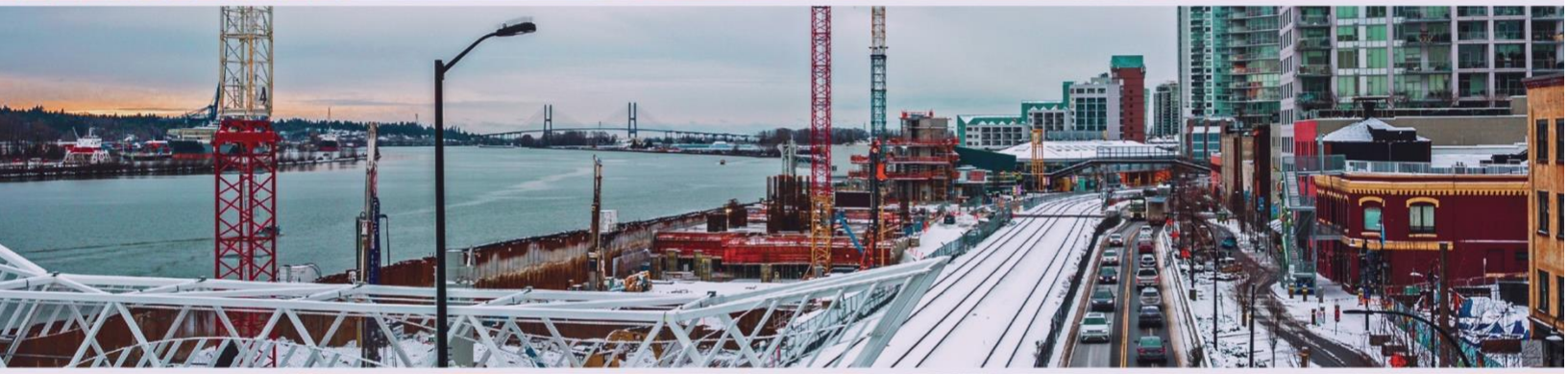
Canadian Construction Association

Member bulletin

Federal Budget 2026: Masters of our destiny







Background

On November 5, 2026, Finance Minister François-Philippe Champagne tabled the 2026 Federal Budget. As the economy continues to grapple with the impact of trade disputes with the United States, the federal government has continued to advance major investments in nation-building projects, defence construction, and related areas. This marks the Carney government's second budget and the second time a budget has been delivered in the Fall to align with industry timelines, including construction.

This note represents an immediate reaction following the budget lockup. Given the scope of initiatives that implicate construction activity within this budget, this may warrant further comprehensive analysis in the following days. CCA will continue to monitor this closely and give an update accordingly.

Budget 2026 lays the foundation

Budget 2026 represents another meaningful step toward investing in Canada's economic growth, building the infrastructure to support it, and training the workforce to deliver it. The government is providing businesses with incentives to encourage investment and align business decisions with its broader priorities.

CCA welcomes the additional $13 billion for Build Canada Homes, continued implementation of the Build Communities Strong Fund to help lower development charges and remove barriers to construction, and long-term investments in First Nations housing and on-reserve infrastructure.

Investments in northern and Arctic infrastructure, including the Mackenzie Valley Highway, will strengthen Canada's sovereignty while improving community access, trade and economic opportunities. Together with efforts to advance major projects and streamline government processes, these measures support Canada's capacity to build.

CCA is also encouraged by new pathways to permanent residence that could help construction employers retain experienced workers already in Canada.

In addition, the budget allocates $1.5 billion over four years, starting in 2027-28, and $387.4 million in future years to build water and road infrastructure to prepare federal land for BCH. CCA welcome the commitment. This is a practical investment that recognizes that building more homes starts with the infrastructure to support them.

However, the budget falls short on several practical measures CCA identified as essential to delivering Canada's building agenda. It does not establish UTIP-equivalent funding for open-shop training, clearly address workforce needs beyond Red Seal occupations, or commit to reforming construction security clearances.

CCA will continue pressing for policies that give the full industry access to the workers, training and fair procurement conditions needed to turn these investments into completed projects.

Fiscal overview

Since the Spring Economic Update, Canada's fiscal outlook has continued to benefit from stronger revenues, including the temporary oil windfall. Economic and fiscal developments have improved the budgetary outlook by an average of $31.7 billion over five years. Those gains were offset by $30.3 billion in new spending commitments and tax reductions.

As a result, Ottawa now projects an average annual deficit of $58.7 billion between 2026-27 and 2030-31, $0.4 billion less than anticipated in the spring. Federal debt is expected to average 40.2 per cent of GDP over the same period, compared with 41.7 per cent projected in the spring.

