

**From:** [Hopkins, Jim FIN:EX](#)  
**To:** [Redchurch, Kevin FIN:EX](#)  
**Cc:** [Latham, David FIN:EX](#); [Myers, Sam FIN:EX](#); [Stonnell, Jennifer FIN:EX](#)  
**Subject:** Re: Minister / Rating Agency calls  
**Date:** Tuesday, July 25, 2017 4:51:42 PM

---

Okay..thanks Kevin

Jim

Sent from my BlackBerry 10 smartphone on the TELUS network.

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**From:** Redchurch, Kevin FIN:EX  
**Sent:** Tuesday, July 25, 2017 4:13 PM  
**To:** Hopkins, Jim FIN:EX  
**Cc:** Latham, David FIN:EX; Myers, Sam FIN:EX  
**Subject:** RE: Minister / Rating Agency calls

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Hi Jim,

Just so you are aware – the Minister is unavailable for any of the rating agency meetings this week. So far...only sometime next Monday (still isolating the time) is the first availability. I know S&P won't be able to make it (out of office), but will continue to try and arrange with the other three. S&P said they are fine to do it in August.

Kevin

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**From:** Redchurch, Kevin FIN:EX  
**Sent:** Tuesday, July 25, 2017 11:45 AM  
**To:** Hopkins, Jim FIN:EX  
**Cc:** Latham, David FIN:EX  
**Subject:** Minister / Rating Agency calls

Hi Jim,

I received your phone message inquiring on the status of these meetings. I spoke with Jennifer Stonnell a couple hours ago, requesting the Minister's availability for the week. She will e-mail me when she has the information.

Thanks,

Kevin

**From:** [Stonnell, Jennifer FIN:EX](#)  
**To:** [Hopkins, Jim FIN:EX](#)  
**Subject:** RE: Province of BC...introductory call  
**Date:** Wednesday, July 26, 2017 9:56:00 AM

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That's great. MO just wanted to know if you needed additional time – I'll let them know you will cover on Friday

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**From:** Hopkins, Jim FIN:EX  
**Sent:** Wednesday, July 26, 2017 9:56 AM  
**To:** Stonnell, Jennifer FIN:EX  
**Subject:** RE: Province of BC...introductory call  
Jennifer..Friday wld be a good opportunity ..and we will have BN's for each agency call ready for tomorrow ..ok?

Jim

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**From:** Stonnell, Jennifer FIN:EX  
**Sent:** Wednesday, July 26, 2017 9:52 AM  
**To:** Hopkins, Jim FIN:EX  
**Subject:** RE: Province of BC...introductory call  
Hi Jim – Will you need a separate pre-brief related the ratings call or will you be covering this at your minister's briefing already scheduled for Friday?

---

**From:** Hopkins, Jim FIN:EX  
**Sent:** Tuesday, July 25, 2017 9:07 PM  
**To:** Wanamaker, Lori FIN:EX  
**Cc:** Stonnell, Jennifer FIN:EX  
**Subject:** Fw: Province of BC...introductory call  
Lori..fyi..this is note I sent to the agencies..the Minister 's schedule didn't fit with agencies this week and we will aim for next week

Cheers Jim

Sent from my BlackBerry 10 smartphone on the TELUS network.

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**From:** Hardi, Adam <s.22  
**Sent:** Tuesday, July 25, 2017 10:20 AM  
**To:** Hopkins, Jim FIN:EX  
**Cc:** Myers, Sam FIN:EX; Redchurch, Kevin FIN:EX  
**Subject:** Re: Fw: Province of BC...introductory call

Hi Jim

We are available any time between 1-3pm tomorrow or 2-3pm on Thursday, if those times work.

Adam

---

**From:** "Hopkins, Jim FIN:EX"  
**Sent:** Tuesday, July 25, 2017 9:23 AM  
**To:** "Hardi, Adam"  
**CC:** "Myers, Sam FIN:EX" , "Redchurch, Kevin FIN:EX"  
**Subject:** Fw: Province of BC...introductory call

Good morning

You will know that last week British Columbia ' s new government was sworn in with Honourable Carole James appointed Minister of Finance and Deputy Premier. Lori Wanamaker was also announced as the new Deputy Minister

Minister James and Lori would like to convene a brief call with you this week by way of an introduction and in keeping with a relationship of significant importance to the province

Kevin Redchurch will follow up with you today to determine when we can arrange 15 minutes or so this week

Thanks

Jim

Sent from my BlackBerry 10 smartphone on the TELUS network.

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rating agency notes go over to the MO as one package.  
Thank you!

## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Staff: Lori Wannamaker, Deputy Minister, Jim Hopkins, Assistant Deputy Minister, Sam Myers, Executive Director, David Galbraith,**

**Meeting Date: TBC week of July 31**

**Minister's Office**

**CLIFF: 359521**

# MEETING NOTE

## BACKGROUND

British Columbia is currently the only province which is rated AAA with a Stable outlook by S&P. S&P first rated the province triple-A in 2006.

The province pays S&P for their rating services because the rating is a requirement among domestic and international investors and is therefore needed for the province to access the capital markets.

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## PURPOSE OF MEETING:

s.13

On March 31, S&P issued a press release and reported: "The ratings reflect the province's very strong financial management, economy, and budgetary flexibility in addition to its exceptional liquidity and sound budgetary performance. The stable outlook reflects our expectation that B.C.'s economy will continue expanding modestly through 2017 and 2018, contributing favorably to the province's budgetary performance."

S&P reports that "chief among the province's credit worthiness is its robust and diversified economy."

S&P praises the province's financial management practices as the "best among the Canadian provinces", reflecting a "well-documented financial plan that provides visibility " , an ability to "effectively respond to external risks" and financial disclosures which are " transparent ,comprehensive and timely" .

The agency observes weakening budgetary performance, measured by after-capital deficits as percentage of revenue. Of note, S&P calculates this deficit measure as stabilizing between 5 and 6 percent during the Fiscal Plan which is an improvement of about 8 percent in the 2016 Plan. Nonetheless, S&P cites deterioration of after-capital deficits of more than 10 percent of total revenues on a sustained basis as potentially triggering negative rating action;<sup>s.13,s.17</sup>

Unique among the rating agencies, S&P includes the debt of the province's commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self -supporting.<sup>s.13,s.17</sup>

s.13,s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

**Key Messages:**

s.13,s.17

# RatingsDirect®

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## Research Update:

# Province of British Columbia Ratings Affirmed At 'AAA'; Outlook Is Stable

### Primary Credit Analyst:

Bhavini Patel, CFA, Toronto (1) 416-507-2558; bhavini.patel@spglobal.com

### Secondary Contact:

Stephen Ogilvie, Toronto (1) 416-507-2524; stephen.ogilvie@spglobal.com

## Table Of Contents

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Key Sovereign Statistics

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Related Research

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## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Meeting Date:**

**Deputy Minister's Office**

**CLIFF: 359521**

# MEETING NOTE

## BACKGROUND

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## PURPOSE OF MEETING:

s.13

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,comprehensive and timely” .

