

# Economic Development Highlights of 2026 BC Budget

**FEBRUARY 17, 2026**

Securing B.C.'s Future is the theme of BC's 2026 Budget which promises to safeguard core services and address a growing deficit. How do they plan to achieve this balance? A high-level overview of the budget documents shows a significant amount of repeat information and very little new investment and in fact shows an increase in the deficit rather than a reduction.

The Province is quick to defend the deficit outlining expenditures made over the past years in schools and hospitals yet acknowledging the need to reduce spending since a significant amount of the deficit is attributed to operating costs, not infrastructure investment. In fact, several approved long-term care projects across British Columbia have been deferred until a review of the long-term infrastructure program is completed.

To reduce operating costs, the public sector payroll will see cuts. Jobs in the public sector in B.C. have grown by over 40% since 2020 or 80,000 people primarily in front line service workers. This 40% increase is larger than the general population growth and significantly higher than B.C.'s economic growth.

Reductions will happen through restructuring operations, consolidating services and looking for opportunities to reduce staffing through attrition and early retirement offers. Reductions of 15,000 public sector FTEs, or 3.4% percent of the workforce is planned to be complete by 2028/29. These cuts are necessary to preserve core services. Reductions will come from the broader BC Public Sector including ministries and offices including Crown corporations, health authorities, school districts, research and teaching universities, community social services and post-secondary colleges and institutions.

BC has a significant challenge ahead. 2025/26 updated forecast of the Province's deficit is \$9.6 Billion. The estimate for 2026/27 budget is \$13.3 Billion dollar deficit. Real GDP growth is projected at 1.3% for 2026/27 down from 1.4% Real GDP growth in 2025/26.

## Updating the Tax System

Taxes make up the largest part of the provincial revenue. For 2026/27 the following changes will be implemented:

- Increasing the tax rate of the first income bracket from 5.06% to 5.60%
- Increasing the speculation and Vacancy Tax rate to 4% for 2027 tax year.
- Increasing school tax rates from 0.2% to 0.3% for property volumes between \$3-4 million, and from 0.4% to 0.6% for properties above 4 million effective 2027.

- Expanding PST to include professional services such as accounting, architectural, geoscience and engineering services, commercial real estate fees and security and private investigations services.
- Removing PST exemptions for things like clothing repair materials, services related to clothing and footwear, basic cable television and land line telephone services.
- Changing the interest rate structure for the property tax deferment program from simple to compound interest at a prime plus 2% rate.
- Adding a new 15% manufacturing and processing investment refundable tax credit for businesses investing in buildings, machinery and equipment used in manufacturing and processing. This is a temporary change.

## Investing in B.C.'s Future

“Look West” is the Province’s strategy for growing a stronger economy and includes the Province’s vision for growth and prosperity.

It is important to note that the Province’s budget is anchored by an “ambitious” goal to secure \$200 billion in private sector investment over the next 10 years. British Columbians should pay attention to the factors that either improve or impede the investment climate. For example, currently before the BC Utilities Commission (BCUC) is B.C. Hydro’s 20 year integrated resource plan. The plan forecasts the Crown Corporation’s projection of energy needs throughout British Columbia. For example, B.C. Hydro has projected no industrial growth on Vancouver Island in the next 20 years and only moderate residential and commercial growth. Will a region like Vancouver Island be able to attract significant private sector investment without critical infrastructure like energy?

Noted in the documents, and part of the anticipated private sector investment are these 4 projects (previously announced):

- LNG Canada Phase 2
- Red Chris Mines Expansion
- North Coast Transmission Line
- Ksi Lisims LNG

A new \$400 million British Columbia Strategic Investments Special Account to work with federal government investments in Canada’s sovereignty, creating jobs and other economic opportunities. The funds will allow the province to make direct investments and provide loans to support private sector growth.

The Province continues to look for new markets, strengthen the province’s trade infrastructure and accelerate growth in high potential sectors including: critical minerals, clean energy, technology, life sciences, construction innovation, marine, aerospace and Defence.

Again, it's interesting to note that the budget documents speak directly to pursuing economic opportunities in sectors that are also heavily dependent on energy, for example AI and quantum. Does B.C. have enough energy to power investment in modern industry?

### **Streamlining permitting, investing in Natural Resources**

The Province is investing \$40 million over 3 years to streamline permitting, a theme repeated in past budgets. Resource sector industries continue to indicate that timely permitting remains a problem in B.C.

According to the budget report:

- 35% more exploration permits were issued in 2025 than in 2024.
- Since 2019, improve time to process major mines permits by 35%.
- 750 million dollars have been invested in mine exploration.

### **First Nations Equity Financing**

The First Nations Equity Financing Program will be launched in Spring 2026 providing equity financing opportunities for First Nations allowing First Nation participation in projects in B.C.

### **Forestry**

The Province is allocating \$50 million in new provincial funding and reallocated federal funding including:

- \$5 million for the First Nations Forestry Council to continue its Indigenous Forestry Scholarship.
- \$5 million for the Wildlife Reduction Equipment Support Trust to help logging contractors buy specialized equipment.
- \$5 million for the Forestry Service Providers Compensation Fund to provide relief to contractors who aren't paid in the event a company declares insolvency.
- \$20 million in reallocated federal funding to Northern Development Initiative Trust in 2025/26 to help both employers and workers in the forestry and steel industries. This is to support WorkBC programming that provides employment assistant.

The Province is also introducing a temporary Stumpage Payment Deferral Program from January 1 2026 until November 30, 2026.

### **Chronic Property Offending Intervention Initiative (CPOII)**

A new program modelled after the Repeat Violent Offender Intervention Initiative, this program will provide dedicated response teams to address repeat property offenders. The program will be supported through temporary funding pending the results of an initial pilot period.

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