Fiscal and Debt Summary

Budget and Fiscal Plan
2019/20 to 2021/22

THREE YEAR FISCAL PLAN

	2018/19				
	Budget 2018	**Updated Forecast**	**Budget Estimate 2019/20**	**Plan 2020/21**	**Plan 2021/22**
			($ millions)		
Revenue	54,193	56,636	59,047	60,038	62,458
Expense	(53,624)	(55,762)	(58,273)	(59,451)	(61,573)
Surplus before forecast allowance	569	874	774	587	885
Forecast allowance	(350)	(500)	(500)	(300)	(300)
Surplus	**219**	**374**	**274**	**287**	**585**

- *Budget 2019 takes action to make life better for British Columbians. It includes priority investments to meet government's three commitments to British Columbians: making life more affordable, enhancing services that people count on, and building a strong and sustainable economy that works for everyone. Each year of the fiscal plan is balanced, with surpluses of $274 million in 2019/20, $287 million in 2020/21, and $585 million in 2021/22.*

- *The Budget 2019 estimate for B.C. real GDP growth in 2018 remains unchanged from the projection in the First Quarterly Report 2018 at 2.2 per cent. Employment and exports performed better than expected and investment was positive, with some moderation in housing activity and consumer spending through the year.*

- *The Budget 2019 forecast for B.C. real GDP growth has increased from 1.8 per cent to 2.4 per cent in 2019 and from 2.0 per cent to 2.3 per cent in 2020, compared to the First Quarterly Report 2018. The changes partly reflect recent developments regarding the Canada-United States-Mexico Agreement (CUSMA) and the final investment decision on the LNG Canada project. The economic growth outlook for 2021 is 2.1 per cent, followed by 2.0 per cent in both 2022 and 2023, in line with previous expectations.*

- *The Budget 2019 forecast for B.C. real GDP growth is below the outlook provided by the Economic Forecast Council. This is one of the levels of prudence built into the fiscal plan.*

PROVINCIAL DEBT SUMMARY[1]

	2018/19				
	Budget 2018	**Updated Forecast**	**Budget Estimate 2019/20**	**Plan 2020/21**	**Plan 2021/22**
			($ millions)		
Taxpayer-supported debt					
Provincial government direct operating debt	-	-	-	-	-
Education	14,582	14,436	14,228	14,843	14,623
Health	8,184	7,990	7,918	8,476	9,507
Highways and public transit	17,781	17,097	18,947	21,040	22,987
Other debt	4,651	4,434	5,291	6,095	6,869
Total taxpayer-supported debt	**45,198**	**43,957**	**46,384**	**50,454**	**53,986**
Self-supported commercial Crown corporations debt	**23,824**	**23,459**	**25,664**	**26,905**	**28,090**
Total debt before forecast allowance	**69,022**	**67,416**	**72,048**	**77,359**	**82,076**
Forecast allowance	**350**	**500**	**500**	**300**	**300**
Total provincial debt	**69,372**	**67,916**	**72,548**	**77,659**	**82,376**
Taxpayer-supported debt-to-GDP	**15.5%**	**14.9%**	**15.0%**	**15.7%**	**16.1%**
Taxpayer-supported interest bite (cents per dollar of revenue)	**3.5**	**3.1**	**3.3**	**3.5**	**3.7**

[1] Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency accrued interest is reported on government's balance sheet as an accounts payable.

