



February 17, 2009

BACKGROUND

A RECORD OF RESPONSIBLE FISCAL MANAGEMENT IN B.C.

The B.C. government is committed to fiscal responsibility and prudent management of taxpayers' dollars.

In 2002/03, facing a \$4.4 billion deficit, the government implemented a strategy to revitalize the B.C. economy and balance the budget. This resulted in significant debt reduction and tax cuts that stimulated growth, built confidence and attracted investment to British Columbia.

Highlights of government's sound fiscal management approach:

- Government has reduced the provincial operating debt from \$15.7 billion in 2003/04 to \$6.4 billion in 2008/09 — a reduction of more than 50 per cent.
- In 2004/05, government paid the debt down by \$1.9 billion — the largest one-year debt pay-down in B.C. history.
- The government introduced five consecutive balanced budgets and *Budget 2009* outlines a plan to return to balance budgets by 2011/12.
- Under new provincial legislation, beginning in 2011/12, government is required to use any increases in cash to pay down direct operating debt. In addition, discretionary year-end spending through supplementary estimates is prohibited until the direct operating debt is eliminated.
- Taxpayer-supported debt to GDP ratio — a key measure of debt affordability — declined from a high of 21.3 per cent in 2002/03 to 13.8 per cent in 2007/08. This represents a 35 per cent reduction.

- In 2004, B.C. received its first credit rating upgrade since 1989 and now has one of the best credit ratings in the world.
- B.C. has now received seven credit rating upgrades and earned a Triple-A credit rating, which enables B.C. to borrow for capital projects at the best possible terms.

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For the Finance Minister's speech and more details on *Budget 2009*, visit www.bcbudget.ca.

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