



February 19, 2013

## BACKGROUND

### PROMISE MADE, PROMISE KEPT: *BALANCED BUDGET 2013*

How is the B.C. government taking the budget from a projected 2012-13 deficit of \$1.2 billion, to a projected surplus of \$197 million in 2013-14 and growing the surplus over the following years? There are four key steps:

#### **Control spending**

Expenditure growth management will reduce average annual spending growth to 1.5 per cent over the fiscal plan period, about half the rate of spending growth before the economic downturn.

Spending reviews have found ministry and service delivery agency savings, resulting in savings of almost \$1.1 billion over the fiscal plan period. About half of these savings are helping achieve the balanced budget, while the remaining half is being invested to improve family affordability, and support jobs and economic growth.

#### **Targeted revenue measures**

Surplus property and asset sales: Government has identified surplus properties that aren't used by government, cost taxpayers money to maintain, and would be better used in other hands.

Planned property and asset sales will provide a return to government of \$625 million over the next two years, helping to balance the budget while releasing under-used assets for economic development and community services. The assets identified represent less than two per cent of the government's \$70 billion property holdings. Today there are sales agreements in place for five properties and six are on the market. Another 65 properties are being prepared for market this year.

Targeted tax measures are projected to generate \$1.2 billion over the fiscal plan period.

## **Stable economic growth**

Government forecasts economic growth of 1.6 per cent in 2013, 2.2 per cent in 2014, and 2.5 per cent in 2015. Net economic growth is expected to generate \$1.7 billion in base revenue increase in excess of expense increases over the fiscal plan period.

Revenue is expected to grow by an annual average of three per cent over the three-year fiscal plan, double the rate of B.C.'s spending growth.

## **Mitigate the risks**

Government incorporates three main levels of prudence in its projections to mitigate the risks to the fiscal plan:

- The government's outlook for B.C.'s real GDP growth is lower than the outlook provided by the Economic Forecast Council (0.5 percentage points lower in 2013 and 0.3 percentage points lower in 2014).
- Government has included a forecast allowance of \$200 million in 2013-14, \$225 million in 2014-15, and \$325 million in 2015-16 to guard against revenue volatility.
- The fiscal plan includes contingencies of \$225 million in each year of the fiscal plan to help manage unexpected pressures and fund priority initiatives.

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For the Finance Minister's speech and more details on *Budget 2013*, visit [www.bcbudget.ca](http://www.bcbudget.ca).

Visit the Province's website at [www.gov.bc.ca](http://www.gov.bc.ca) for online information and services.

Media Contact: Ministry of Finance  
250 356-2821

