

SEPTEMBER UPDATE BALANCED BUDGET 2005 SPEECH

Seniors at Heart of Budget Update

*Finance Minister Carole Taylor
September 14, 2005*

Introduction

Honourable Speaker.

This budget is the first of five this government will table in its second mandate.

It reinforces the direction and determination that, over the last four years, helped to turn our province around.

And it sets a course for a brighter future — one that is possible because of the work British Columbians have done to return this province to a leadership position in Canada, in North America and, indeed, the world.

We have faced some difficult choices in the last four years.

And we will continue to face choices. But today we do so from a position of strength.

Our economic growth is strong. People are optimistic again. And, now that we have our fiscal house in order, we have an opportunity to share more of the benefits with more British Columbians.

The February budget — and the public accounts that followed — showed how far we've come. They underlined our commitment to sound fiscal management with a record-setting surplus, a record-setting debt reduction, and targeted investments in programs and people to help maintain our positive momentum.

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Today's budget is Step One — a first step forward in our new mandate.

We are talking about our parents, our grandparents; the people who built our province and nurtured their families; people who never lost sight of how great British Columbia could be.

This budget update reaffirms the commitments made in February — and goes beyond them, to move us ever closer to achieving the government's five Great Goals. Today we are announcing:

- renewed and focused support for our seniors;
- a new and significant commitment to First Nations; and
- new measures to help keep our economy competitive.

We do not pretend, nor suggest, that we can do everything we want to do immediately. We can't. Today's budget update is Step One — a first step forward in our new mandate.

With a balanced budget, with a strong economy — as we have said so many times — we have more, and more attractive options and real opportunities to work together to build a future that reflects the priorities of all British Columbians.

Support for Seniors

So we begin our mandate and this update by reaching out to British Columbia's senior citizens.

Like all governments across North America, one of the biggest issues we face today is how to meet the challenges — and seize the opportunities — presented by our aging population.

The great majority of seniors in our province enjoy a very good quality of life — and we're working now to ensure we can meet the changing needs of a much larger senior population in the future.

By 2031, nearly one in four British Columbians will be 65 or older. One in 15 will be 80 or older.

But these are just statistics. Let's never forget whom we are talking about.

We are talking about our parents, our grandparents; the people who built our province and nurtured their families; people who never lost sight of how great British Columbia could be.

So we have a responsibility, and now, thanks to our strengthening economy, we have the opportunity to build on the social supports that many of our low-income seniors depend on.

First, we are reinstating the Seniors' Supplement, starting next month. This monthly payment supports the lowest-income seniors in British Columbia by topping up their federal Guaranteed Income Supplement benefits.

With the renewed Seniors' Supplement, seniors will receive approximately \$50 more each month. The change will benefit almost 40 thousand seniors — including some of the lowest-income people in the province.

The benefit to seniors across the province will be \$50 million over three years.

Second. Just as our robust economy has allowed us to bring back the Seniors' Supplement, it is also making it possible to double our annual investment in the SAFER program.

SAFER, which stands for "Shelter Aid For Elderly Renters," provides assistance to seniors who spend more than 30 per cent of their income on rent. It is currently available to single people paying up to \$520 a month in rent and couples paying up to \$575.

Those levels haven't changed since 1990 — despite the fact that rents have risen over 15 years. So we are making some improvements, effective October 1st we are:

- raising the rental ceiling, in all categories, by \$90; and
- raising the ceiling by \$180 for singles and couples in high rent areas.

As well, having listened to seniors from around the province, we are extending SAFER to benefit seniors who own manufactured homes — recognizing that many pay significant monthly pad rentals.

Approximately 12,000 B.C. seniors currently benefit from SAFER.

These changes will, in many cases, increase their monthly level of support — while opening the program to an additional 7,200 senior citizens.

Over three years, these changes will provide \$42 million in rent relief for low and modest income seniors.

Third: In addition to enhancing rent and income supplement programs, we are allocating 150 million new health-care dollars in the next two years towards our goal of building the best system of support for seniors in Canada.

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Honourable Speaker. We are on track to deliver on the Premier's commitment to add 5,000 new residential, assisted living and supportive housing beds by 2008.

2,700 beds will be completed by December 2006. And we will reach our goal of 5,000 by the end of 2008.

In fact, we've broken ground for hundreds of new units in places such as Burns Lake, Abbotsford, Lake Country, Powell River and Saltspring Island in the last two months alone.

These are being built in partnership with community groups, health authorities, non-profit societies, private sector organizations and other levels of government — all supported by countless dedicated volunteers.

But new beds alone will not meet the needs of all our senior citizens. Thousands are in facilities that need to be modernized. Many have unique needs related to disabilities, or to illnesses such as dementia.

Furthermore, our bed commitment wasn't made in isolation. It is being met in the context of a broader, longer-term renewal of our health care system.

