

Balanced Budget Invests in Families

JUNE UPDATE — BALANCED BUDGET 2013 HIGHLIGHTS

A BALANCED BUDGET FOR BRITISH COLUMBIA

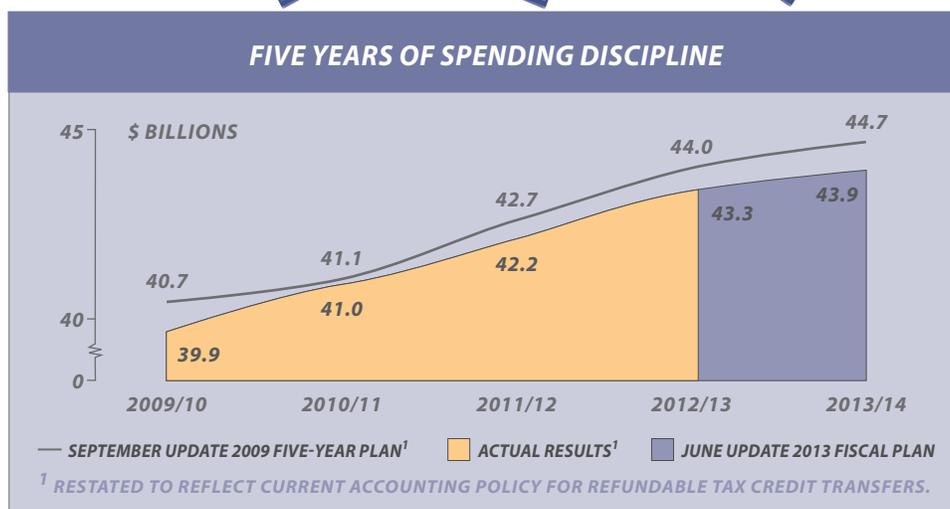
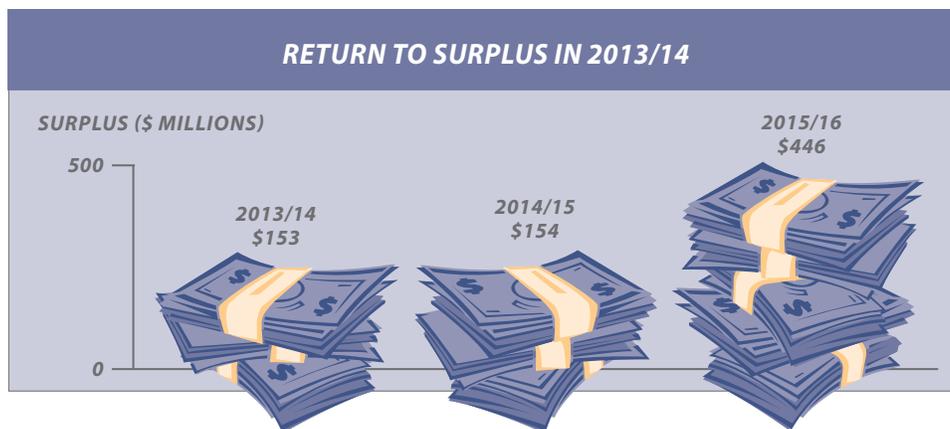
Budget Update 2013 confirms government's prudent, realistic plan to guide B.C. for the next three years. We have worked hard to find the right balance of measures to support our economic recovery and maintain support for the services British Columbians rely on every day.

Budget Update 2013 is all about the future of our province. Government will not spend money it does not have, and we will not leave a legacy of needless debt. We have delivered exactly what we promised to the people of British Columbia: a balanced budget for all three years of our fiscal plan.

B.C.'s budget is balanced, but it hasn't been easy. It will require ongoing spending discipline and tough choices to ensure our government is able to protect the public services that are so important to British Columbians. Spending discipline that achieves surpluses is the first step on our course to a debt-free B.C.



