

PROVINCE OF BRITISH COLUMBIA BUDGET 2025



Ministry of
Finance

March 2025

Budget 2025: Standing Strong for BC

- Budget 2025 helps B.C. stand strong together in the face of uncertainty by:
 - Strengthening health and protecting the services people rely on
 - Growing the economy by protecting and creating good jobs and investing in critical infrastructure
 - Reducing costs for families
 - Making our neighbourhoods and communities safer

2024/25 Updated Forecast

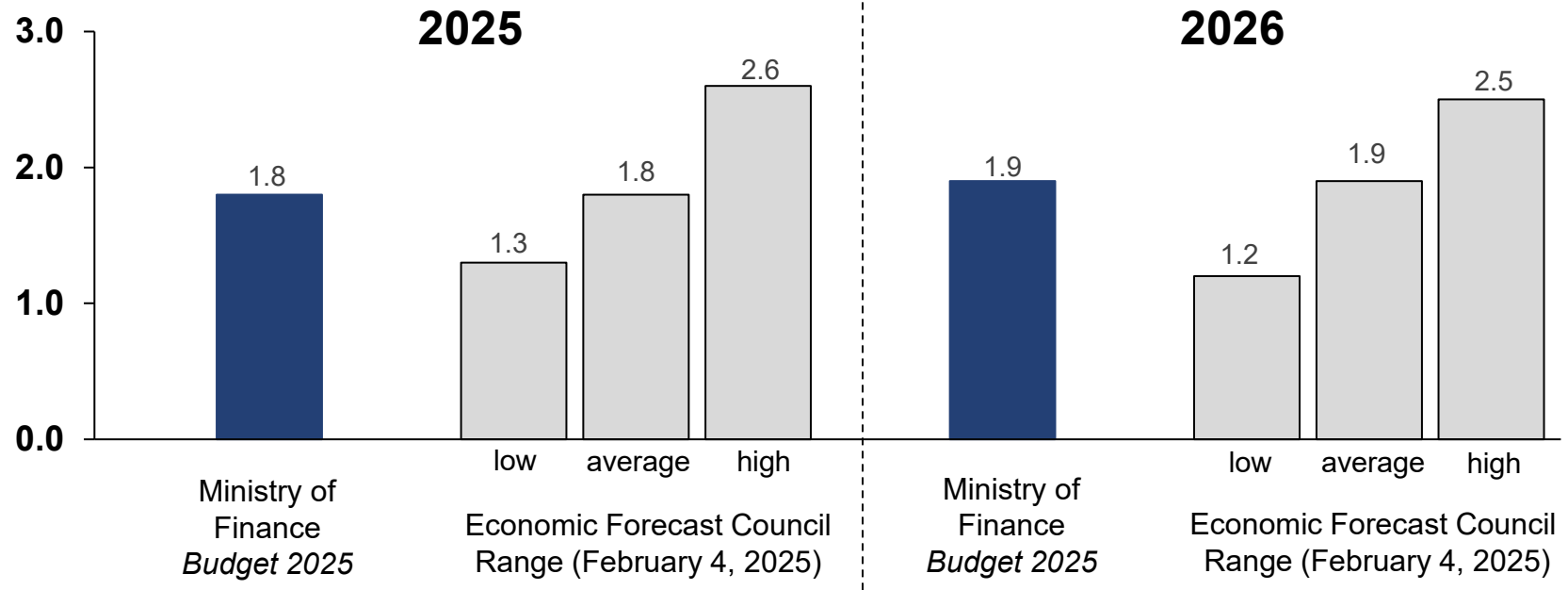
- The updated 2024/25 forecast projects a deficit of \$9.1 billion, which is a \$273 million improvement from the Fall 2024 Update
- Key changes since the Fall 2024 Update include:
 - Increase in corporate income tax revenue due to prior year adjustments
 - Declines in other tax and natural resource revenues
 - Higher projected net income for ICBC
 - Higher projected statutory spending

