

BUDGET 2026

SECURING B.C.'S FUTURE



StrongerBC

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Budget 2026: Securing BC's Future

Budget 2026 makes careful choices to protect what matters most:

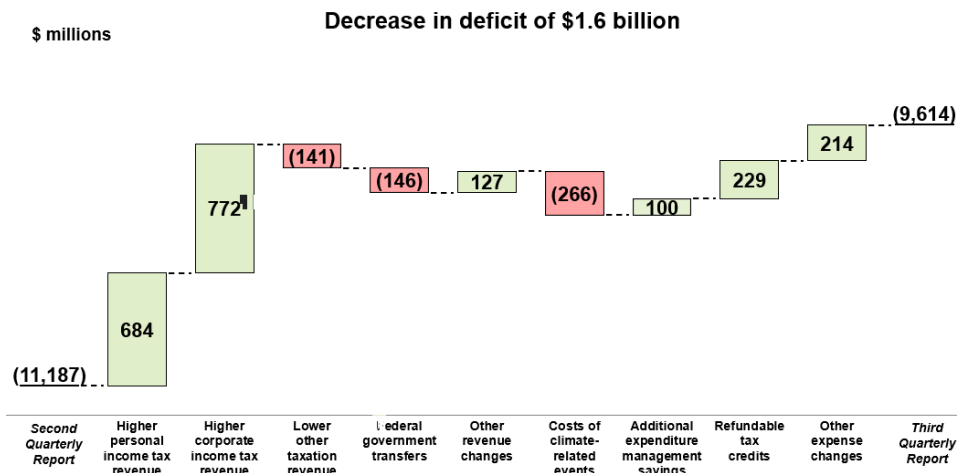
- **Protect core services**
Protecting health care, education, and essential supports while keeping taxes low for working families and shielding lower-income British Columbians
- **Invest where it secures B.C.'s future**
Prioritizing economic growth, major projects and skills training that create good jobs and long-term security across the province
- **Exercise discipline to strengthen B.C.'s finances**
Reducing deficits over time by making government more efficient, updating the tax system, and re-pacing capital projects to deliver better value

2025/26 Progress by Quarterly Report

(\$ millions)	Fiscal 2025/26			
	Budget 2025	Q1 Update	Q2 Update	Q3 update
Revenue	84,003	83,264	83,776	85,082
Expense	(94,915)	(94,841)	(94,963)	(94,696)
Deficit	(10,912)	(11,577)	(11,187)	(9,614)
Capital Spending:				
Taxpayer-supported capital spending	15,374	14,664	13,901	12,467
Self-supported capital spending	4,828	4,818	4,804	4,606
	20,202	19,482	18,705	17,073
Provincial Debt:				
Taxpayer-supported debt	118,719	117,992	117,677	116,540
Self-supported debt	37,913	37,381	37,409	37,519
Total debt	156,632	155,373	155,086	154,059
Taxpayer-supported debt metrics:				
Debt-to-GDP ratio	26.7%	26.6%	26.4%	26.1%
Interest bite (cents per dollar of revenue)	4.9	5.0	5.0	4.9

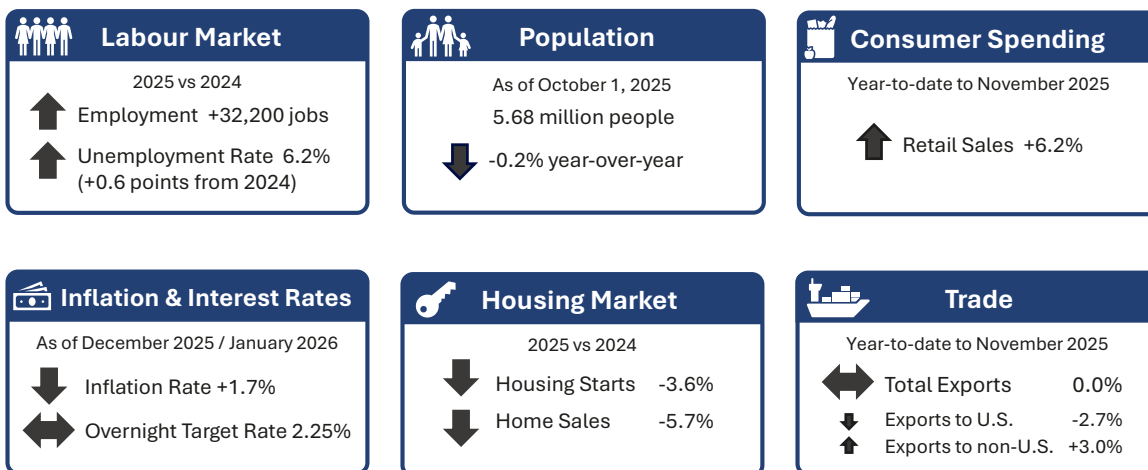
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2025/26 Deficit – Major Changes from the Second Quarterly Report



