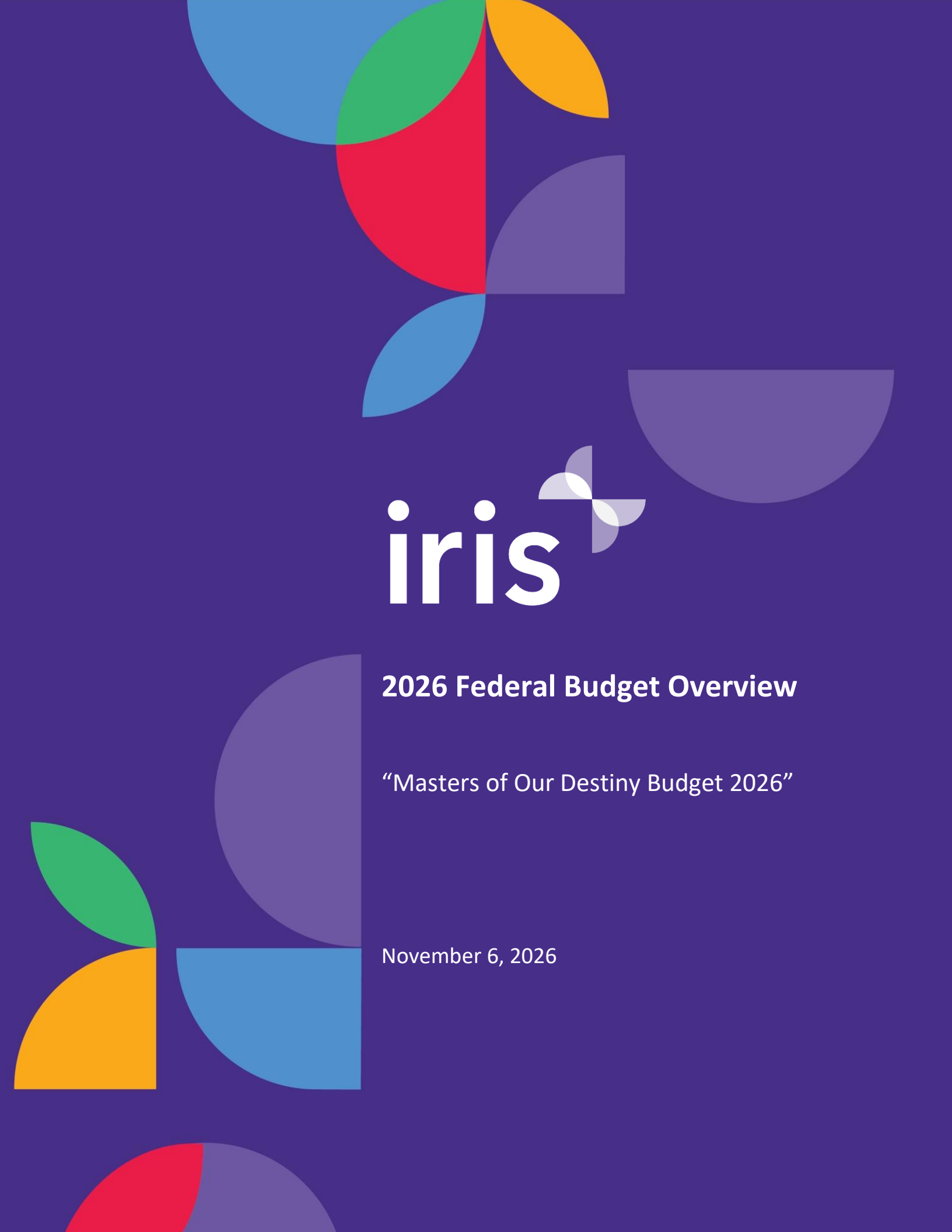


2026 Federal Budget Overview

"Masters of Our Destiny Budget 2026"

November 6, 2026

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2026 Federal Budget Overview

Mark Carney's Liberal government released its 2026 federal budget yesterday, titled "Masters of Our Destiny Budget 2026" or "Maîtres Chez Nous" in French. The significance of the title is that it is a slogan used during the Quiet Revolution of the 1960s in Quebec and an expression the Prime Minister often uses in his speeches when referring to Canadian sovereignty.

