

First Quarterly Report



Ministry
of Finance

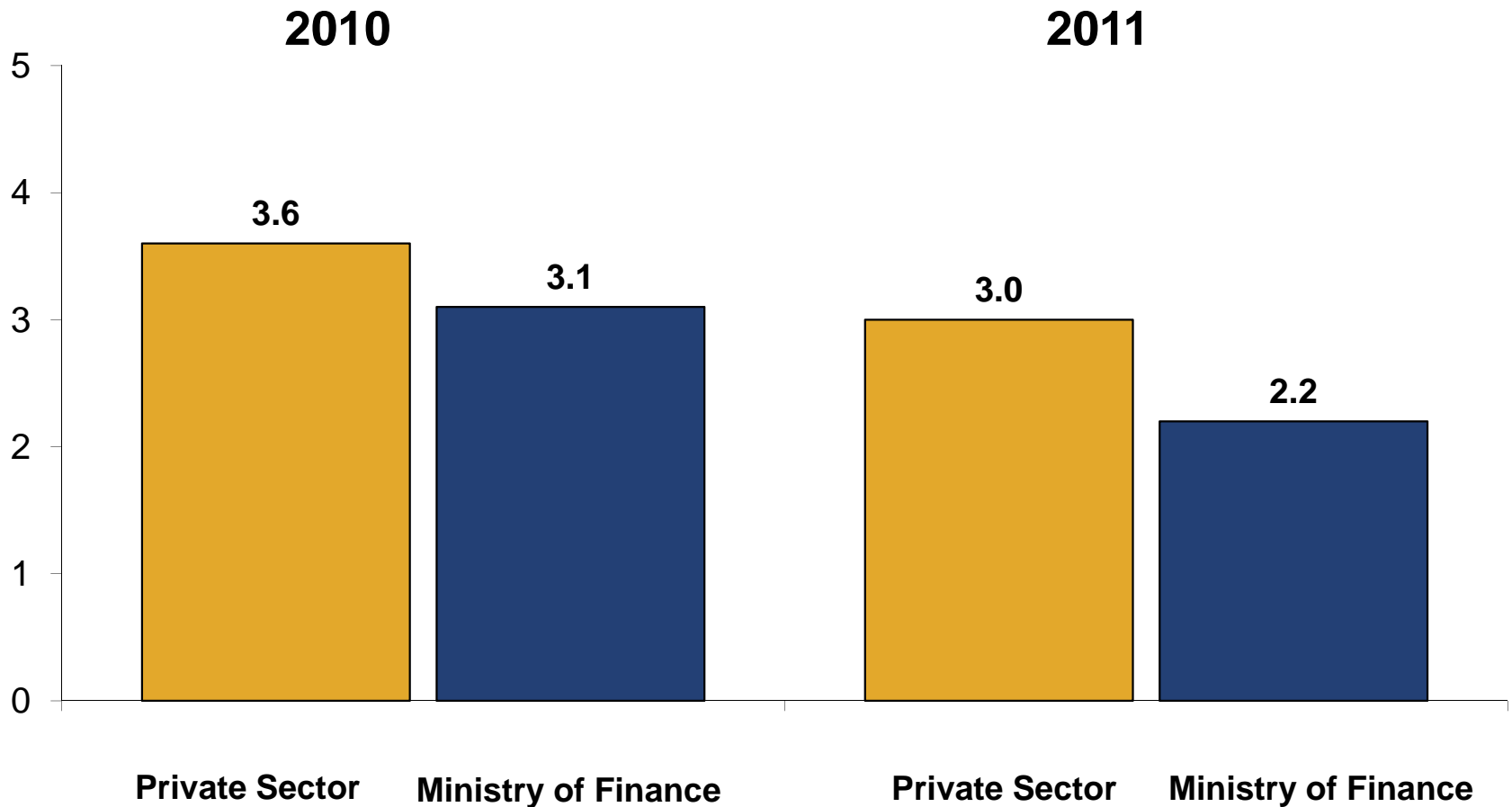
September 14, 2010

Fiscal position improves; forecast remains prudent

- **BC economy showing improvement**
 - Employment, retail, export activity have all improved
 - On track to balance budget in 2013/14
- **Significant risks remain**
 - Housing starts remain volatile
 - Stalled US recovery
- **Need to maintain prudence and fiscal accountability**

