

Pan-Canadian Chamber Forum: Budget 2025

November 4, 2025



Bottom Line

Budget 2025 is a bold but high-risk plan. It aims to drive growth through investment and productivity incentives, but slower growth, high debt, and implementation challenges could limit its effectiveness. The key test will be **execution**—turning ambition into results.

Success will depend on delivery, speed, and meaningful private-sector partnership. The government's expectation to double the return on federal investment—from \$500 billion to \$1 trillion—is an ambitious target.

Private-sector investment will ultimately determine success. Whether this budget creates the right conditions to unlock that investment remains to be seen.



Positive Signals and Concerns

Positive Signals:

- Focus on productivity, innovation, and capital investment.
- Commitment to infrastructure and trade diversification.
- Pragmatic approach to red-tape reduction and AI development.
- Repeal of luxury tax.
- New tax incentives for manufacturing.
- Committed to amendments to greenwashing.

Concerns:

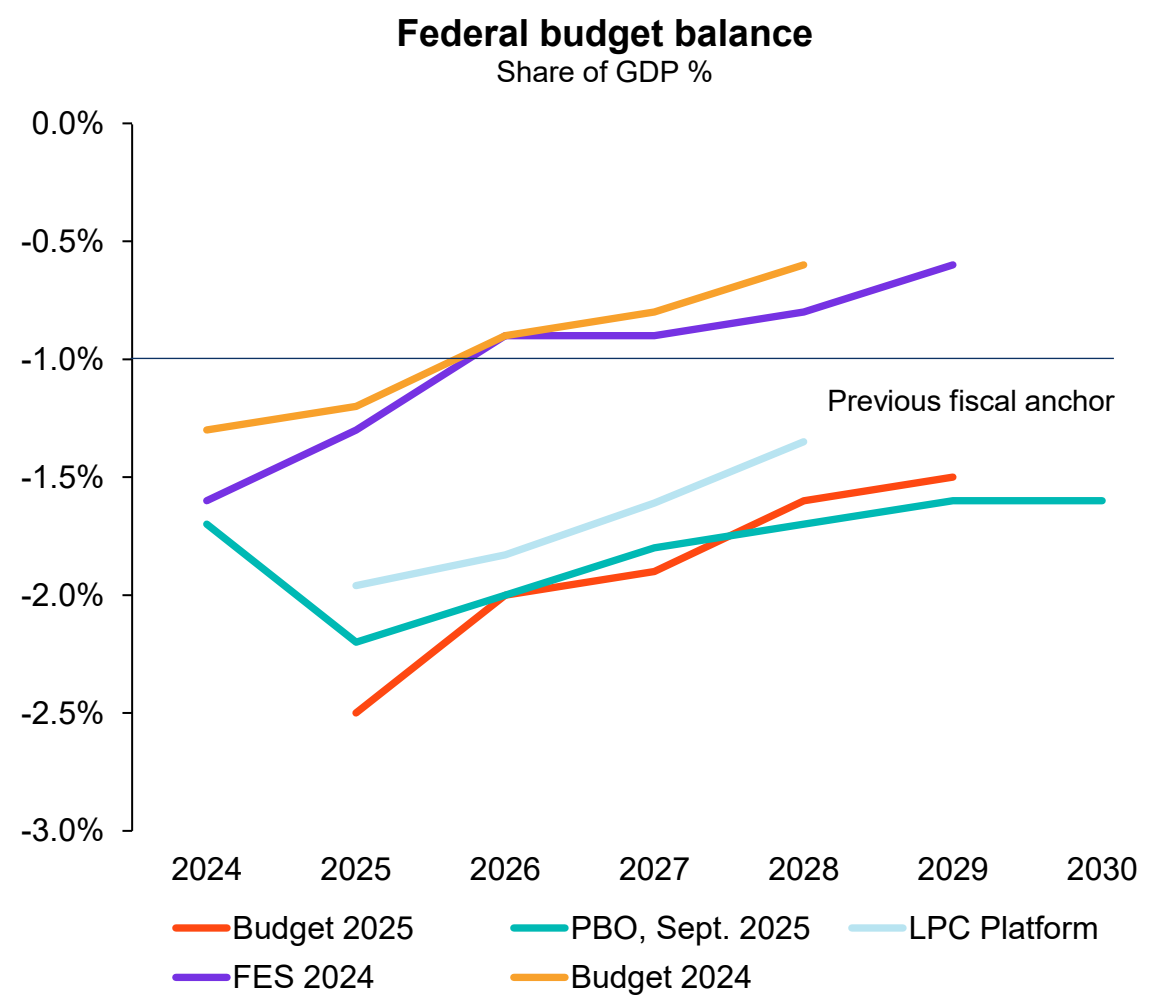
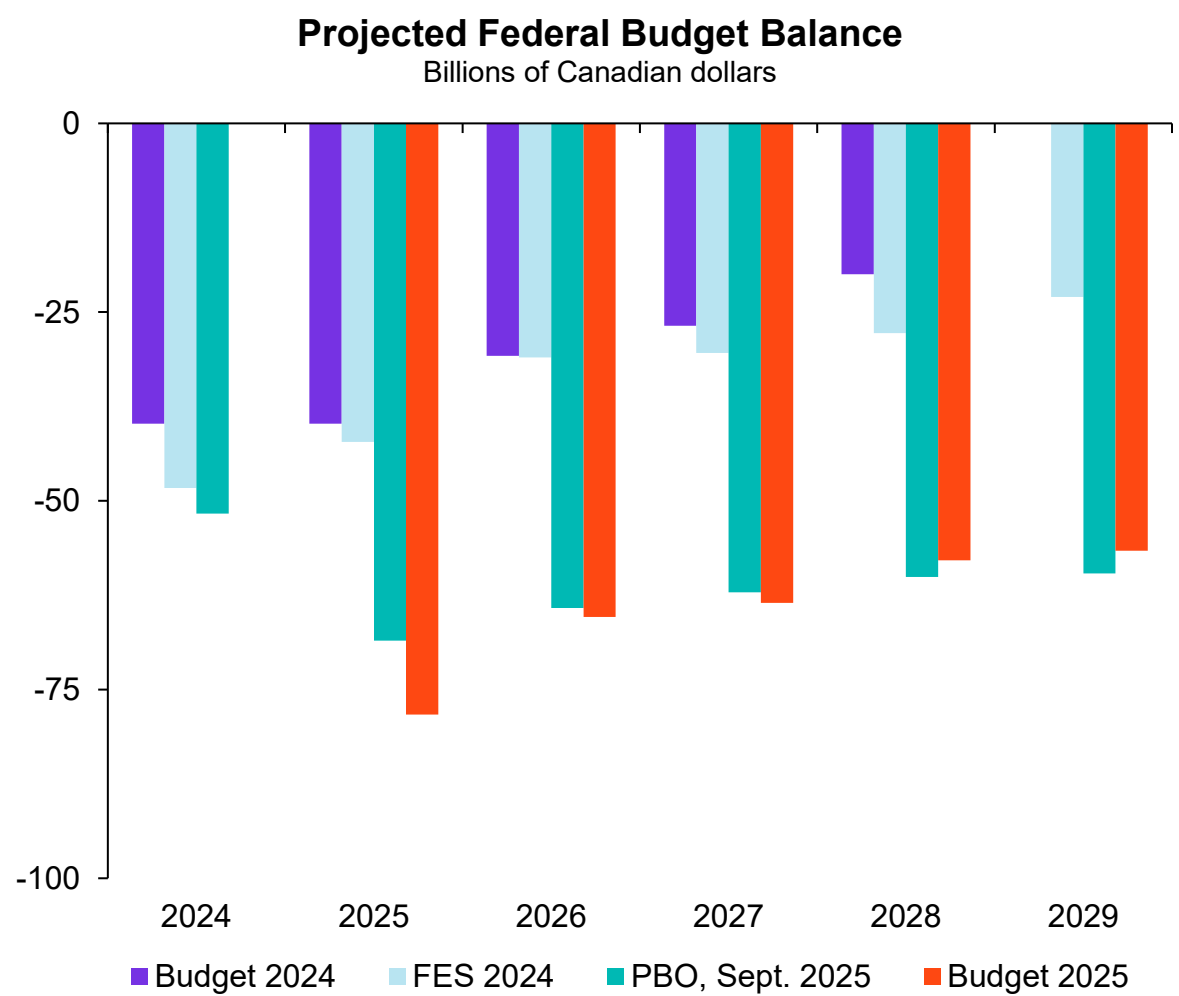
- Execution risk amid slow growth and high debt levels
- Temporary nature of investment incentives.
- Limited clarity on timelines for regulatory and workforce reforms.