HONOURABLE
MICHAEL DE JONG, Q.C.
MINISTER OF FINANCE

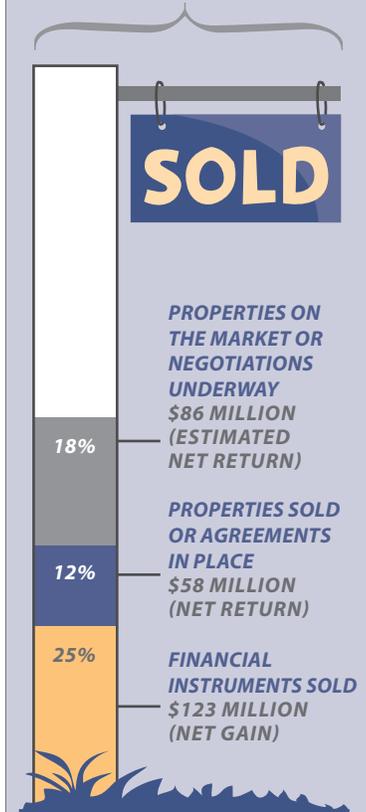




UPDATE ON PROPERTY AND ASSET SALES

In the first three months of the fiscal year, government has achieved approximately 37 per cent of the 2013–14 goal for property and asset sales. These sales raise combined revenue of approximately \$181 million to help balance the budget.

2013/14 GOAL
\$475 MILLION



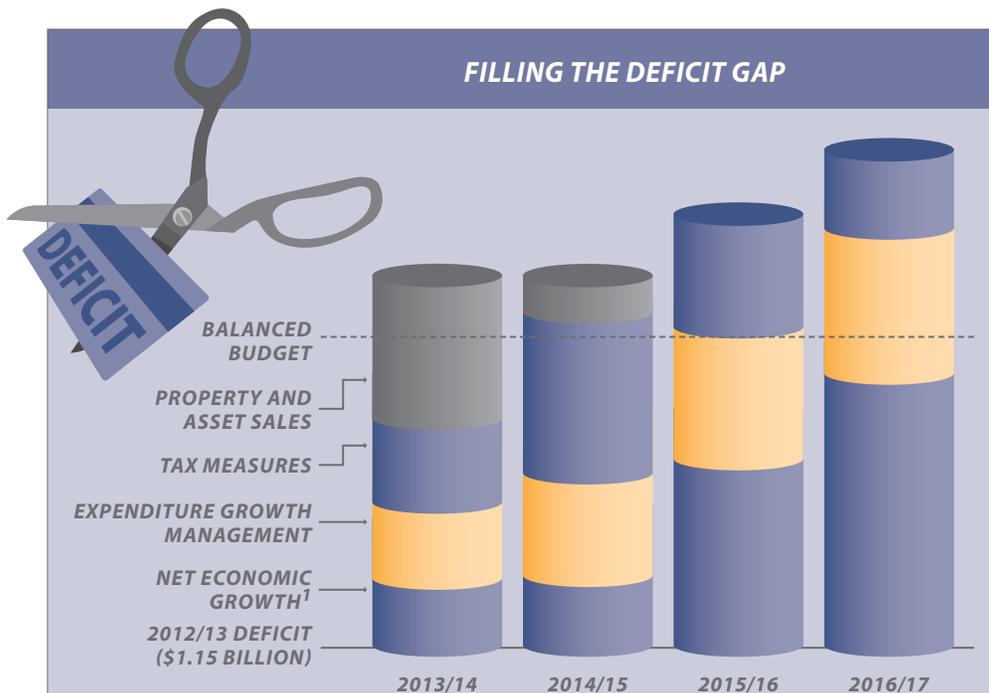
ACHIEVING A BALANCED BUDGET

While we can't control the turbulent global economy or the prices of commodities, we can protect B.C. from their impact and we can control our spending.

FOUR KEY STEPS WILL HELP B.C. ACHIEVE A SURPLUS IN 2013/14 AND SURPLUSES OVER THE FOLLOWING YEARS:

- » Net economic growth expected to generate \$1.1 billion in added revenue.
- » Targeted tax measures projected to generate \$1.3 billion additional revenue over the next three years.
- » Expenditure growth management expected to yield \$1.2 billion over three years.
- » Sales of surplus properties and assets totaling a minimum of \$625 million over the next two years.