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Summary of Current Economic Situation

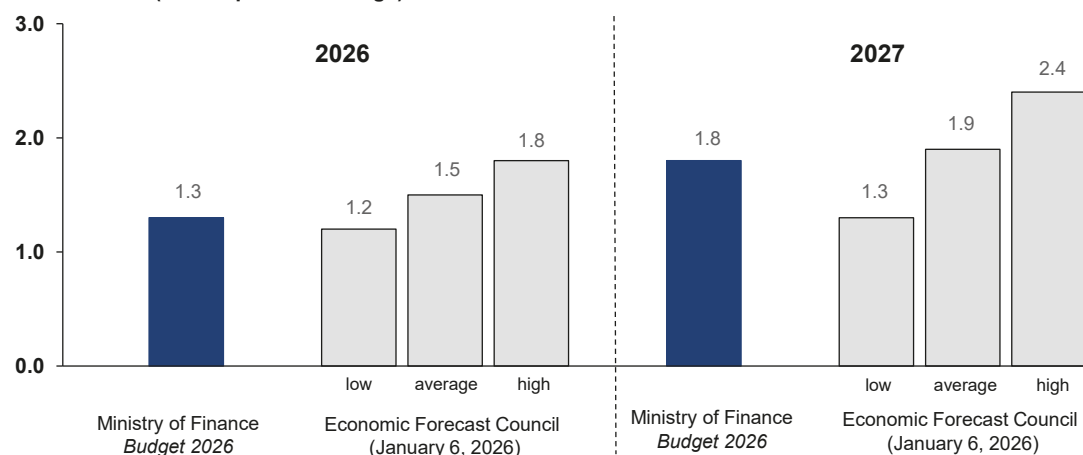


Data as of February 6, 2026

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B.C. Economic Outlook

B.C. real GDP (annual per cent change)

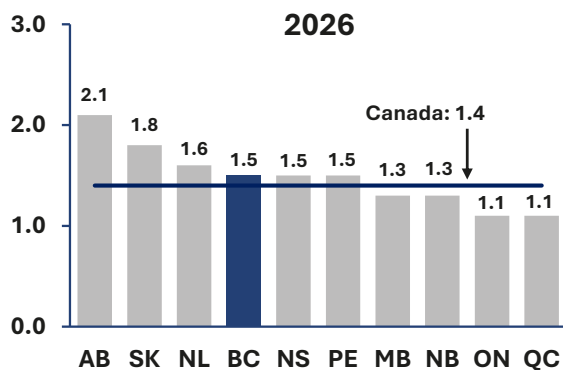


Sources: B.C. Ministry of Finance; Economic Forecast Council

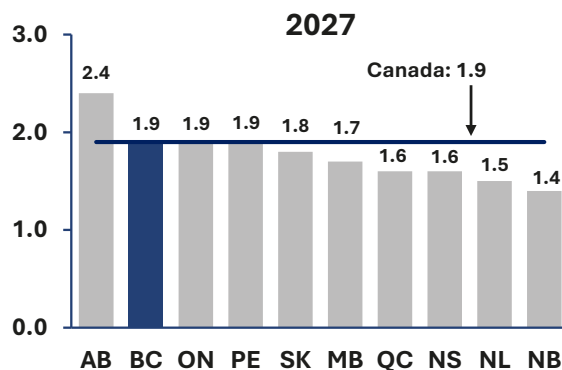
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Private Sector Provincial Economic Outlook

Economic growth across provinces this year
Real GDP forecasts for 2026 (annual per cent change)



Economic growth across provinces next year
Real GDP forecasts for 2027 (annual per cent change)



