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# SEPTEMBER BUDGET UPDATE 2009

September 1, 2009

## NEWS RELEASE

### *Protecting Vital Services, Building for the Future*

VICTORIA — The B.C. government is protecting vital services and positioning British Columbia for renewed economic growth, Finance Minister Colin Hansen announced today as he released the *September Budget Update 2009*.

“We are taking steps to protect the critical public services British Columbians rely on, to promote new investment and growth in our economy and move forward with long-term initiatives that will improve the quality of life throughout the province,” said Hansen. “But to achieve these goals during a time of dramatically falling provincial revenues, additional deficit spending is required.”

The *Budget Update* contains revised deficit forecasts of \$2.8 billion in 2009/10, \$1.7 billion in 2010/11, and \$945 million in 2011/12.

“We are continuing to implement our stimulus package,” said Hansen. “Over the next three years we are investing nearly \$14 billion with federal and local governments to build roads, schools, health care facilities and other needed infrastructure in communities throughout British Columbia, creating jobs, supporting families and generating new economic activity.”

In partnership with other levels of government, British Columbia’s capital construction plan could create up to 88,000 jobs over three years. Since February, \$3.4 billion in infrastructure projects throughout British Columbia have been announced. The *Budget Update* provides for capital investments of \$7.4 billion in 2009/10, \$7.7 billion in 2010/11, and \$6.5 billion in 2011/12.

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. The *Budget Update* also maintains funding for kindergarten to Grade 12 education, with per-student funding of over \$8,200 in 2009/10.

To help keep health care funding sustainable, Medical Services Plan premium rates will increase for the first time since 2002. Effective January 1, 2010, they will rise by about six per cent — a maximum of \$3 a month for single people, or \$6 per family — consistent with the increase in health care spending.

There are built-in protections for lower income British Columbians. Improvements to the MSP Premium Assistance Program will ensure those in the greatest financial need will actually come out ahead. In total, approximately 180,000 British Columbians will see their premium costs reduced or eliminated.

The *Budget Update* supports government's plan to introduce full-day kindergarten in British Columbia. It commits \$151 million to provide the option of full-day kindergarten for 50 per cent of five-year-olds starting school next year, and for all five-year-olds in British Columbia by fall 2011.

To support British Columbians in need, the *Budget Update* provides \$420 million in additional funding over three years to meet greater demand for income assistance during the economic downturn.

The B.C. government is committed to making British Columbia one of the most competitive jurisdictions in the world. Towards this goal, the government proposes to introduce a harmonized sales tax (HST) on July 1, 2010.

"According to leading economists, harmonizing the PST and GST into one tax is the single biggest initiative that British Columbia can do to stimulate the economy," said Hansen. "The HST will remove over \$2 billion in costs for B.C. businesses, generating new investment and ultimately creating more, better-paid, long-term and stable jobs for British Columbians."

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

For individual taxpayers, the basic personal income tax credit is being increased to \$11,000 from \$9,373, an increase of 17 per cent, effective January 1, 2010. These savings will provide taxpayers with increased financial flexibility and help stimulate the economy.

As a result of this and other tax measures introduced by the government, as of January 1, 2010, individual British Columbians earning up to \$118,000 annually will pay the lowest provincial personal income taxes in Canada.

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For the Finance Minister's speech and more details on the *September Budget Update 2009*, visit [www.bcbudget.ca](http://www.bcbudget.ca).

Visit the Province's website at [www.gov.bc.ca](http://www.gov.bc.ca) for online information and services.

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