Overall, approximately 60 per cent of all new measures, worth $89.5 billion, are classified as capital measures under the government's Budget 2025 framework. The government aims to meet its fiscal anchor and balance its operating budget by 2027-28.

What we hope to see next

The next step is to translate these commitments into a clear and coordinated plan for delivery. Construction businesses need to know which projects will proceed, when procurement will begin, how funding will flow and what conditions will apply. A credible national project pipeline would help firms invest in equipment, secure materials, recruit workers and expand capacity with confidence. Coordination across housing, transportation, energy and defence projects will also be essential to manage competing demands for workers and materials.

Workforce measures must reflect the full construction industry. CCA will seek equitable access to training funding, including UTIP-equivalent support for open-shop employers and workers, alongside recognition of essential occupations outside the Red Seal system. The new immigration pathways must translate into practical opportunities to retain and recruit workers in occupations and regions facing verified shortages. Industry participation in program design, clearer eligibility criteria and timely processing will be important to achieving those results.

Procurement reform must also move from broad commitments to changes in how construction projects are contracted and delivered. This means engaging contractors early, selecting delivery models suited to each project, allocating risk to the parties best able to manage it, and adopting CCDC standard documents. Contracts must provide workable mechanisms to address extraordinary tariff and fuel-cost increases so that businesses can bid competitively without taking on risks they cannot reasonably price or control.

Construction security clearances remain another priority, particularly as defence investment grows. Contractors need predictable processing times, less duplication, and a practical way to prepare qualified workers before they are required on-site. Clear responsibilities across the Defence Investment Agency, PSPC, DND and Defence Construction Canada will be equally important to ensuring that procurement becomes easier to navigate and accessible to firms of all sizes.

These investments create important opportunities. Clear implementation details, sustained collaboration with industry and accountability for delivery will determine how quickly those opportunities become the homes, infrastructure and facilities Canadians need.

Key areas for construction

Tax measures

Productivity Mega Deduction (PMD) – Announced on September 15, the PMD expands immediate expensing under the capital cost allowance (CCA) system, lowering the after-tax cost of investment by increasing the present value of tax deductions from 13% to 6.4%. Finance Canada estimates this measure will carry $36 billion in fiscal cost over five years, beginning in 2026-27.

- Most conventional buildings are excluded, but qualifying engineering structures and machinery benefit.
- For contractors, this could mean both lower after-tax costs of acquiring equipment, such as concrete mixers, bulldozers, excavators and so forth, and potentially stronger demand for construction projects.
- The measure applies to eligible assets acquired on or after September 15, 2026, once they become available for use, and the amount claimed under immediate expensing is discretionary.

Canada Growth Incentive (CGI) – This initiative is designed to encourage investment in high-growth Canadian businesses by providing a new tax exemption for up to $15 million in capital gains, helping companies attract private capital and scale. Additionally, CGI introduces an enhanced rollover for eligible small businesses.

Domestic-content bonuses for clean-energy tax credits – Proposed bonuses could influence material sourcing, prices and documentation. Bonuses of up to 10% percentage points for clean technology and 5 per cent for clean electricity. The government will consult stakeholders over the next 60 days to determine eligibility and Canadian -content requirements.

Major projects

Major Projects – Budget 2026 will provide $187 million over five years, beginning in 2026-27, and $24 million in future years to launch and operate a major projects management entity, and begin support for the Mackenzie Valley Highway and the Taltson Hydro Expansion project.

- No fiscal allocation for other major projects was proposed in this budget.

Canada Strong Fund – First unveiled in the Spring Economic Update (SEU) 2026, the fund was established as Canada's first national sovereign wealth fund, with an initial federal capitalization of $25 billion over three years.

- Budget 2026 announces the government's intention to establish the Canada Strong Fund as a Crown corporation in the coming months.
- The fund will develop two streams:
    - The Co-investments stream that will invest in major projects as a minority investor.
    - The Strategic Investments stream to generate commercial returns and grow long-term Canadian ownership of strategic assets.
    - No detailed project list was announced in the budget.

Infrastructure

Building Canada Strong Act – Bill C-39 seeks to extend streamlined federal approvals beyond the national-interest projects covered by the 2025 Building Canada Act. The legislation proposes a single coordinated federal decision within one year of receiving a complete application, allows certain preparatory work to begin before final approval, and introduces Regions of National Interest. It also proposes the designation of National Trade Corridors, reforms to port governance, and changes to federal labour dispute resolution.

