

# 2024 Federal Fall Economic Statement Highlights

## Securing Canada's AI Advantage (page 103)

- The 2024 Fall Economic Statement proposes to provide \$150 million over three years, starting in 2024-25, for the Global Innovation Clusters and \$24 million over two years, starting in 2025-26, for the National AI Institutes to support the continuation of their AI commercialization activities.

## Boosting Scientific Research and Experimental Development (page 107)

- The 2024 Fall Economic Statement proposes several new enhancements to the SR&ED program, effective for taxation years that begin on or after the date of this Fall Economic Statement:
  - Increasing the annual expenditure limit on which Canadian-controlled private corporations are entitled to earn an enhanced 35 per cent investment tax credit, from \$3 million to \$4.5 million;
  - Increasing the prior-year taxable capital phase-out thresholds for the enhanced credit from \$10 million and \$50 million to \$15 million and \$75 million, respectively; and,
  - Extending the enhanced refundable SR&ED credit to Canadian public corporations.
- To help businesses increase their investment in productivity-enhancing assets, the 2024 Fall Economic Statement proposes to restore the eligibility of capital expenditures for both the deduction against income and the investment tax credit components of the SR&ED program, effective for property acquired on or after the date of this Fall Economic Statement.

## Accelerating Digital Adoption for Small Businesses (page 108)

- The 2024 Fall Economic Statement proposes to provide up to \$500 million over four years, starting in 2025-26, on a cash basis, to the Business Development Bank of Canada to provide financing and expertise to help small- and medium-sized businesses adopt digital technologies, with a priority focus on AI.

## Getting Major Projects Done, Faster (- i.e. *Impact Assessment Act*) (page 111)

- Building on these efforts, the 2024 Fall Economic Statement announces the government's intent to:
  - Amend the Physical Activities Regulations (the Project List – which sets out the types of projects that are subject to the Impact Assessment Act) to advance the principle of “one project, one review” by:

- Including only physical activities (classes of projects that are subject to a federal impact assessment) that carry high potential for impacts in areas of federal jurisdiction, consistent with the revised Act.
- Removing some physical activities so as to rely to a greater degree on federal lifecycle regulators, such as solely having the Canadian Nuclear Safety Commission's process apply to certain brownfield nuclear projects, as opposed to also requiring a federal impact assessment.
- Focus the scope of impact assessments of provincially regulated projects, like mines, exclusively on effects in federal areas of jurisdiction. This will expedite assessments and reduce duplication with provincial and territorial assessments, thereby improving investor certainty and review timelines.
- As announced in Budget 2024, following consultation with Indigenous Peoples, establish a Crown Consultation coordinator to ensure meaningful Crown consultation with First Nations, Métis, and Inuit communities on the issuance of federal authorizations, to improve efficiency and reduce consultation fatigue.

#### **Making Clean Hydrogen through Methane Pyrolysis (page 116)**

- The 2024 Fall Economic Statement proposes that the Clean Hydrogen investment tax credit be expanded to include hydrogen produced from methane pyrolysis, a nascent but promising new method, as an eligible production pathway. Expanding the Clean Hydrogen investment tax credit to include methane pyrolysis is expected to cost \$43.5 million over five years, starting in 2025-26.

#### **An Invest in Canada Summit (page 118)**

- The 2024 Fall Economic Statement announces the government will host an Invest in Canada Summit in spring 2025. The summit will be chaired by the Deputy Prime Minister and Minister of Finance, who will further her work to strengthen partnerships with international and domestic investors. The summit will showcase Canada's competitive advantages, strong economic fundamentals, and investment incentives, which have already delivered strong returns for investors in an increasingly fragmented global economy.

#### **Extending the Accelerated Investment Incentive (page 119)**

- Fully reinstate the Accelerated Investment Incentive, as well as immediate expensing for manufacturing or processing machinery and equipment, clean energy generation and energy conservation equipment and zero-emission vehicles. These incentives would apply to qualifying property acquired on or after January 1, 2025 and that becomes

available for use before 2030. The full re-instatement of these measures would be followed by a four-year phase-out between 2030 and 2033.

### **Attracting Investment in High-Growth Companies (page 121)**

- The 2024 Fall Economic Statement proposes to launch the fourth round of the Venture Capital Catalyst Initiative with \$1 billion in funding in 2025- 26, on a cash basis. To leverage more private venture capital, this round will include more enticing terms for pension funds and other institutional investors.
- To bolster access for mid-cap companies to the capital needed for long-term growth, the 2024 Fall Economic Statement proposes to provide up to an aggregate of \$1 billion, on a cash basis, to invest in mid-cap growth companies. These investments will be made by a qualified fund manager with a proven and demonstrable track record of supporting capital to Canadian mid-cap growth companies. The government's investment will be structured to be concessional and equal to 25 per cent of net new private investments in order to crowd in additional private capital into the growth equity market.

### **Catalyzing AI Infrastructure (page 122)**

- The 2024 Fall Economic Statement announces that the government is developing a program that would provide up to \$15 billion in aggregate loan and equity investments for AI data centre projects that receive investment from one or more Canadian pension funds. To access these loans or project equity, Canadian pension funds must invest at a ratio of 2:1 of their own capital, via debt or equity, and become significant shareholders in an AI data centre project. Seven pension funds have expressed interest in working with the government on detailed project parameters. More details will be announced in Budget 2025.
- To secure Canada's competitiveness in this high-growth sector, the 2024 Fall Economic Statement announces that the federal government will expand the mandates of the Cabinet Committee on Canada-U.S. Relations, the Ministerial Working Group on Regulatory Efficiency for Clean Growth Projects, and the Privy Council Office's Clean Growth Office to get AI data centres built faster. As part of this work, the federal government will also engage with provincial and municipal governments, energy utilities, and other stakeholders to remove regulatory barriers beyond federal jurisdiction.

### **Mandatory Climate-related Financial Disclosures (page 129)**

- Building on mandatory climate-related financial disclosures for federally regulated financial institutions and federal Crown corporations, the 2024 Fall Economic Statement announces the government's intent to introduce legislative amendments to the Canada Business Corporations Act to create a regulatory authority to enable climate-related

financial disclosure requirements for large, federally incorporated privately held corporations.

### **Cutting More Red Tape (page 133)**

- To reduce unnecessary barriers to innovation, productivity, and economic growth, and lower regulatory costs for Canadians and Canadian businesses, the 2024 Fall Economic Statement proposes to provide \$27.8 million over five years, starting in 2025-26, for a new Red Tape Reduction Office, sourced from existing resources of the Treasury Board Secretariat. The Red Tape Reduction Office will:
  - Accelerate the cutting of red tape from the regulatory system, including strengthened efforts to address overly burdensome or outdated requirements in existing regulations;
  - Establish measures to track, assess, and communicate results of regulatory action to ensure a stronger, evidence based regulatory framework; and,
  - Improve accountability, oversight, and transparency, including through stronger engagement with Canadians and Canadian businesses and a dedicated channel for feedback on regulatory red tape.
- The Red Tape Reduction Office will prioritize work in key sectors including, but not limited to, telecommunications, transportation, power generation and transmission, innovation, medicine, and health.