

SEPTEMBER UPDATE BALANCED BUDGET 2005 NEWS RELEASE

Improved Support for Seniors at Heart of Budget Update

VICTORIA — Improved support for senior citizens is at the heart of new budget measures that also include a significant fund for First Nations and tax reductions to help keep B.C.'s economy strong, Finance Minister Carole Taylor announced with the release of the *September Budget Update*.

The *September Budget Update* provides an additional \$242 million over three years to improve the lives of senior citizens. New measures include:

- renewing the Seniors' Supplement, to provide a monthly benefit for approximately 40,000 low income seniors;
- doubling annual funding for the Shelter Aid for Elderly Renters (SAFER) program, to improve subsidies for lower income seniors who rent, and expand coverage to those who own manufactured homes and pay monthly pad rentals; the changes will apply to approximately 12,000 seniors already receiving SAFER benefits and open the program to an additional 7,200 senior citizens; and
- updating existing seniors' health facilities and strengthening and modernizing the full range of services for seniors, to help them live as independently as possible.

"This budget is the first of five the government will deliver in its second mandate. Our senior citizens built this province, so it is appropriate that they should be among the first to benefit from our stronger economy," said Taylor.

The budget update also advances the government's commitment to build a stronger relationship with First Nations by allocating \$100 million to a First Nations New Relationship Fund. This fund will support initiatives to assist First Nations communities to be effective partners in consultations concerning the use of land and resources.

In addition to confirming February's tax reductions, which included significant measures targeted to low and modest income earners, the budget update provides new measures to enhance British Columbia's economic competitiveness and support job creation. These include:

- effective July 1, 2005, reducing the general corporate income tax rate to 12 per cent from 13.5 per cent, to benefit all sectors of the economy; and

- effective January 1, 2006, providing a tax incentive for the international commercialization of life science patents, to build on B.C.'s growing stature as a centre for biotechnology research and development.

"These changes will benefit many businesses, from small to large, right across the province. We want more businesses to invest here, to stay here and, most important, to create jobs and opportunities for British Columbians."

Driven by a robust economy, British Columbia's fiscal outlook is stronger than previously forecast and supports the new budget measures. The *September Budget Update* also reaffirms all the commitments made in the February 15 budget.

In keeping with British Columbia's improved economic outlook, the updated fiscal plan forecasts surpluses of \$1.3 billion this year, \$600 million in 2006/07 and \$400 million in 2007/08. The healthier surplus track helps to reduce the province's capital infrastructure borrowing requirements and improves the debt outlook compared to the February budget forecast.

"British Columbia is growing. We need to build new seats at colleges and universities. British Columbians have told us we need to expand health care facilities in their communities. We need to upgrade our airports, roads, and ports to create new economic opportunities. Given the recent rise in construction costs, it's more important than ever to pay close attention to capital spending and use the surplus to keep our borrowing requirements down and keep debt affordable."

To help ensure that budget surplus targets are met, forecast allowances are provided to protect against revenue risks, natural disasters and other unexpected costs. The forecast allowances also cover potential wage and benefit increases arising from the next round of public sector bargaining.

"About 52 per cent of the entire budget goes toward wages and compensation, so even a small percentage increase for public sector workers has a big impact on the province's bottom line. We're working with employers to develop the next wage mandate and we'll need to provide for pay increases that reflect labour market conditions and are sustainable over the long term."

The Minister also noted that natural resource revenues are inherently volatile.

"We need to be careful that we don't make spending commitments on the assumption that commodity prices will stay high forever. They never do, and they can drop fast."

In addition to tabling the *September Budget Update*, Taylor also made public government's *Budget 2006 Consultation Paper*. This discussion paper will form the basis upon which the Select Standing Committee on Finance and Government Services will consult with British Columbians about the development of the budget and three-year fiscal plan for years 2006/07 to 2008/09.

1 backgrounder attached.

For the Finance Minister's speech and more about details on the *September Budget Update*, visit www.gov.bc.ca/bcbudget online.

For information on the Legislative Assembly's budget consultations, visit www.leg.bc.ca/budgetconsultations online.

Visit the province's website at www.gov.bc.ca for online information and services.

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