First Nations housing and infrastructure package – The $32 billion First Nations housing and infrastructure package: **10-year commitment to First Nations housing and infrastructure**, including $18.5 billion for essential infrastructure and $12.7 billion for housing. These investments will support new homes, repairs, water and wastewater systems, roads, schools and health facilities. Long-term funding, alongside new financing and contractor-bonding tools, can help communities plan projects with greater certainty and strengthen opportunities for Indigenous construction businesses.

Canada Infrastructure Bank (CIB) – Budget 2026 announces moving the CIB to the Minister of Finance to focus on financing infrastructure investments and improve its efficiency. This is part of a bigger plan to streamline federal financing delivery, which also includes merging the Business Development Bank of Canada and Export
Development Canada.

Build Communities Strong Fund – Although no additional funding was provided on top of the $51 billion already announced in Budget 2025. Budget 2026 details a list of projects that will be funded in each province on page 205, along other plans about how the funding will be delivered.

National Electricity Strategy – The federal government is investing $50 billion to double Canada's electricity generation, funding projects like the Darlington nuclear plant, Churchill Falls and Gull Island hydro plant, on the Taltson hydro expansion, and new offshore wind projects in Nova Scotia.

In collaboration with the Canada Mortgage and Housing Corporation (CMHC) and the Canada Infrastructure Bank (CIB), the federal government is providing affordable financing for retrofits for apartment and multi-unit residential buildings, including renewing the Deep Retrofit Accelerator Initiative to support owners.

Housing

Canada Housing Benefit (CHB) – Renewed federal funding for an additional 10 years ($1.7 billion over three years, starting in 2028-29, and $3.9 billion in future years). The program provides monthly cash benefits to low-income households, primarily helping renters afford private-market housing when subsidized community housing is unavailable. Federal contributions are provided to provinces and territories through bilateral agreements, which administer the benefits and match federal funding with provincial and territorial contributions.

Housing permit accelerating: Budget 2026 proposes $100 million over three years, starting in 2027–28, for a partnership with FCM to help municipalities modernize housing permitting through digital systems and artificial intelligence, enabling more efficient and effective review and approval processes to get homes built faster.

Strategic Response Fund – As part of the Strategic Response Fund, Budget 2026 proposes $300 million over three years, starting in 2028-29, and $200 million thereafter to build and expand industrial capacity to accelerate the adoption of modern construction methods, including helping to lower construction costs. This initiative would be managed by Innovation, Science and Economic Development Canada (ISED).

Improving the efficiency of homebuilding – Starting in 2027-28, Budget 2026 proposes $67.6 million over four years and $101.2 million in future years in new targeted investments to modernize housing data and establish a standard for modern methods of construction. Additionally, the National Research Council of Canada will update the National Model Codes to facilitate the adoption of innovative building methods.

Reaching Home and Veterans Homelessness Program – Renewed with $2.1 billion over three years starting 2028-29, and $4.4 billion in future years. The federal government provides funding to local organizations to prevent and reduce homelessness through housing placement services, short-term rental assistance, eviction prevention and other support services. The program also funds construction and renovation of transitional and supportive housing.

Build Canada Homes (BCH) – Budget 2026 proposes providing BCH with an additional $13 billion over 10 years on a cash basis, starting in 2028-29, bringing its total capitalization to $45 billion. Build Canada Homes will be set to deliver 200,000 new homes over the next decade. At least 10 per cent of BCH's expanded envelope will be dedicated to Indigenous housing projects.

- Provide $1.8 billion over four years to establish the Integrated Supports Fund, starting in 2027-28, and $3.2 billion in future years to support projects that help with health, mental health, addictions, and social supports.
- Provide an additional $3.6 billion over four years, starting in 2027-28, and $6.4 billion in future years to build new supportive and transitional housing. Federal spending will fund capital costs while provinces will be responsible for operations.
- In addition, the budget allocates $1.5 billion over four years, starting in 2027-28, and $387.4 million in future years to build water and road infrastructure to prepare federal land for BCH.

Workforce development

Team Canada Strong – Budget 2026 allocates an additional $2 billion over five years, starting in 2026-27, for new bilateral agreements with provinces and territories to expand access to pre-apprenticeship and technical training, reduce training waitlists and address barriers to Red Seal certification. Announced on July 16, 2026, the commitment increases the government's Team Canada Strong investment from $6 billion to $8 billion.

Amendment to the Employment Insurance Act – Budget 2026 notes the government's intention to temporarily increase the minimum number of Employment Insurance (EI) regular benefit weeks from 14 to 18 weeks for apprentices who take full-time training. Starting in 2027-28, the estimated cost will be $5 million over four years, and $1.1 million in future years.

