
Provincial Debt Summary (Unaudited)

The following unaudited Provincial Debt Summary information is intended to provide additional information to financial statement readers.

The accounting policies applied to this unaudited information are different, in some cases, from the *Budget Transparency and Accountability Act* (BTAA); which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA, and that are followed for the audited Summary Financial Statements. The Provincial Debt Summary figures include guaranteed debt in the calculation of total debt; calculate debt, interest costs and revenue as if the modified equity enterprises were consolidated on a line-by-line basis; and do not include adjustments made to convert debt denominated in foreign currency to the exchange rate as at the fiscal year-end.



This page intentionally left blank

Overview of Provincial Debt (Unaudited)

The provincial government, its Crown corporations, agencies and government organizations incur debt to fund operations and finance capital projects.

Provincial debt is reported using two basic classifications: (1) taxpayer-supported debt; and (2) self-supported debt.

Taxpayer-supported Debt—includes government direct debt, which is incurred for government operating and capital purposes, the debt of Crown corporations and agencies, school districts, universities, colleges, institutes and health organizations that require operating or debt service subsidies from the provincial government and are fully consolidated in the Summary Financial Statements. The BC Transportation Financing Authority is an example of a taxpayer-supported Crown corporation.

Self-supported Debt—includes the debt of commercial Crown corporations and agencies as well as the Warehouse Program. Commercial Crown corporations and agencies generate sufficient revenues to cover interest costs and repay principal and may pay dividends to the province. The British Columbia Hydro and Power Authority is an example of a commercial Crown corporation. The Warehouse Program takes advantage of borrowing opportunities in advance of requirements. Eventually, this debt is allocated to the province or Crown corporations and agencies. In the interim, the funds are invested at market rates.

The *Finance Statutes (Deficit Authorization and Debt Elimination) Amendment Act, 2009* requires that effective April 1, 2013, any increase in cash and cash equivalents in the Consolidated Revenue Fund must be applied to reduce or eliminate any provincial government direct operating debt. Supplementary estimates may not be presented to the Legislative Assembly if the most recent quarterly report includes a forecast that there will be provincial government direct operating debt at the end of the fiscal year to which the quarterly report applies. Under the *Economic Stabilization (COVID-19) Act, 2020*, this section of the Act does not apply for fiscal years 2020/21–2023/24.

The following provincial debt summary provides additional detailed information and related key indicators and benchmarks to allow a more informed assessment of the debt totals. A reconciliation is also provided to explain the differences between the Summary of Provincial Debt and the Summary Financial Statements.

The total provincial net debt as at March 31, 2024 was \$107,462 million, which consists of \$106,971 million in the Summary Financial Statements and excludes the unrealized foreign exchange loss of \$494 million of hedged foreign denominated debt translated to the March 31, 2024 exchange rates, in addition to \$1,461 million of debt included as part of equity in self-supported Crown corporations and agencies and \$15 million of guaranteed debt less \$491 million of sinking fund investments.

Provincial Debt as at March 31, 2024 (Unaudited)

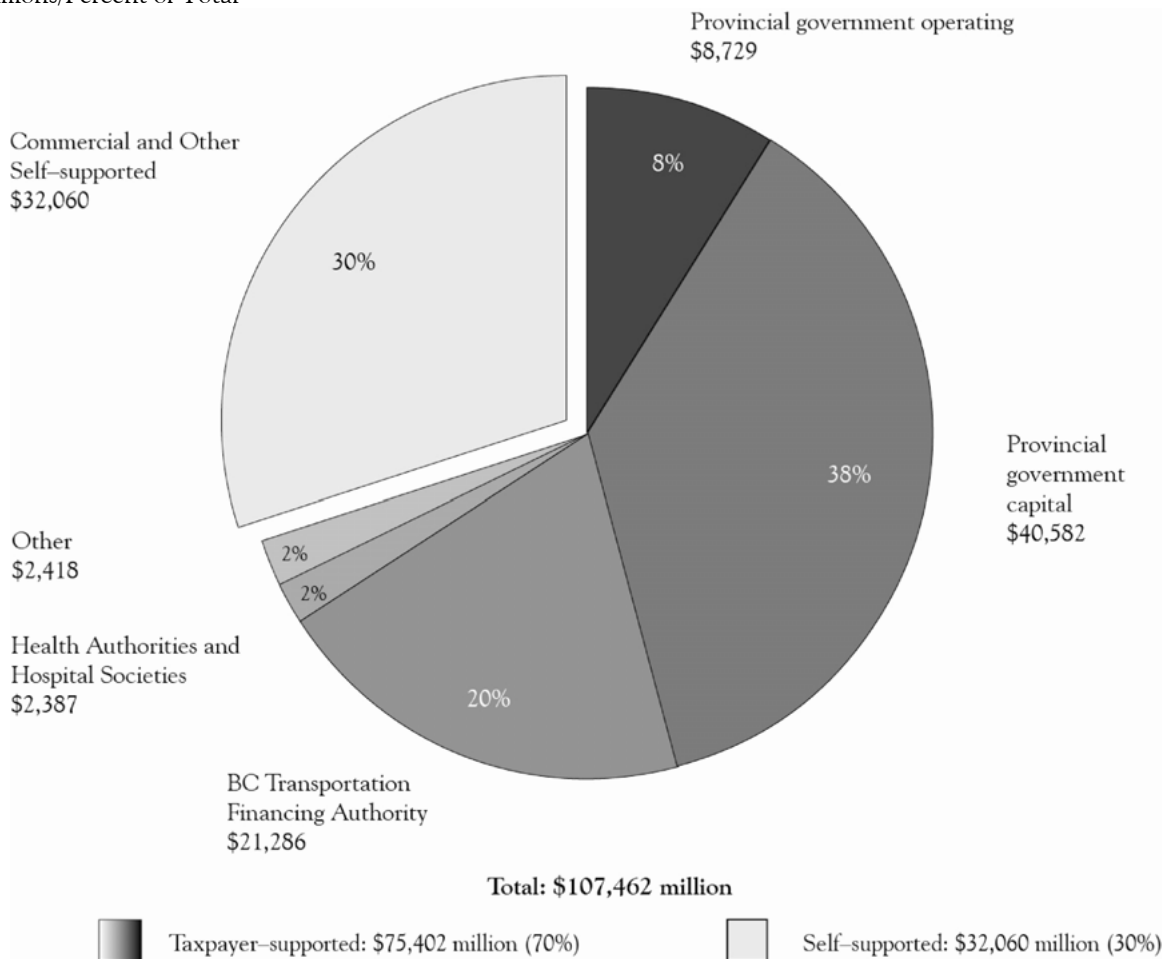
The accumulated provincial net debt of \$107,462 million has been incurred for various purposes as shown in Chart 1 below. Over the years, the proceeds from borrowings have contributed to economic development in the province and have provided resources to deliver health, education and social programs, and transportation infrastructure.

