

## Enserva Briefing Note: Fall Economic Statement

### Introduction

Yesterday afternoon in the House of Commons in Ottawa, Chrystia Freeland, Deputy Prime Minister and Minister of Finance tabled the federal government's [Fall Economic Statement](#) (FES). Unlike last year's FES which turned into a mini-budget full of various tax and financial assistance measures aimed at countering the U.S. Inflation Reduction Act, this year's FES was a more traditional update on the nation's finances, albeit one designed to demonstrate to Canadians that the Liberal government is helping make life more affordable.

### The Topline

As expected, the federal government is eager to show it is in touch with Canadians concerned about the cost of living. In fact, Prime Minister Justin Trudeau is billing the FES as the federal government's plan to *"support Canadians, build more homes, and create good jobs."* Front and centre in yesterday's FES was a plan to make housing more affordable by launching a slew of new initiatives aimed at unlocking federal lands to build more homes, reducing fees for consumers on things such as cell phone roaming and introducing measures to curb the rise in food prices. Overall, yesterday's FES is the Liberal government's attempt at reversing its political fortunes by showing it can be counted on to tackle the cost of living crisis that is leaving Canadians in every region of the country feeling the pinch.

### Fiscal Highlights

- The federal deficit is projected to be **\$40 billion** in 2023-24
- Economic growth is projected to be positive in 2024 but only **0.3 per cent**
- Unemployment is expected to rise over one full percentage point next year to **7 per cent**

### Investment Tax Credits (ITCs), the Canada Growth Fund and Indigenous Loan Guarantee Program

The FES reiterated many of the commitments made in last year's FES and Budget 2023, including various Investment Tax Credits (ITCs). Yesterday's FES announced enhanced eligibility for the Clean Technology and Clean Electricity Investment Tax Credits to "support the generation of electricity, heat, or both electricity and heat, from waste biomass." In yesterday's FES, the timeline below was provided regarding the path forward for delivering all ITCs in 2024:

### Carbon Capture, Utilization, and Storage (CCUS)

- Legislation will be introduced in Parliament this fall

- The tax credit would be available from January 1, 2022
- More information on the CCUS ITC can be found [here](#)

### **Clean Technology**

- Legislation will be introduced in Parliament this fall
- The tax credit would be available from March 28, 2023

### **Clean Hydrogen**

- Consultations on draft legislation will launch this fall
- The government is targeting to introduce legislation in Parliament in early 2024
- The tax credit would be available from March 28, 2023

### **Clean Technology Manufacturing**

- Consultations on draft legislation will launch this fall
- The government is targeting to introduce legislation in Parliament in early 2024
- The tax credit would be available from January 1, 2024

More information on timing for all ITCs can be found on [page 51 of the FES](#)

Additionally, the FES announced the **Canada Growth Fund** is now up and running and made its first investment in a geothermal project in October. Finally, and importantly, the 2023 Fall Economic Statement announced that the federal government will begin work on the development of an **Indigenous Loan Guarantee Program** to help facilitate Indigenous equity ownership in major projects in the natural resource sector. Next steps will be announced in Budget 2024.

### **Sustainable Finance Action**

Building on the announcement of the Sustainable Finance Action Council (SFAC), announced in 2021 which was created to spur investment in Canadian clean technologies' projects and initiatives, the federal government is now moving forward to make climate disclosures mandatory for Canadian companies as well as to work across various federal departments to develop a classification system that will incentive further investment. Enserva will continue to track these developments and report updates accordingly.

### **Reaction from the Opposition**

Pierre Poilievre, Leader of the Official Opposition, wasted no time blasting the FES as fiscally reckless and that it would continue to make life more difficult for Canadian families. Specifically, he noted that the *"Trudeau-NDP coalition still planning on quadrupling their tax on gas, heat and groceries."* His message is simple in that he will "axe the tax" (meaning the carbon tax) and that after 8 years in office Justin Trudeau is "not worth the cost."

### **What's next for Enserva**

Following this week's advocacy efforts in Ottawa, we will continue to advance our core asks of the federal government. The good news is that our asks are low-cost and regulatory in nature, which sets us up well for Budget 2024 given the federal government will be eager to be seen as resolving labour shortages and spurring job creation/economic growth yet won't have the fiscal capacity or resources for spending on big ticket items. We'll continue to track the introduction of implementing legislation for the ITCs and provide updates accordingly.

### **For further reading**

<https://globalnews.ca/news/10105339/canada-inflation-october-2023/>

[Freeland's fiscal update pledges new guardrails to keep deficits in check | National Newswatch](#)

[Ottawa loosens mortgage stress test in housing-focused fall fiscal update - National | Globalnews.ca](#)