

Economic & Fiscal Update

First Quarterly Report

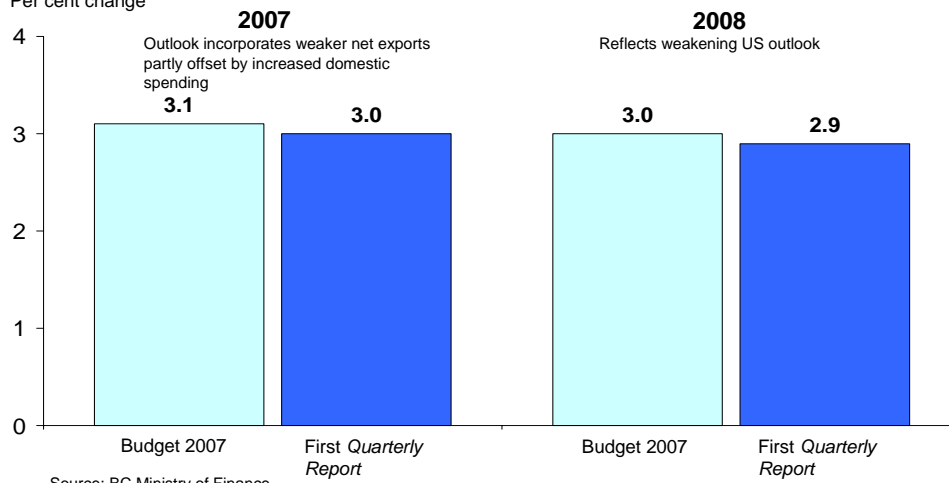


September 14, 2007

Slide 1

Updated BC forecast remains robust

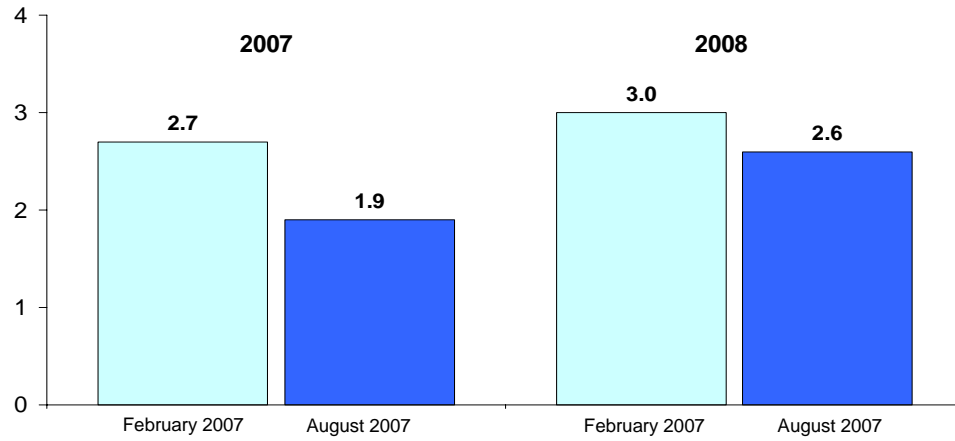
BC Real GDP
Per cent change



Slide 2

Consensus view of US deteriorates

US Real GDP
Per cent change

