

OPINION-EDITORIAL

PROTECTING VITAL SERVICES MEANS MAKING TOUGH CHOICES

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September 1, 2009
Approx. 712 words

British Columbia faces significant economic challenges. The provincial Budget Update tabled in the legislature yesterday reflects these difficult times.

Since February, projected provincial revenues have fallen by \$3.9 billion over the three year plan. Cost pressures and expenditures have increased by over \$500 million and we are projecting a shortfall of \$2.8 billion this fiscal year alone. We've had to make tough choices in our budget decisions and take steps to protect vital services.

First, we are protecting and enhancing spending in core areas of health care, education and social services. To do so, means the province will have to run deficits of \$2.8 billion in 2009/10, \$1.7 billion in 2010/11, and \$945 million in 2011/12. The budget will be balanced by 2013/14.

Even as revenues have fallen dramatically, necessary spending in critical areas has increased.

For example, forest fires in the province this summer have been among the worst ever and we expect fire-fighting costs to exceed \$400 million. Fighting forest fires is vital and necessary spending. So too, is ensuring other vital services are protected. But in a time of falling revenues, we then need to make the difficult choice to cut back in other areas.

Government is tightening its own belt over the next three years and we expect to achieve \$3.4 billion in savings through reductions in advertising, discretionary grants, contracted professional services, travel costs and office expenses. These monies will be allocated to priority programs in health, education, social services and other areas.

Funding for the Ministry of Health Services will increase by nearly 18 per cent over the next three years. By 2011/12, funding for the Ministry of Health Services will reach \$15.7 billion. In the Kindergarten through Grade 12 system, per-student funding is maintained at over \$8,200.

The Budget outlines government's plan to introduce full-day kindergarten in B.C. during the 2010/11 fiscal year. It commits \$151 million to ensure up to 50 per cent of all five-year-olds starting school next year will be able to attend full-day kindergarten and all five-year-olds by September 2011.

For British Columbians in need, the Budget provides \$420 million in additional funding to meet greater demand for income assistance as a result of the recession.

We are also promoting job growth and building for the future. The Budget reaffirms the government's commitment to building and upgrading roads, bridges, schools, hospitals, and other key infrastructure to keep people working in tough economic times.

In partnership with other levels of government, British Columbia's capital plan could create up to 88,000 jobs over three years. Since February alone, some 480 projects worth \$3.4 billion have been announced. These projects are expected to create 21,600 direct jobs, providing additional stability and confidence throughout the province.

With this Budget, the B.C. government is positioning British Columbia to take full advantage of the coming economic recovery. To ensure B.C. is one of the most competitive jurisdictions in the world, it's our intention to introduce a harmonized sales tax (HST) on July 1, 2010.

To support the transition to the HST, the federal government is providing B.C. with \$1.6 billion that will be used to help maintain critical services such as health care. To help consumers make the transition to the new tax structure there will be provincial HST related measures to exempt home energy use from the HST, a low income B.C. HST credit to benefit more than 1.1 million British Columbians and rebates for new home buyers.

The Budget raises the small business income tax exemption threshold to \$500,000 from \$400,000, effective January 1, 2010. This measure will save small business in B.C. an estimated \$20 million annually.

For individual taxpayers, the basic personal income amount is being increased to \$11,000, or 17 per cent. As a result of this and other tax measures introduced by the government, individual British Columbians earning up to \$118,000 annually will pay the lowest provincial personal income taxes in Canada.

Difficult times mean difficult choices. But the Budget introduced yesterday balances the need to protect vital services British Columbians depend on with the need to promote job growth and new opportunities at a time of shrinking revenues and significant economic challenges.