

# 2026 Federal Spring Economic Update



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The 2026 Spring Economic Update comes at a time of continued international instability and economic uncertainty. With a newly minted majority government following five floor crossings and three by-elections, Prime Minister Carney has released a Spring Economic Update that continues his theme of building Canada. The document provides an update on the actions taken by the government thus far to reaffirm Canada's economy and our sovereignty, and lays out a roadmap for the next steps that will be taken to implement the broader aim of Building Canada Strong For All.

In his presentation of the Spring Economic Update in the House of Commons, Finance Minister François-Philippe Champagne has positioned the federal plan as one that leads “with the strength of our values and the value of our strengths.” With the introduction of the Canada Strong Fund, supported by the Team Canada Strong plan, the government has acknowledged that a strong Canada requires a strong workforce, and it is putting the frameworks in place to ensure that Canada will have this in the long term. Incentives for businesses and workers in the skilled trades are critical components of the plan for the next five years.

At the same time, the Update shows the government's continued commitment to fiscal discipline. With nation-building investments in defence, infrastructure, and the economy, financial measures including the creation of the Canada Strong Fund and the Canada Investment Summit were created with the aim of attracting investment to Canada and offsetting the major financial commitments made to meet the 2 per cent NATO targets and building trade-enabling infrastructure. The government also renewed its commitment to reduce spending on external management and other consulting services, promising to cut the usage by 20 per cent over the next three years and expanding internal capacity and expertise.

*“A Canada that is not just for some, most of the time, but for all, at all times.” – The Honourable Francois-Philippe Champagne, Minister of Finance.*

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## Economic Context and Implications

Despite ongoing international instability, the Spring Economic Update projects a strong picture of the Canadian economy. The 2025-2026 deficit projection is \$66.9 billion, or 2.1 per cent of GDP, down \$11.5 billion from the deficit projected in Budget 2025, and the deficit continues to be expected to decline to \$53.2 billion, or 1.4 per cent of GDP by 2030-31. These projections include recent dramatic increases in oil prices due to American involvement in the Middle East. This also greatly impacted inflation, which averaged 2.1 per cent in 2025, slowed to 1.8 per cent in February, but then rose to 2.4 per cent in March due to higher energy prices. Additionally, labour force participation has not improved, with the unemployment rate at 6.7 per cent in March 2026.

Even so, Canada's relative position internationally remains strong. Canada is the second fastest-growing G7 economy, and we continue to have the lowest net Debt-to-GDP ratio in the G7 at 10.2 per cent. This is compared to the G7 average (excluding Canada) of 101.8 per cent.

## Economic Realities

- Since the start of 2025, Canada has added nearly three times as many jobs per capita (3.4 per 1,000 of population) as the U.S. (1.2 per 1,000).
- The unemployment rate peaked in September 2025 at 7.1 per cent, before falling to 6.7 per cent as of March 2026.
- Wage growth has now outpaced inflation for more than three consecutive years, resulting in an annual increase of 1.6 per cent in real wages on average since 2023.
- Private sector forecasters expect real GDP growth of 1.1 per cent in 2026 and 1.9 per cent in 2027, marginally lower compared to projections in Budget 2025.
- Due to current global instability, oil prices are expected to average about US\$80 for 2026, roughly US\$15 higher than expected in Budget 2025.
- Inflation averaged 2.1 per cent in 2025, and slowed to 1.8 per cent in February. Inflation then rose to 2.4 per cent in March, reflecting higher energy prices.
  - If the increase in oil prices is temporary, inflation is expected to return to the 2 per cent target by the end of the year.

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## Political Outlook

The introduction of the 2026 Spring Economic Update in the House of Commons comes approximately one year after Prime Minister Carney and the Liberal government's election in April 2025. The past year was marked by the government's actions to reduce barriers for nation-building infrastructure projects and to provide immediate economic support for workers impacted by tariffs and a changing international trade system.

