training in high schools.
- Strengthening technical education at the post-secondary level.
- Forming partnerships to retrain workers in their communities.
- Opening new Skills Centres across the province.
- And helping those on income assistance acquire the skills needed to get back into workforce.

During the coming fiscal year we are providing \$106 million to meet these priorities.

Honourable Speaker, ensuring that young people make a successful transition from adolescence to economic independence is a particularly important challenge. Too many young people are not acquiring the skills and training they need to make this transition in the modern economy.

And too often they become discouraged and turn to welfare for support.

This government does not believe that young people are best served by long-term income assistance from the taxpayer.

During the coming year we will take steps to move young people off welfare and into jobs and jobs training.

This budget transfers \$40 million in income assistance for students to the Ministry of Skills, Training and Labour, and this assistance will be focussed on achieving economic independence for young people.

Investing in the Natural Resources of B.C.'s Regions

Honourable Speaker, this government believes that the public sector has a vital role to play in creating the climate for economic growth in British Columbia's regions.

Protecting jobs and ensuring prosperity in communities across British Columbia requires getting the greatest benefit from our natural resources.

That means resolving disputes over the use of the forest land base and making sure everyone knows where they stand.

Over the last three years we've put in place a better way of making local land-use decisions — ending valley-by-valley conflicts and bringing greater stability to forest-based communities.

We continue to give high priority to resolving aboriginal land claims — negotiating fair and open settlements that will provide certainty and stability for all British Columbians.

Ensuring jobs and prosperity in British Columbia's regions also means renewing our forests and reversing years of overcutting and poor management practices.

During the last legislative session we passed a new Forest Practices Code, setting better harvesting standards and more effective enforcement to ensure we get the best value from our forests.

In this budget we are providing \$35 million to support this important initiative.

Last year we introduced the Forest Renewal Plan, an unprecedented reinvestment of forestry wealth back into our forests and into the communities that created this wealth. Its goal is to renew B.C.'s forests and ensure good, family-supporting jobs for the people and communities who depend on them.

Under the plan, a total of \$2 billion will be available for investment over a five-year period.

***Stability for
forest-based
communities***

And the investments will be paid for by forest companies, not the British Columbia taxpayer.

Forest Renewal B.C. will have \$430 million available from fees paid by timber companies in 1995/96. Forest Renewal priorities for the coming year include:

- New investments in enhanced silviculture.
- Restoring and protecting the forest environment.
- Jobs and job training for forest workers.
- More jobs and value from every tree cut.
- Strengthening forest-based communities.

As required by the B.C. *Forest Renewal Act*, the first business plan for Forest Renewal BC will be tabled in the legislative assembly during this session.

Investing in Infrastructure for Private Sector Growth

Honourable Speaker, British Columbians work hard for a living, and they deserve a government that understands their challenges — making ends meet and raising a family.

They know that it is the private sector, particularly small and medium-sized businesses, that is creating the jobs they and their children will rely on in the years to come.

But the private sector requires public sector support. It requires the stability created by sound management of the province's finances.

B.C.'s private sector also understands how crucial a strong and modern infrastructure is to attracting new business and creating good, secure jobs.

It is government's responsibility to provide that infrastructure — to lay the foundation upon which jobs can grow.

This government is making affordable investments to ensure a secure and prosperous British Columbia.

We are replacing the unsafe, outdated Vancouver Island Highway and unplugging traffic arteries in the lower mainland.

We are undertaking an \$800-million 10-year investment to upgrade our aging ferry fleet.

We are participating jointly with the federal and municipal governments in a \$675-million upgrade to water and sewer systems.

This year we will be moving forward with a new transportation plan for British Columbia.

It will integrate roads, transit and ferries, emphasize environmental technologies, and work in partnership with the private sector.

Honourable Speaker, over the last three years, we have entered into a range of partnerships to help small and medium-sized businesses grow.

We are aggressively seeking more opportunities to work in partnership with the private sector for financing, designing and building needed infrastructure.

Let me give just a few examples.

The Premier's trade missions to the Pacific Rim, Europe and the U.S. have helped hundreds of B.C. businesses by promoting value-added products and knowledge-based industries.

We established the BC Focus investment fund — over \$100 million of joint private and public investment to provide capital for small and medium-sized business.

We opened the B.C. Investment Office to match new private sector investment with opportunities in B.C.'s smaller communities.

And we launched a \$9.5 million Buy BC program in partnership with the food industry to promote B.C. products.

Honourable Speaker, British Columbia's cultural industries represent a vibrant and growing sector of our economy.

