

Fiscal and Debt Summary
Budget and Fiscal Plan
2024/25 to 2026/27



THREE YEAR FISCAL PLAN

	2023/24		Budget Estimate 2024/25	Plan 2025/26	Plan 2026/27
	Budget 2023	Updated Forecast			
	(\$ millions)				
Revenue	77,690	77,320	81,523	82,838	86,408
Expense	(80,206)	(82,234)	(89,434)	(90,611)	(92,696)
Pandemic Recovery Contingencies	(1,000)	(1,000)	-	-	-
Deficit before forecast allowance	(3,516)	(5,914)	(7,911)	(7,773)	(6,288)
Forecast allowance	(700)	-	-	-	-
Deficit	(4,216)	(5,914)	(7,911)	(7,773)	(6,288)

Budget 2024 builds on investments made in recent budgets to help build a stronger, more secure B.C. for everyone. *Budget 2024* invests \$13 billion more in operating funding across the fiscal plan to support a growing population and invest in new priority measures. Projected deficits decline over the fiscal plan period from \$7.9 billion in 2024/25 to \$6.3 billion in 2026/27, and debt metrics are expected to increase but remain affordable. Government is making investments to tackle today's biggest challenges - including cost of living, housing, health and public services, and a clean economy.

B.C.'s economy posted modest growth last year, softening against a backdrop of higher interest rates, slowing domestic and global economic activity, as well as geopolitical and climate-related disruptions. While some sectors have been impacted more than others, the broader provincial economy remains well positioned to face uncertainties and weather ongoing economic challenges.

It is estimated that the B.C. economy expanded by 1.0 per cent in 2023. Looking ahead, economic growth is forecast to slow to 0.8 per cent in 2024 before rising to 2.3 per cent in 2025. Overall, the *Budget 2024* forecast for B.C. real GDP growth is within the range of the outlook provided by the Economic Forecast Council.

PROVINCIAL DEBT SUMMARY¹

	2023/24		Budget Estimate 2024/25	Plan 2025/26	Plan 2026/27
	Budget 2023	Updated Forecast			
	(\$ millions)				
Taxpayer-supported debt					
Provincial government					
Operating	2,440	4,571	10,275	16,685	21,905
Capital ²	44,089	40,678	46,439	53,356	59,826
Total provincial government	46,529	45,249	56,714	70,041	81,731
Taxpayer-supported entities					
BC Transportation Financing Authority	23,171	21,856	26,066	31,420	37,187
Health Authorities and Hospital Societies	2,381	2,380	2,332	2,281	2,226
Post Secondary institutions	952	895	981	969	978
Social housing	2,227	1,126	1,872	3,368	2,896
Other ³	357	357	674	1,103	1,481
Total taxpayer-supported entities	29,088	26,614	31,925	39,141	44,768
Total taxpayer-supported debt	75,617	71,863	88,639	109,182	126,499
Self-supported debt	31,607	31,920	34,628	36,078	38,474
Total debt before forecast allowance	107,224	103,783	123,267	145,260	164,973
Forecast allowance	700	-	-	-	-
Total provincial debt	107,924	103,783	123,267	145,260	164,973
Taxpayer-supported debt-to-GDP	18.9%	17.6%	21.0%	24.8%	27.5%
Taxpayer-supported interest bite					
(cents per dollar of revenue)	2.9	3.2	3.8	4.6	5.4

Actual debt levels have historically been lower than projected; the current projection of taxpayer-supported debt for 2023/24 is \$3.8 billion lower than in *Budget 2023*.

Total provincial debt is projected to increase by \$61.2 billion over the fiscal plan period to \$165.0 billion by 2026/27.

Taxpayer-supported debt is forecast to increase by \$54.6 billion to \$126.5 billion by 2026/27 to finance the operating and capital investment needs of the Province.

Increasing debt levels are expected to result in higher debt metrics, with taxpayer-supported debt-to-GDP rising to 27.5 per cent at the end of the fiscal plan period.

The self-supported debt of commercial Crown corporations is forecast to increase by \$6.6 billion over the fiscal plan period, ending at \$38.5 billion. This increase is mainly for capital investments related to improving and expanding British Columbia's hydroelectric generation assets.

Despite higher interest rates and debt levels, B.C.'s debt-servicing costs remain at low levels, historically and compared to other jurisdictions. A common metric of financing affordability is the "interest bite," representing the taxpayer-supported interest costs as a percentage of provincial government revenue, which is estimated at 3.2 per cent in 2023/24 and expected to be 5.4 per cent in 2026/27.

¹ Provincial debt is prepared in accordance with Generally Accepted Accounting Principles and presented consistent with the Debt Summary Report included in the Public Accounts. Debt is shown net of sinking funds and unamortized discounts, excludes accrued interest, and includes non-guaranteed debt directly incurred by commercial Crown corporations and debt guaranteed by the Province.

² Includes debt incurred by the government to fund the building of capital assets in the education, health, social housing and other sectors.

³ Forecast includes potential provincial First Nation equity loan guarantees that may be authorized by Treasury Board under the First Nations Equity Financing program.

PROVINCIAL BORROWING REQUIREMENTS

	2023/24		Budget Estimate 2024/25	Plan 2025/26	Plan 2026/27
	Budget 2023	Updated Forecast			
			(\$ millions)		
Operating Deficit ¹	4,216	5,914	7,911	7,773	6,288
Capital requirements	15,840	14,859	18,756	19,037	18,706
Refinancing requirements	3,632	4,397	3,670	6,295	6,257
Other financing sources ²	(4,642)	(4,977)	(5,931)	(3,293)	(2,623)
Gross increase in debt	19,046	20,193	24,406	29,812	28,628
Less:					
Direct borrowing by crowns and entities	(105)	(6)	(223)	(311)	(238)
Gross borrowing requirements	18,941	20,187	24,183	29,501	28,390
Less:					
Year-to-date - gross long-term borrowing		(14,648)			
Direct borrowing by crowns and entities		6			
Internal financing sources		(3,545)			
Remaining borrowing requirement		2,000			

The updated gross borrowing requirement for 2023/24 is \$20.2 billion, with ~\$2 billion remaining to fiscal year end.

The Province may pre-fund requirements for fiscal 2024/25.

The Province will continue to look to both domestic and international markets to address funding requirements, and continue to expand its investor base.

¹ Includes the forecast allowance where applicable.

² Includes other financing sources for the province, the health and education sectors, Crown corporations and adjustments for non-cash budgetary items.

2023/24 YEAR-TO-DATE MARKET ACTIVITY SUMMARY¹

	(\$ millions)
Canadian Public	6,256
Canadian Private	-
Canada Pension Plan	13
International	8,379
Year-to-date - gross long-term borrowing	14,648

¹ Includes long-term debt issued up to February 22, 2024.

RECONCILIATION OF GROSS BORROWING TO THE CHANGE IN DEBT

	2023/24		Budget Estimate 2024/25	Plan 2025/26	Plan 2026/27
	Budget 2023	Updated Forecast			
			(\$ millions)		
Opening balance as at March 31	93,489	89,426	103,783	123,267	145,260
Gross increase in debt	19,046	20,193	24,406	29,812	28,628
Less: debt maturities and changes in sinking fund balances	(4,611)	(5,836)	(4,922)	(7,819)	(8,915)
Ending balance as at March 31	107,924	103,783	123,267	145,260	164,973



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February 22, 2024

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Credit Ratings of the Province

Moody's	Aaa
Standard and Poor's	AA
Fitch	AA+
DBRS	AA(high)

All Credit Ratings have stable outlooks, except Standard and Poor's negative outlook