- *Debt affordability metrics have improved since Budget 2018 due to better operating results in 2017/18 and 2018/19. Capital debt requirements are partially mitigated by the elimination of the operating debt in 2018/19, which allows for government operating cash surplus to be directed towards funding capital spending.*

- *The taxpayer-supported debt-to-GDP ratio is forecast to be 16.1 per cent by 2021/22. Taxpayer-supported debt-to-revenue remains within a reasonable range over the fiscal plan period at below 90 per cent.*

- *Total provincial debt is projected to increase by $14.5 billion over the fiscal plan period to reach $82.4 billion by 2021/22. The increase is due to borrowing requirements for capital infrastructure investments.*

- *Taxpayer-supported debt is forecast to increase by $10.0 billion to $54.0 billion by 2021/22. This increase is due to funding for significant investments in capital infrastructure over the next three years. Debt increases associated with new investments include $5.9 billion for transportation sector projects, $1.7 billion for education and health facilities (after internal financing sources), and $2.4 billion for other initiatives.*

- *The self-supported debt of commercial Crown corporations is forecast to increase by $4.6 billion over the fiscal plan period, ending at $28.1 billion. This increase is mainly for capital investments related to improving and expanding British Columbia's hydro generation assets.*

PROVINCIAL BORROWING REQUIREMENTS

	2018/19				
	Budget 2018	Updated Forecast	Budget Estimate 2019/20	Plan 2020/21	Plan 2021/22
			($ millions)		
Operating (surplus)[1]	(219)	(374)	(274)	(287)	(585)
Capital requirements	9,235	8,963	10,614	10,170	10,272
Refinancing requirements	3,239	2,710	2,112	2,014	2,347
Other financing sources[2]	(4,337)	(4,461)	(4,998)	(3,818)	(3,438)
Gross borrowing requirements	**7,918**	**6,837**	**7,454**	**8,079**	**8,596**
Add:					
Increase in debt guarantees	1	-	-	-	-
Increase in non-guaranteed debt	5	11	5	5	7
Increase in SUCH sector debt	58	64	40	109	78
Gross increase in debt	**7,982**	**6,912**	**7,499**	**8,193**	**8,681**
Less:					
Year to date - gross long-term borrowing		(3,043)			
Increase in debt guarantees		-			
Increase in non-guaranteed debt		(11)			
Increase in SUCH sector debt		(64)			
Internal financing sources and changes in short-term borrowing		(3,794)			
Remaining borrowing requirements[1]		**-**			

- *The updated gross borrowing requirements for 2018/19 is forecast to total $6.8 billion including a provision of $500 million for the forecast allowance.*
- *The $1.1 billion decrease in gross borrowing requirements for 2018/19 from Budget 2018 is primarily due to reduced capital spending and refinancing requirements.*
- *The gross borrowing requirements over the three year fiscal plan are mainly due to financing infrastructure spending and refinancing requirements.*
- *The Province will be able to readily manage these requirements by accessing its established domestic and international investor bases.*

[1] Includes the forecast allowance change from previous year

[2] Includes other financing sources for the province, the SUCH sector and Crown corporations and adjustments for non-cash budgetary items.

2018/19 MARKET SUMMARY[1]

	($ millions)
Canadian Public	3,000
Canadian Private	-
Canada Pension Plan	43
International	-
Year to date - gross long-term borrowing	**3,043**

[1] Includes long-term debt issued up to February 19, 2019.

RECONCILIATION OF GROSS BORROWING TO THE CHANGE IN DEBT

	2018/19				
	Budget 2018	Updated Forecast	Budget Estimate 2019/20	Plan 2020/21	Plan 2021/22
			($ millions)		
Opening balance as at March 31	**65,264**	**64,919**	**67,916**	**72,548**	**77,659**
Gross increase in debt	7,982	6,912	7,499	8,193	8,681
Less: debt maturities and changes in sinking fund balances	(3,874)	(3,915)	(2,867)	(3,082)	(3,964)
Net change in provincial debt	**4,108**	**2,997**	**4,632**	**5,111**	**4,717**
Ending balance as at March 31	**69,372**	**67,916**	**72,548**	**77,659**	**82,376**

Ministry of Finance
Provincial Treasury
Debt Management Branch

February 19, 2019

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Credit Ratings of the Province

Moody's[1]	**Aaa**
Standard and Poor's [1]	**AAA**
Fitch[1]	**AAA**
DBRS[1]	**AA(high)**

[1] Stable outlook