

BALANCED BUDGET 2005 SPEECH

Towards a Golden Decade for British Columbia

*Finance Minister Colin Hansen
February 15, 2005*

Introduction

Mr. Speaker.

It's truly a pleasure to stand before this House today and deliver the government's budget for the next three fiscal years.

It is, of course, a balanced budget — in every sense of the word. And that is a direct result of sound planning, discipline, and — most important — the countless contributions of our citizens.

This budget is all about the people of British Columbia — from Dease Lake to Fort Nelson to Port Renfrew to Sparwood.

It shows what we can accomplish — as a province and a people — and it points the way to a future of growth, confidence and prosperity.

During the 1990s, we were facing a different future:

- we were at the back of the pack in economic growth;
- government spending was outpacing revenues;
- communities were struggling;
- families were struggling; and
- young people were leaving the province to build their futures somewhere else.

When this government came to office, the province was in nothing short of an economic and fiscal mess. So we got right to work on a plan to balance the budget, and build the future our children deserve.

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And we are, once again, leading the country in job creation — with almost 200,000 jobs created since December 2001.

We're on the brink of a new decade — a golden decade. And to guide our progress, we have five great goals.

The promise we made was to restore hope and prosperity.

And our work plan included two key measures:

Number 1: Get our fiscal house in order, while protecting funding for health care and education; and

Number 2: Get the economy growing.

That was the plan. We've followed it through. We will continue to follow it through. And today's budget demonstrates beyond a doubt — The plan is working.

We have tabled a balanced budget two years in a row. And we have put a law in place to make sure it stays balanced.

Funding for health and education has not only been protected; it has increased by more than \$1.8 billion in the last three years alone.

BC's economy is not only growing, but diversifying and strengthening across a whole range of sectors . . .

And we are, once again, leading the country in job creation — with almost 200,000 jobs created since December 2001.

Clearly, the decade of decline is behind us.

We're on the brink of a new decade — a golden decade. And to guide our progress, we have five great goals:

1. To make BC the best educated, most literate jurisdiction on the continent.
2. To lead the way in North America in healthy living and physical fitness.
3. To build the best system of support in Canada for persons with disabilities, those with special needs, children at risk, and seniors.
4. To lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. To create more jobs per capita than anywhere else in Canada.

These are ambitious goals but, when we work together, there are no limits to what we can achieve.

Look how far we've come in terms of our economic and fiscal performance.

Sound Fiscal Management and a Sustainable Future

Four years ago, BC faced a structural deficit of \$4 billion.

Today, in complete contrast, we are on track to end the current fiscal year more than \$1.3 billion ahead of the \$100 million target set in Budget 2004.

That does not include the \$300 million forecast allowance for the year just ending, which is there to protect against unforeseen events. If we are not required to use it by April 1, the surplus will be a record-high \$1.74 billion.

Either way, we have a very significant fiscal dividend, resulting from a strong economy, prudent fiscal management, and a combination of ongoing and one-time federal transfers.

I want to emphasize the words “one time” because a large portion of the year-end dividend comes from one-time sources.

That means we have to invest these dollars carefully. They are not dollars we can count on for the long-term. And we don't have to look far to see the truth in those statements.

Four short years ago, another administration saw a dramatic rise in revenues in one year — and did not manage it wisely, even though their own projections showed that it was a fiscal anomaly.

They built a budget that committed the province to spending more than taxpayers could actually afford. And they left British Columbians with a structural deficit.

We've done the opposite, creating a sustainable surplus, which supports an affordable course of long-term investment. And today we are announcing a measure to keep our plan affordable.

We are committing \$1.7 billion in 2004/05 to paying down the provincial debt.

That is the single largest annual debt reduction in BC history.

It will help ensure that we are able to afford the investments in infrastructure that BC needs — including schools, health care facilities and highways.

While we will see debt from government operations continue to decline, these infrastructure investments will increase total debt.

We are committing \$1.7 billion in 2004/05 to paying down the provincial debt.

That is the single largest annual debt reduction in BC history.

In the year ahead, we are projecting a surplus of \$220 million, protected by a cushion of \$670 million.

If, as in past years, we continue to do better than forecast, we can use those cushions to reduce future borrowing needs, or to pay down debt.

This must be considered in the context of a growing economy. That is why the standard measure of debt affordability is the ratio of taxpayer-supported debt to GDP.

