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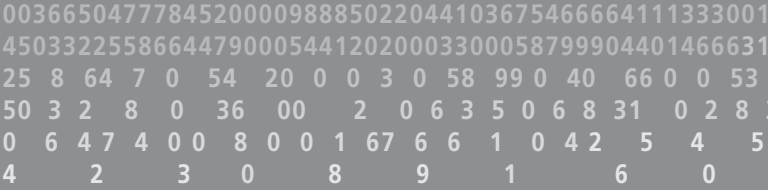
BUDGET

2003

*On track for a
brighter future*



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On Track for a Balanced Budget

With its first full budget in February 2002, the provincial government introduced a three-year plan with three goals: to restore sound fiscal management, revitalize the economy and put patients, students and people in need first.

The plan is working. In 2002-03, every government ministry is forecast to be within its budget. The deficit for the year is expected to be \$600 million lower than originally planned.

The economy has grown at almost three times the rate anticipated by independent forecasters. During 2002, the province created almost 78,000 jobs while enjoying booming residential construction and housing sales. And administrative and other efficiencies have meant more dollars for patient care and student achievement.

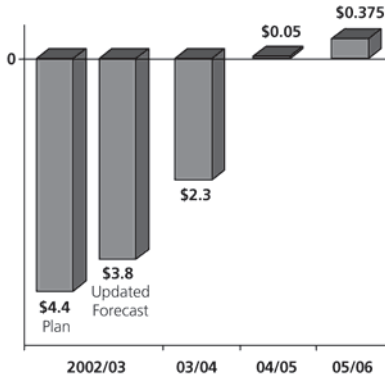
As a result of improved economic growth and strong fiscal management, the government is on track to:

- Balance the budget in 2004-05.
- Increase the Ministry of Education budget by \$143 million over the next three years.
- Direct an additional \$1.3 billion in expected three-year federal funding to meet the health care needs of British Columbians.
- Invest \$650 million of new, dedicated fuel-tax revenues in transportation infrastructure over the next three years.

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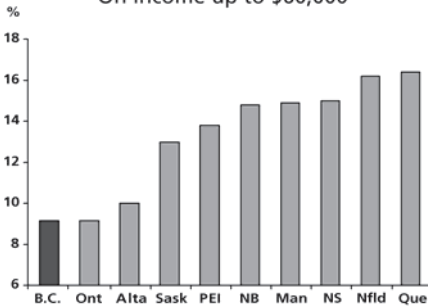
Balancing the Budget

(\$ Billions)



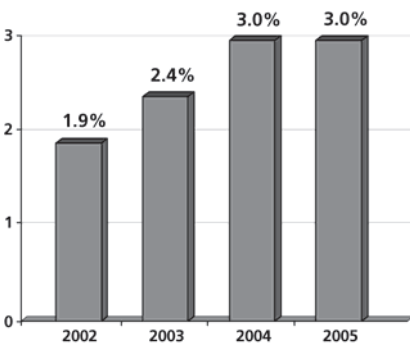
B.C.'s Income Taxes are Lowest

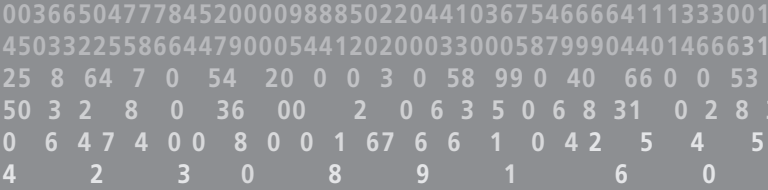
2003 Personal Income Tax Rates
 On Income up to \$60,000



A Growing Economy

% Growth in GDP





Strong Fiscal Management

In 2002/03, every government ministry will be within its operating budget, due to reductions in debt servicing, administration and other costs. Within ministries, \$112 million in savings have been reallocated to meet priority needs that benefit patients, students and people in need.

Responsible debt management is a key government priority. The 2002/03 budget forecast \$920 million for debt-service costs — money needed to manage the public debt — but the 2002 third quarter forecast shows that debt-service costs are almost \$200 million lower than anticipated.

