

Contributors

Mitch Villeneuve

Director, Economic Policy
Scotiabank Economics
416.350.1175

mitch.villeneuve@scotiabank.com

John Fanjoy

Economist
Scotiabank Economics
416.866.4735

john.fanjoy@scotiabank.com

Long-Run Fiscal Forecast

\$ billions except where noted

	FY25		FY26	
	Bud. '25	Final	Bud. '25	Nov. '25
Total Revenue	82.9	84.0	84.0	83.8
Own-Source	68.7	69.7	68.7	69.0
Fed. Transfers	14.2	14.3	15.3	14.8
Total Expenditure	92.0	91.4	94.9	95.0
Programs	87.6	87.1	89.9	89.9
Health	37.3	38.2	39.0	39.2
Education	19.3	19.6	19.8	19.9
Social Services	10.8	10.9	11.3	10.6
Contingencies	3.9	-	4.0	4.0
Other	16.3	18.4	15.6	16.2
Debt Service	4.4	4.2	5.1	5.1
Reserve	-	-	-	-
Balance	-9.1	-7.3	-10.9	-11.2
% of GDP	-2.1	-1.7	-2.5	-2.5
Net Debt	97.7	99.1	118.7	117.7
% of GDP	22.9	23.2	26.7	26.4

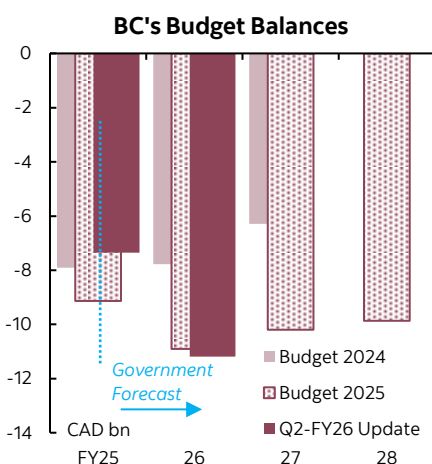
Sources: Scotiabank Economics, BC Finance.

British Columbia: 2025–26 Mid-Year Fiscal Update

FY26 DEFICIT FORECAST BROADLY UNCHANGED

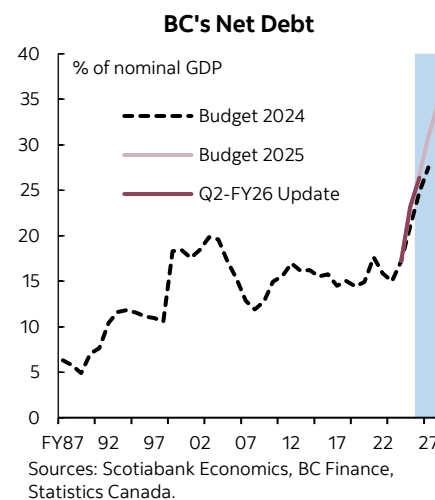
- The deficit is slightly higher but lower capital spending has led to a smaller projected increase to net debt. More moderate spending growth going forward will be needed to return to balance, especially given rising interest charges and ongoing economic risks.
- British Columbia's Q2 report forecasts a deficit mostly in line with Budget 2025 at **-\$11.2 bn (-2.5% of nominal GDP) in FY26 (chart 1)**. The public accounts for 2024–25 present a stronger hand-off from which the deficit was **-\$7.3 bn (-1.7%) in FY25** compared to **-\$9.1 bn (-2.1%)** estimated in the Spring budget.
- Total revenue for FY26 was revised down by \$0.2 bn compared to Budget 2025 to \$83.8 bn which would be a 0.3% contraction from FY25 levels.** Forecasts for both personal income tax and corporate income tax were revised higher by \$0.75 bn and \$0.98 bn respectively, reflecting stronger 2024 preliminary tax assessments. Meanwhile, the elimination of the carbon tax effective April 1, 2025, is estimated to reduce revenue by \$2.8 bn in FY26, and is partially offset by the one-time \$2.7 bn windfall from the tobacco settlement, both of which were added in the Q1 update.
- Total expenditure is estimated to be \$0.05 bn higher than Budget 2025 at \$95.0 bn in FY26.** Higher fire management costs (+\$0.5 bn) combined with other expenses are offset by lower refundable tax credits (-\$0.6 bn) mostly resulting from the elimination of the climate action tax credit. Contingencies remains unchanged from Budget 2025 at \$4 bn which the forecasts assumes will be fully spent.
- Net debt level forecast for FY26 was revised down by \$1 bn to \$117.7 bn (26.4% of nominal GDP) compared to \$118.7 bn (26.7%) in Budget 2025.** Taxpayer-supported capital spending for FY26 is planned to be \$13.9 bn, down from \$15.4 bn in Budget 2025, as the timing for spending on some projects related to health (-\$0.76 bn) and transportation (-\$0.63 bn) is shifted to future years. Real GDP is projected to grow 1.4% in 2025 and 1.3% in 2026, down from 1.8% and 1.9% respectively in the Spring budget, reflecting lower investment and exports.

Chart 1



Sources: Scotiabank Economics, BC Finance.

Chart 2



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