

Federal Budget 2024

Fairness for Every Generation

Amidst floundering polling numbers, the Trudeau Government released its 2024 budget designed to appeal to younger voters who are struggling with affordability and moving over to the Conservatives in droves. Titled, *Fairness for Every Generation*, Budget 2024 aims to build more affordable homes, decrease the cost of living and grow the economy by stimulating investment, enhancing productivity and encouraging what the government calls “game-changing innovation.”

The government’s total expenditure for the fiscal year 2024-25 is set at \$535 billion. However, Budget 2024 paints a concerning picture of fiscal imbalance, with projected federal deficits of \$39.8 billion in 2024-2025, \$38.9 billion in 2025-2026, and a gradual decrease thereafter, reaching \$20 billion by 2028-2029.

New spending measures this year amount to \$11.5 billion and \$52.9 billion more than planned over the next 5 years.

The capital gains tax will see a significant increase, raising the inclusion rate on annual capital gains exceeding \$250,000 for individuals and all gains for corporations and trusts from one-half to two-thirds. Approximately 40,000 individuals and 307,000 corporations are expected to be affected in 2025, resulting in an additional \$19.4 billion in revenue over the next five years.

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Addressing the Housing Crisis

With a housing crisis looming in many parts of the country, the federal government has introduced a number of measures designed to incentivize all levels of government as well as private and non-profit sector partners to build more homes. According to the budget, these measures will help the government reach its **target of 3.87 million new homes by 2031**.

To build more homes, the 2024 budget includes:

- **Taxing vacant lands to incentivize construction.** This measure will include consultations that will be launched later this year.
- **A \$15 billion top-up to the Apartment Construction Loan Program**, bringing the program total to \$55 billion.
- The creation of an **Accelerated Capital Cost Allowance** for new purpose-built rental projects to enable homebuilders to increase cashflow and reinvest into more projects.
- **Encouraging more people to pursue a career in the skilled trades with \$100 million** over two years for Employment and Social Development Canada which will go towards:
 - *An Apprenticeship Service to help create placements with small and medium-sized businesses.*
 - *A Skilled Trades Awareness and Readiness Program to encourage Canadians to explore careers in the skilled trades.*
- **A \$50 million investment 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.
- Unlocking **public lands for housing to build 250,000** new homes by 2031.
- Working with Canada Post to prioritize lending or divestment of post office properties and lands with high potential for housing.
- Exploring the redevelopment of properties on National Defence Lands that could be suitable for both military and civilian uses.
- **Launching Canada Builds** which will leverage the \$55 billion Apartment Construction Loan Program to partner with provinces and territories that launch plans to build more rental housing.
- A new **\$6 billion Canada Housing Infrastructure Fund** to help communities build essential infrastructure to support more homes.

- Scaling up Modular Housing
- \$800 million over five years to launch a new **Canada Greener Homes Affordability Program** that will support the direct installation of energy efficiency retrofits for Canadian households with low- to median-incomes.
- \$976 million over five years to the Canada Mortgage and Housing Corporation to launch a new **Rapid Housing stream** under the Affordable Housing Fund to build deeply affordable housing, supportive housing and shelters.

To ease the burden of owning or renting a home the 2024 budget includes:

- Aligning immigration with housing capacity to balance demand.
- Helping renters qualify for a mortgage by having on-time rental payment history be taken into account for credit evaluations.
- A new **Tenant Protection Fund and Canadian Renters' Bill of Rights**. This includes the introduction of a nationwide standard lease agreement.
- **30-year amortizations for first-time buyers** purchasing new builds.
- Increasing the Home-Buyers' Plan which would allow first-time home buyers to increase the amount of money they can borrow from their RRSP from \$35,000 to \$60,000.
- Exploring expanded access to Halal mortgages.
- An intention to restrict the purchase and acquisition of existing single-family homes by very large, corporate investors.

Improving Healthcare and Education

With inflation still rising and fears of a sharp economic downturn in the near future, the Trudeau government introduced measures which are designed to make life better for everyday Canadians. Under the title *Lifting up Every Generation* this section of the budget outlines measures to improve healthcare and expand access to education.

Key measures include:

- The previously announced **National School Food program** totalling \$1 billion.
- A \$6.1 billion investment for a **new Canada Disability benefit**.
- Launching the **National Pharmacare plan** with an investment of \$1.5 billion over five years starting in 2024-2025.

