BUDGET SPEECH 2012

Introduction

Honourable Speaker, I am pleased to introduce Budget 2012 — a budget that responds to a new paradigm for governments in the world today.

It's built on fiscal discipline. And it lays a firm foundation for the future we all want in British Columbia.

First and foremost, it sets out a plan to eliminate the deficit, as required by our balanced budget legislation. This is especially important now when, around the world, the landscape is littered with governments that have forgotten the importance of managing spending and taxation prudently. Now they find themselves in very dire situations.

No one is immune to what's happening in the world today. We've entered a period of slower economic growth, affecting governments and citizens everywhere.

Investors are nervous. Consumers are cautious. And rightly so, Mr. Speaker. They're concerned about their futures and now, more than ever, they're concerned about rising debt — not just their own, but their governments' debt. And the days of markets tolerating government overspending are finished.

That's the new paradigm. That's the new reality. And that is the context in which we prepared this three-year budget and fiscal plan.

Some people may not agree with our decisions. Some will say we should disregard the bigger picture, pay no attention to the turmoil around us, and simply spend more, tax more, and pass the bill to the next generation.

But British Columbians can see for themselves — that's the wrong direction.

Look at what's happening today in Europe. Look at what's happening south of the border. Look at our own experience here in British Columbia during the 1990s.

The lesson is clear: the tax, spend and borrow approach is not just wrong. It is potentially catastrophic. And now, with so many economies struggling, those of us who exercise fiscal discipline — not just in words, but in actions — have a clear competitive advantage in today's uncertain global economy.

Our record of fiscal discipline gives us an edge in attracting investment. It gives us an edge in protecting and creating jobs. It gives us an edge in generating revenues that we can then invest in important public services.

It instils confidence and reinforces the growing awareness of British Columbia and Canada as a safe harbour for investment and investors. And so, fiscal discipline is at the very core of Budget 2012.

It puts us on the right path to:

- Eliminate the deficit,
- Protect public services, and
- Build a more competitive economy.

Balancing the Budget

Mr. Speaker, like almost every economy around the world, ours was affected by the economic meltdown that started in late 2008.

The collapse of Lehman Brothers triggered an international financial crisis, driven in large part by the U.S. subprime mortgage mess. And in 2009 — after delivering five consecutive balanced budgets — we experienced a dramatic decline in revenues.

Rather than significantly increase taxes or reduce spending on priority programs like health and education, we incurred a temporary deficit. And that was the right decision at the time. We worked closely with the federal government to stimulate economic activity — through the largest-ever capital program in B.C. history — because we were facing an unprecedented worldwide crisis.

The worst of that crisis appears to be behind us. But we remain at risk from the impacts of global economic uncertainty. With this budget, we are projecting very modest economic growth of:

- 1.8 per cent in 2012,
- 2.2 per cent the following year, and
- 2.5 per cent in 2014.

These estimates are lower than the average of private sector forecasts — consistent with our always prudent approach. But they tell the same story: the B.C. economy is slowly, steadily picking up steam.

With that growth, we expect our revenues to increase. But that alone will not be enough to bring the budget back into balance.

As you know, our Second Quarterly Report projected a deficit of $3.1 billion — dramatically increased by our legal obligation to repay $1.6 billion in federal HST transition funding as a result of the HST referendum. Under Generally Accepted Accounting Principles, we are required to book the full amount in the current fiscal year — as we have done.

Faced with that kind of major, one-time hit to their bottom line, some governments might choose to keep on running deficits. But as I've said, this budget is about fiscal discipline.

We made a commitment to the people of British Columbia to return to balanced budgets by 2013-14. And today I can reiterate: We will honour that commitment.

Holding the line on spending

We'll do it in part by continuing to hold the line on spending. It will increase by just two per cent per year over the term of our three-year fiscal plan. We're able to achieve this in part by maintaining our disciplined approach to public-sector wages, which account for over 50 per cent of total government spending.

Although we are still negotiating settlements under the 2010 mandate, most public sector unions have now completed two years of net-zero compensation increases.

Had we negotiated wage increases of two per cent per year instead of net zero, we would be facing nearly $3 billion worth of additional debt in this fiscal plan — and there is no way we would be balancing the budget in 2013-14. So the unions that have accepted net zero deserve full credit for accepting the challenge of helping the Province keep spending in check.