Summary of Current Economic Situation

Indicator	Performance
Labour Market	Jobs increased by 66,100 in 2024 compared to 2023; the unemployment rate averaged 5.6% in 2024 overall and has edged up in recent months to reach 6.0% in January 2025, remaining below the national average
Population	Population growth was strong at an increase of 2.2% in October 2024 compared to October 2023, driven by international migration; the Federal Government's lower immigration targets announced in October 2024 will result in slower population growth
Consumer Spending	Retail sales were up just 0.2% in 2024, a continuation of the previous year's weakness, due to impacts of high prices and interest rates
Inflation & Interest Rates	Inflation was 2.2% in January 2025; interest rates have come down and further rate cuts are expected
Housing Market	Housing starts remain strong and above the 10-year historical average, despite a 9.2% decrease in 2024 from record highs the year before; home sales activity was subdued in 2024
Exports	The value of merchandise exports was down 3.0% in 2024, due to lower prices for key commodities, and U.S. tariffs pose a risk to the economic and fiscal outlook

B.C. Economic Outlook

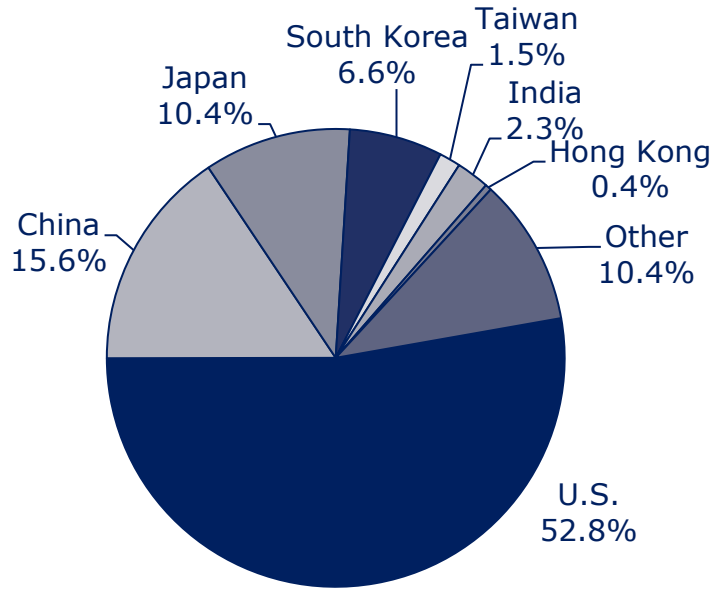
B.C. real GDP (annual per cent change)



Sources: B.C. Ministry of Finance; Economic Forecast Council range as of February 4, 2025 (low/average/high).

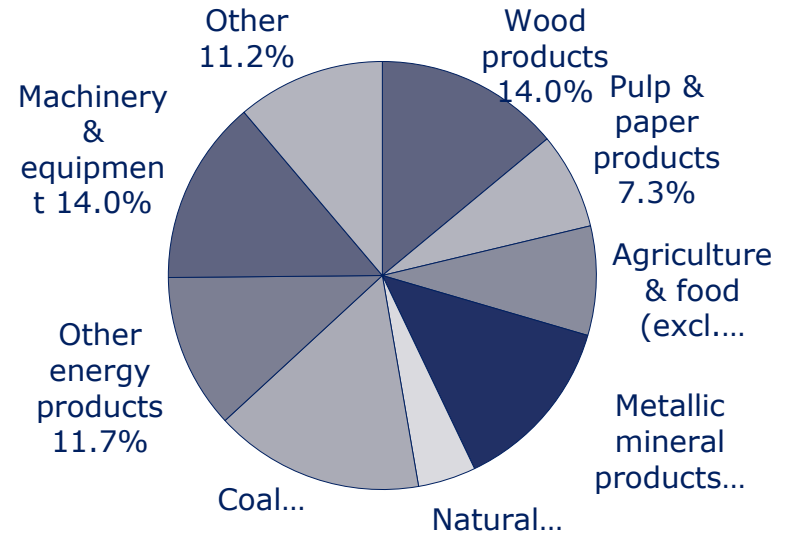
Trade Diversity

B.C.'s annual share of international goods exports by country, 2024



Source: BC Stats (accessed February 2024)
(may not add to 100 per cent due to rounding)