That ratio is forecast to fall from 18.5% in the year just ending to 17.3% by the end of March 2008. And we are forecasting real economic growth of 3.1% in 2005 and 3.0% in each of the two following years.

We will, as promised, continue to balance the budget. In fact, we're forecasting surpluses in each of the next three years, supported by forecast allowances and contingency reserves.

These prudent "cushions" protect our plan, recognizing that budgets are projections, vulnerable to shifts in everything from borrowing rates to weather patterns.

In the year ahead, we are projecting a surplus of \$220 million, protected by a cushion of \$670 million.

In each of the two following years, we are projecting surpluses of \$200 million, with cushions of \$720 million and \$860 million, respectively.

If, as in past years, we continue to do better than forecast, we can use those cushions to reduce future borrowing needs, or to pay down debt. And that will give the people of British Columbia even more choices.

British Columbians' Priorities

During the fall, we went to the people and asked for their advice about which choices we should make in Budget 2005. A legislative committee held extensive consultations, and we mailed a questionnaire directly to households.

We asked British Columbians: What are your priorities?

And they told us — very clearly — to stick to our plan.

They said: Maintain your commitment to sound fiscal management.

They said: Continue working to support a strong economy.

They said: Maintain your commitment to health care and education, and to supporting those in need.

And we are doing all those things with Budget 2005.

Consistent with our plan, and with people's priorities, we are moving forward with our five great goals through a series of initiatives to help ensure:

- that BC continues to live within its means;
- that steady economic growth continues; and
- that its benefits are shared by British Columbians, in every region and corner of the province.

Towards the Best Economy

As a member of this government, I've had the opportunity to travel the province extensively and speak with people — year after year.

A year ago, it was obvious that BC was turning the corner. People in general were much more optimistic. But it wasn't universal. That sense of economic recovery had not yet reached every part of the province.

That has changed profoundly. We are now seeing gains in every geographic region.

Compared to December 2001, employment levels have increased by:

- 3.4% in the North Coast/Nechako region;
- more than 4% in the Northeast and Kootenays;
- 5.9% in the Cariboo; and
- by 15.4% in the Thompson-Okanagan.

We are seeing strong growth in other important areas, too, with:

- retail sales up 6.4% in 2004, compared to the previous year;
- exports up 11%;
- manufacturing up 12.7%; and
- housing starts up by 26% — more than four times the national average.

BC now has the second-strongest economic growth rate in Canada. That's a huge improvement from the 1990s. But we can do better. And we will.

Housing starts up by 26% — more than four times the national average.

We are now seeing gains in every geographic region.

We will achieve our great goal of creating more jobs per capita than anywhere else in Canada.

Combined, these measures will help keep forestry strong, sustainable and competitive.

We will achieve our great goal of creating more jobs per capita than anywhere else in Canada. And Budget 2005 supports that goal in a number of ways.

First, it includes a series of measures to help keep forestry — our single largest resource industry — sustainable.

After the economic downturn of the 90s — thanks to the work done by industry, communities and government — forestry is thriving again. And BC has regained its leadership position in the North American industry.

However, our land base — the industry's foundation — has been devastated by wildfires and, even more dramatically, by the mountain pine beetle infestation, which has already damaged almost half the province's lodgepole pine forest.

Given time, and managed well, our forests will recover. But the impact on communities could be dramatic.

So we've developed a long-term plan to speed that recovery and minimize the impact of these natural disasters on British Columbia families.

We are investing more than \$100 million by the end of our three-year plan:

- to facilitate new, creative ways of using beetle-damaged timber,
- to support planning for affected communities, and
- to increase reforestation of areas damaged by beetles and fires.

As the Premier announced last month, we will also introduce legislation shortly to increase the Forestry Revitalization Trust Fund from \$75 million to \$125 million. And we are allocating a further \$50 million in one-time funding for compensation for tenure reform — as part of forest revitalization.

Combined, these measures will help keep our Number One industry strong, sustainable and competitive.

We are also taking steps today to help make our mining industry stronger and more competitive.

Like forestry, mining has rebounded since the 90s and today it's poised for even more dramatic growth, fuelled by demand from fast-

developing countries such as India and China — and supported by a comprehensive 10-year Mining Plan.

2004 was the best year for BC mining in over a decade.

Exploration spending topped \$130 million — up 400% in just three years. And that was due in part to the Mining Exploration Tax Credit, which had been set to expire in 2006.