We are now moving on to the 2012 round of bargaining — under what we're calling the cooperative gains mandate. It allows public sector employers to negotiate modest compensation increases, if they can find equivalent savings within existing budgets.

That could mean efficiencies, or productivity improvements. It will not mean offloading costs onto the public. And let me be perfectly clear: We are not prepared to borrow money to pay for public-sector wage increases today and send the bill to our children tomorrow.

Spending is, of course, only part of the equation. We're also taking action on the revenue side.

As I indicated previously in a speech to the Vancouver Board of Trade, we are preparing to sell some surplus assets that sit on government's books, costing money with no return to taxpayers. Our goal is to take those surplus assets and turn them into economic generators across British Columbia.

For example: the Province owns a 15-acre site in Surrey, just off Highway 10. We were holding onto it in the event the new Surrey Memorial Hospital needed it. With the almost $600-million expansion of Surrey Memorial Hospital now underway at its current location, the land is surplus. So, rather than letting it sit there costing taxpayers money, we intend to sell it and let the private sector use it to generate new economic activity.

There's a similar example in the Okanagan, where the Province owns a piece of land north of Kelowna. We were holding onto it for possible use as the site for a new corrections facility. Now that the project is going ahead on Osoyoos Indian Band land, the site near Kelowna is surplus — and could be sold to the private sector.

School districts, health authorities and post-secondary institutions also have surplus assets. We may allow them to sell those assets, and use the proceeds to support future services.

We will only consider selling properties that are:

- Not currently in use,
- Not earmarked for future use, and
- Of no strategic benefit for government to own.

In total, the sales will affect less than two per cent of the Province's holdings. And we expect they will raise more than $700 million in the next three years.

We will also see a small lift in revenues from MSP premiums. They will increase by four per cent, beginning in 2013. The impact on a family of three or more is about $5 a month. But the increase will generate $87 million a year in revenues for health care.

Because our commitment to balance the budget is integral to our economic plan, we are also making a temporary, one percentage point increase in the general corporate income tax rate in 2014-15 — to be triggered only if our fiscal situation worsens.

We do this with some reluctance, after seeing the benefits of going from one of the highest-taxed jurisdictions in the 1990s to one of the lowest-taxed today, resulting in the creation of nearly 400,000 new jobs since 2001.

Let's not forget: we've reduced the general corporate income tax rate five times, for a total reduction of almost 40 per cent since 2001.

Our corporate income taxes are now among the lowest in the country, and combined with federal tax reductions the corporate income tax rate in B.C. is among the lowest of the G7 nations. And business owners understand, as we do, the importance of government balancing its budget.

Given the uncertain fiscal environment, there will be no further reduction to the small business corporate income tax rate. At 2.5 per cent, it's already among the lowest in Canada. We will revisit it only after our fiscal situation has improved.

Eliminating the deficit

Together, these actions on the revenue side and continued prudence on the spending side will help ensure we meet our balanced budget targets. Here's how the numbers look going forward—

Revenues for the next three years are projected to rise by 2.9 per cent annually. And, as I have already stated, we will manage spending so that it will rise by an average of just 2.0 per cent per year.

Because we've managed prudently, we expect to beat our previous target and end 2011-12 with a deficit of $2.5 billion.

It is projected to decline to $968 million by the end of 2012-13. And we are projecting surpluses of $154 million in 2013-14, increasing to $250 million in the following year.

To mitigate risks to the fiscal plan, we have three main levels of prudence:

- conservative forecasts for real GDP growth, below the average of private-sector forecasts;
- contingencies of $300 million in 2012-13 and $250 million in each of the following years, to help manage unexpected pressures and fund priority initiatives; and
- a forecast allowance of $200 million in 2012-13, increasing to $250 million in 2013-14 and $350 million the following year, to guard against revenue volatility.

Capital spending for the next three years will continue at a robust pace as we continue to strategically invest in schools, health facilities, post-secondary institutions, social housing, highways and other provincial infrastructure.

These investments create jobs. They also have a broader value—underpinning B.C.'s economic and export goals, and furthering our reputation as a safe, stable place to do business.

