



2024 Federal Budget Update

Fiscal and Economic News

Government Fiscal Situation

- \$497.8 Billion in Revenues for 2024-2025
- \$534.6 Billion in Expenditures for 2024-2025
- Deficit of \$39.8 Billion for 2024-2025
- There is no plan to balance the budget in the near-term. A deficit of \$20.0 Billion is anticipated in 2028-2029.
- Canada's net debt as a share of the economy remains lower today than in any other G7 country
- Downside scenario as contemplated by Finance Canada sees a shallow recession in Canada, led by housing market challenges and geopolitical tensions keeping inflation and interest rates elevated for longer than expected with adverse effects on confidence and consumer activity.
- Upside scenario sees moderately faster economic growth that sees higher export demand in Canada and improved global commodity prices.
- On either side, the level of nominal GDP is either \$34 billion above or below the March 2024 economic survey expectations.

Economic Realities

- Growth slowed but "outperformed expectations"
- Interest rates remain at 5%
- Inflation is down from a peak of 8.1% to 2.8% in February 2024
- "Wage growth has outpaced inflation for the past 13 months"
- Canada has avoided the recession that some predicted:
- 1.1 million more jobs than pre-pandemic
- Fastest jobs recovery in the G7
- Real wages are up
- The OECD and IMF predict Canada will have the strongest economic growth in the G7 in 2025
- Unemployment rate is expected to rise to a peak of 6.5 per cent in the fourth quarter of this year and average 6.3% in 2024

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Funding and Program News

New Investments

Canada Housing Infrastructure Fund

- Budget 2024 proposes to provide \$6 billion over 10 years, starting in 2024-25, to Infrastructure Canada to launch a new Canada Housing Infrastructure Fund. The Fund will accelerate the construction and upgrading of housing-enabling water, wastewater, stormwater, and solid waste infrastructure that will directly enable new housing supply and help improve densification. This Fund will be comprised of:
 - \$1 billion available directly to municipalities to support urgent infrastructure needs that will directly enable housing supply.
 - \$5 billion for agreements with provinces and territories to support long-term priorities. Provinces and territories can only access this funding if they commit to key actions that increase housing supply:
 - Legalize more housing options by adopting zoning that allows four units as-of-right and that permits more “missing middle” homes, including duplexes, triplexes, townhouses, and small multi-unit apartments;
 - Implement a three-year freeze on increasing development charges from April 2, 2024, levels for municipalities with a population greater than 300,000;
 - Adopt forthcoming changes to the National Building Code to support more accessible, affordable, and climate-friendly housing options;
 - Provide pre-approval for construction of designs included in the government’s upcoming Housing Design Catalogue; and,
 - Implement measures from the forthcoming Home Buyers’ Bill of Rights and Renters’ Bill of Rights.
 - Provinces will have until January 1, 2025, to secure an agreement, and territories will have until April 1, 2025. If a province or territory does not secure an agreement by their respective deadlines, their funding allocation will be transferred to the municipal stream. The federal government will work with territorial governments to ensure the actions in their agreements are suitable to their distinct needs.
 - To ensure this funding reaches communities of all sizes and needs, provinces must dedicate at least 20 per cent of their agreement-based funding for northern, rural, and Indigenous communities.



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Housing Design Catalogue

- Budget 2024 proposes \$50 million over two years, beginning in 2024-25, on a cash basis, through Canada's Regional Development Agencies to support local innovative housing solutions across the country, such as designing and upscaling of modular homes, the use of 3D printing, mass timber construction, and panelized construction
 - Any new innovative housing designs funded through the Regional Development Agencies and NGen will feed into the Canada Mortgage and Housing Corporation's work on the Housing Design Catalogue
- Budget 2024 proposes to provide \$11.6 million in 2024-25 to support the development of its Housing Design Catalogue for up to 50 housing designs, such as modular housing, row housing, fourplexes, sixplexes, and accessory dwelling units, that provinces, territories, and municipalities could use to simplify and accelerate housing approvals and builds.
 - This first phase of the catalogue will be published in fall 2024

National Building Codes

- Budget 2024 commits \$73.5 million over five years, starting in 2024-25, to renew and modernize existing energy efficiency programs that offer tools to building owners like the ISO 50001 Energy Management Systems Standard and the ENERGY STAR Portfolio Manager. This funding will also spur the development of better, more ambitious building codes to further reduce emissions and lower energy bills. The federal government will encourage provinces and territories to adopt these top-tier building codes.