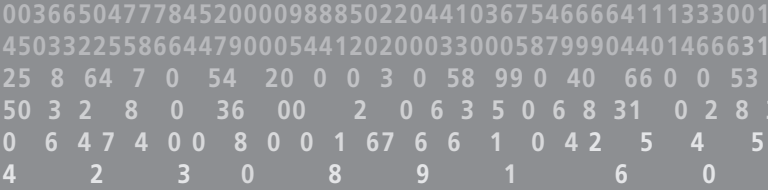
Taken together, government's prudent fiscal management and lower debt-service costs have freed up almost \$400 million in total program savings. Some of that funding is being used to help our forest sector make the transition to a sustainable future.

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Ministry Spending (\$ millions)

	<u>2002/03</u>		<u>2003/04</u>
	Budget Estimate	Updated Forecast	Budget Estimate
Advanced Education _____	1,899	1,899	1,899
Agriculture, Food and Fisheries ____	64	64	49
Attorney General _____	558	540	506
Children and Family Development ___	1,587	1,587	1,451
Community, Aboriginal and Women's Services _____	653	642	665
Competition, Science and Enterprise	51	49	115
Education _____	4,860	4,860	4,860
Energy and Mines _____	52	52	57
Finance _____	58	58	55
Forests* _____	621	621	565
Health Planning _____	23	23	24
Health Services _____	10,186	10,186	10,185
Human Resources _____	1,672	1,519	1,417
Management Services _____	56	56	47
Premier's Office _____	47	45	52
Provincial Revenue _____	51	44	50
Public Safety and Solicitor General ___	509	509	507
Skills, Development and Labour ____	29	26	26
Sustainable Resource Management	117	117	92
Transportation _____	735	735	834
Water, Land and Air Protection ____	149	149	130

* Excludes a \$275-million, one-time provision for forest restructuring.



More Resources for Students

Together with health care, education is our government's top priority. That's why, even as enrolments decline, we will maintain the \$4.8-billion education budget and increase it by \$143 million over the next three years. This will ensure more money is in the system for every student.

The government will also provide a total of \$85 million in one-time funding for education, advanced education and early childhood development in 2002-03. This will include \$50 million for school districts to meet local priorities of the students they serve. This is in addition to a similar one-time grant of \$42 million that was provided last year.

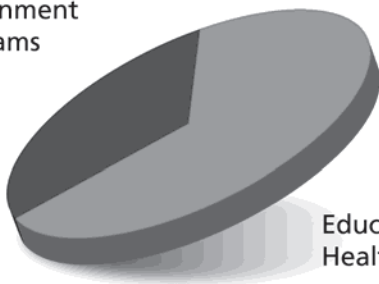
Post-secondary students are benefiting, too. In the past 20 months, we have committed almost \$900 million to advanced education and research projects, including:

- \$150 million to double the number of computer science, electrical and computer engineering graduates over five years.
- \$175 million for research projects.
- \$95 million for New Technology facilities.
- \$45 million to create 20 B.C. Leading Edge Chairs in partnership with the private sector.
- \$7.5 million for B.C. Regional Innovation Chairs at the college level.

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Where Your Money is Going

All Other
Government
Programs
32%



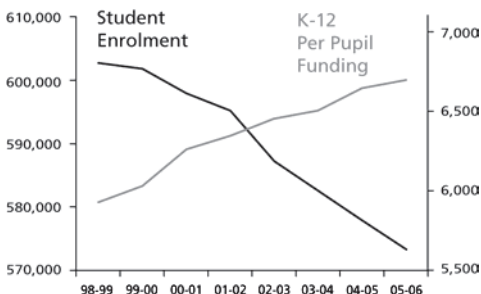
Education and
Health Care*

68%

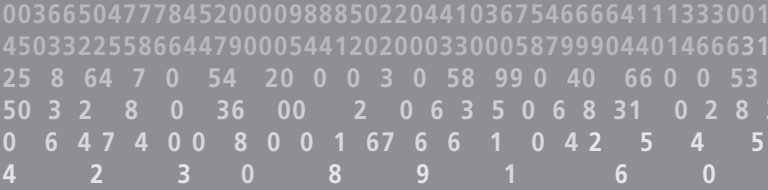
2003/04 Consolidated Revenue Fund (\$25 Billion)

* Excludes an estimated \$325 million in new health funding that will result from the First Ministers' Accord on Health Care Renewal.

