



Business Council of
British Columbia
Est. 1966

B.C. Economic & Fiscal Update: The Tipping Point

Financial Management Institute
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HIGHLIGHTS

- Provincial finances in a deep hole – with limited room to manoeuvre
 - Fiscal trajectory is unsustainable
 - Repeated credit rating downgrades
 - Significant future tax hikes, spending cuts, layoffs, or asset sales seem inevitable
- B.C. economic outlook subdued
 - Public sector booming, private sector very weak
 - 1-2% p.a. GDP growth, well below 2.5% long-term average
 - Major domestic policy headwinds, external uncertainties don't help

YOU DON'T NEED TO BE AN ECONOMIST...

FOOD BANK VISITS HAVE DOUBLED SINCE 2019

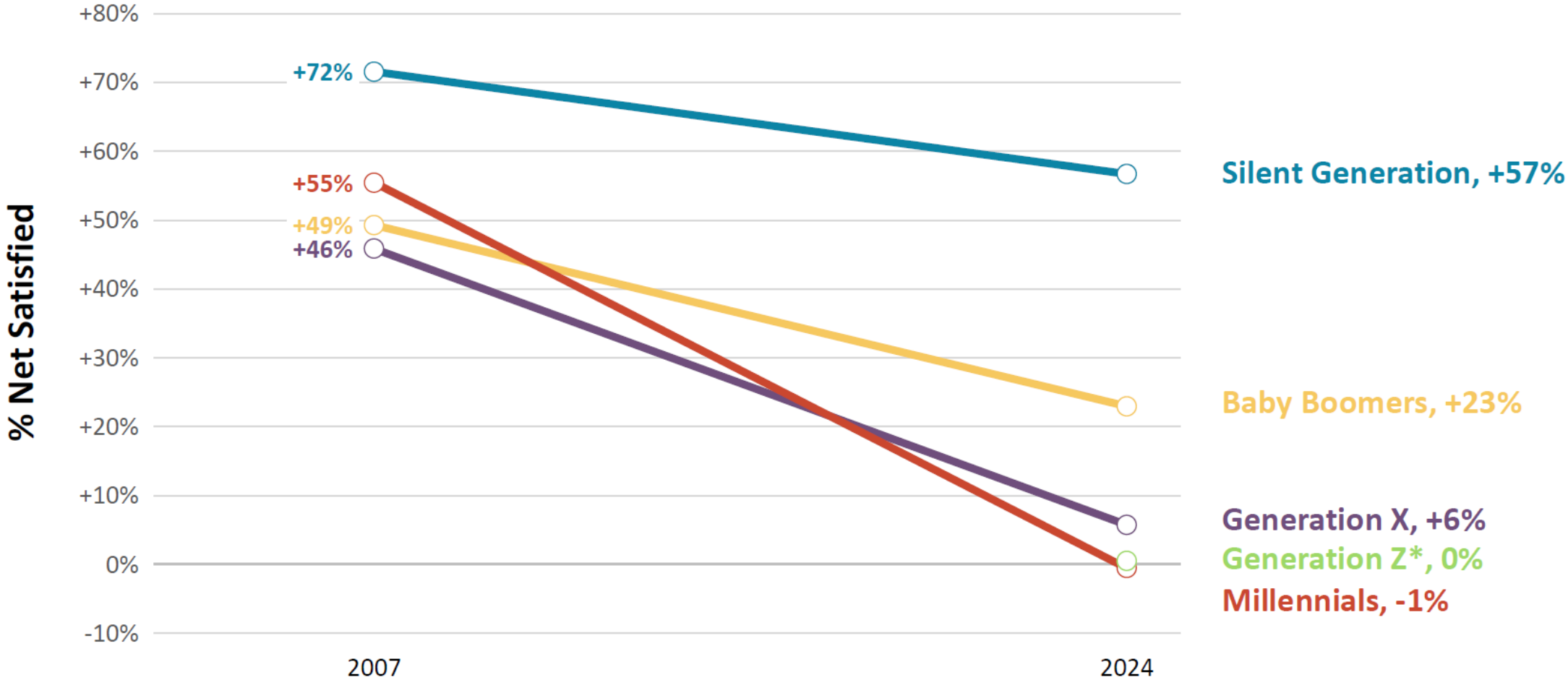
Monthly food bank visits, March 2025

	Canada	B.C.
Total visits	2,165,776	223,240
% with children	33%	30%
Change in total visits, 2019-25	99%	79%

Satisfaction with Standard of Living Plummetts



How satisfied are you with your current standard of living?
[asked of all respondents, January 2024 n=1,500]

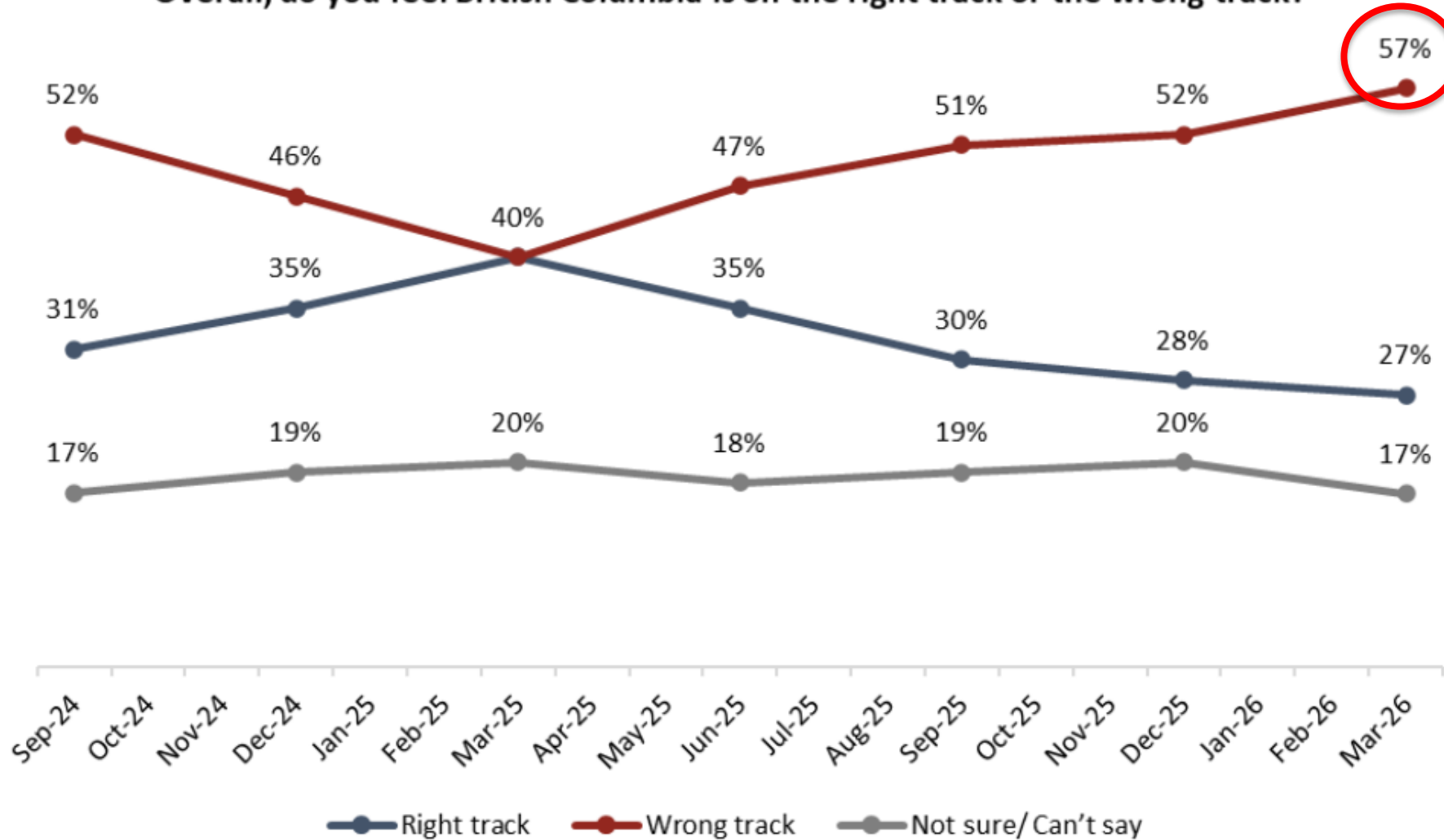


*The group was not included in the 2007 survey because respondents were under the age of 18.

Source: Greg Lyle, Innovative Research Group (2025)

ANGUS REID: B.C. ON THE WRONG TRACK

Overall, do you feel British Columbia is on the right track or the wrong track?



Note: Online survey from March 11-17, 2026, among a randomised sample of 499 Canadian adults who are residents of B.C. Respondents are drawn from the Angus Reid Forum, a large-scale online panel developed to include Canadian residents in each of the 343 federal ridings and representative of the Canadian population by age, gender, family income, ethnic status and education. The sample was weighted to be representative of adults nationwide according to region, gender, age, household income, and education, based on the Canadian census. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 4 percentage points, 19 times out of 20.

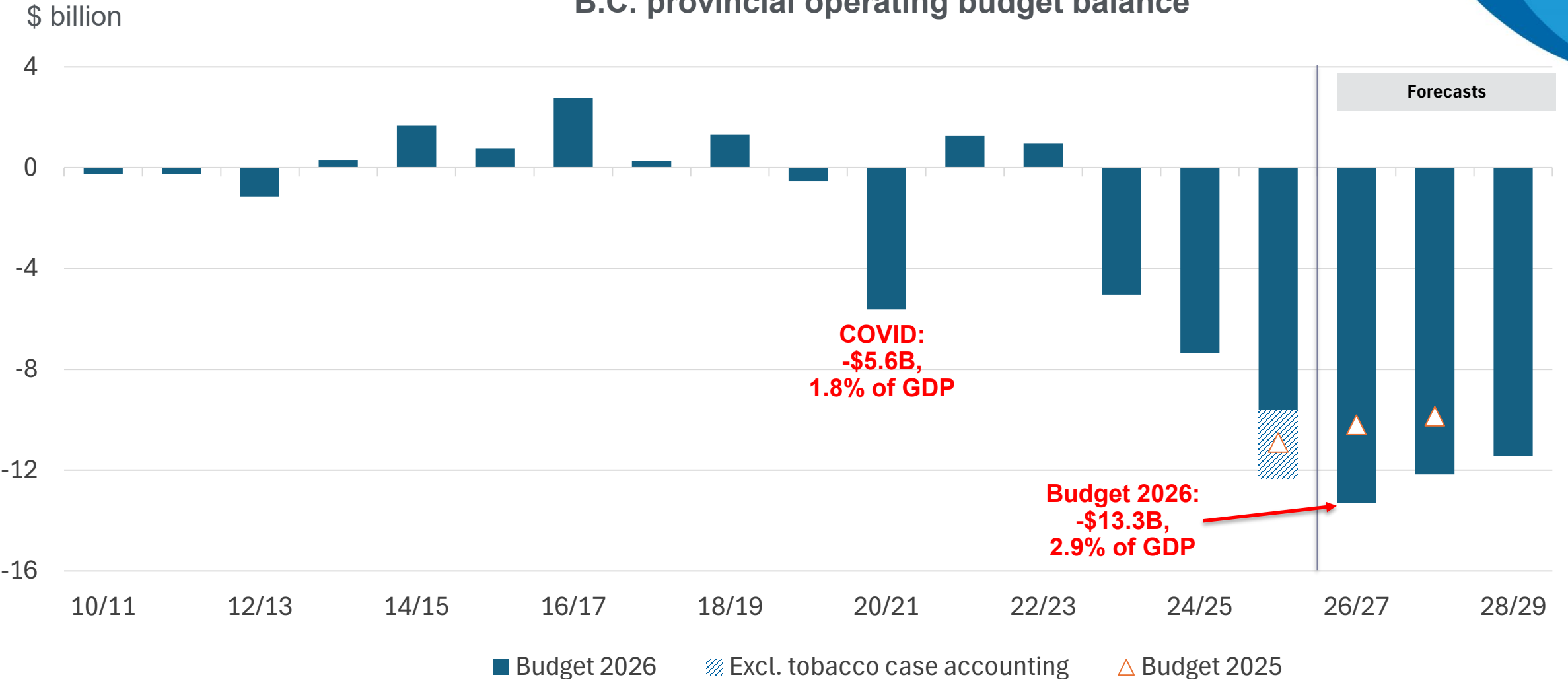
FISCAL OUTLOOK

B.C. BUDGET 2026

- Provincial finances in a deep hole – with limited room to manoeuvre
 - Collective bargaining agreements
 - Debt servicing costs
- Budget 2026 attempts to plug the hole (unsuccessfully)
 - Higher taxes on households and businesses
 - Modest efficiencies and staffing reductions
 - “Repacing” (trimming) capital spending
- Fiscal trajectory remains unsustainable
 - Significant future tax hikes, spending cuts, layoffs, or asset sales seem inevitable