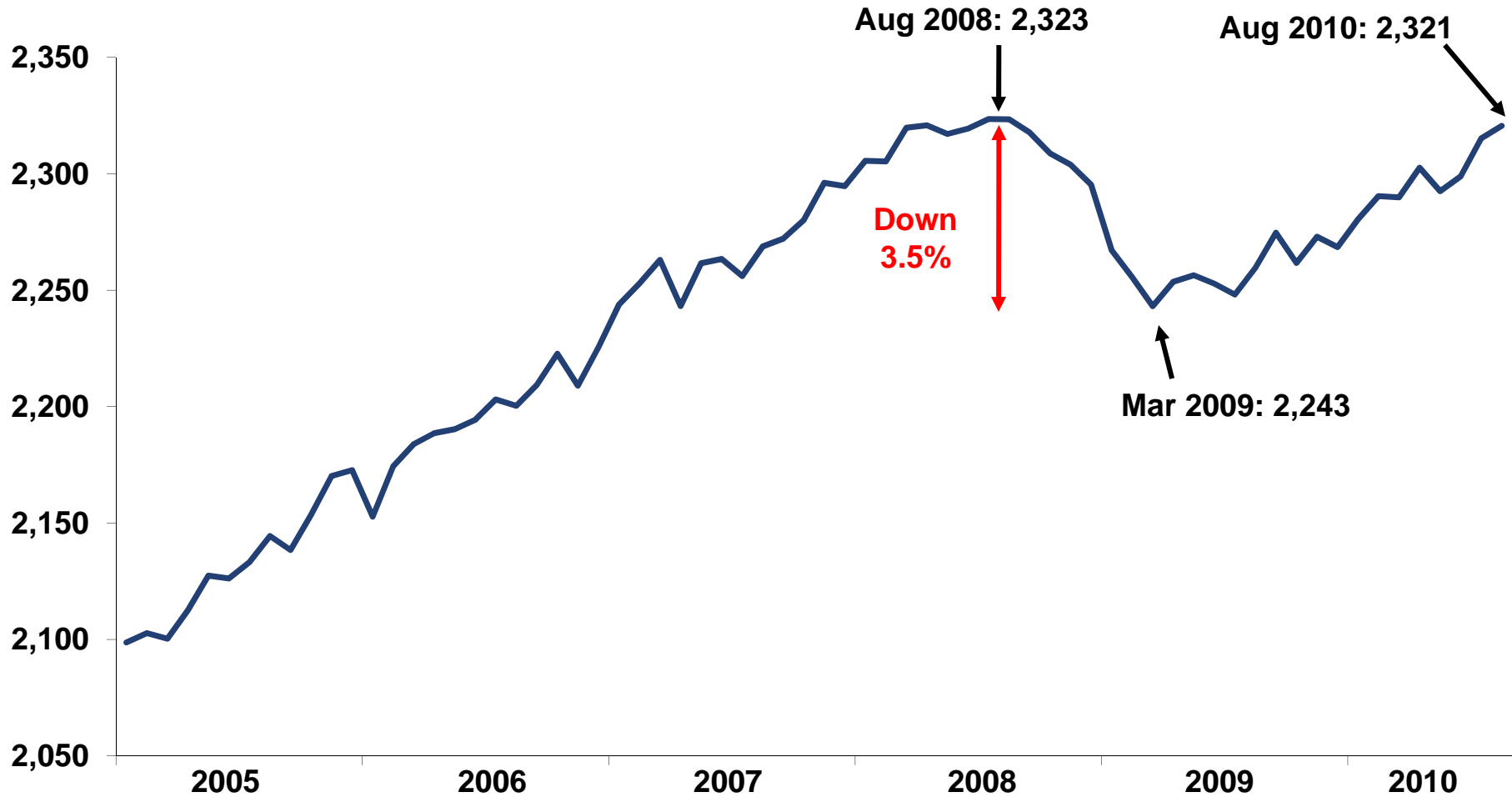
Updated BC forecast remains prudent

BC Real GDP (% change)