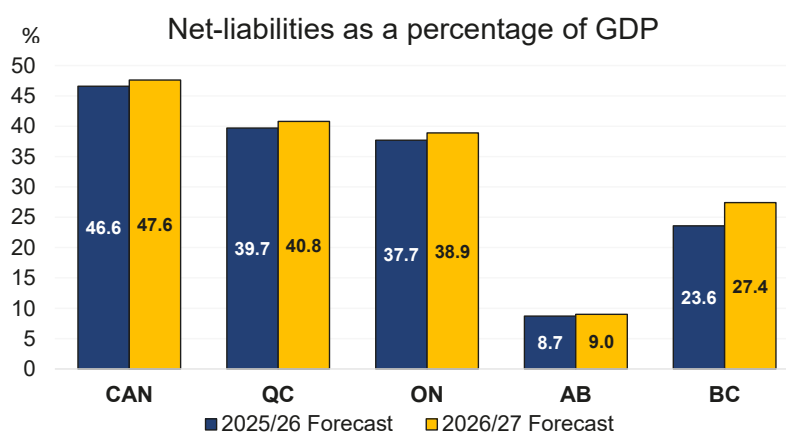
Source: Average of a subset of the Economic Forecast Council that regularly forecasts economic performance in all provinces (BMO, CIBC, National Bank, RBC, Scotiabank and TD) as of January 16, 2026.

Budget 2026 Highlights

Budget 2026 Fiscal Plan

(\$ millions)	Updated Forecast 2025/26	Budget Estimate 2026/27	Plan 2027/28	Plan 2028/29
Revenue	85,082	85,523	88,578	91,754
Expense	(94,696)	(98,832)	(100,743)	(103,191)
Deficit	(9,614)	(13,309)	(12,165)	(11,437)
Capital Spending:				
Taxpayer-supported capital spending	12,467	13,664	13,117	10,885
Self-supported capital spending	4,606	5,013	5,048	5,194
Total capital spending	17,073	18,677	18,165	16,079
Provincial Debt:				
Taxpayer-supported debt	116,540	142,897	166,906	189,019
Self-supported debt	37,519	40,477	42,949	45,540
Total debt	154,059	183,374	209,855	234,559
Taxpayer-supported Debt Metrics:				
Debt-to-GDP ratio	26.1%	30.6%	34.4%	37.4%
Deficit-to-GDP ratio	2.2%	2.9%	2.5%	2.3%
Interest bite (cents per dollar of revenue)	4.9	6.2	7.3	8.2

Debt Remains Affordable Compared to Peers



* Net-liabilities to GDP is used for inter-provincial comparison due the availability of public information. Figures were sourced from each jurisdiction's latest fiscal or economic update published from February 2025 through November 2025. B.C. figures are based on the *Budget 2026* forecast.

Protecting the Core Services People Rely On

\$5.1 billion over the three-year fiscal plan to protect the services that matter most:

- \$2.8 billion for health, mental health and addictions care capacity
- \$634 million for the K-12 education sector
- \$330 million to support child care for B.C. families
- \$475 million to support program redesign for children and youth with support needs
- \$478 million for children and youth in care and alternative care
- \$373 million to support increased demand for income and disability assistance and for supports for adults with developmental disabilities and Community Living BC
- \$52 million for improved disability assistance for couples

Building a Stronger Economy for Everyone

\$758 million over the three-year fiscal plan to grow a strong economy:

- \$241 million to double SkilledTradesBC funding
- \$30 million to train highly qualified professionals
- \$12 million to enhance employer training grant and increase apprenticeships
- \$400 million for a new strategic investment fund to secure federal funding
- \$40 million to support permitting and advance priority projects
- \$35 million in 2026/27 for the 2026 intake of the Clean Industry Fund
- And up to \$1 billion loan guarantee program to support equity ownership for BC First Nations

Making Neighbourhoods and Communities Safer

\$139 million over the three-year fiscal plan to increase public safety:

- \$73 million for improved access to justice and court operations
- \$26 million for Repeat Violent Offending Intervention Initiative
- \$16 million for Chronic Property Offending Intervention Initiative
- \$14 million for Special Investigation and Targeted Enforcement program
- \$10 million for Community Safety and Targeted Enforcement program
- Secured federal funding for more police officers, helicopter support, and national coordination to combat extortion

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Expenditure Management and Efficiency Review

- \$3.5 billion in estimated savings over the next three years through management of administrative and discretionary spending
- \$2.8 billion in additional savings related to streamlining government operations and public sector FTE reductions (15,000 FTEs by 2028/29)

