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| Colombie-Britannique | 40e | 1e | Discours du budget (Mise à jour) | 27 juin 2013 | Michael de Jong | Minister of Finance | British Columbia Liberal Party |

In February I stood before this House and presented balanced budget 2013. I described it then as a modest budget — somewhat unconventional by traditional pre-election standards — intended to accomplish three broad objectives: firstly, to support our economic recovery and create jobs; secondly, to maintain the services that people rely upon in British Columbia; and thirdly, to respect the very basic principle that government should not spend more of the money than it receives from taxpayers.

I said at that time, in February, that if this government was returned after the May election, we would reintroduce the same budget for debate and discussion, and complete the formal process of authorizing the government, on behalf of the Crown, to collect and spend the public's money.

There were certainly critics who challenged the sincerity of that pledge and those who challenged the achievability of our objective to balance.

Well, here we are, perhaps to the surprise of some, and it is genuinely my sincere pleasure to reintroduce balanced budget 2013 — the same budget, the same taxation measures, the same spending allocations. The estimates have been adjusted to reflect the new government's ministerial reconfiguration, and we've included updated economic and revenue forecasts, which I'll get to in a moment, for the benefit of members. Little else has changed.

Let me assure the entire House that this government's commitment to prudent fiscal management remains firm. In fact, I say, I suppose immodestly, that we now have an even stronger mandate to maintain the discipline that got us through the worst of the economic downturn, because this is the same budget that was before the people of B.C. when they were engaged in that great democratic shareholders' exercise in May.

This budget has been analyzed. It has been studied. It has been scrutinized. It has been criticized. British Columbians had a choice, and they exercised that choice. They said yes to balanced budget, they said yes to disciplined spending, and they said yes to the Premier's and the government's vision of working towards a debt-free British Columbia.

With this budget, we're taking the next steps in that direction, reasserting our commitment to fundamental principles that underlie our three-year fiscal plan — revenue growth that will outpace spending growth, targeted investments in areas such as skills training and infrastructure that will support the B.C. jobs plan and strengthen the economy, and new support for families that will help with the cost of everything from child care to post-secondary training and education.

We'll continue to have amongst the lowest tax burdens of anywhere in Canada, and we are on track to deliver back-to-back-to-back balanced budgets, starting with a small surplus in the current fiscal year.

In February I went through the balanced budget in detail — what it contained, what it didn't contain and, to the best of my ability, why. The House spent some time debating those provisions, and it is not my intention today to repeat what I said in February.

It is my intention to share with the House updated numbers, numbers that incorporate the latest economic forecasts and fiscal data and the impact those numbers have on the fiscal plan. In that regard, I have to offer my thanks to an agency that you don't generally hear Finance Ministers thanking on budget day: the opposition — the Opposition House Leader, the opposition critic and the independent members of the chamber, who have kindly offered their support to try something that I don't think has taken place in a Canadian parliament before.

In preparing for what is essentially a fiscal update, it did occur to me that once again our friends in the media, sequestered away in their little lockup, would be receiving a far more detailed information package and data than members of the assembly. That doesn't seem right to me.

I'm grateful to all members and you, Madame Speaker, that we would have an opportunity to try to make use of technology to share with this assembly the same information the media received about an hour ago. We've agreed that the hon. opposition critic will have the same opportunity to augment his presentation on Tuesday. Thereafter, as an assembly, we'll assess to what extent the experiment was worthwhile.

So if I can, let's begin with the first slide. I wanted to alert members of the House where we believe — when the public accounts are released in a few weeks for 2012-2013 — we are, exactly. Members will be interested in a couple of lines on this chart.

First of all, when the budget in 2012 was released, you will know that it anticipated a deficit of $968 million. In fact, that has grown. At one point it looked like it was going to grow to almost $1.5 billion. Through expenditure control, we were able to deal with that, wrestle with that, reduce that. Although these are not final numbers — they will be finalized when the public accounts are released — we believe that the final number for 2012-2013 will be $1.146 billion.

Now, the other two bits of information that I think will engage the interest of members is on the top line revenue. In Budget 2012 it was anticipated that there would be revenue — $43.1 billion. In fact, that didn't materialize. The shortfall is about $900 million.

That is significant, and that forced some adjustments. Members will also see that over the course of the fiscal year we reduced expenditures from what was anticipated in the budget by over half a billion dollars. Not easy. No magical solutions there except discipline.

That's the gap we have to bridge in order to achieve our target of a balanced budget. Now, we look forward in providing this fiscal update as part of the budget. We rely, of course, on forecasts. I don't make the forecasts. There is an Economic Forecast Council that does that. The Ministry of Finance, through their professionals, takes that information and works with it. We take averages.

Let's go to the next slide, and I'll show you how that has changed.