Total capital spending for the next three years will be $19.2 billion. The taxpayer-supported portion will be $10.7 billion—of which $2.7 billion is newly-provided through Budget 2012.

This includes, for the next three years:

- $1.3 billion for new and expanded infrastructure, including schools, health facilities, social housing and highways;
- $1.1 billion for maintenance and upgrading; and
- $300 million to support innovation, technological transformation, and ministry operations.

Even with these new investments, taxpayer-supported debt will remain affordable.

Our debt-to-GDP ratio — widely considered a key measure of debt affordability — will peak at 18.3 per cent by 2014-15 and return to a downward track thereafter.

To put that in context: the U.S. ratio is currently 73 per cent. In France it's over 80 per cent. And in Greece it's 166 per cent. Canada's debt-to-GDP ratio is 35 per cent. So, as you can see, at 18.3 per cent, B.C. is doing extremely well.

That's no accident.

We've worked hard to keep our fiscal house in order through the ups and downs of the last decade — not just meeting, but outperforming our budget targets in nine out of 10 years.

When our economy was going full steam, we used the higher revenues to pay down debt and reduce income taxes on most individuals and families by 37 per cent, and on businesses by a comparable amount.

That's why we've achieved seven successive credit rating upgrades. And that's why today we have a triple-A credit rating — the highest possible, and something that very few jurisdictions enjoy.

Why is that important? Because it saves taxpayers millions of dollars a year in government borrowing costs. And every dollar we don't pay in interest is one we can invest in public services, or in paying down debt.

A triple-A rating also sends a powerful message to investors. It tells them we're a safe harbour in the ongoing economic storm.

Around the world, investors make decisions worth billions of dollars every day. They can put those dollars anywhere they want.

Our triple-A credit rating gives them confidence that British Columbia is a safe, secure place to invest. And new investment is the key to protecting and creating jobs for families and communities in every region of the province.

It generates revenues that help us pay for needed public services without putting an undue burden on taxpayers. And we are always seeking ways to lighten the load on families.

That's why we increased the minimum wage. That's why our income taxes are among the lowest in the country. And that's why we're reviewing every major provincial Crown corporation with an eye to keeping costs down.

Just like everyone else in the B.C. public sector, they have to do their part to control spending. That includes looking at the salaries and bonuses paid to their senior executives.

We're encouraging local governments to do their part, too. That's why we have the new Auditor General for Local Government — to make sure fiscal prudence is the order of the day in every level of government.

When it comes to public services, that means making careful, strategic investments.

It's not just about spending more. If money alone was the answer, we'd have solved our health care challenges long ago.

Protecting the interests of taxpayers means driving innovation, encouraging efficiency, and focusing on outcomes. And that is the approach we're continuing within this budget and fiscal plan.

Maintaining Support for Health Care and Education

Funding for the Ministry of Health will increase, as it has every year since 2001. In 2014-15, the ministry's budget will be $1.5 billion higher than it is today. But Budget 2012 marks a turning point.

Although the amount we're investing is significant, we are bending the cost curve down.

Before the worldwide economic crisis, health care funding in B.C. was rising by an average of about seven per cent per year. Since 2009, the rate of increase has declined to about five per cent. And now, going forward, we're looking at lifts closer to three per cent per year.

Even with this modest growth, health care is projected to account for more than 42 per cent of total government spending by 2014-15. We can't just keep pouring more and more dollars in. We have to find creative ways to minimize expenses — and we are.

For example, in 2009 the health authorities launched a shared services program, leveraging their buying power, consolidating supply chains, and working together to increase efficiency and improve outcomes. They're now projecting savings of $200 million by 2014.

We've pioneered patient-focused funding to ensure the system focuses first, not on institutional needs, but on the needs of patients.

We are also moving forward with initiatives to help reduce future demand, including the most comprehensive health promotion campaign in the country aimed at reducing the incidence of heart disease, diabetes and other largely preventable chronic illnesses that currently account for much of the growing pressure on the system.

Mr. Speaker, we in British Columbia have shown that it is possible to manage health-care expenditures and still deliver excellent outcomes. Our per-capita spending is the second-lowest among Canadian provinces, but our health outcomes are consistently among the best.