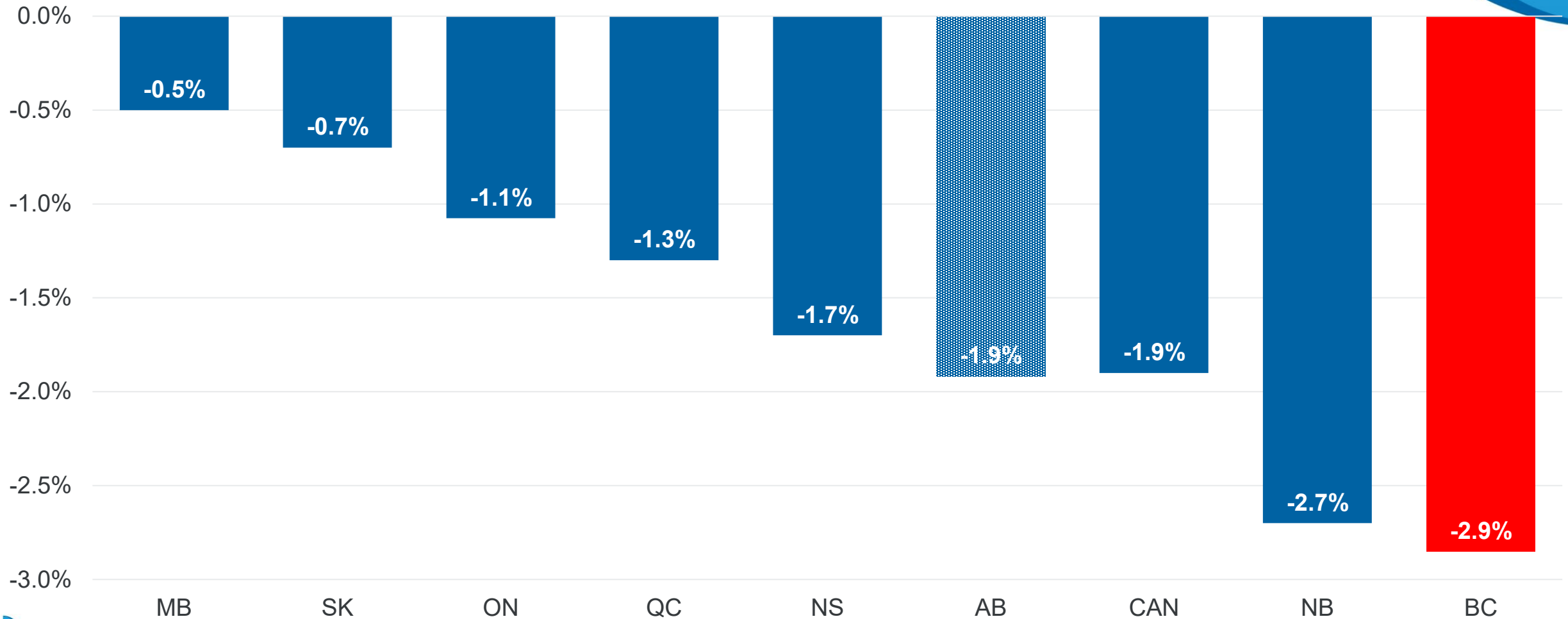
RAPID DETERIORATION IN PROVINCIAL FINANCES

B.C. provincial operating budget balance



B.C. IS WINNING A RACE NO-ONE WANTS TO WIN

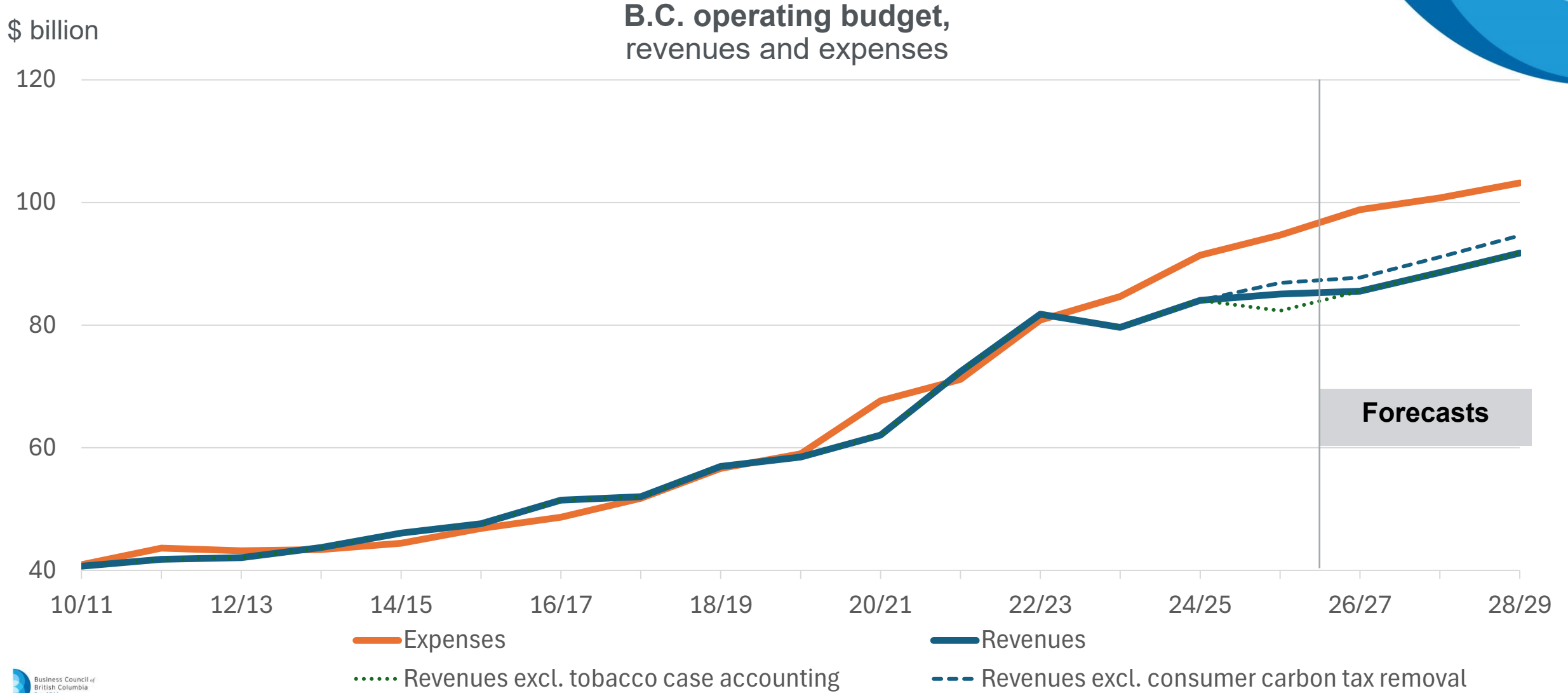
Provincial deficit, % of GDP
FY 2026/27 budget estimates



B.C.'S TROUBLING ARITHMETIC

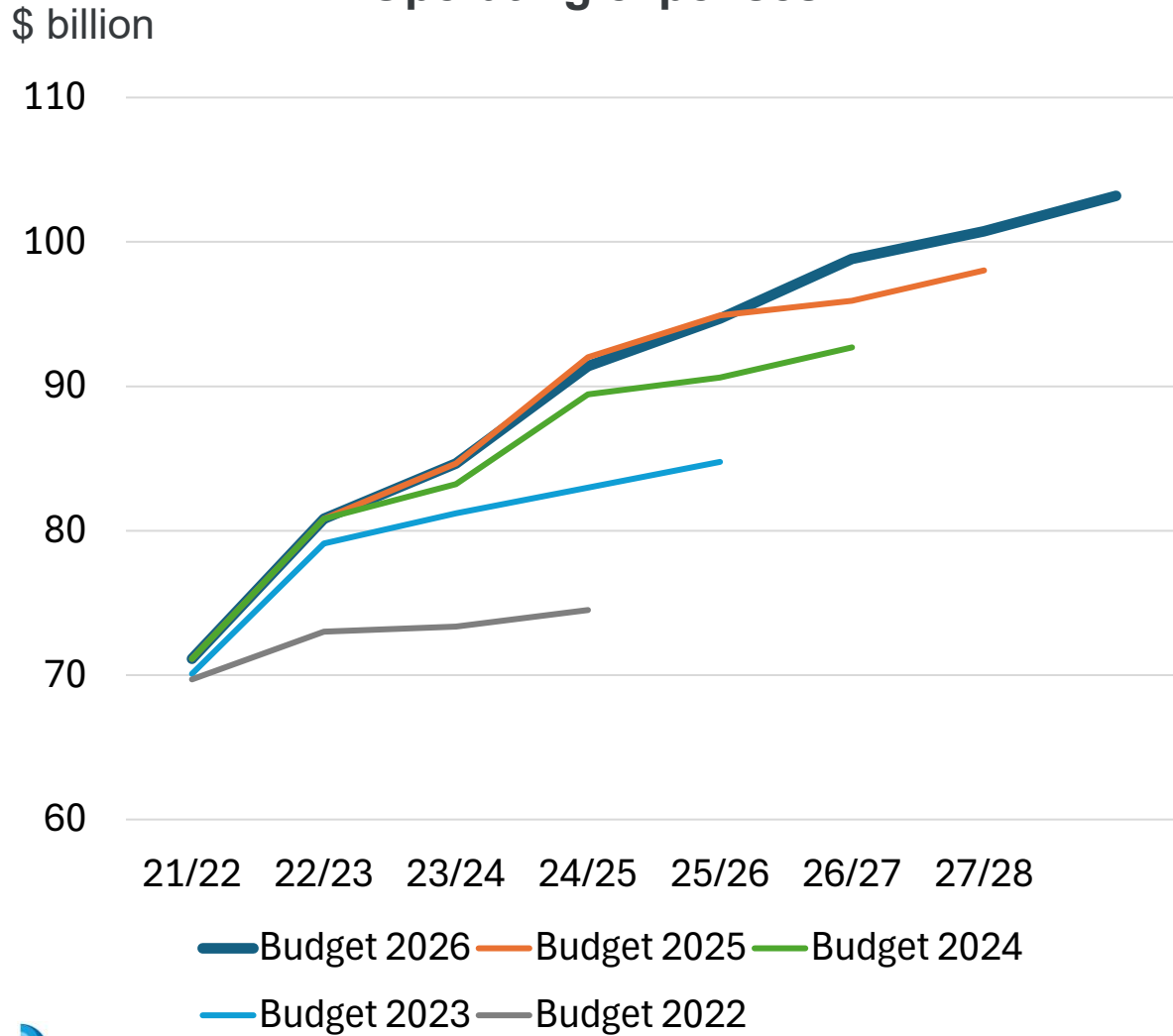
	5-year increase 2021/22 to 2026/27
Operating expenses	39%
Revenues	18%
Capital expenses	128%
Provincial debt (taxpayer-supported)	129%
Debt servicing costs (taxpayer-supported)	172%