- **Removing barriers to recognizing foreign credentials for health care workers.** This includes \$77.1 million over four years, starting in 2025-2026 to more effectively integrate internationally educated health care professionals into Canada's health workforce by creating 120 specific training positions.
- Intentions to launch consultations on the development of a **National Caregiving Strategy.**
- Upgrading **Health Canada's supply management capacity for drugs and medical devices** with a \$3.2 million investment.
- Extending the increase in full-time Canada Student Grants from \$3,000 to \$4,200 per year and interest-free Canada Student Grants from \$210 to \$300 per week.
- Permanently eliminating the credit screening requirements for mature students applying for Canada Student Grants and Loans.
- Creating a new **Youth Mental Health Fund** with an investment of \$500 million over five years.
- The introduction of a **Safe Long Term Care Act to support new national long-term care standards.** Under this act, the federal government will encourage provinces and territories to adopt best practices in the long-term care facilities under their management.

Tacking Affordability

Affordability issues top the list of concerns for Canadians, exerting substantial influence on the current standing of the Trudeau government in public opinion polls. Budget 2024 looks to address these issues and make life more affordable for Canadians grappling with financial strains.

Key measures include:

- The creation of the **Canada Carbon Rebate for Small-Businesses** which will return fuel charge proceeds from 2019-2020 to 2023-2024 to an estimated 600,000 businesses with 499 or fewer employees.
- Proposals are underway to revise the Telecommunications Act, with the aim of prohibiting carriers from imposing additional fees on consumers when switching carriers. Moreover, carriers would be mandated to assist consumers in identifying potentially more economical plans before their contract expires. Additionally, carriers would be obliged to offer self-service options, facilitating seamless transitions between or termination of plans for customers.
- Strengthening **transparency of fees for optional services charged by airlines** such as seat selection, baggage and in-flight entertainment.
- Calling on provinces and territories to do their part to cut junk fees.

- Working with provinces and territories to encourage them to adopt best practice requirement for ticket sales.
- **Lowering banking fees** by capping non-sufficient funds fees, modernizing free and affordable bank account options, launching new consumer-drive banking tools, expanding financial help services and doing more to crack down on predatory lending.

Other items in the budget section include:

- Providing \$64 million to Agriculture and Agri-Food Canada to support a \$250,000 interest-free limit on Advance Payment Program loans for the 2024 program year.
- Launching consultations this June on interoperability so farmers can use their equipment in the way that is best for their farm. This is part of the broader work to support the right to repair and interoperability.
- Calling on the province and territories to amend their contract laws to support interoperability.

Growing the Economy

The 2024 budget includes measures intended to grow the Canadian economy. This includes targeted investments in technologies, incentives and supports to increase productivity, foster innovation and attract more private investment.

As the economic potential of **artificial intelligence (AI)** continues to pique the interest of government and industry alike, Budget 2024 includes a number of measures to bolster the industry and give Canadian companies a leg up. Key measures include:

- \$2 billion over five years to launch a new **AI Compute Access Fund** and **Canadian AI Sovereign Compute Strategy** to help researchers, start-ups and scale-up businesses compete.
- **\$200 million over five years to boost AI start-ups** to bring new technologies to market and accelerate AI adoption in sectors such as agriculture, health care, clean technology and manufacturing.
- \$100 million over five years for the **National Research Council's AI Assist Program** to help Canadian small and medium-sized businesses build and deploy new AI solutions.
- The creation of an AI Safety Institute of Canada to better understand and protect against the risks of advanced and generative AI systems.



Other key investments in science and research include:

- Providing \$600 million over four years for the **Scientific Research and Experimental Development (SR&ED) tax incentive programs**. A second round of consultations will also be launched to hear further views on specific and technical reforms.
- The creation of a **national advisory council on Science and Innovation** to be made up of leaders from the academic, industry and not-for-profit sectors. The council will be responsible for a national science and innovation strategy.
- **\$725 million over five years to incentivize investment in innovation-enabling and productivity enhancing assets**. Budget 2024 proposes to allow businesses to immediately write off the full cost of investments in patents, data network infrastructure equipment, computers, and other data processing equipment.

