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NEWS RELEASE

June Update 2013 Confirms Balanced Budget on Track

VICTORIA — The B.C. government has introduced *June Budget Update 2013*, which reflects changes in economic and revenue forecasts from February and realigns spending based on the new government structure, Finance Minister Michael de Jong announced today.

The update shows continued spending discipline to balance the budget while maintaining new investments in early childhood development and registered education savings plans (RESPs).

Economic activity in the first few months of the year has been slightly weaker than expected, and the private-sector Economic Forecast Council has revised its forecast for provincial real GDP growth in 2013 to 1.6 per cent, down from 2.1 per cent in January, matching government's February forecast. As such, government has also lowered its 2013 economic growth forecast to 1.4 per cent (down from 1.6 per cent in February), while maintaining forecasts of 2.2 per cent in 2014 and 2.5 per cent in 2015.

The lower forecast for economic growth reduces government's revenue forecast in several areas, partly offset by an improved forecast for natural gas prices, bonus bids for natural gas tenures, and other revenues. To help keep the budget balanced, government will continue its expenditure management controls. An additional \$30 million has been identified to be saved this fiscal year.

These changes, together with the taxation and savings measures announced in February, combine to deliver forecast surpluses in all three years of the fiscal plan:

- \$153 million in 2013-14.
- \$154 million in 2014-15.
- \$446 million in 2015-16.

Government will continue to implement the budget measures benefitting B.C. families and helping make family life more affordable:

- The B.C. Training and Education Savings Grant, a one-time \$1,200 grant toward a B.C. resident child's RESP after the child turns six years old.
- The B.C. Early Childhood Tax Benefit will provide \$146 million to approximately 180,000 families with children under six years old.
- B.C.'s Early Years Strategy will invest \$76 million over three years to support the creation of new child care spaces and improve the quality of child care and early years services.

Taxpayer-supported capital spending on schools, hospitals and other infrastructure across the province over the next three years is expected to total \$10.6 billion. By eliminating the deficit, controlling capital spending and starting to bring down the level of government's borrowing needs, *June Update 2013* forecasts British Columbia's taxpayer-supported debt-to-GDP ratio will peak at 18.5 per cent in 2014-15, and decline to 18.4 per cent in 2015-16. The taxpayer-supported debt-to-GDP ratio is a key measure of affordability, and effectively managing this ratio helps maintain B.C.'s triple-A credit rating.

Minister of Finance Michael de Jong:

"B.C.'s budget is balanced, but it hasn't been easy. It will require ongoing spending discipline and continued tough choices to ensure our government is able to protect the public services that are so important to British Columbians."

"We will continue to control spending and help grow the economy by keeping taxes low, while continually looking for ways to make life more affordable for British Columbians and their families. Spending discipline that achieves surpluses is the first step in charting our course to a debt-free B.C."

Learn More:

For more details on *June Update 2013*, visit: www.bcbudget.ca

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