

Analysis: 2024/25 Federal Budget

Prepared for: Alter Acadie

April 16, 2024



Porter
O'Brien

Table of Contents

Summary

- Highlights
- Analysis
- Political Context

Notes for Alter Acadie

- Lutte contre la haine
- Lutter contre le harcèlement sexuel en milieu de travail
- Appuyer le bien-être des vétérans
- Lancer un nouveau fonds pour la santé mentale des jeunes
- S'attaquer aux problèmes de l'itinérance et des campements

Contact Information

Summary

This year's federal budget, the eighth under Prime Minister Trudeau, dubbed *Fairness for Every Generation* is a 416-page document divided into eight chapters that focus heavily on housing and affordability. The budget is heavily targeted at younger Canadians, with multiple references to the economic concerns facing Millennial and Generation Z-age Canadians included in the budget document.

The budget calls for \$52.9 billion in new spending over five years, continuing the Trudeau government's practice of deficit spending. The government anticipates a \$39.8 billion deficit for the 2024-25 fiscal year, with this number projected to shrink to \$20 billion by 2028-29.

To help offset the cost of its expenses, the government is increasing the capital gains tax, with much of the increase coming from corporations and from what it has identified as the wealthiest 0.13 per cent of Canadians, who make an average income of \$1.42 million.

Highlights

Housing:

- \$6 billion dollar **Canada Housing Infrastructure Fund**, a fund designed to help build more homes quickly
 - \$1 billion of these funds will go to municipalities to upgrade infrastructure that is urgently needed
 - The remaining \$5 billion will be earmarked for provinces and territories, but certain conditions will be attached before they can access the funds, including the development of multi-home buildings such as townhouses, triplexes, and fourplexes as-of-right
- \$15 billion dollar top-up for the **Apartment Construction Loan Program**
- \$1.5 billion **Canada Rental Protection Fund**, aimed at keeping rental prices low
 - Composed of \$1 billion in loans and \$470 million in contributions that will go to non-profit groups and others to purchase apartments and other rental buildings
- \$600 million to build more new homes faster, with a particular focus on supporting the development of modular and prefabricated housing
- Topping up the **Housing Accelerator Fund** with an additional \$400 million
- The creation of a **Secondary Suite Loan Program**, which will provide homeowners the ability to access up to \$40,000 in low-interest loans to add secondary suites in their homes
- The government will introduce changes to the Canadian Mortgage Charter to allow for rental payments to be incorporated into credit scores for Canadians
- Establishing a **Canadian Renters' Bill of Rights**, which would require landlord to disclose prior rental prices to tenants

- Allowing a 30-year amortization period on insured mortgages for first-time homebuyers purchasing homes that have been newly built
- Increasing the amount that first-time home buyers can withdraw from their RRSPs to make a down payment on a home, up to \$60,000 from the previous limit of \$35,000

Healthcare:

- Implementing the first wave of the Pharmacare roll-out, which will see the cost of **prescription contraceptives (such as the birth control pill and hormonal intrauterine devices) and many diabetes medications** be covered by the federal government
- \$500 million for a newly established **Youth Mental Health Fund**

Affordability:

- \$6.1 billion over six years for a new Canada Disability Benefit
- \$1 billion in loans to build and/or renovate childcare centres
- \$1 billion over five years to support a new national school food program, planned to deliver meals to 400,000 children by 2024-25

Environment:

- A new **Canada Carbon Rebate for Small Businesses** which aims to return proceeds from the carbon pollution price collected from 2019-20 to 2023-24 to approximately 600,000 businesses

Indigenous:

- \$5 billion in loan guarantees for Indigenous communities, to help invest funds into energy products and natural resources
- \$166 million over five years to help Indigenous communities prepare and fight against wildfires
- Budget 2024 also announces the government's intention to bring forward legislation that would allow First Nations communities to opt-in to a framework to collect sales tax on Fuel, Alcohol, Cannabis, Tobacco, and Vaping (FACT) products

Defence:

- \$8.1 billion boost in defence spending, which is projected to increase military spending to 1.76% of Canada's GDP by 2029-30

Other:

- \$2.4 billion to build capacity in artificial intelligence
- Doubling the tax credit for volunteer firefighters and search-and-rescue volunteers

Analysis

Budget 2024 focuses on millennials and Generation Z. The budget includes various initiatives for purchasing a home, renting a home, renovating existing homes, and constructing new builds.

Many of the government's announcements, including housing, were made in the days and weeks before the budget was tabled. Other topics such as implementing the first phase of pharmacare, boosting defence spending, and investing in artificial intelligence were also sprinkled in. It's clear, however, that the government is using Budget 2024 to focus on younger generations of Canadians, and they have chosen to do so by targeting both housing and the cost of living.

This budget continues the government's practice of deficit spending, however, the \$39.8 billion deficit falls within their previously announced "fiscal guardrails." Notably, Budget 2024 serves as a rare instance where the federal government is spending more on servicing the national debt than on health care.