At March 31, 2024, taxpayer-supported net debt totalled \$75,402 million including government capital (\$40,582 million), BC Transportation Financing Authority (\$21,286 million), government operating (\$8,729 million), health authorities and hospital societies (\$2,387 million), social housing (\$1,182 million), post-secondary institutions (\$897 million) and other debt (\$339 million). Other debt is comprised mainly of debt related to BC Pavilion Corporation, British Columbia Transit, InBC Investment Corp., and school districts.

At March 31, 2024, self-supported debt totalled \$32,060 million including debt of commercial Crown corporations and agencies: British Columbia Hydro and Power Authority (\$29,351 million), Columbia Basin power projects (\$1,265 million), commercial subsidiaries of certain post-secondary institutions (\$682 million), Columbia Power Corporation (\$266 million), British Columbia Liquor Distribution Branch (\$233 million), British Columbia Lottery Corporation (\$169 million), and debt of other government business enterprises (\$94 million). Debt of other government business enterprises is debt related to Columbia Basin Trust's share of real estate investment joint ventures, and the Insurance Corporation of British Columbia.

Chart 1 – Provincial debt as at March 31, 2024

In Millions/Percent of Total



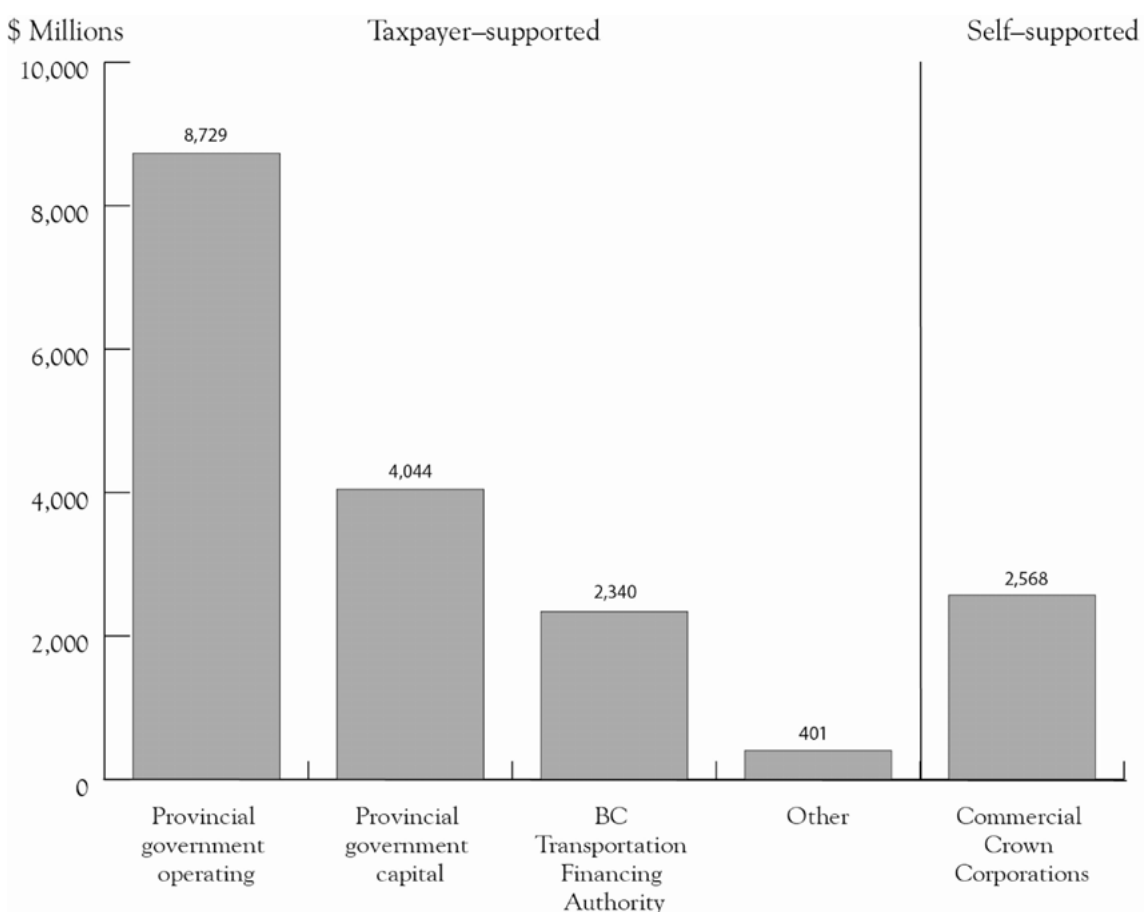
Change in Provincial Debt¹ (Unaudited)