Increased Education Spending Despite Declining Enrolment



Per pupil funding - increased by \$923
from 1998/99 to 2005/06



Investing in Patient Care

As part of our government's commitment to put patients first, we increased health spending in 2002-03 by 12 per cent — \$1.1 billion — to \$10.4 billion.

We've also embarked on a wide-ranging plan of renewal, to better manage resources, increase efficiency and ensure every dollar goes to meet patients' needs. As a result of those changes:

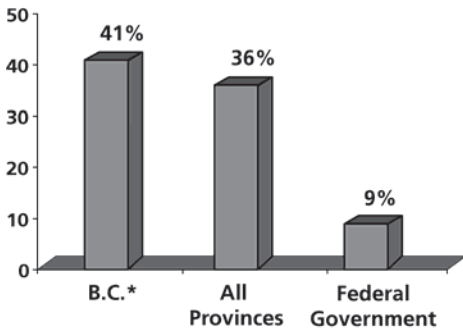
- 538 more nurses were able to practice in B.C. in 2002 than in 2001.
- B.C. is moving towards increasing its complement of new doctors. The government's fiscal plan will help to ensure that by 2009, B.C. universities will be graduating almost twice as many doctors as they do today.
- Forgivable student loans for students who become health practitioners in B.C.'s heartlands will increase access to new health student spaces and help meet regional staffing needs.
- Within the health ministries, administrative costs will have been reduced by approximately 45 per cent by 2004-05.

The changes announced in Budget 2003 — plus every dollar of the expected \$1.3 billion in new, three-year federal health funding — will further modernize public health care, moving us towards a sustainable, patient-centred system for future generations.

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Health Care is Important in B.C.

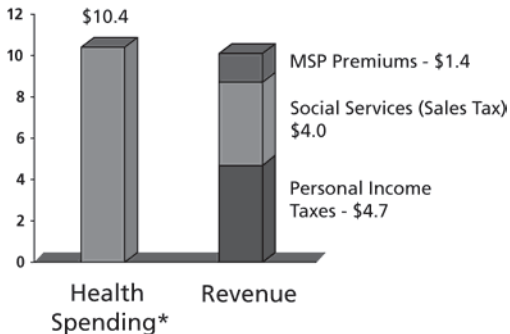
(percentage of total 2002/03 budget)



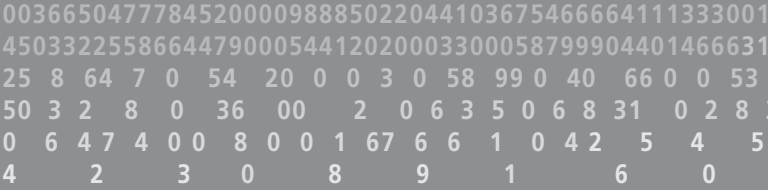
* Excludes an estimated \$325 million in new health funding that will result from the First Ministers' Accord on Health Care Renewal.

Health Spending Exceeds Major Tax Revenues 2003/04

(\$ billions)



* Excludes an estimated \$325 million in new health funding that will result from the First Ministers' Accord on Health Care Renewal.



Opening up the Heartlands

A modern, effective transportation system is key to revitalizing our economy.

That's why our government has launched a three-year transportation plan. The government will commit \$650 million and expects to leverage another \$1.7 billion from the federal government and other partners.

This program will allow for improvement to our highways, bridges, ports and other infrastructure. Long-term priorities include much-needed safety improvements to the Kicking Horse Canyon and the Sea-to-Sky Highway.