Political Context

Following the budget's release, both the Conservatives and the Bloc Québécois indicated that they would vote against it. The NDP has said they will not make an immediate decision on whether or not they will support the budget, but given that many of their key initiatives are reflected in the budget it is likely that they will vote in support.

Budget 2024 will likely be the second-last budget document the Trudeau minority government will introduce before the next federal election, scheduled for October 2025. The government has a supply and confidence agreement with the NDP that is expected to last until June 2025, which would give the government the opportunity to table one more budget before a campaign begins.

This is subject to change, however, should the NDP withdraw from their agreement or if a confidence vote brings down the government. However, as of this writing, neither of those scenarios is anticipated to occur in the near future.

Prior to the budget's release, the government made the unusual decision to announce certain components of the budget before it was formally tabled earlier today in the House of Commons. Traditionally, most of a budget's contents are kept confidential before the budget is released. However, the government chose to announce roughly \$38 billion in new financial commitments in the days and weeks before, with most of these announcements focused on housing.

Notes for Alter Acadie

- **Lutte contre la haine**

- Afin de lutter contre la haine sous toutes ses formes, le budget de 2024 propose un financement de 273,6 millions de dollars sur six ans, à compter de 2024-2025. Ces initiatives incluent :
 - Un financement de 12 millions de dollars sur cinq ans, à compter de 2024-2025, à Femmes et Égalité des genres Canada pour financer des projets visant à combattre la haine envers la communauté 2ELGBTQI+.
 - Un financement de 3 millions de dollars sur deux ans, à compter de 2024-2025, à Femmes et Égalité entre les genres Canada pour appuyer les besoins en matière de sécurité des festivals de la fierté;
 - Un financement de 10 millions de dollars sur trois ans, à compter de 2024-2025, au ministère du Patrimoine canadien afin d'appuyer le Fonds pour la diversité des voix.
 - Un financement de 12,9 millions de dollars sur six ans, à compter de 2024-2025, et de 0,9 million de dollars par la suite, au ministère du Patrimoine canadien et à Statistique Canada afin d'améliorer la collecte et la disponibilité des données sur les crimes haineux au Canada;
 - Un financement de 28 millions de dollars sur six ans, à compter de 2024-2025, à la Stratégie fédérale d'aide aux victimes du ministère de la Justice pour offrir du soutien aux victimes d'un crime motivé par la haine;
- Le budget prévoit la continuité de l'investissement de près de 150 millions de dollars sur 10 ans, pour appuyer le premier Plan d'action fédéral 2ELGBTQI+ du Canada afin de bâtir un avenir meilleur et plus inclusif pour les personnes bispirituelles, lesbiennes, gaies, bisexuelles, transgenres, queers, intersexuées et de divers genres (2ELGBTQI).

- **Lutter contre le harcèlement sexuel en milieu de travail**

- Dans le budget de 2024, le gouvernement propose de verser 30,6 millions de dollars sur trois ans, pour continuer à financer des services de conseils juridiques et de sensibilisation destinés aux victimes de harcèlement sexuel en milieu de travail afin que chaque personne devrait se sentir en sécurité au travail, mais le harcèlement sexuel en milieu de travail continue d'entraîner des répercussions sur la santé et le mieux-être, en particulier chez les femmes, les jeunes, les personnes 2ELGBTQI+, les Autochtones et les personnes racisées.

- **Appuyer le bien-être des vétérans**

- Un financement supplémentaire de 6 millions de dollars sur trois ans, à compter de 2024-2025, à Anciens Combattants Canada pour le Fonds pour le bien-être des vétérans et de leur famille. Une partie du financement sera affectée à des projets destinés aux Autochtones, aux femmes et aux personnes de la communauté 2ELGBTQI+ qui ont servi dans les forces armées.

- **Lancer un nouveau fonds pour la santé mentale des jeunes**

- 500 millions de dollars sur cinq ans, à compter de 2024-2025, pour la mise sur pied d'un nouveau fonds pour la santé mentale des jeunes. Ce fonds aidera les jeunes à obtenir les soins de santé mentale dont ils ont besoin.

- **S'attaquer aux problèmes de l'itinérance et des campements**

- L'itinérance et les campements touchent toutes les communautés du Canada et

certaines groupes parmi les plus vulnérables au sein de la population, y compris les jeunes 2ELGBTQI+, les personnes noires et racisées, les personnes en situation de handicap et les Autochtones.

- Le gouvernement propose de fournir un financement supplémentaire de 1,04 milliard de dollars sur quatre ans, à compter de 2024-2025, à Infrastructure Canada pour Vers un chez-soi.

Contact Information

This report was prepared by Julie Robichaud. We can provide more detailed analysis, research, and recommendations on any particular topic stemming from this budget, should it be requested.

Email: julie@porterobrien.com

Phone number: (506) 444-1157



Porter
O'Brien