Now, at the one-year mark, Canada requires innovative approaches to meet the moment. The Spring Economic Update is intended to provide the framework for these next steps. Prime Minister Carney and Minister Champagne have framed this document as laying the groundwork for an economically strong and sovereign Canada with new opportunities and partnerships.

With a slim majority in the House of Commons, the Spring Economic Update is expected to pass. With the New Democratic and Conservative parties likely voting in opposition to the Budget, the Liberals will require all Liberal MPs to vote in support. The Liberals' slim majority requires strong caucus management, but the Update does not include explicit commitments to building or investing in pipelines, which have historically served as a sticking point for budgetary support from Liberal Members of Parliament who are focused on environmental issues.

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## Funding and Program News

### Making it Easier to Access the Disability Tax Credit

To improve the Disability Tax Credit application for persons with disabilities and their families, and to reduce paperwork for medical practitioners, the Spring Economic Update 2026 proposes to:

- Streamline the application process for individuals with a formal diagnosis of certain long-lasting medical conditions.
- Expand the list of medical practitioners who can certify eligibility for the Disability Tax Credit to include podiatrists (for a specific type of impairment) and broaden the types of impairment that can be certified by physiotherapists, speech-language pathologists and occupational therapists, within the scope of their training and practice.
- Recognise provincial or territorial public guardians and trustees as being qualified to certify for the Disability Tax Credit for adults in their care for property matters who have a valid certificate of incapacity based on a medical practitioner's assessment of their mental impairment.

The Update also proposes to provide \$42.5 million over five years, starting in 2026-27, to the Canada Revenue Agency to administer improvements to the Disability Tax Credit application process.

The aforementioned changes are expected to provide \$345 million over six years, and \$86 million per year ongoing, in tax relief under the Disability Tax Credit and via increased payments of federal benefits (such as the Canada Disability Benefit and the Child Disability Benefit), starting in 2025-26.

### Increasing Student Grants and Loans

As announced on March 23, 2026, the government will maintain for one additional year the increase in full-time Canada Student Grants from \$3,000 to \$4,200 per year, and interest-free Canada Student Loans from \$210 to \$300 per week.

Increased students grants and loans will be available for the 2026-2027 school year, at an estimated total cost of \$1.1 billion over five years, starting in 2026-27.

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## Healthy Indigenous Communities

Health is a key indicator of a prosperous economy and is a critical enabler of a person's ability to live life to the fullest. Indigenous people across Canada should have safe and equitable access to health care that responds to their unique needs. The government is committed to advancing reconciliation by supporting Indigenous communities to improve health outcomes by modernising delivery of services and ensuring people have access to the health products and services they need to thrive and actively participate in their communities.

The government has already announced:

- \$27 million over five years, starting in 2026-27, to continue working with Inuit Tapiriit Kanatami to take concrete action to eliminate tuberculosis in Inuit Nunangat by 2030.
- \$630 million over two years, starting in 2026-27, to maintain trauma-informed and culturally appropriate mental wellness services for Indigenous people including continued support for crisis lines and Indigenous-led mental wellness programming that supports community-based services grounded in culture and ceremony.
- \$400 million over five years, starting in 2026-27, to maintain access to high-quality primary care services including nurses, nurse practitioners, and paramedics for First Nations in rural and remote on-reserve communities.

To ensure high-quality and culturally relevant health care that responds to the distinct needs of Indigenous individuals, families, and communities, the Spring Economic Update 2026 proposes to provide the following funding to Indigenous Services Canada:

- \$794 million in 2026-27 to support the Non-Insured Health Benefits Program, which provides First Nations and Inuit with coverage for a range of health products and services such as medical travel, pharmaceuticals, and mental health counselling.

## Empowering Indigenous Communities

The Spring Economic Update proposes \$794 million to Indigenous Services Canada in 2026-27 to support the Non-Insured Health Benefits Program, which provides First Nations and Inuit with coverage for a range of health products and services such as medical travel, pharmaceuticals, and mental health counselling.