

Fiscal and Debt Summary

Budget and Fiscal Plan 2017/18 to 2019/20



THREE YEAR FISCAL PLAN

	2016/17		Budget Estimate 2017/18 (\$ millions)	Plan 2018/19	Plan 2019/20
	Budget	Updated Forecast			
Revenue.....	48,066	50,890	50,838	51,196	52,045
Expense	(47,452)	(49,082)	(50,193)	(50,702)	(51,572)
Surplus before forecast allowance	614	1,808	645	494	473
Forecast allowance	(350)	(350)	(350)	(250)	(250)
Surplus	264	1,458	295	244	223

- Budget 2017 provides significant financial relief for British Columbians and investment in key program areas and new initiatives while maintaining government's ongoing commitment to responsible fiscal management. Budget 2017 projects modest surpluses across the fiscal plan period for the fifth year in a row.

- Following an estimated increase of 3.0 per cent in 2016, the Ministry of Finance forecasts British Columbia's economy to grow by 2.1 per cent in both 2017 and 2018, and by 2.0 per cent annually from 2019 to 2021.

- The Ministry's forecast for BC real GDP growth is 0.2 percentage points below the outlook provided by the Economic Forecast Council for 2017 and 0.1 percentage point below in 2018. This prudence acknowledges the downside risks to the economic forecast and is one of the levels of prudence built into the fiscal plan.

- Budget 2017 commitments are made with a continuing emphasis on responsible fiscal management and the debt affordability framework. Government's key debt metric, debt to GDP, is forecast to fall from 17.1 per cent in 2015/16 to end the fiscal plan period at 16.0 per cent.

PROVINCIAL DEBT SUMMARY¹

Forecast debt at March 31	2016/17		Budget Estimate 2017/18 (\$ millions)	Plan 2018/19	Plan 2019/20
	Budget	Updated Forecast			
Taxpayer-supported debt					
Provincial government direct operating debt.....	6,215	5,167	3,609	2,350	1,066
Other taxpayer-supported debt (mainly capital)					
Education	13,400	13,414	14,329	15,249	16,092
Health	7,552	7,553	8,012	8,658	9,214
Highways and public transit	12,475	12,251	13,280	14,482	15,977
Other debt	3,585	3,642	4,072	4,445	4,852
Total other taxpayer-supported debt.....	37,012	36,860	39,693	42,834	46,135
Total taxpayer-supported debt	43,227	42,027	43,302	45,184	47,201
Self-supported commercial Crown corporations debt.....	24,113	24,289	26,135	28,023	30,237
Total debt before forecast allowance.....	67,340	66,316	69,437	73,207	77,438
Forecast allowance	350	350	350	250	250
Total provincial debt	67,690	66,666	69,787	73,457	77,688
Taxpayer-supported debt-to-GDP.....	16.6%	16.1%	15.9%	15.9%	16.0%
Taxpayer-supported interest bite (cents per dollar of revenue).....	3.6	3.2	3.4	3.6	3.7

- Government's total debt is forecast to end the fiscal plan period at \$77.7 billion. Within this overall balance, direct operating debt is projected to fall to \$1.1 billion, the lowest level since 1982/83.

- Taxpayer-supported debt is forecast to increase by \$5.2 billion to \$47.2 billion by 2019/20, over 2016/17. The increase is attributed to significant investment in capital infrastructure over the next three years, including an increase in debt of \$4.3 billion for education and health facilities, \$3.7 billion for transportation sector projects, and a \$1.3 billion increase for other initiatives over the three year period.

- The self-supported debt of commercial Crown corporations is forecast to increase by \$5.9 billion to \$30.2 billion by 2019/20. The increase is primarily due to \$4.0 billion in financing requirements for capital investments related to improving and expanding British Columbia's hydro generation assets and the George Massey Tunnel Replacement project.

¹ Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency accrued interest is reported on government's balance sheet as an accounts payable.

PROVINCIAL BORROWING REQUIREMENTS

	2016/17		Budget Estimate 2017/18	Plan 2018/19	Plan 2019/20
	Budget	Updated Forecast			
			(\$ millions)		
Operating (surplus) ¹	(264)	(1,458)	(295)	(244)	(223)
Capital requirements	7,359	6,978	8,083	8,063	8,383
Refinancing requirements	2,341	2,367	2,756	3,870	3,148
Other financing sources ²	(4,911)	(4,369)	(5,176)	(4,520)	(3,953)
Gross borrowing requirements	4,525	3,518	5,368	7,169	7,355
Add:					
Increase in debt guarantees	-	4	-	-	-
Increase in non-guaranteed debt	5	20	423	342	22
Increase in SUCH sector debt	211	199	86	29	2
Gross increase in debt	4,741	3,741	5,877	7,540	7,379
Less:					
Year to date - gross long-term borrowing		(3,462)			
Increase in debt guarantees		(4)			
Increase in non-guaranteed debt		(20)			
Increase in SUCH sector debt		(199)			
Internal financing sources and changes in short-term borrowing		(57)			
Remaining borrowing requirements		(0)			

The updated gross increase in debt for 2016/17 is forecast to total \$3.7 billion including a provision of \$350 million for the forecast allowance.

The \$1 billion decrease in borrowing requirements for 2016/17 from Budget is due to an increased surplus and reduced capital spending partly offset by lower income from other financing sources

¹ Includes the forecast allowance change from previous year

² Includes other financing sources for the province, the SUCH sector and Crown corporations and adjustments for non-cash budgetary items.

2016/17 MARKET SUMMARY¹

	(\$ millions)
Canada Public	1,500
Canadian Private	0
Canada Pension Plan	167
International	1,795
	3,462

¹ Includes long-term debt issued up to February 16, 2017. Excludes offshore Indian Rupee Bond, used to buy a matching investment (INR 5 billion, 3 year term).

RECONCILIATION OF GROSS BORROWING TO THE CHANGE IN DEBT

	2016/17		Budget Estimate 2017/18	Plan 2018/19	Plan 2019/20
	Budget	Updated Forecast			
			(\$ millions)		
Opening balance as at March 31	65,290	65,292	66,666	69,787	73,458
Gross increase in debt	4,741	3,741	5,877	7,540	7,379
Less: debt maturities and changes in sinking fund balances	(2,341)	(2,367)	(2,756)	(3,870)	(3,148)
Net change in provincial debt	2,400	1,374	3,121	3,670	4,231
Ending balance as at March 31	67,690	66,666	69,787	73,458	77,689



Ministry of Finance
Provincial Treasury
Debt Management Branch

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Mailing Address:
PO Box 9423 Stn Prov Govt
Victoria BC V8W 9V1

Telephone: (250) 387-5729
Facsimile: (250) 387-3024
Internet: <http://www.fin.gov.bc.ca/PT/dmb/index.shtml>
Location: 2nd floor, 620 Superior St, Victoria

Credit Ratings of the Province

Moody's ¹	Aaa
Standard and Poor's ¹	AAA
DBRS ¹	AA(high)
Fitch ¹	AAA

¹ Stable outlook