

## OMA Federal Budget Analysis, November 4, 2025

### Overview

The Carney government has been signalling that it would bring forward a transformational budget in response to tariffs and other economic threats, with large increases in military spending and cuts in most other operational spending.

The government also announced in early October that it will move to a Capital Budgeting Framework which will clearly separate operational and capital spending by the federal government, with operational spending being managed this year and into future planning.

- Future spending approvals will be based on two fiscal “anchors:” moving to operational balance by 2028–29 (i.e. borrowing only for capital spending), and maintaining a declining deficit-to-GDP ratio (Canada already has the lowest net debt-to-GDP ratio in the G7)

The deficit is projected at \$78.3 billion this year, falling to \$56.6B in 2028-29.

- This is largely driven by low forecast economic growth (around 1 per cent over each of the next two years).

The public service population is expected to fall by about 40,000 positions or 10 per cent by the end of 2028-29.

### Impacts and Potential Impacts on the Museum Sector

#### *Operational and Grant Spending*

As expected, operational spending has been cut in most departments, with a strong focus on direct government spending, while social transfers to Canadians (Canada Child Benefit, child care, dental benefit) are broadly protected. The social programs most likely to be relevant to museums are:

- the 2026-27 job programs for young Canadians to transition into the workforce will provide 175,000 placements through Canada Summer Jobs, the Youth Employment and Skills Strategy, and the Student Work Placement Program;
- the launch of Automatic Federal Benefits for up to 5.5 million low-income Canadians for the 2028 tax year; and especially
- renewing the Canada Strong Pass, helping families and young people travel and providing free admission to national and other large partner museums.

There are also specific promises on Canadian culture and heritage. With the exception of the Canada Strong pass, these initiatives do not mention museums specifically, but museums may be eligible for the starred items (they all start in 2026-27):

- \$21 million over three years for the **Building Communities through Arts and Heritage Program** to support local festivals, community anniversaries, and community-initiated capital projects;\*
- \$46.5 million over three years for the **Canada Arts Presentation Fund** to support professionally presented arts festivals or performing arts series\* (could be hosted by museums);
- \$20 million over four years for the **Celebration and Commemoration Program** to support Canada Day celebrations\* (could be hosted by museums);
- \$4 million over four years for the **Celebration and Commemoration Program** to support National Acadian Day\* (could be hosted by museums);
- \$48 million over three years for the **Canada Music Fund**;
- \$6 million over three years to support the purchase of Canadian content for the TV5MONDEplus platform;
- \$150 million over three years to Telefilm Canada;
- \$127.5 million over three years for the **Canada Media Fund** to support Canada's audio-visual content creators;
- \$26.1 million over three years to the National Film Board to produce and share Canadian content with the world;
- \$38.4 million over three years for the Special Measures for Journalism component of the **Canada Periodical Fund** to help small and community news outlets continue producing quality Canadian editorial and journalistic content;
- \$6 million over three years for the Canada Council for the Arts to support professional artists and arts organisations; and
- \$4 million over four years and \$1 million ongoing to the Royal Canadian Geographical Society, to be sourced from existing Canadian Heritage funding.

The cuts to specific federal programs are hard to assess at this point. The Budget states that Canadian Heritage proposes to deliver its 15 per cent in savings targets over three years by:

- reducing the Canada Cultural Spaces Fund and focusing solely on funding specialized equipment in the cultural sector.
- Reducing the Canada Periodical Fund to incentivize the creation of original Canadian editorial content only; and
- reorganize its internal services and program administration moving to a modern digital platform for transfer payments.

### *Capital Spending*

Capital spending is being presented on a five-year basis, with a total of \$280B over five years allocated as follows:

Infrastructure: \$115 billion; Housing: \$25 billion; Defence: \$30 billion; Productivity & Competitiveness: \$110 billion

Within the \$115 billion “Infrastructure” envelope, \$19 billion will be directed to Indigenous Communities and Municipal Infrastructure – some museums may be eligible for this spending.

### *Tax Policy*

There are no tax items focused on the cultural or heritage sector, but the government does plan to work with Indigenous groups and organisations to conclude fuel, alcohol, cannabis, tobacco, and vaping value-added sales tax arrangements and will explore other arrangements that create opportunities for Indigenous governments to grow their revenues.

### *Other Program Initiatives*

Climate Initiatives: The government will move away from the very contentious industrial carbon cap **if** provinces can agree to an industrial carbon **price** in its place that will take the country to net zero emissions in 2050.

As previously reported, the Trudeau government’s two billion trees planted commitment has been abandoned, though existing contracts will be honoured. A new Clean Economy Investment Tax Credit will focus on nuclear, solar, wind, clean hydrogen, and other renewable energy.

*Note: Because this note is being drafted on November 4, it may be updated with new information (e.g. departmental Estimates).*