Today, we are extending it for another 10 years, to 2016, to provide greater certainty and signal to investors that BC is not only back — we're here to stay.

We're reinforcing that message with a one-time grant of \$25 million to establish a new BC Centre for Geoscience.

Geoscience informs exploration and represents the first step in new mine development. And this new initiative will help make BC a global centre of excellence for geoscience — consistent with our broader plan to encourage new investment, and usher in a golden decade for mining in British Columbia.

\$20 million from the grant will directly support mineral exploration.

The balance will be used in partnership with the oil and gas industry to expand opportunities in central British Columbia.

Budget 2005 also builds on our highly successful Oil and Gas Development Strategy with:

- \$50 million for road-building and upgrading, to lengthen the winter drilling season; and
- \$17 million for additional initiatives, including engaging communities and stakeholders.

The province takes in more than \$1.8 billion a year in oil and gas revenues. So we can expect a good return from these new investments, which will help the sector grow and create new opportunities.

We are also taking action today to help make BC's small business sector more competitive.

Small business drives this province, accounting for 98% of all businesses — and the majority of private-sector jobs — in British Columbia.

When small business thrives, the whole province benefits. So we are announcing a measure today to strengthen small business.

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We are also planning for more than \$3 billion in capital investments, over three years, to continue with the BC Transportation Plan.

Effective immediately, the BC small business corporate income tax threshold will rise from \$300,000 to \$400,000 — the second-highest threshold of its kind in the country.

This means small businesses will pay the significantly lower small business tax rate on earnings up to \$400,000 each year.

It also means that, over the next three years, small business owners across BC will save a total of \$30 million — money they can use to build their businesses, to hire more people, to support their communities and to support their local economies.

Recognizing that many small business owners — and workers — rely on vehicles to do their jobs, we are also raising the level at which the provincial vehicle surtax takes effect. This is of particular note to people in the North, and other rural areas where heavy-duty trucks are often a pre-requisite for bringing home a paycheque.

Effective tomorrow, the threshold will rise by \$2,000 to \$49,000, reflecting changes in vehicle prices since the threshold was last adjusted.

Whether you're going to work and back, getting goods to market or taking the kids to soccer practice, transportation is absolutely essential to our daily lives.

It's vital to our economy, too. And yet, through the 90s, our transportation network was allowed to deteriorate.

In Budget 2003, we introduced a long-term transportation plan to catch up with maintenance and open up our province to renewed growth and investment. Today we're taking steps to advance the plan further, and to ensure that it continues to be affordable.

To that end, we are allocating \$550 million in 2004/05 to the Transportation Financing Authority. This will reduce its debt and increase its borrowing capacity for future years.

We are also planning for more than \$3 billion in capital investments, over three years, to continue with the BC Transportation Plan.

\$2 billion of that is in direct provincial funding, including allocations for:

- airport and port improvements, including work at the Prince George airport and the Port of Prince Rupert;
- highway rehabilitation, including projects near Grand Forks, Williams Lake and Atlin;
- continuing improvements on the Sea-to-Sky Highway;

- improvements to Interior and rural side roads, including work in Nakusp, Lillooet and the Queen Charlotte Islands;
- work on the Okanagan Valley corridor and Okanagan Lake bridge;
- work on the Kicking Horse Canyon project;
- border crossing infrastructure; and
- provincial contributions to the RAV rapid transit project.

The balance of new capital funding — projected at \$1.3 billion — will come through private-sector, local and federal government partnerships, as part of our broader Asia Pacific Gateway initiative.

That initiative will help us make the most of our unique position as Canada's gateway to the Asia Pacific, as we continue to open up our province to the world.

One of the ways we're doing that is with new investments in tourism.

Budget 2005 allocates a total of \$81 million to further our goal of doubling tourism revenues within a decade.

We'll do it with the strategy we announced in November to facilitate the expansion and development of new and existing all-season resorts.

We'll do it with a trail system, and circle routes, encouraging more people to explore our regions. And we'll do it through a continued commitment to marketing, in partnership with the private sector, and with communities.

We are also working with industry partners to support and sustain the BC film sector.

Over the last decade, it's become an important part of — not just our economy, but our identity as a province.

Now it's facing pressures on a variety of fronts. And, as I announced last month, the government is helping to keep the industry competitive by increasing tax credits for foreign and domestic productions. These are part of a broader, industry-led effort to help the sector thrive in a highly competitive market.