	2026/27	2027/28	2028/29	Total
Expenditure management savings	950	1,240	1,320	3,510
Workforce reduction targets	200	800	1,850	2,850
Total estimated savings	1,150	2,040	3,170	6,360
Funding reinvested in core services	(525)	(663)	(736)	(1,924)
Total savings, net of reinvestments	625	1,377	2,434	4,436

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Updating Taxes to Prevent Cuts to Services

- To protect critical services for the people of B.C., *Budget 2026*:
 - Increases the tax rate for the first income tax bracket from 5.06 per cent to 5.60 per cent
 - At the same time, to protect lower income British Columbians, *Budget 2026* increases the B.C. tax reduction credit by \$115
 - 40 per cent of taxpayers will see income tax savings despite the tax rate increase
 - Indexation of tax brackets is temporarily paused for the 2027 through 2030 tax years

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Updating Taxes to Prevent Cuts to Services

- *Budget 2026* also:
 - Broadens the PST tax base to include professional services, consistent with most other provinces
 - Reforms tax programs related to property tax by:
 - Changing the terms of property tax deferment loans to more closely align with commercial lending terms
 - Increasing the speculation and vacancy tax rate for foreign owners and untaxed worldwide earners to 4 per cent
 - Making the home owner grant more equitable by removing enhancements meant to offset carbon tax costs in rural areas
 - Increasing the additional school tax rate on high valued homes

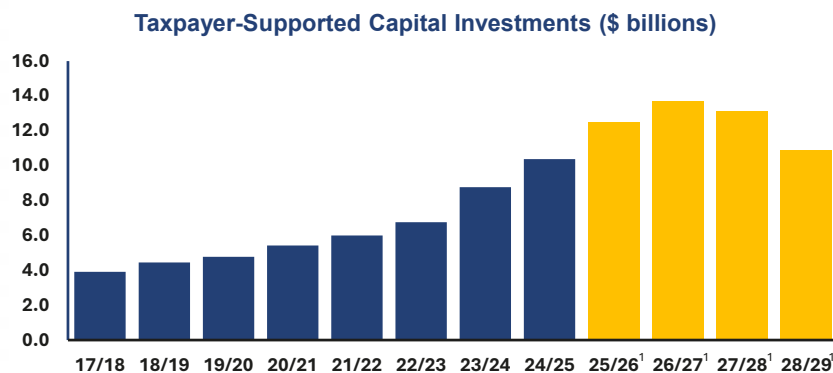
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Supporting Business Investment

- B.C.'s manufacturing sector is a key economic driver and one of the province's largest sectors
- These businesses can become more productive when they invest in new equipment and machinery
- To support this sector and drive further investment in research and development, *Budget 2026*:
 - Introduces a new temporary manufacturing and processing investment tax credit
 - Aligns the B.C. Scientific Research and Experimental Development tax credit with federal changes
 - Announces public consultation on a patent box regime for life sciences sector

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Sustainable Capital Plan



¹ Projected spending for 2025/26 to 2028/29

- Record infrastructure spending since 2017 expanded and improved services for British Columbians
- Capital plan moderation required to sustain service delivery in the long term
- Moderation is result of completion of projects now in construction and re-pacing capital plan

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Capital Plan Remains Ambitious



\$4.4B for post-secondary education projects
\$3.9B for K-12 school projects



\$2.7B in housing investments (provincially owned)



\$11.1B for acute care facilities, long-term care homes and cancer care centres



\$1.4B towards government owned infrastructure projects



\$13.8B towards crucial highway and transit expansion projects



\$0.4B in other investments and contingencies

Key Risks to the Fiscal Plan

- Continued uncertainty surrounding restrictive global trade policies, immigration levels and population growth
- Weaker global economic activity and ongoing geopolitical conflicts that contribute to potential volatility in the economic and fiscal outlooks
- Increased costs and demands for government services, such as health care, social programs and disaster recovery
- Mitigated through prudence in the fiscal plan, including Contingencies of \$5 billion in each year of the fiscal plan

Budget 2026 Summary

At a time of global instability, *Budget 2026* makes careful choices to secure B.C.'s future:

- **Protecting what matters most:** safeguarding health care, education, and essential supports while keeping costs down for families
- **Investing for long-term security:** supporting economic growth, major projects, and skills training to create good jobs
- **Strengthening finances:** reducing deficits through efficiency, a leaner public sector, and re-pacing capital projects