This is the second budget under Carney's Liberal government delivered by Minister of Finance François-Philippe Champagne. The 2026 budget focuses heavily on reinforcing national sovereignty, economic self-reliance, and strategic autonomy in an increasingly uncertain and volatile global environment. It outlines significant investments to strengthen Canadian sovereignty, improve affordability and build domestic industries.

The government frames its fiscal strategy in this budget around "spending less to invest more" by reducing day-to-day government operating expenditures while directing massive capital investments into critical infrastructure, housing, clean energy, national defence, and industrial productivity.

In light of continued global economic uncertainties, the federal government is focusing on fiscal discipline, accelerating capital investments, and expanding international trade partnerships. The three strategic drivers outlined in yesterday's budget include an "investment supercycle" through targeted tax incentives, doubling clean electricity generation by 2050, and safeguarding Canadian living standards through targeted affordability supports.

Canada's 2026 fiscal budget and overview includes:

$142.1B	1.8%	9.3%	3.3%
new spending and tax measures over five years	deficit-to-GDP ratio in 2026–27, falling to 1.3% by 2030–31	net debt-to-GDP: lowest in the G7	annualized GDP growth in Q2 2026; unemployment down to 6.5%

- $159 billion in revenues and savings from taxes, energy windfalls, and civil service cuts
- The overall deficit-to-GDP ratio remains on a declining path (projected at 1.8% in 2026–27 down to 1.3% by 2030–31)
- Canada retains the lowest net debt-to-GDP ratio in the G7 at 9.3% in 2026
- The 2025–26 deficit is expected to be $27.5 billion lower than projected in the Spring Economic Update 2026, largely due to higher energy prices
- Day-to-day operating spending is on track to be balanced by revenues by 2027–28, one year ahead of the Budget 2025 target
- The economy grew 3.3% annualized in Q2 2026, and unemployment has fallen to 6.5%, with the IMF projecting the second-fastest growth in the G7 in 2027

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Key Budget Items

$50B+	Total capital investments to double clean electricity supply by 2050
$36.1B	Over 5 years towards a “Productivity Mega Deduction” to allow businesses of all sizes to immediately write off the full cost of new investments
$25B	Over three years towards the Canada Strong Fund for public-private nation-building projects
$18.5B	Over 10 years for a new First Nations On-Reserve Infrastructure Program, plus $12.7 billion for First Nations housing on reserve
$11.2B	Over four years toward the goal of ending homelessness within 10 years, and $13 billion over 10 years to expand Build Canada Homes
$7.6B	Over 5 years to extend and expand Operation REASSURANCE in Latvia; $2.3 billion over 5 years for the Defence Drone Initiative; and $6 billion over 10 years for CSIS expansion
$6B	Over six years, starting in 2028–29, for emerging electricity generation technologies
$4.1B	For a one-time 50% increase to the Canada Groceries and Essentials Benefit Supplement
$1.5B	Over 4 years starting in 2027–28 to enable water, wastewater, and road infrastructure on underused federal lands
$845M	Over 4 years to make the Canada Caregiver Credit fully refundable
$424.4M	Over 4 years for Critical Minerals Strategy renewal, alongside a 5-year extension of the Mineral Exploration Tax Credit (METC) and Critical Mineral Exploration Tax Credit (CMETC) worth $956 million
$250K	Deposit insurance limit raised to $250,000 and Bank Act changes to encourage new mid-sized challenger banks

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What the Federal Budget Means for Atlantic Canada

Budget 2026 incorporates several targeted investments, regional infrastructure frameworks, and economic initiatives that directly impact Nova Scotia and the broader Atlantic region. Investment and economic opportunities are top of mind both federally and provincially. This increase in focus includes new and renewed federal funding and attention in the following areas:

Offshore Wind & Clean Grid Integration

Under the $50 billion National Electricity Strategy, the budget specifically commits to expanding clean power generation through new offshore wind projects in Nova Scotia.

To lower financing costs for regional grid buildouts, the Clean Electricity Investment Tax Credit eligibility is explicitly expanded to include high-voltage intra-provincial transmission lines operating at or above 345 kilovolts in Nova Scotia and New Brunswick.

The budget highlights the Atlantic Energy Strategy as one of 28 key nation-building initiatives tracked by the Major Projects Office.

Atlantic First Nations Water Authority

Budget 2026 provides $226.7 million over 10 years (starting in 2027–28) to support the Atlantic First Nations Water Authority—Canada's first Indigenous-owned and operated water utility.

