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Turning to the Future, Meeting the Challenge

BALANCED BUDGET 2008 HIGHLIGHTS

As we celebrate British Columbia's 150th birthday, we can look back with pride at our province's accomplishments. Now our children are asking us to turn to the challenge of climate change. And we are taking action – while, at the same time, taking new steps to strengthen our economy and enhance public services.

Balanced Budget 2008 overturns the notion that you have to choose either a strong economy or a healthy environment. It encourages cleaner choices, invests more than \$1 billion in climate action initiatives, lowers taxes to stimulate investment, and increases funding for health care and education to their highest levels ever in British Columbia.





Action on Climate Change

Revenue-Neutral Carbon Tax

Starting this summer, subject to approval by the legislature, a revenue-neutral carbon tax will apply to virtually all fossil fuels used in British Columbia. The tax will be phased in to give people and businesses time to adjust to a landscape where higher costs for higher-carbon choices make cleaner options more attractive.

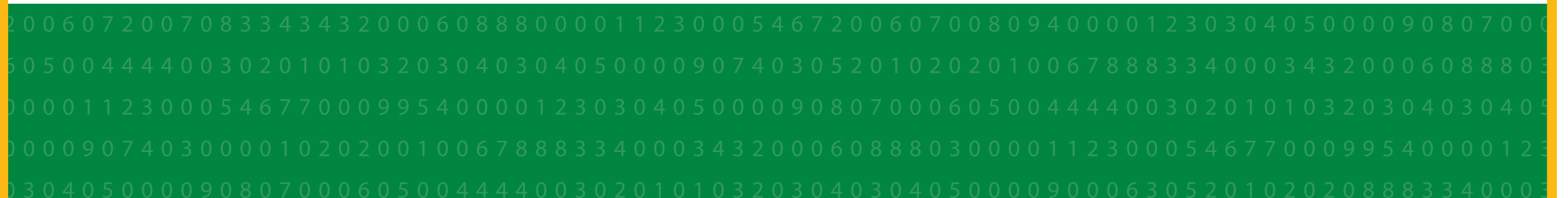
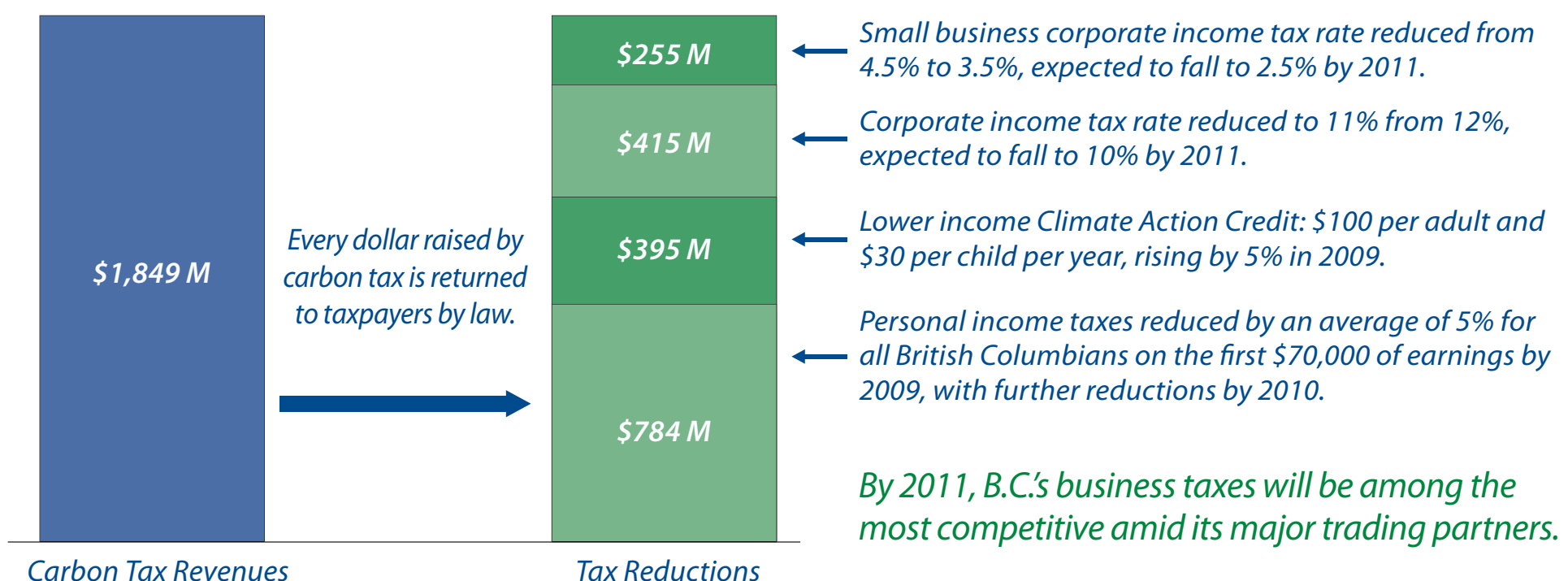
All carbon tax revenue - about \$1.8 billion over three years - will be returned to British Columbians through reductions to income and business taxes. The legislation will require the government to table, annually, a plan to ensure the carbon tax remains revenue neutral in the years to come.

