A MORE COMPETITIVE CANADA:

AN OTTAWA BUSINESS PERSPECTIVE

Ottawa Board of Trade pre-budget submission
submitted to the Government of Canada
in advance of Budget 2026

OTTAWA BOARD OF TRADE

Executive Summary

The Ottawa Board of Trade (OBOT) welcomes the opportunity to contribute to Budget 2026. As part of Canada's chamber network, this submission reinforces the Canadian Chamber of Commerce's central message that competitiveness must be the defining economic priority for 2026, while highlighting four priorities of particular relevance to Ottawa businesses of all sizes: a competitive investment environment, wider technology adoption, an employer-driven talent system and federal procurement that helps Canadian firms compete and scale.
At the local level, many of these priorities are also advanced through Ottawa Unlimited, the partnership of OBOT, Invest Ottawa, and Ottawa Tourism. This submission reflects that collaboration: a united economic voice linking advocacy, investment attraction, business development, and destination-building to strengthen Ottawa's competitiveness, resilient visitor economy, and long-term growth.

Ottawa offers a particularly useful lens on these priorities. As one of Canada's fastest-growing major cities, the nation's capital is adding residents and businesses faster than infrastructure capacity and investment are keeping pace. The resulting pressure on transportation, transit, and housing-enabling infrastructure is increasing costs, constraining labour mobility, and weakening the conditions for business investment and growth.

The region combines a large and diverse business community with deep capabilities in technology, artificial intelligence, cybersecurity, defence, research, tourism, and the delivery of federal programs. Ottawa's visitor economy and the 2028 Francophonie Summit provide additional platforms to attract investment, build bilingual capacity, deepen Francophone trade connections, and generate lasting economic growth.

Recommendations:

1. Make Canada a more competitive place to invest, grow, and scale

2. Move from AI research leadership to widespread business adoption.

3. Build an employer-driven talent and skills system.

4. Modernize federal procurement and turn defence spending into Canadian growth.

Recommendation 1:
Make Canada a more competitive place to invest, grow, and scale.

The federal government must act on the Canadian Chamber's call for a comprehensive review of Canada's tax and regulatory systems, with the explicit objective of reducing complexity, increasing certainty and stimulating private investment. Businesses are making investment decisions in an increasingly competitive and uncertain environment. Tax complexity, slow approvals, overlapping regulations and short-term incentives raise costs and make it harder for companies to plan. These pressures are especially difficult for smaller businesses that do not have dedicated tax, legal, or government-relations teams.

In Ottawa, these conditions directly affect whether local companies can invest in productivity, commercialize new technologies, and scale beyond the capital region. Reliable, growth-enabling infrastructure is equally important. With population growth outpacing investment in transit, transportation, and housing-enabling infrastructure, congestion and service constraints have become economic competitiveness issues—not simply municipal ones. These conditions also affect tourism attractions, event infrastructure, and mixed-use visitor assets that can support downtown renewal and investment attraction.

The City of Ottawa projects its population will reach approximately 1.4 million by 2046, while its 2025 Transit Asset Management Plan identifies a $1.0-billion gap between projected ten-year capital needs and planned investment—including $356 million in growth-related needs.

Recommendation 1:
Make Canada a more competitive place to invest, grow, and scale

Budget 2026 should:

- Launch a comprehensive review of the Income Tax Act focused on simplifying business compliance, reducing administrative costs and preserving Canada's competitiveness.
- Extend the Productivity Super Deduction and related Budget 2025 investment measures for at least ten years and expand eligibility to productivity-enhancing digital infrastructure.
- Temporarily increase the taxable-capital threshold at which access to the small business rate is fully eliminated from $50 million to $100 million, helping more Canadian firms remain and scale here.
- Apply an economic-competitiveness lens to federal regulation, establish service standards for approvals and report measurable reductions in cumulative regulatory burden.
- Provide predictable, long-term funding for growth-enabling municipal infrastructure, with allocations that reflect population growth and support measurable housing, mobility and economic outcomes.
- Maintain momentum toward one Canadian market by removing internal trade and labour-mobility barriers in partnership with provinces and territories.
- Recognize tourism infrastructure, attractions, and mixed-use visitor assets as eligible investments under federal investment-attraction, economic-development, and financing programs, and integrate major destinations into national investment-promotion efforts.
- Use surplus and underutilized federal property in the National Capital Region to catalyze private investment in mixed-use, cultural, event, and public-realm assets, while modernizing federal and National Capital Commission permitting and land-use policies to support responsible sponsorships, public-private partnerships, and flexible year-round activation.

Recommendation 2:
Move from AI research leadership to widespread business adoption

The federal government should implement the Canadian Chamber's recommendation to enable AI adoption by SMEs through simple guidance, targeted implementation support, peer learning and clear national performance measures. Canada has world-class AI research capacity, but productivity gains will depend on whether businesses of every size can put proven tools to work. For many SMEs, the willingness to adopt AI is not the barrier. It is the time, expertise, data readiness, cybersecurity risk, and upfront cost involved in selecting and implementing the right solution.