Other priorities include building a new Okanagan Lake Bridge at Kelowna, retaining the toll-free inland ferry system, expanding Cranbrook Airport to open up the Kootenays and containerizing the port in Prince Rupert.

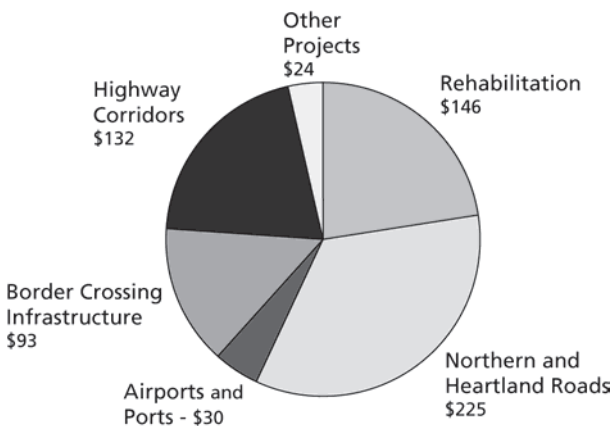
Budget 2003 will support:

- \$30 million for airports and ports.
- \$93 million in border crossing infrastructure.
- \$132 million for highway corridors.
- \$225 million for northern and heartland roads.
- \$146 million for rehabilitation.
- \$24 million for other projects.

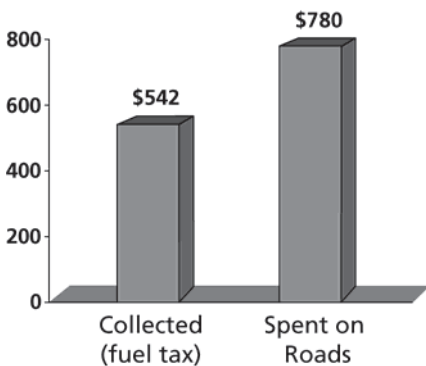
Every penny of the 3.5-cent-per-litre increase in provincial fuel tax will be dedicated to supporting the transportation plan.

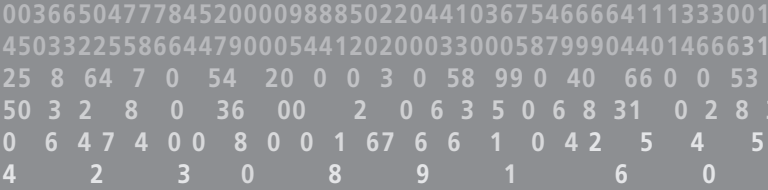
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\$650 Million in Transportation Improvements Over 3 Years (\$ millions)



B.C. Spends More Than It Collects on Transportation (\$ millions in 2001/02)





Revitalizing Our Forest Industry

Forestry is B.C.'s number-one industry — and the government is committed to revitalizing it and offering new hope to forest companies, workers and communities.

Reforms introduced to date include the new results-based Forest and Range Practices Act; investment in international marketing, product development and research; and a proposal to designate a portion of B.C.'s land base as working forest.

Changes in the year ahead will include tenure policy reform and moving to market-based timber pricing.

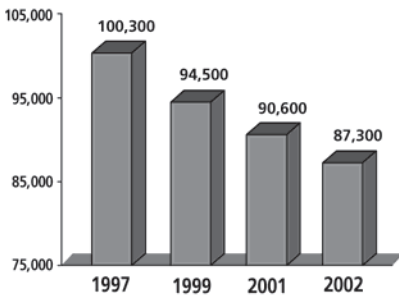
Budget 2003 will support these significant changes in B.C.'s approach to forestry, with:

- \$275 million in fiscal 2002-03 to assist B.C.'s forest workers, communities and companies in the transition to a more competitive, sustainable forest industry.
- \$95 million over three years for potential revenue sharing opportunities to increase First Nations' participation in the forest economy.