EXPENDITURES HAVE OUTPACED REVENUES SINCE BUDGET 2023

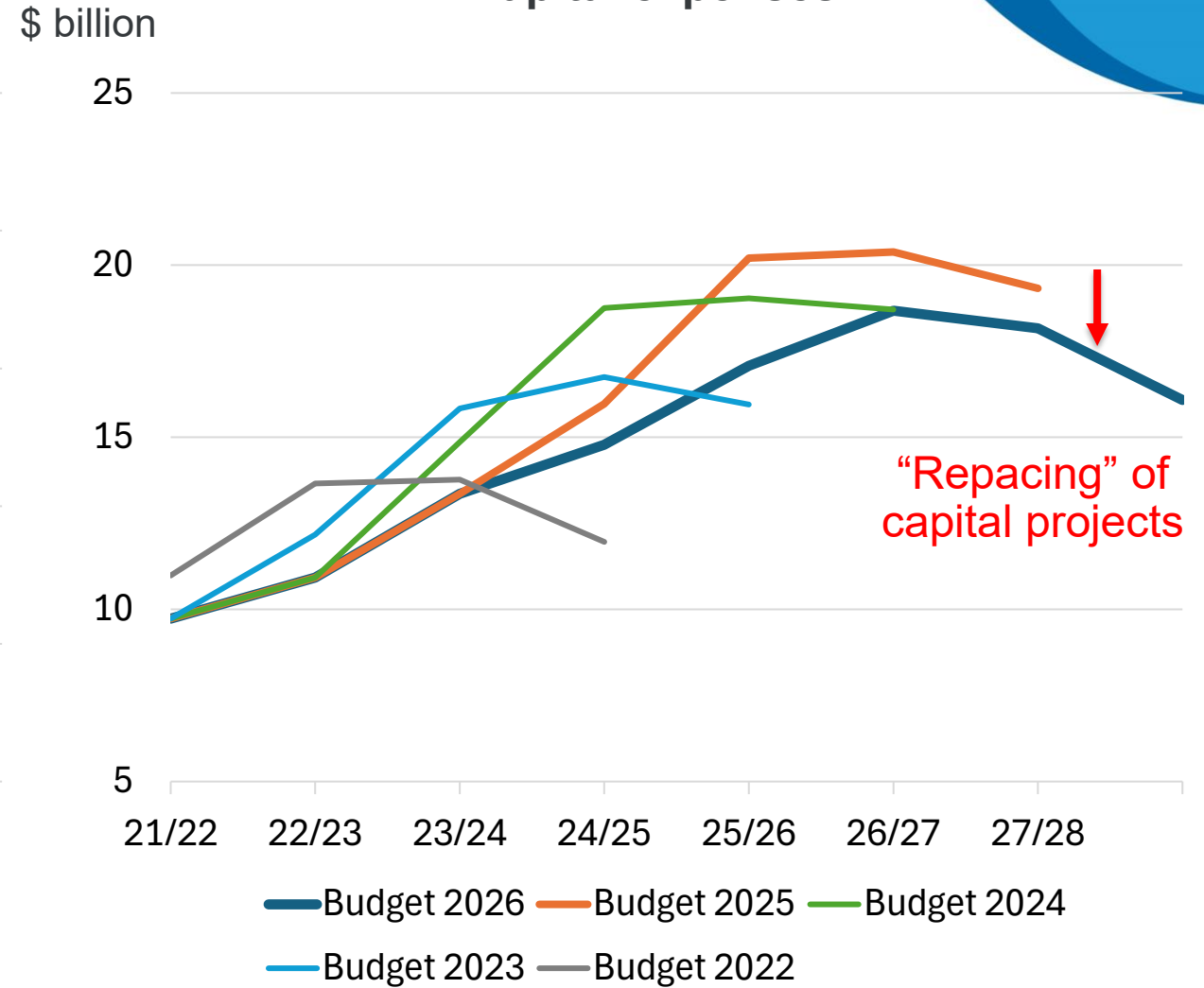


SERIAL UPWARD REVISIONS IN EXPENSES

Operating expenses

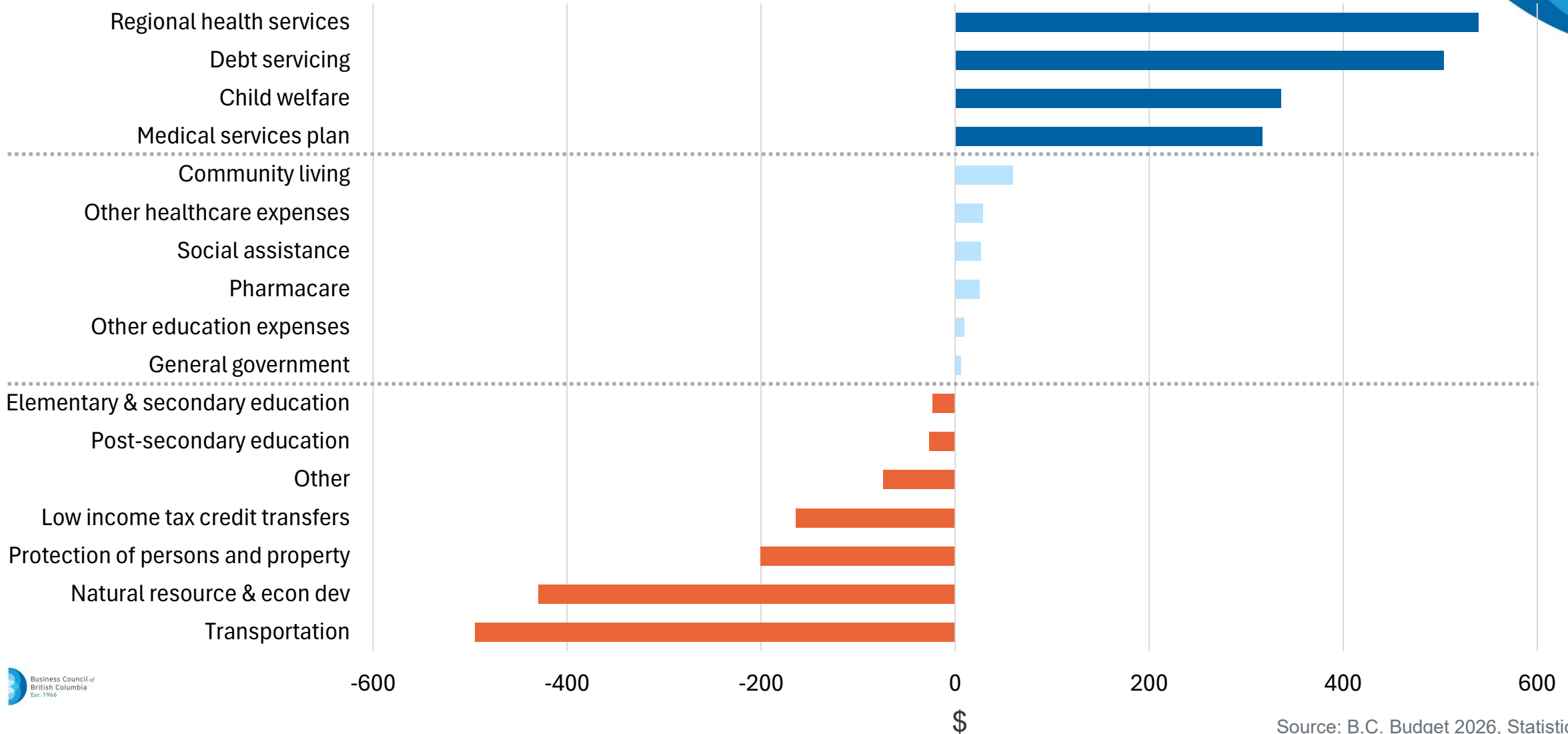


Capital expenses



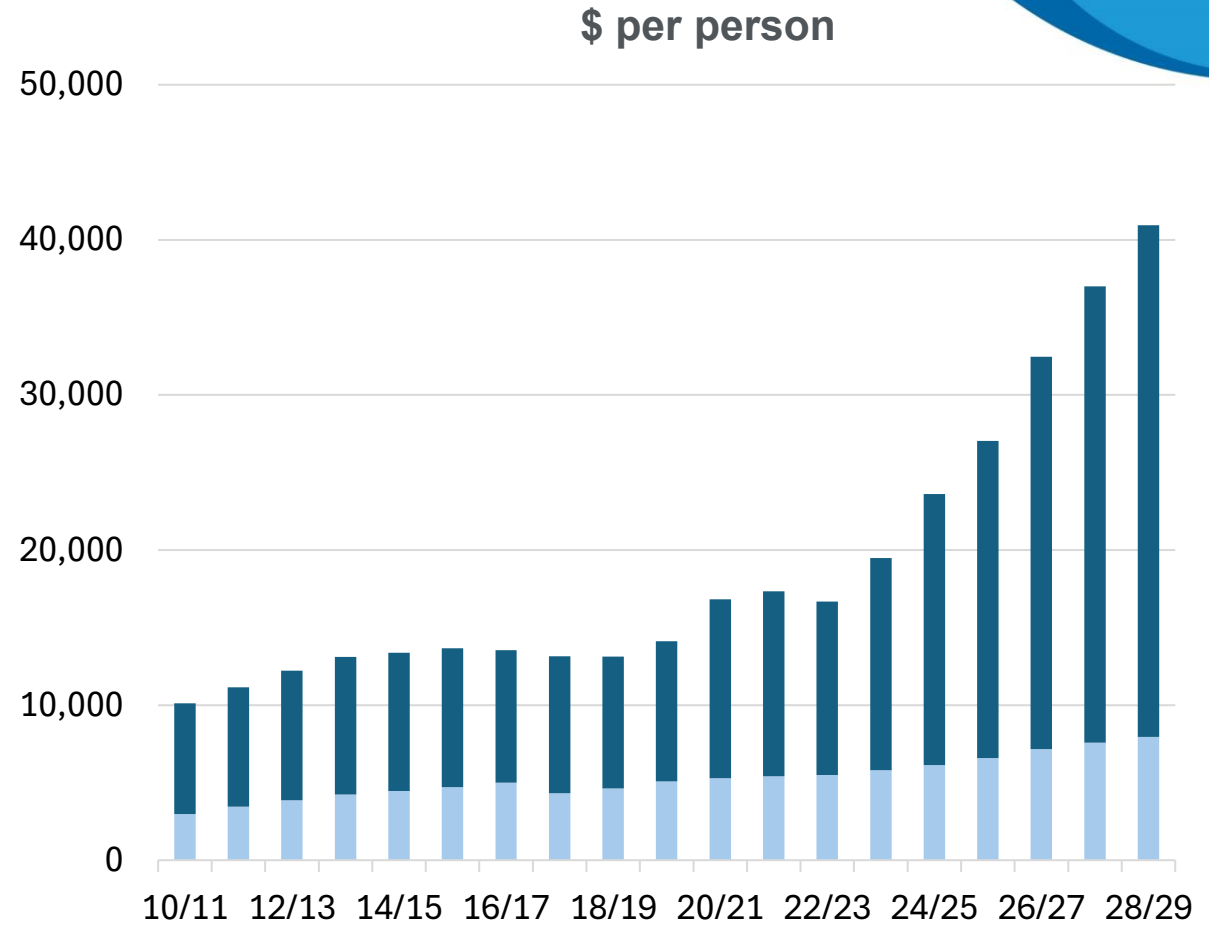
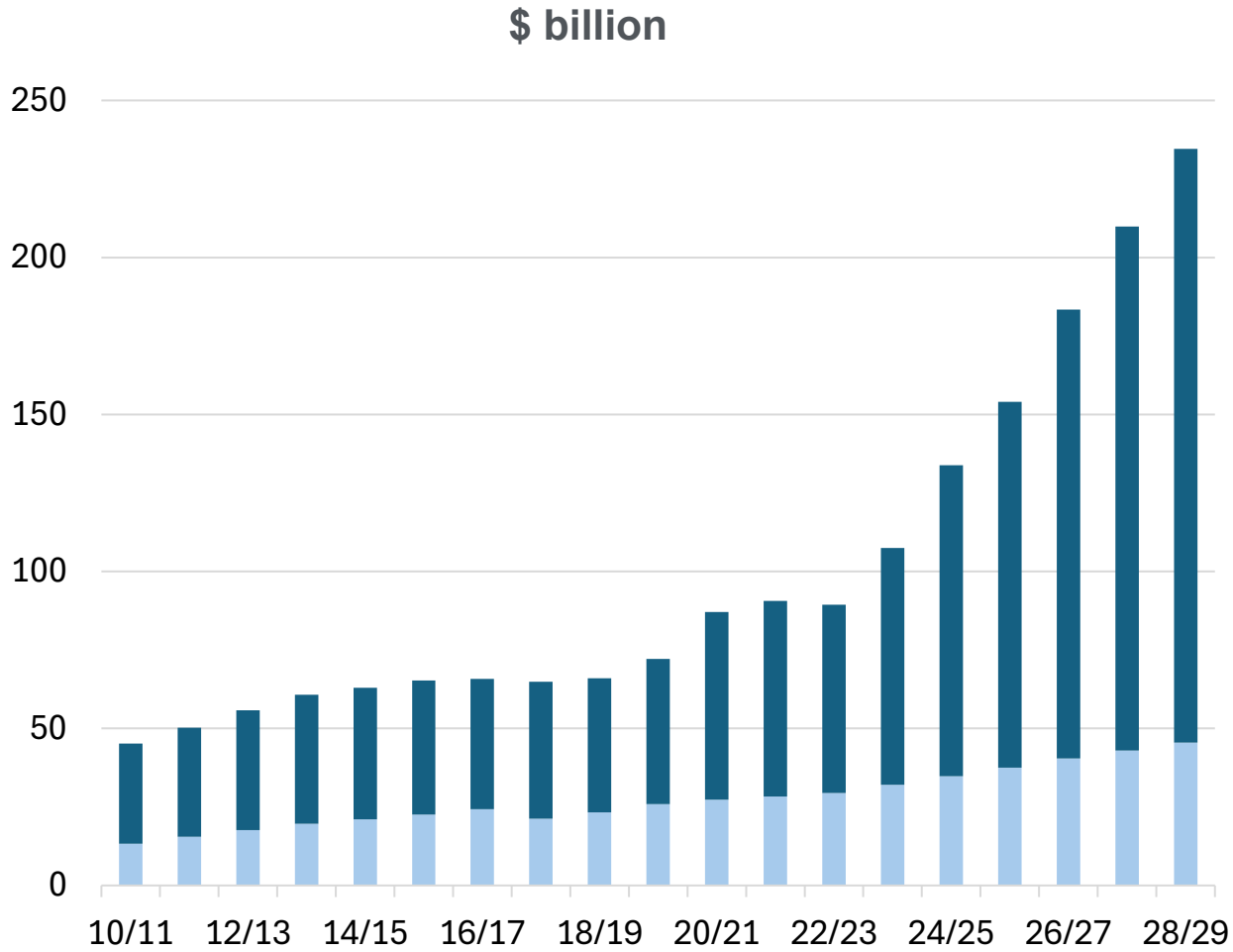
FOUR AREAS DOMINATE OPERATING EXPENSE GROWTH

