

**Fiscal and Debt Summary
Second Quarterly Report
2025/26**



FISCAL PLAN UPDATE

	2025/26			Variance to First Quarterly Report
	Budget 2025	First Quarterly Report	Second Quarterly Report	
	(\$ millions)			
Revenue	84,003	83,264	83,776	512
Expense	(94,915)	(94,841)	(94,963)	(122)
Deficit	(10,912)	(11,577)	(11,187)	390

- The updated fiscal outlook for 2025/26 forecasts an operating deficit of \$11.2 billion, \$390 million lower than the projection in the *First Quarterly Report*. Revenue is forecasted to increase by \$512 million mainly due to improvements in personal and corporate income tax revenues, partly offset by decreases in government's other revenue streams.

- Government is on track to achieve its initial expenditure management target of \$300 million in 2025/26 as outlined in *Budget 2025* through the management of administrative and discretionary spending. Government continues to work on program efficiency reviews and further updates will be provided at *Budget 2026*.

PROVINCIAL DEBT SUMMARY¹

	2025/26			Variance to First Quarterly Report
	Budget 2025	First Quarterly Report	Second Quarterly Report	
	(\$ millions)			
Taxpayer-supported debt				
Provincial government				
Operating	29,703	32,054	32,198	144
Capital ²	52,268	51,827	51,700	(127)
Total provincial government	81,971	83,881	83,898	17
Taxpayer-supported entities				
BC Transportation Financing Authority	29,775	28,835	28,479	(356)
Health Authorities and Hospital Societies	2,287	2,283	2,282	(1)
Post Secondary institutions	984	986	985	(1)
Social housing ³	2,584	1,560	1,567	7
Other	1,118	447	466	19
Total taxpayer-supported entities	36,748	34,111	33,779	(332)
Total taxpayer-supported debt	118,719	117,992	117,677	(315)
Self-supported debt	37,913	37,381	37,409	28
Total provincial debt	156,632	155,373	155,086	(287)
Taxpayer-supported debt-to-GDP	26.7%	26.6%	26.4%	(0.2%)
Taxpayer-supported interest bite (cents per dollar of revenue)	4.9	5.0	5.0	-

- B.C.'s economy is expected to post modest growth this year, with performance mixed among sectors amid disruption and uncertainty from U.S. tariffs. Stronger consumer spending, steady residential construction, and government investment are supporting economic growth, while lower home sales and exports have dampened growth. Overall, economic activity in the province has generally evolved in line with expectations in the *First Quarterly Report*.

- The Ministry of Finance (Ministry) forecasts economic growth of 1.4 per cent in 2025, followed by growth of 1.3 per cent in 2026. Overall, the Ministry's forecast for B.C. real GDP growth is within the range of private sector forecasters.

- Taxpayer-supported debt is forecast to be \$117.7 billion at the end of 2025/26, \$315 million lower compared to the *First Quarterly Report* mainly due to a lower deficit, lower capital spending and changes in other working capital balances.

- Self-supported debt is forecast to be \$37.4 billion at the end of 2025/26, an increase of \$28 million from the *First Quarterly Report*.

- As a result of a lower debt forecast along with a higher GDP level, B.C.'s taxpayer-supported debt-to-GDP ratio is forecast to decrease to 26.4 per cent and the interest bite remains at 5.0 cents per dollar of revenue.

¹ Provincial debt is prepared in accordance with Generally Accepted Accounting Principles and presented consistent with the Provincial Debt Summary included in the *Public Accounts*. Debt is shown net of sinking funds and unamortized discounts, excludes accrued interest and foreign exchange adjustments, and includes non-guaranteed debt directly incurred by commercial Crown corporations and debt guaranteed by the Province.

² Includes debt incurred by the government to fund the building of capital assets in the education, health, social housing and other sectors.

³ Includes debt incurred by BC Housing Management Commission to fund investments in affordable housing. The debt forecast reflects projects that have been approved as of September 2025.

PROVINCIAL BORROWING REQUIREMENTS

	2025/26			Variance to First Quarterly Report
	Budget 2025	First Quarterly Report	Second Quarterly Report	
Operating Deficit.....	10,912	11,577	11,187	(390)
Capital requirements	20,202	19,482	18,705	(777)
Refinancing requirements ¹	8,155	13,634	11,031	(2,603)
Other financing sources ²	(7,392)	(9,473)	(8,573)	900
Gross increase in debt.....	31,877	35,220	32,350	(2,870)
Less:				
Direct borrowing by crowns and entities	(807)	(141)	(139)	2
Gross borrowing requirements	31,070	35,079	32,211	(2,868)
Less:				
Year-to-date long-term borrowing.....			(25,270)	
Internal financing sources			(941)	
Remaining borrowing requirement			6,000	

- The updated gross borrowing requirement for 2025/26 is \$32.2 billion with \$6.0 billion remaining to fiscal year end. The \$2.6 billion downward revision in the Q2 refinancing requirement results from higher estimated short-term balances compared to Q1.
- This remaining borrowing requirement will be funded with short-term and long-term issuances.
- The Province will continue to look at funding opportunities domestically and internationally.

¹ Higher refinancing requirement in 2025/26 is due to the estimated refinancing of maturing short-term debt with long-term borrowing.

² Includes other financing sources for government, the health and education sectors, Crown corporations, and non-cash adjustments. Higher other financing sources in 2025/26 reflects pre-borrowing activities in 2024/25 and higher opening cash for 2025/26.

2025/26 YEAR-TO-DATE MARKET ACTIVITY SUMMARY¹

	(\$ millions)
Canadian Public	10,469
Canadian Private	-
Canada Pension Plan	53
International	14,748
Year-to-date - gross long-term borrowing	25,270

¹ Includes long-term debt issued up to November 27, 2025.

RECONCILIATION OF GROSS BORROWING TO THE CHANGE IN DEBT

	2025/26		
	Budget 2025	Second Quarterly Report	Variance
Opening balance as at March 31	133,016	133,877	861
Gross increase in debt	31,877	32,350	473
Less: debt maturities and changes in sinking fund balances.....	(8,261)	(11,141)	(2,880)
Ending balance as at March 31	156,632	155,086	(1,546)



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Credit Ratings of the Province

Moody's	Aa1
Morningstar DBRS	AA(high)
Fitch	AA+
Standard and Poor's	A+

The four agencies' credit ratings have negative outlooks.