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Unique among the rating agencies, S&P includes the debt of the province’s commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self –supporting. s.13,s.17

s.13,s.17

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A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.



From: Chand, Rita GCPE:EX  
To: Nicholson, Riley FIN:EX  
Subject: Meeting CLIFF ID 359521  
Date: Thursday, July 27, 2017 2:47:22 PM  
Attachments: LATEST VERSION Introductory Call with Standard and Poors.docx

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PT-ADM Referral Slip for ID:359521

2017/07/27

**CONFIDENTIAL**

Log Type: Meeting Request	Action: Meeting	Due: 2017/08/04
Batch:	Subaction:	

Author Type: Ministry Staff	Written: 2017/07/25	Rush Reason:
Sam MYERS, Executive Director	Received: 2017/07/26	Resp Type:
Provincial Treasury	Actioned:	File No.:
Email: Sam.Myers@gov.bc.ca	Due: 2017/08/04	Entered By: rchand
	Signed:	Signed By:
	Stamped:	
	Mailed:	
	Closed:	

Addressed To: Deputy Minister	Issue: Meeting
Copied To:	X-Ref:
Branch Rsp: PT-Debt Management	Drafter:

**Subject**

Introductory call with Standard and Poor's

## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Staff: Lori Wannamaker, Deputy Minister, Jim Hopkins, Assistant Deputy Minister, Sam Myers, Executive Director, David Galbraith,**

**Meeting Date: TBC week of July 31**

**Minister's Office**

**CLIFF: 359521**

# MEETING NOTE

## BACKGROUND

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## PURPOSE OF MEETING:

s.13,s.17

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s.13,s.17

Unique among the rating agencies, S&P includes the debt of the province's commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self-supporting. <sup>s.13,s.17</sup>

s.13,s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

**Key Messages:**

s.13,s.17

From: [Nicholson, Riley FIN:EX](#)  
To: [Marquis, Yvette FIN:EX](#)  
Cc: [Stonnell, Jennifer FIN:EX](#)  
Subject: Materials for Tomorrow's PT Briefing  
Date: Thursday, July 27, 2017 3:24:00 PM  
Attachments: [Introductory Call with DBRS.docx](#)  
[Introductory call with Fitch.docx](#)  
[Introductory Call with Moodys Meeting Note.docx](#)  
[Introductory Call with Standard and PoorsFINAL.docx](#)

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Hi Yvette,

Attached please find briefing notes for discussion at tomorrow Provincial Treasury briefing at 11:00.

Thank you,

Riley

***Riley Nicholson***

*A/Senior Executive Assistant*

*Deputy Minister's Office*

*Ministry of Finance*

T: 250 387 3184 F: 250 387 1655

Email: [Riley.Nicholson@gov.bc.ca](mailto:Riley.Nicholson@gov.bc.ca)

## **BACKGROUNDER**

**Issue: Introductory Call with DBRS**

**Meeting: Paul LeBane, AVP Public Finance  
Scott Cherry, AVP Public Finance**

**Staff: Lori Wannamaker, Deputy Minister,  
Jim Hopkins, Assistant Deputy  
Minister, Sam Myers, Executive  
Director, David Galbraith,**

**Meeting Date: July 31, 2017 10:10am**

**Minister's Office**

**CLIFF: 359549**

# **MEETING NOTE**

## **BACKGROUND**

British Columbia is currently rated AA (high) with a Stable outlook by DBRS. The agency upgraded the province to AA (high) in 2007 and has kept the rating as is. DBRS 'has not upgraded to triple-A because they want to see a lower debt burden (i.e. firmly below 15 percent on a sustained basis).

The DBRS rating is now an unsolicited rating that is provided at no cost. The province previously paid DBRS for their rating services but this changed a few months ago due to a strategic change in ratings coverage for provinces by the DBRS executive.

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## **PURPOSE OF MEETING:**

On March 31, DBRS issued a press release and reported: "Strong fiscal performance and steady economic growth has helped to reduce the debt-to-GDP ratio... British Columbia is once again expected to be among the provincial economic growth leaders with real GDP projected to grow by 2.1% in both 2017 and 2018 - roughly in line with the current private-sector consensus tracked by DBRS." Like Moody's, DBRS will publish a more detailed report on the province following the next budget.

Slippage in expected debt to revenue performance or debt to GDP could be of concern to DBRS even though the province rates the province below AAA. The agency will be interested in plans for managing debt affordability and keeping debt metrics stable.

A copy of the last ratings report from DBRS is attached.

Paul LeBane is DBRS' new lead analyst for the province and Scott Cherry is his back-up. Travis Shaw who is currently on paternity leave will return to the lead role in December 2017.

#### KEY MESSAGES:

s.13,s.17

# Press Releases



*Insight beyond the rating.*

Date of Release: March 31, 2017

## **DBRS Confirms British Columbia at AA (high) with a Stable Trend; Ample Flexibility as Election Nears**

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Page 25 to/à Page 26

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## **BACKGROUNDER**

**Issue: Introductory Call with Fitch**

**Meeting: Douglas Offerman, Senior  
Director, Eric Kim, Director**

**Staff: Lori Wannamaker, Deputy Minister,  
Jim Hopkins, Assistant Deputy  
Minister, Sam Myers, Executive  
Director, David Galbraith,**

**Meeting Date: July 31, 2017 9:50am**

**Minister's Office**

**CLIFF: 359550**

# **MEETING NOTE**

## **BACKGROUND**

British Columbia is currently rated triple-A with a Stable outlook by Fitch and is the only province with this rating level. The Fitch rating has provided an unsolicited rating of the province (at no cost) since 2014. .

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## **PURPOSE OF MEETING:**

On April 6, 2017, Fitch issued a press release, reporting that: "British Columbia's 'AAA' rating primarily reflects conservative financial management practices resulting in stable fiscal performance and a well-managed liability profile. Provincial economic performance has been generally positive since the recession, and is likely to exceed national performance in the near to medium term."

The agency went on to say that "British Columbia's ratings are sensitive to shifts in the province's commitment to maintaining balanced fiscal operations over the fiscal plan outlook period and continued moderation of debt levels.

"

Fitch plans to produce an updated review of the province following the government's Budget. The agency will not visit Victoria for post-Budget meetings but will be offered a conference call with staff.

A copy of the latest Fitch report is attached.

Messrs, Offerman and Kim have covered the province since 2014.

