February 17, 2026

BACKGROUNDER

Fiscal plan 2026-27 to 2028-29

Budget 2026 is built on disciplined choices to protect critical services and make targeted investments to grow B.C.'s economy while improving the long-term fiscal outlook.

In uncertain economic times, Budget 2026 seeks to future-proof the economy by training more people for good jobs, attracting private and federal investment and advance innovation.

The budget aims to raise revenues for government through changes in taxation, while making programs more efficient and reducing expenditures and protecting services people rely on.

Budget 2026 introduces a repacing of the capital plan after eight years of rapid construction, ensuring its sustainability for the long term.

Economic outlook

B.C. is expected to see slow to moderate growth in the economy, with real GDP growth projected at 1.3% in 2026 and 1.8% in 2027 due to continued trade uncertainty and impacts from federal government changes to immigration policy. Economic growth is expected to improve over the medium term (2028-2030), averaging 2.1% annually as immigration levels normalize and uncertainty over trade subsides.

Budget outlook

Budget 2026 presents an updated deficit of $9.6 billion for 2025-26, $1.6 billion lower than forecast in the Second Quarterly Report. The improvement is due mainly to higher revenue from corporate and personal income tax and lower spending for refundable tax credits. The 2025-26 fiscal year forecast also benefits from the one-time $2.7-billion tobacco settlement, which reduces the projected deficit.

Budget 2026 projects the following declining deficits over the three-year fiscal plan period:

- $13.3 billion for 2026-27
- $12.2 billion for 2027-28
- $11.4 billion for 2028-29

As a result of these declining deficits, government deficit-to-GDP ratio is declining over the three years, from 2.9% in 2026-27 to 2.3% by 2028-29.

Revenue outlook

Total government revenue is forecast at $85.5 billion in 2026-27, $88.6 billion in 2027-28 and $91.8 billion in 2028-29. Growth is mainly driven by increasing tax revenue, in part due to the new measures being introduced, natural resources revenue and commercial Crown corporation net income.

The government's revenue outlook incorporates trade-related uncertainty due to U.S. tariffs.

Expense outlook

Expenses over the three-year fiscal plan are forecast at $98.8 billion in 2026-27, $100.7 billion in 2027-28 and $103.2 billion 2028-29. Investments will help support the critical programs and services people rely on, including health care, supports for children and youth and public safety, as well as increasing opportunities for skills training and securing B.C.'s economic future.

Budget 2026 includes Contingencies allocations of $5 billion each year of the fiscal plan to help manage caseload pressures, current collective bargaining mandate costs and other costs that are uncertain at the time of building the budget, such as responding to continued trade uncertainty and emergency response and flood mitigation.

Capital investments

Budget 2026 invests a total of $37.7 billion in taxpayer-supported capital investments over three years, including $13.8 billion to strengthen transit and transportation infrastructure to keep people and goods moving, $11.1 billion to support the construction of new and upgraded health-care facilities and $3.9 billion to build, renovate and seismically upgrade schools.

Self-supported capital spending by commercial Crown corporations is estimated at $15.3 billion over three years, mainly for electricity generation and transmission.

Debt Affordability

B.C.'s taxpayer-supported debt is projected to be $116.5 billion at the end of 2025-26, approximately $2.2 billion lower than projected in Budget 2025, due to an improved operating result and lower capital spending. With this lower forecast, debt-to-GDP is now forecast to be 26.1% for 2025-26, down from 26.4% at the end of the second quarter.

Taxpayer-supported debt is expected to increase to $189 billion over the fiscal plan as the Province continues to invest in protecting critical services and building schools, roads, hospitals and transit.

The taxpayer-supported debt-to-GDP ratio, a key metric used by credit rating agencies, is forecast at 30.6% in 2026-27, 34.4% in 2027-28 and 37.4% in 2028-29. B.C.'s net liabilities-to-GDP ratio remains one of the lowest in Canada. It is currently below that of most provinces, including Ontario and Quebec. B.C.'s debt-servicing costs remain at low levels compared to other jurisdictions.

Budget 2026 focuses on strategically sequencing the capital plan, making disciplined choices and targeted investments to reduce the deficit over time, helping to ensure B.C. retains a competitive net liabilities-to-GDP ratios compared to the Province's peers.

Contact:

Ministry of Finance
Media Relations
250 893-1202