

PROVINCE OF BRITISH COLUMBIA

Fall 2024 Economic & Fiscal Update



Ministry of
Finance

December 2024

Quick Facts on British Columbia

- Population of 5.698 million (July 1, 2024)
- 944,735 square km on west coast Canada; third-largest province; size of France and UK combined
- Largest city is Vancouver
- Borders the Pacific Rim
- Strategic ports for North America trade
- Parliamentary system of government
- 2023 nominal gross domestic product: C\$410 billion
(14% of Canadian economy)



Jurisdictional Authority in Canada

Federal	Provincial	Federal/Provincial
Foreign Policy	Health	Agriculture
National Defence	Education	Employment
Criminal Law	Social Welfare	Housing
Citizenship	Property and Civil Rights	Environment
Immigration	Natural Resources	Economic Development
Trade	Local Affairs	Income Security
Indirect Taxation		Justice
		Transportation
		Communication
		Direct Taxation
		Aboriginal Issues

Fall 2024 Update Summary

- The economy is generally performing as expected; however, there has been some areas of weakness since the *First Quarterly Report*
- The updated fiscal forecast for 2024/25 projects a deficit of \$9.4 billion, \$439 million higher than Q1, mainly due to revenue declines partially offset by lower spending for wildfires and improved ICBC net income projections
- Risks include changes to immigration policy and uncertainty surrounding global economic activity and international trade policies
- B.C. continues to have some of the lowest debt metrics in the country and the fiscal plan maintains \$3.9 billion in the Contingencies Vote for 2024/25