**Key Messages:**

s.13,s.17

FitchRatings

## **FITCH AFFIRMS PROVINCE OF BRITISH COLUMBIA, CANADA'S RATING AT 'AAA'; OUTLOOK STABLE**

**Fitch Ratings-New York-06 April 2017: Fitch Ratings has affirmed the Province of British Columbia's Long-Term Foreign and Local Currency Long-term Issuer Default Rating (IDR) at 'AAA' and Short-term IDR at 'F1+'. Fitch has also affirmed the province's senior unsecured Long- and Short-term debt at 'AAA' and 'F1+', respectively. The Rating Outlook for the Long-term IDRs and long-term rating on the senior unsecured debt is Stable.**

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For additional information on the province of British Columbia please see "Fitch Affirms Province of British Columbia, Canada at 'AAA'; Outlook Stable" dated April 15, 2016 and available at [www.fitchratings.com](http://www.fitchratings.com).

Contact:

Primary Analyst  
Eric Kim Director  
+1-212-908-0241  
Fitch Ratings, Inc. 33  
Whitehall St.  
New York, NY 10004

Secondary Analyst  
Douglas Offerman  
Senior Director  
+1-212-908-0889

Committee Chairperson Marcy  
Block  
Senior Director  
+1-212-908-0239

In addition to the sources of information identified in the Tax-Supported Rating Criteria, this action was additionally informed by information from Statistics Canada and the Canada Department of Finance.

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email: [elizabeth.fogerty@fitchratings.com](mailto:elizabeth.fogerty@fitchratings.com).

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com) Applicable

Criteria

International Local and Regional Governments Rating Criteria - Outside the United States (pub. 18 Apr 2016)  
<https://www.fitchratings.com/site/re/878660>

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## BACKGROUNDER

**Issue: Introductory Call with Moody's**

**Meeting: Adam Hardi, Assistant Vice President/Analyst, Michael Yake, Assistant Vice President/Analyst**

**Staff: Lori Wannamaker, Deputy Minister, Jim Hopkins, Assistant Deputy Minister, Sam Myers, Executive Director, David Galbraith,**

**Meeting Date: July 31, 2017 9:30am**

**Minister's Office**

**CLIFF: 359543**

# MEETING NOTE

## BACKGROUND

British Columbia is currently the only province which is rated triple-A with a Stable outlook by Moody's. The province was first rated as triple-A in 2006. In December 2012, the agency changed the province's outlook to Negative because the debt burden was on a rising trend and the agency was concerned that there was no plan to reverse it. The government was able to turn its debt burden to a declining trend and in Spring 2015 the outlook was reinstated as Stable.

The province pays Moody's for their rating services because the rating is a requirement among domestic and international investors and is therefore needed for the province to access the capital markets.

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## PURPOSE OF MEETING:

s.17

Moody's praises the province for a strong economy, responsive fiscal management, a sound track record and flexibility in its fiscal plan to deal with external challenges.

On February 22, 2017, Moody's issued a press release which was generally constructive although concerns were noted including: "Moody's points out that thin surpluses, low revenue



growth and increased borrowing for capital spending will keep the province's debt burden elevated." Their press release went on to state "As part of its normal monitoring practice, Moody's will evaluate the 2017/18 budget's assumptions and its potential for upside and downside risks within the context of likely impacts on the province's debt burden." A key measure followed by Moody's is debt as a percentage of revenue which the province has kept at just below 90 percent and below the 95 percent level above which may lead to Moody's taking rating action s.17

s.17

The agency is expected to publish a more detailed review on the province following the upcoming late summer/ early fall budget and has indicated it would be interested to come to Victoria as part of its typical post -budget review in early October .

In January and March 2017, Moody's published credit opinions on the province and BC Hydro, respectively, which noted concerns with developments at BC Hydro and how they could result in the company's self-supporting debt being consolidated with the province's taxpayer supported debt, s.13,s.17

s.13,s.17

Specifically, the agency noted that "taking into consideration the extensive use of largely debt financed regulatory asset accounts, BC Hydro posts some metrics that are among the weakest of Canadian provincial utilities", e.g. debt to capitalization and cash flow related metrics. Moody's went on: while it "does not alter our medium term view that debt of BC Hydro is self-supporting, we should note that should BC Hydro's financial position deteriorate, the possibility that it would require support from the province will increase". The agency concluded that it "will continue to monitor BC Hydro's financial strength over the coming years through the construction and initial operations of Site C."

s.17

s.17

A copy of the last ratings report from Moody's is attached.

Adam Hardi is Moody's new lead analyst for the province and covers several BC entities including City of Vancouver, Translink and Municipal Financing Authority of BC , all of which gives him good grounding on what is happening in the province .

Michael Yake is back up to Adam and has been the lead analyst for about 5 years.

Key Messages:

s.13,s.17

**Announcement: Moody's Notes Continued Surpluses But High Debt Within  
British Columbia's Budget**

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Global Credit Research - 22 Feb 2017

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## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Staff: Lori Wannamaker, Deputy Minister, Jim Hopkins, Assistant Deputy Minister, Sam Myers, Executive Director, David Galbraith,**

**Meeting Date: TBC week of July 31**

**Minister's Office**

**CLIFF: 359521**

# MEETING NOTE

## BACKGROUND

British Columbia is currently the only province which is rated AAA with a Stable outlook by S&P. S&P first rated the province triple-A in 2006.

The province pays S&P for their rating services because the rating is a requirement among domestic and international investors and is therefore needed for the province to access the capital markets.

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## PURPOSE OF MEETING:

s.17

On March 31, S&P issued a press release and reported: "The ratings reflect the province's very strong financial management, economy, and budgetary flexibility in addition to its exceptional liquidity and sound budgetary performance. The stable outlook reflects our expectation that B.C.'s economy will continue expanding modestly through 2017 and 2018, contributing favorably to the province's budgetary performance."

S&P reports that "chief among the province's credit worthiness is its robust and diversified economy."

S&P praises the province's financial management practices as the "best among the Canadian provinces", reflecting a "well-documented financial plan that provides visibility", an ability to "effectively respond to external risks" and financial disclosures which are "transparent, comprehensive and timely".