B.C.'s annual share of international goods exports by commodity, 2024



Source: BC Stats (accessed February 2024)
(may not add to 100 per cent due to rounding)

Tariff Scenario Assumptions

Budget 2025 Scenario
Base case: Budget 2025
10% U.S. tariffs on energy products, 25% on all other goods
Partial retaliation by Canada
Interest rates cut and federal government supports
Starts in March 2025 and remains until 2029

Potential Impacts of U.S. Tariffs

Indicator	Budget 2025 Scenario
Real GDP (cumulative loss)	\$43 billion by 2029
Employment (job loss)	45,000 fewer jobs by 2029
Unemployment Rates (increase)	6.4% in 2025 & 6.7% in 2026
Corporate Profits (annual decline)	\$3.2 to \$5.0 billion
Revenue (annual loss)	Up to \$1.4 billion*

*If combined with economic impacts in the Budget 2025 base case, revenue loss could be between \$1.7 billion to \$3.4 billion annually

Province's Three-Point Tariff Strategy

Strengthen

B.C.'s economy, including expediting projects and supporting industry and workers

Diversify

trade markets for B.C. products so the provincial economy is less reliant on U.S. markets and customers

Respond

to U.S. tariffs with tough counter-actions and outreach to American decision-makers

Budget 2025 Fiscal Plan

(\$ millions)	Updated Forecast 2024/25	Budget Estimate 2025/26	Plan 2026/27	Plan 2027/28
Revenue	82,868	84,003	85,715	88,165
Expense	(92,003)	(94,915)	(95,918)	(98,028)
Deficit	(9,135)	(10,912)	(10,203)	(9,863)
Capital Spending:				
Taxpayer-supported capital spending	11,348	15,374	15,754	14,735
Self-supported capital spending	4,622	4,828	4,628	4,592
Total capital spending	15,970	20,202	20,382	19,327
Provincial Debt:				
Taxpayer-supported debt	97,711	118,719	143,412	166,479
Self-supported debt	35,305	37,913	40,300	42,351
Total debt	133,016	156,632	183,712	208,830
Taxpayer-supported Debt Metrics:				
Debt-to-GDP ratio	22.9%	26.7%	30.9%	34.4%
Interest bite (cents per dollar of revenue)	4.3	4.9	5.8	6.9