Provincial debt increased by \$18,082 million in 2023/24 when compared to the prior year. This includes an increase in taxpayer-supported debt of \$15,514 million and an increase in self-supported debt of \$2,568 million. There was no Warehouse Program debt at fiscal year-end. Chart 2 below shows the change in provincial debt for the year ended March 31, 2024.

Taxpayer-supported Debt—Increased by \$15,514 million due to \$8,729 million for government operating requirements, \$4,044 million to fund government capital requirements, \$2,340 million for BC Transportation Financing Authority, \$404 million for health authorities and hospital societies, and a \$56 million increase in other taxpayer-supported entities, offset by \$59 million decrease for social housing.

Self-supported Debt—Increased by \$2,568 million due to new capital financing requirements of \$2,644 million for British Columbia Hydro and Power Authority, offset by a \$33 million decrease for Columbia Basin Trust joint ventures, \$32 million decrease for British Columbia Lottery Corporation and a net decrease of \$11 million in other commercial Crown corporations and agencies.

Chart 2 – Change in provincial debt for the year ended March 31, 2024



¹Includes gross new borrowings plus changes in sinking fund balances less debt maturities.

**Reconciliation of Summary Financial Statements' Deficit (Surplus)
to Change in Taxpayer-supported Debt and Total Debt
for the Fiscal Year Ended March 31, 2024
(Unaudited)**

	In Millions	
	2024	2023
	\$	\$
Deficit (surplus) for the year.....	5,035	(956)
Taxpayer-supported debt decreased by:		
Non-cash expenses included in deficit (surplus).....	(3,244)	(3,287)
Foreign exchange adjustments.....	(22)	(416)
	<u>(3,266)</u>	<u>(3,703)</u>
Taxpayer-supported debt increased by:		
Tangible capital asset net acquisitions.....	8,693	6,572
Accounts receivable, accounts payable and other working capital net changes.....	2,505	(5,838)
Self-supported Crown corporation and agency earnings in excess of contributions to the Consolidated Revenue Fund.....	1,644	629
Net increases in loans, advances and investments.....	903	843
	<u>13,745</u>	<u>2,206</u>
Net increase (decrease) in taxpayer-supported debt.....	15,514	(2,453)
Taxpayer-supported debt—beginning of year.....	59,888	62,341
Taxpayer-supported debt—end of year.....	75,402	59,888
Self-supported debt.....	32,060	29,492
Total debt¹.....	<u>107,462</u>	<u>89,380</u>

**Reconciliation of Total Debt to Summary Financial Statements' Debt
as at March 31, 2024
(Unaudited)**

	In Millions	
	2024	2023
	\$	\$
Total debt.....	107,462	89,380
Debt included as part of equity in self-supported Crown corporations and agencies.....	(1,461)	(1,508)
Contingent liabilities for debt of individuals and organizations that have been guaranteed by the province.....	(15)	(15)
Sinking fund investments.....	491	521
Foreign exchange adjustments.....	494	472
Summary Financial Statements' debt.....	<u>106,971</u>	<u>88,850</u>
Comprised of:		
Taxpayer-supported debt.....	76,002	60,518
Self-supported debt.....	30,969	28,332
Summary Financial Statements' debt.....	<u>106,971</u>	<u>88,850</u>

¹See Summary of Provincial Debt, page 147.