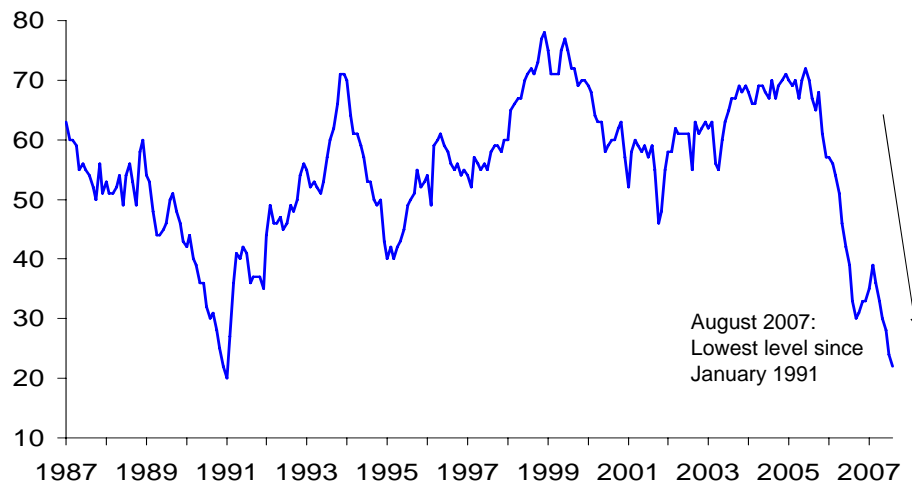


Source: Consensus Economics

Slide 3

U.S. housing market weakens further

NAHB Index

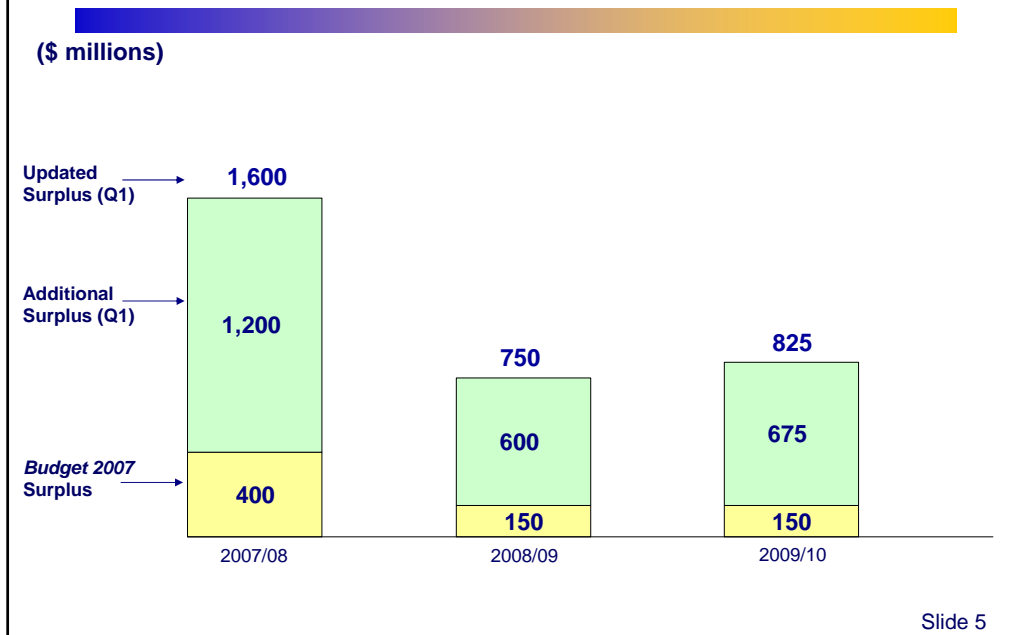


August 2007:
Lowest level since
January 1991

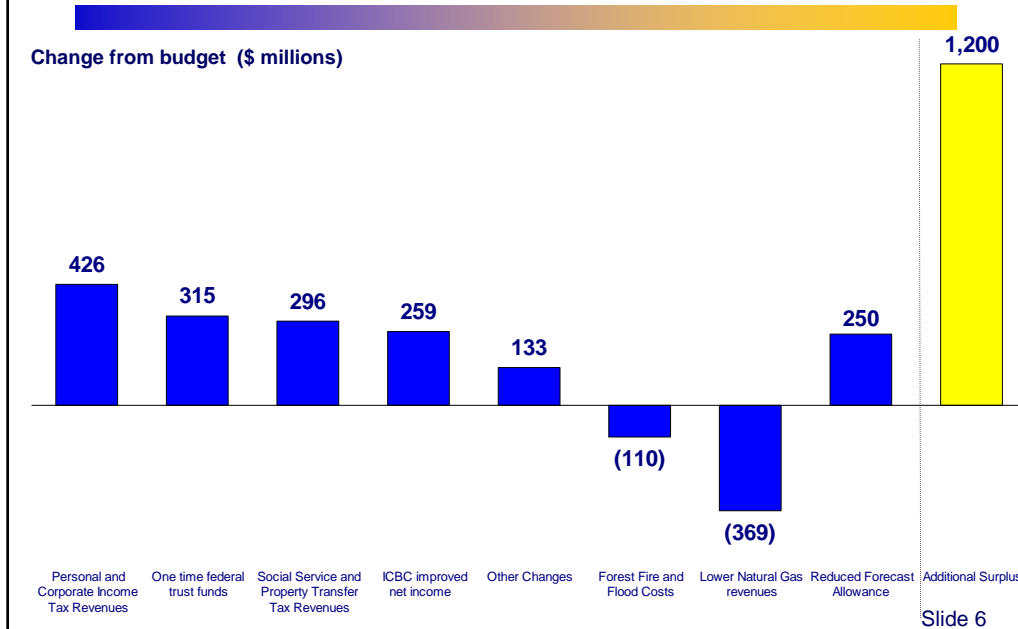
Source: National Association of Home Builders

