Budget 2026 Highlights

Impact Public Affairs

Prior to Budget 2026, the CASW President issued a statement on the expectations of the budget as it relates our Pre-Budget submission and other priorities.

Rather than issue an immediate response to Budget 2026, CASW will provide a more in-depth analysis of the Budget and its long term implications for the profession.

On November 5, 2026, the Carney government released its second federal budget, outlining its fiscal and economic priorities for the year ahead. With the government having shifted to a fall budget cycle, Budget 2026 will serve as its last major fiscal update until the spring, when the Department of Finance is expected to release its next economic and fiscal update.

Budget 2026 attempts to build on the Carney government's efforts to attract investment and boost productivity as Canada navigates what Finance Minister François-Philippe Champagne described as a period of "profound change and uncertainty." The budget was presented as an opportunity to strengthen the Canadian economy, support Canadians and give the country greater control over its economic future.

This budget continues the Carney government's emphasis on using public spending to encourage private sector investment and long-term economic growth. While Budget 2026 includes targeted investments in health care, its primary focus remains on strengthening Canada's economic competitiveness, infrastructure and private sector investment.

This approach reflects the government's position that stronger economic growth will help sustain public services, including health care, over the long term. However, questions remain about whether existing federal health care funding will be sufficient to address rising provincial costs and growing demand for services.

Fiscal Outlook

Titled 'Masters of our Destiny', Budget 2026 unveils $403.9 billion in new capital investments through 2031, contributing to a federal deficit of $65.3 billion in 2026 – 2027. Budget 2026 outlines the government's financial roadmap to reduce the federal deficit to $53.2 billion by 2031 through reduced spending, higher revenues and the prioritization of government efficiencies. Budget 2026 projects that the government deficit will be fully accounted for by capital investments by 2027-2028, bringing forward the government's projected timeline for balancing its operating budget by one year compared to its 2025 projection.

Despite this, Budget 2026 predicts that the federal debt-to-GDP ratio will increase from 39.9% to a peak of 40.4% in 2028–2029, suggesting the government will continue its expansionary fiscal policies in the years to come.

Main Priorities of Budget 2026

This new spending includes $36.1 billion in tax incentives for business investment through the **Productivity Mega Deduction**, $48.7 billion in new defence spending, $10.5 billion in targeted housing support, $13.3 billion in nationally significant infrastructure projects and $8.7 billion to support the Canadian economy's green transition.

Budget 2026 focuses on creating an 'Investment Supercycle' through measures aimed at stimulating private sector growth and improving Canada's economic competitiveness. This includes 'catalyst' investments to support private sector growth, build Canada's strategic infrastructure, develop Canada's workforce and strengthen its international trading relationships.

In terms of healthcare, Budget 2026 commits $57.4 billion to the Canada Health Transfer in 2026-2027, with funding projected to increase to $67.7 billion by 2030-2031. While annual increases are planned, provinces may express concerns that funding growth will fall below 5% annually after 2027–2028, particularly as healthcare needs and costs continue to rise.

Another focus of Budget 2026 is affordability, building on nearly $100 billion in existing national benefits while introducing additional measures to support Canadians facing ongoing affordability pressures.

New Commitment to End Homelessness in 10-Years

Budget 2026 announced the federal government's 10-year plan to end homelessness in Canada. The government aims to achieve this goal through two programs: a commitment of $11.2 billion over four years starting in 2027-2028 to support stable, non-market housing, and $2 billion over two years to expand mental health and substance use facilities in communities across Canada.

The $11.2 billion will be provided through the **Integrated Supports Fund** via the Build Canada Homes program which aims to integrate social housing with mental health, addiction services and social support.

The $2 billion will be provided through the **Health Infrastructure Fund** to support mental health and substance use facilities.

Mental Health & Addictions: The Future of the Emergency Treatment Fund

The federal government has committed to renewing the Emergency Treatment Fund, a Health Canada program supporting locally driven responses to substance use and overdose-related emergencies. Budget 2026 commits to providing $100 million over two years, starting in 2027–2028.

The funding will support community-based initiatives, including mobile outreach services, naloxone distribution and land-based healing programs in municipalities and Indigenous communities across Canada.

Extension of Mental Health, Addictions, Home and Community Care Funding

Budget 2026 proposes $1.2 billion in 2027–2028 to extend existing federal-provincial and territorial agreements for mental health, addictions, home and community care until March 31, 2028. This provides an additional year of funding while governments discuss the long-term sustainability of these services.

Since 2018–2019, the federal government has provided $11 billion through these bilateral agreements to improve access to mental health and addictions services, as well as home and community care. The extension is intended to address immediate pressures on provincial and territorial health care systems while providing additional time for discussions on future funding arrangements.

Supporting Health Care Professionals

Budget 2026 outlines how the Productivity Mega Deduction could benefit health care professionals who own their practices by allowing eligible investments in medical equipment, diagnostic technologies and other tools to be deducted immediately for tax purposes.

The measure is intended to encourage investment in modern equipment and technology, helping health care providers expand services and improve access to diagnosis and treatment.

Indigenous Health Services

Budget 2026 includes several commitments to maintain and expand access to health services in Indigenous communities. These include:

- $2.9 billion over three years, beginning in 2027–2028, to renew the Non-Insured Health Benefits Program, which provides eligible First Nations and Inuit individuals with coverage for health services, medications, medical travel and mental health care.
- $290.7 million over four years, beginning in 2027–2028, to renew funding for public health workers and public health initiatives in Indigenous communities, including communicable disease prevention and outbreak response.
- $6 billion over six years, beginning in 2026–2027, for Jordan's Principle, supporting First Nations children in accessing essential health, social and educational services.
- $575 million over five years, beginning in 2027–2028, to renew the Inuit Child First Initiative and support the transition to Pirutsiagutiit, which aims to improve access to essential services for Inuit children.

These investments aim to maintain access to health services while strengthening public health capacity and supporting Indigenous children and families.

Women's Health Research

Budget 2026 proposes $14.9 million over four years, beginning in 2027–2028, with an additional $5 million in future years, to support the National Women's Health Research Initiative.

The funding will support research to improve health care access and outcomes for women, girls, trans and gender-diverse people, addressing longstanding gaps in women's health research.

Youth Mental Health Supports

Budget 2026 proposes $7.5 million over three years, beginning in 2027–2028, to support Kids Help Phone in continuing to provide free, confidential mental health and crisis support to young people across Canada.

The funding will help maintain access to counselling and crisis services for youth, including support available in English, French and more than 100 other languages.