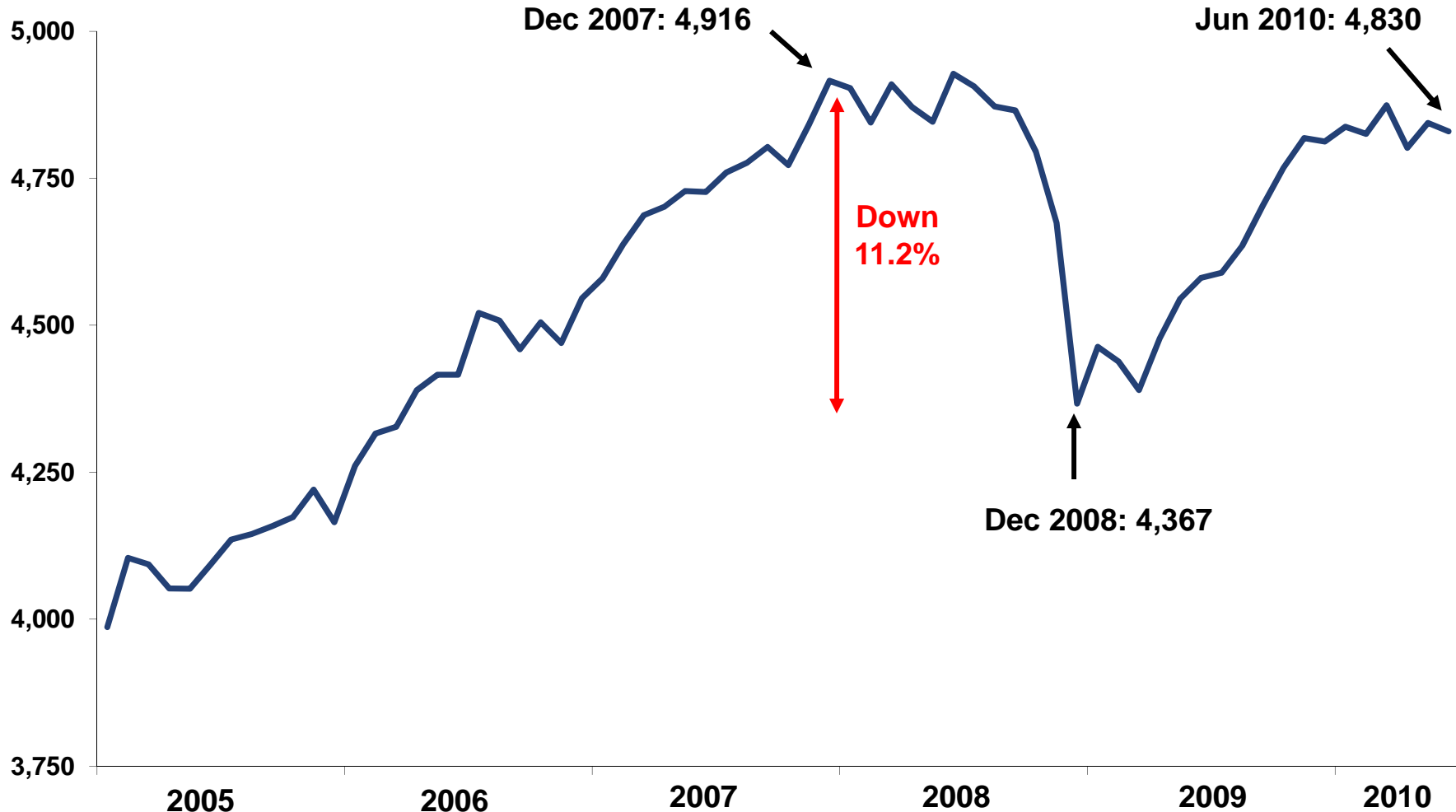
Employment recovering

BC employment (000s, sa)



BC retail activity recovers from 2008 lows

BC retail sales (\$ millions, sa)