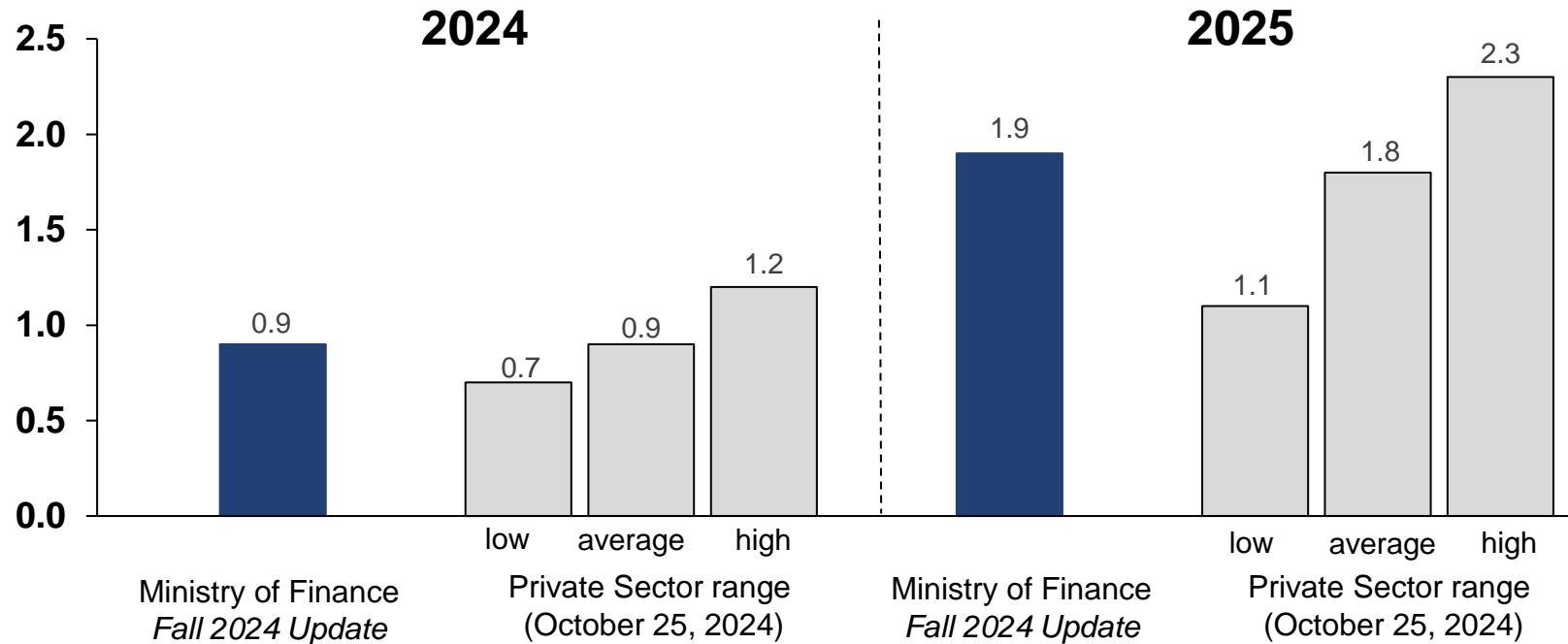
B.C.'s Current Economic Situation

Data as of December 16, 2024

Indicator	Performance in 2024
Labour Market	Employment is up by 2.0% year-to-date to November 2024; however, the labour market has slowed; unemployment rate was second lowest in the country in November 2024
Population	Population growth was strong at 3.0% in July 2024 compared to a year ago, driven by international migration; the Federal Government's lower immigration targets announced on Oct 24 th will result in slower population growth and poses a risk to the economic and fiscal outlook
Consumer Spending	Retail sales are down 0.4% year-to-date to September 2024, due to impacts of high prices and interest rates
Inflation & Interest Rates	Inflation was 2.3% in November 2024; interest rates have come down and further rate cuts are expected
Housing Market	Housing starts are down 8.2% year-to-date to November 2024, but still above the 10-year historical average; home sales activity remains subdued in 2024
Exports	The value of merchandise exports is down 2.3% year-to-date to October 2024, due to lower prices for key commodities

Real GDP Outlook

B.C. real GDP (annual per cent change)



Sources: B.C. Ministry of Finance; Private Sector range (low/average/high of Economic Forecast Council subset consisting of BMO, CIBC, National Bank, RBC, Scotiabank and TD).

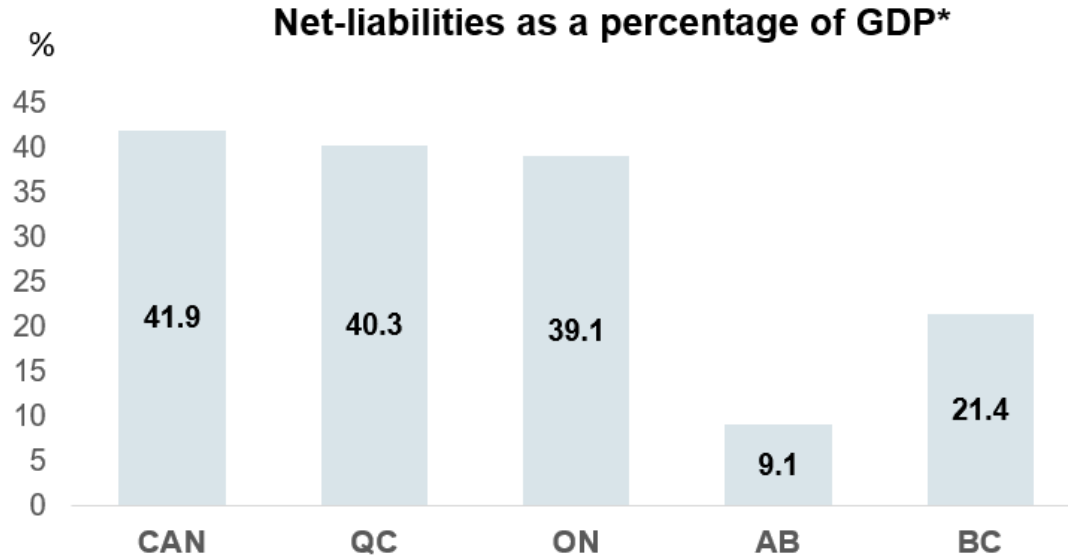
Updated 2024/25 Fiscal Forecast

(\$ millions)	Budget 2024	First Quarterly Report	Fall 2024 Update
Revenue	81,523	81,770	81,448
Expense	<u>(89,434)</u>	<u>(90,749)</u>	<u>(90,856)</u>
Deficit	<u>(7,911)</u>	<u>(8,979)</u>	<u>(9,408)</u>
Capital Spending:			
Taxpayer-supported capital spending	14,104	13,609	13,223
Self-supported capital spending	<u>4,652</u>	<u>4,418</u>	<u>4,414</u>
	<u>18,756</u>	<u>18,027</u>	<u>17,637</u>
Provincial Debt:			
Taxpayer-supported debt	88,639	93,346	94,648
Self-supported debt	<u>34,628</u>	<u>35,264</u>	<u>35,333</u>
Total debt	<u>123,267</u>	<u>128,610</u>	<u>129,981</u>
Taxpayer-supported debt metrics:			
Debt-to-GDP ratio	21.0%	22.0%	22.3%
Interest bite (cents per dollar of revenue)	3.8	4.2	4.3

Capital Investments

- Capital projects continue to be delivered throughout B.C.
- Taxpayer-supported capital spending is forecasted at \$13.2 billion in 2024/25
 - \$386 million lower than the *First Quarterly Report*, primarily due to changes in the timing of capital spending in post-secondary and transportation