The agency observes weakening budgetary performance, measured by after-capital deficits as percentage of revenue. Of note, S&P calculates this deficit measure as stabilizing between 5 and 6 percent during the Fiscal Plan which is an improvement of about 8 percent in the 2016 Plan. Nonetheless, S&P cites deterioration of after-capital deficits of more than 10 percent of total revenues on a sustained basis as potentially triggering negative rating action;<sup>s.13,s.17</sup>

s.17

Unique among the rating agencies, S&P includes the debt of the province's commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self-supporting. <sup>s.13,s.17</sup>

s.13,s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

**Key Messages:**

s.13,s.17

**From:** [Hopkins, Jim FIN:EX](#)  
**To:** [Riley, Dave FIN:EX](#); [Galbraith, David J FIN:EX](#); [Wanamaker, Lori FIN:EX](#)  
**Cc:** [Myers, Sam FIN:EX](#); [Stonnell, Jennifer FIN:EX](#); [Mirza, Sadaf FIN:EX](#)  
**Subject:** RE: Request for Economic and Fiscal Mgt Factoids for Minister during Rating Agency Calls on MOnday am  
**Date:** Friday, July 28, 2017 4:26:59 PM

---

Many thanks Dave ..this is comprehensive and hits the key economic and fiscal highlights  
I will dress up with an intro and send to Lori for Minister  
Cheers Jim

---

**From:** Riley, Dave FIN:EX  
**Sent:** Friday, July 28, 2017 4:16 PM  
**To:** Hopkins, Jim FIN:EX; Galbraith, David J FIN:EX; Wanamaker, Lori FIN:EX  
**Cc:** Myers, Sam FIN:EX; Stonnell, Jennifer FIN:EX; Mirza, Sadaf FIN:EX  
**Subject:** RE: Request for Economic and Fiscal Mgt Factoids for Minister during Rating Agency Calls on MOnday am  
Attached is a note as per your request

s.17

---

**From:** Hopkins, Jim FIN:EX  
**Sent:** Friday, July 28, 2017 1:07 PM  
**To:** Galbraith, David J FIN:EX; Riley, Dave FIN:EX; Mirza, Sadaf FIN:EX  
**Cc:** Wanamaker, Lori FIN:EX; Myers, Sam FIN:EX; Stonnell, Jennifer FIN:EX  
**Subject:** Request for Economic and Fiscal Mgt Factoids for Minister during Rating Agency Calls on MOnday am  
**Importance:** High  
David, Dave and Sadaf..

s.13

May I ask you to complete a 1 –pager which follows the rough outline below by end of day ,ideally, or over the weekend —you will be more familiar with the data and , certainly, adjust as you see fit .. I suggest sending to Lori and I directly to get it to Robyn ...I am here this afternoon and pleased to discuss ..

Many thanks

Jim

BC's economic and fiscal performance remains robust and shows material improvements :

1) Economy

BC continues to be a leading economy in Canada and has an outstanding platform for sustained growth and sound fiscal performance

- GDP : BC 's economic growth in 2016 lead the country for the third year in a row at 3.7% and is forecast to do so again in 2017 at 3.0% and nicely above the February 2017 Budget forecast of 2.1%
- Employment : Again , BC is leading the country with employment growth of 3.8 % year to date which is running above the February 2017 Budget forecast for 2017 of 1.2 %
- Retail sales: Robust retail sales of 7.9% year to date eclipses the February 2017 Budget forecast for 2017 of 3.7 %

- Exports: BC exports in 2017 is another source of economic strength running at 16.1% year – to-date and <sup>s.17</sup>

## 2) Fiscal Management

BC 's income statement and balance sheet remain sources of strength which offer resources to support the government fiscal priorities and flexibility to manage external risks and challenges ( eg wild fires, economic slowdown in the US or Asia )

- Surplus of \$2.8 billion for 2016/17 is significantly more than estimated in the February 2017 Budget ( \$1.5 billion ) which is largely driven by revenues increasing by \$ ?? million
- s.17

- Debt to GDP is 15.9 % compared to the earlier estimate of 16.1%.
- Debt to revenue is ( 81.75% ??? ) and below the February estimate of 84.0%
- Debt service costs as percentage of revenue remains favourably low at 3.2%

**From:** [Nicholson, Riley FIN:EX](#)  
**To:** [Stonnell, Jennifer FIN:EX](#)  
**Subject:** RE: Minister and DM availability  
**Date:** Monday, July 31, 2017 2:47:00 PM

---

Thx, I have sent her a note.

---

**From:** Stonnell, Jennifer FIN:EX  
**Sent:** Monday, July 31, 2017 2:20 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability  
Please go ahead. Thanks!

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Monday, July 31, 2017 2:07 PM  
**To:** Stonnell, Jennifer FIN:EX  
**Subject:** FW: Minister and DM availability

Hi Jenn,

Can I reach out to Yvette or would you like to. Friday looks like is out as the Minister is away but maybe Thursday.

Thanks,

Riley

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Monday, July 31, 2017 12:45 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** Minister and DM availability

Hi Riley,

Are the Minister and DM available for a rating agency call this Thursday or Friday? It would be with S&P – the only agency that was not able to participate today.

Once I know, then I can approach the agency.

Thanks,

Kevin

## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Meeting Date:**

**Deputy Minister's Office**

**CLIFF: 359521**

# MEETING NOTE

## BACKGROUND

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## PURPOSE OF MEETING:

s.17

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S&P reports that "chief among the province's credit worthiness is its robust and diversified economy."

S&P praises the province's financial management practices as the "best among the Canadian provinces", reflecting a "well-documented financial plan that provides visibility", an ability to "effectively respond to external risks" and financial disclosures which are "transparent

,comprehensive and timely” .

The agency observes weakening budgetary performance, measured by after-capital deficits as percentage of revenue. Of note, S&P calculates this deficit measure as stabilizing between 5 and 6 percent during the Fiscal Plan which is an improvement of about 8 percent in the 2016 Plan. Nonetheless, S&P cites deterioration of after-capital deficits of more than 10 percent of total revenues on a sustained basis as potentially triggering negative rating action;s.13.s.17  
s.17

Unique among the rating agencies, S&P includes the debt of the province’s commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self –supporting. s.17  
s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

**From:** Marquis, Yvette FIN:EX  
**To:** [Nicholson, Riley FIN:EX](#)  
**Subject:** RE: Minister and DM availability  
**Date:** Tuesday, August 1, 2017 9:46:51 AM

---

Thx!

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Tuesday, August 1, 2017 9:01 AM  
**To:** Marquis, Yvette FIN:EX  
**Subject:** RE: Minister and DM availability

Hi Yvette,

The call has been confirmed at 8:30 – 8:15 on Thursday. Attendees are: Lori, Dave Galbraith, Jim Hopkins and Sam Myers. Attached is the briefing note previously sent. Details also confirmed in Lori's calendar.

Thanks,

Riley

---

**From:** Marquis, Yvette FIN:EX  
**Sent:** Monday, July 31, 2017 3:12 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability  
Sure!

She can do 8AM or 8:30am – let me know which works best.

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Monday, July 31, 2017 2:47 PM  
**To:** Marquis, Yvette FIN:EX  
**Subject:** FW: Minister and DM availability

Hi Yvette,

Does the Minister have some time available on Thursday to accommodate a 15 minute call with the last rating agency?

Thanks,

Riley

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Monday, July 31, 2017 12:45 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** Minister and DM availability

Hi Riley,

Are the Minister and DM available for a rating agency call this Thursday or Friday? It would be with S&P – the only agency that was not able to participate today.