Fiscal Framework

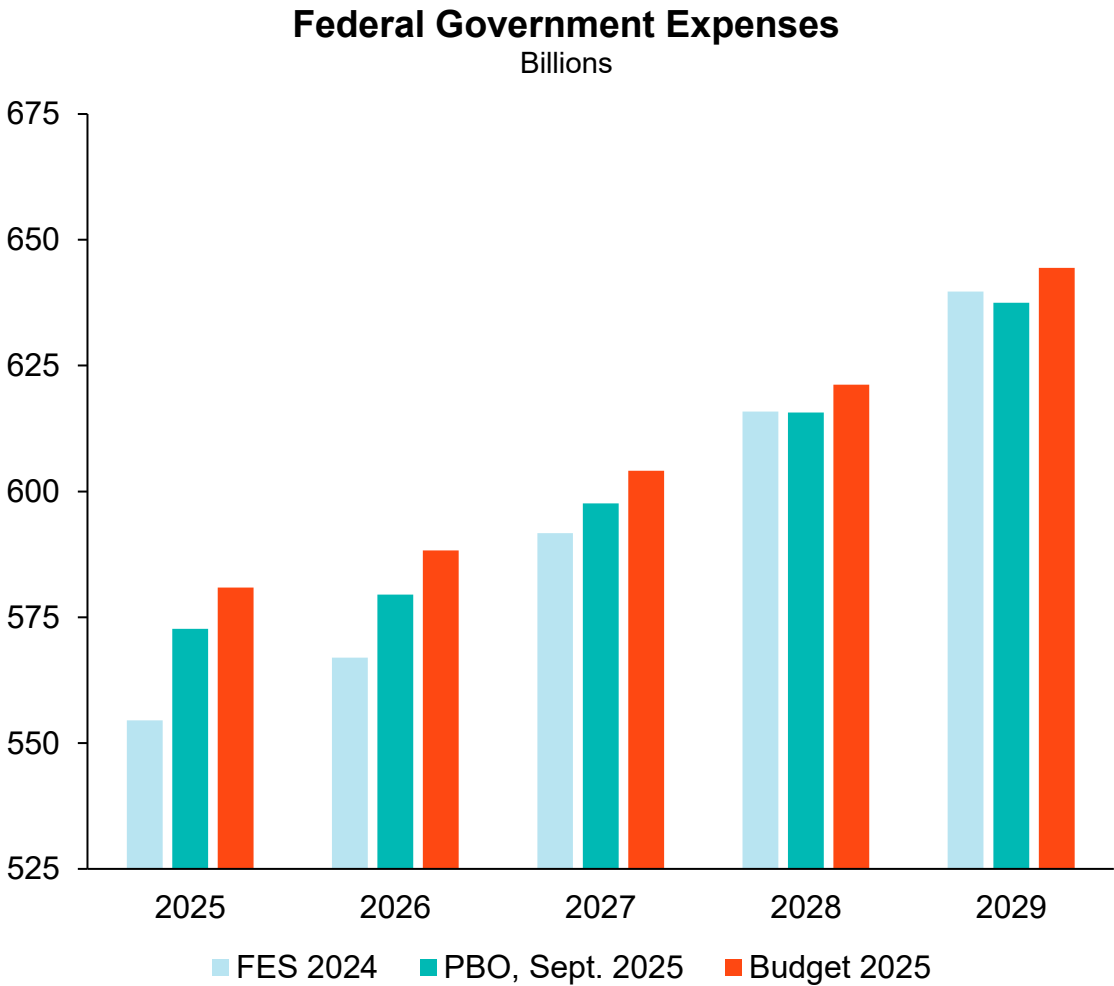
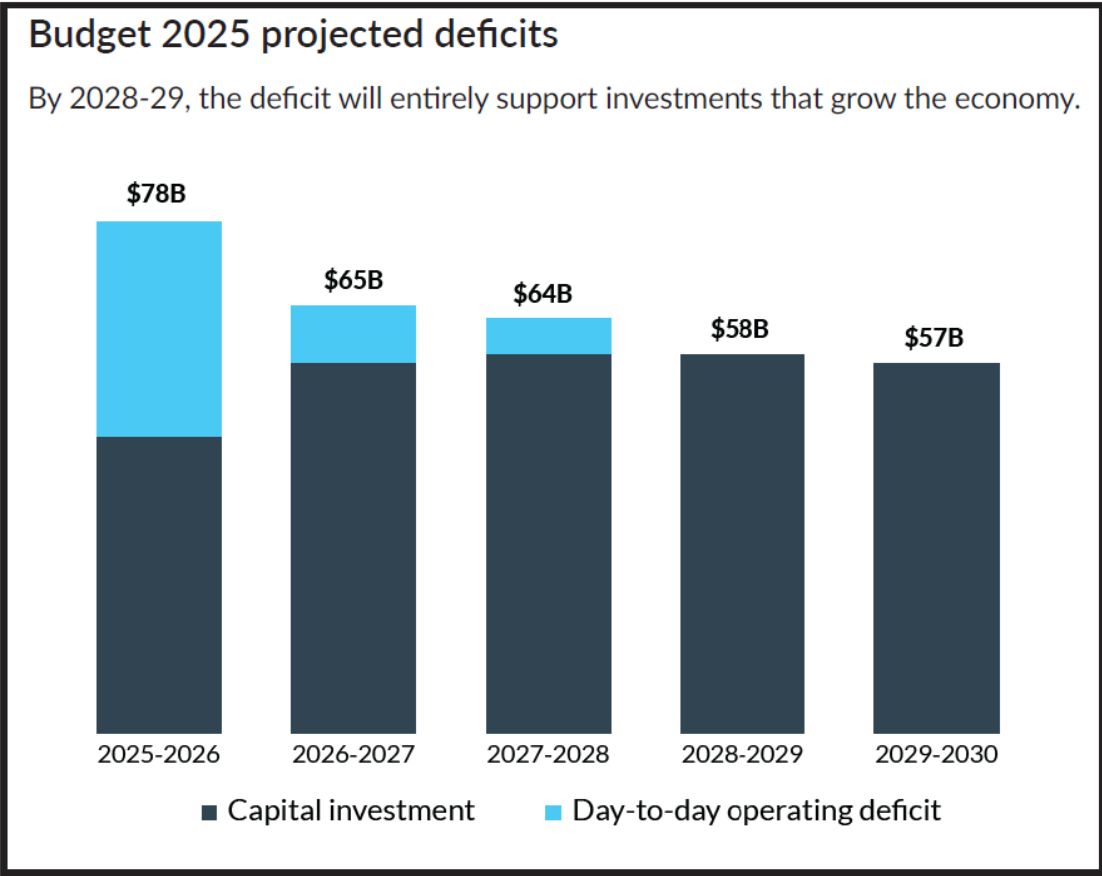
- Balances operating spending with revenues by 2028–29.
- Commits to a declining deficit-to-GDP ratio.
- Enables up to **\$1 trillion in total investments** over five years.
- Launches a **Comprehensive Expenditure Review** to refocus spending.