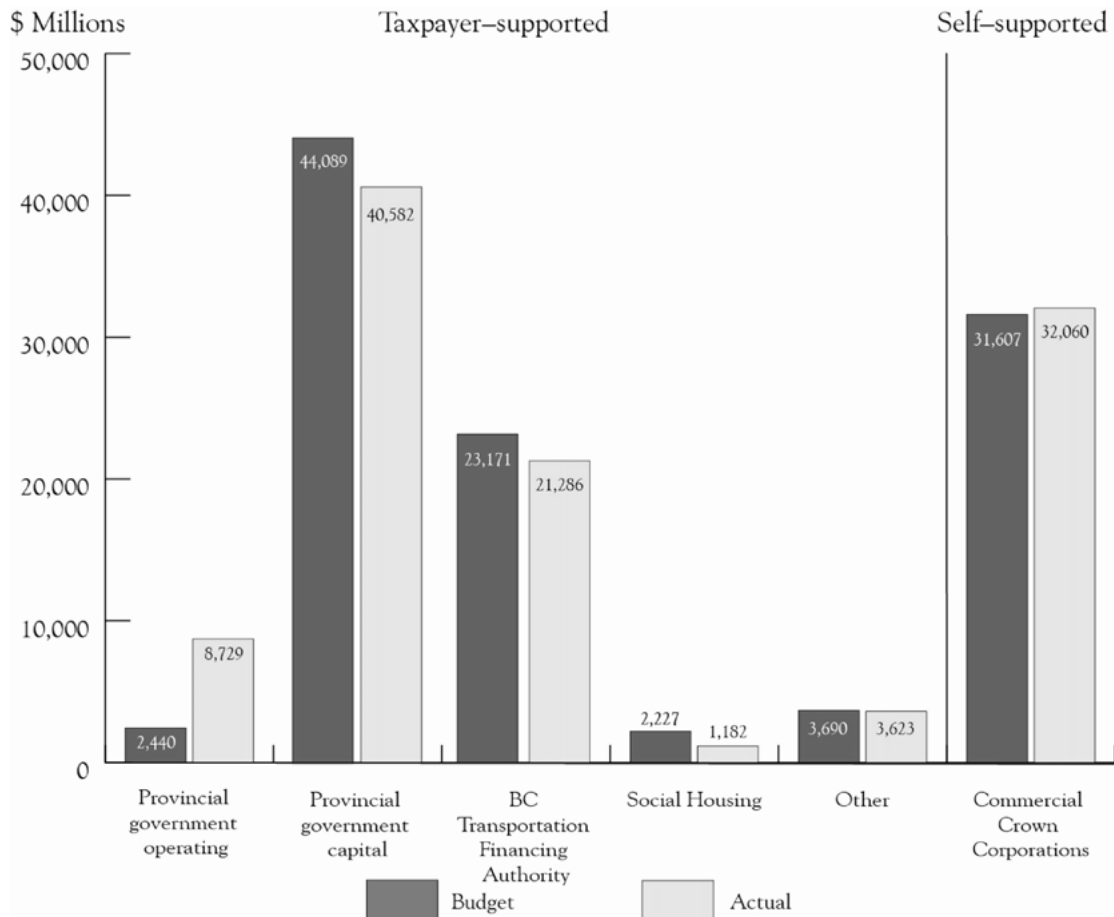
Change in Provincial Debt, Comparison to Budget (Unaudited)

Provincial debt increased by \$18,082 million compared to a budgeted increase of \$18,544 million resulting in a \$462 million decrease from budget net of the \$700 million forecast allowance. Chart 3 below shows the difference between the actual change in provincial debt and the budgeted change by major category.

Taxpayer-supported debt increased by \$15,514 million compared to a budgeted increase of \$15,729 million. The \$215 million decrease from budget reflects the lower than forecasted borrowing for government capital (\$3,507 million), BC Transportation Financing Authority (\$1,885 million), social housing (\$1,045 million), and other taxpayer-supported entities (\$67 million) such as post-secondary institutions, school districts, and British Columbia Transit. These decreases were offset by higher than forecasted borrowing for government operating requirements (\$6,289 million).

Self-supported debt increased by \$2,568 million compared to a budgeted increase of \$2,115 million. The \$453 million increase from budget is due to higher than forecasted borrowing for British Columbia Hydro and Power Authority (\$405 million), British Columbia Lottery Corporation (\$65 million), commercial subsidiaries of certain post-secondary institutions (\$26 million) and Columbia Power Corporation (\$11 million). These increases were partially offset by lower than forecasted borrowing for other self-supporting entities, primarily the Insurance Corporation of British Columbia (\$32 million), British Columbia Liquor Distribution Branch (\$21 million), and Columbia Power Corporation (\$1 million).