FILLING THE DEFICIT GAP

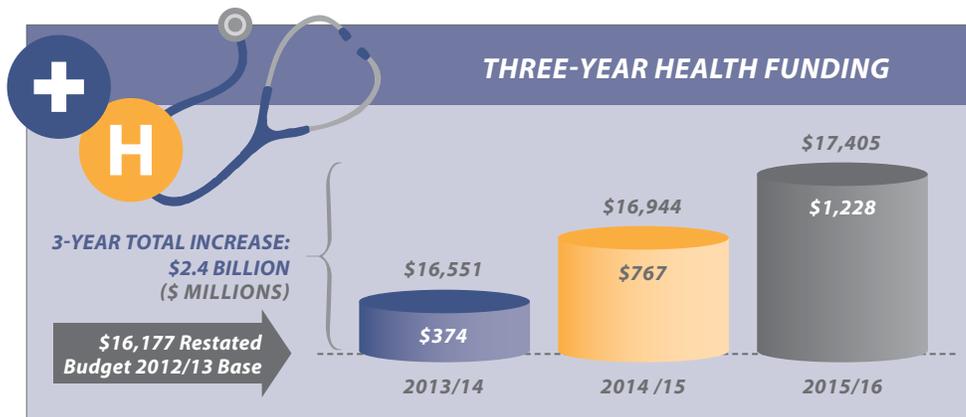


¹ IN 2013/14, INCLUDES THE IMPACTS OF THE LITTLE MOUNTAIN SALE AND RELOCATING THE LIQUOR DISTRIBUTION BRANCH WAREHOUSE.

AFFORDABLE HEALTH CARE, LEADING OUTCOMES

Health care spending has been targeted to deliver better health outcomes, giving us one of the best health care systems in the country. Savings and efficiencies in health spending will keep the growth of the Ministry of Health budget to an annual average of 2.5 per cent — but still add about \$2.4 billion in new funding over three years, for a total of \$17.4 billion in 2015–16. B.C. continues to achieve key health outcomes that lead the country while maintaining the second-lowest rate of health spending per capita among provinces.

British Columbia has the longest life expectancy in the country, the lowest incidence of cancer, and among those who get cancer, British Columbia has the very best survival rates. We are also the only province that continues to see a consistent decline in new HIV diagnoses.



SUPPORTING CHILDREN, FAMILIES AND COMMUNITIES

- » \$52 million over three years for RCMP policing costs to maintain existing frontline services, like officers hired to combat organized crime and gang activity.
- » \$13 million over three years to support Single Room Occupancy hotel renewal.
- » \$5 million over three years for the responsible gambling strategy to fund treatment, counselling and prevention services for problem gambling.
- » Expanding the property tax deferral program to all families supporting children in any educational institution and families supporting adult children with disabilities.
- » \$60 million over three years to support the Sports and Arts Legacy.



NEW PROVINCIAL OFFICE FOR EARLY YEARS

A provincial office for early years will be established this year to co-ordinate all policy and service improvements. Working closely with communities and the early years sector, the office will lead the implementation of a network of early years centres throughout the province that will offer one-stop access to a range of services.

BRITISH COLUMBIA EARLY YEARS STRATEGY

The B.C. Early Years Strategy is an eight-year government commitment to support early childhood development and help families with child care. A provincial office for early years, provincewide network of local early years centres, a new B.C. Early Childhood Tax Benefit and more child-care spaces are all part of the provincial plan.

The B.C. Early Years Strategy builds on the \$1 billion per year government currently spends on early childhood development, child care and early learning, which includes a range of children and youth with special needs supports and full-day Kindergarten for five year-olds.

GOVERNMENT SPENDING ON EARLY YEARS SERVICES WILL INCREASE BY \$76 MILLION IN THE FIRST THREE YEARS OF THE STRATEGY:

- » \$32 million over three years to create up to 2,000 new licensed child-care spaces, with the goal of opening 13,000 additional spaces over the next eight years.
- » An additional \$37 million over three years to strengthen and enhance the overall quality of child care and early years services in British Columbia.
- » \$7 million over three years to strengthen the co-ordination of early childhood development programs and child-care services.