Net-Liabilities to GDP

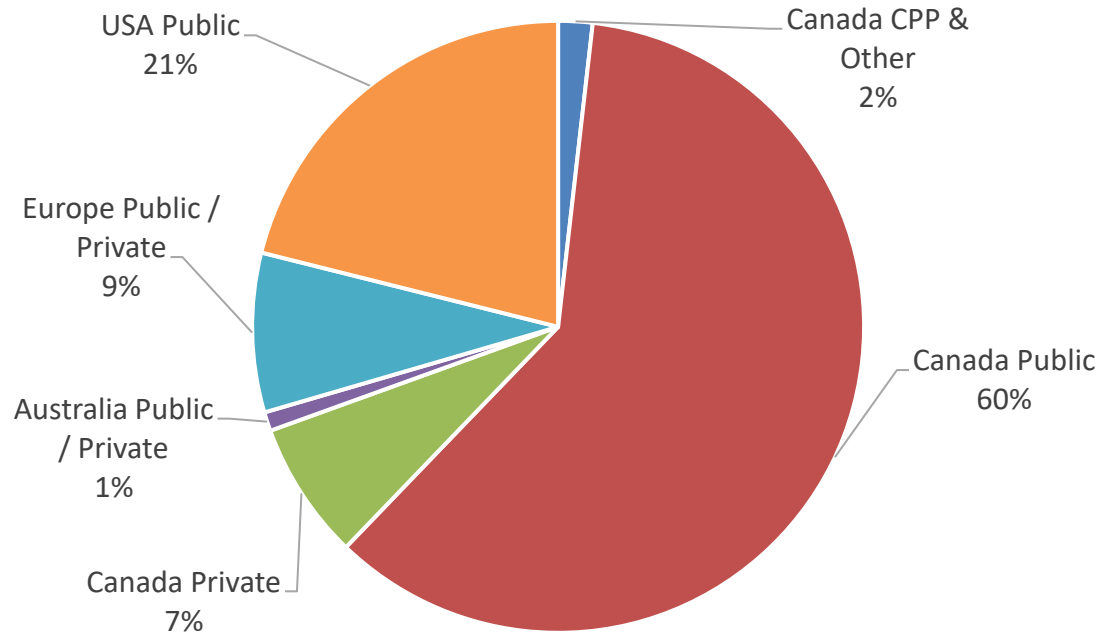


* Figures were sourced from each jurisdiction's Budget or Quarterly update published from February 2024 through November 2024.

- B.C maintains some of the lowest debt metrics relative to other provinces, including low net-liabilities to GDP
- The annual interest bite is forecast to be 4.3 cents per dollar of revenue for 2024/25, which is one of the lowest among Canadian provinces

Gross Debt Outstanding by Source at December 13, 2024

Gross Debt Outstanding: \$120 Billion



Debt Management



**2024/2025 Borrowing Requirement:
\$26 billion (Fall 2024 Update)
- remaining: \$7.0 billion**

**2025/2026 and 2026/2027 Borrowing
Programs: \$29.9 billion and \$29.6 billion
(First Quarterly Report)**

Manageable borrowing program

**Will rely on province's significant access
to domestic and international capital
markets**

B.C.'s ESG Profile

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Clean BC – 40% reduction of 2007 GHG emissions by 2030	Reconciliation with Indigenous Peoples	<i>Declaration on the Rights of Indigenous Peoples Act</i>
Carbon Tax – first in North America	Budget 2024 makes \$43.3 billion commitment to capital investments in health, transportation housing and education sectors (over 3 years)	Gender Equality / Pay Transparency Reporting
Climate Change Accountability Act and Report	Pandemic Action Plan	Rule of Law
2024 BC Hydro call for Clean Power/Wind Power	Social Infrastructure Investment	Budget Transparency & Accountability Act
Carbon Neutral government operations – including schools, hospitals, universities and core government	Affordable Housing	<i>Balanced Budget & Ministerial Accountability Act</i>
LNG – Cleanest Facilities in the world	Robust & Diversified Economy	<i>Freedom of Information and Privacy Act</i>
\$1 billion to protect BC from the effects of climate change (Budget 2024)	Poverty Reduction	Ethics Advisor
	Child Care	<i>Public Interest Disclosure Act</i>
	Employer of Choice	Information Security
	Earthquake/Fire Prevention, Preparedness & Response	

BC GOVERNMENT'S APPROACH TO ESG

2023 Climate Change Accountability Report



cleanBC
our nature. our power. our future.



BRITISH COLUMBIA | Ministry of Finance



B.C. Environmental, Social
and Governance (ESG)
Summary Report

Powering a sustainable B.C.

ENVIRONMENTAL, SOCIAL,
AND GOVERNANCE REPORT
FISCAL YEAR 2023

BC Hydro
Power smart



**ESG CENTRE
of Excellence**

B.C.'s Strong Credit Rating

Agency	Rating	Outlook
Moody's Investor Service	Aaa	Negative
Fitch	AA+	Stable
Morningstar DBRS	AA (high)	Stable
Standard and Poor's	AA-	Negative

Conclusion

- *Fall 2024 Update* shows modest economic growth in 2024 and 2025, even as B.C. continues to be impacted by global economic challenges today
- Inflation is easing, interest rates were lowered further this month and are forecast to ease further
- Debt metrics remain amongst the lowest in Canada, and B.C. is the only province with a triple-A rating from a credit rating agency
- The fiscal plan maintains \$3.9 billion in the Contingencies Vote for 2024/25