Chart 3 – Change in provincial debt¹, comparison to budget for the year ended March 31, 2024



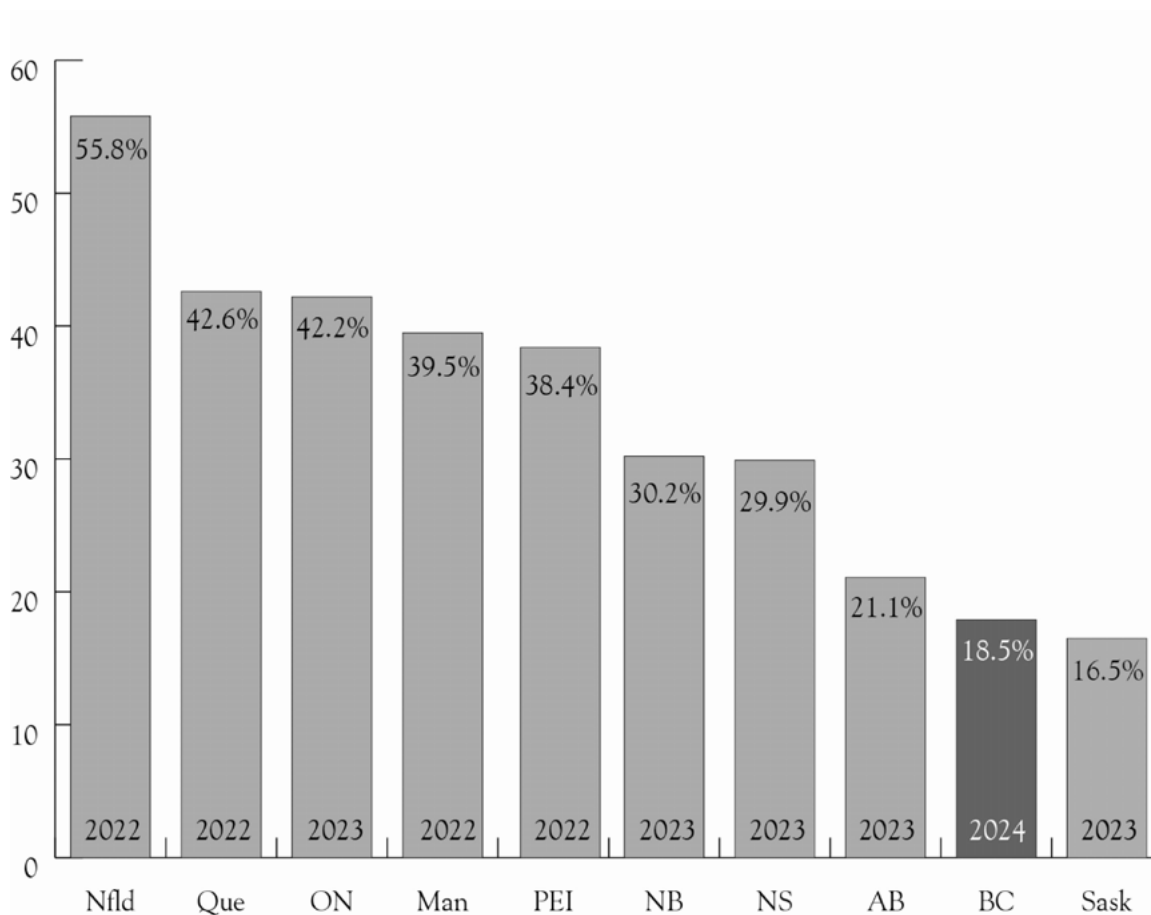
¹The change in forecast allowance is not included in this chart.

Interprovincial Comparison of Taxpayer-supported Debt as a Percentage of Gross Domestic Product (Unaudited)

Chart 4 below shows the ratio of each province's taxpayer-supported debt as a percentage of their gross domestic product (GDP). The ratio of a province's taxpayer-supported debt relative to its GDP highlights the ability of a province to service its debt load. This ratio is often used by investors and credit rating agencies when assessing a province's investment quality. According to the most recent data published by Moody's Investors Service Inc. (Moody's), British Columbia's taxpayer-supported debt ratio is one of the lowest in Canada and this translates into a strong credit rating and relatively low debt servicing costs.

Chart 4 – Interprovincial comparison of taxpayer-supported debt as a percentage of GDP

