

February 22, 2024

BACKGROUND

Fiscal Plan 2024-25 – 2026-27

Budget 2024 invests \$13 billion more in operating funding across the fiscal plan to support new priority measures and to ensure services continue to be there for people as B.C.'s population grows and ages.

Budget outlook

With a slowing economy and increasing needs, Budget 2024's three-year fiscal plan includes a \$7.9-billion deficit that declines to \$6.3 billion by 2026-27.

The Budget and Fiscal Plan provides significant contingencies for emergent costs, future priorities and caseload pressures, with \$3.9 billion in 2024-25, \$3 billion in 2025-26 and \$3.7 billion in 2026-27.

Economic outlook

In 2023, B.C.'s economy posted modest growth, softening due to high interest rates, slowing domestic and global economic activity, and geopolitical and climate-related disruptions. Similar to other jurisdictions, modest growth is also expected in 2024, with real GDP expanding by 0.8%. Economic growth is expected to rise in 2025 to 2.3%, supported by steady employment and wage growth, gains in consumer spending, solid investment activity, and higher exports as global economies recover from the slowdown. Over the medium term (2026 until 2028), real GDP growth is expected to range between 2.3% and 2.4% annually.

Budget 2024 real GDP growth projections are within the range of forecasts provided by the 13 members of the independent Economic Forecast Council.

Revenue outlook

Total government revenue is forecast at \$81.5 billion in 2024-25, \$82.8 billion in 2025-26 and \$86.4 billion 2026-27. Revenue growth is driven by a growing tax base due to population growth, as well as economic growth and increasing revenues from the natural resource sector.

Expense outlook

Expenses over the three-year fiscal plan are forecast at \$89.4 billion in 2024-25, \$90.6 billion in 2025-26, and \$92.7 billion in 2026-27. Investments will help support the programs and services people rely on and includes strategic investments in health care, mental health, housing, emergency preparedness and response, public safety, helping people with costs and building a stronger, cleaner economy that works better for people.

Debt affordability

B.C.'s taxpayer-supported debt is projected to be \$71.9 billion at the end of 2023-24, approximately \$3.8 billion less than projected at Budget 2023. Total provincial debt is expected to increase over the fiscal plan as the Province continues to invest in strengthening services and building more schools, hospitals, roads, bridges, transit and housing.

The taxpayer-supported debt-to-GDP ratio, a key metric used by credit rating agencies, is forecast at 21.0% in 2024-25, 24.8% in 2025-26 and 27.5% in 2026-27. B.C.'s debt-to-GDP ratio is below that of most provinces, including Ontario and Quebec. Despite high interest rates, B.C.'s debt-servicing costs remain at low levels historically and compared to other jurisdictions.

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