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One of our enduring competitive edges as a province is our natural environmental heritage.

We are committed to making BC a world leader in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.

Towards the Best In Environmental Management

One of our enduring competitive edges as a province is our natural environmental heritage.

We are committed to increasing that advantage by making BC a world leader in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.

We have made significant progress over the last three years:

- creating 37 new world-class parks and expanding 34 others;
- enhancing our ability to protect species at risk;
- introducing an action plan for safe, clean drinking water; and
- investing over \$4 million in research promoting clean energy and fuel cells.

Budget 2005 accelerates our progress by — first of all — providing more than \$58 million in one-time funding from the current fiscal year. This includes:

- \$25 million to expedite the clean-up of contaminated sites, like the old Britannia Mine site;
- \$6.5 million to strengthen the Habitat Conservation Trust Fund;
- a \$5 million contribution to the Living Rivers Trust Fund; and
- \$8 million to establish a new BC Trust for Public Lands to engage the private and not-for-profit sectors in acquiring private land, where it is significant for conservation purposes.

Along with those one-time investments, we are increasing the budget for the Ministry of Water, Land and Air Protection by \$9 million over three years.

That will support the new BC Conservation Corps, with up to 150 members — and the addition of up to 50 new conservation officers and park rangers.

Combined, these initiatives will double the ministry's presence in the field — and move us closer to our goal of global leadership in environmental management.

But we are not stopping there. The province is developing a comprehensive strategy to invest in, expand and — increasingly — to export, BC's alternative energy expertise.

As part of that strategy, we are making a series of targeted tax changes, encouraging the development and use of cleaner, alternative energy sources.

First, we are providing property tax exemptions for environmentally friendly hydro projects. And we are exploring similar exemptions for other alternative energy sources, such as wind and geothermal.

Second, we are eliminating the PST for two years on a range of energy-efficient furnaces, boilers and heat pumps. That exemption takes effect at midnight tonight, and will continue to March 31, 2007.

Third, we are doubling the existing PST benefit for cleaner-running hybrid passenger vehicles — those with both an electric motor and an internal combustion engine.

As of midnight, buyers will save up to \$2,000 in PST — twice the tax savings possible today. And the full benefit will be in place to March 31, 2008.

In total, these tax measures represent an investment of \$14 million over three years — dollars that will help to protect our environment, meet our growing energy needs and stimulate further economic diversification.

BC's economy is more diverse than ever before. And today we hear, increasingly, not about people looking for jobs, but about jobs looking for people.

A significant part of our workforce growth comes from outside Canada.

We are the Asia Pacific gateway into Canada.

More than 25,000 immigrants settle here each year. And these individuals contribute so much.

But too many highly-skilled, well-trained immigrants cannot contribute to their full potential — because their credentials are not recognized here.

That affects their quality of life. It affects employers and communities. And it leaves a great source of potential untapped.

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...these tax measures represent an investment of \$14 million over three years — dollars that will help to protect our environment.

With that in mind, we are investing more than \$14 million over three years in a new BC Skills Connect for Immigrants program to get skilled immigrants working in their fields of expertise more quickly.

...when you have sound fiscal management and a vibrant economy — you can afford to invest in the programs and services that help make BC the best place to live, work and raise a family.

With that in mind, we are investing more than \$14 million over three years in a new BC Skills Connect for Immigrants program to get skilled immigrants working in their fields of expertise more quickly.

Through a combination of career assessment, planning and employment bridging services, the program will support at least 5,000 people, trained in a range of trades and professions.

They will be able to build their careers and share in the dream of British Columbia. And, in the process, their achievements will strengthen the province for all us.

Towards the Best in Health and Fitness

I said at the outset that this budget is all about people.

British Columbians have done the hard work to keep the cost of government down, and to get our province back on track.

They're the reason we balanced the budget. It was never an end in itself. We did it because, when you have sound fiscal management and a vibrant economy — you can afford to invest in the programs and services that help make BC the best place to live, work and raise a family.

We are committed to leading the way in North America in healthy living and physical fitness. And, as part of that commitment, Budget 2005 includes the second-largest funding increase for health care in BC history.

When this government came to office, the province was spending \$9.5 billion a year on health care.

Today, the figure is \$11.8 billion. And, by the end of our three-year plan, it will increase to \$13.3 billion, for a total increase in annual spending of \$3.8 billion.