This funding supports water and wastewater services across 13 First Nations communities in Nova Scotia, New Brunswick, and Prince Edward Island, building on the Authority's success in reducing average boil water advisory durations from 52 days down to 6 days.

Regional Transportation & Marine Connectivity

Budget 2026 renews the Ferry Services Contribution Program with $1.3 billion over 8 years through 2032 to preserve Eastern Canada Ferry Services, construct new ferry terminals (including Caribou, NS and Wood Islands, PEI), and charter interim replacement vessels.

A historic $1.2 billion ocean protection initiative (largely focused on the West Coast) and $3.6 billion to preserve infrastructure in national parks, national marine conservation areas and national historic sites will benefit coastal and heritage sites across the country, including in Atlantic Canada.

Home Heating & Energy Bill Relief (Oil-to-Heat-Pump Shift)

Because Atlantic Canada relies heavily on home heating oil, residents stand to gain significantly from the $2 billion investment to support 1 million home retrofits, including the National Heat Pump Rebate for up to 820,000 households.

The budget estimates that a typical household in Halifax, Nova Scotia, switching from an oil furnace to an electric heat pump, will save an average of $2,270 per year in heating costs.

Community Infrastructure & Housing Projects

Build Communities Strong Fund allocates direct funding for local projects, including the Cape Breton University Collaborative Health Annex & College of Health Integration and Advancement in Sydney, NS, and the Dickey Park Track and Field Facility Redevelopment in Amherst, NS.

The Build Canada Homes program highlights active federal land development partnerships, including efforts to guide the next stages of housing delivery on federal lands in Dartmouth, NS.

Local Business & Agricultural Sector Supports

The Regional Tariff Response Initiative (RTRI) provides direct technology adoption funding to local advanced manufacturers, such as $375,000 to Tri-Star Industries Ltd. in Nova Scotia, among many other organizations in Atlantic Canada.

Budget 2026 provides a $176.9 million renewal over three years of targeted financial assistance to licensed Canadian wineries, supporting grape growers and tourism in regions like Nova Scotia's Annapolis Valley.

It also includes the $4 billion Forestry Sector Accelerator over 6 years, starting in 2027–28, administered by Export Development Canada through the Canada Account, for biorefineries, biofuel facilities, and other high-value forest-product facilities. This is part of the $6.5B forest sector package outlined in the Energy, Mining and Natural Resources section below.

Atlantic Economic Panel

The budget explicitly cites and aligns federal priorities with the Atlantic Economic Panel's blueprint (Bolder Ambitions: Greater Prosperity for All), supporting deeper regional integration among the four Atlantic provinces to scale businesses, streamline regulatory processes, and attract capital.

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Political Context

The most significant difference between this budget and the Carney government's first is that the Liberals have moved from minority to majority government over the past year through floor-crossings and by-election wins. The Liberals therefore do not need support from the Conservatives, the Bloc Québécois, or the NDP to pass this budget. Rather than negotiating concessions in exchange for votes, opposition parties are now trying to shape public expectations and define the budget's weaknesses.

> *As the second budget of the mandate, it is less about election promises or pre-election incentives and more a signal of what the government believes will pay off over the long term.*

This budget is primarily a test of delivery, showing voters how the government will improve Canadians' lives, not just attract investment or announce major projects. In the lead-up to this federal budget, the government has been focused on economic security, nation-building projects and affordability. As the second budget of the mandate, it is less about election promises or pre-election incentives and more a signal of what the government believes will pay off over the long term. And while the Democratic sweep of Congress in the United States may ease pressure from Washington, this budget signals no change in course.

The federal government has also been encouraging businesses to invest in equipment, technology and expansion rather than relying on government spending to drive growth. The most significant measure was the introduction of the Productivity Mega Deduction, a permanent tax measure allowing businesses to immediately write off 100% of the cost of eligible capital assets in the year they become available for use.

The Official Opposition Conservatives under Pierre Poilievre, on the other hand, have focused their message on saving Canadians money and attacking what they describe as excessive spending. Poilievre's demands include extending fuel-tax relief, eliminating the industrial carbon price and clean fuel standard, cutting bureaucracy and meeting fiscal commitments.

