Ministry *of* Finance

Added Q's and A's

Net debt vs total debt

Q: How can the accumulated deficit and net debt increase by $10.7B without causing an increase in total debt?

A: **Total debt** is cash based – it is how much money we've borrowed and is owed to our creditors. **Net debt and accumulated deficit** take into account the difference between our financial assets and liabilities, whether they are cash or not. The province has changed the valuation of the net pension liability by reducing the pension assets by $10.7 billion, but because there is no cash involved in that valuation, the total debt does not change.

Net debt vs total debt

Q: How will you treat this for the Fall Economic Statement and the 2017 Budget? If there's an impact on the 15-16 deficit, that must mean there's an impact on the 16-17 deficit.

A: The Fall statement may still be months away, so it's premature to know how this will be addressed in that document or the 2017 Budget. There are many factors that need to be taken into consideration, and this could be one of them. The fiscal plan is updated with new developments in terms of economic projections, and other developments on the revenue and expenditure side, and rolls all of that up into an overall fiscal picture compared to balance. The 2016 Budget identified a projected deficit for 2016-17 of $4.3 billion. We don't know at this point how that would change if this accounting treatment were continued, much less combined with the many other factors are taken into account.

Q: Does that mean you don't know how much more would be added to this year's deficit if the Auditor General's accounting treatment was continued?

A: Not an exact figure, but we expect it would be at least as much as the $1.5 billion amount that resulted from this change for the 2015-16 fiscal year.