The **green economy** continues to be an area of interest for the Trudeau government with a number of programs and incentives introduced in Budget 2024. Measures include:

- A **new 10 percent Electric Vehicle Supply Chain investment tax credit** on the cost of buildings used in key segments of the electric vehicle supply chain.
- \$607.9 million over two years, starting in 2024-25, to Transport Canada to top-up the Incentives for **Zero-Emission Vehicles program**.
- Enhancements to the **Clean Technology Manufacturing Investment tax credit** to provide new clarity and improve access for critical minerals projects. Draft legislation will be released for consultation in summer 2024 with legislation introduced in fall 2024.
- \$500 million per year from Clean Fuel Regulations compliance payment revenues to support biofuels production in Canada.
- **Retooling the Clean Fuels Fund** to deliver faster funding and extend the fund until 2029-2030 with \$776.3 million available from 2024-2025 to 2029-2030.
- An investment of at least **\$500 million from the Canada Infrastructure Bank in biofuels production**.
- \$3.1 billion over 11 years, starting in 2025-26, with \$1.5 billion in remaining amortization, to Atomic Energy of Canada Limited to support Canadian Nuclear Laboratories' ongoing nuclear science research, environmental protection, and site remediation work.
- \$6.1 million over two years for the **Clean Growth Hub** which is the federal government's main source of information and advice on federal funding for clean technology projects.



Other measures for economic growth in Budget 2024 include:

- The first ever Canadian survey on interprovincial trade 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.
- \$200 million over two years to increase access to venture capital for equity-deserving entrepreneurs and to invest in underserved communities outside key metropolitan hubs.
- The creation of a **pension plan working group** to explore how to catalyze greater domestic investment opportunities for Canadian pension funds.
- An additional **\$158.5 million over two years to Canada's Regional Development Agencies** for the Regional Economic Growth through Innovation program.
- \$3.1 million over two years 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**.
- Extending support for seasonal workers in targeted regions until October 2026. This support addresses gaps in Employment Insurance support between seasons.
- Setting 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.
- \$10.5 million over three years for the Canada Border Services Agency to create a dedicated Market Watch Unit to monitor and update trade remedy measures annually, to protect Canadian workers and businesses from unfair trade practices and ensure greater transparency and market predictability.

Safer Communities

With crime on the rise across many Canadian cities, Budget 2024 has introduced measures designed to cut back on crime and keep communities safe. Key measures include:

- **\$273.6 million over six years for Canada's Action Plan on Combatting hate** to support community outreach and law enforcement reform, tackle the rise in hate crimes, enhance community security, counter radicalization and increase support for victims.

This includes:

- \$19.5 million over three years to Public Safety Canada for the Canada Centre for Community Engagement and Prevention of Violence.
- \$26.8 million over four years to Public Safety Canada to support police colleges to increase training on handling hate crimes.
- \$28 million over six years to the Department of Justice for the Federal Victims Strategy to provide support to victims following a hate-motivated crime.
- \$20.2 million over six years to the Royal Canadian Mounted Police and the Canadian Police College to enhance their anti-hate work with the Canadian Race Relations Foundation and policing partners through the Hate Crimes Task Force.
- \$7.3 million over six years to the Department of Canadian Heritage to support the Special Envoy on Preserving Holocaust Remembrance and Combatting Antisemitism.
- \$7.3 million over six years to the Department of Canadian Heritage to support the Special Representative on Combatting Islamophobia.
- \$32 million over six years for Public Safety Canada to further enhance the Security Infrastructure Program.
- The government's intent to **amend the Criminal Code to provide additional tools for law enforcement and prosecutors to address auto theft**. These include:
 - New criminal offences related to auto theft involving the use of violence or links to organized crime; possession or distribution of an electronic or digital device for the purposes of committing auto theft; and laundering proceeds of crime for the benefit of a criminal organization.
 - A new aggravating factor at sentencing if an offender involved a young person in committing an offence under the Criminal Code.
- The government's intention to amend the Radiocommunication Act to regulate the sale, possession, distribution, and import of devices used to steal cars. This will enable law enforcement agencies to remove devices believed to be used to steal cars from the Canadian marketplace.
- \$800,000 to Natural Resources Canada in 2024-25 to continue to partner with the International Association of Fire Fighters to help build wildfire fighting capacity and enhance training best practices, with a focus on the wildland-urban interface.
- **\$30.4 million over two years to Public Safety Canada for the buyback of assault-style firearms**, sourced from existing departmental resources.
- \$7.4 million over five years to the Royal Canadian Mounted Police to modernize the Canadian Firearms Program's telephone and case management systems.
- \$52 million over five years to Canadian Heritage and the Royal Canadian Mounted Police to protect children, and all Canadians, by subjecting large online platforms to a duty to act responsibly, ensuring that the platforms are reducing a user's exposure to harmful content online and by creating a Digital Safety Commission to ensure this duty is being adequately met. The government will also establish a Digital Safety Ombudsperson to be a resource and advocate for users and victims of online harm.