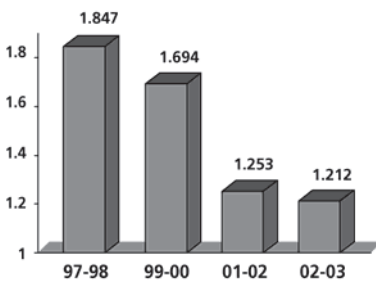
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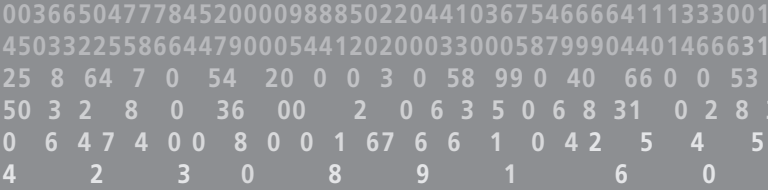
Forestry Reforms Are Vital

13,000 Jobs Disappeared
Between 1997 and 2002...



... While Forest Revenues
Shrunk by One-Third
(\$ billions)





Strengthening Our Economy

Government's new B.C. Heartlands Economic Strategy will open up new opportunities for economic growth throughout the province.

B.C. needs competitive taxes and sensible regulation to attract and retain investors, companies and skilled workers — the building blocks of a strong economy, and the generators of government revenues necessary to sustain health care, education and other services.

Building on the government's commitment to maintain a competitive tax system, Budget 2003:

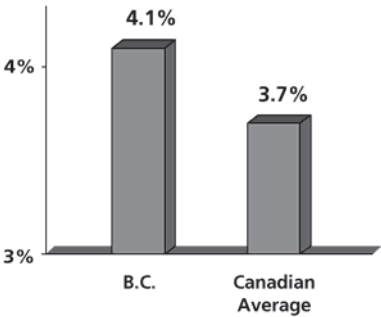
- Introduces tax changes to promote growth in companies involved in New Media and book publishing.
- Provides additional incentives for regional television and film projects, digital animation and visual effects.
- Extends the B.C. mineral exploration tax credit, which has contributed to a twenty-five per cent increase in exploration since the spring of 2001, for another three years.
- Expands the labour-sponsored venture capital program, increasing the budget for tax credits to \$16 million from \$12 million, allowing a third fund to operate in the province.
- Expands the bunker fuel tax exemption to include fuel used in gas-turbine-powered ships, used in the cruise-ship industry.

These targeted tax changes will be worth \$29 million annually by 2004-05.

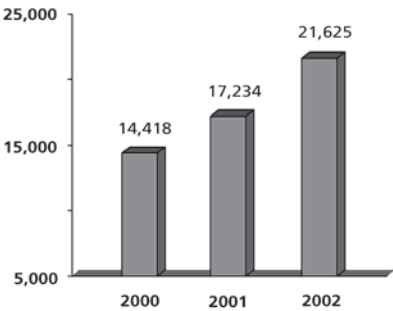
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Since June 2001, the government has provided 27 tax-relief measures with a net benefit of about \$900 million to individual British Columbians and more than \$350 million to businesses.

B.C. a Leader in Job Creation Employment Growth in 2002



Housing is Booming in B.C. (housing starts)



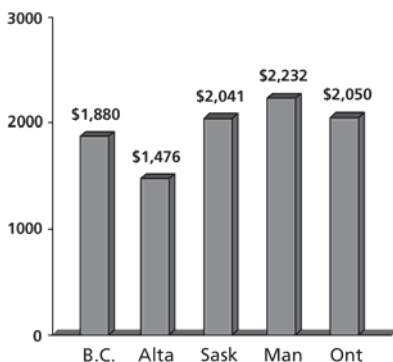
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Strengthening Our Economy

Sector-specific tax changes in Budget 2003 — combined with the impact of dramatic personal and business tax cuts since June 2001 — will position B.C. for further improvement in its investment climate.

The province's economy is expected to grow by 2.4 per cent in 2003 — increasing to three per cent in 2004 and 2005.