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Detailed sector-specific information

In this section: The following pages provide detailed, sector-specific information on Budget 2026 measures, with items of particular relevance to Atlantic Canada flagged throughout. To discuss how any of these measures may affect your organization, please contact our government relations leads.

Jump to a section of interest:

Defence and Security
Housing and Infrastructure
Indigenous Communities
Energy, Mining and Natural Resources
Major Projects and Proponents
Municipal Governments and Water Utilities
Food Security
Social Supports and Immigration
AI and Innovation
Financial Sector and Crown Corporations
Culture and Journalism

Defence and Security

Defence was central to Budget 2025, where the government committed $81.8 billion over five years to rebuild the Canadian Armed Forces (CAF). Budget 2026 announced that Canada has met its 2% NATO defence spending target, with a plan to reach 4% by 2030 and 5% by 2035.

- **$7.7B** towards the Defence Industrial Strategy
- **Up to $2.7 billion** over five years from previously announced funding for Defence Industrial Strategy priorities, including space launch, quantum computing and other defence technologies
- **$7.6B** for Operation REASSURANCE expansion
- **$2.3B** Defence Drone Initiative
- **$6B** over 10 years to expand CSIS operations
- Moving forward with up to 12 new conventionally powered, under-ice-capable submarines to protect Canada's three coasts and operate in the Arctic; TKMS has been named preferred supplier for the Canadian Patrol Submarine Project, the largest defence procurement in Canada's history
- A new national ocean strategy is being developed to protect Canada's oceans, strengthen maritime security and support the sustainable growth of the ocean economy
- **ATLANTIC** Atlantic Canada defence priorities identified in the Spring Economic Update 2026 include River-class destroyers for the Royal Canadian Navy (being built at Irving Shipbuilding, with the first keel laid in June 2026), the Cormorant helicopter fleet mid-life modernization, and a dedicated space launch facility
- Separately, National Defence has identified $29.4M to establish a Maritime DISH (defence innovation hub) under the Defence Industrial Strategy

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Housing and Infrastructure

Budget 2026 builds on the 2025 budget announcement of the new federal agency Build Canada Homes (BCH), where $13 billion over five years was announced to build affordable, non-market housing. Budget 2026 includes:

Housing supply

- **$45B** total Build Canada Homes capitalization ($13B new capital)
- Build Canada Homes target of 200,000 new homes over the next decade, with at least 10% dedicated to Indigenous housing
- **$300M** Strategic Response Fund to scale up modern methods of construction
- **$67.7M** to modernize housing data and set common standards for modern construction
- New mortgage insurance flexibilities for "missing middle" homes (3 to 50 units)

Homelessness and supports

- **$11.2 billion** over four years toward the goal of ending homelessness within 10 years
- **$1.8B** new Integrated Supports Fund linking housing with health, mental health and addictions supports
- **$3.6B** for new supportive and transitional housing through Build Canada Homes
- **$2B** Health Infrastructure Fund for community mental health and addictions facilities
- **$1.7B** to renew the Canada Housing Benefit for 10 years

Infrastructure and trade

- **$32B** 10-year First Nations housing & infrastructure allocation
- Long-term private operating concessions for Canada's four largest airports, plus $4.3M for a Traveller Biometrics Strategy
- Broader permitted infrastructure investments for Canadian life insurers
- **$55.3M** to modernize and digitize trade processes

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Indigenous Communities

Building on the $32B First Nations housing and infrastructure allocation, Budget 2026 makes major investments in Indigenous education, training and financing, including:

- **$5.8B** Elementary and Secondary Education Program on reserve
- **$437.9M** Post-Secondary Student Support Program
- **$6B** over 6 years for Jordan's Principle
- **$451.8M** New Partnerships for Indigenous Workforce Readiness Fund
- **$657.5M** to transform First Nations financing ($150M Yänonhchia' Revolving Housing Finance Fund, $500M Monetization Pilot)

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Energy, Mining and Natural Resources

With the creation of the federal Major Projects Office in 2025 and $2 billion towards a Critical Minerals Sovereign Fund, the federal government continues to build on this work and expand its focus through:

- **$50B+** National Electricity Strategy
- Extension of Clean Tech & Clean Electricity ITCs to 2040 ($2.4B near-term / $36.1B long-term)
- **$6 billion** over six years, starting in 2028–29, for emerging electricity generation technologies
- **$6.5B** forest sector transformation package ($4B Accelerator, $2B modernization, $500M fibre supply)
- **$424.4M** Critical Minerals Strategy renewal
- **$956M** in flow-through share tax credits
- **Nearly $4B** over 10 years for electricity infrastructure, renewables and priority grid projects
- **$1.6B** for northern energy reliability ($713.8M diesel-to-renewables transition, $929.1M grid upgrades)
- **$519.1M** nuclear package ($261M NRCan supply chains and R&D, $127M AECL, $131.1M CNSC)
- **$587M** to renew the Zero-Emission Vehicle Infrastructure Program (55,000+ EV chargers)
- **$400M** for the new SHIFT industrial energy-efficiency program
- New federal Sustainable Bond Framework based on the Made-in-Canada sustainable investment guidelines

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Major Projects and Proponents

Budget 2026 continues to reshape how major projects are reviewed, financed and partnered. For proponents in Atlantic Canada, the most relevant measures include:

Faster reviews and approvals

- Bill C-39, the Building Canada Strong Act (introduced September 2026), sets up a “one project, one decision, one year” approach: one lead federal assessor (Impact Assessment Agency, Canada Energy Regulator or Canadian Nuclear Safety Commission, depending on the project) and a target of a federal decision within one year once a complete application is filed
- A new Crown Consultation Hub to coordinate federal consultation with Indigenous Peoples. Section 35 rights and the duty to consult do not change, so early, meaningful Indigenous engagement remains essential for proponents
- A new office within the Impact Assessment Agency to streamline consultations on major projects

- **$121M** over two years in added resources for the Major Projects Office, including for Indigenous consultation and regulatory work on projects listed, or being considered, under the Building Canada Act
- **$187.4M** over five years for a new Major Projects Management Entity to provide technical and project-development expertise, manage risks and keep national-interest projects on schedule

Financing and partnerships

- **$25B** over three years to seed the Canada Strong Fund, which will co-invest alongside private investors on equal terms in projects with federal support (e.g., Canada Infrastructure Bank loans or Strategic Response Fund agreements)
- **ATLANTIC** Continued and expanded support under the Indigenous Loan Guarantee Program, with recent federal projects offering Indigenous ownership stakes of 10% to 15%, which sets a benchmark that Atlantic proponents should expect
- Higher limits and modernized governance for EDC's Canada Account to support high-value strategic transactions in the national interest
- **ATLANTIC** **$5B** Trade Diversification Corridors Fund for trade-enabling infrastructure, plus Bill C-39 provisions to designate strategic trade corridors, create a Transportation Projects Office and modernize port governance, which is relevant to Atlantic ports and gateways

Atlantic projects in the pipeline

- **ATLANTIC** Atlantic projects and strategies with the Major Projects Office include the Atlantic Energy Strategy, the Labrador Trough Clean Power, Critical Minerals and Infrastructure Corridor (Churchill Falls expansion and Gull Island, about 14,000 MW), and Northcliff Resources' Sisson Mine in New Brunswick

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Municipal Governments and Water Utilities

Budget 2026 directs most municipal infrastructure support through existing and renamed programs rather than new water-specific funding. Key items for municipalities and municipal water and wastewater utilities include:

Build Communities Strong Fund

- **$51B** over 10 years (starting 2026–27) and $3B ongoing through the Build Communities Strong Fund (BCSF), the main federal vehicle for municipal infrastructure including water, wastewater, transit, roads and community facilities
- BCSF Community stream (formerly the Canada Community-Building Fund, or Gas Tax Fund): about $2.5B per year in stable, indexed funding that flows through provinces to municipalities for priorities such as drinking water and wastewater
- BCSF Provincial and Territorial stream: $17.2B over 10 years, requiring provincial cost-matching and commitments to reduce development charges, which is important for

municipalities and utilities that rely on development charges to fund growth-related water and wastewater capacity

- ATLANTIC BCSF Direct Delivery stream: $6B over 10 years, including a $1B Local Impact stream delivered by regional development agencies such as ACOA; recent Atlantic water and wastewater awards include Bridgewater, the County of Antigonish, Mount Pearl and Shippagan
- **$1.5B** over nine years through the BCSF to expand, retrofit and rehabilitate community recreation facilities and ice rinks