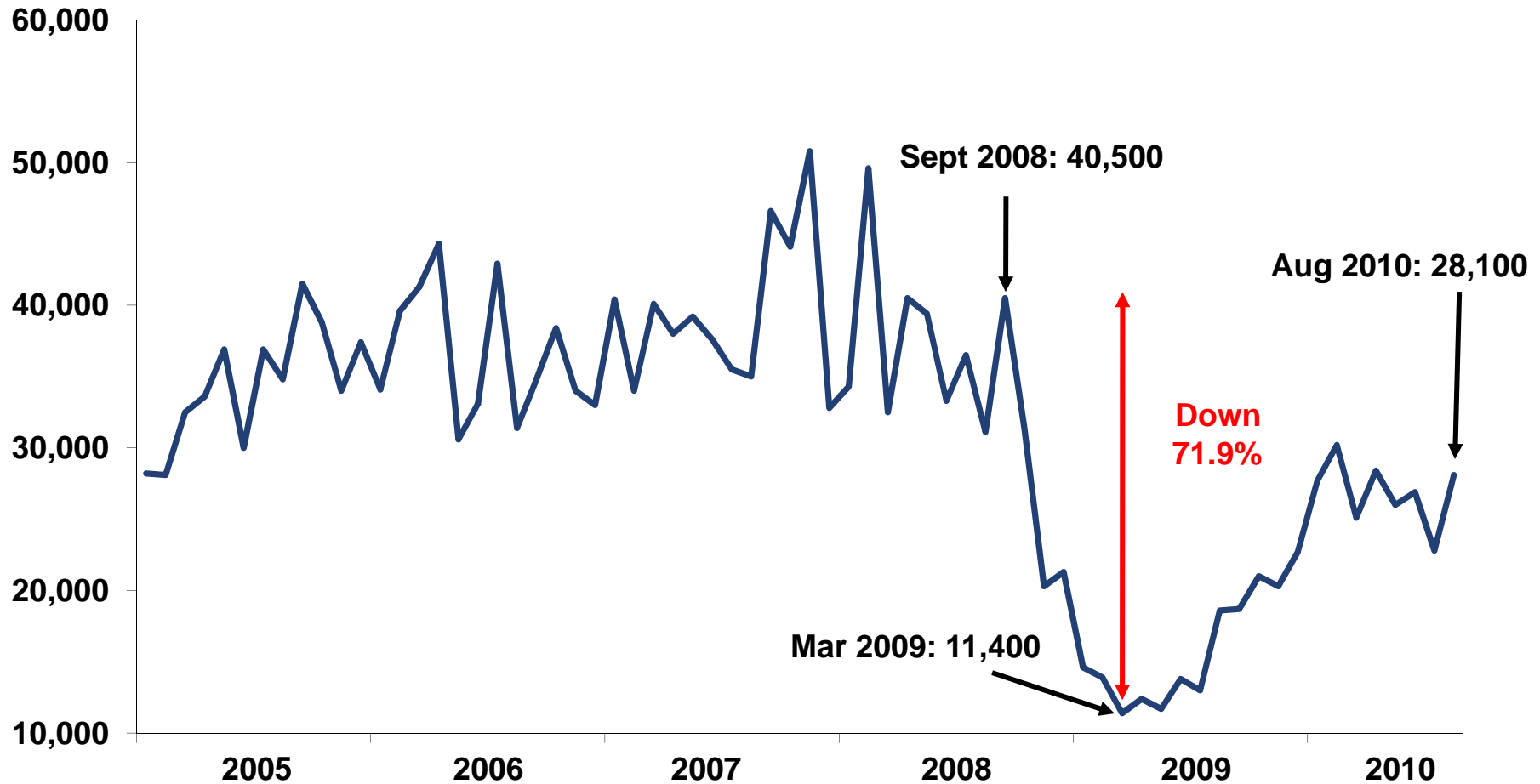
Exports pause following nine consecutive monthly increases

BC total merchandise exports (\$ billions, sa)