Partnerships for Indigenous Workforce Readiness Fund – Budget 2026 allocates $260 million over four years to establish a new Indigenous-led fund supporting workforce training and employment opportunities associated with major projects. Announced on October 26, 2026, following the First Nations-First Ministers' Meeting, the initiative aims to connect Indigenous workers with employment opportunities created by major projects.

Workforce Tariff Response – Building upon the $3.5 billion in the Rapid Response Supports for Workers and Employers, Budget 2026 is proposing a further $170 million in 2027-28 through the Workforce Tariff Response to ensure workers continue to have access to targeted training and employment services delivered in partnership with the provinces and territories.

Immigration Levels Plan 2027-2029 – Budget 2026 maintains its annual permanent resident admission targets at 380,000 annually and temporary resident arrival targets at 370,000 annually for 2027, 2028, and 2029 under the existing plan.

- Having said that, the government is planning to transition up to 200,000 temporary residents by the end of 2027. Through collaboration with provinces and territories to transition 100,000 workers eligible through Express Entry or the Provincial Nominee Program from temporary residents to permanent residents based on economic and labour market needs. Starting in 2027-29, the government is proposing $302.3 million over four years.

Temporary Foreign Worker Program (TFWP) – The federal government is also taking steps to reform the TFWP to ensure that program intake and objectives align with labour market needs. This reform will focus on improving processing time and strengthening employer compliance, with input from provinces and territories. Starting in 2026-27, Budget 2026 proposes $151.5 million over five years to ESDC to oversee and implement these changes.

Labour Mobility Deduction for Tradespeople – In 2026, eligible tradespeople and apprentices working in the construction industry are entitled to deduct up to $10,000 if they undertake an eligible temporary relocation, limited to up to 50 per cent of the individual's employment income. Budget 2026 introduces another option: eligible tradespeople and apprentices can instead deduct a flat $ 1,500 per year, rather than claiming actual eligible expenses incurred.

Defence

Defence industrial facilities – Directs up to $2.7 billion over five years from previously announced funding toward priorities including launch/testing infrastructure, secure facilities, and completion of a Quebec nitrocellulose production facility.

Northern and Arctic Infrastructure – Budget 2026 commits $3.1 billion over five years to fully fund construction and certain maintenance costs for the Mackenzie Valley Highway. This strongly aligns with our infrastructure message.

Other announcements

Cabinet Directive on Regulatory Competitiveness and Red Tape Reduction – As part of the 'Cutting Red Tape for all Canadians Act', the federal government has issued this directive that requires regulators to reduce regulatory burden costs by $2 for every $1 added. These changes are expected to help make it easier for businesses to invest, innovate, and grow. Additionally, regulators will be required to:

- Consider competitiveness when regulatory proposals are introduced
- Remove outdated rules as quickly as possible
- Default to recognized national or international standards
- Regularly review regulations so they remain effective and up to date

Airport privatization – Budget 2026 outlines plans to spend 37.6 million over three years to develop the concession framework for Canada's four largest airports: Toronto Pearson, Vancouver International, Montréal-Trudeau and Calgary International, and select the operator by early 2029.

- Announced on September 15, 2026, the initiative aims to unlock tens of billions of dollars in private capital while retaining federal ownership of airport lands and assets. Proceeds would be reinvested in regional airports and other nation-building infrastructure, with the Canada Strong Fund intended to retain a public stake in future value.

Budget resources

For further reading, please find below the following links to resources related to Budget 2026:

- CCA's pre-budget recommendation
- CCA's press release
- Federal Budget press release
- Budget 2026

For more information on CCA's advocacy, please email Laurie Frigon, Director, Public Affairs.

Annex

Table 1
Economic and fiscal developments, policy actions, and measures
billions of dollars

	Projection					
	2025-2026	**2026-2027**	**2027-2028**	**2028-2029**	**2029-2030**	**2030-2031**
Budgetary balance - SEU 2026	**-66.9**	**-65.3**	**-63.1**	**-57.7**	**-56.2**	**-53.2**
Economic and fiscal developments since SEU 2026	27.5	21.5	38.3	32.9	33.2	32.4
Policy actions since SEU 2026 and Budget 2026 measures		-18.4	-37.7	-32.8	-30.5	-32.1
Budgetary balance - Budget 2026	**-66.9**	**-65.3**	**-61.3**	**-57.7**	**-56.2**	**-53.2**
Budgetary balance (% of GDP)	-1.2	-1.8	-1.8	-1.6	-1.4	-1.3
Federal debt (% of GDP)	40.2	39.9	40.2	40.4	40.3	40.1

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