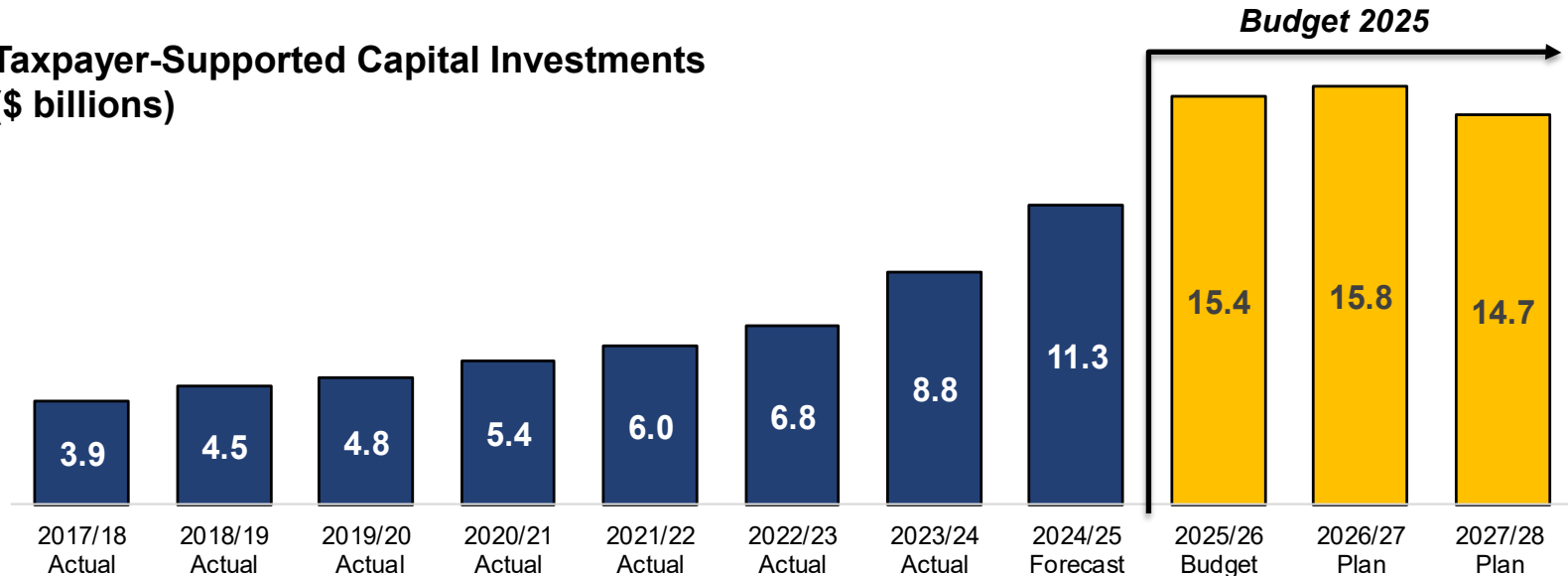
Building a Stronger British Columbia

- Strengthening Health & Protecting Services
- Building a Stronger Economy
- Tax Measure for Supporting Jobs and Growth
- Reducing Costs for Families
- Safer Neighborhoods and Communities

Delivering Critical Infrastructure

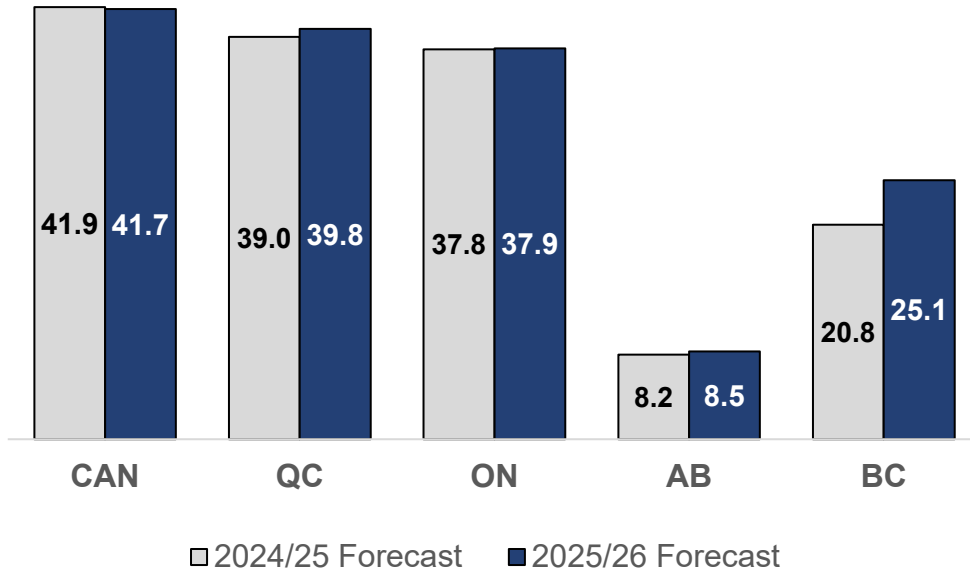
- \$45.9 billion of taxpayer-supported capital over the fiscal plan to deliver critical infrastructure and support 180,000 good-paying jobs

**Taxpayer-Supported Capital Investments
(\$ billions)**



Fiscal Sustainability

Net-liabilities as a Percentage of GDP



- Expenditure management and program reviews introduced to reduce spending and ensure programs are efficient, effective and sustainable
- Successive budgets will focus on flattening debt-to-GDP over time, ensuring B.C. retains one of the lowest debt-to-GDP ratios compared to our peers

