

# Fiscal Discipline for a Stable Economy

BUDGET 2012 HIGHLIGHTS

## On Track to Balance Our Budget



THE PROVINCE'S FUTURE PROSPERITY DEPENDS ON WATCHING OUR SPENDING TODAY.

B.C. is required by legislation to balance the budget in 2013/14. British Columbians expect us to deliver on that promise.

International investors expect that kind of fiscal discipline as well. While many other jurisdictions in the world are paying a price for spending and debt that is out of control, our province has an enviable record of strong fiscal management.

Budget 2012 builds on our strong foundation and protects future generations by protecting funding for health care, education and social services.

Revenues over the next three years are expected to rise an average of 2.9 per cent annually. But we will continue to hold the line on spending. It will increase by an average of just two per cent per year over the three-year fiscal plan. That will keep us on track to balance the budget in 2013/14.



*Fiscal discipline is fundamental. That's what we're hearing from the international investment community. They know that a decade of sound fiscal management has given the government of British Columbia seven successive credit rating upgrades taking us to our current triple-A rating — the highest possible. We can all be proud of that.*

HONOURABLE KEVIN FALCON  
MINISTER OF FINANCE  
DEPUTY PREMIER

We're emerging from the economic downturn but we can't afford to be complacent. Our triple-A credit signals we're a safe harbour for investment and saves British Columbia taxpayers millions of dollars each year in government borrowing costs.





## PUBLIC SECTOR NEGOTIATIONS

**PUBLIC-SECTOR WAGES ACCOUNT FOR MORE THAN HALF OF TOTAL GOVERNMENT SPENDING. MOST PUBLIC SECTOR UNIONS HAVE COMPLETED TWO YEARS OF A NET-ZERO MANDATE. THE 2012 BARGAINING MANDATE ALLOWS PUBLIC SECTOR EMPLOYERS TO NEGOTIATE MODEST COMPENSATION INCREASES — IF THEY CAN FIND EQUIVALENT SAVINGS WITHIN EXISTING BUDGETS WITHOUT REDUCING SERVICES OR INCREASING COSTS TO THE PUBLIC.**

## British Columbia Economic Growth Forecast

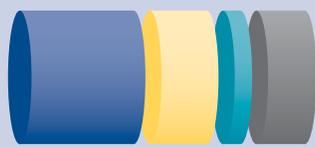
» 1.8 per cent – 2012

» 2.2 per cent – 2013

» 2.5 per cent – 2014

## INVESTING IN PRIORITIES

2012/13 EXPENDITURE BUDGET TOTALING \$43.87B



HEALTH	– \$17.97B (41%)
EDUCATION	– \$11.76B (27%)
SOCIAL SERVICES	– \$3.9B (9%)
ALL OTHER	– \$10.24B (23%)

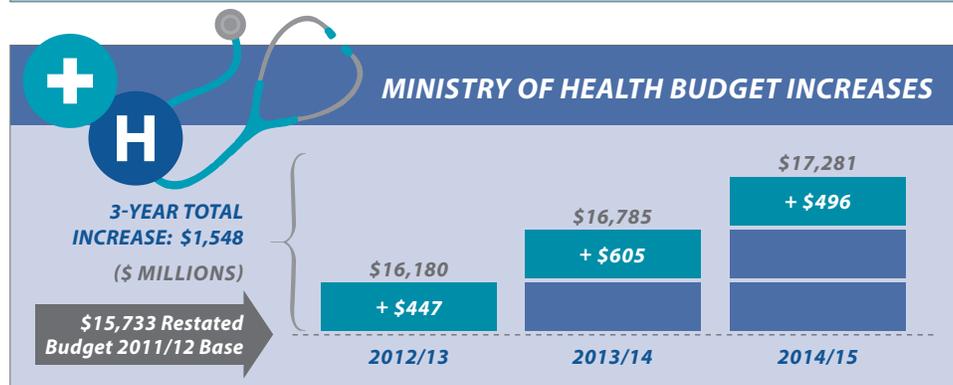
## Low Tax Environment Promotes Growth

The key to economic opportunity is a low tax environment. B.C. has the lowest provincial personal income taxes in Canada for individuals earning up to \$120,000 year. We've reduced the corporate income tax rate five times, for a total reduction of almost 40 per cent since 2001. When combined with federal tax rate cuts, the corporate income tax rate in B.C. is among the lowest of both Canada and the rest of the G7 nations.

## Support for Vital Public Services

With Budget 2012, we remain committed to supporting families and communities. That means maintaining strong levels of investment in public services.

- » Health – Funding for the Ministry of Health will increase, as it has every year since 2001. In 2014/15, the budget will be \$17.3 billion — \$1.5 billion higher than it is today. Health care is projected to account for more than 42 per cent of total government spending by 2014/15.
- » Education – School districts will receive \$4.7 billion a year in funding for the next three years. We will also invest an additional \$165 million over three years to establish a fund to deal directly with issues of class composition.
- » Social services – We will provide \$294 million over three years — partly to address a growing demand for disability benefits, and also to respond to the relatively high numbers of single, employable people now receiving assistance. We are also improving funding by \$144 million to strengthen supports for individuals with developmental disabilities, including funding for CLBC.