Once I know, then I can approach the agency.

Thanks,

Kevin



**From:** [Redchurch, Kevin FIN:EX](#)  
**To:** [Nicholson, Riley FIN:EX](#)  
**Subject:** RE: Minister and DM availability  
**Date:** Friday, August 4, 2017 11:47:10 AM

---

I tried (you were on the line). I will try again shortly.

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Friday, August 4, 2017 11:44 AM  
**To:** Redchurch, Kevin FIN:EX  
**Subject:** RE: Minister and DM availability  
Can you call me about these?

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Friday, August 4, 2017 11:40 AM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability  
Ok. Thanks. Jim will ultimately make the call on the lunch....even if the Minister and/or DM can't participate. The plot thickens..... ☺

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Friday, August 4, 2017 11:37 AM  
**To:** Redchurch, Kevin FIN:EX  
**Subject:** RE: Minister and DM availability  
Treasury Board and yes avoid that day for lunch. Thx.

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Friday, August 4, 2017 11:36 AM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability  
Hi Riley,  
Can you clarify what you mean by "TB" in your e-mail below? And in that sentence, do you mean to avoid arranging a lunch on that day?  
Thanks,  
Kevin

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Monday, July 31, 2017 6:56 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability

Thanks. I will see if I can get one agency on Oct. 2<sup>nd</sup>, one on Oct. 3<sup>rd</sup>, and one on Oct. 4<sup>th</sup>. Depending on how long they run we may be able to get a fourth one in (one of those days)...but that will just be a conference call. That could also be arranged for Oct. 6<sup>th</sup> at 10:00am ish. I'll keep you posted.

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Monday, July 31, 2017 4:18 PM  
**To:** Redchurch, Kevin FIN:EX  
**Subject:** RE: Minister and DM availability  
Hi Kevin,

Currently the DM and Minister have clear schedules the week of Oct 2<sup>nd</sup> with the exception of Oct 5 9:00 – Noon (I would avoid this date over lunch if possible though at it is **TB** and may be determined closer to date to extend time), and Oct 6 8:30 – 10:00. Sept 28-29 both will be in Vancouver for UBCM. Note: I am not going to talk to the Minister's office about this potential lunch yet, unless you want me to?

Thanks,  
Riley

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Monday, July 31, 2017 3:34 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability

Thanks. I will work with that for now....and see what they say.

On a separate (but somewhat related) matter, three of the agencies will likely be coming to Victoria post-September Budget...for (separate) technical briefings with the Province. This is exactly like what was done in March (of previous years) – anywhere from a few hours to a full day. Ideally, we are hoping to conduct the onsite meetings at some point during the week of October 2<sup>nd</sup>...but I need to confirm with each agency. Traditionally, if available, the DM (if available) just shows up at the beginning of each meeting to give a brief “welcome” (5-10 minutes)...then leaves. Additionally, if there is a lunch at the Legislature (TBD), the DM’s (as well as the Minister’s) attendance would be good.

So....can you please look into the DM’s and Minister’s schedule during that week to see what our options are?

Alternatively, but less ideal, we can also look at September 28<sup>th</sup> and 29<sup>th</sup>.

Thanks.

Kevin

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Monday, July 31, 2017 3:17 PM  
**To:** Redchurch, Kevin FIN:EX  
**Subject:** RE: Minister and DM availability

Hi Kevin,

Thursday at 8:00 or 8:30 can work for the Minister. Friday she is not in the office.

Thx.

Riley

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Monday, July 31, 2017 2:38 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** RE: Minister and DM availability  
Just like the others.....about 15 minutes.

---

**From:** Nicholson, Riley FIN:EX  
**Sent:** Monday, July 31, 2017 2:35 PM  
**To:** Redchurch, Kevin FIN:EX  
**Subject:** RE: Minister and DM availability

Hi Kevin,

How long is the call? Thx.

---

**From:** Redchurch, Kevin FIN:EX  
**Sent:** Monday, July 31, 2017 12:45 PM  
**To:** Nicholson, Riley FIN:EX  
**Subject:** Minister and DM availability

Hi Riley,

Are the Minister and DM available for a rating agency call this Thursday or Friday? It would be with S&P – the only agency that was not able to participate today.

Once I know, then I can approach the agency.

Thanks,

Kevin

## Gillezeau, Rob FIN:EX

---

**Subject:** Rating Agency Call with Standard and Poors, Lori, Dave Galbraith, Jim Hopkins and Sam Myers  
**Location:** s.15  
**Start:** Thu 2017-08-03 8:30 AM  
**End:** Thu 2017-08-03 8:45 AM  
**Recurrence:** (none)  
**Organizer:** MINCAL, FIN FIN:EX  
**Categories:** Gov

YM – July 31



<p style="text-align: center;"><b>BACKGROUNDER</b></p> <p><b>Issue: Introductory Call with Standard and Poor's</b></p> <p><b>Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director</b></p> <p><b>Meeting Date:</b> <b>Deputy Minister's Office</b> <b>CLIFF: 359521</b></p>	<p><b>MEETING NOTE</b></p>
---	----------------------------

## **BACKGROUND**

British Columbia is currently the only province which is rated AAA with a Stable outlook by S&P. S&P first rated the province triple-A in 2006.

The province pays S&P for their rating services because the rating is a requirement among domestic and international investors and is therefore needed for the province to access the capital markets.

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## **PURPOSE OF MEETING:**

s.17

On March 31, S&P issued a press release and reported: "The ratings reflect the province's very strong financial management, economy, and budgetary flexibility in addition to its exceptional liquidity and sound budgetary performance. The stable outlook reflects our expectation that B.C.'s economy will continue expanding modestly through 2017 and 2018, contributing favorably to the province's budgetary performance."

S&P reports that "chief among the province's credit worthiness is its robust and diversified economy."

S&P praises the province's financial management practices as the "best among the Canadian provinces", reflecting a "well-documented financial plan that provides visibility", an ability to "effectively respond to external risks" and financial disclosures which are "transparent

,comprehensive and timely” .