Climate Action Credit for Lower Income British Columbians

To help offset the cost of the carbon tax, lower income households will receive a new Climate Action Credit. They will receive \$100 per adult and \$30 per child per year, paid quarterly with the Goods and Services Tax Credit.

100% of Carbon Tax Revenue Returned to British Columbians

2008/09 through 2010/11 - \$ Millions



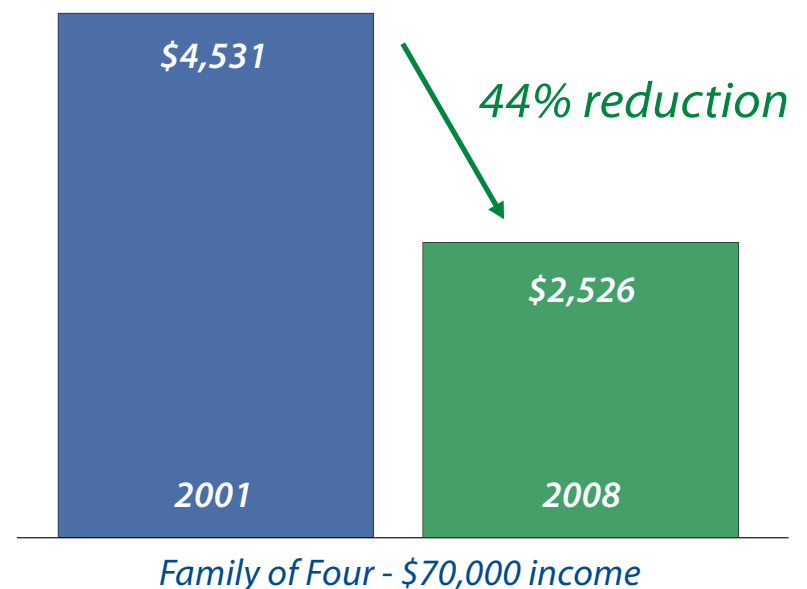
Lower Taxes for British Columbians

A revenue-neutral carbon tax will allow British Columbia to reduce taxes for individuals, families and businesses. Added to the government's tax reductions since 2001, the changes in Balanced Budget 2008 will give British Columbians, by 2009, the lowest personal taxes in Canada on incomes up to \$111,000.

That will make a real difference. For example, a family of four with two parents working earning \$70,000 will save more than \$2,000 in income tax compared to 2001.

A young person working part-time and earning \$20,000 a year will see a 75% reduction compared to 2001. And a senior couple with a combined income of \$30,000 will now pay no provincial income tax at all.