Percent of GDP at March 31



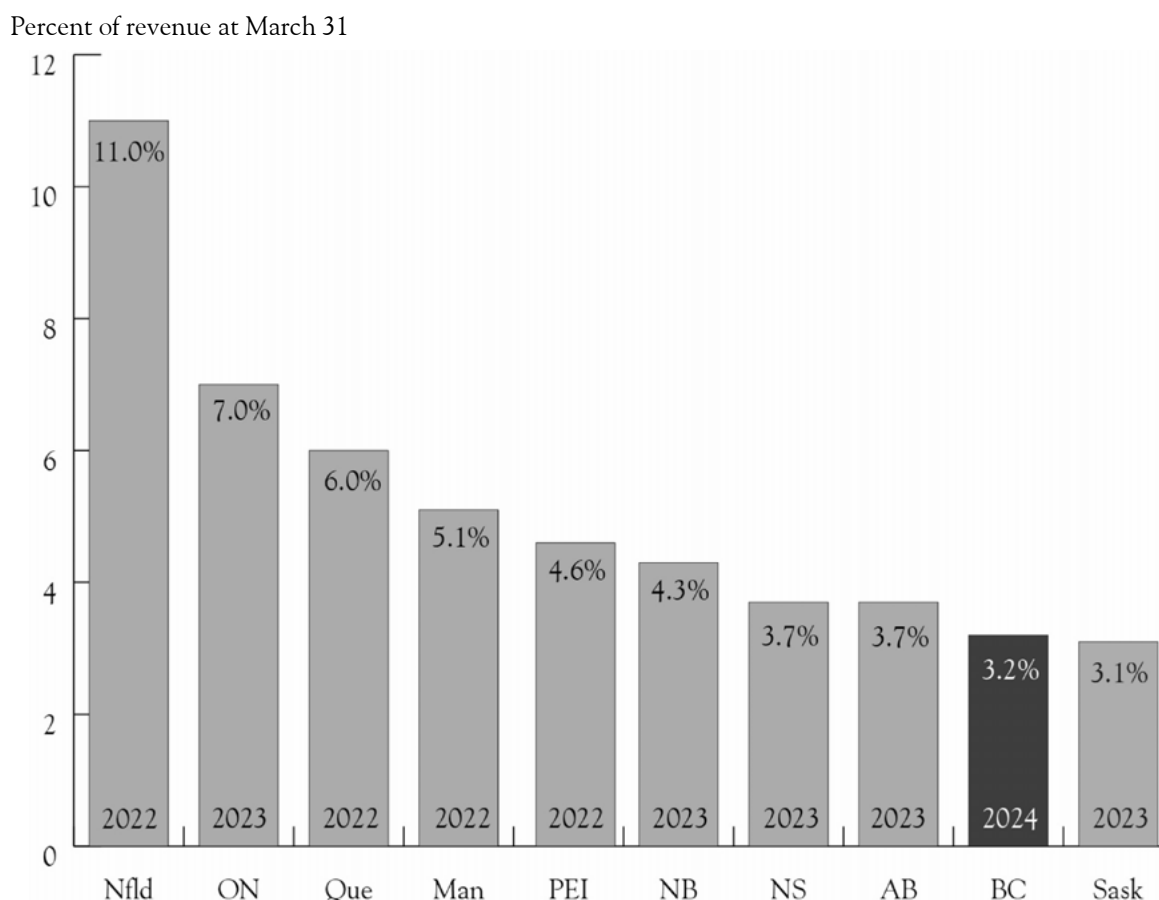
Source: Moody's Investors Service Inc. as at May 27, 2024

British Columbia's result as per Ministry of Finance's actuals; Moody's result for British Columbia as at March 31, 2023 was 14.8%.

Interprovincial Comparison of Taxpayer–supported Debt Service Costs as a Percentage of Revenue (Unaudited)

Chart 5 shows the ratio (interest bite) of each province's taxpayer–supported debt servicing costs as a percentage of revenue. The interest bite indicates how much of each dollar of provincial revenue is used to pay for taxpayer–supported debt service costs. According to the most recent data published by Moody's, British Columbia has one of the lowest taxpayer–supported debt service costs as a percentage of revenue of all provinces.

Chart 5 – Interprovincial comparison of taxpayer–supported debt service costs as a percentage of revenue



Source: Moody's Investors Service Inc. as at May 27, 2024
British Columbia's result as per Ministry of Finance's actuals; Moody's result for British Columbia as at March 31, 2023 was 2.5%.

Moody's definition of taxpayer–supported debt is modestly different from the definition used by the Ministry of Finance. The financial community has not agreed upon a definition for taxpayer–supported debt. The definition used by Moody's is the closest to that employed by the ministry, however there are small differences. The value of presenting Moody's debt indicators is that it provides an interprovincial comparison from a third party source, which is helpful for readers to understand the province's relative performance and ranking.

More comprehensive information on the debt of the province and its Crown corporations and agencies is provided on the Debt Management Branch website. This detailed information can assist readers in assessing the province's debt position. The website is available online at: www.fin.gov.bc.ca/PT/dmb/index.shtml.

This page intentionally left blank



Independent Auditor's Report

To the Minister of Finance, Province of British Columbia:

Opinion

I have audited the accompanying debt-related statements of the Government of the Province of British Columbia ("government"), which comprise the summary of provincial debt as at March 31, 2024, the key indicators of provincial debt and the summary of performance measures for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the summary of provincial debt as at March 31, 2024, the key indicators of provincial debt and the summary of performance measures for the year then ended are prepared, in all material respects, in accordance with the basis of accounting as described in the notes to the debt-related statements.

Basis for Opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the debt-related statements section of my report. I am independent of the government in accordance with the ethical requirements that are relevant to my audit of the debt-related statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

I draw attention to the notes to the debt-related statements, which describe the basis of accounting. Through the debt-related statements, the government reports to the Legislative Assembly on its debt management by presenting five years of information on provincial debt and debt indicators, and compares its actual results of performance measure to its target measures for the fiscal year ended March 31, 2024. As a result, the debt-related statements may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other accompanying information

Government is responsible for the other information in the annual Public Accounts.

