



# Making your ideas count: Budget Consultations 2012

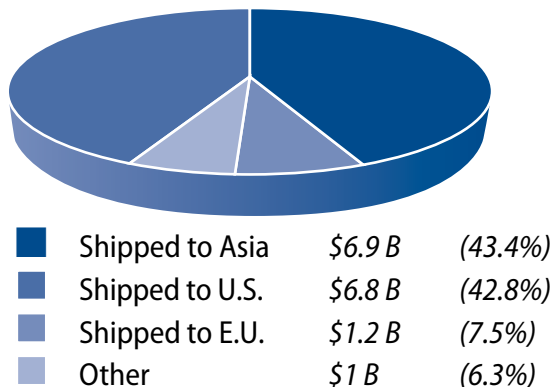


## Why we're reaching out to British Columbians

We're at a turning point in B.C.'s economic future. Markets are changing. About a third of B.C.'s merchandise exports now go to Asia and the value of softwood lumber exports to China surpassed those to the U.S. this spring. British Columbians have also decided to return to the provincial sales tax system. That decision will have profound implications for us all. We need to work together to map out the way forward. Public consultations on the new budget are part of that process. We want to hear from you as we grapple with a projected \$3 billion shortfall in the fiscal plan due to the rejection of tax harmonization. Repaying the federal transition assistance, lower revenue growth and the cost of administering the PST mean there are some tough choices ahead – particularly in these times of economic uncertainty.

## B.C. has diversified its export markets

B.C. is the only province that does not export a majority of its products to the U.S.\*



## What are your priorities?

Government has committed to balancing the budget in 2013-14, so with that in mind, what's important to you:

- Protect priority programs like health care and education?
- Find further efficiencies in other areas of service delivery?
- Hold the line on public sector wage increases?
- Find new ways to support private sector job creation?
- Increase revenue through other measures?

The Select Standing Committee on Finance and Government Services – an all party committee of

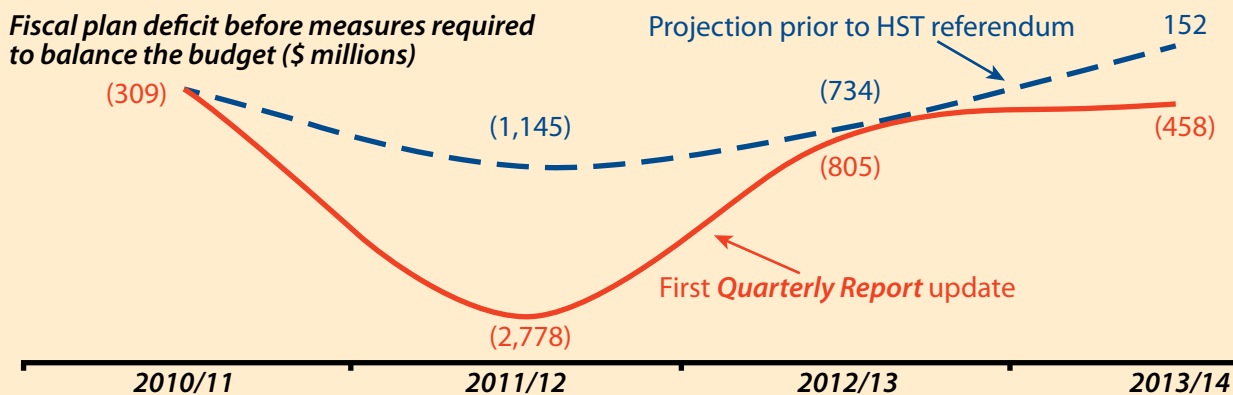
The Legislative Assembly – will hold province-wide consultations in September and October to seek the views of British Columbians. We hope you'll take part (see the back page for details).

## Addressing the challenges ahead

The slow recovery in the United States and the sovereign debt crisis in Europe are continuing risks to our own full economic recovery. B.C. is Canada's fourth largest economy and Canada's Pacific Gateway. We're well placed to leverage emerging markets in Asia, and while the outlook for economic growth in B.C. for 2011 is unchanged from earlier in the year, the B.C. economy is forecast to see slower growth in 2012 than previously expected. Keep in mind that we'll also be dismantling the HST, a process that is expected to take up to 18 months. But we will move faster on the transition if conditions permit.

