

Fiscal Plan Update

(\$ millions)	2012/13	2013/14	2014/15
Budget 2012 Fiscal Plan	(968)	154	250
Fiscal plan updates:			
Market impact on natural gas royalties	(241)	(389)	(483)
Other revenue decreases	(136)	(157)	(212)
Expense adjustments (increases) decreases	(87)	(17)	147
Reduction in forecast allowance	50	50	50
Fiscal plan before mitigation of natural gas royalty reductions	(1,382)	(359)	(248)
Manage impact of natural gas royalty reductions	241	389	483
Updated fiscal plan	(1,141)	30	235
Taxpayer-supported debt-to-GDP ratio	17.4%	18.1%	18.3%
Economic Forecast:	2012	2013	2014
Real GDP Growth	2.0%	1.8%	2.3%

How do you submit your ideas?

We want your ideas. The Select Standing Committee on Finance and Government Services will be holding public consultations around the province in September and October. You can provide your feedback by:

- Participating at one of the public consultations.
- Completing an online survey
- Sending a written response by letter or email

Visit www.leg.bc.ca/budgetconsultations for locations and details.

PLEASE SEND YOUR SUBMISSION (INCLUDING CONTACT INFORMATION) BY THURSDAY, OCTOBER 18, 2012 TO:

Select Standing Committee on Finance and Government Services
Room 224, Parliament Buildings
Victoria, British Columbia
V8V 1X4 Canada

Phone: 1-877-428-8337 (toll-free)

Phone: 250-356-2933 (collect)

Fax: 250-356-8172

Email: financecommittee@leg.bc.ca

Learn more about balancing Budget 2013

Test drive our online budget simulator at www.gov.bc.ca/mybudget



**BRITISH
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Budget Consultations 2013

Balancing the budget by 2013/14

After years of balanced budgets in good times, B.C. was caught in the global economic downturn of 2008. Like other governments around the world, we made the choice to run a deficit in order to protect priority programs like health care, education and social services. British Columbians expect us to return to balanced budgets as quickly as we responsibly can.





Despite the economic challenges, we know we also need to continue to look at every possible means to help make life more affordable for B.C. families. That means keeping taxes low and creating new opportunities through the B.C. Jobs Plan.

Challenging times for government revenues

In 2012/13 we will lose more than \$240-million in natural gas royalty revenues from Budget 2012 because of falling natural gas prices and reduced production. Natural gas prices are expected to remain relatively low for several years, underlining the need to open up new markets and develop our liquefied natural gas export potential.

Even with declining natural gas royalty revenues, we are committed to delivering balanced budgets in 2013/14, while still delivering the services B.C. families expect.

PERSONAL INCOME TAX REDUCTIONS SINCE 2001

	Taxes 2001	Taxes 2012	Total Decrease 2001 vs. 2012
 Senior Couple (\$40,000)	\$828	\$0	-\$828 (-100%)
 Single Individual (\$20,000)	\$765	\$41	-\$724 (-95%)
 Single Individual (\$50,000)	\$3,575	\$2,139	-\$1,436 (-40%)
 Family of 4 (\$70,000)	\$4,339	\$2,181	-\$2,158 (-50%)

Focus on keeping taxes low and government spending under control

Government continues to make controlling spending a priority. With the recent reduction in natural gas royalties government intends to introduce measures to maintain our commitment to balanced budgets by 2013/14, including:

- A hiring freeze across the B.C. public service and a salary freeze for public sector excluded management employees.

- A review of the current bargaining mandate for union employees.
- Identifying measures to further reduce spending and increase revenues.

Virtually all of B.C.'s public-sector collective agreements covered by the 2010 mandate are now settled for two years of net-zero. Public sector employers are currently in negotiations on new agreements. A one per cent increase in total compensation for all unionized public sector employees costs approximately \$197 million.

Family affordability

B.C. is committed to a tax system that is competitive with other jurisdictions, while protecting the health care, education and social services we all depend on.

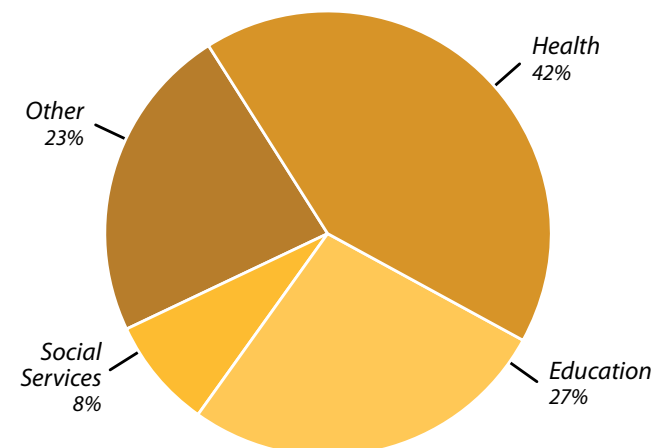
Since 2001, we've reduced provincial personal income taxes for most taxpayers by 37 per cent or more, and taken steps so that an additional 325,000 people no longer pay any B.C. income tax. In total, more than one million British Columbians pay no provincial income tax at all.