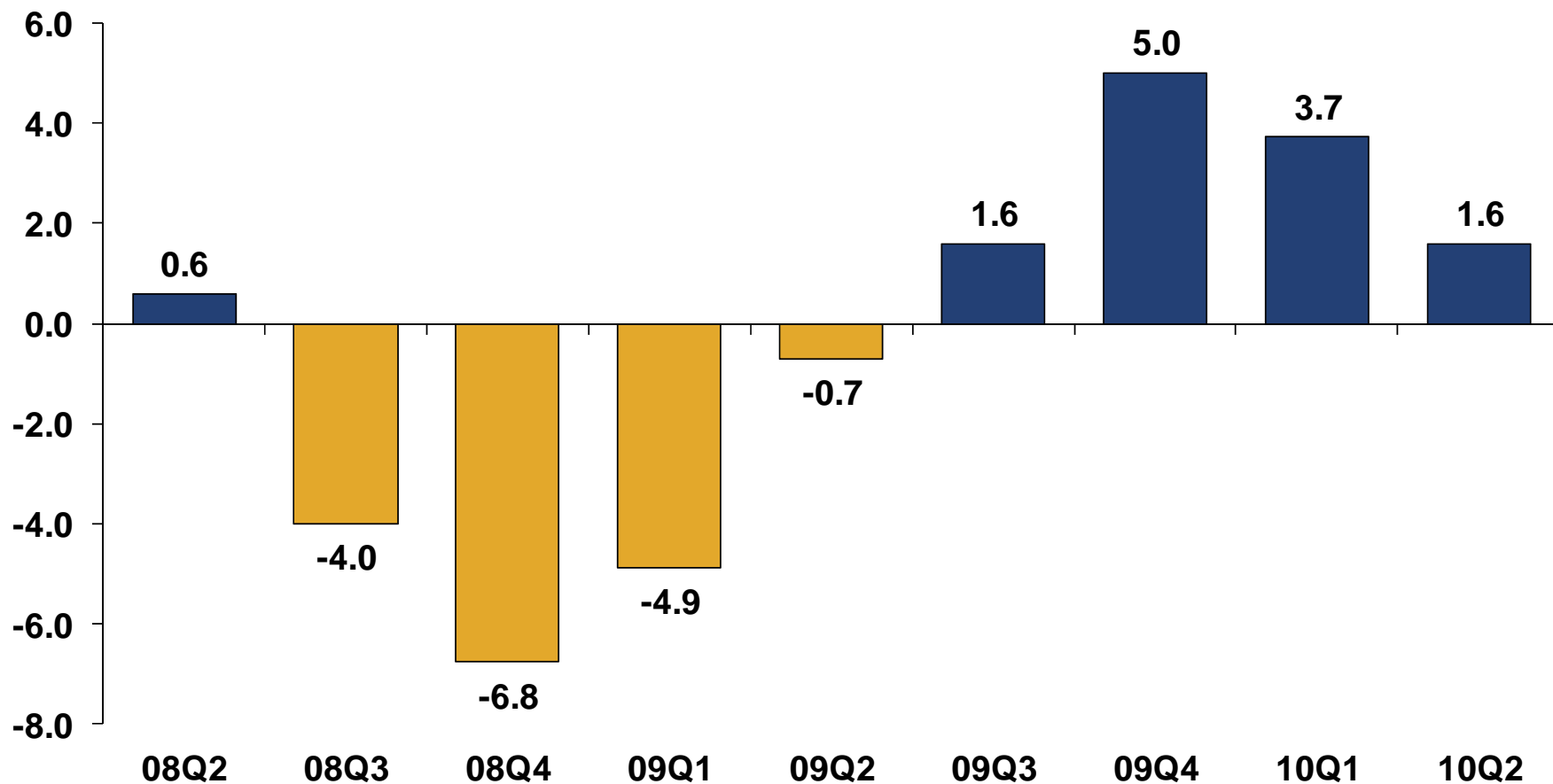
Housing starts still struggling

BC housing starts (annualized units, sa)