Federal deficit more than expected, but improving.



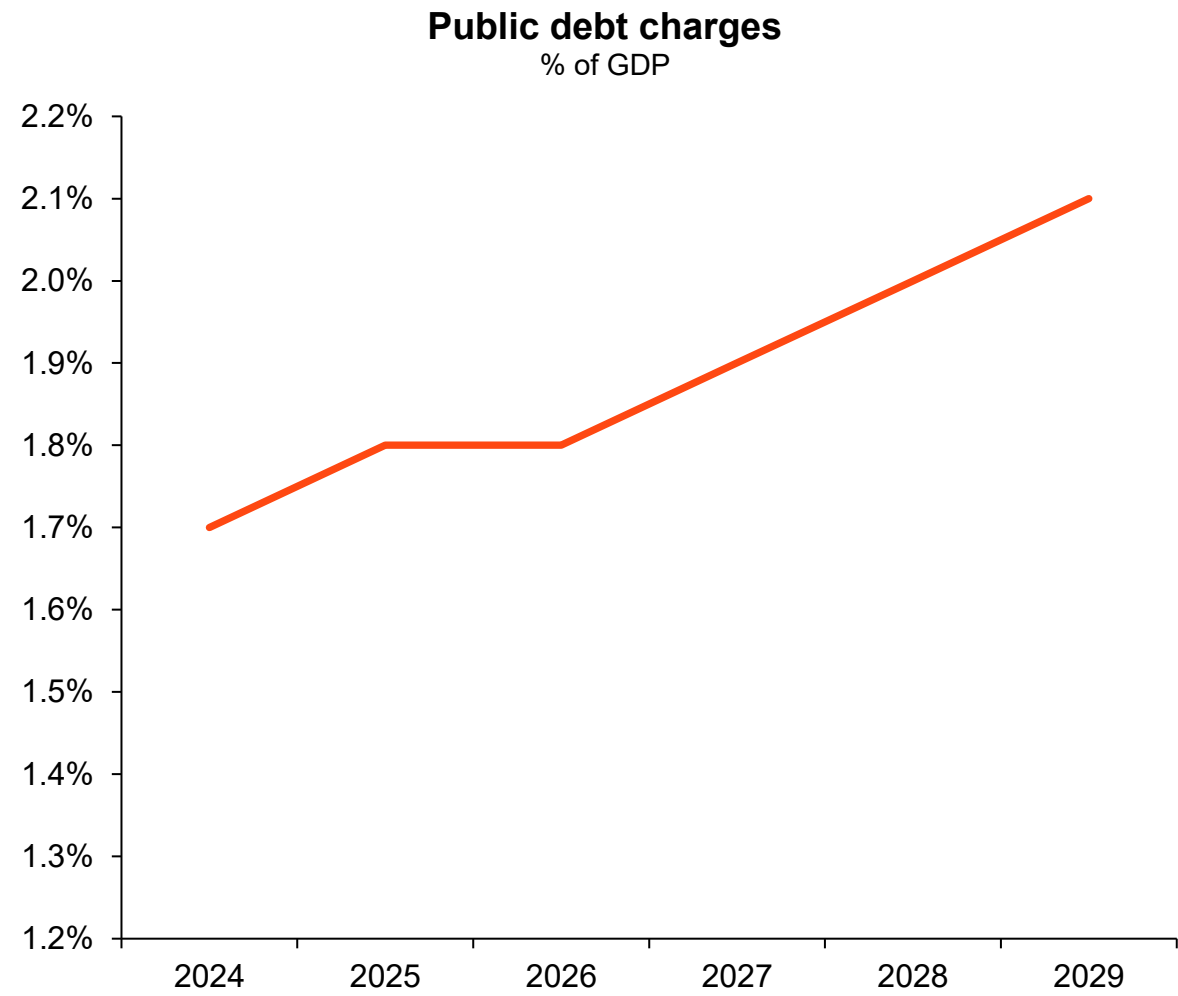
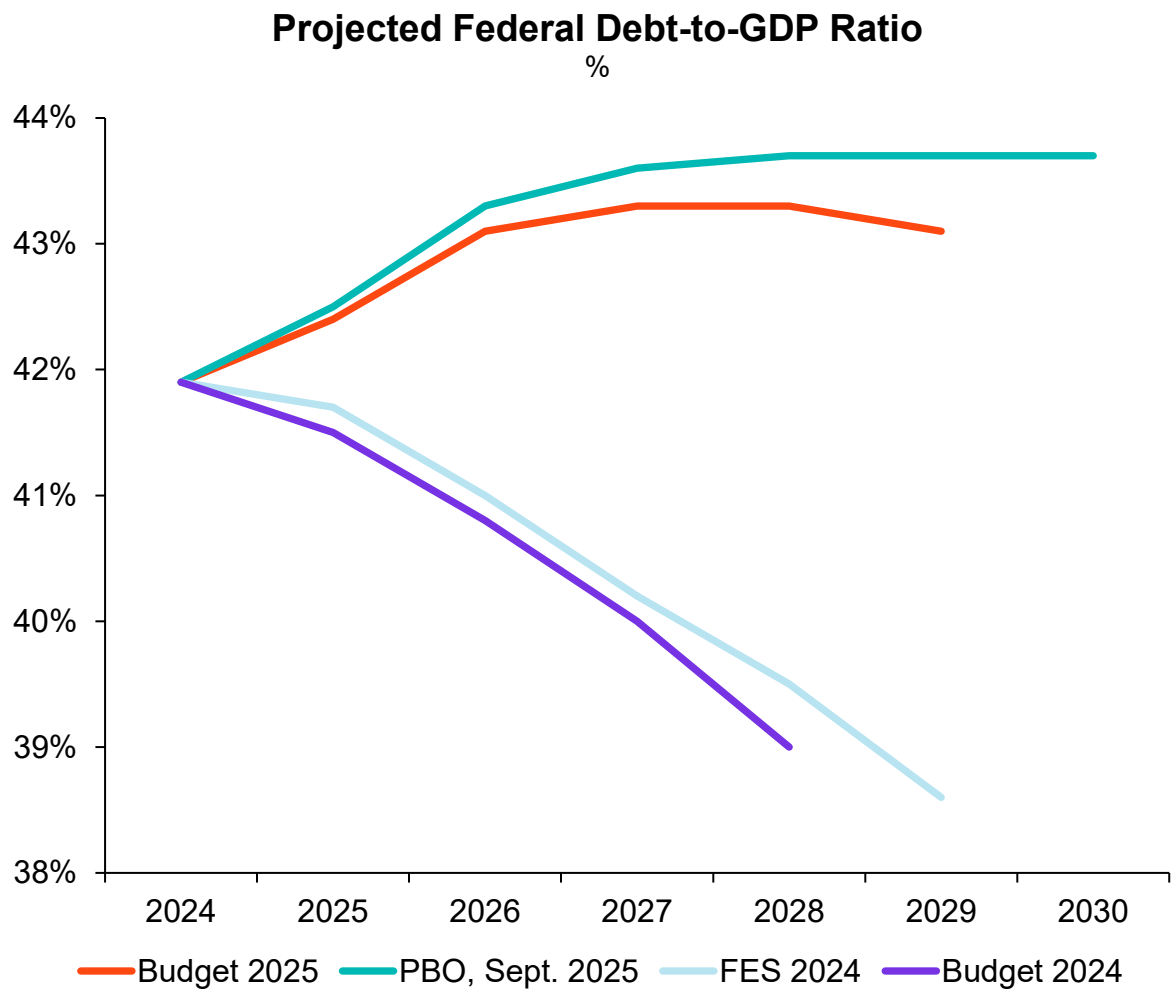
Sources: Business Data Lab, Department of Finance Canada, Scotiabank, Parliamentary Budget Office, Liberal Party of Canada