NEW B.C. EARLY CHILDHOOD TAX BENEFIT

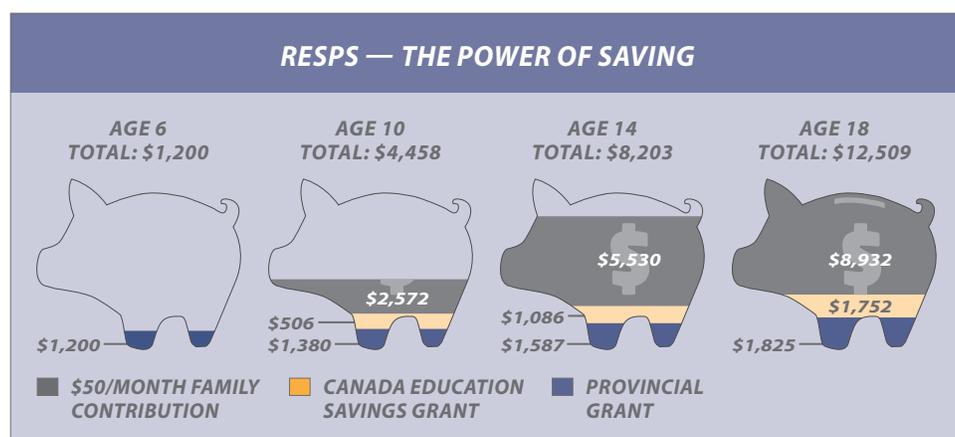
Starting April 2015, the B.C. Early Childhood Tax Benefit will provide eligible families with net incomes under \$100,000 a refundable tax credit of \$55 per month, or \$660 annually per child under the age of six. This funding is intended to help offset the cost of raising young children.

The benefit is phased out for higher income families. Families with net income between \$100,000 and \$150,000 will be eligible for partial payments.

INVESTING IN CHILDREN — B.C. TRAINING AND EDUCATION SAVINGS GRANT

For children born in 2007 or later, the B.C. Training and Education Savings Grant will provide a one-time \$1,200 grant towards a B.C. resident child's Registered Education Savings Plan (RESP) after the child turns six years old. The goal of the program is to help families start saving for their child's post-secondary education sooner.

No matching or additional contributions are required to receive the grant. All a family needs to do is open an RESP account and apply for the grant before the child turns seven years old.



A STRONG PUBLIC EDUCATION SYSTEM

We're working to ensure all students are prepared for success in our rapidly changing world by investing \$210 million over three years to support the Learning Improvement Fund. In its first year, the fund provided extra support to virtually every public school in the province.

LEARNING IMPROVEMENT FUND INVESTMENTS	
»	Estimated 500 teachers hired, at a cost of \$37 million.
»	\$17.3 million devoted to special education, in part to place over 400 new teacher assistants in schools.
»	\$1.8 million devoted to professional development.



JUST ADD MILK!

Funding of \$1 million will expand the School Fruit and Vegetable Nutritional Program through a new partnership with the B.C. Dairy Association. Schools participating in the program will have the option to receive milk from local dairy farms for children in Kindergarten to Grade two. The program helps students in over 1,400 public and First Nations schools develop a taste for healthy eating, while connecting them to the B.C. farms that put food on our tables.