The agency observes weakening budgetary performance, measured by after-capital deficits as percentage of revenue. Of note, S&P calculates this deficit measure as stabilizing between 5 and 6 percent during the Fiscal Plan which is an improvement of about 8 percent in the 2016 Plan. Nonetheless, S&P cites deterioration of after-capital deficits of more than 10 percent of total revenues on a sustained basis as potentially triggering negative rating action;<sup>s.13,s.17</sup>

s.17

Unique among the rating agencies, S&P includes the debt of the province's commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self -supporting. <sup>s.13,s.17</sup>

s.13,s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

## **RatingsDirect®**

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Research Update:

### **Province of British Columbia Ratings Affirmed At 'AAA'; Outlook Is Stable**

**Primary Credit Analyst:**

Bhavini Patel, CFA, Toronto (1) 416-507-2558; bhavini.patel@spglobal.com

**Secondary Contact:**

Stephen Ogilvie, Toronto (1) 416-507-2524; stephen.ogilvie@spglobal.com

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MARCH 31, 2017 6

1829367 15067135

**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance

**Date Required:** July 18, 2017

**Initiated by:** Jim Hopkins  
Assistant Deputy Minister  
Provincial Treasury

**Date Prepared:** July 13, 2017

**Ministry Contact:** Jim Hopkins  
Assistant Deputy Minister  
Provincial Treasury

**Phone Number:** 250 387-9295  
**Email:** Jim.Hopkins@gov.bc.ca

**Cliff #:** 359388

---

**TITLE:** Suggested Strategy for Early Engagement with Credit Rating Agencies

---

**PURPOSE:**  
**(X) FOR INFORMATION**

---

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Executive Director approval: \_\_\_\_\_

ADM approval: 

DM approval: 

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Withheld pursuant to/removed as

s.17

## Salling, Tammy L FIN:EX

---

**From:** Patel, Bhavini <bhavini.patel@spglobal.com>  
**Sent:** Tuesday, July 25, 2017 6:33 AM  
**To:** Hopkins, Jim FIN:EX; Ogilvie, Stephen  
**Cc:** Myers, Sam FIN:EX; Redchurch, Kevin FIN:EX  
**Subject:** RE: Province of BC...introductory call

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Classification: Internal

Good morning Jim,

We welcome the opportunity to speak to Deputy Premier James and Deputy Minister Wanamaker. It is very busy month for travel in our offices so to help facilitate a mutually convenient time, I thought it would be prudent to let you know of our availability in advance of Kevin's call. I will be out of the office Wed and Thurs of this week for meetings. Could be please arrange a call for Friday early morning your time? We have a meeting scheduled for the afternoon. If we have to do it next week, we are both out of the office Mon-Wed.

Thanks,  
Bhavini

-----Original Message-----

**From:** Hopkins, Jim FIN:EX [<mailto:Jim.Hopkins@gov.bc.ca>]  
**Sent:** Tuesday, July 25, 2017 9:26 AM  
**To:** Patel, Bhavini (Analytical); Ogilvie, Stephen (Analytical)  
**Cc:** Myers, Sam FIN:EX; Redchurch, Kevin FIN:EX  
**Subject:** Fw: Province of BC...introductory call

Good morning Bhavini and Stephen..

You will know that last week British Columbia 's new government was sworn in with Honourable Carole James appointed Minister of Finance and Deputy Premier. Lori Wanamaker was also announced as the new Deputy Minister

Minister James and Lori would like to convene a brief call with you this week by way of an introduction and in keeping with a relationship of significant importance to the province

Kevin Redchurch will follow up with you today to determine when we can arrange 15 minutes or so this week

Thanks  
Jim  
Sent from my BlackBerry 10 smartphone on the TELUS network.

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## Salling, Tammy L FIN:EX

---

**From:** Hopkins, Jim FIN:EX  
**Sent:** Tuesday, July 25, 2017 7:36 AM  
**To:** Patel, Bhavini; Ogilvie, Stephen  
**Cc:** Myers, Sam FIN:EX; Redchurch, Kevin FIN:EX  
**Subject:** Re: Province of BC...introductory call

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Fine Bhavini...we will aim for Friday am and Kevin will determine if there is a fit for the Minister and advise

Thx Jim

Sent from my BlackBerry 10 smartphone on the TELUS network.

Original Message

**From:** Patel, Bhavini  
**Sent:** Tuesday, July 25, 2017 6:33 AM  
**To:** Hopkins, Jim FIN:EX; Ogilvie, Stephen  
**Cc:** Myers, Sam FIN:EX; Redchurch, Kevin FIN:EX  
**Subject:** RE: Province of BC...introductory call

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Bhavini

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**Sent:** Tuesday, July 25, 2017 9:26 AM  
**To:** Patel, Bhavini (Analytical); Ogilvie, Stephen (Analytical)  
**Cc:** Myers, Sam FIN:EX; Redchurch, Kevin FIN:EX  
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Jim

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## **Salling, Tammy L FIN:EX**

---

**From:** Myers, Sam FIN:EX  
**Sent:** Wednesday, November 22, 2017 12:55 PM  
**To:** Salling, Tammy L FIN:EX  
**Subject:** FW: FOI Request-Briefing Note-SP Call with Minister-July 25 2017  
**Attachments:** Introductory Call with S&P.docx

Another item to print off.

Thanks, Tammy.

---

**From:** Chand, Rita FIN:EX  
**Sent:** Wednesday, July 26, 2017 11:32 AM  
**To:** Myers, Sam FIN:EX; Hopkins, Jim FIN:EX  
**Cc:** Redchurch, Kevin FIN:EX  
**Subject:** RE: Briefing Note-SP Call with Minister-July 25 2017

I've got a CLIFF number on the note, in the right format now, and have attached the report to the back.

Let me know if you'd like me to send it off to the DMO w/o a date/time for now or if you'd like to wait.

---

**From:** Myers, Sam FIN:EX  
**Sent:** Wednesday, July 26, 2017 9:53 AM  
**To:** Hopkins, Jim FIN:EX; Chand, Rita FIN:EX  
**Subject:** RE: Briefing Note-SP Call with Minister-July 25 2017

Changes look good and the note can now get finalized.

Thanks, Rita.

Sam

---

**From:** Hopkins, Jim FIN:EX  
**Sent:** Wednesday, July 26, 2017 9:39 AM  
**To:** Myers, Sam FIN:EX  
**Cc:** Chand, Rita FIN:EX  
**Subject:** Briefing Note-SP Call with Minister-July 25 2017

Sam..my edits to the Sand P note attached ..pleased to discuss ..pls accept changes and give to Rita to finalize

Thx Jim



## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Meeting Date:**

**Deputy Minister's Office**

**CLIFF: 359521**

## MEETING NOTE

### BACKGROUND

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s.13,s.17

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s.17

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s.13,s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

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## Research Update:

## Province of British Columbia Ratings Affirmed At 'AAA'; Outlook Is Stable

### Primary Credit Analyst:

Bhavini Patel, CFA, Toronto (1) 416-507-2558; bhavini.patel@spglobal.com

### Secondary Contact:

Stephen Ogilvie, Toronto (1) 416-507-2524; stephen.ogilvie@spglobal.com

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1825367 / 200911004

## Salling, Tammy L FIN:EX

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**From:** Riley, Dave FIN:EX  
**Sent:** Friday, July 28, 2017 4:16 PM  
**To:** Hopkins, Jim FIN:EX; Galbraith, David J FIN:EX; Wanamaker, Lori FIN:EX  
**Cc:** Myers, Sam FIN:EX; Stonnell, Jennifer FIN:EX; Mirza, Sadaf FIN:EX  
**Subject:** RE: Request for Economic and Fiscal Mgt Factoids for Minister during Rating Agency Calls on MOnday am  
**Attachments:** Notes for MCJ call with Rating Agencies.docx

