



BUSINESS COUNCIL OF BC SUPPORTS PROVINCE'S 10-POINT ECONOMIC PLAN

VANCOUVER, BC (Oct. 24, 2008) - The Business Council of British Columbia (BCBC), the organization that represents one of every four people employed in BC is commending the Provincial Government and Premier Gordon Campbell for the 10-point economic plan announced Wednesday, which it says strikes a balance between providing stimulus while avoiding tipping the budget towards a certain deficit.

"This government has a strong economic and fiscal track record," said Virginia Greene, President and CEO, BCBC. "This creative and balanced plan suggests it's focusing on what it does best and is being proactive in getting ahead of the emerging slowdown. The plan offers a measured approach to help support economic activity through tax relief for businesses and individuals, stepped up infrastructure spending and other items aimed at shoring up consumer confidence."

With growing signs that the domestic side of the BC economy is slowing, BCBC pointed to three particular measures it says will help businesses:

- A 50% school property tax rebate for light and heavy industry (\$115 million over the next three years);
- Advancing the planned reduction in the small business tax rate from 3.5% to 2.5%, to December 1st this year (two years earlier and \$146 million in savings for small business over three years);
- Doubling the commission paid to businesses for collecting the PST and the provincial hotel room tax (\$60 million to business over the next three years).

"The government's decision to reduce the school property tax burden on light and heavy industry is especially welcome considering the onerous property tax rates paid by industry puts BC at a competitive disadvantage," said Greene. "By advancing a number of planned tax cuts by one or two years, much of the short-term stimulus is funded by the current operating surplus for fiscal 2008/09 without incurring excessive unbudgeted revenue hits in subsequent years."

In total, the tax cuts and support for business amounts to \$485 million over the next three years. In addition, spending on public infrastructure will be accelerated. As the province's other engines of economic activity slow or stall (consumer spending, housing, non-residential construction and exports), the plan provides some welcome and much-needed stimulus.

Two other noteworthy items are accelerated infrastructure spending and reining in avoidable government spending. The former will see the province spend more on infrastructure, focusing on projects that do not have long lead times.

"This is the right approach, as the stimulative effect from capital spending is needed in the short term, not two or three years from now," said Greene. "Here the government may have some additional flexibility, as capital outlays are not counted as part of the province's operating budget."

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