We have:

– the nation's highest life expectancy,

– the lowest death rate from cancer, and

– the second-lowest death rate from heart disease.

And these are successes we can build on.

We will continue to seek out efficiencies and administrative savings to maintain health outcomes while limiting — to the extent possible — the cost pressure on taxpayers.

We are taking much the same approach in education.

Funding to school districts will increase again over the course of our fiscal plan, in spite of enrolment trending downward. School districts will receive $4.7 billion a year for the next three years. And we will invest an additional $165 million to establish a fund to deal directly with issues of class composition.

The funding will be targeted directly to the classrooms with the highest needs — as determined by classroom teachers, teachers' federation representatives and school administrators, all at the local level. It will help ensure they have the flexibility they need to efficiently direct resources to address class composition.

At the same time, we're working on ways to make sure more of our education funding goes directly into the classroom.

Districts currently spend hundreds of million a year for administrative and other outside-the-classroom services. They expect to reduce those costs with a new shared-service plan, similar to the successful model used by health authorities.

As in the health care sector, we can measure progress not by how much we spend in education, but by the outcomes. And the outcomes are positive.

The high school completion rate is now 81 per cent — its highest level ever. In five districts, the rate tops 90 per cent.

Perhaps most telling, we're seeing significant improvements in the high school completion rate for Aboriginal students. It's up more than 11 percentage points since 2001, to 54 per cent. Clearly, we still have room for improvement on that front, and schools are working closely with families and communities to make sure the progress of Aboriginal students — and all students — continues to improve.

In Advanced Education, we're challenging the sector to reduce its spending by about one per cent by 2014-15. We're encouraging institutions to collaborate and target reductions in discretionary costs such as travel, administration and executive overhead.

The Province will work with universities, colleges and other institutions to help ensure that front-line programs are not affected. And we believe a one per cent cost reduction is very achievable.

High-quality, accessible post-secondary education continues to be a priority for this government. And — with student satisfaction rates holding steady in the range of 95 per cent — we know our province, and our education systems, are on the right track.

Mr. Speaker, B.C. stands out as a leader in the country in holding the line on spending while protecting vital services like health care and education. With this budget, we're also putting more into ministries with growing caseload pressures — but we're funding these lifts mainly from contingencies.

In other words, these are not new dollars. They are already in our fiscal plan.

At this time last year, British Columbia was on the verge of major change, with a new Premier and a new Opposition leader yet to be chosen. Rather than tie the government's hands by allocating every last dollar available, my predecessor crafted a budget that allowed for maximum flexibility through the Contingencies vote.

Since then, we've been tracking pressures in several key areas and, now that the needs are clear, we're moving dollars from contingencies into ministries' base budgets.

$237 million over three years will go to the Ministry of Justice. That includes $66 million a year to pay for the extra 168 police officers hired as part of the government's guns and gangs strategy.

As in other areas, we are not just providing more money. We are also delivering reforms.

Crime rates are falling. In fact, they've declined by 33 per cent in the past six years — faster than in any other province. Fewer criminal cases are going to court, but we're still seeing unacceptable delays — even as we're spending over $1 billion a year on public safety and justice.

Our reform initiative will identify long-term, fiscally responsible solutions that improve outcomes — and accountability. We've already merged the former ministries of public safety and the attorney general into one, consolidated Ministry of Justice. And that is only the beginning.

British Columbians expect and deserve a justice system that deals with matters fairly and efficiently — and we will be challenging the judiciary to work with us on broad, systemic changes to achieve that.

We are taking the same approach with Community Living BC. Budget 2012 includes the $40 million previously announced to strengthen supports for individuals with developmental disabilities, while also moving forward with the changes recommended by an internal audit and a rigorous review.

Again, we're not just throwing dollars at a problem. We're targeting investments and — at the same time — taking steps to help ensure that individuals and families get the right supports.

The final area in which we are transferring money from contingencies is income assistance. We are providing $294 million over the next 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 recognize some are feeling the effects of a slower economy. We also know that, given the chance, most people want to work; they want that sense of achievement that comes with earning a paycheque.