Attached is a note as per your request

s.13,s.17

---

**From:** Hopkins, Jim FIN:EX  
**Sent:** Friday, July 28, 2017 1:07 PM  
**To:** Galbraith, David J FIN:EX; Riley, Dave FIN:EX; Mirza, Sadaf FIN:EX  
**Cc:** Wanamaker, Lori FIN:EX; Myers, Sam FIN:EX; Stonnell, Jennifer FIN:EX  
**Subject:** Request for Economic and Fiscal Mgt Factoids for Minister during Rating Agency Calls on MOnday am  
**Importance:** High

David, Dave and Sadaf..

s.13

May I ask you to complete a 1 –pager which follows the rough outline below by end of day ,ideally, or over the weekend —you will be more familiar with the data and , certainly, adjust as you see fit .. I suggest sending to Lori and I directly to get it to Robyn ...I am here this afternoon and pleased to discuss ..

Many thanks  
Jim

BC's economic and fiscal performance remains robust and shows material improvements :

### 1). Economy

BC continues to be a leading economy in Canada and has an outstanding platform for sustained growth and sound fiscal performance

- GDP : BC 's economic growth in 2016 lead the country for the third year in a row at 3.7% and is forecast to do so again in 2017 at 3.0% and nicely above the February 2017 Budget forecast of 2.1%
- Employment : Again , BC is leading the country with employment growth of 3.8 % year to date which is running above the February 2017 Budget forecast for 2017 of 1.2 %
- Retail sales: Robust retail sales of 7.9% year to date eclipses the February 2017 Budget forecast for 2017 of 3.7 %



- Exports: BC exports in 2017 is another source of economic strength running at 16.1% year –to-date <sup>s.17</sup>  
s.17

## 2) Fiscal Management

BC 's income statement and balance sheet remain sources of strength which offer resources to support the government fiscal priorities and flexibility to manage external risks and challenges ( eg wild fires, economic slowdown in the US or Asia )

- Surplus of \$2.8 billion for 2016/17 is significantly more than estimated in the February 2017 Budget ( \$1.5 billion ) which is largely driven by revenues increasing by \$ ?? million
- s.17
- Debt to GDP is 15.9 % compared to the earlier estimate of 16.1%.
- Debt to revenue is ( 81.75% ??? ) and below the February estimate of 84.0%
- Debt service costs as percentage of revenue remains favourably low at 3.2%

## **Notes for MCI call with Rating Agencies July 31, 2017**

### **1) Economy**

BC is expected to be among the top provinces in economic growth this year and next year, according to private sector analysts. That strength is a reflection of strong year-to-date growth that is being observed in some key economic indicators.

#### **GDP:**

- BC's economy grew by an estimated 3.7% in 2016, the highest rate among the provinces according to preliminary GDP by industry data from Statistics Canada. BC has led the provinces in economic growth for two consecutive years.
- For this year, an average of six private sector forecasters as of July 28th expects BC real GDP to grow by 3.0% in 2017 (tied with Alberta for first among provinces), well above the Ministry's February 2017 Budget forecast of 2.1%.

#### **Employment:**

- BC is leading the country with employment growth of 3.8% year-to-date to June 2017 (creating about 88,750 jobs in the first six months of the year), which is above the Ministry's February 2017 Budget forecast of 1.2% for the full year.
- BC's unemployment rate averaged 5.4% year-to-date to June 2017, the lowest among provinces, and below the Ministry's February 2017 Budget forecast of 6.1% for the full year.

#### **Retail sales:**

- Consumer spending continues to be a source of strength in BC's economy, with retail sales up 7.9% in the first five months of 2017, compared to the same period of 2016.
- This year-to-date retail sales growth is well above the Ministry's February 2017 Budget forecast of 3.7% for the full year.

#### **Housing starts:**

- Following elevated levels of activity over the past couple of years, the BC housing market is experiencing a period of more moderate year-to-date activity so far in 2017. However, the downward trend in home sales and average prices that began in the spring of 2016 seems to have subsided with month-over-month activity levels resuming their upward trend in recent months. Furthermore, while construction activity is down on a year-to-date basis, housing starts remain above the historical average.
- Year-to-date to June 2017, BC housing starts have averaged 40,218 annualized units (a decrease of 9.1% compared to the first six months of 2016), but well above the Ministry's February 2017 Budget forecast of 29,977 units for the full year.

#### **Exports:**

- Year-to-date to May 2017, the value of BC international merchandise exports rose 16.1% compared to the same period of 2016, with growth concentrated in exports of energy products.
- s.17

## 2) FISCAL

- The Auditor General is still reviewing the books for the 2016/17 fiscal year and government is waiting for his comments.
- On July 28, the former Finance Minister provided a fiscal update for the 2016//17 fiscal year based on preliminary results and verified by the Office of the Comptroller General:
  - surplus of \$2.8 billion – up \$1.3 billion from the 3<sup>rd</sup> Quarterly (Q3) Report forecast in *Budget 2017*:
    - revenue up \$0.6 billion;
    - expense down \$0.4 billion; and
    - an unused forecast allowance of \$350 million.
  - total provincial debt of \$65.9 billion – down \$0.8 billion from the Q3 forecast:
    - taxpayer-supported \$0.5 billion lower – mainly direct operating debt;
    - self-supported \$0.1 billion higher; and
    - an unused forecast allowance of \$350 million.
  - taxpayer-supported debt-to-GDP at 15.9 per cent down from 16.1 percent estimated in the Q3 forecast.
  - taxpayer-supported debt-to-revenue at 81.7 percent compared to 84.0 per cent projected in the Q3 forecast.
  - and the debt servicing costs as a percentage of revenue (interest bite) remains low at 3.2 cents per dollar of revenue.
- s.17
- More details will be released in the Budget Update sometime in the fall

**Salling, Tammy L FIN:EX**

---

**From:** Hopkins, Jim FIN:EX  
**Sent:** Friday, July 28, 2017 4:35 PM  
**To:** Wanamaker, Lori FIN:EX  
**Cc:** Riley, Dave FIN:EX; Galbraith, David J FIN:EX; Stonnell, Jennifer FIN:EX; Myers, Sam FIN:EX  
**Subject:** Notes for Minister's call with Rating Agencies  
**Attachments:** Notes for MCJ call with Rating Agencies.docx

Lori...further to TBS' advice and edits , does the attached work for the Minister's request this morning ..?If so, can you forward plse

Thanks Jim



## **HIGHLIGHTS OF ECONOMIC AND FISCAL MANAGEMENT PERFORMANCE**

### **PURPOSE:**

The following economic and fiscal management performance indicators are provided to support upcoming introductory calls with Honourable Carole James and credit rating agencies

### **HIGHLIGHTS:**

#### **1) Economy**

BC is expected to be among the top provinces in economic growth this year and next year, according to private sector analysts. That strength is a reflection of strong year-to-date growth that is being observed in some key economic indicators.