## New Relief for First Time Home Buyers



Budget 2012 introduces new relief for first-time buyers of newly built homes—giving consumers a break while supporting the new-home construction sector. Effective February 21, 2012, to March 31, 2013, the \$10,000 B.C. First-Time New Home Buyers' Bonus will give a temporary, refundable income tax credit for first-time buyers purchasing newly-built homes.

## Rebate Boosted for Newly Built Homes

Effective April 1, 2012, the current HST rebate threshold for home purchases increases to \$850,000. More than 90 per cent of newly built homes are below that price. Purchasers will now be eligible for a provincial HST rebate of up to \$42,500. And, for the first time, purchasers of new secondary vacation or recreational properties built outside the GVRD and Capital Regional District priced up to \$850,000 will be eligible to claim a provincial grant of up to \$42,500, effective April 1, 2012.

## A Renovation Tax Credit for Seniors

We are introducing a Seniors Home Renovation Tax Credit worth up to \$1,000 a year, helping B.C. seniors stay in their homes longer and also supporting the home renovation sector. It will be available to seniors, or family members sharing their home, whether they rent or own, and help to reduce the costs of structural changes, such as hand rails, ramps or walk-in bathtubs.

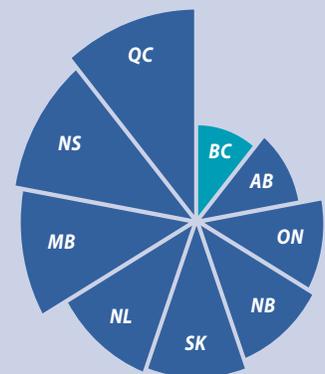
## Helping Children Achieve in the Arts and Sports

The new Children's Fitness Credit and the Children's Arts Credit complement existing credits offered by the federal government, putting a few dollars back in families' pockets. Families will be able to claim up to \$500 in eligible expenses—per child, per credit, per year for any eligible sports or arts programs.



## LOW PERSONAL INCOME TAX RATES COMPARED TO OTHER JURISDICTIONS

ANNUAL PROVINCIAL PERSONAL INCOME TAXES PAYABLE FOR INDIVIDUALS EARNING \$80,000



**BC – \$4,616**  
**AB – \$5,957**  
**ON – \$6,058**  
**NB – \$7,421**  
**SK – \$7,569**  
**NL – \$7,658**  
**MB – \$8,928**  
**NS – \$9,473**  
**QC – \$9,958**

Note: Single individual with wage income and claiming 2012 tax credit amounts for CPP/QPP, EI, and Quebec Parental Insurance Plan premiums and the basic personal amount. Quebec tax has been reduced by the federal abatement for comparative purposes.



## TRADE CONTINUES TO DIVERSIFY

### AVERAGE ANNUAL SHARE OF INTERNATIONAL GOODS EXPORTS BY PROVINCE, 2011

#### BRITISH COLUMBIA



■ US	– 42.7%
■ OTHER	– 16.3%
■ CHINA	– 14.8%
■ JAPAN	– 14.3%
■ OTHER ASIA	– 11.9%

#### ALBERTA



■ US	– 86.7%
■ OTHER	– 6.9%
■ ASIA	– 6.4%

#### ONTARIO



■ US	– 77.0%
■ OTHER	– 18.9%
■ ASIA	– 4.1%

## Reducing “Red Tape”

Unnecessary regulations are a job killer. That’s why we’ve reduced the regulatory burden by more than 42 per cent since 2001. We extended our commitment to no net-new regulations to 2015. We’re also the only province with an annual public reporting requirement. In the coming months, we’ll review the rules that govern liquor sales to modernize liquor standards and create more opportunities for growth.

## Building a More Competitive Economy with B.C.’s Jobs Plan



### THE PACIFIC GATEWAY STRATEGY IS PAYING BIG DIVIDENDS FOR BRITISH COLUMBIA.

In 2001, almost 70 per cent of our exports went to a single market—the United States. Today it’s less than 50 per cent because we’ve diversified by opening markets in Asia. The B.C. Jobs Plan is building on that success. Budget 2012 introduces a series of targeted tax changes to help maintain the economic momentum.

- » April 1, B.C. will eliminate the provincial jet fuel tax for international flights.
- » Legislation will be introduced to make the existing cap on municipal port property tax rates permanent. Local governments will continue to be compensated for the difference.
- » B.C. will extend the Training Tax Credit program, which encourages employers and workers to get involved in apprenticeship programs.
- » \$3M increase in the Small Business Venture Capital Tax Credit allowing up to \$10M annually in additional equity financing for qualifying new businesses.

## For More Information

For Budget 2012 details visit:  
[www.bcbudget.ca](http://www.bcbudget.ca)

Ministry of Finance:  
[www.gov.bc.ca/fin](http://www.gov.bc.ca/fin)



## Returning to the PST

We’re on course to eliminate the HST by April 1, 2013. It’s a complex effort, and we’re on track. Transition rules have been announced. More information:  
[www.pstinbc.ca](http://www.pstinbc.ca)