This challenge is especially important in Ottawa, where strengths in artificial intelligence, cybersecurity, defence, telecommunications, and research create a significant opportunity to turn Canadian-developed ideas into commercial products, investment, and exports.

Budget 2026 should:

- Provide easy-to-access AI adoption supports that combine assessment, implementation, employee training and cybersecurity safeguards, including cost-shared vouchers and ongoing coaching.
- Deliver supports through trusted regional partners, including chambers of commerce, sector organizations and innovation centres, using a short application and one outcomes report.
- Advance the Canadian Chamber's proposal to adapt the flow-through share model for AI deployment and digital infrastructure.
- Implement a globally competitive patent box (or intellectual property box) regime that applies a preferential tax rate to income from qualifying intellectual property developed and commercialized in Canada.
- Benchmark Canadian SME adoption against G7 peers and publish results such as time saved, productivity, revenue growth, workforce development and export activity.

Recommendation 3:
Build an employer-driven talent and skills system

The federal government must develop an integrated national talent strategy that links immigration, skills development, credential recognition, and workforce participation to real-time regional and sectoral demand.
Skills shortages and mismatches remain a constraint even as employers, workers, and communities adjust to technological change. Canada needs to make better use of the talent already here while ensuring immigration, education and training systems respond more quickly to genuine economic demand.

The need is particularly relevant in Ottawa, where technology, defence, cybersecurity, construction, health, tourism, and other employers compete for specialized, bilingual talent and where post-secondary institutions and federal laboratories can support more responsive training and applied research.

Budget 2026 should:

- Align immigration selection and retention more closely with verified sectoral and regional labour-market needs, informed by employers and local chambers.

- Accelerate credential recognition and skills-based hiring so newcomers and other underemployed workers can use their full capabilities.

- Scale portable micro-credentials, lifelong learning tools, and modular apprenticeship pathways that respond quickly to changing technology and industry requirements.

- Reorient federal training investments toward employer-led models, with funding tied to employment outcomes and employer validation.

- Create a time-limited National Capital Region French-capacity and business-readiness initiative ahead of the 2028 Francophonie Summit, delivered with employers, chambers of commerce, post-secondary institutions, and Francophone organizations, to expand sector-specific French-language training, work-integrated learning, and bilingual service capacity while strengthening the recruitment and retention of Francophone talent.

- Strengthen real-time labour-market information and require regional and sectoral input in program design and evaluation.

Recommendation 4:
Modernize federal procurement and turn defence spending into Canadian growth

The federal government should conduct the comprehensive federal procurement review recommended by the Canadian Chamber, with a focus on simpler SME access, faster security clearances, and earlier engagement between government and industry. Federal procurement should be a strategic economic tool as well as a purchasing function. Yet complex requirements, slow decisions, limited visibility, and lengthy security-clearance processes can prevent innovative Canadian firms, especially SMEs, from becoming government suppliers or reaching scale.

Ottawa-Gatineau's defence, aerospace, security, and technology ecosystem gives companies of every size a direct stake in successful procurement reform. Ottawa's concentration of defence leadership, financial authorities, diplomatic missions, and advanced technology also makes it the natural Canadian home for the Defence, Security and Resilience Bank.

Budget 2026 should:

- Create one clear, digital entry point for federal opportunities, vendor onboarding, security requirements, and procurement timelines.
- Set and publish service standards for vendor registration, security clearances, testing decisions, contract awards, and payment.
- Expand paid pilots, challenge-based procurement, and milestone contracts so government can test emerging Canadian technologies before launching large procurements.
- Ensure the Defence Investment Agency has an accessible pathway for SMEs and engages industry early enough for Canadian firms to invest and build capacity.
- Locate the headquarters of the Defence, Security and Resilience Bank in Ottawa, within the National Capital Region, and support its establishment with start-up funding, governance support, and enabling infrastructure.
- Measure and publish SME participation, procurement cycle times, Canadian intellectual property retained, domestic production, exports and high-value jobs.

Implementation principles

- Keep programs simple enough for businesses to understand eligibility and apply without specialized consultants or months of paperwork.
- Focus on measurable outcomes: private investment, productivity, business growth, procurement time, Canadian firms scaled and high-value employment.
- Maintain fiscal discipline by prioritizing measures that mobilize private capital, simplify government, and produce durable economic returns.
- Build with Indigenous partners and create meaningful opportunities for ownership, employment and procurement.

Conclusion

Ottawa illustrates both the scale of Canada's economic opportunity and the cost of delay. Its growing population, globally connected businesses, research and education institutions, and specialized expertise, position the region to contribute even more to national prosperity. Realizing that potential will require public policy and infrastructure investment to keep pace with growth and economic change.

The choices made in Budget 2026 should be judged by whether they strengthen Canada's ability to turn talent, ideas, and public investment into sustained private-sector growth. OBOT and its members are ready to contribute local evidence, convene business and government, and help advance practical solutions. Through Ottawa Unlimited, we will continue working with Invest Ottawa and Ottawa Tourism to align advocacy, investment attraction, business development, and destination-building behind a coordinated regional growth agenda.

With focused and timely action, Canada can build a stronger economic foundation for the years ahead.

For more information, contact info@ottawabot.ca

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