

## Handout 2.1: 2024 Budget Highlights

Each year, the Government of Canada prepares a budget that provides Canadians with a financial plan that estimates the amount of revenue and expenses for the current year, as well as projections for future years.

The 2024-2025 budget was released on April 16, 2024, and was titled “Fairness for Every Generation.” The Fall Economic Statement (FES), which provides a snapshot of the current state of the Canadian economy, an update on revenue and expenditure projections and an opportunity for new policies and announcements. The 2024 FES was published on December 17, 2024.

### Key info:

- Unlike the calendar year, the government **fiscal year** runs April 1 to March 31 (12 months).
- In the original budget forecast, the **expenditures** (money being spent) were projected to be **\$449.2 billion** for April 2024 to March 2025. In comparison, this amount was projected to be about \$490.5 billion during the previous year.
- In the original budget forecast, the amount of **revenue** (money coming in) was projected to be **\$456.8 billion**. In comparison, this amount was \$437.3 billion during the previous year.
- The original budget predicted the federal **deficit** (spending shortfall) to be **\$39.8 billion** for the 2024-25 fiscal year. The 2024 Fall Economic Statement revised this projection to be **\$61.9 billion**.
- The FES announced more than \$20 billion in new spending, with the majority going to business incentives.
- A notable new investment in the FES is the inclusion of \$2 billion to justice and security, with the majority going towards Canada-US border management.

### KEY SUPPORT MEASURES FROM THESE BUDGET ANNOUNCEMENTS INCLUDE:

<b>Housing and Affordability Crisis</b>	<ul style="list-style-type: none"> <li>• Over \$40 billion to the Apartment Construction Loan Program, which plans to finance the construction of more than 101,000 new rental homes across Canada.</li> <li>• Introduction of the Tax-Free First Home Savings Account, which allows Canadians to contribute up to \$8,000/year (up to a lifetime limit of \$40,000) for their first down payment on a home.</li> <li>• Over \$4 billion towards preventing and reducing homelessness, through Reaching Home, Canada's Homelessness Strategy—including \$100 million to support communities in responding to unsheltered homelessness this winter.</li> <li>• Increased student grants and loans will be available for the 2024-2025 school year, at an estimated total cost of \$1.1 billion. With this change, Canada Student Grants will have doubled in size since 2014.</li> <li>• The GST Holiday (a temporary tax break on certain items) will happen between December 14 and February 15, and is expected to cost the government \$1.6 billion.</li> <li>• The FES also includes doubling the loan limit to \$80,000 for building secondary suites, which hopes to encourage homeowners to build rental units and increase density.</li> </ul>
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<b>Climate Action and a Green Economy</b>	<ul style="list-style-type: none"> <li>● Providing more than \$2.1 billion to make zero-emission vehicles more affordable, and more than \$1 billion to build more charging stations across Canada.</li> <li>● Banning the manufacturing of harmful single-use plastics, and working with provinces and territories towards a goal of zero plastic waste by 2030.</li> </ul>
<b>Indigenous Reconciliation</b>	<ul style="list-style-type: none"> <li>● \$4 billion over seven years (starting in 2024) for an Indigenous housing strategy.</li> <li>● \$2.8 billion as a part of the 'Band Class settlement,' which aims to compensate some First Nations for harms caused by the residential school system.</li> <li>● \$545.1 million over three years, starting in 2024-25, for K-12 infrastructure to build and renovate safe and healthy learning environments for First Nations students.</li> </ul>
<b>Health Care</b>	<ul style="list-style-type: none"> <li>● Rolling out the Canadian Dental Care Plan to provide dental coverage for uninsured Canadians with a family income of less than \$90,000. To date, over 1.7 million applications have been approved for eligible seniors, who will be able to visit an oral health provider as early as May of this year.</li> <li>● \$200 billion over ten years to improve Canada's universal public health care system.</li> <li>● Launching a national pharmacare plan, that would include access to contraceptives, as well as support for diabetes medication and research.</li> <li>● The FES proposes to provide \$90 million over six years to expand and make permanent the Sexual and Reproductive Health Fund, which improves access to abortion and other reproductive health care services.</li> </ul>
<b>Defense and Security</b>	<ul style="list-style-type: none"> <li>● \$38 billion over 20 years to NORAD (North American Aerospace Defense Command) in a generation, which will strengthen the defence of North America, reinforce Canada's support of our continental security alongside our closest ally, the United States, and protect our sovereignty in the North.</li> <li>● Over \$14 billion in total support for Ukraine, including \$7.4 billion for immediate financial support and \$4 billion for military assistance.</li> <li>● \$4.4 billion over 20 years to enhance Canada's cyber security by expanding our cyber operations capability and shoring up critical infrastructure to fend off cyber attacks.</li> <li>● \$1.3 billion to US-Canada border security (in response to the Trump Administration's tariff threats).</li> </ul>
<b>Science, Technology, and Innovation</b>	<ul style="list-style-type: none"> <li>● \$2.4 billion to support the development of Artificial Intelligence (AI) start-ups, businesses, and research.</li> <li>● \$50 million over five years, starting in 2024-25, to create an AI Safety Institute of Canada to ensure the safe development and deployment of AI.</li> </ul>

	<ul style="list-style-type: none"> <li>● \$8.6 million in 2024-25 to the Canadian Space Agency for the Lunar Exploration Accelerator Program to support Canada’s world-class space industry and help accelerate the development of new technologies.</li> <li>● \$17.4 billion announced in the FES to encourage business investments by allowing for temporary tax changes so that companies can write off investments immediately (eg. energy conservation equipment, electric or hybrid vehicles).</li> <li>● The FES also announced reduced credit card transaction fees for small businesses.</li> </ul>
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**SOURCES OF REVENUE:**

<b>New Tax Regulations</b>	<ul style="list-style-type: none"> <li>● Lowering taxes on the middle class, which means that middle class Canadians will save \$450 on average over the next year.</li> <li>● Higher taxes for the wealthiest Canadians (The federal tax portion will now be 33% of their total income).</li> <li>● New taxes on jets, yachts, and luxury vehicles.</li> <li>● New tax hike on capital gains (profits made when assets such as stocks or properties are sold).</li> <li>● The FES also announced the government is working towards automatic tax filing for lower-income Canadians.</li> </ul>
<b>Cost Saving</b>	<ul style="list-style-type: none"> <li>● Converting underused federal offices into housing, which is expected to generate \$3.9 billion in revenue.</li> <li>● Public service job cuts as part of an effort to save \$15.8 billion over the next 5 years.</li> </ul>