

Feb. 15, 2011

NEWS RELEASE

Providing a Strong, Stable Foundation For B.C.'s Future

VICTORIA — *Budget 2011* reaffirms government's commitment to funding the vital public services that British Columbians depend on while continuing to demonstrate prudent fiscal management during a time of transition and ongoing economic recovery.

“The fiscal decisions we've made over the past 10 years weren't always easy, but we kept B.C. on the path of prosperity. We've weathered the largest recession of our generation, and numerous tax cuts put more money in the pockets of British Columbians and brought business investment back to B.C.,” said Finance Minister Colin Hansen. “We have worked hard to build a solid foundation that will support our province through an even stronger decade ahead.”

Budget 2011 focuses new spending on health care and social services and provides some fiscal flexibility for the priorities of the new premier and executive council. The budget provides the Ministry of Health Services with a \$605-million increase in 2013/14 to sustain front-line service delivery; \$65 million over three years to the Ministry of Social Development for income assistance for individuals and families in need; and an additional \$150 million to the Contingency Vote in 2011/12 to address unforeseen issues and provide flexibility for the next executive council.

The deficit is forecast at \$1.265 billion for the 2010/11 fiscal year — over 25 per cent lower than the \$1.715 billion forecast in *Budget 2010*. *Budget 2011* forecasts deficits of \$925 million in 2011/12 and \$440 million in 2012/13, and a surplus of \$175 million in 2013/14. The fiscal plan will return the Province to a downward trend in the taxpayer supported debt-to-GDP ratio to support maintaining its AAA credit rating.

“We remain committed in our fiscal management approach, which keeps us on track to reduce the deficit and balance the budget by 2013/14,” said Hansen. “While this is a status-quo budget, we are ensuring the protection of core health care, education and social services that British Columbians rely on.”

Budget 2011 confirms government's commitment to supporting health care and achieving high quality health outcomes for British Columbians. The new funding provided in *Budget 2011* builds on the funding increases in past years to raise the Ministry of Health Services budget by almost \$2 billion compared to 2010. By 2013/14, health care expenditures will reach \$18.5 billion and make up more than 42 per cent of total government spending.

Funding B.C.'s education system remains a key priority. Per-pupil funding will rise to \$8,357 in 2011/12 – the highest level ever. Total operating funding for school districts remains at \$4.7 billion. The government spends over \$24 million per school day on education programs and services to support B.C. students across the province.

The Province will continue to deliver new schools, health facilities, road improvements and hydro-electric facilities through its three-year, \$19 billion capital plan, including federal contributions. Capital spending will return to historical levels as investments accelerated in response to the economic downturn are completed.

“The fiscal plan set out in *Budget 2011* reflects our responsibility to hold the line on government spending as B.C.'s economic recovery continues,” Hansen said. “Our approach helped B.C. successfully manage the economic downturn better than many other jurisdictions around the world.”

British Columbia's economy performed better than expected in 2010, with an anticipated growth rate of 3.1 per cent. In addition, B.C.'s independent Economic Forecast Council upgraded its forecast to 2.7 per cent growth in 2011. The Ministry of Finance's outlook — generally more prudent than the council's — projects 2 per cent growth in 2011 and 2.6 per cent in 2012.

-30-

1 backgrounder attached.

For the Finance Minister's speech and more details on *Budget 2011*, visit www.bcbudget.ca.

Visit the Province's website at www.gov.bc.ca for online information and services.

Media Contact: Finance Communications
250 356-2821