

NEWS RELEASE

B.C.'s provincial debt projected to hit \$97.2 billion by 2025/26 because of higher debt-financed spending

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For immediate release

VANCOUVER—Following nearly two decades of fiscal restraint in British Columbia, program spending per person, has increased 25.9 per cent since 2017—excluding COVID spending—which is forecasted to produce a rapid increase to the province's debt, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“In 2018, the B.C. government increased spending significantly, ending a nearly 20-year period of restraint—the government's spring budget shows that progress in reducing the province's debt burden has ceased and is in fact forecasted to see rapid growth in the years ahead,” said Ben Eisen, senior fellow at the Fraser Institute, and co-author of *Spending Growth is the Cause of BC's Coming Debt Boom*.

The study finds that from 2000-2017 per person program spending increased by 8.4 per cent (adjusted for inflation). But more recently, and in a much shorter time period, specifically from 2017 to 2022—even excluding COVID spending—per person spending increased by 25.9 per cent.

This significant increase in spending has serious implications for the province's fiscal outlook. The government's spring budget forecasted that the provincial debt as a share of the economy will reach 22.5 per cent by 2025/26 and total \$97.2 billion.

Conversely, had the government maintained the rate of spending growth from the previous era of restraint, the debt ratio in 2025/26 would be just 5 per cent—and total \$21.3 billion.

Put simply, the increased program spending in B.C. since 2017 is on track to add over four times as much debt as would have been accumulated if program spending had been maintained at the previous levels.

“A few short years ago British Columbia was on solid financial footing, and now that is changing quickly as the most recent budget shows that the province's finances are likely to deteriorate significantly in the years ahead,” Eisen said.

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