Increase in real per capita operating expenses, 2021/22 to 2026/27
in 2026 dollars



PROVINCIAL DEBT DOUBLING IN 4 YEARS

Provincial debt



■ Crown corporations ("self-supported")
 ■ Taxpayer-supported

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 ■ Taxpayer-supported

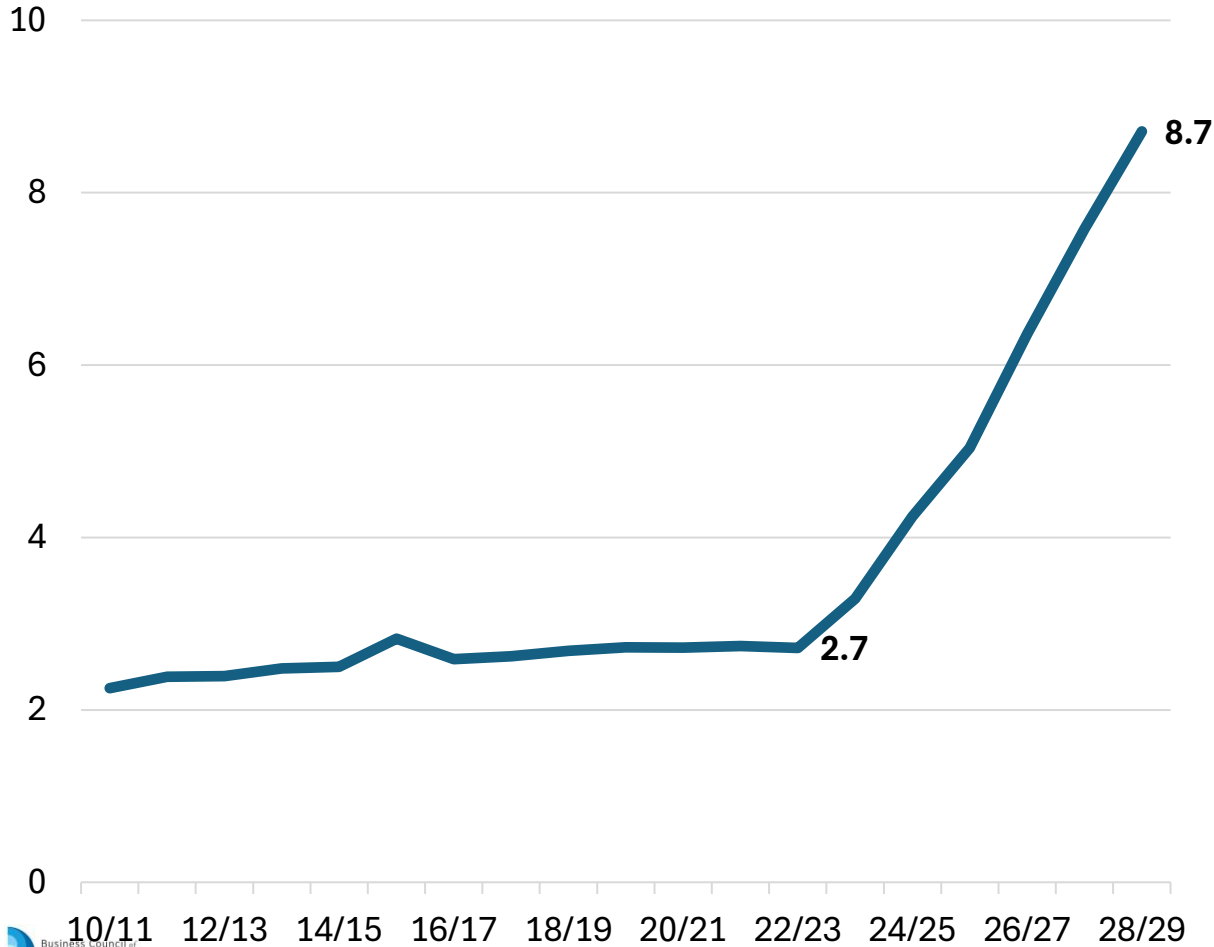


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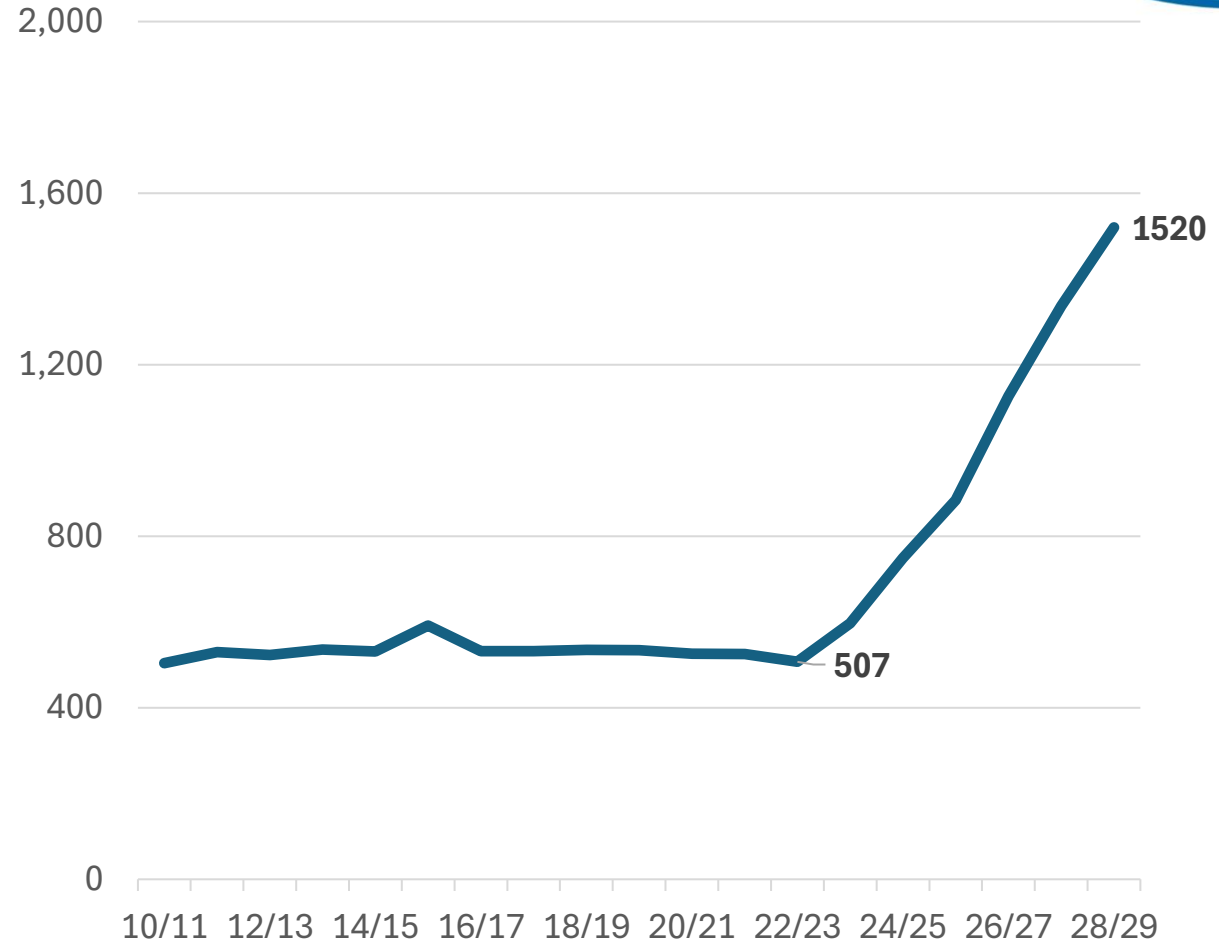
INTEREST COSTS TRIPLE

Provincial debt servicing costs

\$ billion



\$ per capita



Swiss Cantons	Rating	Outlook
Zurich	AAA	Stable
Basel	AAA	Stable
Vaud	AAA	Stable
Geneva	AA+	Stable

Australian States	Rating	Outlook
Western Australia	AAA	Stable
South Australia	AA+	Stable
Queensland	AA+	Negative
New South Wales	AA+	Negative
Victoria	AA	Stable
Tasmania	AA	Stable

S&P GLOBAL CREDIT RATINGS: SUBNATIONAL DEBT

Canadian Provinces	Rating	Outlook
Saskatchewan	AA	Stable
Alberta	AA-	Stable
Ontario	AA-	Stable
Quebec	A+	Stable
New Brunswick	A+	Stable
Manitoba	A+	Stable
Nova Scotia	A+	Negative
Prince Edward Island	A	Positive
Newfoundland & Labrador	A	Stable
British Columbia	A	Negative

“An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.”

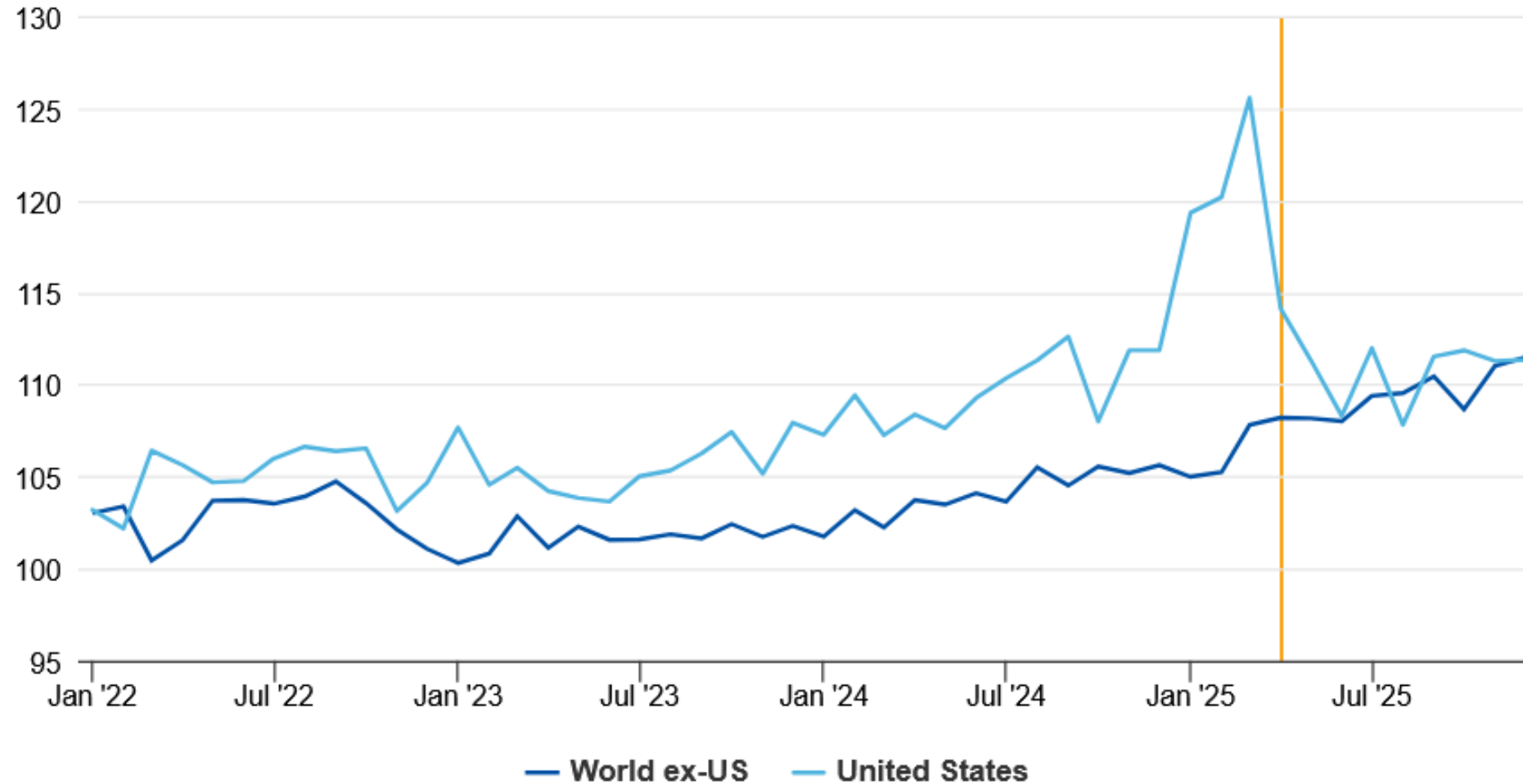
2026

ECONOMIC OUTLOOK

DESPITE TARIFFS...