They account for 47,000 jobs across the province, a large portion held by young people.

They are an important source of small business opportunities in B.C.'s communities. They contribute to our quality of life. And they help put British Columbia on the map.

For the coming year we have provided \$4 million in additional funding to support new programs and new partnerships in the cultural sector.

***Over \$100 million
for small and
medium-
sized businesses***

Funding will be earmarked to celebrate B.C.'s best artists, help develop new marketing strategies, increase support for community cultural organizations, and help bring B.C. artists and performers to schools and communities throughout our province.

Honourable Speaker, many businesses have expressed concern over the often-unintended impact that regulations and other government actions have on their competitiveness.

Following recommendations arising out of the Premier's Summit, we will work with the business community to develop tools and processes to ensure that government regulations do not have unintended impacts.

PROTECTING UNIVERSAL MEDICARE

Honourable Speaker, in building a strong fiscal and economic foundation, we cannot sacrifice the vital services that British Columbians depend on.

British Columbians place a special value on their health care system.

Universal medicare, available to all regardless of ability to pay, is one of the key things that makes British Columbia and Canada unique.

It increases our economic productivity and enhances our quality of life.

Protecting the integrity of universal health care in the face of limited resources is an important challenge.

And the challenge will become more difficult as the federal government continues to cut funding for medicare.

Honourable Speaker, this government has given the highest priority to funding health care, to ensure it remains accessible and affordable.

Over the last three years we have increased funding for health care by over \$1.1 billion, an average annual increase of 5.9 per cent.

And we have done it at a time when some other provinces were cutting health services.

Over the coming year, we will invest almost \$300 million to build or expand hospitals, clinics and other health care facilities.

***Health care
remains
accessible and
affordable***

Our total expenditures for health care will be \$6.64 billion. That represents an increase of \$252 million or 4 per cent over the previous year.

Honourable Speaker, ensuring that medical services are there when British Columbians need them also means changing the way we provide care.

That's why we introduced our New Directions initiative — to develop more cost-effective ways of delivering services in B.C. communities.

This is being accompanied by a major decentralization of health care administration to British Columbia's regions.

Beginning this year, the Ministry of Health will transfer most of the programs it currently manages to new health boards and councils across the province. This year 1,400 staff positions will be transferred from the Ministry of Health to regional health boards.

And over the next few years, additional positions will be transferred. Within three years staff in the Ministry of Health headquarters will be reduced from 6,000 to 1,000.

Maintaining a viable health system also means providing health care efficiently, minimizing bureaucracy and obtaining the best value for money.

Measures are being taken to amalgamate some hospital support functions and to use group purchasing to help lower the cost of supplies.

During the coming year we will improve the delivery of the Pharmacare program to save \$37 million and reduce administrative costs in the Ministry of Health to save \$19 million.

CONCLUSION

Honourable Speaker, let me now sum up what this budget does.

First, it ensures a strong fiscal foundation for British Columbia.

This budget completes a key goal we set for ourselves when we took office: it eliminates the deficit.

***Cutting health
care
bureaucracy
means value for
money***

Deficit gone

***Debt management
plan in place***

It puts forward a long-term plan to make sure our debt level remains the lowest in Canada.

***Taxes frozen for
another two
years***

It continues the three-year freeze on taxes.

And it makes sure government lives within its means by cutting wasteful spending.

Honourable Speaker, budgets are not just about numbers, balance sheets and credit ratings — they are about people. People are looking for a government that spends their tax dollars wisely but they are also looking for a government which is prepared to make the right investments — affordable investments, to secure their jobs and create new economic opportunities.

This budget makes unprecedented investments in the education and skills that British Columbians need to compete in the real world.

It makes investments to renew British Columbia's forests and ensure good, family supporting jobs for the people and communities who depend on them.

And it invests in the modern infrastructure that the private sector needs to prosper and create jobs — roads, transportation networks and communications.

***Medicare and
public education
highest funding
priorities***

Honourable Speaker, British Columbians are also looking for a government that is prepared to stand up for them, to protect medicare, and the other vital public services.

This budget continues to make the preservation of universal medicare and public education our highest funding priorities.

Honourable Speaker, this budget is a made-in-British Columbia solution.

It ensures a strong fiscal foundation without cutting public services, reducing wages, or lowering social standards.

It strikes a balance between the investments we need and the investments we can afford — so that our economy will remain the best in Canada.

We have listened to ordinary British Columbians and acted on their concerns.

We will continue to listen, and work with people all over this province to ensure jobs and prosperity for British Columbians.

Thank you.