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Fiscal position improves

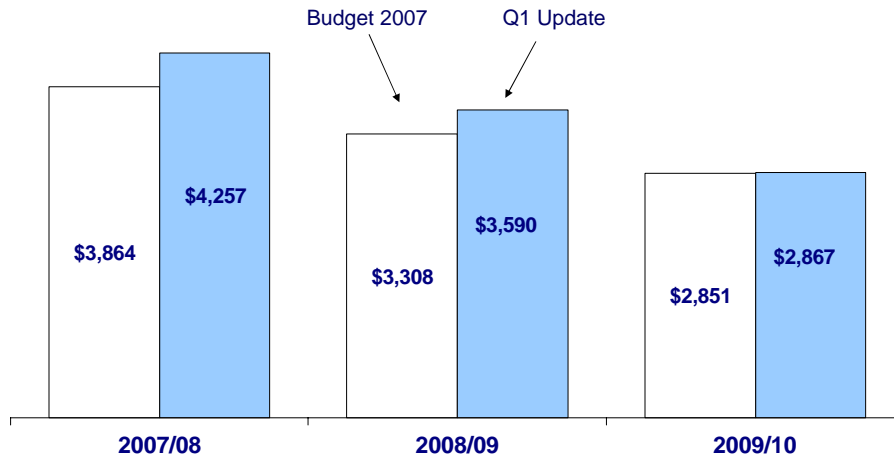


2007/08 forecast update



Additional infrastructure investments made without adding to debt

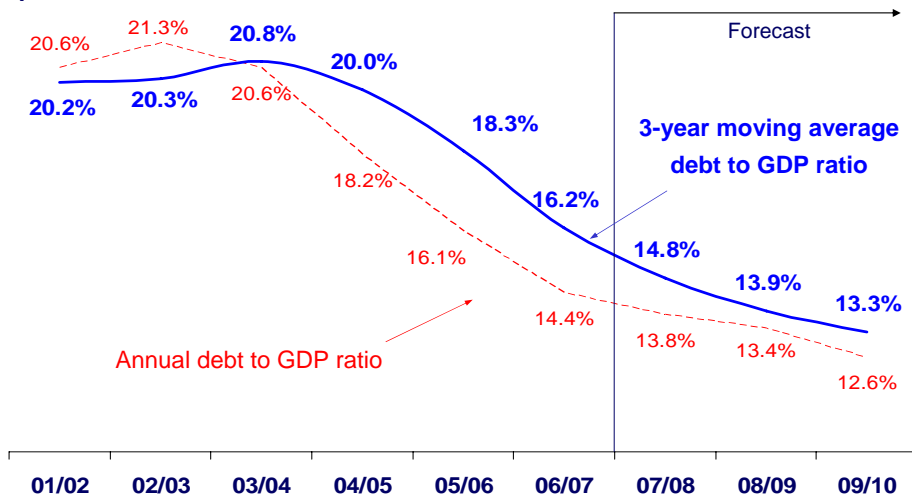
Taxpayer-supported capital spending
(\$ millions)



Slide 7

Debt remains affordable

per cent



Slide 8

Risks remain

- **Downside Economic risks**
 - US housing market weakens further
 - Financial markets
 - Canadian dollar rises
 - Weaker lumber and natural gas markets
- **Possible upside**
 - US housing market recovers sooner
 - Canadian dollar falls
 - Higher than expected commodity prices
- **Fiscal plan protected**
 - Prudent assumptions
 - Forecast allowances
 - Contingencies

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Choices for a Greener Future

Slide 10

Improved outlook provides choices for British Columbians

- Encourage environmentally responsible choices
- Increased spending on health care, other government services or to build hospitals, schools and roads
- Lower taxes or reduced debt
- Choices must be affordable today and sustainable in the years ahead

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Next steps

Budget Consultation Paper	Sept 14
2008 Budget process	Fall 2007
Report on Budget Consultation	by Nov 15
2 nd Quarterly Report	by Nov 30
Budget 2008	Feb 19, 2008

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Ministry
of Finance