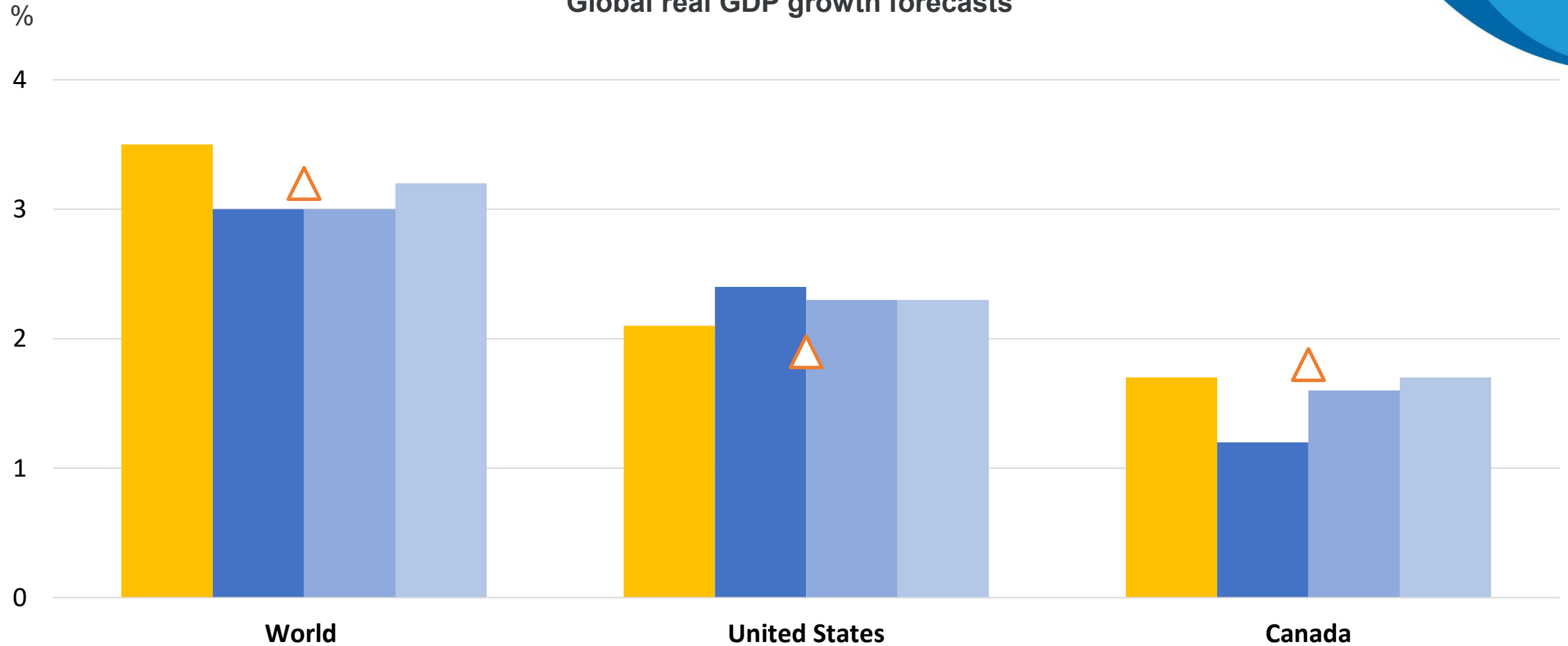
World trade volumes (ex-U.S.) continued to expand in 2025

Trade volume indexes (average of import and export), 2021 weights, 2021 = 100



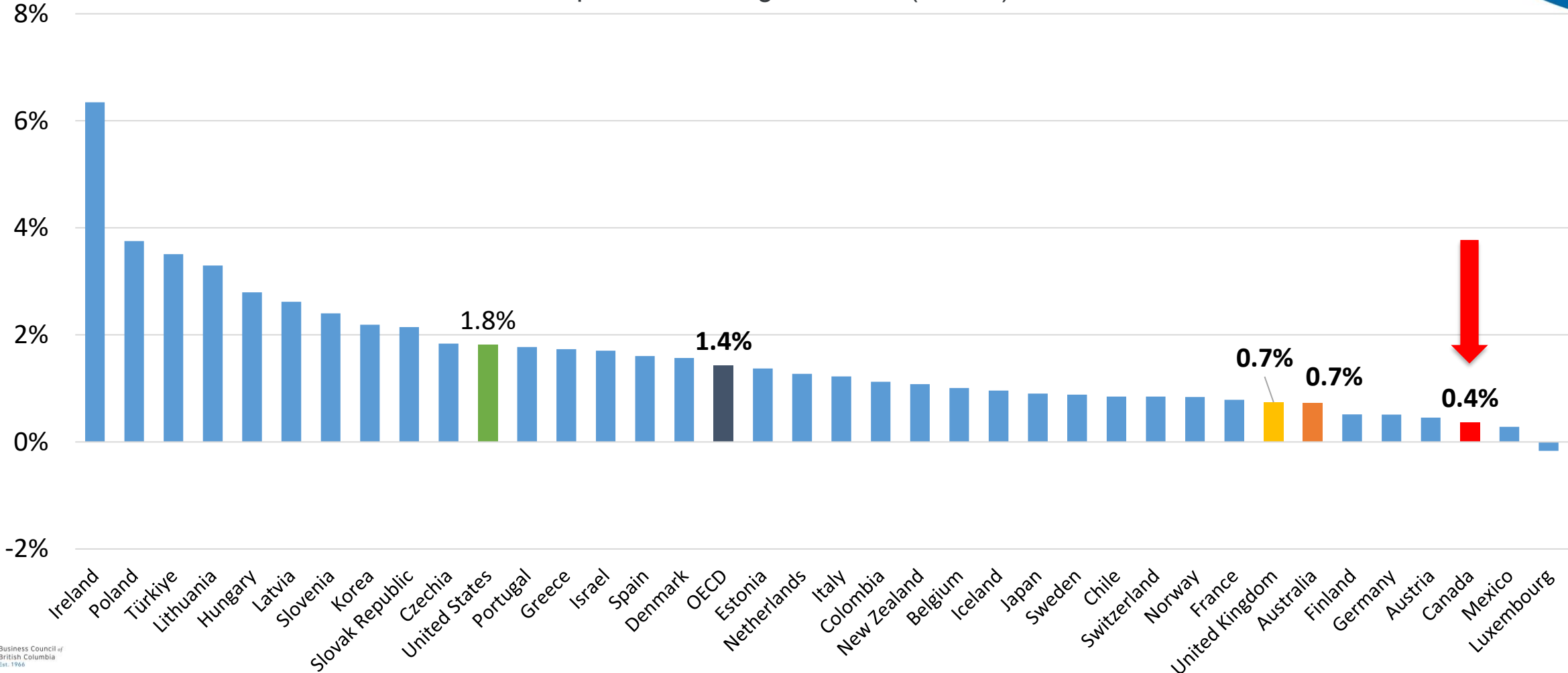
GLOBAL GROWTH IS AROUND PRE-PANDEMIC AVERAGE

Global real GDP growth forecasts



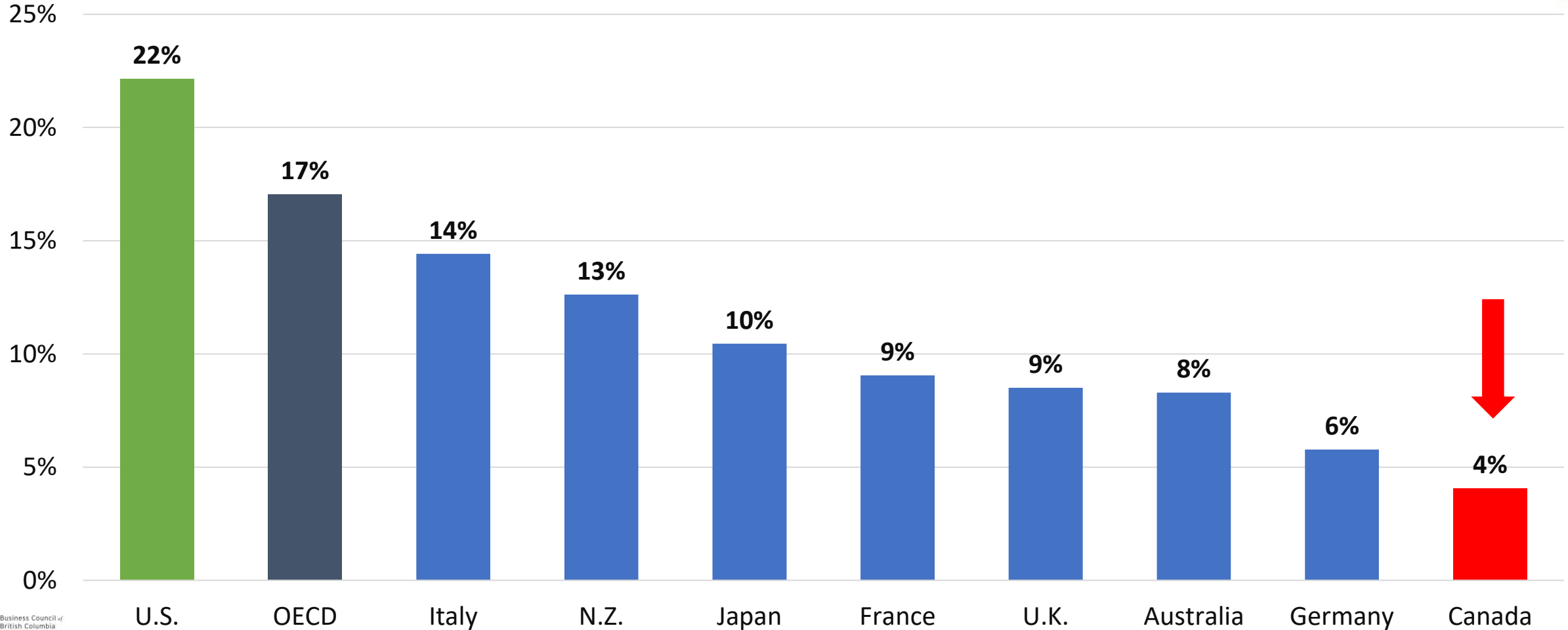
CANADA'S "LOST DECADE+": SECOND-WEAKEST OECD ECONOMY SINCE 2014

Growth in real GDP per capita, 2014-2025
compound annual growth rate (CAGR)



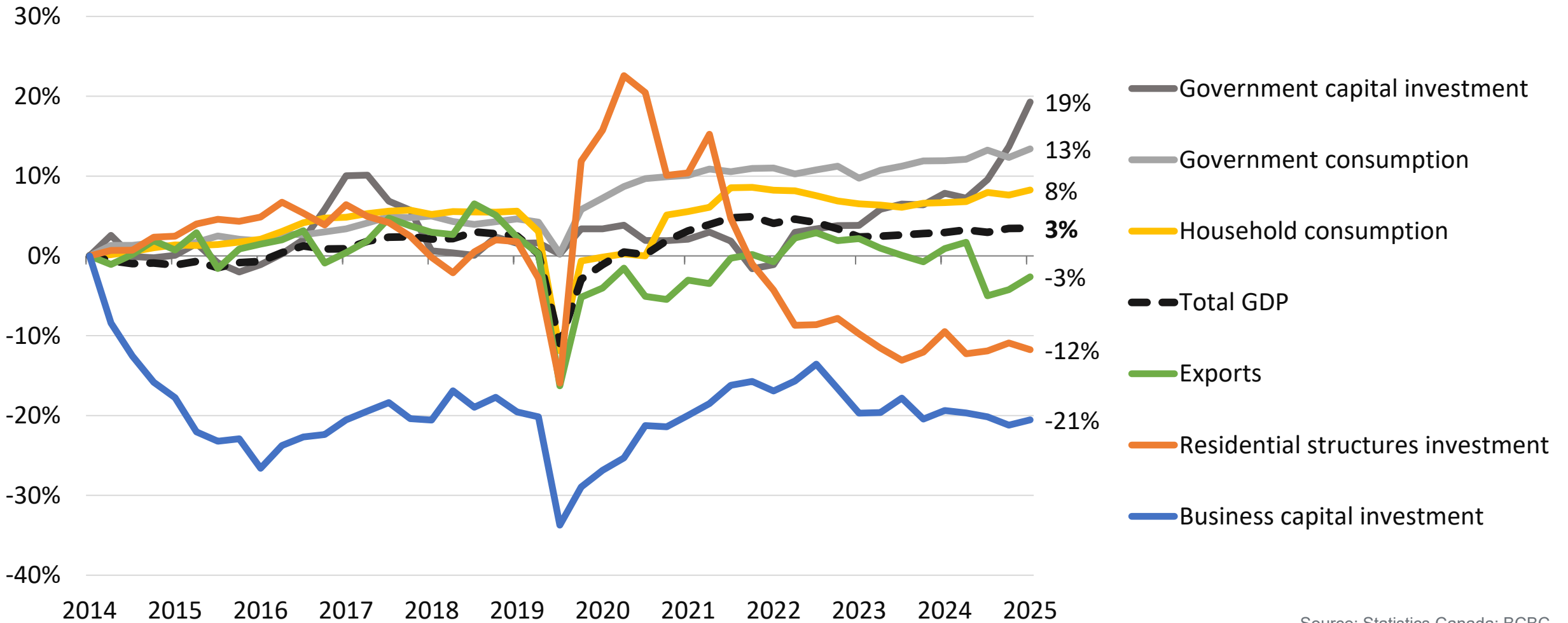
CANADA'S "LOST DECADE+": ALMOST NO GROWTH IN OUTPUT PER PERSON

Total growth in real GDP per capita from 2014 to 2025
G7 countries, OECD average, Australia, New Zealand