We intend to find new ways to make that happen. In coming months, the government will unveil a strategy to help connect people who are able to work with employers having difficulty filling job vacancies in, for example, the province's north. In some cases, this may mean providing support for such things as transportation, accommodation and training to allow unemployed individuals to take full advantage of employment opportunities.

In total, we are transferring $559 million from contingencies to ministries' base budgets over three years, thereby providing ministries the necessary dollars to deliver important services while reducing the requirement to carry such large contingencies.

Giving families a break

Keeping spending under control continues to be a priority because, ultimately, it's taxpayers who foot the bill for public services.

With more than a decade of sound fiscal management, we've been able to keep taxes affordable for families.

We have the lowest provincial personal income taxes in Canada for individuals earning up to $120,000 year. A family of four earning $70,000 now saves over $2,000 on their tax bill, compared to 2001.

Even when you factor in consumption taxes, property taxes, health care premiums and payroll taxes, the overall tax burden in British Columbia is among the lowest in the country. And we intend to keep it as low as possible, as part of our broader economic plan.

Along with keeping taxes affordable, we're taking steps with Budget 2012 to make the cost of new homes a little more affordable.

As we announced last week, British Columbia will be returning to the PST on April 1, 2013 — consistent with the timeframe identified by an independent panel. We are working with businesses throughout the province to make the transition as smooth as possible.

We started by setting out transition rules and relief measures for the housing sector to increase certainty and fairness as we move away from the HST. Now we are building on those measures by introducing new relief for first-time buyers who buy new homes.

Every young person out there today understands the challenges of getting into the housing market. As parents and grandparents, we worry about the struggles our children and grandchildren have trying to save for their first home.

Even with the relief we provide to first-time buyers from the Property Transfer Tax, it is still difficult for many British Columbians to save up enough to make a down payment and still have money left over to cover all their other costs.

That is why, as part of this budget, we are introducing the B.C. First-Time New Home Buyers' Bonus. It is a temporary, refundable income tax credit for first-time buyers who purchase newly-built homes effective today until March 31, 2013.

They will receive a cheque for up to $10,000. Just think of the difference that's going to make.

It complements the measures we announced last week — which included raising the threshold for the existing HST rebate to $850,000, and making a similar grant available for new secondary homes outside the Greater Vancouver and Capital regional districts. Over 90 per cent of all new homes in the province are below this threshold.

Together, these measures serve the dual purpose of giving consumers a break, while supporting the new-home construction sector.

The home renovation sector is another important economic contributor, and it will benefit from a new B.C. Seniors' Home Renovation Tax Credit. Like our housing measures, it serves a dual purpose. It will help reduce the costs of structural changes — such as the addition of hand rails, ramps or walk-in bathtubs — to help seniors stay in their own homes longer. It will also assist the construction renovation market, which will benefit from the millions of dollars in increased spending this will spur.

The credit will be worth up to $1,000 a year, and it will be available to seniors, or family members sharing their home, regardless of whether they own or rent.

With this budget, we are also providing for adjustments to the Home Owner Grant.
These include:

- Creating a new supplement for low-income veterans under the age of 65, and
- Extending eligibility for homeowners who have moved into a residential facility but haven't yet sold their home.

These measures for first-time buyers, homeowners and seniors will help make housing a little more affordable.

With this budget, as the Premier committed, we're also introducing two new tax credits for families with children.

The Children's Fitness Credit and the Children's Arts Credit complement existing credits offered by the federal government. 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.

That means a family with three children can claim up to $1,500 a year, assuming each child is involved in a sports or arts program outside the school system.

That will put a few dollars back in their pockets. And we will continue seeking ways to make life a little easier for families as the climate of global economic uncertainty continues.

Building a more competitive economy

Mr. Speaker, as we look at other jurisdictions struggling with debt and overspending, we know without a doubt that the plan we've created for British Columbia will keep us on the right track.

Just as this government has always focused on keeping B.C.'s fiscal house in order, we have also been working since day one to build a stronger, more competitive economy.

We recognized in 2001 — as we do today — that our prosperity is tied in part to the fast-growing markets of the Asia Pacific.