LIQUEFIED NATURAL GAS — A LONG-TERM OPPORTUNITY

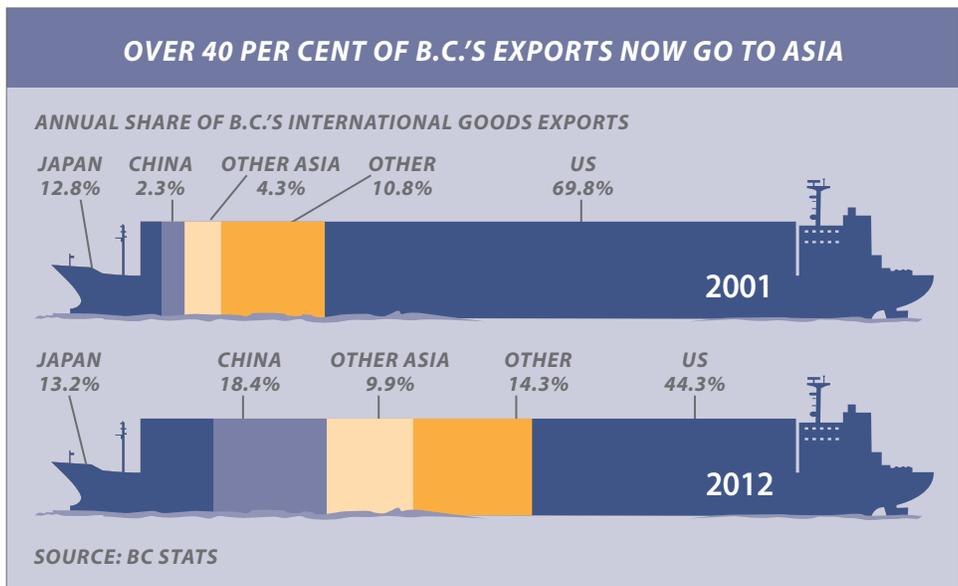
B.C. is a strategic location for LNG facilities with our proximity to Asia, large reserves of natural gas, skilled workforce and competitive tax and royalty regime. In the coming years, LNG development could create thousands of new jobs and several billions of dollars of new investment in B.C. Consultations are now underway to help Northern communities get ready for that change. Now is the time for British Columbians to start thinking about how future benefits from LNG development could best be used or invested in the province. Establishing a prosperity fund could help pay off provincial debt and ensure long-term sustainability for future generations.

A STABLE, GROWING ECONOMY — DIVERSE EXPORTS

We have worked hard to diversify our export market. Today, over 40 per cent of B.C.'s exports go to Asia and 44 per cent go to the U.S. In 2001, almost 70 per cent of our province's exports went to the U.S. By comparison, 86 per cent of Alberta and 78 per cent of Ontario exports are U.S.-dependent today. This diversification helps shelter B.C. from U.S. downturns and lets us take advantage of rapidly growing markets like China. Demand across the Pacific Rim continues to grow, presenting huge incentives for us to expand our exports and accelerate the development of LNG, leveraging our plentiful supply of natural gas and our strategic location as Canada's Pacific province.

\$81 BILLION WORTH OF MAJOR PROJECTS UNDER CONSTRUCTION

In B.C. about \$81-billion worth of major projects are currently under construction. These are happening across a range of economic sectors — shipbuilding, natural gas, mining, manufacturing, transportation and commercial and residential development. (Source: BC Major Projects Inventory, Dec 2012)



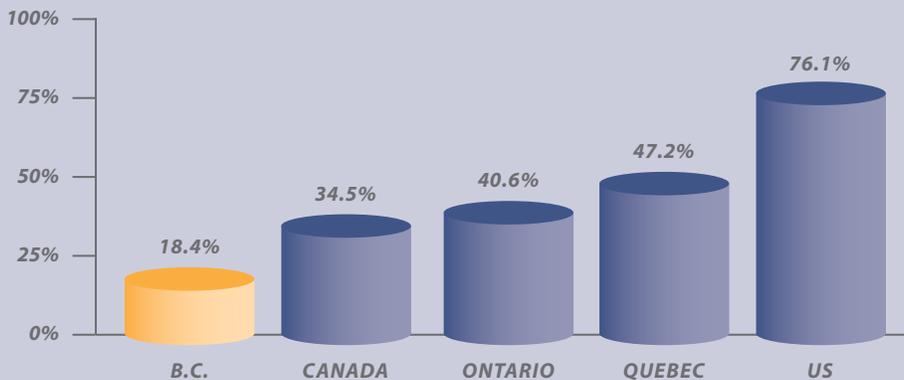


Credit Rating

— THE HIGHEST STANDARD AVAILABLE

B.C.'S DEBT-TO-GDP RATIO SUPPORTS AAA RATING

TAXPAYER-SUPPORTED DEBT-TO-GDP RATIO



SOURCES: B.C. MINISTRY OF FINANCE (IN FISCAL YEAR 2013/14)
MOODY'S INVESTOR SERVICES (FORECAST 2013/14)

Our three year fiscal plan is all about the exciting opportunities B.C.'s future holds. We are moving forward to develop our potential, with new investments from business and industry in every region of the province, including developing a brand new LNG industry.