ADJUSTED FOR POPULATION, CANADA'S ECONOMY HAS BARELY GROWN IN A DECADE (EXCEPT GOVT)

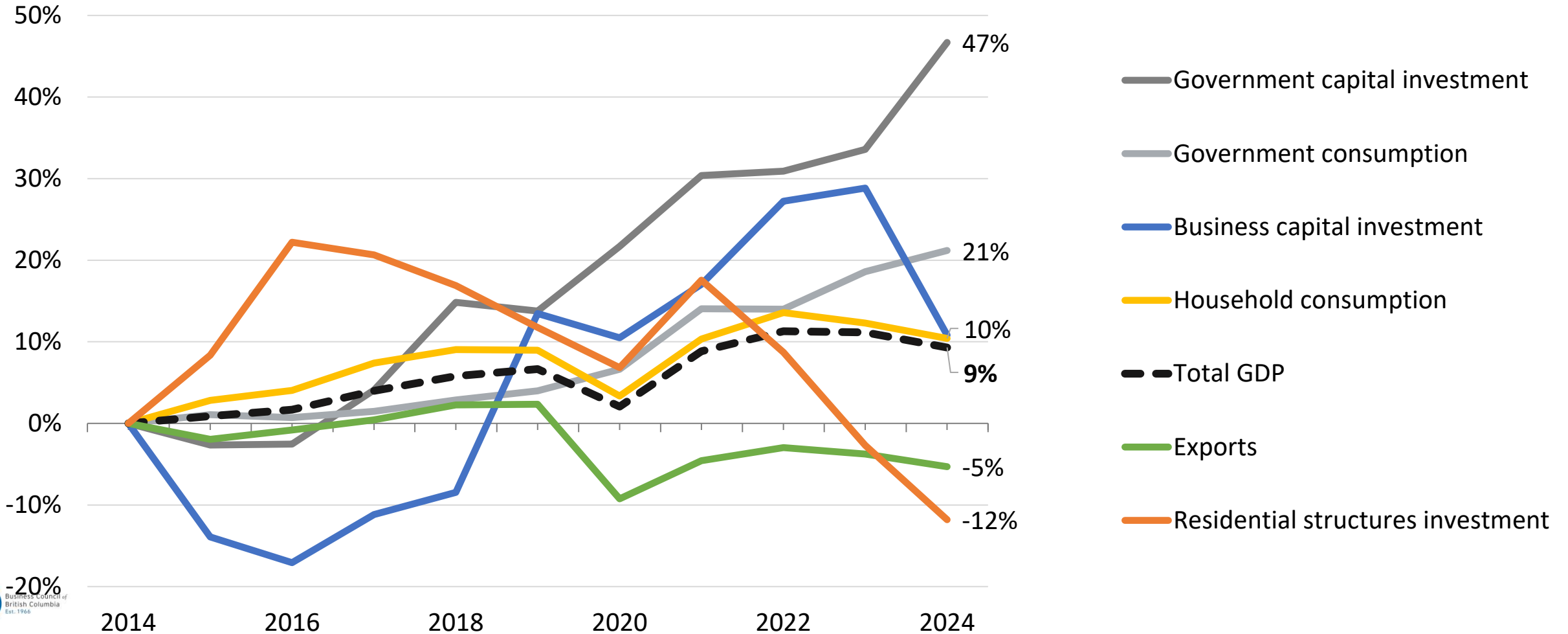
Total growth in Canadian real GDP per capita, 2014Q4 to 2025Q4
selected expenditure components, quarterly data



Source: Statistics Canada; BCBC

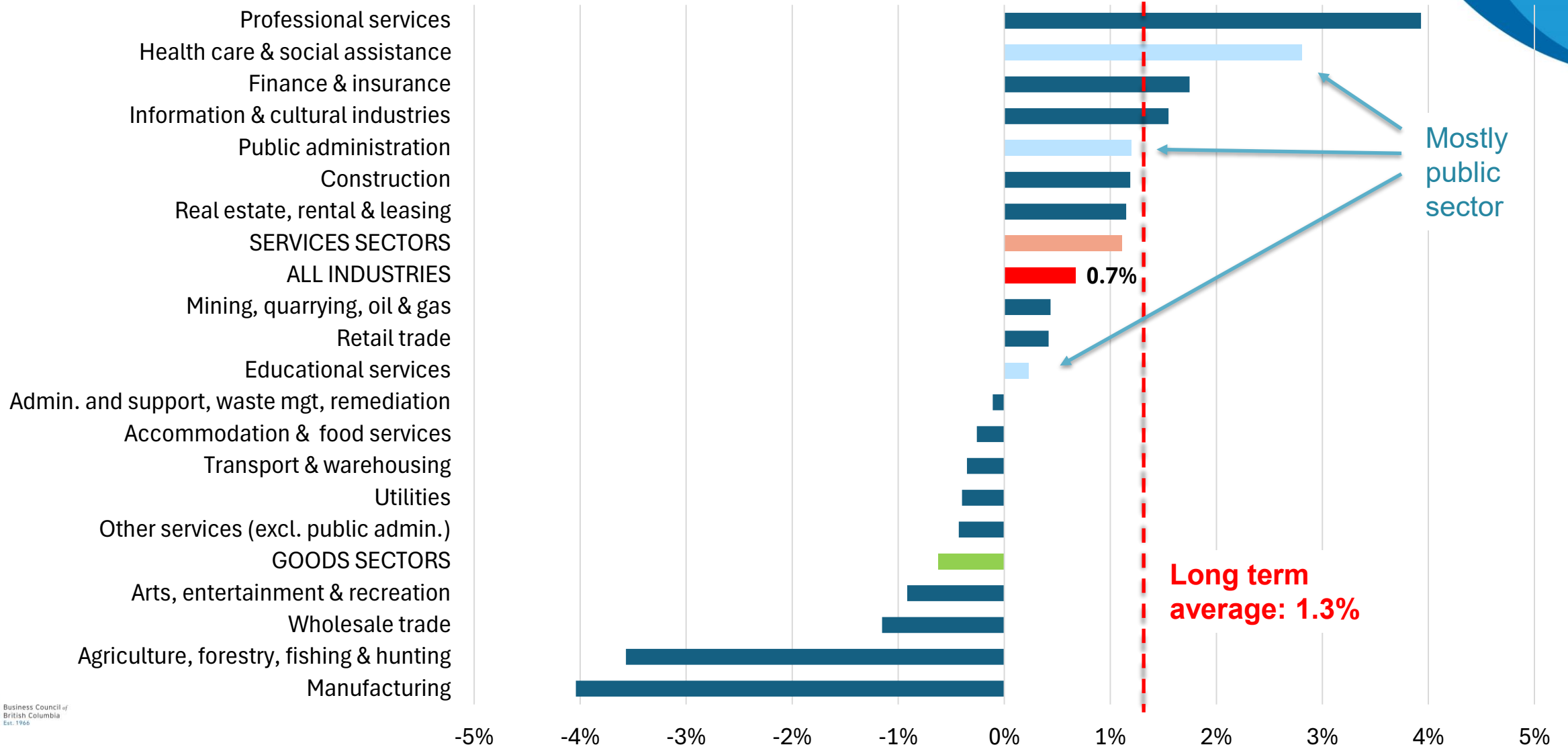
B.C. POWERED BY GOVERNMENT SPENDING & (COMPLETED) MEGA PROJECTS

Total growth in B.C. real GDP per capita, 2014-24
selected expenditure components



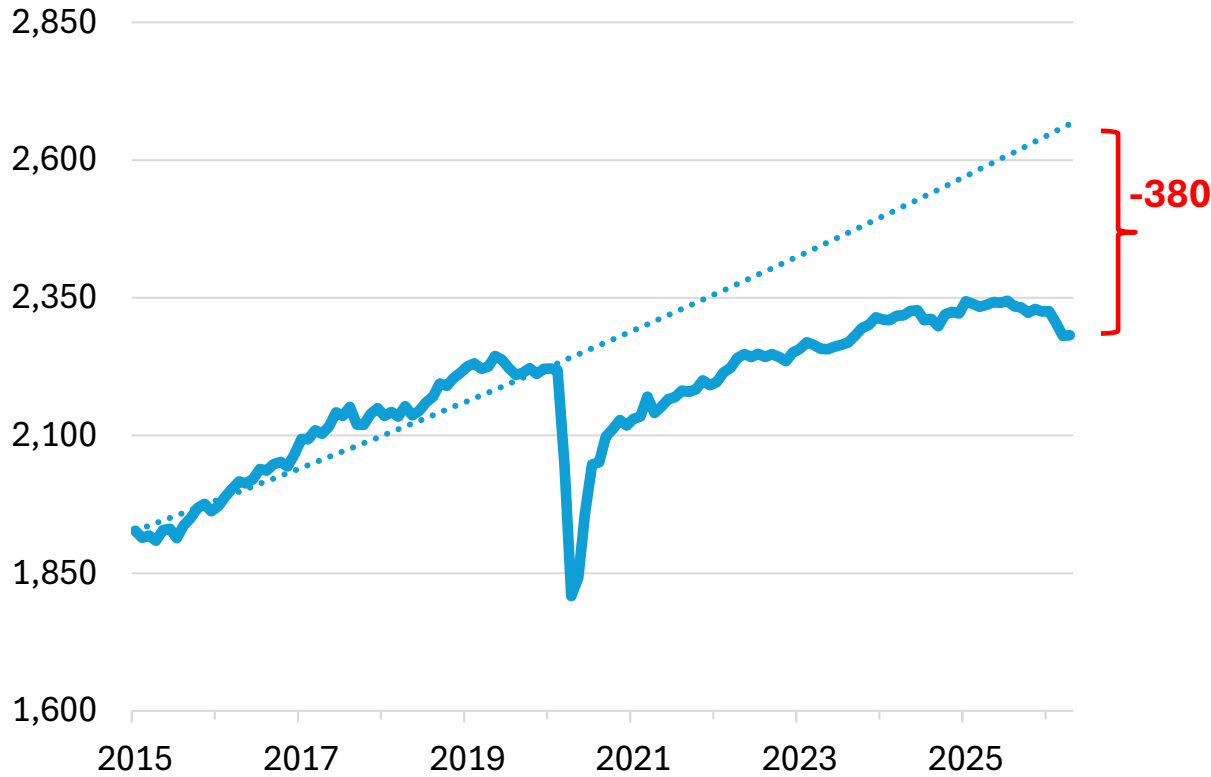
WHERE HAS B.C.'S ECONOMY GROWN/SHRUNK SINCE 2019?

