2024 Fall Economic Statement

CANADIAN WATER QUALITY ASSOCIATION

December 16, 2024 is an historic day but not for the reasons Justin Trudeau had hoped. News this morning of the resignation of the Minister of Finance threw the Liberal government into chaos. Her decision came on the heels of news late last night that the hon. Sean Fraser, Minister of Housing, Infrastructure and Communities also announced his resignation from cabinet and that he would not be running again in the next election.

Typically, the Fall Economic Statement (FES) would be the leading headline on the evening news. This morning's resignations will be the main story of the day, and also the catalyst for the narrative that will carry through the holidays—the Liberal government has gone from being on shaky ground to full-blown chaos.

In the lead-up to the announcements, it was reported that the former Finance Minister and Prime Minister were at odds with regard to a range of affordability measures, including the GST holiday and proposed $250 cheques to all Canadians who made less than $130,000 per year. Freeland was the first senior cabinet minister close to the Prime Minister to express anything less than full confidence in his leadership.

The goal of the FES was to demonstrate to the public that the federal government is prepared to go toe-to-toe with the incoming Trump administration. The Liberals under Justin Trudeau will face tremendous headwinds in giving the public any sense of confidence after what transpired early today.

Notably, the lock-up for journalists and stakeholders were both delayed. Further, USB drives that were initially loaded to share were re-loaded with new information in an unprecedented move indicating last-minute changes.

The document focuses on 3 key pillars:

- Reducing Everyday Costs
- Investing to Raise Wages
- Safety, Security and Fair Governance

Fiscal and Economic News

Government Fiscal Situation

The federal deficit is now tagged at $61.9 Billion for 2023/2024.

The deficit for 2024/2025 is anticipated to by $42.8 Billion. Both numbers eclipse the fiscal guardrail of $40.1 Billion previously set by Minister Freeland. At the same time, former Minister Freeland's preferred fiscal guardrail the Debt-to-GDP ration is trending in the direction that the government would like, declining from 42.1 per cent in 2023-2024 down to 41.9 per cent in 2024-2025.

Infrastructure and Water Announcements

- Canada Greener Homes Program will deliver an additional $600 million in interest-free loans to support 15,000-24,000 more homeowners in reducing energy costs and advancing Canada's goal of achieving net-zero emissions by 2050. The investment has a fiscal cost of $174.4 million over six years starting in 2024-2025.

- The Winnipeg North End Sewage Treatment Plant will receive $150 million over four years, starting in 2026-2027.

- The Iona Island Wastewater Treatment Plan in Metro Vancouver will receive $250 million over five years starting in 2025-2026.

Funding and Program News

- **Capital Gains Adjustment**
    - The 2024 Fall Economic Statement proposes to amend the Income Tax Act to expand what qualifies as an eligible small business corporation share and to relax certain conditions for the rule to apply. Specifically, it proposes to allow preferred shares to qualify for the rollover, to increase the asset limit of eligible small business corporations that qualify for investment to $100 million, and to increase the length of the period to acquire new investments to within the year of disposition and one full calendar year following the year of disposition. These changes would apply to qualifying dispositions that occur on or after January 1, 2025, and will account for just $5 million of federal expenditure.

- **Credit Card Fees for Merchants**
    - To ensure small businesses benefit from lower credit card fees, the 2024 Fall Economic Statement announces the government is considering legislative measures to compel payment processors to fully pass credit card transaction fee savings on to small businesses

- **Small Business Carbon Rebate**
    - The 2024 Fall Economic Statement proposes to modify certain design elements of the Canada Carbon Rebate for Small Businesses in respect of the 2024-25 and later fuel charge years to ensure that smaller businesses are receiving the most support by creating a new base payment.
    - Small businesses that have between 1 and 20 employees would qualify for a payment amount that is equivalent to having 20 employees, effectively providing a base payment.
    - Larger businesses that have over 300 employees would have their payment amounts gradually reduced as their number of employees reaches 500.
    - The rebate would be newly available to cooperative corporations and credit unions.
    - Proceeds will continue to be returned automatically to eligible corporations through direct deposits and cheques from the CRA, separately from CRA tax refunds.

Next Steps

- CWQA should write to the Minister of Finance and Finance Canada on the measures taken by the federal government for small businesses as included in Capital Gains Measures, Credit Card Fees for Merchants, and Small Business Carbon Rebate.

- Continue to advocate for investment into infrastructure and home-building include rebates for in-home water treatment.

- Continue to advocate for a larger harmonized data pieces on water treatment and water data across the country with both the federal government and the provinces.