That's why we've worked with the private sector and the federal government to build the Pacific Gateway and focused on expanding our export markets. Now, with the strategy working, we are essentially accelerating it with the B.C. Jobs Plan. And we are seeing some remarkable results:

- Exports in 2011 were up 14.2 per cent — bolstered by our growing relationships with Asia.
- Our markets are increasingly diversified. 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. And, given the state of the U.S. economy, that's a real advantage.
- Lumber sales to China in 2011 surpassed our target of four billion board feet — a target many critics had dismissed as being too ambitious.
- Mining is taking off; exploration spending in 2011 was 1,500 times higher than a decade ago. New mines are opening, others are expanding, and we're on track to meet the B.C. Jobs Plan target of eight new mines and nine expansions by 2015.
- Rio Tinto Alcan recently announced the single largest private-sector investment in our history: $2.7 billion to modernize its Kitimat aluminum smelter.
- Seaspan has landed the largest shipbuilding contract in B.C. history.
- And we are moving forward to develop a brand new, liquefied natural gas industry. The Kitimat LNG facility has secured a 20-year export licence — the first of its kind ever issued in Canada.

These are just a few examples of how our economic plan is helping us build a stronger, more competitive economy — protecting and creating jobs for families in every region. And at a time when so many jurisdictions are looking inward as they struggle with huge financial challenges, we are turning our attention, and our marketing focus, outward.

Supporting the B.C. Jobs Plan

With this budget, we will invest up to $15 million to support an aggressive campaign to promote our competitive advantages in key markets around the world. We'll be telling B.C.'s story and inviting investors to be part of our success.

We're also introducing a series of targeted tax changes to help keep our economic momentum going:

First, effective April 1, 2012, we will eliminate the provincial jet fuel tax for international flights. The tax is set at 2 cents a litre, which may not sound like much. But taking it out of the cost equation will save airlines thousands of dollars a day on long-haul Asia flights, supporting the B.C. Jobs Plan target of at least one new international carrier per year at YVR, for the next two years.

Each daily international flight service added to our airports creates 150 to 200 jobs at the airport — not to mention spinoff jobs and economic benefits. And, Mr. Speaker, with our confirmation of this tax change today, YVR has secured commitments from 22 airlines to expand their service immediately.

Second, we are extending property tax relief for ports, which are vital to our transportation infrastructure, especially as we continue to expand our trade with Asia. We will introduce legislation to make the existing cap on municipal tax rates permanent at a later date.

The cap was introduced in 2004 to help make our ports more competitive and spur new investment that would generate new jobs. In 2007, we extended it out to 2018 — and we saw investments of more than $1 billion in terminal expansions, which generated hundreds of new jobs. Now we're making the rate cap permanent — because it's working. And we will continue to compensate affected local governments.

As we announced with the Jobs Plan, we are also providing new support for small businesses.

This includes an additional $3 million for the Small Business Venture Capital Program. It encourages so-called "angel investors" to put their own capital directly into an eligible small business and offer strategic expertise to help it grow. The $3 million increase will allow for up to $10 million annually in additional equity financing for qualifying new businesses.

We are also extending the Training Tax Credit program, which encourages employers and workers to get involved in apprenticeship programs. And we are introducing new training tax credits for shipbuilding and ship repair industry employers — supporting jobs in this revitalized sector.

Ensuring a positive climate for job creation, growth and investment

These tax changes will help to spur new growth and investment in sectors where we have a competitive advantage. At the same time, we continue seeking ways to make all our businesses, and all our sectors, more competitive.

We're investing millions of dollars in training programs, recognizing just how essential skilled workers are to economic growth.

We've set up an Aboriginal Business and Investment Council, to help ensure that Aboriginal businesses and communities participate fully in the province's ongoing economic development.

We've appointed an expert panel to advise on business-tax competitiveness. And, with our Climate Action Plan, we continue taking steps to ensure that economic growth and job creation do not come at the expense of the long-term health of our environment.

Reviewing the Carbon Tax

We remain committed to addressing climate change. However, four years in, the revenue-neutral B.C. Carbon Tax remains the only one of its kind in North America.

With this budget, we are implementing the last in a series of scheduled rate increases. No further increases have been scheduled beyond 2012. So this is a good time to pause and examine how the carbon tax is affecting our economic competitiveness.