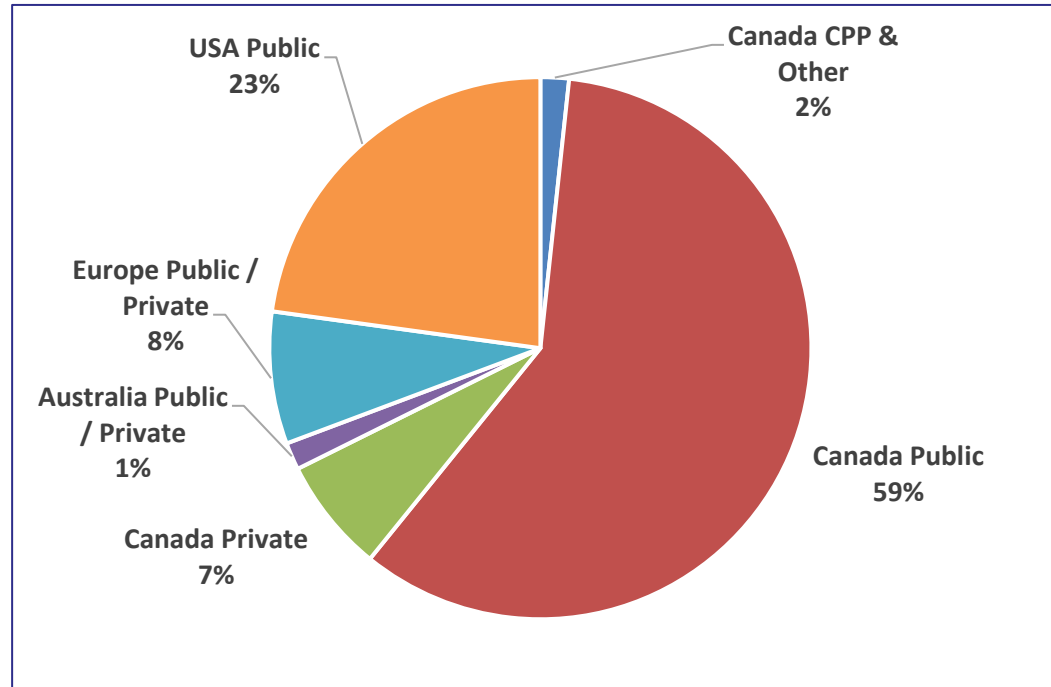
Net-liabilities to GDP is used for inter-provincial comparison due the availability of public information. Figures were sourced from each jurisdiction's latest fiscal or economic update published from October 2024 through December 2024. B.C. figures are based on the Budget 2025 forecast.

Key Risks to the Fiscal Plan

- Heightened uncertainty surrounding restrictive global trade policies, immigration levels and population growth
- Weaker global economic activity and ongoing geopolitical conflicts that affects potential volatility in the economic and fiscal outlooks
- Increased costs and demands for government services, such as health care, social programs and disaster recovery
- Mitigated through prudence in the fiscal plan, including Contingencies of \$4 billion in each year of the fiscal plan

Gross Debt Outstanding by Source at February 28, 2025

\$129B Gross Debt Outstanding



Debt Management



- 2024/2025 Borrowing Requirement complete: \$29.2 billion

- Forecast Borrowing Requirements:

<u>2025/2026</u>	<u>2026/2027</u>	<u>2027/2028</u>
\$31.1 B	\$33.1 B	\$34.7 B

- Manageable borrowing program

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

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

B.C.'s ESG Profile

ENVIRONMENTAL

Clean BC – 40% reduction of 2007 GHG emissions by 2030

Carbon Tax – first in North America

Climate Change Accountability Act and Report

2024 BC Hydro call for Clean Power/Wind Power

Carbon Neutral government operations – including schools, hospitals, universities and core government

Great Bear Rainforest Funding

Increased wildfire and emergency management capacity support communities

SOCIAL

Reconciliation with Indigenous Peoples

Budget 2025 includes \$45.9 billion commitment to capital investments like hospitals, schools, housing and transportation (over 3-years)