These new dollars will help ensure that — as new units come on stream — we have the resources and the added flexibility we need to support a smooth transition, and to allow more of our seniors to age in place where appropriate.

Of this new funding, \$40 million will be invested directly in services provided by partners such as the Kiwanis Club, Salvation Army and SUCCESS.

The balance will be used by health authorities to strengthen and modernize a full range of services to help ensure that our seniors get the care they need.

Beyond these significant financial initiatives, our seniors need to be listened to on policy issues that affect their lives — and, by extension, all our lives.

To that end, the new Premier's Council on Aging and Seniors' Issues will hold meetings throughout the fall with B.C. seniors, and with researchers, policy makers and service providers who work with older people. The council is headed by Dr. Patricia Baird, who is one of North America's leading authorities on health and public policy. The council will examine — in detail — a range of issues related to our aging population, from mandatory retirement to transportation, recreation and basic community infrastructure.

The council's work will help ensure seniors in our province have the supports and services they need to continue enjoying full, rewarding lives — in the communities to which they have contributed so much.

Honourable Speaker, we are investing a total of \$242 million over three years in these new initiatives. Taken together as a package, they are significant steps forward for British Columbia's senior citizens.

New Relationship with First Nations

With this budget update, we are also moving forward to deliver on the government's commitment to build a new relationship with First Nations.

Many share in the renewed sense of hope and opportunity we see across this province. But others still struggle to overcome a legacy of dislocation and discrimination; of life in the margins of everyday society.

That is why it's so important to build a new relationship — reflecting a vision of economic prosperity for all First Nations across British Columbia.

We have made progress towards that vision in the past several years.

Together we have signed five Agreements in Principle — foundations for treaties — along with more than 300 smaller-scale agreements in areas such as forestry, oil and gas, parkland, agriculture, aquaculture and economic development. Similarly, we've moved ahead with a number of key initiatives in areas including education and child and family services.

These developments are underpinned by our interest in collaborating, government-to-government, with First Nations leaders — to continue to strengthen and improve the quality of life in their communities.

Our vision for a new relationship is based on openness, transparency and collaboration. By addressing the systemic problems of the past, we will reduce uncertainty, litigation and conflict.

And we will work to increase the capacity of First Nations communities to be effective partners in consultations concerning the use of land and resources.

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Our vision for a new relationship is based on openness, transparency and collaboration.

This new relationship has the potential to re-shape our social and economic landscape — and create a more inclusive and prosperous future for all British Columbians.

Overall, our fiscal position is stronger than in February — due mainly to strong economic growth.

Too often, available funding from all levels of government is focused on short term priorities and needs, resulting in a reliance on third-party expertise. We need to invest in First Nations communities to advance training and skills development and to create lasting growth, prosperity and true self-reliance.

This is key to improved social and economic well-being for First Nations communities. Our government is committed to this direction and to bringing about real change.

In fact, this new relationship has the potential to re-shape our social and economic landscape — and create a more inclusive and prosperous future for all British Columbians.

Today we take another step towards that future by setting aside \$100 million to establish a First Nations New Relationship Fund.

Through this fund, we will support First Nations as they build their own direct capacity to participate in this new relationship.

We will work with First Nations leaders — and others — to finalize official terms of reference in the coming months. And we will bring more details to the Legislature in the spring.

Like all of our communities, each First Nation is unique — with unique needs, strengths and priorities. We will respect that fundamental truth as we engage in a dialogue and work to identify issues and to find solutions.

We will continue to work towards treaties. But we recognize the road is long and has many turns.

A strong new relationship, based on respect, will help ensure we navigate that road together — with a shared sense of values and direction — to the ultimate benefit of all British Columbians.

Keeping B.C. Competitive

Honourable Speaker. In this province, we have had great success in turning our economy and fiscal position around.

In 2001, we faced a structural deficit of \$4 billion. Today, with this budget update, we're forecasting surpluses of:

- \$1.3 billion this fiscal year,
- \$600 million in the following year, and
- \$400 million in 2007/08.

And all of our projections are protected by significant forecast allowances.

Overall, our fiscal position is stronger than in February — due mainly to strong economic growth, which we expect will continue to top 3 per cent a year throughout the fiscal plan — driven by strength in retail sales, construction starts, investment and job growth.

Our economy is doing very well. But we cannot take these positive economic drivers for granted. Yes, we have a surplus, but we cannot assume that everything will continue to go up indefinitely.

That way lies the risk and the danger of returning to budget deficits — which we will not do.

We will not endanger the health of our province with careless spending. Instead, we will continue making thoughtful investments that reflect, and will help sustain, the strength of our economy.

Since Day One, this government has worked to encourage growth with a series of measures to keep British Columbia competitive — from income tax cuts across the board to targeted investments in key economic sectors.

The February budget built on those initiatives with nearly half a billion dollars over three years in income tax and MSP reductions for the province's lowest-income earners. B.C. now has the lowest personal income tax rates in Canada for the bottom two tax brackets, and most people earning less than \$15,500 a year pay no provincial income tax at all.