Because we've made the system more efficient — more of those dollars than ever before will go directly to patient care, building on the improvements made since we came to office.

For example, in the first two years alone:

- the number of hip replacements performed in the province increased by 21%;
- knee replacements increased by 33%, and

- cataract surgeries increased by 20%
- angioplasties increased by 40%.

And that was just in the first two years.

Today, we have much to be proud of in health care, including among the nation's best:

- childhood immunization program;
- access to routine medical tests, and
- access to MRI and CT scans.

We're training and recruiting more doctors and nurses. And wait times for surgeries where lives are at stake are virtually non-existent.

We still face challenges, of course. But today, we are better prepared to meet them than ever before.

Over the next three years, the budget for the Ministry of Health Services will increase by \$1.5 billion. That includes a significant increase in federal contributions — every cent of which will be invested in measures to improve and enhance British Columbians' health.

For example, we are committing, over the next three years:

- \$465 million more for PharmaCare;
- over \$100 million more for ambulance services;
- \$77 million more for nurse recruitment, training and retention;
- over \$200 million more to improve access to home care, residential care and palliative care, as well as mental health and addictions services; and
- an additional \$200 million more for critical care services for cancer, cardiac, kidney and transplant patients — and for better access to hip and knee replacements, diagnostics and other acute care services.

We are also increasing health research funding by \$100 million.

We are examining ways to keep intellectual property — such as patents — here in British Columbia, through changes to our tax system.

And we are investing an additional \$100 million in public health promotion and prevention initiatives, including Act Now, a health

Over the next three years, the budget for the Ministry of Health Services will increase by \$1.5 billion.

And we are investing an additional \$100 million in public health promotion and prevention initiatives, including Act Now, a health and fitness program designed to make BC — by 2010 — the healthiest place to ever host the Olympics.

These commitments will ensure that patients receive faster access to medical services.

Today, we are committing nearly half a billion dollars over three years in tax relief for lower-income British Columbians.

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Act Now will encourage choices that improve people's health and reduce their risk of illness. Over the long term, that will take some pressure off the health care system, so it can meet patients' needs even more effectively.

These new commitments to health care are considerable. They will help ensure that patients receive faster access to medical services and that wait times will be reduced for many British Columbians.

Health care improvements are just one example of the work we're doing to make BC the best place for everyone.

Towards the Best Supports for People

That means listening, and responding, to people's needs. It also means looking out for those who may not have a voice — the most vulnerable members of our society.

We've done that consistently for the last three years — with targeted initiatives to protect and improve the quality of life for British Columbians most in need.

For example, we introduced a comprehensive program to help tens of thousands of people on income assistance find work. BC's welfare caseloads are now at their lowest levels in more than 20 years.

We put in place a program to encourage more families to adopt children in government care. The number of these adoptions has doubled since 2001. And we have delivered a range of other improvements for families and seniors.

In 2003, we brought in the Fair PharmaCare program to shrink prescription drug costs for about 280,000 low and middle-income families and seniors.

We've increased by 50% the refundable sales tax credit.

And, when we reduced personal income taxes, we made sure that British Columbians in the two lowest tax brackets paid the lowest rates in the country.

Now we are building on that record of achievement.

Today, we are committing nearly half a billion dollars over three years in tax relief for lower-income British Columbians.

First, we are dedicating \$120 million over three years to further reduce Medical Services Plan premiums for lower-income individuals, families and seniors.

Effective August 1, 2005, the net income thresholds for premium assistance will rise — in all categories — by \$4,000. And that will make a real difference to hundreds of thousands of people.

For example, a senior couple whose annual income is \$30,000 will save more than \$460 a year.

And a family of four earning \$35,000 will save over \$500 a year.

In total, the change will reduce or eliminate MSP premiums for about 215,000 people.

We are also taking action today to ensure that British Columbians with low and modest incomes have the lowest income taxes in Canada.

Effective this tax year, a new, non-refundable income tax credit called the BC Tax Reduction will reduce or eliminate BC income tax for nearly three-quarters of a million British Columbians.

Most people earning less than \$16,000 a year will pay zero BC income tax, and tax will be reduced for another 400,000 individuals.

Combined, these MSP and income tax changes will save lower-income earners \$480 million over three years.

A senior couple with a net annual income of \$30,000 will now pay over \$900 a year less in provincial tax, compared to four years ago. And a family of four with the same annual income will pay almost \$1,300 less.