My opinion on the debt-related statements does not cover other information in the Public Accounts that accompanies the debt-related statements and, except for my independent auditor's report on the Summary Financial Statements, I do not express any form of assurance conclusion thereon.

In connection with my audit of the debt-related statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the debt-related statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report, I obtained a copy of the Public Accounts. If, based on the work I have performed on the other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. Other than the material misstatements described in the other accompanying information of my independent auditor's report on the Summary Financial Statements, I have nothing to report in this regard.

Government's Responsibilities for the Debt-Related Statements

Government is responsible for determining the appropriateness of the stated basis of accounting as described in the notes to the debt-related statements and for the preparation of the debt-related statements in accordance with the stated basis of accounting. Government is also responsible for such internal control as government determines is necessary to enable the preparation of the debt-related statements that are free from material misstatement, whether due to fraud or error.

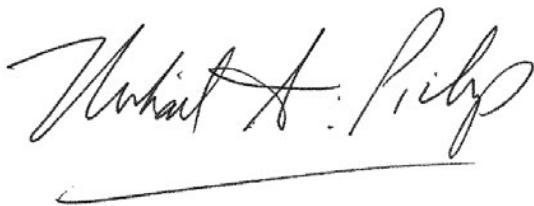
Auditor's Responsibilities for the Audit of the Debt-Related Statements

My objectives are to obtain reasonable assurance about whether the debt-related statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of the debt-related statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the debt-related statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by government.
- Evaluate the overall presentation, structure and content of the debt-related statements, and whether it represents the underlying transactions and events in a manner that complies with the basis of accounting described in the notes to the debt-related statements.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia

Victoria, British Columbia, Canada
August 15, 2024

Summary of Provincial Debt¹ as at March 31

	In Millions				
	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Taxpayer-supported Debt					
Provincial government direct operating					
Provincial government operating.....	8,729		7,233	8,746	
Capital					
K-12 education ²	11,643	10,893	11,342	10,529	9,757
Post-secondary institutions ²	5,979	5,502	5,732	5,426	4,917
Health facilities ²	10,109	8,286	8,223	7,484	6,705
Ministries general capital.....	5,084	4,549	4,087	3,702	3,133
Transportation ²	5,391	5,391	5,401	5,401	5,401
Social housing ³	2,024	1,648	1,424	1,062	805
Other ⁴	352	269	278	268	252
Total capital.....	40,582	36,538	36,487	33,872	30,970
Total provincial government.....	49,311	36,538	43,720	42,618	30,970
Taxpayer-supported entities					
British Columbia Pavilion Corporation.....	123	126	129	132	135
British Columbia Transit.....	109	53	56	60	65
BC Transportation Financing Authority.....	21,286	18,946	14,615	13,321	12,193
Health authorities and hospital societies.....	2,387	1,983	1,839	1,875	1,802
InBC Investment Corp.....	60	21	19	37	45
Post-secondary institutions.....	897	910	922	882	753
School districts.....	19	21	25	24	18
Social housing ³	1,182	1,241	974	770	222
Other ⁴	28	49	42	31	26
Total taxpayer-supported entities.....	26,091	23,350	18,621	17,132	15,259
Total taxpayer-supported debt.....	75,402	59,888	62,341	59,750	46,229
Self-supported Debt					
Commercial Crown corporations and agencies					
British Columbia Hydro and Power Authority.....	29,351	26,707	25,611	24,650	23,238
British Columbia Lottery Corporation.....	169	201	195	228	233
Columbia Basin Trust joint ventures ⁵	1,265	1,298	1,319	1,349	1,387
Columbia Power Corporation.....	266	270	266	271	276
British Columbia Liquor Distribution Branch.....	233	242	230	233	210
Post-secondary institutions' subsidiaries ⁶	682	685	615	520	504
Other ⁷	94	89	89	99	84
Total self-supported debt.....	32,060	29,492	28,325	27,350	25,932
Total provincial debt.....	107,462	89,380	90,666	87,100	72,161

¹Debt is after deductions of sinking funds and unamortized discounts, and excludes accrued interest.

²Represents government direct debt incurred for capital financing of education and health facilities and public transit infrastructure.

³Includes the debt of the British Columbia Housing Management Commission.

⁴Includes debt of other taxpayer-supported Crown corporations and agencies and the fiscal agency loans to local governments. Also includes reconstruction loan program guarantees, student loan guarantees, loan guarantees to agricultural producers, and guarantees under economic development.

⁵Debt related to Columbia Basin Trust joint ventures with Columbia Power Corporation (Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation, and Waneta Expansion Power Corporation).

⁶Includes debt of Heritage Realty Properties Ltd., SFU Community Trust, UBC Property Investments Ltd, and Vancouver Island Technology Park.

⁷Includes Columbia Basin Trust's share of real estate investment joint ventures' debt and Insurance Corporation of British Columbia.