Other programs and financing

- Canada Housing Infrastructure Fund (CHIF) continues to support drinking water, wastewater, stormwater and solid waste infrastructure needed to enable new housing
- Canada Infrastructure Bank repayable financing for housing-enabling water and wastewater infrastructure (e.g., $42.8M in Brandon, MB to enable about 2,300 new homes), an option for utilities with revenue streams
- ATLANTIC **$1.5B** over four years (starting 2027–28) to service federal lands with water, wastewater and roads for housing, which creates potential partnership opportunities where federal lands sit within a municipal or utility service area (e.g., Dartmouth)
- **$100M** over three years (starting 2027–28) for an FCM partnership on municipal e-permitting and AI-enabled approvals, plus continued Housing Accelerator Fund incentives for zoning and permitting reform

> **Watch item:** Budget 2026 does not include a new dedicated municipal water and wastewater program and does not specifically mention stormwater; water utilities will need to compete for funding within the BCSF and CHIF envelopes, which is a potential advocacy point.

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Food Security

In an effort to tackle the affordability issues facing Canadians, the federal government announced the first-ever National Food Security Strategy in June 2026. The 2026 budget builds on this by announcing:

- **$3.2B** National Food Security Strategy
- **$4.1B** Canada Groceries and Essentials Benefit top-up
- **$124M** Local Food Infrastructure Fund renewal
- **$176.9M** Wine Sector Support Program renewal

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Social Supports and Immigration

Alongside the Groceries and Essentials Benefit top-up, Budget 2026 extends targeted supports for caregivers and vulnerable Canadians and sets new immigration levels:

- **$845M** to make the Canada Caregiver Credit fully refundable (up to $1,260 annually for 585,000 caregivers)
- **$610.3M** over 4 years to maintain and enhance Nutrition North Canada
- **$100M** Emergency Treatment Fund renewal for substance use and overdose response
- 2027–2029 Immigration Levels Plan: 380,000 permanent and 370,000 temporary resident arrivals annually
- Up to 200,000 temporary residents eligible to transition to permanent residency by the end of 2027
- Temporary Foreign Worker Program reform aligned with regional labour market needs

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AI and Innovation

The 2025 budget focused heavily on AI and digital technology through $925.6 million over five years for a large-scale Sovereign Public AI Infrastructure and the creation of a new Office of Digital Transformation to lead the adoption of AI and other emerging technologies across the government. Budget 2026 builds on this work through:

- **$2.7B** AI for All strategy and quantum investments, with a goal of 60% of businesses adopting AI by 2034
- **$715M** Canada Growth Incentive
- **~$1B** Government Transformation Fund and a new Digital Transformation Canada Act
- 500 MW of sovereign AI compute for Canadian AI companies through backstops and offtake agreements
- **$176.3M** for the new Digital Safety and Data Protection Commission
- **$930M** SR&ED expansion for commercialization & IP

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Financial Sector and Crown Corporations

Budget 2026 introduces a series of measures to increase competition, choice and access to capital in the financial sector, and restructures several federal Crown corporations:

- Bank Act changes to encourage mid-sized challenger banks (widely held threshold raised from $12B to $25B in equity)
- Deposit insurance limit increased to $250,000, with no limit on eligible registered and tax-free accounts
- Greater flexibility for federal credit unions to access capital and grow

- Federally regulated institutions to issue stablecoins only through subsidiaries regulated under the Stablecoin Act
- New requirement for a single annual statement of chequing and savings account fees
- Legislated Multi-Sector Anti-Fraud Framework across financial, telecom and digital platforms
- BDC and EDC consolidated into a single federal development bank; the Canada Strong Fund becomes a Crown corporation
- Canada Strong Notes giving Canadians a direct stake in the Fund's returns

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Culture and Journalism

Budget 2026 delivers significant support for Canadian artists, journalists and cultural institutions, including:

- **$783.1M** for national museums and cultural institutions, plus permanent free admission for those under 25
- **$300M** for CBC/Radio-Canada
- **$501M** to extend and expand the Canadian Journalism Labour Tax Credit to audio and audiovisual news
- **$134M** Local Journalism Initiative
- **$32.2M** for a free national digital collection of Canadian books and $20M Canada Book Fund renewal
- Consultation on a new Canada Creative Credit for up to $45,000 of qualifying artistic income

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How we can help: Budget 2026 brings new opportunities and considerations across many sectors. To discuss in more detail how the budget may impact your organization, or how we can help you navigate your federal government needs, please contact our government relations leads below.

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