2003 Provincial Taxes*
Single Individual
(\$25,000)

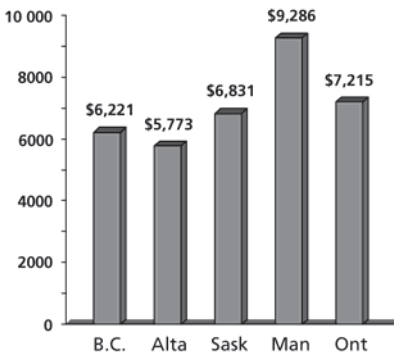


* Includes provincial income tax, property tax, sales tax, fuel tax, provincial direct taxes, health care premiums/payroll tax.

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2003 Provincial Taxes*

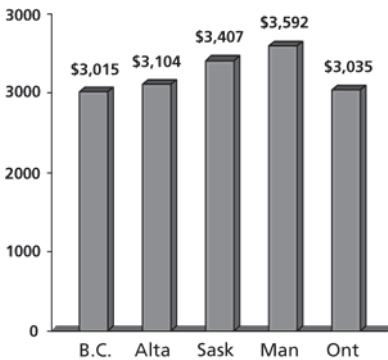
Family of Four
(\$60,000)



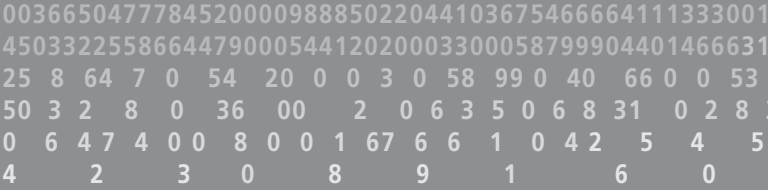
* Includes provincial income tax (including net child benefits), property tax, sales tax, fuel tax, provincial direct taxes, health care premiums/payroll tax.

2003 Provincial Taxes*

Senior Couple
(\$30,000)



* Includes provincial income tax, property tax, sales tax, fuel tax, provincial direct taxes, health care premiums/payroll tax.



Meeting Family and Community Needs

As B.C. sticks to its plan, revenues grow and sound fiscal management is restored, the government will be able to devote affordable, sustainable funding increases to priority services for British Columbians.

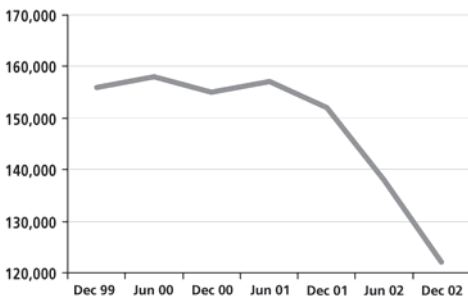
This year, the government will continue to assist community organizations, by maintaining charity top-up grants over the next three years. Further consultations will be held to find a fair and equitable approach to policing rural areas and communities with fewer than 5,000 residents.

Budget 2003 will also provide:

- Funding to increase the number of child care spaces eligible for subsidy assistance by 50 per cent in the coming year.
- In 2002-03, \$10 million to create a new Early Childhood Partnership Fund with the United Way and Credit Union Central B.C.
- \$110 million for employment programs for people in need over the coming year.
- An increase, to \$400 per month, in the earnings exemption for people with disabilities.
- Up to \$11 million per year in additional funding for intervention for school-aged children with autism spectrum disorder.

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Income Assistance Number of Caseloads



Income Assistance Caseloads are Dropping

- Today there are 55,000 fewer British Columbians dependent on income assistance than there were in July 2001.
- Exit surveys show that 92 per cent of those leaving income assistance have done so for employment, educational opportunities or because they have other sources of income.
- The majority — 66 per cent — found paid employment and are generally earning two or three times more than they were on income assistance.

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On track for:

- Balancing the budget on schedule
- More resources for students
- Additional support for patient care
- Better transportation infrastructure
- A revitalized forest industry
- A stronger, more competitive economy
- A brighter future

For complete details of what Budget 2003 and the three-year fiscal plan mean to you, visit: www.bcbudget.gov.bc.ca



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