

NEWS RELEASE

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For Immediate Release

Reaction from the IIAC to B.C. Budget

British Columbia stays the course with disciplined fiscal restraint and positions the province for strengthening economic recovery

Victoria, Tuesday, February 19, 2013 – The Investment Industry Association of Canada (IIAC) commends the B.C. government for holding to a steady course of fiscal restraint. This fiscal strategy will pay-off by laying the foundation for strong recovery as global growth accelerates. Over the past decade, in good times the province strengthened its relative fiscal position and, in the bad times since 2008, limited fiscal deterioration. The IIAC congratulates the province in holding to its target of moving the operating deficit to balance in 2013-14, and keeping the taxpayer-supported debt-to-GDP ratio below the 20% threshold throughout the forecast period ending 2015-16. The province has one of the lowest public debt burdens among all Canadian governments, and one of the few with an AAA credit rating. This high credit standing is a beacon to attract new business investment to the province.

One of the key decisions in the Budget is to limit annual spending growth to 1.5% over the forecast period, half the rate of spending before the economic downturn. This is responsible restraint, with the economy projected at a slow average 2% growth rate over the next three years. The Budget has announced the small business corporate tax rate will stay at 2.5% and the general corporate rate will increase by 1 percentage point to 11%, still one of the most competitive tax rates in the country.

“While we would have liked to see more on this front -- such as relief from the PST on business production, reform of the municipal tax structure on business and a cap on the port property tax”, said Ian Russell, IIAC President and CEO, “the Budget preserves the business competitiveness of the province”. In an era of rising fiscal pressures among Canadian federal and provincial governments, and major governments around the world, this represents a major achievement and testifies to the responsible “bottom line” approach taken by the B.C. government in the past decade.

Its fiscal strength positions the province well for business expansion, new investment and jobs, as conditions for project and infrastructure investment improve; as the U.S. economy and housing starts continue recovery; and as emerging economies, notably China, build economic momentum. Further, this fiscal strength gives the province maneuverability that most other provinces don’t have to limit tax increases, fund job training and needed social programs despite weakened revenues.

The Investment Industry Association of Canada

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry's position on securities regulation, public policy and industry issues on behalf of our 175 investment dealer member firms in the Canadian securities industry. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets. For more information, please visit www.iiac.ca.

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