Summary of Provincial Debt

The debt-related statements are prepared using financial information that supports the government's Summary Financial Statements, which are prepared in accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board. However, in the debt-related statements, there are some differences in the methods of compilation and presentation compared to generally accepted accounting principles. In the debt-related statements, debt is calculated net of sinking fund assets, includes debt directly incurred by modified equity enterprises and other commercial subsidiaries of taxpayer-supported entities, includes debt incurred by others outside the government reporting entity where there is provincial guarantee as to the payment of principal and interest, and does not include adjustments made to convert debt denominated in foreign currency to the exchange rate as at the fiscal year-end. Also, total provincial revenue and interest costs include the gross revenue and interest costs of modified equity enterprises, and total provincial interest costs are net of sinking fund earnings.

Key Indicators of Provincial Debt¹ for the Fiscal Years Ended March 31

	2024		2023	2022	2021	2020
	Budget Estimate	Actual	Actual	Actual	Actual	Actual
Debt to Revenue (percent)						
Total provincial.....	113.7	113.4	90.7	104.4	115.2	95.9
Taxpayer-supported.....	100.1	97.9	74.3	90.9	101.4	80.6
Debt per Capita (\$)²						
Total provincial.....	19,807	19,471	16,804	17,386	16,919	14,230
Taxpayer-supported.....	13,878	13,662	11,259	11,954	11,606	9,116
Debt to GDP (percent)³						
Total provincial.....	27.0	26.3	23.0	26.1	29.5	23.6
Taxpayer-supported.....	18.9	18.5	15.4	17.9	20.2	15.1
Interest Bite (cents per dollar of revenue)⁴						
Total provincial.....	3.5	3.7	3.2	3.3	3.7	3.8
Taxpayer-supported.....	2.9	3.2	2.5	2.8	3.1	3.1
Interest Costs (\$ millions)						
Total provincial.....	3,333	3,518	3,116	2,848	2,817	2,872
Taxpayer-supported.....	2,206	2,446	2,032	1,896	1,832	1,807
Interest Rate (percent)⁵						
Taxpayer-supported.....	3.2	3.6	3.3	3.1	3.5	4.1
Revenue Factor for Key Indicators (\$ millions)						
Total provincial ⁶	94,901	94,769	98,583	86,832	75,583	75,283
Taxpayer-supported ⁷	75,511	77,043	80,575	68,587	58,925	57,386

Key Indicators of Provincial Debt¹ for the Fiscal Years Ended March 31—Continued

	2024		2023	2022	2021	2020
	Budget Estimate	Actual	Actual	Actual	Actual	Actual
Total Debt (\$ millions)						
Total provincial.....	107,924	107,462	89,380	90,666	87,100	72,161
Taxpayer-supported ⁸	75,617	75,402	59,888	62,341	59,750	46,229
Provincial GDP (\$ millions)⁹.....	400,093	408,058	389,129	347,653	295,282	306,272
Population (thousands at July 1)¹⁰.....	5,449	5,519	5,319	5,215	5,148	5,071

¹Figures for prior years have been restated to conform with the presentation used for 2023/24 and to include the effects of changes in underlying data.

²The ratio of debt to population (e.g., debt at March 31, 2024 divided by population at July 1, 2023).

³The ratio of debt outstanding at fiscal year-end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g., debt at March 31, 2024 divided by 2023 GDP).

⁴The ratio of interest costs (less sinking fund interest) to revenue. Figures include capitalized interest expense in order to provide a more comparable measure to outstanding debt.

⁵Weighted average of all outstanding debt issues.

⁶Includes revenue less earnings related to enterprises (sinking fund earnings, loan interest and net earnings), plus revenue of all enterprises.

⁷Excludes revenue of government enterprises, but includes dividends from enterprises paid to the Consolidated Revenue Fund.

⁸Excludes debt of commercial Crown corporations and agencies, and funds held under the province's Warehouse Program.

⁹Nominal GDP for the calendar year ending in the fiscal year (e.g., GDP for 2023 is used for the fiscal year ended March 31, 2024). As nominal GDP for the calendar year ending 2023 is not available, the 2023 GDP projected in the February 2024 Budget and Fiscal Plan 2024/25 – 2026/27 has been used for the fiscal year ended March 31, 2024 for demonstration purposes. Preliminary GDP figures are presented as published for the year noted.

¹⁰Population at July 1st within the fiscal year (e.g., population at July 1, 2023 is used for the fiscal year ended March 31, 2024). Preliminary population figures are presented as published for the year noted per the February 2024 Budget and Fiscal Plan 2024/25 – 2026/27.

Summary of Performance Measures for the Fiscal Year Ended March 31, 2024

	2024	2024	2023
	Target ²	Actual	Actual
Taxpayer-supported debt to GDP ratio ¹	18.9%	18.5%	15.4%
Taxpayer-supported debt service costs as a percentage of revenue.....	2.9%	3.2%	2.5%

¹These performance measures, among others, are key indicators on which credit rating agencies rely to determine the province's credit rating.

²The target amounts are from page 170 of the Budget and Fiscal Plan 2023/24 – 2025/26.