

February 17, 2015

BACKGROUND

FISCAL PLAN 2015-16 – 2017-18

Economic Outlook

Indicators of B.C.'s economic performance in 2014 reveal increased domestic activity relative to the same period of 2013, including growth in key areas such as exports, retail sales and housing starts.

The government forecasts the B.C. economy to grow by 2.3% in 2015, 2.4% in 2016 and 2.3% in 2017.

Downside risks to B.C.'s economic outlook include the potential for a slowdown in domestic and U.S. activity, ongoing fragility in Europe, and slower than anticipated Asian demand, particularly in China. Additional risks include a fluctuating Canadian dollar and weak inflation, in part due to lower oil prices.

Revenue Outlook

Total government revenue is forecast at \$46.4 billion in 2015-16, \$47.6 billion in 2016-17 and \$48.6 billion in 2017-18. Revenue growth is expected to average 2.7% annually for the four-year period 2014-15 to 2017-18.

Expense Outlook

Total expense over the three-year plan is forecast at \$45.8 billion in 2015-16, \$46.9 billion in 2016-17 and \$47.9 billion in 2017-18, and is projected to increase at an annual average of 2.5% over the forecast period (2014-15 to 2017-18).

In particular, government is increasing ministry spending by \$2.3 billion from \$32.6 billion in 2014-15 to \$34.9 billion by 2017-18.

Debt

By eliminating the deficit and reducing the government's need to borrow, *Budget 2015* forecasts British Columbia's taxpayer-supported debt-to-GDP ratio will improve each year of the fiscal plan, from 17.4% in 2015-16 to 16.6% in 2017-18.

Direct operating debt, which increased due to deficits during the global economic downturn, is forecasted to decline by more than 50% from \$10.2 billion to \$4.8 billion, the lowest level since 1990-91.

Taxpayer-supported interest costs continue to remain low, averaging 4.1 cents per dollar of revenue over the three-year fiscal plan.

Total taxpayer-supported debt is forecasted to be \$43.2 billion in 2015-16, \$44.1 billion in 2016-17, and \$44.7 billion in 2016-17, reflecting the significant investment in infrastructure over the next three years.

The total provincial debt, which includes both taxpayer-supported and the self-supported debt of Crown corporations such as BC Hydro, is forecasted to be \$65.9 billion in 2015-16, \$68.2 billion in 2016-17, and \$70.4 billion in 2017-18.

Budget Outlook

Budget 2015 projects surpluses of \$284 million in 2015-16, \$376 million in 2016-17, and \$399 million in 2017-18.

The fiscal plan includes contingencies of \$350 million in 2015-16, \$400 million in each of 2016-17 and 2017-18 to help managed unexpected costs and priority initiatives. As well, the fiscal plan includes forecast allowances of \$250 million in 2015-16, and \$350 million in each of 2016-17 and 2017-18 to help manage revenue volatility, including dramatic shifts in energy prices.

Learn More:

For more details on *Balanced Budget 2015*, visit: www.bcbudget.ca

For online information and services, visit the Province's website: www.gov.bc.ca

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