Balance the (operating) budget but federal expenses on the rise.



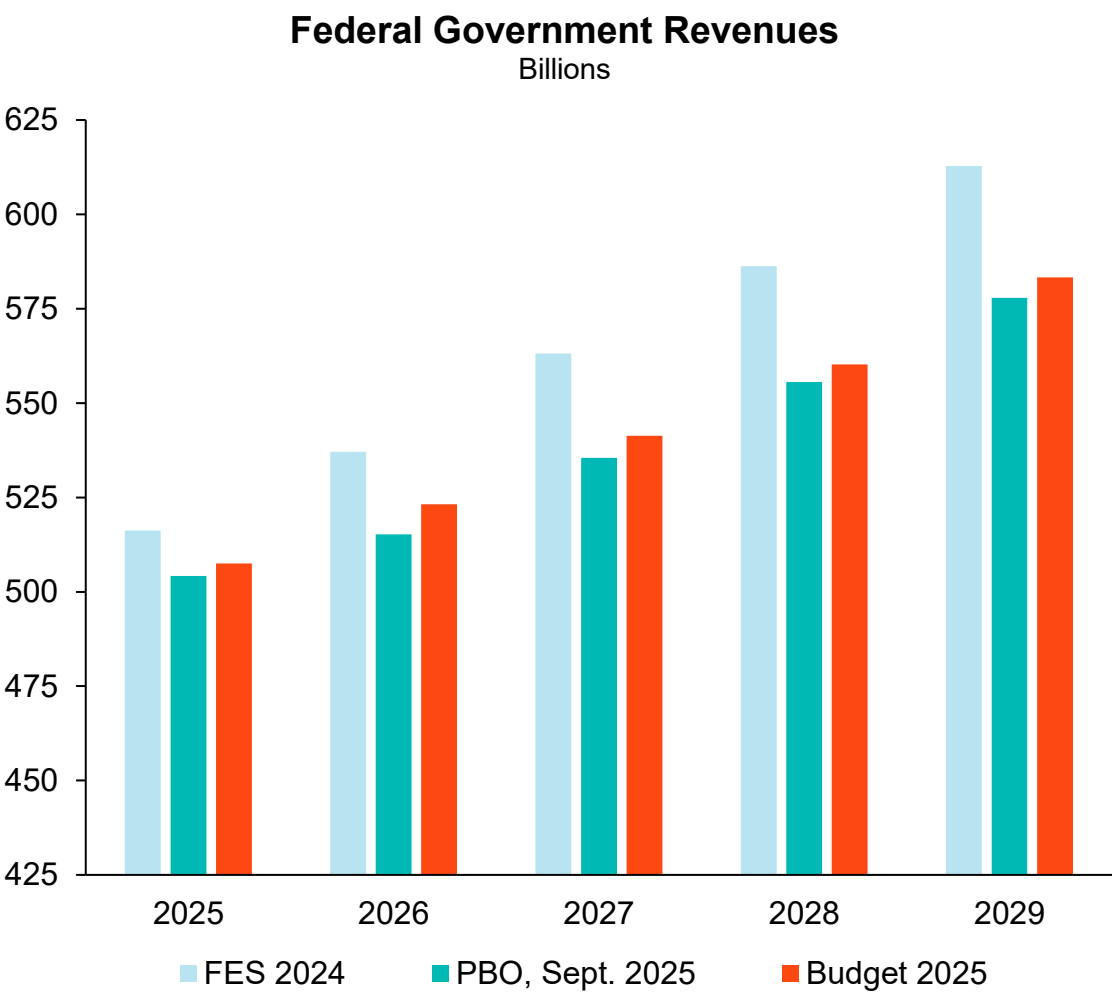
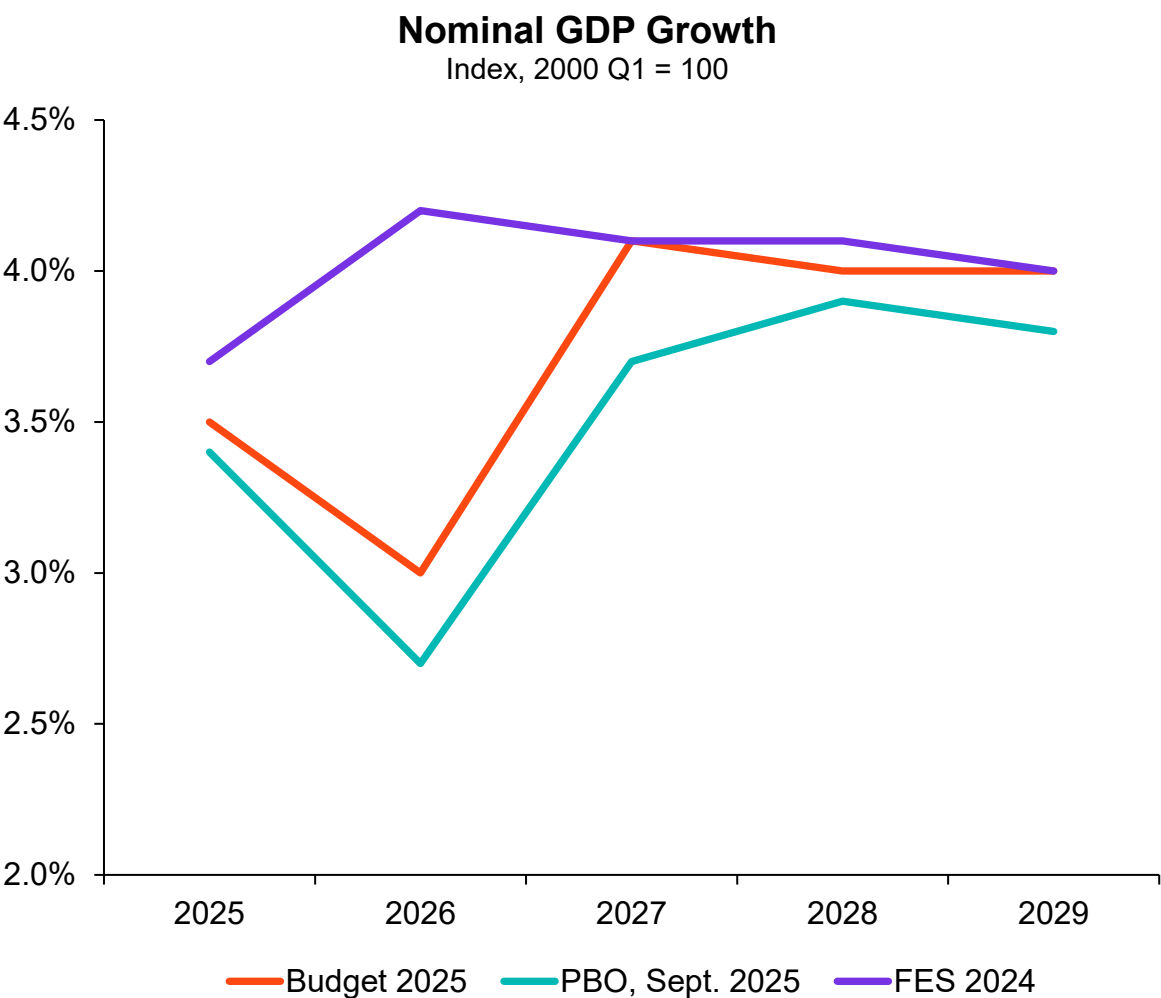
Savings include CRA tax loophole revenue

Rising debt charges keep debt-to-GDP ratio elevated.



Sources: Business Data Lab, Department of Finance, Parliamentary Budget Office

More optimistic outlook support government revenues.



Sources: Business Data Lab, Department of Finance Canada, Scotiabank, Parliamentary Budget Office.