HON. MICHAEL DE JONG, Q.C.
MINISTER OF FINANCE

INVESTING IN B.C. INFRASTRUCTURE

GOVERNMENT WILL INVEST \$10.6 BILLION IN TAXPAYER-SUPPORTED CAPITAL PROJECTS OVER THE NEXT THREE YEARS, INCLUDING:

- » Transportation infrastructure to get goods to market and improve rapid transit.
- » New, replacement and renovated schools.
- » Expansions, replacements and upgrades to post-secondary institutions on Vancouver Island, Richmond, Kamloops and Kelowna.
- » Health facilities like B.C. Children's and Women's Hospital, Surrey Memorial, Interior Heart and Surgical Centre, the two new North Island Hospitals, Lakes District Hospital and Queen Charlotte/Haida Gwaii Hospital.

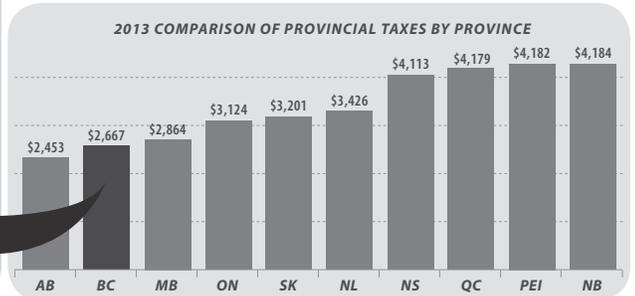
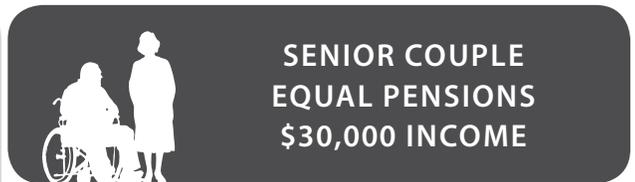
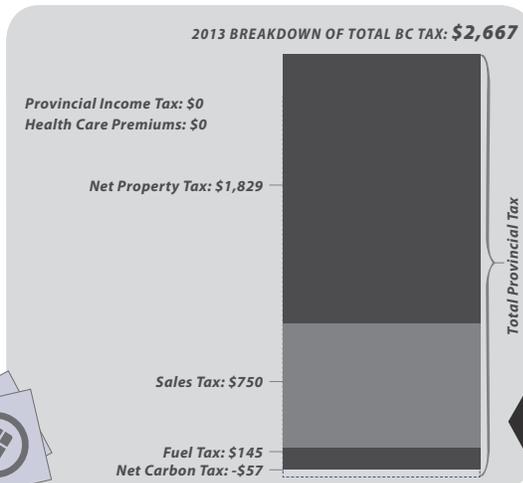
