From: "van Dyk, Donny"
To: "Direct to Mayor and Council - DL"
Date: 4/29/2026 8:36:08 AM
Subject: Summary: Federal Spring Economic Update 2026

Dear Mayor and Council,

The federal government's Spring Economic Update 2026was tabled on April 28, 2026 by Finance Minister François-Philippe Champagne. The Update is framed around economic growth, housing, workforce development, and affordability. It reflects a majority Liberal government with the ability to advance its agenda without requiring support from the official opposition since achieving a parliamentary majority earlier this month.

The Update is framed around the theme "Canada Strong for All", with a focus on economic growth, housing, workforce development, and affordability. It highlights key steps to build a stronger, more resilient Canada:

- The Canada Strong Fund: Canada's first national sovereign wealth fund.
- Team Canada Strong: a new nationwide effort to recruit, train, and hire 80,000 to 100,000 new skilled trade workers by 2030-31.
- Building Stronger, Safer Communities by making communities more connected and resilient.

Federal fiscal outlook: Improved Position, Continued Deficits

- The federal deficit for 2025–26 is now projected at $66.9B, $11.5B lower than forecast, reflecting stronger revenues.
- The government plans to eliminate its operating deficit within three years, though most savings are expected after next year.
- Overall deficits remain significant, projected at over $50B annually through 2031.
- The Update includes $37.5B in new spending, with a strong focus on housing and cost of living measures.
- Canada maintains a low debt-to-GDP ratio (10.2%), well below G7 peers.
- Key federal investments include:
  - $6B for skilled trades to support housing and infrastructure delivery
  - $25B Canada Strong Fund to support major, nationally significant projects

Spring Economic Update 2026: Key Themes and Measures

Economic Growth & Major Projects

- Introduction of a $25B Canada Strong Fund (sovereign wealth fund) to invest in nationally significant projects, with potential asset sales (including airports) under consideration. (Details on the purpose and

- objectives of the Canada Strong Fund will emerge over the coming months through a public and stakeholder consultation process.)
- A commitment of $957.8M over five years to repair and maintain small craft harbours. This investment will be strongly welcomed by coastal municipalities, as these harbours support more than 45,000 commercial fishing jobs and play a critical role in economic stability, marine safety, and the long-term sustainability of coastal industries.

Housing

- Continued emphasis on accelerating housing supply.
- Over $7B in low-cost loans to support construction of ~16,500 rental units.
- Incremental mortgage rule changes to support small-scale multi-unit housing (5–8 units).
- A previously announced decision to invest $125 million to extend the Unsheltered Homelessness and Encampments Initiative (UHEI).

Public Safety

- $17.9 million for FINTRAC, to prioritize the detection, deterrence, and disruption of illicit financing that perpetuates extortion and fentanyl trafficking, as well as $75 million over five years via Public Safety Canada to continue enabling eligible organisations to implement physical security enhancements and foster safer, more inclusive communities.

Workforce & Skilled Trades

- $6B investment to recruit and train 80,000 to 100,000 skilled trades workers by 2030–31.
- New incentives for apprentices and employers, including wage subsidies and training supports.

Affordability Measures

- Planned reduction in Canada Pension Plan contributions (9.9% to 9.5% by 2027), lowering payroll costs for employers and employees.

Targeted Sector Investments

- $755M over five years for sport and recreation infrastructure and programming.
- Funding for small craft harbours and marine ecosystem protection, including measures to protect Southern Resident Killer Whales.
- Continued investments in defence procurement and international commitments.

Implications for Municipalities

- No new dedicated municipal infrastructure funding (e.g., water, sewer, transportation, or community amenities).
- Strong federal focus on housing delivery and workforce development, but limited recognition of enabling infrastructure needs at the local level.
- Reinforces ongoing municipal advocacy priorities:

  - Closing the infrastructure funding gap tied to growth
  - Aligning housing targets with servicing capacity
  - Securing predictable, long-term funding for local infrastructure

The Spring Economic Update 2026can be found here.

