

# SUMMARY

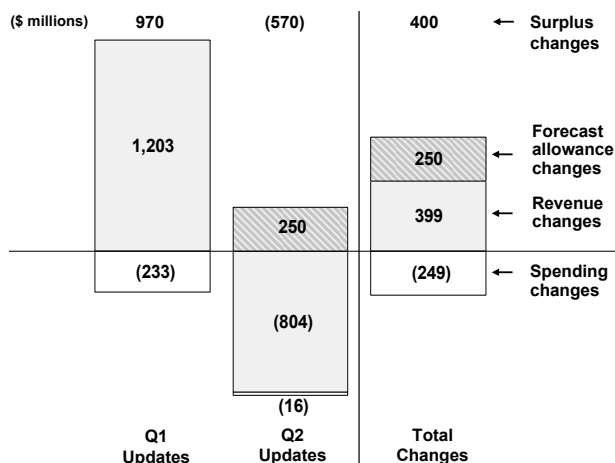
## 2008/09 Second Quarterly Report

November 24, 2008

### Economic situation impacts fiscal plan

- The rapid change in the economic situation has had a significant negative impact on the province's fiscal outlook, resulting in an \$804 million decline in projected revenue since the first *Quarterly Report*.

### 2008/09 forecast progression



- The revenue projections reflect the impact of slowing economic growth and a decline in commodity prices. They also incorporate the measures announced by the Premier in October to mitigate the impact of the economic decline on British Columbians.
- However, at \$450 million the projected surplus remains \$400 million ahead of budget and includes a \$500 million forecast allowance.

### Budget 2008 and Quarterly Updates

(\$ millions)	February 19 Budget	First Quarterly Report	Second Quarterly Report
Revenue .....	38,490	39,693	38,889
Expense .....	(37,690)	(37,923)	(37,939)
Forecast allowance ...	800	1,770	950
<b>Surplus .....</b>	<b>50</b>	<b>1,020</b>	<b>450</b>
Capital spending .....	5,766	6,263	6,107
Total debt .....	37,741	36,721	36,452
Debt to GDP .....	14.0%	13.4%	13.4%

- Spending pressures may require funding in addition to the \$120 million for health authorities announced in September. Some pressures have

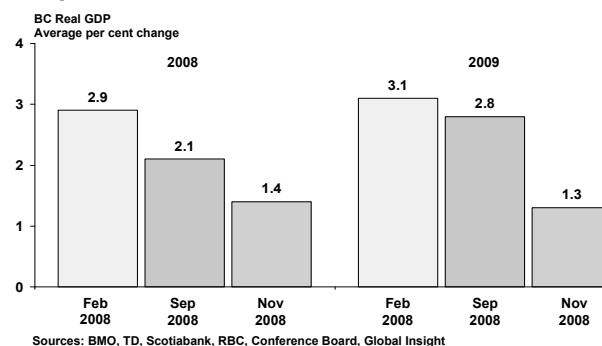
been allocated to Contingencies, and ministries are working to manage remaining pressures within their budgets.

- Government remains committed to allocating available fiscal resources to spending or revenue initiatives, or to financing additional capital projects. Details will be available by the next fiscal plan update in the third *Quarterly Report*.
- Despite prudence in the current projections, there are a number of risks to the fiscal plan, including further decline in economic activity, volatile natural resource prices and potential demand on social services.

### Economic growth outlook weakens

- The private sector outlook for BC in 2008 and 2009 has been weakening throughout the year. Recent estimates from six private sector forecasters now project BC's annual real GDP growth at 1.4 per cent in 2008 and 1.3 per cent in 2009.

### BC private sector forecasts revised downward



- Risks to BC's economic outlook include a prolonged US recession, continued turmoil in global financial markets, slower global demand for BC products, volatile commodity prices and further moderation of domestic demand in BC.
- In preparation for *Budget 2009*, the Minister of Finance will meet with the independent Economic Forecast Council on December 5, 2008 to obtain its views on the economic outlook.