

February 16, 2016

BACKGROUND

FISCAL PLAN 2016-17 – 2018-19

Economic Outlook

B.C.'s economic performance in 2015 shows slightly higher estimated growth than initially forecast, with growth in retail sales, housing starts and employment exceeding expectations. While some of that domestic momentum is expected to continue into 2016, lower than expected commodity prices and dampened external demand are weighing on exports growth.

The government forecasts the B.C. economy to grow by 2.4% in 2016, 2.3% in 2017 and 2.3% in 2018.

Downside risks to B.C.'s economic outlook include the potential for a slowdown in North American economic activity; ongoing fragility in Europe; slower than anticipated Asian demand, particularly in China; uncertainty in the outlook for the Canadian dollar; and weak inflation.

Revenue Outlook

Total government revenue is forecast at \$48.1 billion in 2016-17, \$49.0 billion in 2017-18, and \$50.1 billion in 2018-19.

Expense Outlook

Total expense over the three-year plan is forecast at \$47.5 billion in 2016-17, \$48.4 billion in 2017-18, and \$49.4 billion in 2018-19.

In addition to annual 3% funding lifts for the Ministry of Health, government is increasing ministry operating budgets by \$1.6 billion over the three-year fiscal plan compared to Budget 2015 amounts, including \$673 million in additional support for children, families, and individuals in need.

Taxpayer-supported infrastructure spending on hospitals, schools, post-secondary facilities, transit, and roads will total \$12 billion over the fiscal plan period.

Debt

British Columbia's taxpayer-supported debt-to-GDP ratio is projected to progressively decline to 16.3% by 2018-19.

Debt-to-revenue is projected to be below the Budget 2015 forecast in each year of the *Budget 2016* plan, with the ratio averaging below 93% over the next three years.

Direct operating debt is forecast to decline by \$6.6 billion over the course of the fiscal plan, from \$9.3 billion in 2014-15 to \$2.7 billion in 2018-19—a decrease of 71%.

Taxpayer-supported interest costs continue to remain low, averaging 3.7 cents per dollar of revenue over the three-year fiscal plan.

Total taxpayer-supported debt is forecasted to be \$43.2 billion in 2016-17, \$44.2 billion in 2017-18 and \$45.1 billion in 2018-19, reflecting a significant increase in infrastructure investment over the next three years.

The total provincial debt, which includes both taxpayer-supported and self-supported debt of Crown corporations such as BC Hydro, as well as the \$350 million annual forecast allowance, is forecast to be \$67.7 billion in 2016-17, \$69.9 billion in 2017-18 and \$71.9 billion in 2018-19.

Budget Outlook

Budget 2016 projects surpluses of \$264 million in 2016-17, \$287 million in 2017-18 and \$373 million in 2018-19.

The fiscal plan includes contingencies of \$450 million in 2016-17, \$400 million in 2017-18 and \$400 million in 2018-19 to help manage unexpected costs and priority initiatives. As well, the fiscal plan includes forecast allowances of \$350 million in each of 2016-17, 2017-18 and 2018-19 as a hedge against volatility, including unforeseen changes in revenue.

Learn More:

For more details on *Budget 2016*, visit: www.bcbudget.ca

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

Media Contact: Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821