## Projection prior to reverting to PST/GST

*Fiscal plan deficit before measures required to balance the budget (\$ millions)*



\* Source: Industry Canada – 2011 year to date (as of Sept. 6, 2011)

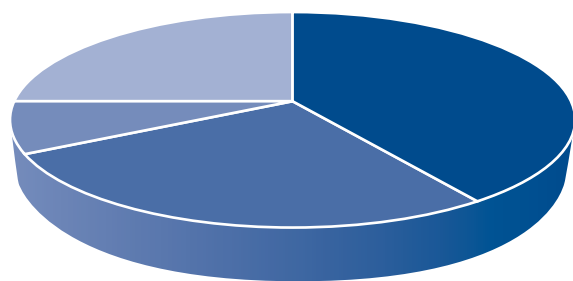
## How can we maintain B.C. as a preferred destination for investment?

By continuing to reduce our deficit and staying on course to balance our budget, we'll be sending a positive message to investors. And we'll also be in a strong position to protect priority programs like health and education while keeping overall spending in check. Standard and Poor's credit rating agency has reconfirmed B.C.'s AAA credit rating. B.C.'s economy is on solid footing thanks to 10 years of strong fiscal management. To date, we have reduced regulatory requirements in British Columbia by over 42 per cent.

## With current fiscal challenges, what measures can government take to help families?

The government 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. British Columbia currently has the lowest provincial personal income taxes in Canada for individuals earning up to \$119,000. We also have among the lowest corporate income tax rates in North America. This helps provide the good jobs families need to prosper. The return to the 12 per cent PST/GST system presents challenges, but we will continue to manage the financial pressures that face us. And that means putting families first.

## \$43 billion budget forecast for 2011-12



Health care	\$17.37 B	(40.4%)
Education	\$11.54 B	(26.8%)
Social service	\$3.35 B	(7.8%)
Other	\$10.74 B	(25%)

## What programs and spending are your priorities?

Your tax revenues fund demand-driven programs such as health care, K-12 and post-secondary education, income assistance, and community social services. Demand for these programs is increasing, putting pressure on ministry budgets. Government has also recently committed to maintaining dedicated policing to combat gang violence and to hire additional sheriffs and judges in the justice system. But we'll also need to revisit our public sector negotiating mandate in 2012 as we consider the deficit gap and government's responsibility to direct resources towards increasing demands for services.

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

We've added more than 335,000 jobs in the province since 2001. But it was easier to create the good paying jobs British Columbians expect before the global economic slowdown. This is a new decade that requires a new approach. That's why we're working on a B.C. jobs agenda designed to protect and create employment. It's about taking decisive actions – removing barriers and providing support in key sectors to boost domestic, cross-border and global export opportunities. It's about bringing new investment into all regions of the province – accelerating job creation and growing revenues which support B.C. families. What would you like to see your government do to create the conditions necessary for jobs and economic growth?

## How important is our credit rating?

Standard & Poor's recently confirmed that the HST referendum decision would have no impact on the province's AAA rating. This sets us apart from many jurisdictions around the world including the U.S. that are not performing as well. It's also a reflection of the fiscally conservative approach we have taken over the past decade to rebuild our credit rating to the current highest level possible. During this time of global economic uncertainty, our credit rating is more important than ever. We will continue to manage taxpayer dollars responsibly while we focus on strengthening our economy and creating jobs. However, it is critical that the government remain committed to balancing the budget by 2013/14.

### Budget Consultation

Fiscal and Economic Forecast

(\$ millions)	2011/12	2012/13	2013/14	TOTAL
Fiscal Plan before reverting to PST	(1,145)	(734)	152	
Impact of returning to PST	(1,633)	(71)	(610)	(2,314)
Updated Fiscal Plan with reversion to PST	<b>(2,778)</b>	<b>(805)</b>	<b>(458)</b>	
Existing infrastructure commitments	4,331	3,440	3,268	11,039
Economic Growth	2.0%	2.3%	2.4%	
Debt Ratio	<b>17.5%</b>	<b>18.1%</b>	<b>18.2%</b>	

## How do you take part?

We want your ideas. In addition to the work of the Select Standing Committee on Finance and Government Services, the Minister of Finance will also be consulting with British Columbians on how we can best manage the loss of revenue.

## You can provide your feedback by:

- Appearing at one of the public hearings. For locations please visit:  
[www.leg.bc.ca/budgetconsultations](http://www.leg.bc.ca/budgetconsultations)
- Completing an online survey
- Sending a written response by letter or email
- Submitting an audio or video file

Visit [www.leg.bc.ca/budgetconsultations](http://www.leg.bc.ca/budgetconsultations) for locations and details.

### PLEASE SEND YOUR SUBMISSION (INCLUDING CONTACT INFORMATION) BY FRIDAY, OCTOBER 14, 2011 TO:

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Victoria, British Columbia  
V8V 1X4 Canada

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