Green and Inclusive Community Buildings Program

- Budget 2024 proposes to provide \$500 million over five years, starting in 2024-25, to Infrastructure Canada to support more projects through the Green and Inclusive Community Buildings program



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Increasing Skilled Trades Apprenticeships and Job Promotion

- Budget 2024 proposes to provide \$100 million over two years, starting in 2024-25, to Employment and Social Development Canada for the following:
 - \$90 million over two years, starting in 2024-25, for the Apprenticeship Service to help create placements with small and medium-sized enterprises for apprentices. Of this amount, \$10 million in 2025-26 would be sourced from existing departmental resources.
 - \$10 million over two years, starting in 2024-25, for the Skilled Trades Awareness and Readiness Program to encourage Canadians to explore and prepare for careers in the skilled trades. This funding would be sourced from existing departmental resources

Recognizing Foreign Credentials and Improving Labour Mobility

- Budget 2024 proposes to provide \$50 million over two years, starting in 2024-25, to Employment and Social Development Canada for the Foreign Credential Recognition Program. At least half of this amount will be to streamline foreign credential recognition in the construction sector to help skilled trades workers build more homes.
 - Similar to a recent agreement between federal, provincial and territorial health ministers to recognize foreign credentials for health care professionals, the federal government is calling on provinces and territories to expedite removal of their barriers to foreign credential recognition.

Supporting Businesses

- Budget 2024 commits to \$725 million to support growing businesses by allowing businesses to immediately write off the full cost of specified productivity-enhancing assets critical for certain businesses to succeed.
- Budget 2024 commits to advancing work on regulatory “sandboxes” to help create temporary agile rules and approaches that allow businesses to reach their full potential, instead of holding them back



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Economic Investment Tax Credits

- Budget 2024 commits to delivering, by the end of this year, major economic investment tax credits to attract private investment, create more jobs, and drive Canada's economy towards net-zero by 2050.
 - Budget 2024 also announces expanded eligibility for the Clean Technology Manufacturing investment tax credit, allowing more businesses to benefit
- Budget 2024 proposes to provide the Canada Revenue Agency up to \$90.9 million over 11 years, starting in 2024-25, to administer the new major economic investment tax credit.

Clean Technology Manufacturing Investment Tax Credit

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Improving the Carbon Credit Market

- Budget 2024 announces that Environment and Climate Change Canada will work with provinces and territories to improve the functioning of carbon credit markets, in order to help unlock additional decarbonization projects throughout Canada.



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Stabilizing Supply Chains

- Budget 2024 proposes to provide \$3.1 million over two years, starting in 2024-25, to enable the Labour Program at Employment and Social Development Canada to complete the second phase of its review, which will explore long-term solutions to minimize labour disputes, respect the collective bargaining process, and secure the stability of Canada's supply chains. This funding would be sourced from existing departmental resources.

Addressing Internal Trade Barriers

- Addressing internal trade barriers, including through regulatory harmonization, in collaboration with provinces and territories, to cut the red tape holding back trade between provinces and territories, to ensure Canada can reach its full economic potential

Canadian Survey on Interprovincial Trade

- Budget 2024 announces that the government will launch the first-ever Canadian Survey on Interprovincial Trade in June 2024, to engage thousands of Canadian businesses on the challenges they face when buying, selling, and investing across provincial and territorial borders. The survey's insights will help identify top interprovincial barriers so that they can be eliminated

Eradicating Forced Labour

- Budget 2024 reaffirms the federal government's commitment to introduce legislation in 2024 to eradicate forced labour from Canadian supply chains and to strengthen the import ban on goods produced with forced labour. The government will also work to ensure existing legislation fits within the overall framework to safeguard our supply chains.



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Preventing Environmental Chemical Exposure

- Budget 2024 proposes to provide \$190.9 million over five years, starting in 2024-25, with \$0.1 million in remaining amortization, to Health Canada and Environment and Climate Change Canada to reduce human and environmental exposure to harmful chemicals through its Chemicals Management Plan, which protects Canadians from being exposed to some 30,000 chemicals, including by advancing scientific research to phase out animal toxicity testing

Reducing Timelines for Major Projects

- Budget 2024 announces measures to help clarify and reduce timelines for major projects, so they can get built faster:
 - Provide \$9 million over three years, starting in 2024-25, to the Privy Council Office's Clean Growth Office to implement the recommendations of the Ministerial Working Group and reduce interdepartmental inefficiencies, including preventing fixation on well-studied and low-risk impacts, ensuring new permitting timelines are upheld throughout departments, and improving data sharing between departments to reduce redundant studies.
 - Launch work to establish a new Federal Permitting Coordinator within the Privy Council Office's Clean Growth Office.
 - Set a target of five years or less to complete federal impact assessment and permitting processes for federally designated projects, and a target of two years or less for permitting of non- federally designated projects;
 - Issue a Cabinet Directive to drive culture change, achieve new targets, and set out clear federal roles and responsibilities within and across departments with the objective of getting clean growth projects built in a timely and predictable manner; and
 - Build a Federal Permitting Dashboard that reports on the status of large projects which require permits, to improve predictability for project proponents, and increase the federal government's transparency and accountability to Canadians