Real per capita growth in GDP at basic prices, CAGR, 2019-25

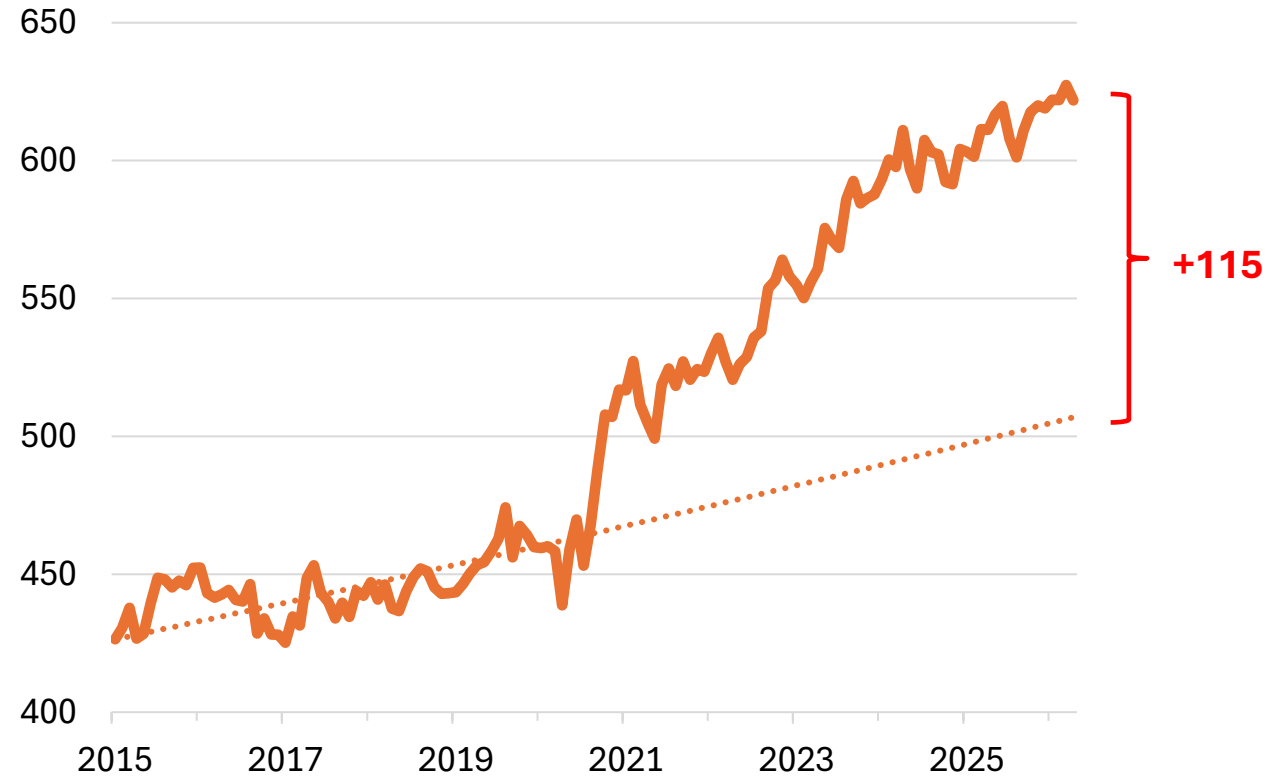


B.C. PRIVATE VS PUBLIC SECTOR EMPLOYMENT: “A TALE OF TWO CITIES”

Private sector workers,
Thousands, Jan 2015 - Apr 2026



Public sector employees,
Thousands, Jan 2015 - Apr 2026



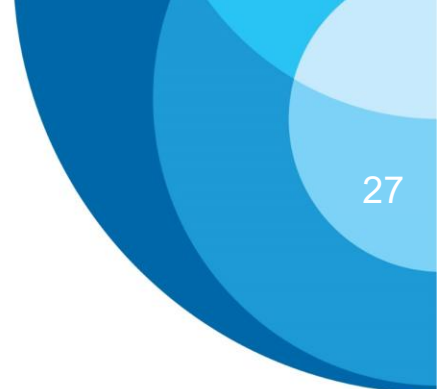
— Private sector workers Trend, 2015-2019

— Public sector employees Trend, 2015-2019

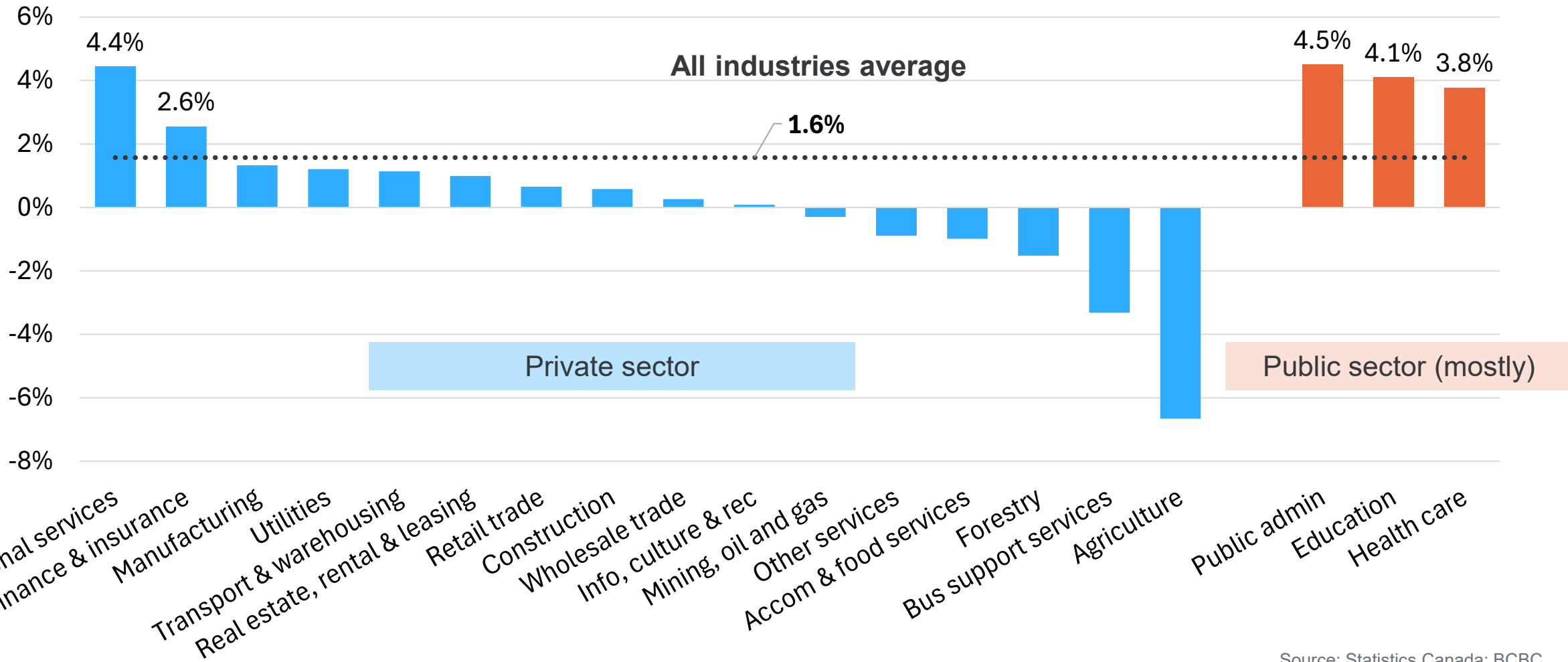


* Includes private sector employees plus self-employed

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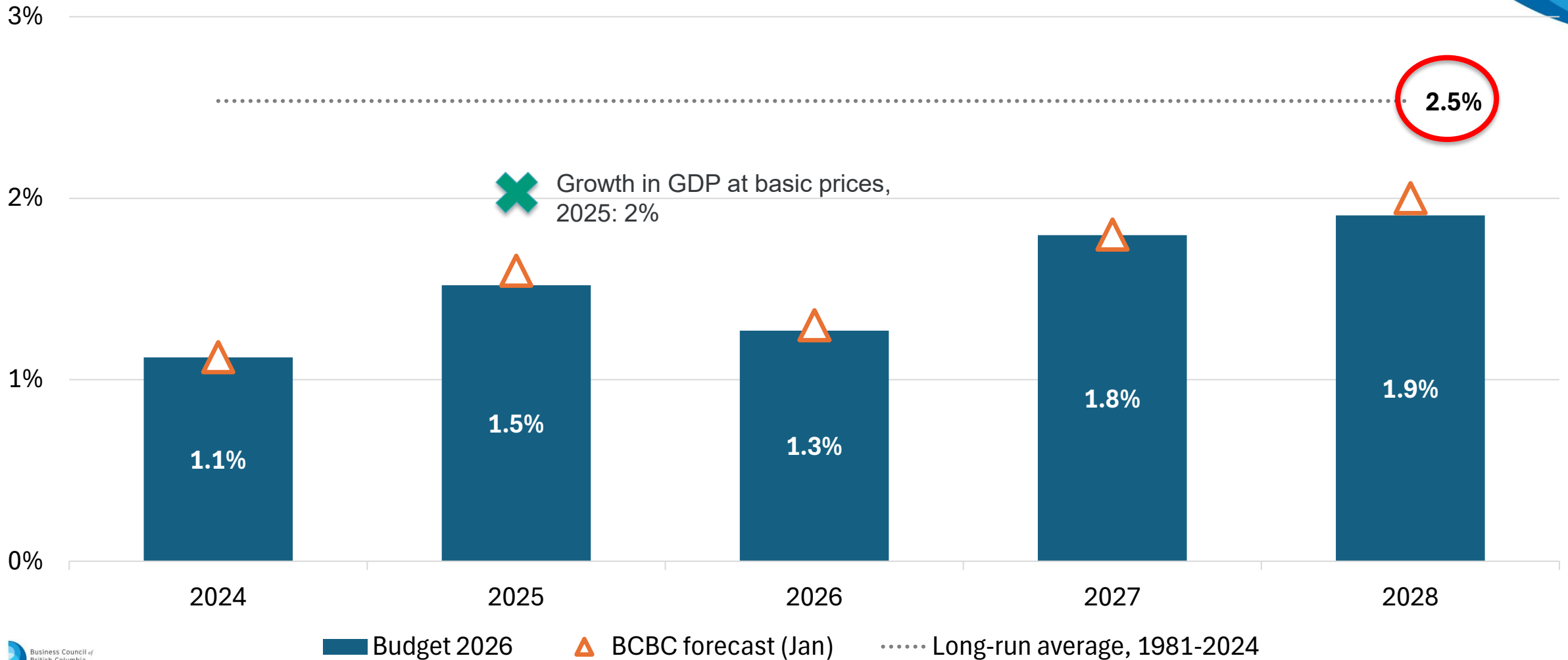


Employment growth by industry, B.C.
compound annual growth rate, 2019-25

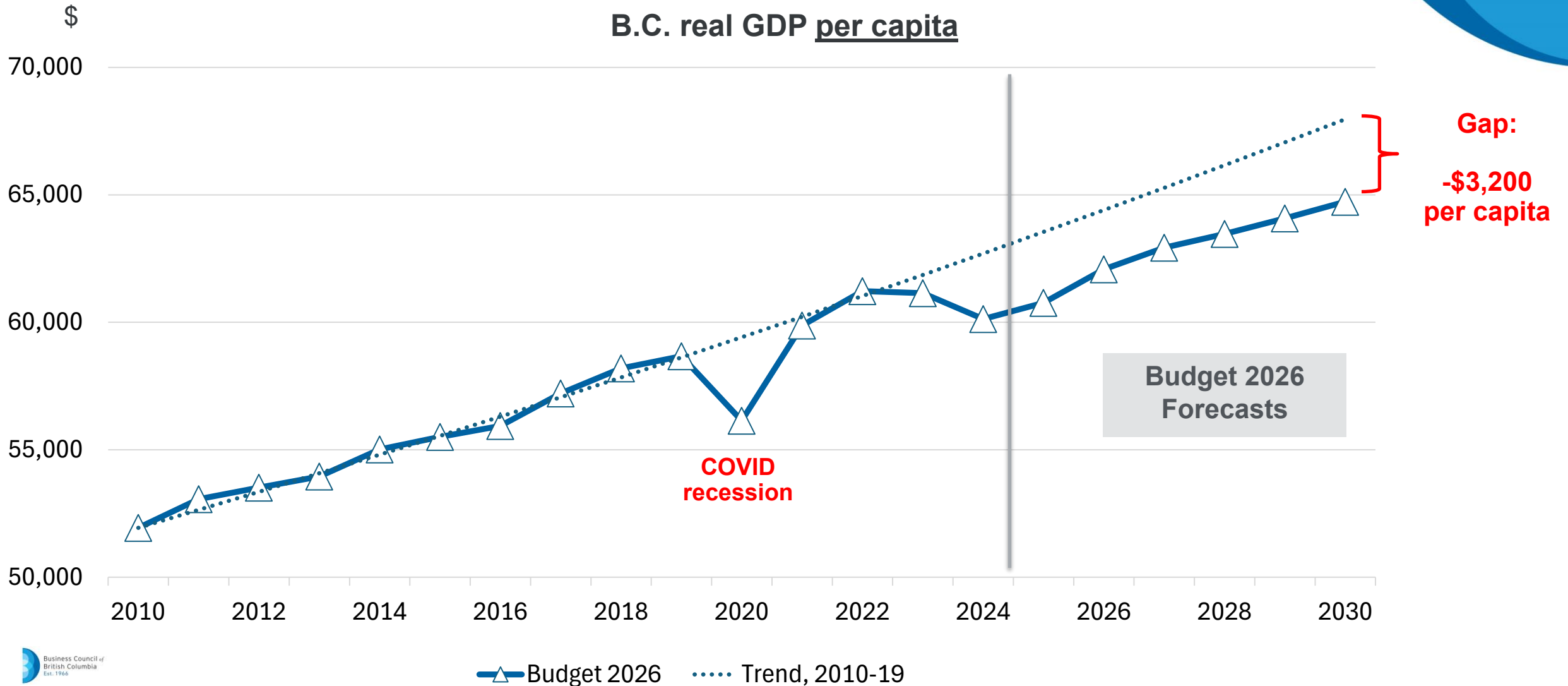


SUBDUED ECONOMIC GROWTH AHEAD FOR B.C.