To that end, we will carry out a comprehensive review, examining the tax's impact — both positive and negative — on every economic sector. We will pay particular attention to agriculture, recognizing its critical importance to our future.

By 2030, Canada will be one of just a small handful of countries exporting more food than it imports. And B.C. is recognized around the world as a trusted supplier of safe, nutritious foods. We have the most diverse agri-food sector in the country — but it will face significant challenges to its competitiveness and profitability with the return to the PST.

This is due in part to the fact that the industry is, in many cases, export-driven. It sells to international markets where competitors with similar or lower cost structures enjoy greater economies of scale and create downward pressure on prices.

In that highly competitive environment, the carbon tax is a concern. And so, in the months ahead, we will work with the greenhouse sector to provide relief to offset the cost of the carbon tax.

We will also continue moving forward with other components of our Climate Action Plan.

These include:

– the LiveSmart program, which serves the dual purpose of helping people make their homes more energy efficient — and supporting the home construction renovation sector; and

– the program we announced in November to help B.C. drivers plug into clean cars, while also supporting the province's growing green-technology sector. It gives buyers up to $5,000 off the sticker price of qualifying new vehicles, and provides up to $500 in rebates to offset the cost of installing vehicle charging stations in their homes.

We're also moving forward with a plan to use natural gas to power heavy-duty vehicle fleets. And we will continue to develop clean energy.

Eliminating unnecessary regulations

The final element of this new budget and fiscal plan is a reaffirmed commitment to finding and eliminating the silent job killers — unnecessary regulations.

They create frustration and discourage new investment. So we will act quickly in areas where they're strangling economic development.

For example, in the natural resource sector, we've invested $24 million in a targeted program to reduce the turnaround times for mineral exploration permits. We are on track to meet our targets for reducing the backlog of notices of work for mining by 80 per cent by the end of August 2012, and for water and land-act tenures by 50 per cent by the end of December 2012.

We have extended our commitment to no net-new regulations out to 2015. And, in the months ahead, we will move decisively in areas where we are not competitive — such as the arcane rules that now govern liquor sales in the hospitality sector. The ministers of energy and finance will together lead an expedited liquor reform initiative to modernize liquor standards in our province and create even more opportunities for growth.

Since 2001, we have reduced the regulatory burden in this province by more than 42 per cent — surpassing our original target of 33 per cent. We are recognized by the Canadian Federation of Independent Business as Canada's top performer in this area. And we remain committed to making it easier for business to do business, while protecting public health, safety and the environment.

Conclusion

This is an exciting time for B.C. and Canada. Yes, we face challenges. But at the same time, we have tremendous opportunity ahead of us.

Our low debt, low taxes and triple-A credit rating set us apart and set B.C. up to be a magnet for global investment. That, in turn, drives job growth, income growth and revenue growth, so we can afford to invest in services for families and communities.

As government, our role is to foster an environment where business can grow; where families can thrive; and where people from around the world can invest their dollars with a real sense of confidence.

And confidence starts with exercising discipline, and keeping the government's fiscal house in order.

To some of us, that's common sense. But let's remember back to 2001.

When we were first elected and we got the province back on the road to balanced budgets, there were people who asked us why, and questioned the need to meet — as they saw it — some kind of arbitrary target.

Well, Mr. Speaker, as we look around the world today, we can see that balanced budgets are anything but arbitrary. They are an essential foundation for growth.

That's why our balanced-budget legislation mandates not just a timeframe for balancing, but also pay-cuts for ministers for every year the budget is in deficit.

Keeping British Columbia's fiscal house in order does mean some tough decisions in the short-term. But consider what's at stake here. It's our future, Mr. Speaker — the future of this province, and the future of our people.

We have one of the most diverse populations anywhere... with ties to countries and cultures around the world. And while we are all unique individuals, we all want the same basic things for our future.

We want to be able to support ourselves, and take care of our families.

We want to know that important public services will be there when we need them.

We want strong, secure communities where everyone contributes, and everyone belongs.

And we all want to share in the wide-open sense of opportunity that has, for over 150 years, been the hallmark of British Columbia.

That's what keeps on bringing people here. That's what generates confidence, growth and investment. And that's the kind of future we're building with this budget — a future of security, growth and opportunity.

Thank you for being part of it. Now let's get to work.