Those are just two examples of how we are making BC the best place on Earth to live.

With Budget 2005, we are also moving forward with our great goal of building the best system of support in Canada for persons with disabilities, those with special needs, children at risk, and seniors.

First, we are increasing the budget of the Ministry of Human Resources by \$113 million over three years.

As more and more employable people move into jobs, an increasing proportion of the income assistance caseload is made up of people who have disabilities or other persistent barriers to employment. And these individuals need stable, long-term income support.

In total, the change will reduce or eliminate MSP premiums for about 215,000 people.

Most people earning less than \$16,000 a year will pay zero BC income tax, and tax will be reduced for another 400,000 individuals.

In December, persons with disabilities saw their monthly assistance cheque increase by \$70 — the largest one-time dollar increase of its kind in BC history, and the first significant increase in over 10 years.

This is about sharing the benefits of a stronger economy — and a stronger province.

In December, persons with disabilities saw their monthly assistance cheque increase by \$70 — the largest one-time dollar increase of its kind in BC history, and the first significant increase in over 10 years.

The previous government did not raise these rates in a meaningful way for one simple reason — they could not afford it. They destroyed the provincial economy, and did not have the capacity to help those most in need.

We can afford the increase because we have turned the BC economy around — and managed government prudently.

Now, we are building on the enhanced income assistance with a new investment of \$91 million over three years to strengthen community living supports for adults with developmental disabilities.

As we announced earlier, we are also increasing support for women and children fleeing domestic violence. Over the next three years, funding for women’s transition houses, counseling and related services will increase by \$37 million — the largest increase in more than a decade.

To further support families in crisis, we are adding \$15 million over three years for family law initiatives.

We are also moving forward with the homelessness initiative the Premier announced in October. It is a comprehensive strategy — with other levels of government — to address persistent housing needs and find new solutions to long-standing issues around addiction and mental illness.

Budget 2005 supports that strategy, dedicating \$48 million to emergency shelters and supportive housing for people who are homeless.

That is in addition to the \$36 million allocated, over the next three years, to social housing for seniors, families and people with disabilities.

This is about sharing the benefits of a stronger economy — and a stronger province.

When you look at our performance; our levels of achievement; our return to our traditional role as a leader in this country . . .

You see that we have every reason to feel optimistic. And nowhere is that optimism stronger or more evident than in the dramatic growth in value in our housing sector.

In 2004, home sales averaged more than \$2 billion a month.

Thousands of people are moving here, and putting down roots, because they feel a sense of incredible confidence about our future.

That's great news for British Columbia.

But it can create challenges — for first-time home buyers, and for those on fixed incomes whose property values are soaring. So we are taking action to help keep housing affordable.

Last month, we increased the thresholds for the homeowner grant. Today, we are raising the thresholds for the first-time home-buyers' property transfer tax exemption.

Effective tomorrow, the thresholds will increase by 18% — helping thousands of families to buy their first homes.

It's always been part of the government's plan to make BC the best place for everyone to live, work and raise a family.

Towards Safer Communities

It has always been part of our plan to generate — and reinvest — fiscal dividends in key priority areas, including community safety.

For example, we have introduced initiatives such as:

- Amber Alert, to help find missing children;
- I-SPOT, a team that monitors sex offenders released from jail; and
- the Integrated Homicide Team which, since its inception in 2003, has greatly increased the proportion of homicide cases in which the Crown is able to lay charges.

These are great improvements — not just in safety, but in our communities and quality of life.

And last month, the Premier announced the single largest funding increase in more than 20 years for policing in our province.

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And last month, the Premier announced the single largest funding increase in more than 20 years for policing in our province.

In total, we have committed nearly a quarter-billion dollars to public safety and crime fighting over the next three years.

I expect that every member of this House shares the government's commitment to ensure that all our children get the best possible start in life.

Budget 2005 supports that increase, allocating \$122 million over three years to enhance policing and support for the courts and corrections. In total, we have committed nearly a quarter-billion dollars to public safety and crime fighting over the next three years.

A further \$120 million is flowing to communities by 2008 from traffic fine revenues. And Budget 2005 allocates more than \$200 million in new funding — by 2008 — for regional and municipal infrastructure.

Communities will receive additional funding through the federal gas-tax sharing initiative. Details have yet to be negotiated. However, we can confirm that BC's share is \$635 million over the next five years.