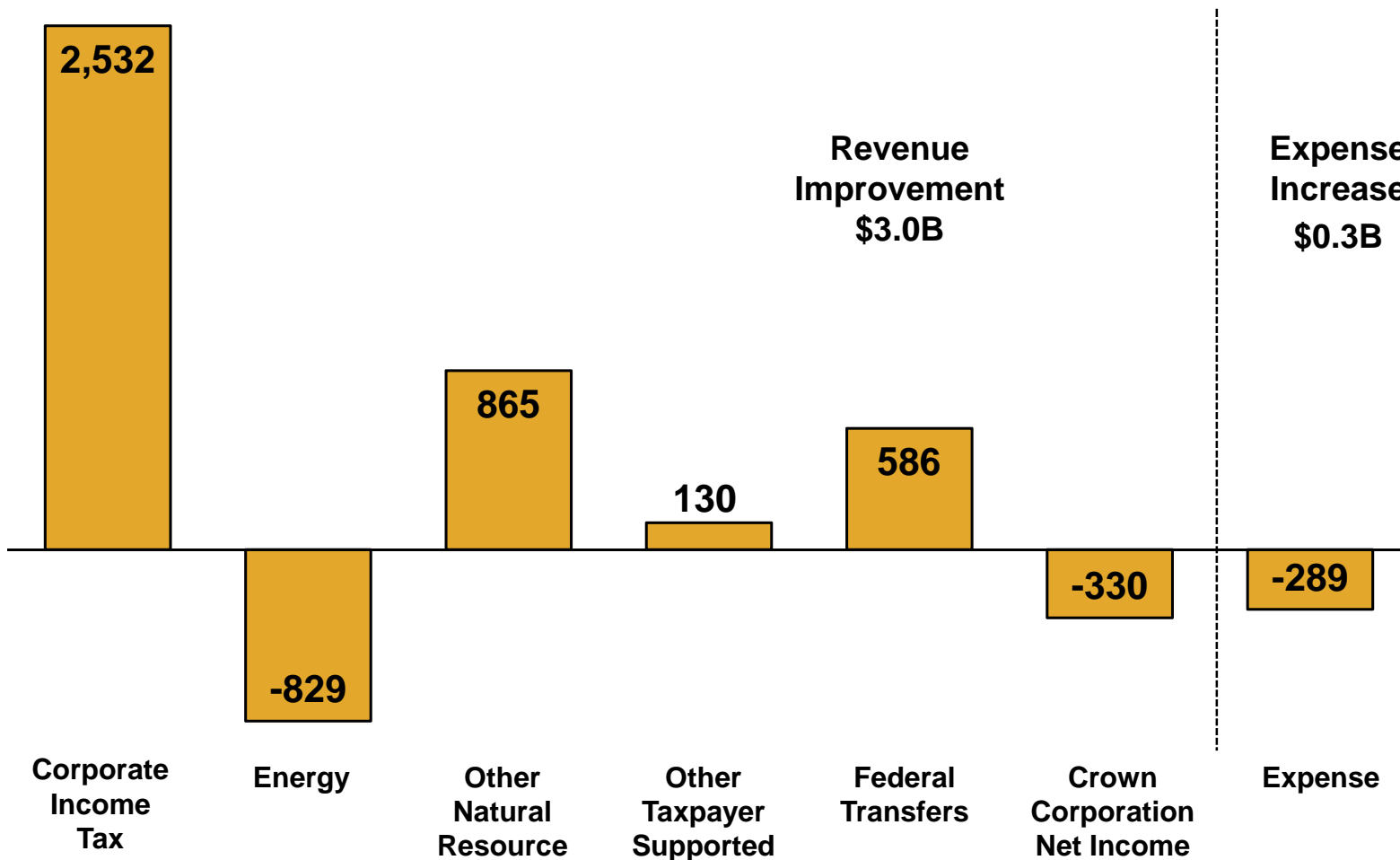
US real GDP growth slowing down

US Real GDP
(Second Estimate, annualized q/q per cent change)



Fiscal plan improves by \$2.7 billion

Cumulative Changes – 2010/11 to 2013/14 (\$ millions)



\$2.1 billion of improvements available

(\$ millions)

Annual improvement →

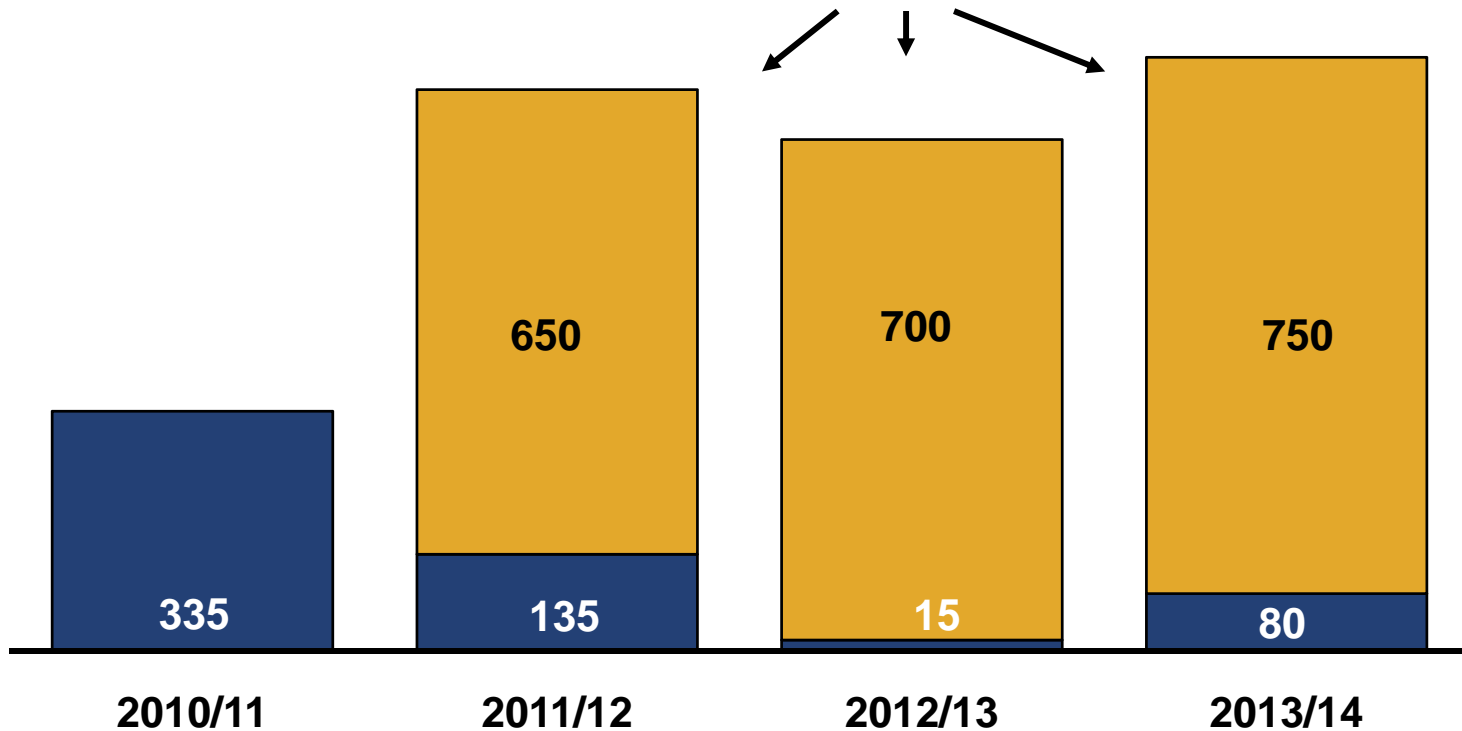
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785