Arts and Culture

Budget 2024 includes the following measures to support and enhance arts and culture as well as local journalism:

- \$42 million in 2024-25 for CBC/RadioCanada news and entertainment programming, ensuring Canadians across the country, including rural, remote, Indigenous, and minority language communities, have access to independent journalism and entertainment.
- \$58.8 million over three years, starting in 2024-25, to the Department of Canadian Heritage for the Local Journalism Initiative.
- \$15 million over two years to the Department of Canadian Heritage to support public interest programming services, including \$5 million in 2024-25 to support CPAC's capital requirements.
- **\$100 million over two years, starting in 2024-25, for Telefilm Canada to elevate a diverse range of content creators and producers across Canada's film industry.**
- \$32 million over two years for the Canada Music Fund to support the development and promotion of Canadian musicians and Canadian music.
- \$31 million over two years for the Canada Arts Presentation Fund to help support organizations that professionally present arts festivals or performing arts series.
- \$10 million over three years for the Canada Book Fund to elevate Canadian authors and stories both at home and abroad.

Transportation and Infrastructure

Budget 2024 includes measures aimed at building reliable transportation systems and resilient public infrastructure to move goods and people while driving economic growth. Measures include:

- \$462.4 million over five years for VIA Rail network operations.
- New funding for VIA Rail to replace its aging fleet on routes outside the Quebec City-Windsor corridor.
- \$63.1 million over three years for Transport Canada to renew the Remote Passenger Rail Program, which supports Indigenous-owned rail operators providing services to communities in Manitoba, Quebec, and Labrador
- The governments intention to introduce legislative amendments to make VIA HFR-VIA TGF Inc. an Agent of the Crown, enabling VIA HFR-VIA TGF Inc. to deliver high frequency rail on behalf of the government.
- \$463.3 million over three years to Fisheries and Oceans Canada to repair and maintain small craft harbours.

- \$371.8 million over six years to VIA HFR-VIA TGF Inc. and Infrastructure Canada to advance design and development of high frequency rail.
- \$124.1 million over five years to Marine Atlantic Inc. to support its continued operations and keep fares affordable.
- \$13.7 million over two years to Transport Canada to negotiate a continued toll freeze on the Confederation Bridge in 2025 and 2026.

Supporting Indigenous Communities

Recognizing the importance of its relationship with First Nations and Indigenous Peoples, the Government of Canada included several items to support communities to grow and succeed on their own terms. Measures include:

- \$4.3 billion for Indigenous Housing through the Urban, Rural and Northern Indigenous Housing Strategy.
- Requiring provinces to dedicate at least 20% of funding received through the Canada Housing Infrastructure Fund to northern, rural and Indigenous communities.
- Investments in First Nations education programming and infrastructure from kindergarten to grade 12 level as well as increasing access to post-secondary education.
- Providing \$96.4 million over two years to Crown-Indigenous Relations and Northern Affairs Canada to advance rights-based discussions. This funding would ensure that Indigenous communities can fully participate in the negotiation process.
- The government's intention to bring forward legislation for an opt-in Fuel, Alcohol, Cannabis, Tobacco, and Vaping (FACT) sales tax framework. The FACT framework would include appropriate sharing arrangements, to meet the interests of both Indigenous governments and the federal government. The federal government will work with Indigenous partners over the coming months to finalize and implement the FACT framework.
- The launch of the **Indigenous Loan Guarantee program which will provide up to \$5 billion in guarantees to unlock access to capital for Indigenous communities.** The program would be sector-agnostic for natural resource and energy projects to prioritize economic reconciliation and self-determination.
- \$36 million, over three years to renew support for the Strategic Partnerships Initiatives' Clean Energy program to promote Indigenous participation in clean growth opportunities.
- \$918 million over five years to Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada to accelerate work in narrowing First Nations, Inuit, and Métis housing and infrastructure gaps.
- \$350 million over five years to renew Canada's commitment to Indigenous Financial Institutions, including \$30 million over five years for the Métis Capital Corporations which have, for decades, provided critical support to Métis entrepreneurs and businesses.