Year-by-year allocations are not final, so these dollars are not included in Budget 2005. But we will work with the Union of BC Municipalities — and the federal government — to help ensure that these dollars meet the diverse needs of BC communities, as they grow and build for the future.

Towards the Best for Our Children

When we talk about the future, we are, in a very real sense, talking about our children.

The work we do today; the actions we take; the decisions we make; will all affect our children in the years ahead — and I expect that every member of this House shares the government's commitment to ensure that all our children get the best possible start in life.

Of course it's parents and family members who make the most important contributions to children's healthy development. But government also has a role in making sure that BC continues to be the best place to raise a family.

Today we are moving forward with a series of initiatives for BC's children — starting from the time they're born.

First, we are investing \$76 million in early childhood screening initiatives.

Children will be screened for dental, hearing and vision impairments before Grade One. And those who need treatment or specialized assistance will receive it through a network of nurses, dentists, doctors, audiologists, optometrists and other professional service providers.

Second, we are investing over \$130 million over three years to enhance services to children and youth with special needs and their families. This new investment will mean shorter waits for everything from therapies to specialized equipment to respite care for families.

Like the early screening program, this new strategy is comprehensive and coordinated across government. It includes:

- \$14 million to the Ministry of Health Services for enhanced diagnostic and assessment services for children with developmental behavioral conditions;
- over \$40 million to the Ministry for Children and Family Development for direct intervention and key family support services; and
- close to \$80 million to the Ministry of Education to enhance services to children and youth with special needs in the school system.

We know that these are wise investments.

Research has clearly shown that early assessment, treatment and support can make a world of difference — in children's lives, in family's lives, in the lives of our communities. Because every one of us benefits when children — all children — have the opportunities they need to reach their full potential.

That same philosophy underlies the government's commitment to early learning and child care — as part of a broader, national plan that includes substantial federal funding.

We expect the province to receive up to \$650 million over five years for this initiative, starting in 2005/06.

Annual and provincial allocations are not finalized, so these dollars are not included in Budget 2005. But — as we have with health care dollars — we are committed to reinvesting every cent of that new funding to provide more accessible, affordable, inclusive care that emphasizes early learning.

Parents will have more choices; children will have more support; funding will be targeted to those in need — and we will see the dividends for many years to come.

We know — from countless studies, as well as from experience — that early learning gives kids a head start in life.

...we are investing over \$130 million over three years to enhance services to children and youth with special needs and their families.

Research has clearly shown that early assessment, treatment and support can make a world of difference, in children's lives, in family's lives, in the lives of our communities.

One of the government's great goals for the golden decade ahead is to see this province become North America's most educated, most literate jurisdiction.

We are providing schools with an additional \$150 million in the coming year — the single largest increase in a decade.

When they start school ready to learn, they're more likely to finish high school, more likely to find good jobs as adults, and more likely to raise their own families successfully.

So these are incredible investments in our future . . . as are the investments we continue to make in the province's education system.

Towards the Best in Education

One of the government's great goals for the golden decade ahead is to see this province become North America's most educated, most literate jurisdiction.

That is why we're focusing on literacy — for all ages, with:

- \$12 million over three years for libraries, and
- \$5 million for a new, school-based literacy innovation program.

It is also why we continue to make targeted investments in the school system, to support student achievement.

We have increased funding to the Ministry of Education every year since taking office. And this year is no exception.

The budget for K-to-12 education for the coming year will, for the first time in BC history, surpass \$5 billion. And it will rise by a further \$114 million by the end of our current three-year plan.

As we announced earlier, we are providing schools with an additional \$150 million in the coming year — the single largest increase in a decade.

Per-pupil funding will increase to \$7,079 — up more than \$860 per student, compared to 2001/02.

And we are dedicating \$1.5 billion over 15 years to our ongoing, long-term plan to complete seismic upgrading for all schools at risk. We are moving ahead with this as quickly as industry capacity will allow.

We now have the highest education budget, and the highest per-pupil funding, ever in British Columbia. We also have some of the highest levels of student achievement.

More of our students than ever before are now completing high school.

They're getting the best marks ever in reading, writing and math.

And they're earning more provincial scholarships than ever — even though the total number of students is declining.

That's progress. And not just for students.

It's progress that points to a future of opportunity for all of us, as these young people step up and take their places as leaders, and innovators, across our society.

The first step in taking on those adult roles is, for a growing number of young people, higher education. And we are making significant new investments there, as well.