Forecasted annual growth in B.C. real GDP at market prices



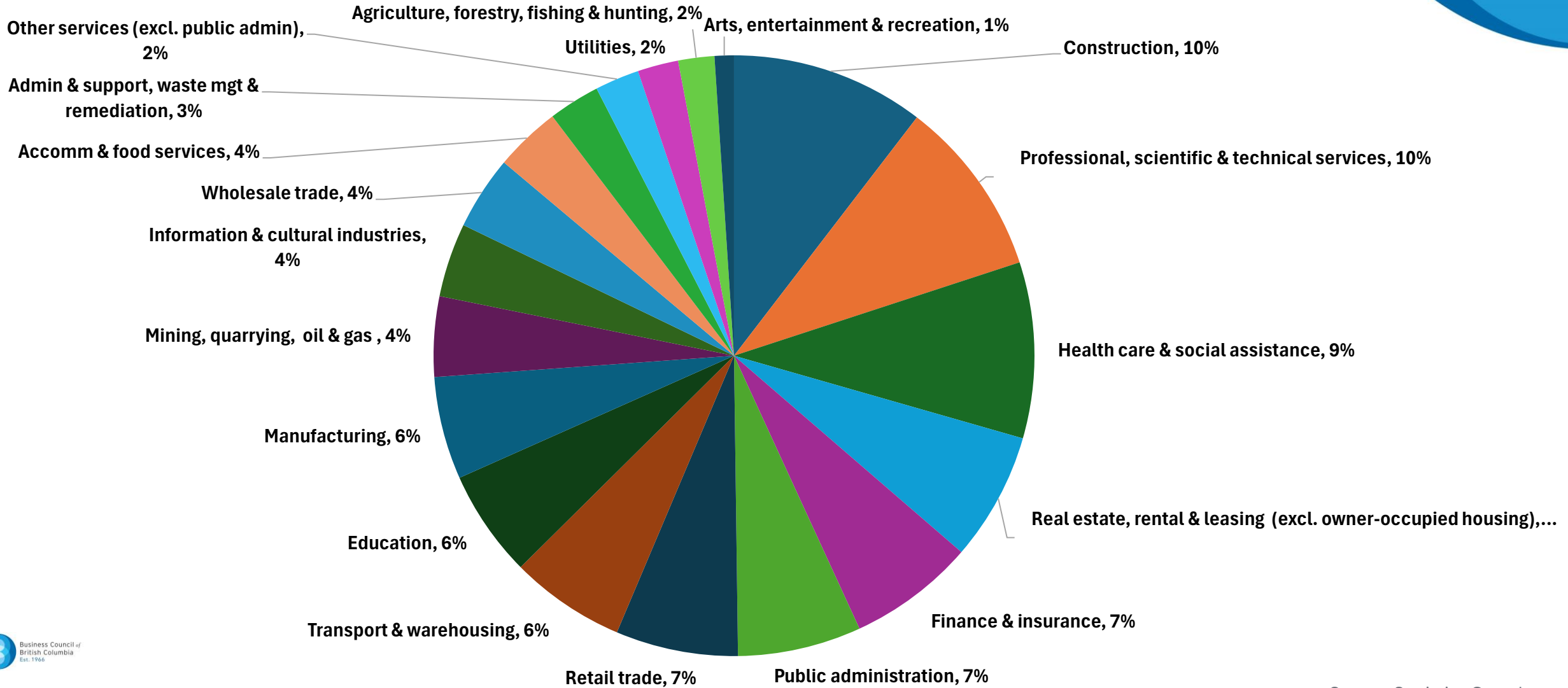
RELATIVE TO PRE-PANDEMIC TRAJECTORY, B.C. SUFFERS A PERMANENT LOSS IN OUTPUT PER PERSON OF \$3,200 BY 2030



STRENGTHS & CHALLENGES

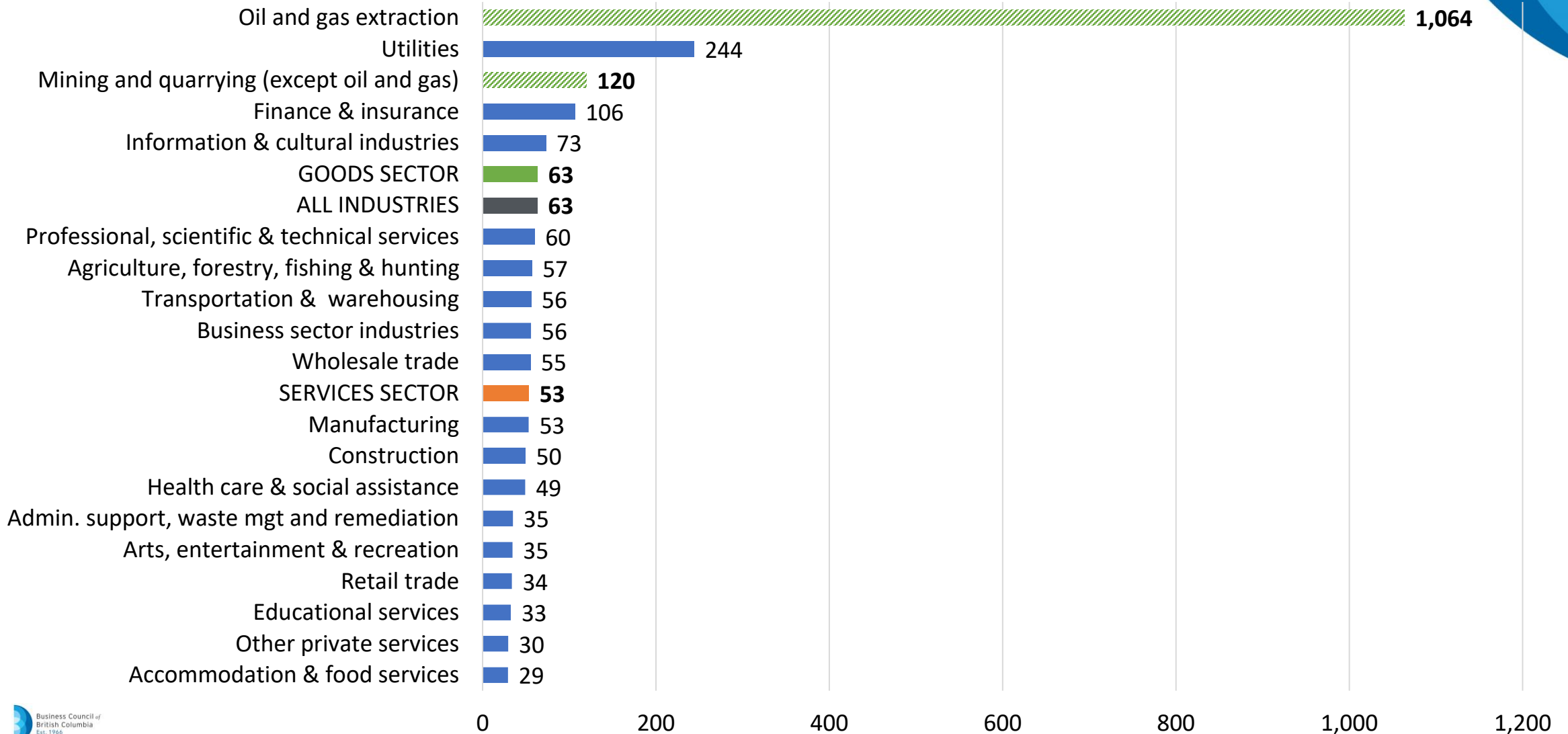
B.C.'S ECONOMY IS INDUSTRIALLY DIVERSIFIED

B.C. real GDP at basic prices (excl. owner-occupied housing), 2025



WHICH INDUSTRIES “PAY THE BILLS”?

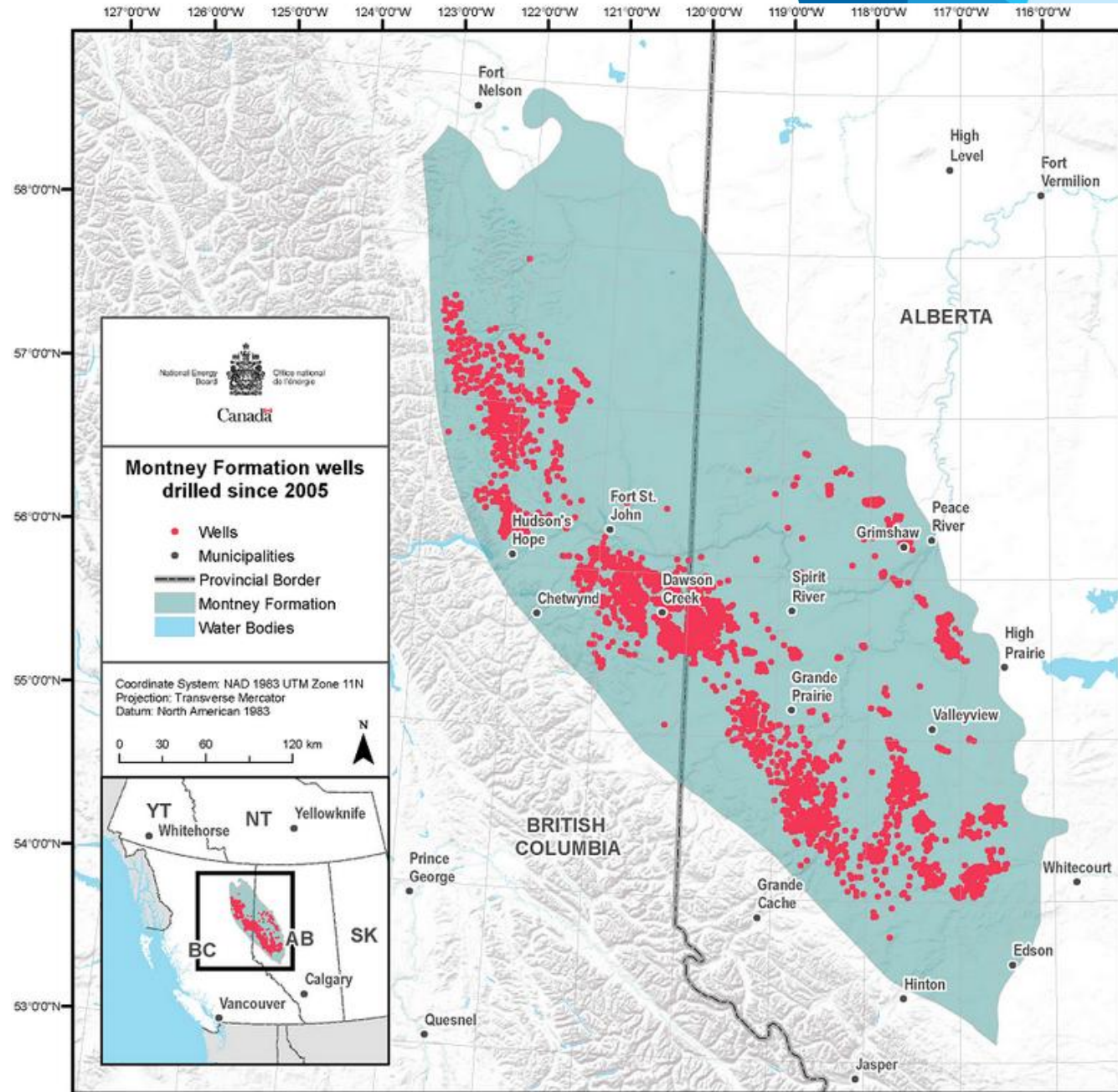
Labour productivity, business sector industries, 2024, B.C.



MONTNEY FORMATION: B.C.'S "CROWN JEWEL"

- 130,000km²
 - Size of Nova Scotia & New Brunswick
- Potential to produce 449 Tcf of natural gas with modern drilling technology
 - On par with U.S. Permian basin
- B.C. expected to overtake Alberta as Canada's largest natural gas producer by 2030

Source: [Canada Energy Regulator](#)



B.C. MAJOR PROJECTS UNDERWAY OR AWAITING FID

Sector	Projects	Total	Total Value
 LNG/Pipelines	LNG Canada Phase 2**, Cedar LNG*, Aspen Point*, Sunrise Expansion Program, Ksi Lisims LNG & PRGT**, Woodfibre LNG	10	\$85B
 Electricity & Transmission	BC Hydro Power Pathway*, Revelstoke Unit 6, North Coast Transmission Line**, Prince George–Terrace Capacitors	4	\$59B
 Mining	Blackwater Mine Phase 2, Eskay Creek*, Mt Milligan*, Highland Valley Copper Extension*, Galore Creek, Red Chris**	12	\$21B
 Ports & Trade	Roberts Bank Terminal 2, Deltaport Expansion (Berth 4), Ridley Island Energy Export Facility	3	\$5.2B

** Projects on the federal government’s Major Project Office list

* Projects on the provincial government’s fast track list

KEY POLICY HEADWINDS

- Reconciliation
 - Private property – Cowichan precedent, Haida, Musqueam, Kamloops
 - Provincial governance & FN consultation – DRIPA vs s35 Constitutional approach
 - Nuchatlaht decision – BCCA awards entire claim area
- CleanBC still costly & deindustrialises B.C.'s economy
- Forestry – access to timber supply, U.S. duties
- Aquaculture – federal ban on marine net-pen aquaculture by 2029

Resale housing & residential construction – mortgage rates back to mid-2000s levels

CONCLUSION

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