When we tabled the budget in February of this year, the Economic Forecast Council — those 12 or 13 eminent economists from across the country — were talking about growth of 2.1 percent. We, through the ministry, inject a measure of prudence in that and use a number of 1.6.

What we know now, and some members will know from what they have already heard publicly from agencies like the Conference Board and various banks, is that that number has been downgraded to 1.6. As a result, for the purpose of the budget that is being introduced today and for planning and forecasting revenues going forward, we have downgraded to 1.4.

What members will see is that that drives a whole bunch of the methodologies and formulas and impacts in a negative way the revenues that we anticipate flowing to government. I'll show that to members and how we purport to try and deal with that in the days ahead and in the year ahead.

If you go to the next slide, I thought I would share with members, in a few key areas of interest, what the data is telling us is happening and likely to happen. On the employment front, in a general way, of course, the trend has been very good over the last three years — almost 110,000 new jobs.

There's another message in this graph, however. That is that we have more work to do, because of late the trend has been less satisfying. The upshot of this is that employment growth that was being forecast at 1.1 percent in February is now being forecast at 0.7 percent. The importance that the government attaches to projects — like LNG, the mineral sector, the economy — and moving ahead with those projects is revealed here in the desire to have that graph continue climbing in the right direction, because it represents jobs for British Columbia.

The budget has been developed on the basis of that downgraded number, from 1.1 to 0.7, and is something that clearly the government holds as a priority in terms of improving that number going forward.

We'll go to the next slide: retail sales. Again, for members, generally a pretty good story, but based on the projections that we are getting from the forecast council around general growth, growth lines, the decision has been to reduce the anticipated growth in retail sales. That, as members would expect, will have an impact on revenues and taxation revenues to government. I'll quantify that in a moment for members so they know precisely what we think the impact of that will be.

Next slide. The average 28,000 or 29,000 housing starts — we're below that. Though, as I shared with some of my colleagues — and I don't say this to be mischievous — since the middle part of May I may anecdotally or intuitively think that there is additional activity taking place and additional investment or accelerated investment that does not reveal itself in the numbers.

We will not budget on the basis of intuition or anecdotes. We will budget on the basis of what the numbers reveal, and thus far those numbers indicate that it is necessary and prudent to reduce, by between 800 and 900, the anticipated housing starts for the balance of the year. We are budgeting on that basis, as well, as a way of trying to ensure the accuracy of the numbers going forward.

These are all important indicators. I happen to think that housing starts generally are a pretty good indication of how the population is feeling and the measure of confidence. So this is something that, obviously, we'll be keeping our eye on and trying to drive the numbers up in the right direction.

If we go to the next slide, this is kind of the bottom line in terms of what the impact of this is and then how the government in this budget intends to deal with that. I'll deal just with the column under 2013-2014. You'll see there that in the February budget we were anticipating a surplus of $197 million.

For some of the reasons I've just alluded to, tax revenue is anticipated to be down by just over $200 million. The resource sector and, ironically, the natural gas sector are outperforming what forecasters thought they would. I'll come to that in a moment. We have to be cautious about that. But that provides us with some relief as a province from the reduced revenues.

Federal transfers are down modestly, and there's another grab bag of revenue items that are actually up a little bit. The bottom line, though, when you add it all up, is a reduction in revenues of $123 million. If we did nothing further, that would leave us with an anticipated surplus in the budget of only $73 million. It's already a modest surplus. That is too modest, in my view.

Here's what we are proposing to do and what the budget sets out. We'll draw down on the $200 million forecast allowance. That's 25 percent of the forecast allowance, and we're 25 percent of the way through the fiscal year.

In terms of the risk associated with that, I believe that is responsible and that is plausible. I still don't think that that gets us to a level that is required in order to present a balanced budget, so we're going to have to save some more money — $30 million. That is a task that will accrue across government.

To put that in some kind of perspective for members, that is 0.07 percent of a roughly $44 billion budget. I can put it another way. If we were a family — and I like to think of us as a family, some days, perhaps — earning $60,000, that would mean we have to find an additional $42 in savings.

Now, that sounds easy. It's not actually that easy, because we have been finding savings and holding the line on expenditures for some time now. I don't want to underestimate the challenge, for members, associated with finding an additional $30 million in savings, but I also want to confirm for you my belief that in an operation the size of the government of British Columbia, finding that amount of money responsibly should be possible. That is our objective.

There were a couple of other areas that engaged the interest of members, as I recall — those who were here in February, the budget speech.

We'll go to the next slide.

I thought I would provide members with an update on the sale of surplus assets. I do not intend to revisit the rationale or the arguments that we marshalled in support of bringing surplus assets together and marketing them and getting them back into the hands of the private sector. What I do want to do, though, is alert members to where we are on that program.

This is the 2013-14 objective, and 25 percent of the way through the fiscal year we are 38 percent of the way to our target. To be sure, a good chunk of that related to the sale of the sinking funds from the Transportation Financing Authority, which you see referred to there as the financial instrument that was sold.