The Spring Economic Update 2026speech can be found here.

The news release can be found here.

Reactions to the Spring Economic Update 2026:

- Business Council of Canada
- Canadian Climate Institute
- Federation of Canadian Municipalities
- Earnscliffe Strategies' summary

Additional details are included below for your information.

Thanks,

Donny

Donny van Dyk (he/him)

City Manager

City of Vancouver

The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh Úxwumixw (Squamish), and səlilwətaɬ (Tsleil-Waututh) Nations.

Additional Spring Economic Update 2026 Highlights:

Economic Growth, Investment and Major Projects

- The federal government is advancing a growth-focused agenda centred on major projects, industrial strategy, and investment attraction.
- A new $25B Canada Strong Fund (sovereign wealth fund) will invest in nationally significant projects, with additional financing options under consideration, including potential asset sales (e.g., airports).
- A Major Projects Office will support 21 nation-building initiatives, expected to generate significant economic activity and employment.
- Broader strategies include:
    - A Defence Industrial Strategy and the creation of a new Defence Investment Agency, supported by $103.8 million, to modernize procurement, strengthen domestic industry, and be overseen by a dedicated cabinet minister.
    - A forthcoming Investment Summit (Fall 2026) to position Canada as a global investment destination.
    - Sector-focused strategies, including auto/EV production and sustainable finance.
- Environmental commitments include a Nature Strategy to conserve 30% of lands and waters by 2030.

Housing Supply and Construction

- Continued federal emphasis on accelerating housing delivery:
    - Over $7B in low-cost loans under the Apartment Construction Loan Program for up to 16,500 new rental homes.
    - Exploring ways to modernize mortgage products, and in the meantime will change mortgage insurance rules to provide more flexibility in insuring projects like five-to-eight unit residential properties.
    - Measures to reduce development costs, streamline regulations, and support modular and factory-built housing.
- Additional actions include:
    - Targeted GST relief for homebuyers.
    - Investment in construction innovation and building technologies.
    - Continued support for vulnerable populations, including those experiencing homelessness.

Workforce Development and Skilled Trades

- A major federal push to address labour shortages tied to housing and infrastructure delivery:
  - $6B investment to recruit and train 80,000 to 100,000 skilled trades workers by 2030–31.
- Key supports include:
  - Paid entry pathways into apprenticeships.
  - Up to $400/week for in-class training and $5,000 completion bonuses.
  - Employer wage subsidies (up to $10,000 per apprentice).
  - Modernization of training systems (e.g., digital tools, online exams).

Affordability and Cost-of-Living Measures

- A suite of measures aimed at reducing household costs:
  - CPP contribution reduction (9.9% to 9.5% by 2027), lowering payroll costs for employers and employees.
  - Canada Groceries and Essentials Benefit to support over 12 million Canadians.
  - Temporary fuel tax relief (through Labour Day).
  - Banking reforms, including capping non-sufficient fund fees at $10.
  - Continued efforts to reduce mobile plan costs.
- Disability Tax Credit (DTC) reforms will streamline access for individuals with long-term conditions and expand eligible certifiers.

Community, Social and Public Safety Investments

- Sport and Recreation
  - $755M over five years to expand access to sport, support community infrastructure, and invest in high-performance athletes.
- Indigenous Communities
  - $4.3B investment in essential services, including health and education.
- Public Safety and Financial Crimes
  - Establishment of a Financial Crimes Agency and advancement of a national anti-fraud strategy, including proposed restrictions on cryptocurrency ATMs.
- Defence and Security
  - $103.8M over five years, starting in 2026-27, and $22.3 million ongoing to establish and operate a Defence Investment Agency as a stand-alone entity and legislative amendments to the Defence Production Act to provide the DIA with expanded authorities needed to operate.

Combatting financial fraud / Banning Crypto ATMs

- The federal government is advancing measures to address fraud and financial crimes, building on previous commitments.
- A new proposal would ban cryptocurrency ATMs, which have been linked to scams.