715

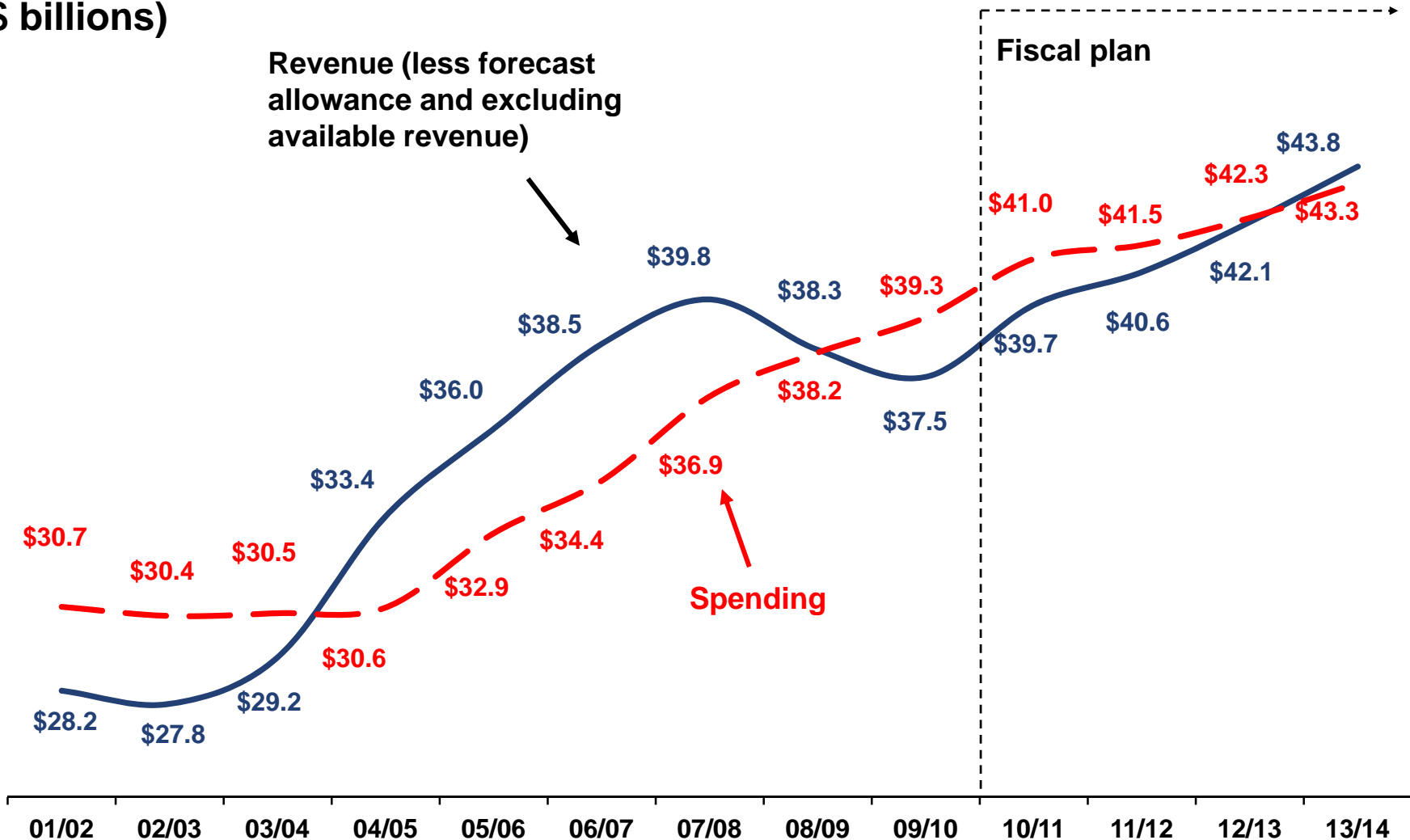
830

Available for revenue and/or spending initiatives



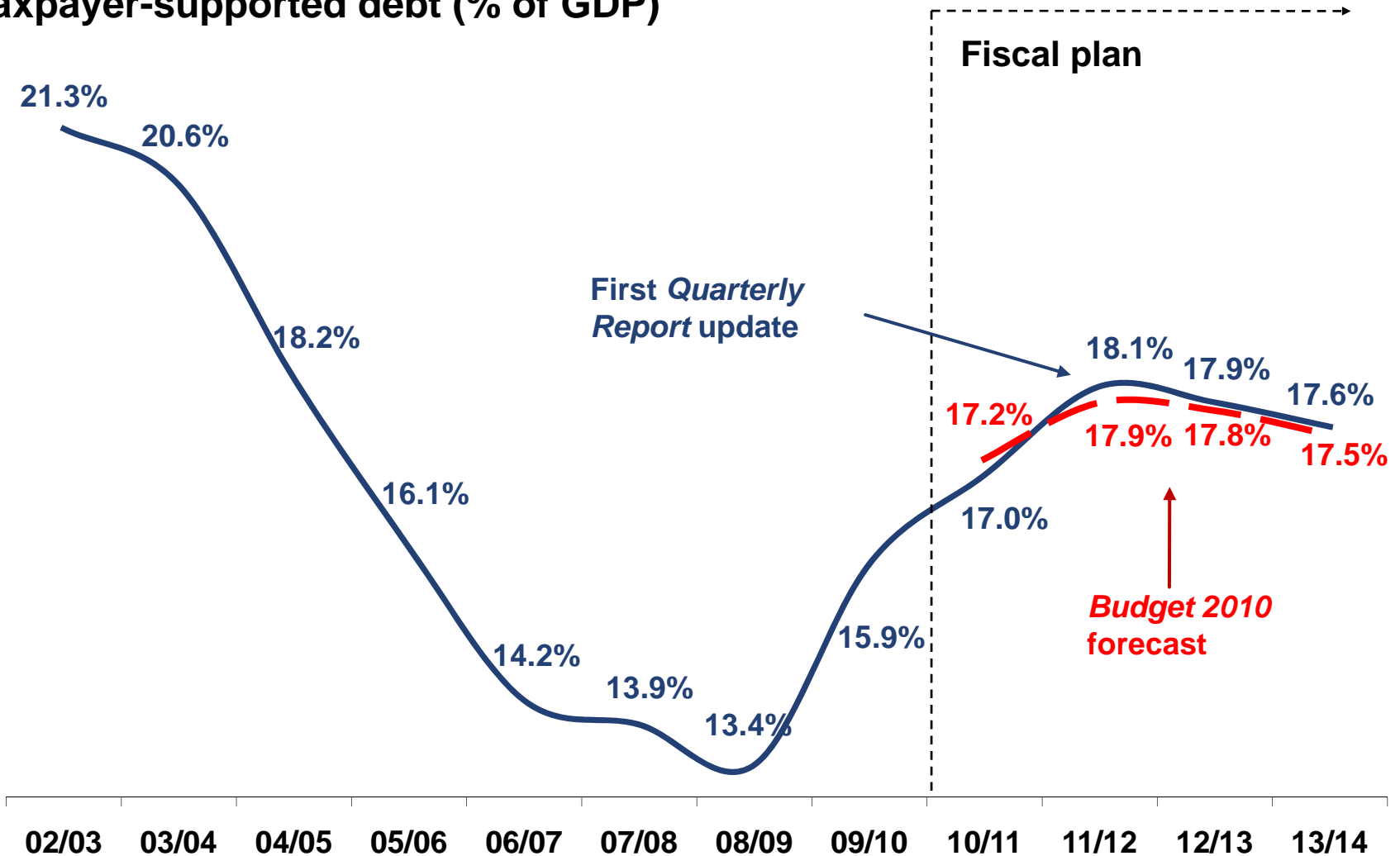
On track to balance budget in 2013/14

(\$ billions)



Taxpayer-supported debt burden remains low

Taxpayer-supported debt (% of GDP)



Risks to the outlook

- **A “double-dip” recession in the US**
- **Slower global demand for BC’s exports**
- **Sudden weakening of the US dollar disrupting global financial and commodity markets**
- **Further appreciation of the Canadian dollar**
- **Volatile commodity and energy prices**
- **Higher than expected demand for government services**

Next Steps

- **Budget Consultation Paper** **Sept 14**
- **Budget 2011 Development Process** **Fall**
- **Report on Budget Consultation** **by Nov 15**
- **Second Quarterly Report** **by Nov 30**
- **Budget 2011** **Feb 15, 2011**

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