Defence Spending

As international conflicts worsen, Budget 2024 makes investments in a new national defence plan and provides supports for procurement. Measures include:

- Foundational investments of \$8.1 billion over five years and \$73.0 billion over 20 years to the Department of National Defence (DND), the Communications Security Establishment (CSE), and Global Affairs Canada (GAC) to ensure Canada is ready to respond to global threats and to protect the well-being of Canadian Armed Forces members.
- \$549.4 million over four years for DND to replace Canada's worldwide satellite communications equipment; for new tactical helicopters, long-range missile capabilities for the Army, and airborne early warning aircraft; and for other investments to defend Canada's sovereignty.
- \$1.4 billion over five years with \$8.2 billion in future years, for DND to replenish its supplies of military equipment.
- \$1.8 billion over five years with \$7.7 billion in future years, for DND to build a strategic reserve of ammunition and scale up the production of made-in-Canada artillery ammunition. Private sector beneficiaries are expected to contribute to infrastructure and retooling costs.
- \$917.4 million over five years with \$10.9 billion in future years and \$145.8 million per year ongoing, for CSE and GAC to enhance their intelligence and cyber operations programs to protect Canada's economic security and respond to evolving national security threats.
- \$1.2 billion over 20 years to support the ongoing procurement of critical capabilities, military equipment, and infrastructure through DND's Capital Investment Fund.
- **Undertaking a review of Canada's defence procurement system.**
- \$655.7 million over eight years with \$191.1 million in remaining amortization, and \$114.7 million ongoing to the Canadian Security Intelligence Service to enhance its intelligence capabilities, and its presence in Toronto.

Tax Measures

In an effort to create what it calls a "fairer future" for all Canadians, the Trudeau Government has introduced a number of tax measures to increase government revenues make the wealthiest Canadians pay their fair share. These measures include:

- An **increase in capital-gains tax** which the see inclusion rate on capital gains realized annually above \$250,000 by individuals and on all capital gains realized by corporations and trusts increase from one-half to two-thirds.



- The government's intention to implement the OECD-agreed Crypto-Asset Reporting Framework, including consequential amendments to the Common Reporting Standard, effective as of 2026 to permit exchanges under the new and amended reporting requirements beginning in 2027.
- Increase the tobacco excise duty by \$4 per carton of 200 cigarettes, in addition to the automatic inflation adjustment of \$1.49 per carton of 200 cigarettes that took effect on April 1, 2024.
- Increasing the vaping excise duty rates by 12 per cent. This increase is the equivalent of 12 cents per typical vape pod in a non-participating jurisdiction, or 24 cents per typical vape pod in a participating jurisdiction.

Opposition Reaction

Conservative Party of Canada

Speaking in the House of Commons following Minister Freeland's budget speech, Conservative Party Leader Pierre Poilievre said his party would vote against it. He also noted the Liberal government has never presented a balanced budget in all its years in office and the new spending would only drive inflation higher.

According to polling numbers, Poilievre and his party are poised to form the largest majority government in recent history if a general election were to be held today, so he and his team will continue to hold the Liberal government to account and positioning themselves as a government in waiting.

New Democratic Party

While his supply and confidence agreement with the Trudeau government is preventing Canadians from heading to the polls ahead of the fixed election date in Fall 2025, NDP Leader Jagmeet Singh has remained coy on whether his party will vote in favour of the budget. When speaking to reporters Singh said he wanted to raise some concerns with the Prime Minister before making a final decision.

While Singh has publicly attacked the budget for providing corporate handouts, it is expected his criticisms are simply posturing and the NDP will end up supporting the budget once again.



Opposition Reaction

Bloc Québécois

Bloc Québécois leader Yves-François Blanchet criticized the budget as “shameless attack against the jurisdictions of Quebec and the provinces” to create what he calls an electoral narrative. He also indicated his party would not be voting in favour.

Green Party of Canada

Green Party leader Elizabeth May informed reporters that she and her party would refrain from endorsing the budget, notwithstanding its inclusion of measures they are in favour of.

Analysis

Budget 2024 is an overt attempt by the Trudeau government to appeal to traditional Liberal voters who have shifted their support to Poilievre and the conservatives. Through measures to build housing and increase the ability of young Canadians to purchase a home, Trudeau is hoping to turn his current electoral fortunes around.

While he has yet to commit to supporting the budget, Jagmeet Singh and the NDP will vote in favour to avoid heading into an election which would likely see them lose several seats.

What comes next?

The House of Commons will spend the next four Parliamentary days debating the budget and then introducing the Budget Implementation Act No.1 which is the first of two Implementation Acts.