British Columbia currently has the lowest provincial personal income taxes in Canada for individuals earning up to \$120,000. B.C. families generally have one of the lowest overall tax burdens in Canada.

Are there areas where government spends money that you think could be spent more effectively or reduced to keep life affordable for British Columbians?

IN 2013/14 THE PROVINCE IS PROJECTING TO SPEND OVER \$44 BILLION

Do you think government has allocated the right level of resources to each of these priority areas?



Investing in Education

This year, our government's funding to school districts is a record \$4.7 billion, a 26 per cent increase since 2000/01 despite a drop in student enrolment of more than 63,000 students.

Our government is investing more than \$1.9 billion to support post-secondary education this year. Tuition in B.C. is the fourth-lowest in Canada and increases are capped at two per cent annually.

Health outcomes among best in Canada

By 2013/14, the health budget will have increased more than 100 per cent since 2000/01, to over \$16 billion per year.

B.C. has the second lowest health per capita costs of all provinces and high health outcomes: the highest life expectancy and the lowest cancer mortality rate in Canada.

What are your priorities?

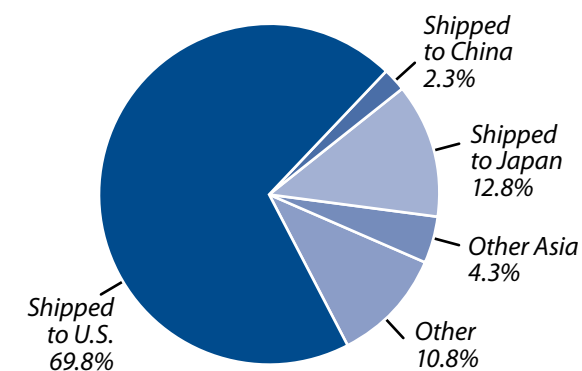
Government will need to adopt revenue and/or expense measures to manage the deterioration of lower natural gas royalty revenues and balance the budget by 2013/14. What opportunities do you think there are to address this fiscal challenge?

- Find further efficiencies in other areas of service delivery?
- Hold the line on public sector wage increases?
- Increase revenue through other measures?
- Make changes to government programs to reduce spending?

B.C. HAS DIVERSIFIED EXPORT MARKETS

As part of the BC Jobs Plan, we have made a commitment to the development of a liquefied natural gas export industry – to help the sector grow, diversify, and establish access to new markets with the demand for B.C.'s natural gas. This will, in turn, support jobs and economic opportunities across the province, especially in the north.

2001



How do we create the jobs future generations will depend on?

Through *Canada Starts Here: The BC Jobs Plan*, we are focusing our efforts on:

- Working with employers and communities to enable job creation across B.C.
- Strengthening infrastructure to get our goods to market.
- Expanding markets for B.C. products and services, particularly in Asia.

Our corporate income tax rates are among the lowest in North America. British Columbia is well placed geographically to take advantage of economic growth and increasing wealth among the middle classes of the emerging economies in the Asia Pacific.

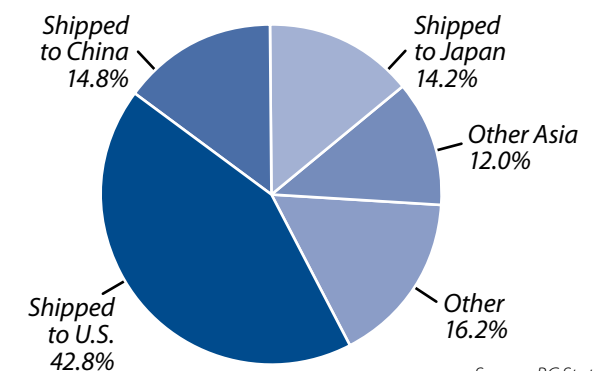
What would you like to see your government do to create the conditions necessary for jobs and economic growth?

How can we maintain B.C. as a safe haven for investors?

By staying on course to balance our budget, we've sent a strong message to investors in Europe, Asia and North America that B.C. is open for business and a safe haven in an uncertain world.

Standard and Poor's reconfirmed B.C.'s AAA credit rating in 2012.

2011



Source: BC Stats