

Behind the Counter

The Provincial Budget

After the Federal Budget last month, we also have a provincial budget that is an expansionary budget rather than recessionary. There are several versions of the budget available at <http://www.bcbudget.gov.bc.ca/2009/default.htm>. Here are some highlights: The government is going to inject funds into communities to upgrade infrastructure such as roads, schools, housing and hospitals. This upgrade will create an estimated 88,000 jobs, which is great for the individual, but not so great for the small business person as these jobs will most likely be unionized so you can expect to lose some staff to the higher paying unionized jobs, especially since they will offer health benefits. These funds will be injected over the next three years, so the effect will be gradual rather than immediate.

One of the infrastructure items listed is to build new housing for seniors, First Nations and the homeless, indicating that the type of small business to get into still seems to be senior care, general health care and addictions counseling services, or half way sober house services.

There is also to be a cash infusion into Education mainly for post-secondary institutions. I think this is a great idea, but what is not addressed is the curriculum. I know from my many years of education and continuing education, there are many courses that overlap with topics and probably a lot of courses that could be combined. I also wonder how much post secondary administration costs will eat up the funds that are supposed to go towards education. It's my opinion that we need to educate students with the knowledge that they need to get out into the workforce as soon as possible and teach them only what they need to be able to excel in the 'real' world.

The funding to be provided to the health care industry is also given carte blanche. I agree that health care needs increased funding, but there doesn't appear to be any conditions attached to the funding such as evaluating or solving current service blockages or systems that have become financial drains. Other areas have preventative care using the holistic arts and I think we could use more of that in BC instead of suffering from the side effects of prescription drugs while never really being tested or treated for the underlying problem.

Currently, if you call the doctor's office you can get the home number of a doctor on call, but when you call him/her all they say is to go to the hospital. I would like to suggest that we need more paramedics or perhaps doctors on internships that can go out on house calls. This would free up the emergency room for serious emergencies. I'm sure all of us have some sort of idea of the changes that we would like to see in the medical system. It is near and dear to my heart as I have aging parents one of which has recently had medical emergencies and it is not until you are actually faced with a crisis that you actually realize the disarray that our medical system is in and wonder how we let it get to this state.

The budget states that the government will cut administrative and other discretionary costs and transfer these savings to the education and health sectors, so we can expect some lay offs in the government offices.

The province is continuing with the plan to lower provincial personal and corporate income taxes. The first two personal tax brackets will be reduced by 3% effective January 1, 2008. The first bracket will go from 5.06% to 2.06% up to the threshold of \$35,716 taxable income. The second bracket will go from 7.7% to 4.7% for taxable income between \$35,717 and \$74,434. This means that for a single person in the lowest tax bracket, the tax savings could be up to 12%. Small business corporate taxes (on income that qualifies for the small business deduction) will go from 3.5% to 2.5% effective December 1, 2008. Regular corporate tax rates are to reduce down to 10% by 2011.

For property taxes in 2009 and 2010, the budget calls for a temporary property tax deferment program where you can elect to defer the payment of your property taxes due to economic hardship until your home sells or you transfer it to another person other than a spouse. You need to have at least 15% equity in your home to apply.

For January 2010, the government will once again attempt to equalize the tax on dividend payments by reducing the dividend tax credit on ordinary dividends by .8% so that it will be comparable to the reduction in the small business corporate tax rate.

As of January 1, 2009, income from a Registered Disability Savings Plan (RDSP) will be exempt from the calculation of BC Sales tax credit and Medical Service Plan premium assistance.

There are also several industry specific items, such as a better reallocation of funds from the Hotel Tax, changes to taxes with respect to the Filming Industry, Logging Industry, Energy efficient incentives, changes to taxes on some prescription drugs and increases to tobacco tax - to name a few. The latest announcement that I heard from the provincial government was the transfer of \$7.2 million for the arts – right on!

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