Personal Income Tax Cuts Since 2001



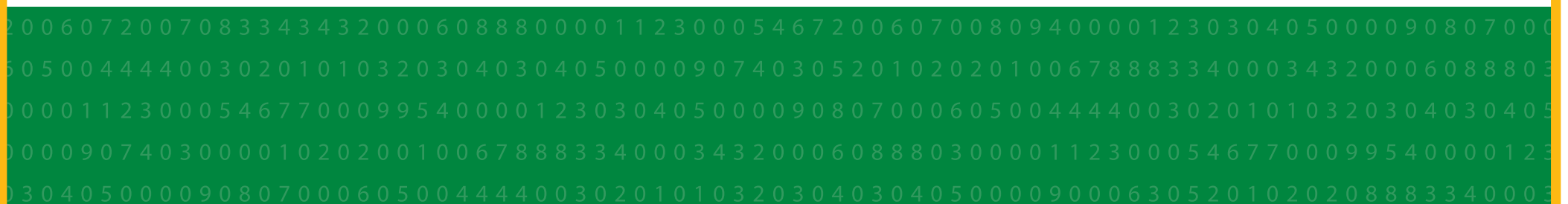
\$100 Climate Action Dividend for Every British Columbian

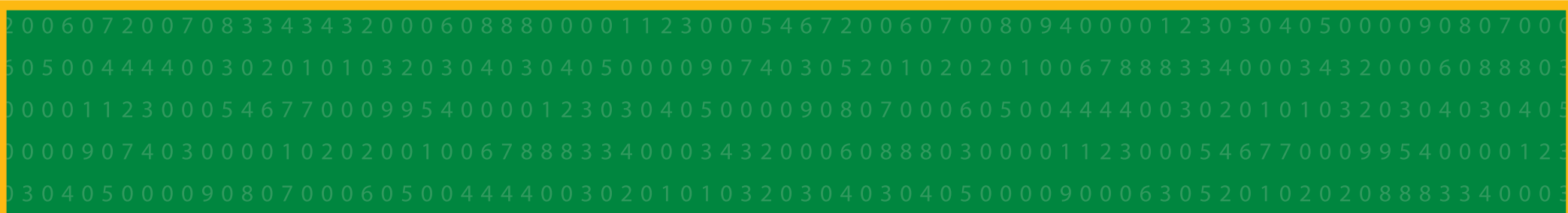
In addition to tax reductions, every British Columbian will receive a \$100 Climate Action Dividend this June, before the carbon tax takes effect. People are encouraged to use this money on purchases that reduce their greenhouse gas emissions and, in the process, reduce the amount they pay in carbon tax.

Greener Choices Can Save You Money

The cost of the carbon tax per family will depend on the choices they make. For example, a family of four driving a minivan and heating their home with natural gas will pay about \$45 in 2008 and \$118 in 2009. These costs will be offset by income tax reductions. And those who choose to reduce their carbon footprints can save enough on their household expenses to come out ahead financially. Here are some examples of lower-carbon choices and their estimated savings in fuel costs and carbon tax.

Greener Choice	Estimated Annual Savings
<i>Keep vehicle tuned up and tires properly inflated up so it runs at peak efficiency.</i>	<i>More than \$200.</i>
<i>Drive 10 km less per week.</i>	<i>More than \$50.</i>
<i>Switch to a higher efficiency vehicle (from 12 L/100 km to 10 L/100 km).</i>	<i>More than \$400.</i>
<i>Weatherize doors and windows.</i>	<i>More than \$40.</i>
<i>Switch to a high-efficiency furnace.</i>	<i>More than \$250.</i>





A Stronger Economy

Balanced Budget 2008 provides more than \$400 million in tax cuts, and \$428 million in new investments to improve B.C.'s competitiveness and build on its strengths. These include improvements to the province's Film Tax Credits, lower property tax rates for major industrial properties like sawmills and pulp mills, and new investments in medical and climate research. The government is also taking steps to make B.C. a leading international financial centre – including a plan to replace the capital tax on financial institutions with a minimum tax by 2010. Combined with the corporate income tax reductions made possible by the carbon tax, B.C. will have one of the most competitive tax environments of any major industrialized economy.

A Greener Future

Balanced Budget 2008 includes more than \$1 billion to support the government's greenhouse gas emission reduction target. This includes new spending on public transit, greener ports, energy efficient buildings, a carbon neutral public sector and increased incentives to get older, less efficient vehicles off our roads. It also includes new sales tax exemptions for fuel-efficient vehicles and Energy Star appliances, along with \$60 million for home energy audits and conservation incentives. These are important investments in the health of our environment, and another step forward in building the future we envision for our children and grandchildren.