Sectoral Measures

- **Agriculture:** Over \$600 M for market, sustainability, and digital trade tools.
- **Infrastructure:** Adopts a “**dig once**” **policy** to coordinate digital and fibre installations in major national projects. Launch of the **Build Communities Strong Fund** (\$51 B over 10 years).
- **Energy & Resources:** Expands **critical minerals** eligibility, and reinstates accelerated CCA for low-carbon LNG.
- **Defence:** \$81.8 B over five years; new **Defence Procurement Agency**
- **Housing:** Eliminates the underused housing tax and expands mortgage bond issuance, and reduces GST for first-time buyers.



Productivity and Investment

- Introduces a **Productivity Super-Deduction** allowing immediate write-offs for new machinery, equipment, and technologies.
- Extends the **Accelerated Investment Incentive**, though not permanently.
- Advances **SR&ED modernization**, including pre-approval, restored capital eligibility, and streamlined administration.
- Enhances IP programs (Elevate IP, Patent Collective, IP Assist).
- Amendments to Red Tape Reduction Act.
- Cancellation of the Canadian Entrepreneur's Incentive.



Innovation and Digital Economy

- Allocates **\$926 M over five years** for sovereign AI compute infrastructure.
- Fund **AI & Technology Measurement Program (TechStat)** to track AI use and impacts.
- “**Dig once**” approach for coordinated fibre installation on major projects.
- Streamline reduce deployment burden.
- Ensure access to quality **spectrum**; consult on updated licence transfer rules.



Trade Diversification

- **EDC** to increase business facilitated by **\$25B by 2030**.
- **\$20M/4y (+ \$4.8M ongoing)** to **GAC** for trade/investment agreements.
- Enhance **CanExport**; **\$46.5M/4y** for **SME Export Readiness (ISED)**; **\$7.6M/4y** for Innovation Partnership Program & Canadian Technology Accelerator.
- **\$4.2M/3y (+ \$1.4M ongoing)** to **NRCan** for nuclear-export capacity.
- **EDC \$2B** concessional trade financing to encourage **Buy Canadian**.



Workforce Development

- Expand **Union Training & Innovation Program** (Red Seal trades). (p. 158)
- **International Talent Attraction Strategy**; accelerated pathway for **H-1B** holders.
- **Workforce Innovation Fund** for local labour solutions.
- Temporary **EI** enhancements for tariff-impacted workers (**\$3.7B/3y**).
- **\$50M/5y (+ \$8M ongoing)** for job-search tool and online training platform.



Workforce Development (cont.)

- Youth jobs/skills: \$594.7M/2y for **Canada Summer Jobs** (100k jobs in 2026); \$307.9M/2y for **Youth Employment & Skills Strategy**
- \$635.2M/3y for **Student Work Placement Program** (~55k WIL in 2026–27). \$570M/3y via LMDAs for workers hit by tariffs/market shifts.
- **Workforce Innovation Fund** for local labour solutions.
- \$50M/5y (+ \$8M ongoing) for **national job-search tool** and **online training**



Immigration

- Reduce **temporary resident admissions**: 673,650 (2025) → 385,000 (2026) → 370,000 (2027–28).
- Recognize the role of **TFWs**; tailor 2026–28 plan to tariff-impacted sectors and rural/remote needs.
- One-time pathways: recognize Eligible Protected Persons as **permanent residents**; transition up to 33,000 work-permit holders to PR (2026–27).
- Further detail with Immigration levels to come in next Annual Immigration Report.



Environment

- **Climate Competitiveness Strategy** for an affordable path to net-zero.
- Reinstatement accelerated **CCA** for **low-carbon LNG** equipment/buildings.
- Engage PTs on a multi-decade **industrial carbon-price trajectory** to 2050; apply the federal backstop promptly if benchmarks aren't met; explore market links/harmonization.
- **Canada Growth Fund** to continue carbon-contracts-for-difference; finalize **methane regs**; targeted **clean fuel standard** updates.
- Proceed with **Clean Electricity ITC** and **remove Crown-corp conditions** to access it.



Environment (cont.)

- Extend full-rate **CCUS ITC** by **5 years**.
- Expand **critical minerals** eligibility (antimony, indium, gallium, germanium, scandium).
- Hint at oil and gas emissions cap being removed in future
- Create a **Critical Minerals Sovereign Fund**
- Amend **greenwashing** provisions to simplify while maintaining protections.



Next Steps

- **Analyze the Budget:** Policy team will do deeper analysis on key budget measures.
- **Engage Government:** Meetings with ministers, officials, and parliamentarians to support effective implementation and identify areas for improvement during December 1-2 Hill Day.
- **Shape Advocacy:** Use member input to guide upcoming submissions, policy resolution advocacy, pre-budget recommendations, and engagement with all levels of government.