Pandemic Action Plan

Affordable Housing Plan

Robust & Diversified Economy

Poverty Reduction

Child Care

BC Public Service - Employer of Choice

Earthquake/Fire Prevention, Preparedness & Response

GOVERNANCE

Declaration on the Rights of Indigenous Peoples Act

Gender Equality / Pay Transparency Reporting

ESG Centre of Excellence

Budget Transparency & Accountability Act

Balanced Budget & Ministerial Accountability Act

Freedom of Information and Privacy Act

Ethics Advisor for each Ministry

Public Interest Disclosure Act

Information Security

BC Government's Approach to ESG

2023 Climate Change Accountability Report



cleanBC
our nature. our power. our future.



Ministry of
Finance



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

FISCAL YEAR 2024

Environmental, social, and governance progress report

BC Hydro
Power smart



ESG CENTRE
of Excellence

B.C.'s ESG Scores

Agency	Score	Scale
Moody's Investor's Service*	Credit Impact Score: CIS-2 (neutral-to-low impact)	1 – 5 (Positive to very highly negative)
Fitch*	Credit-Relevant ESG Score: 3 (minimally relevant)	1 – 5 (Irrelevant to highly relevant to the credit rating)
Morningstar DBRS*	No ESG factors cited as credit relevant	n/a
MSCI	ESG Rating: AA	CCC to AAA (worst to best)

*relevance of Province of BC's ESG risk exposure to the credit rating 19

Budget 2025 Summary

- At a time of global instability, Budget 2025 helps B.C. stand strong, together
- Defends key services, builds a stronger economy, reduces costs for families and supports safer communities
- Invests in critical infrastructure to provide good paying jobs and help grow the economy now and for the future
- Works together with people, First Nations, businesses and communities to secure a brighter future for B.C.
- Focus on a sustainable fiscal plan to keep debt affordable compared to our peers

APPENDIX



BRITISH
COLUMBIA

StrongerBC

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Strengthening Health & Protecting Services

- \$7.7 billion over the fiscal plan to defend the services that matter most
- \$4.2 billion for health, mental health and addictions care capacity
 - \$370 million for the K-12 education sector
 - \$993 million for children and family services
 - \$2.0 billion to support increased demand for income and disability assistance and for supports for adults with developmental disabilities
 - \$45 million to support First Nations' languages and culture

Figures represent three-year fiscal plan budget amounts

Building a Stronger Economy for Everyone

- \$30 million for the Integrated Marketplace Initiative to support good jobs and new and emerging BC-based technologies
- \$95 million for critical highway and bridge maintenance to ensure the safe and efficient movement of people and commercial goods
- \$47 million to support community transportation networks to ensure reliable bus and handyDART services through BC Transit

Figures represent three-year fiscal plan budget amounts

Tax Measures to Support Jobs and Growth

- Enhancing Film Tax Credits including extra incentives to attract Canadian productions that support good jobs in the film and TV sector
- Increasing the Interactive Digital Media Tax Credit—and making it permanent
- Increasing the Small Business Venture Capital Tax Credit
- Extending the Training Tax Credit for Apprentices
- Extending the New Mine Allowance to further strengthen B.C.'s critical minerals advantage

Reducing Costs for Families

- \$410 million in 2024/25 for a new ICBC Rebate of \$110 for eligible drivers with payments anticipated in April 2025
- \$318 million for BC Builds to build more middle-income rental homes, faster
- \$375 million to increase BC Housing rental supplements and expand eligibility criteria to help more families and seniors
- Increasing Speculation and Vacancy Tax rates to ensure residential properties support more homes for people rather than investors

Safer Neighbourhoods and Communities

- \$90 million to resolve encampments by providing wraparound supports and housing options for those living outdoors in unsafe conditions
- \$67 million for community safety initiatives to address repeat offenders, shoplifting, theft and mischief and to expand police academy training seats through the Justice Institute of BC
- \$168 million for public safety and justice programs including policing, the courts, mental health rights advice, BC Coroners Service, corrections, fire inspections and victim supports

Figures represent three-year fiscal plan budget amounts