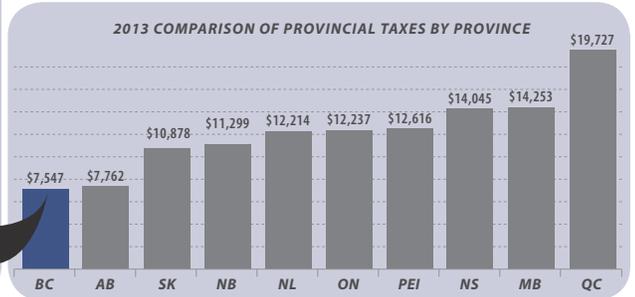
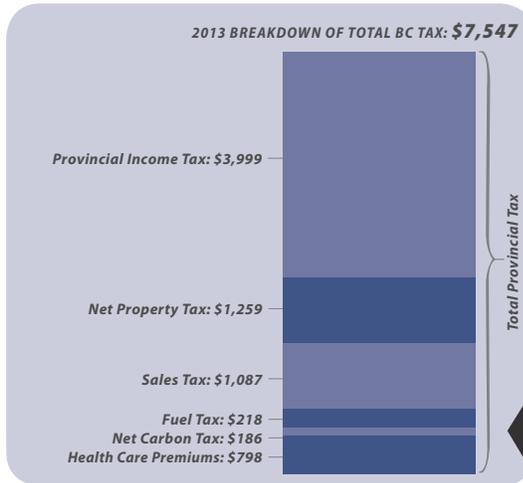
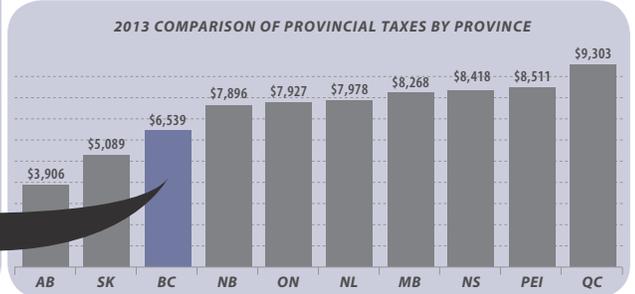
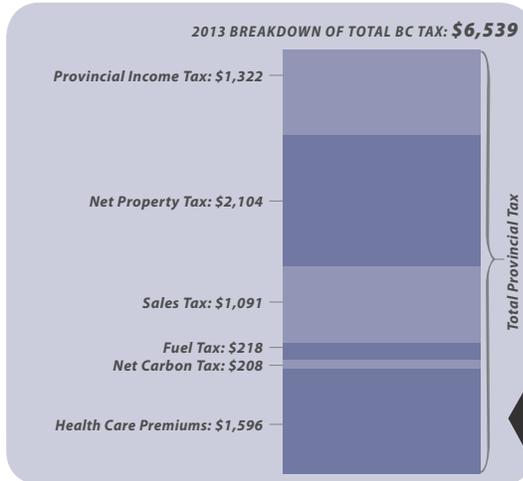
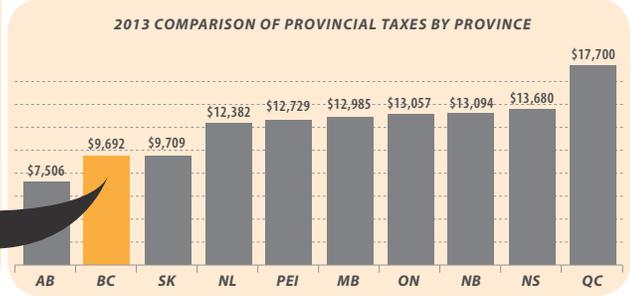
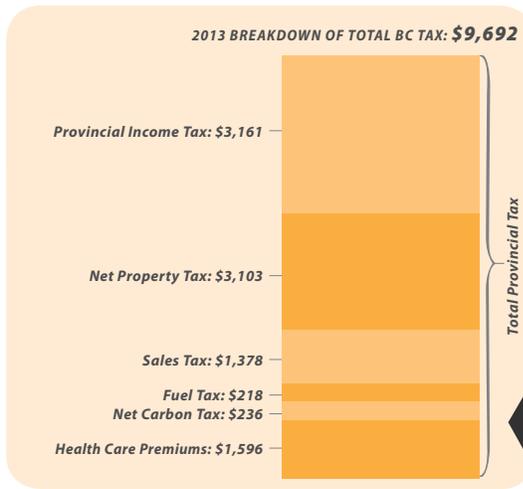
PLANNING FOR THE FUTURE

Planning is underway for upgrades at additional health facilities including: Penticton Regional Hospital, St. Paul's Hospital and Royal Columbian Hospital.



LOW TAXES FOR BRITISH COLUMBIANS

British Columbians generally have one of the lowest overall tax burdens in Canada when all taxes are considered — including income tax, consumption tax, MSP premiums and payroll tax.



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For Budget 2013 June Update details visit:
www.bcbudget.ca

Ministry of Finance:
www.gov.bc.ca/fin