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- s.17

- More details will be released in the Budget Update sometime in the fall

## **Salling, Tammy L FIN:EX**

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**From:** Wanamaker, Lori FIN:EX  
**Sent:** Friday, July 28, 2017 4:45 PM  
**To:** Hopkins, Jim FIN:EX  
**Cc:** Riley, Dave FIN:EX; Galbraith, David J FIN:EX; Stonnell, Jennifer FIN:EX; Myers, Sam FIN:EX  
**Subject:** RE: Notes for Minister's call with Rating Agencies

Excellent. Thanks. We'll send this onto the MO.

Have a good weekend everyone.

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**From:** Hopkins, Jim FIN:EX  
**Sent:** Friday, July 28, 2017 4:35 PM  
**To:** Wanamaker, Lori FIN:EX  
**Cc:** Riley, Dave FIN:EX; Galbraith, David J FIN:EX; Stonnell, Jennifer FIN:EX; Myers, Sam FIN:EX  
**Subject:** Notes for Minister's call with Rating Agencies

Lori...further to TBS' advice and edits , does the attached work for the Minister's request this morning ..?If so, can you forward plse

Thanks Jim





## Salling, Tammy L FIN:EX

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**Subject:** Minister's introductory call with S&P  
**Location:** s.15

**Start:** Thu 2017-08-03 8:30 AM  
**End:** Thu 2017-08-03 8:45 AM  
**Show Time As:** Tentative

**Recurrence:** (none)

**Meeting Status:** Not yet responded

**Organizer:** Redchurch, Kevin FIN:EX  
**Required Attendees:** Wanamaker, Lori FIN:EX; Galbraith, David J FIN:EX; Hopkins, Jim FIN:EX; Myers, Sam FIN:EX

Hello,

Please find below the Dial-In Details and "Meeting Note – Backgrounder" for the conference call with "S&P" on Thursday, August 3<sup>rd</sup> at 8:30am PST:

s.17

### Expected Agency Attendees:

Bhavini Patel (Director)  
Stephen Ogilvie (Director)



Introductory\_Cal...

Regards,  
Kevin  
250-387-4583



## BACKGROUNDER

**Issue: Introductory Call with Standard and Poor's**

**Meeting: Stephen Ogilvie, Director; Bhavini Patel, Director**

**Meeting Date:**

**Deputy Minister's Office**

**CLIFF: 359521**

# MEETING NOTE

## BACKGROUND

British Columbia is currently the only province which is rated AAA with a Stable outlook by S&P. S&P first rated the province triple-A in 2006.

The province pays S&P for their rating services because the rating is a requirement among domestic and international investors and is therefore needed for the province to access the capital markets.

Rating agency reports are followed closely by domestic and international investors, banks and the media. The rating is a third party assessment of the province and is a form of a report card. Investors generally use the rating to determine the interest rate they are prepared to pay for an issuer's fixed income securities with higher ratings attracting the lowest cost of borrowing relative to lower-rated issuers. A strong rating also broadens the international investor base, which can buy an issuer's securities, thereby supplementing liquidity.

## PURPOSE OF MEETING:

s.17

On March 31, S&P issued a press release and reported: "The ratings reflect the province's very strong financial management, economy, and budgetary flexibility in addition to its exceptional liquidity and sound budgetary performance. The stable outlook reflects our expectation that B.C.'s economy will continue expanding modestly through 2017 and 2018, contributing favorably to the province's budgetary performance."

S&P reports that "chief among the province's credit worthiness is its robust and diversified economy."

S&P praises the province's financial management practices as the "best among the Canadian provinces", reflecting a "well-documented financial plan that provides visibility", an ability to "effectively respond to external risks" and financial disclosures which are "transparent

,comprehensive and timely” .

The agency observes weakening budgetary performance, measured by after-capital deficits as percentage of revenue. Of note, S&P calculates this deficit measure as stabilizing between 5 and 6 percent during the Fiscal Plan which is an improvement of about 8 percent in the 2016 Plan. Nonetheless, S&P cites deterioration of after-capital deficits of more than 10 percent of total revenues on a sustained basis as potentially triggering negative rating action;s.13,s.17  
s.17

Unique among the rating agencies, S&P includes the debt of the province's commercial corporations, notably BC Hydro and Transportation Investment Corporation (TiC), as taxpayer supported because the debt is raised in the name of the province and off-lent to the companies. However, for purposes of credit rating analysis, the agency treats the debt of these commercial crowns as self -supporting. s.17  
s.17

A copy of the last ratings report from S&P is attached.

For your information, the lead S&P analyst for the province is Bhavini Patel; she has covered the province for about 2 years. Stephen Ogilvy is back up to Bhavini and he has covered the province for over a decade and has been lead analyst for a few of those years.

# RatingsDirect®

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## Research Update:

# Province of British Columbia Ratings Affirmed At 'AAA'; Outlook Is Stable

### Primary Credit Analyst:

Bhavini Patel, CFA, Toronto (1) 416-507-2558; bhavini.patel@spglobal.com

### Secondary Contact:

Stephen Ogilvie, Toronto (1) 416-507-2524; stephen.ogilvie@spglobal.com

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Withheld pursuant to/removed as

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**MARCH 31, 2017 6**

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## **Salling, Tammy L FIN:EX**

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**Subject:** Introductory call with BC's Finance Minister  
**Location:** Conference Call  
  
**Start:** Thu 2017-08-03 8:30 AM  
**End:** Thu 2017-08-03 8:45 AM  
**Show Time As:** Tentative  
  
**Recurrence:** (none)  
  
**Meeting Status:** Not yet responded  
  
**Organizer:** Redchurch, Kevin FIN:EX  
**Required Attendees:** Patel, Bhavini; Ogilvie, Stephen

Hello,

**Province attendees are expected to be:**

Carol James (Minister of Finance and Deputy Premier).  
Lori Wanamaker (Deputy Minister of Finance).  
David Galbraith (Associate Deputy Minister; Secretary to Treasury Board, Ministry of Finance).  
Jim Hopkins (Assistant Deputy Minister, Provincial Treasury, Ministry of Finance).  
Sam Myers (Executive Director, Debt Management Branch, Ministry of Finance).

The Province will call you at:

s.17

Thank you.  
Kevin

