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## NEWS RELEASE

### *Balanced budget maintains discipline, supports economic growth and job creation*

VICTORIA — The B.C. government has introduced *Balanced Budget 2014*, which includes forecast surpluses in all three years of the fiscal plan and modest investments in priority areas, Finance Minister Michael de Jong announced today.

B.C. is forecast to end the fiscal year 2013-14 with a surplus of \$175 million, with progressively larger surpluses forecast in all three years of the fiscal plan:

- \$184 million in 2014-15.
- \$206 million in 2015-16.
- \$451 million in 2016-17.

While the fiscal plan shows continued spending discipline, modest surpluses allow government to make choices and ensure new spending is put into priority areas. Within the balanced budget, government is providing additional funding of \$415 million to benefit B.C. families, help make life more affordable, and help stimulate economic growth and job creation:

- Community Living B.C. receives incremental funding of \$243 million over the three year plan as government remains committed to maintaining existing services for adults with developmental disabilities and their families.
- An additional \$15 million over three years for Ministry of Children and Family Development for children and youth with special needs.
- An additional \$15 million over three years for increased RCMP policing costs and \$6 million for legal aid-related services.
- Funding of \$29 million over three years is provided to support the development of an LNG industry in B.C., including attracting investments to B.C. and supporting a stable environment for investment decisions; facilitating timely processing for regulatory and permitting requirements; and ensuring ongoing environmental protection, management and stewardship.

Government is working with employers, educators and communities to make sure British Columbians are first in line for the jobs of the future:

- The new NorKam Trades Centre of Excellence in Kamloops, scheduled for completion this fall, will offer courses in areas such as mining exploration, industrial skills and construction trades training.
- New trades training facilities at Camosun College in Victoria will support an additional 370 students in the marine, metal and mechanical trades by 2016.
- New facilities at Okanagan College in Kelowna will more than double the size of the current trades training complex by 2016
- A new campus for the Emily Carr University at Great Northern Way in Vancouver will include a state-of-the-art visual, media and design art facility, with the capacity for 1,800 students.

With *Balanced Budget 2014*, government has also introduced legislation to implement the new B.C. Early Childhood Tax Benefit. Starting in April 2015, the benefit will provide \$146 million annually to approximately 180,000 families with children under the age of six (up to \$55 a month per eligible child). About 90 per cent of B.C. families with young children will be eligible.

Many British Columbians buying their first home will pay less Property Transfer Tax, as the Province is increasing the threshold for the first-time homebuyers program to \$475,000 from \$425,000, an exemption that can save the purchaser up to \$7,500 when buying their first home.

*Budget 2014* confirms government's ongoing commitment to protect health care. The Ministry of Health budget will increase \$2.5 billion over three years. Total health spending by function will reach \$19.6 billion, or more than 42 per cent of all government expenses by 2016-17.

To help encourage healthy choices, taxes on tobacco will increase by 32-cents per pack, or \$3.20 a carton, effective April 1, 2014. This increase is expected to generate an additional \$50 million in annual revenue over the course of the fiscal plan. Government will dedicate a significant portion of these revenues to provide specified funding for cancer prevention and will work with the Canadian Cancer Society and other research partners to develop and implement a number of innovative cancer-prevention initiatives.

The Province continues to develop and implement all the elements of a competitive tax and policy environment to assist with LNG development in B.C. To this end, government intends to introduce income tax legislation later this year applicable to the LNG industry.

The LNG Income Tax will be a two-tier tax with a tier one tax rate of 1.5 per cent and a tier two rate of up to seven per cent, with the final rates to be determined and confirmed in legislation. The LNG Income Tax will apply to income from liquefaction of natural gas at LNG facilities in British Columbia.

The B.C. LNG income tax structure and rates are subject to approval of the legislature. Government intends to have legislation ready for introduction by fall 2014, once the complex drafting process is complete. Regulations and additional legislation will follow in 2015.

The independent British Columbia Economic Forecast Council forecasts provincial real GDP growth to be 2.3 per cent in 2014, 2.7 per cent in 2015 and an average of 2.7 per cent over 2016-2018. Government's economic growth forecast is 2.0 per cent in 2014, 2.3 per cent in 2015 and 2.5 per cent in 2016—a forecast that is prudent relative to the Economic Forecast Council.

The Economic Forecast Council's forecast for provincial real GDP growth takes on new significance with *Balanced Budget 2014*. Government's Economic Stability Mandate offers employees the opportunity to benefit from B.C.'s economic growth through the Economic Stability Dividend. Under this agreement, employees will receive a wage increase equal to half of any percentage-point gain in real GDP growth above the Economic Forecast Council's forecast published in the February budgets.

Taxpayer-supported capital spending on schools, hospitals and other infrastructure across the province over the next three years is expected to total \$11 billion. This includes \$1.5 billion to maintain, replace, renovate or expand K-12 facilities; \$2.3 billion for capital spending by post-secondary institutions across B.C.; \$2.6 billion on health-sector infrastructure; and \$3.4 billion for transportation investments.

By eliminating the deficit, controlling capital spending and reducing the level of government's borrowing needs, *Balanced Budget 2014* forecasts British Columbia's taxpayer-supported debt-to-GDP ratio will peak at 18.5 per cent in 2013-14 and decline to 17.8 per cent in 2016-17. The taxpayer-supported debt-to-GDP ratio is a key measure of debt affordability and effectively managing this ratio helps maintain B.C.'s triple-A credit rating.

### **Minister of Finance Michael de Jong:**

"B.C. has demonstrated that with hard work, due diligence and fiscal discipline, it is possible to achieve something that few other jurisdictions in Canada can claim to have today: a balanced budget. B.C. is now in the enviable position of having a balanced budget this year and in all three coming years of our fiscal plan."

"Private sector economists are forecasting B.C. to be among the strongest economies in the country over the next couple of years. This increasing economic growth is the result of the fiscal discipline we have demonstrated in the recent years, and it is beginning to generate the modest surpluses that allow us to continue to make investments that reflect the priorities of British Columbians."

"Our LNG income tax revenue framework strikes the right balance between the need to maximize the return to British Columbians, while also ensuring B.C. is an attractive and competitive place to develop LNG. The LNG revenue framework will deliver long-term benefits for British Columbia and provide industry with the certainty it requires to be successful."

### **Learn More:**

For more details on *Balanced Budget 2014*, visit: [www.bcbudget.ca](http://www.bcbudget.ca)

For online information and services, visit the Province's website: [www.gov.bc.ca](http://www.gov.bc.ca)

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