Over the next three years, we will allocate approximately \$6 billion to the Ministry of Advanced Education.

Three-quarters of that will go directly to colleges, universities and other post-secondary institutions. And we will fully fund the province's share of the 25,000 new seats announced a year ago to meet skill shortages, including training more doctors, nurses and trades people.

We are also providing over \$450 million over three years for student financial assistance, including:

- loan reductions for students in need;
- grants for students with disabilities;
- debt relief programs, and
- a loan forgiveness program that encourages health professionals to practice in under-serviced regions of the province.

We will continue to work with post-secondary institutions to keep tuition costs affordable. And we are working directly with employers, through the Industry Training Authority, to give our young people more opportunities to learn on the job.

In other words, work is well underway to meet skill shortages across our economy — as we continue to implement the largest expansion of post-secondary training opportunities since the 1960s.

Think about what that means for our province. Not just in terms of meeting skill shortages, but as a measure of our level of achievement and progress as a people.

It's progress that points to a future of opportunity for all of us, as these young people step up and take their places as leaders, and innovators, across our society.

...we continue to implement the largest expansion of post-secondary training opportunities since the 1960s.

***We've rebuilt
our economy,
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leader.***

Think about the impacts of all the improvements we're making — from targeted economic measures, to debt reduction, to new supports for children and those in need.

These measures show the kind of province we are building . . .

A province where the environment is clean and healthy; communities are safe; and people feel safe . . .

A province known for its culture of learning and innovation . . .

A province where:

- seniors and people in need have the best supports in Canada;
- our citizens are healthy and fit;
- our economy is strong and diverse; and
- all our children have the opportunities they need to reach their goals and achieve their full potential.

Towards the Golden Decade

That's the kind of future we envision. And I have every confidence that we can achieve it — because I have confidence in the people of British Columbia.

I'm amazed at what they've accomplished in the past three years, proving to the world that with imagination, talent, careful planning and hard work — virtually nothing is beyond our grasp.

In just three years, we have turned this province around.

We've rebuilt our economy, revitalized our industries, and regained our role as a national leader.

As a province, we've brought back investment, created hundreds of thousands of jobs, strengthened our communities, and won the right — in 2010 — to host the world's most prestigious cultural and sporting event.

The challenge now — for all of us — is to build on that momentum, and Budget 2005 will help us do exactly that, with:

- long-term investments in our environment, and our communities;
- new measures to strengthen the economy;

- new supports for children with special needs and people with disabilities;
- thousands of new post-secondary training spaces;
- the highest budgets ever for health care and education;
- the largest-ever annual reduction in provincial debt; and
- income tax and MSP premium changes that, over three years, will leave \$480 million in the pockets of those who need it most.

Let me just remind the house that these new investments are possible because of economic growth and prudent fiscal management. For three years running, we have proven our ability to stick to our plan and to keep investments affordable.

That's why the major credit rating agencies have upgraded their outlook for our borrowing position. And it's why we are able to make the choices British Columbians want — for a province and a future that inspire pride and confidence.

This budget is all about the people of our province.

It's about the nurses and doctors and teachers and child care providers and all the individuals who dedicate their professional lives to caring for others, and helping them make the most of their potential.

It's about the loggers and miners and the other individuals who literally turn our natural resources into products — and the truck drivers and port workers and everyone else who helps to get those products to the marketplace.

It's about the small business owners, working round the clock to realize their own dreams and, in the process, generate jobs and strengthen our economy.

It's about the scientists and researchers and risk-takers, pushing the very boundaries of what is possible . . .

And it's about the moms and dads — juggling all the daily demands of work and life and raising a family — and knowing it's worth it, every time they see their children smile.

These are the people who built our province; who keep it going day to day. And these are the people who, one by one, are building the province's future — as we move towards a golden decade that, years from now, historians will point to as the decade that forever changed our destiny . . .

...these new investments are possible because of economic growth and prudent fiscal management.

For three years running, we have proven our ability to stick to our plan and to keep investments affordable.

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. . . and solidly established this great province as a national and global leader in everything from health status to literacy to job creation, to measures to protect our environment.

British Columbians have done the hard work. The pieces are in place.

We have a vision and, just as important, we have a proven plan to achieve it.

Budget 2005 is a vital part of that plan for the future.

So . . . let's get to work, in this house and across the province, and show the world — decisively — that British Columbia is indeed the best place on Earth to live, work and raise a family.