

CCPA – BC Recommendations for BC Budget 2011

2011 BC Budget Consultation
Iglrika Ivanova • Sept. 15, 2010

BC Economic Outlook: Uncertain

- Technically, the economy is in recovery but growth forecasts for 2010 and 2011 are being revised down
- Domestic economic fundamentals are weak
 - Household credit at record highs and interest rates rising
 - Housing market weakening
 - Unemployment rates projected to remain well above 7% in 2011
 - Part-time jobs replacing full-time jobs
- Global recovery is slowing
 - OECD report reduced global growth projections
 - US teetering on the brink of a second recession (double-dip)

BC Fiscal Situation: There is Room to Invest

- 2009/10 deficit was \$1 billion less than projected in the 2010 BC Budget
- \$2.7 billion more in revenues over the next three years than projected in the 2010 BC Budget
- Projected deficits and debt remain affordable
- Clearly, there is considerable room to invest in the future of BC

An Economic Strategy that Puts People First

- Invest in income security for British Columbians
- Diversify the economic base of rural BC
- Foster a green economy



Invest Windfall Revenues in Poverty-Reduction

- Reducing poverty and homelessness is a wise investment
 - Poverty costs us all, not just the poor (poverty costs to treasury in Ontario estimated at 2% of provincial GDP or \$10 –\$13 billion)
 - Increasing incomes at the bottom will boost the economy
 - BC has highest poverty and child poverty rates in Canada, despite having 3rd highest GDP per capita
- Using windfall revenues for tax cuts would be irresponsible
 - Permanently reduces BC's fiscal capacity
 - Squanders the opportunity to tackle a long-standing social problem
- Debt reduction is lower priority at this stage
 - Debt levels remain affordable
 - Returns to paying off debt (i.e. the costs of interest) are lower than returns of strategic investments in poverty-reduction



BC Budget 2011 Spending Priorities

- Fund a comprehensive poverty–reduction plan using the recently announced windfall revenues
 - Increase income assistance rates
 - Add 2,000 new social housing units annually
- Invest wisely in public healthcare
 - Expand less costly community–based prevention, seniors’ care and mental health initiatives to take pressure off acute care
 - Provide dedicated funds to scale up successful innovations within the public system
- Invest in green infrastructure and green jobs
 - Rebuild BC’s physical infrastructure to be more sustainable
 - Support research and development of green technologies
- Restore gaming grants to Arts and social service providers



Recommended Revenue Measures

- Establish Fair Tax Commission: how do we pay for the revenues we need in the most equitable and effective way
 - Meaningful public consultation
 - Make recommendations on the appropriate tax mix
- Continue short-term deficit financing while waiting for Tax Commission recommendations
 - BC deficit and debt levels remain affordable (among lowest in Canada)
 - Long-term benefits of strategic public investments outweigh the returns to paying off debt (i.e., interest rate on debt)
 - Current low interest rates make this the ideal time for borrowing to invest

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