



February 21, 2017

BACKGROUND

FISCAL PLAN 2017-18 – 2019-20

B.C.'s economic outlook steady, but with rising global uncertainty

B.C.'s economic performance in 2016 shows strong domestic activity relative to 2015. Most indicators show that B.C. performed well compared to other provinces in 2016 with strong growth in retail sales, housing starts and employment. While some of that domestic momentum is expected to continue into 2017, commodity prices and export market activity may experience some instability over the coming years due to ongoing global economic uncertainty.

The government forecasts the B.C. economy to grow by 2.1% in 2017, 2.1% in 2018 and 2.0% in 2019.

Downside risks to B.C.'s economic outlook include uncertainty in U.S. fiscal and trade policy, ongoing fragility in Europe, slower-than-anticipated economic activity in Asia, exchange rate uncertainty, and the potential for a slowdown in domestic and Canadian economic activity.

Budget Outlook

Budget 2017 projects modest surpluses of

- \$295 million in 2017-18.
- \$244 million in 2018-19.
- \$223 million in 2019-20.

Revenue Outlook

Total government revenue is forecast at \$50.8 billion in 2017-18, \$51.2 billion in 2018-19, and \$52.0 billion in 2019-20.

Expense Outlook

Total expense over the three-year plan is forecast at \$50.2 billion in 2017-18, \$50.7 billion in 2018-19, and \$51.6 billion in 2019-20.

In addition to an annual average 3.6% funding lift for the Ministry of Health, government is increasing ministry operating budgets by almost \$3 billion over the three-year fiscal plan compared to *Budget 2016* amounts, including \$740 million in funding to the K-12 sector and \$796 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 \$13.7 billion over the fiscal plan period.

Keeping debt affordable

The Province's taxpayer-supported debt-to-GDP ratio, a key measure of debt affordability, is forecast to decline to 16.0% in 2019-20, down from 17.9% in 2013-14. Total taxpayer-supported debt is projected to fall year-over-year in 2016-17 for the first time since 2008-09, and direct operating debt is on track to be eliminated by 2020-21, the first time since 1975-76.

Direct operating debt is forecast to decline by \$4.1 billion over the course of the fiscal plan, from \$5.2 billion in 2016-17 to \$1.1 billion by 2019-20—a decrease of 79% and its lowest point since 1982-83.

Taxpayer-supported interest costs continue to remain low, averaging 4.2 cents per dollar of revenue over the three-year fiscal plan.

Total taxpayer-supported debt is forecast to be \$43.3 billion in 2017-18, \$45.2 billion in 2018-19 and \$47.2 billion in 2019-20, reflecting a significant increase in infrastructure investment over the next three years.

Self-supported debt of commercial Crown corporations is forecast to be \$26.1 billion in 2017-18, \$28.0 billion in 2018-19 and \$30.2 billion in 2019-20.

Prudence

The fiscal plan includes contingencies of \$400 million in 2017-18, \$300 million in 2018-19 and \$300 million in 2019-20 to help manage unexpected costs and priority initiatives. As well, the fiscal plan includes forecast allowances of \$350 million in 2017-18, and \$250 million in each of 2018-19 and 2019-20 as a hedge against volatility, including unforeseen changes in revenue.

Learn More:

For more details on *Budget 2017*, 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