The February budget also allowed more business income to qualify for the lower, 4.5 per cent small business tax rate — recognizing that small business drives our economy and, further, that high taxes damage our province by driving people and businesses away.

With that in mind, today we're taking tax relief one step further. We are lowering the general corporate income tax rate from 13.5 per cent to 12 per cent, effective July 1, 2005.

That is four and a half points lower than when we formed government in 2001. It keeps B.C.'s rate among the lowest in the country. And it benefits businesses in all economic sectors — including a substantial number of smaller operations — encouraging them to come here, stay here, grow here, and most importantly, to create more jobs for British Columbians.

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We're also taking steps today to make B.C. an even more attractive centre for research and development.

We've done a good job of attracting — and nurturing — these companies with our competitive taxes, world-class universities and unparalleled quality of life.

Our biotechnology sector is one of the largest in North America, and the fastest growing in the country. It's a major generator of — not just jobs and revenues, but real, groundbreaking, life-altering innovations.

We're at the forefront of genome research — a science that could radically alter how we treat diseases. And companies here are working on advances with potential to do such amazing things as re-grow spinal cord cells after injuries.

We've done a good job of attracting — and nurturing — these companies with our competitive taxes, world-class universities and unparalleled quality of life. Today we're moving forward to encourage more of them to keep their intellectual property here — especially as they move from research and development into the commercial market.

Effective January 1, 2006, we are expanding the International Financial Activity program.

It refunds the corporate income tax B.C. companies pay on eligible earnings from international financial activities.

Starting next year, it will also allow B.C. companies to get partial refunds of corporate income tax paid on earnings from the international commercialization of life science patents.

Life science patents are typically developed in sectors such as biomedicine, forestry and agriculture — all of which are vital to our economy and society.

Combined, these tax changes will save businesses almost \$400 million over three years — supporting our goal to create more jobs per capita than anywhere else in Canada.

Planning for the Future

We have seen remarkable job growth in B.C. More than 230,000 new jobs since December 2001.

Last year, we also led the country in economic growth. And, with continued careful fiscal management, we have more revenues — and more choices about the kind of province we want for our future.

It's great to have choices. But it is also a challenge. Because — as everyone in this house knows — we can never do all the things we want to, all at the same time.

We have to set priorities. We have to make trade-offs. And, in everything we do, we have to seek balance.

For example, as a fast-growing province, we have to continually invest in infrastructure such as hospitals, schools and highways. These are an essential part of delivering public services and, even with a healthy surplus, we often have to borrow to finance their construction.

The challenge is to do that, and do it at a pace that meets people's needs in communities throughout B.C., without burdening future generations with a debt load we cannot afford.

Likewise, a long list of public sector contracts are up for renewal in 2006.

Public sector workers are the people we count on to deliver services British Columbians use every day. They've also played a key role in getting our fiscal house in order.

We respect and appreciate the work they do on our behalf and we want to make sure they're compensated appropriately. But we also have a duty to the public to ensure that wages are affordable — that they are sustainable — and that we still have enough room left in our budget for all those other priorities that people have told us are critical, such as:

- addressing hospital wait times;
- supporting children's initiatives;
- upgrading roads, schools and hospitals;
- adding or expanding needed public programs;
- keeping taxes competitive; and
- managing the debt.

None of these important needs, not even wages, can be looked at in isolation. A spending decision in one area affects what is available in other areas.

We are seeking balance in every part of government, consistent with our budget plan. That's why we continually seek advice from British Columbians — in forums such as the Premier's Council on Aging and Seniors' Issues, the First Citizens' Forum, and our pre-budget consultations.

This government works for the people of British Columbia.

And their ideas, their priorities, their recommendations will guide us in developing Budget 2006 — which will be another step towards the government's Great Goals for a golden decade.

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Conclusion

Honourable Speaker.

The people of this province have made incredible progress in the last four years.

Today we are able to build on that progress and invest some of the dividends of sound fiscal management and strong economic growth in:

- more support for seniors: this package of assistance will help improve the quality of life for tens of thousands of our senior citizens;
- important new support for our First Nations communities to participate more fully in our economy and society; and
- tax measures aimed at keeping B.C. competitive, drawing new businesses and new jobs to our province.

On a personal note, this budget update is a good example of why I got into government. I welcome the opportunity to take part directly in strengthening British Columbia, changing it for the better — and making a truly positive difference in people's lives.

We can't have everything at once, of course.

We must make choices. We must make the right choices. And when I say "we," I mean all British Columbians.

And so this budget update is Step One, the first of five budgets the government will present in this mandate. In four years, the full story of our priorities will be told.

I'm confident in our citizens' strengths; confident in their talents; confident in their vision, imagination and determination.

In just four years, the people of British Columbia have turned this province around.

I can't wait to see what we can accomplish together in the next four years.