If we go to the next slide, I can show members….

By the way, Madam Chair, there will probably be some concern about reading this. With the permission of the House, I intend to table the material so everyone can have access to this and they can see it clearly.

There are the properties listed for which sales are in place, contracts are in place, or they've already been sold. The next nine and so…. What I can tell members is that with respect to the properties that have been marketed and sold, we're actually about $7 million or $8 million ahead of what our anticipated revenues would be.

This is a work-in-progress, of course, but at the moment I can advise the House that we are on target and proceeding with the sale of assets that are surplus to the needs of the Crown. I can also tell members that it is our objective to have all of the properties slated for sale in this fiscal year on the market by the end of October of this year.

I mentioned natural gas. There's a delightful slide, which members will have, that's a bit busy but speaks to what has happened there.

When we had this discussion in February, there was, as members recall, criticism levied against the government by someone we brought in, Dr. O'Neill, about the methodology that had been employed and, quite frankly, didn't serve us very well in the last fiscal year, insofar as revenues were off considerably.

He recommended a much more conservative, cautious methodology. We employed that and are employing it again, but the price has gone up, and the forecasts have gone up. I wouldn't say dramatically; I would say significantly.

So we have adjusted, but members should know that we are continuing to rely on a number for gas that falls in the bottom 20 percent of the percentile range from the forecasts. I believe that is an approach that can leave the government, the people and members of the House with some confidence that target, the revenue target from gas, will be achieved.

Then the final graphic that I have for members in the House is kind of a summary, because it occurred to me that having said that the budget is the same one, members would want to know, specifically, how it compares to what was before the House in February.

Both are balanced. The surplus, to be sure, is reduced from what it was in February. I'm not thrilled, and I don't think anyone will be thrilled about that. But that's what the numbers indicate. I have described the mitigation steps that we're taking to try and address that.

The debt-to-GDP peaks in this fiscal plan at 18.5 instead of 18.3 and then begins to drop. I am advised that that is largely a product of the application of the denominator with the lower projected growth.

I can tell members it is not the result of projects being added to the capital envelope, but rather, the result of the application of the denominator. It results from the lower projections around economic growth.

We have to watch this. The government and our members take very seriously the achievement of the triple-A credit rating that British Columbia boasts. I have learned over the years — and more particularly, over the last year — that this is something that the bond-rating agencies watch very closely.

We secure real, tangible benefits for British Columbians as a result of the triple-A credit rating that we enjoy, and we are going to be vigilant about maintaining that for British Columbians.

Spending was pretty minimal in the budget in February. There is no new spending in the document that members are getting today. The capital plan has no changes in it. The forecast allowance I have referred to — we've drawn down $50 million in this fiscal year and reduced it by $25 million in subsequent years. The contingencies envelope in each of the years covered by the fiscal plan remains the same.

That's the information I wanted to summarize. Again, I'm grateful to members for the opportunity to do so in, by parliamentary standards, a rather unique way.

I will, then, begin to bring my remarks to a close by reminding members that the budget we introduced in February was — and I think I admitted it, at the time — not your classic pre-election budget. There were no big, grand promises, schemes, gold rush of goodies.

There was a lot of old-fashioned fiscal management. That hasn't changed, nor has our commitment to the key fundamentals. Balanced budget 2013 is focused on controlling spending, building the economy and, as our fiscal situation improves, providing more support to families.

That, in and of itself, may not be exciting, but as we continue down this path, it will provide us with the kinds of opportunities that shape a generation. We're moving forward to develop our potential with new investments from business and industry, new development in every geographic region of the province, new markets, new products, including a brand-new liquefied natural gas industry that will boost our revenues and help support new investments for children in the early years.

New supports for parents, for families; new opportunities for skills training; new approaches to education. And with our B.C. training and education savings grant, a new-found confidence that every child who lives in British Columbia today will finish high school with money in the bank for college, university or vocational training in British Columbia.

Just as today we look with pride to the foresight of leaders half a century ago, I believe that history may well remember this time as a turning point in British Columbia. I hope that years from now when people reflect on the work of this 40th parliament, they will recognize that this is the year we redoubled our efforts to ensure the books were balanced and as a necessary step towards achieving our long-term vision of a debt-free British Columbia.

Will it be easy? It'll not be easy; that I can promise you. It will demand continued discipline. It will demand an unwavering focus on meeting our targets, achieving our goals and making sure this province continues to have an edge in attracting investment. That is the key to succeeding in today's uncertain global economy. It's the key to our future, and it's the key to decades of growth, opportunity and prosperity. As I said in February, it all starts with balanced budgets.

Now, in welcoming and congratulating all members of this new 40th parliament, I say: let's roll up our sleeves and get back to work.