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To: ["Direct to Mayor and Council - DL"](#)
Date: 11/21/2023 4:41:52 PM
Subject: Summary – Federal Fall Economic Statement 2023

Good afternoon Mayor and Council,

For your information, the IGR Team has prepared the following summary of the *2023 Fall Economic Statement* tabled on November 21, 2023, by the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance.

The theme of the *2023 Fall Economic Statement* is “Build More Homes, Support the Middle Class, and Make Life More Affordable”. It aims to respond to two pressing challenges, affordability and accelerating home building, while trying to maintain a degree of fiscal restraint.

Investments in the Statement are focused around three pillars:

1. Canada’s Housing Action Plan
2. Making life more affordable
3. Building an economy that works for all Canadians

The *2023 Fall Economic Statement* can be found [here](#).

The Minister of Finance’s full speech can be found [here](#).

The news release can be found [here](#).

FCM’s response on ‘X’ to the *Fall Economic Statement* can be found [here](#).

Highlights - Economic and Fiscal Overview

The *2023 Fall Economic Statement* forecasts the deficit at \$40.0 billion or -1.4 per cent of GDP. That is a slight improvement from the \$40.1 billion deficit originally projected when it was tabled in March of this year. The deficit is set to improve to \$18.4 billion in 2028-29, or about -0.5 per cent of GDP.

The Federal Government has set a “Fiscal Anchor” to reduce federal debt as a share of the economy over the medium term. In the *2023 Fall Economic Statement*, the Federal Government forecasts that Canada’s federal debt-to-GDP ratio to decline from 2024-25 onwards, reaching 39.1 per cent in 2028-29.

Several uncertainties cloud Canada’s economic outlook, including the trajectory of inflation, interest rates, and economic growth. The ‘downside scenario’ in the *2023 Fall Economic Statement* sees a shallow recession in Canada driven by a combination of resilient domestic and global demand, elevated inflation expectations, and businesses maintaining larger and more frequent price increases. The ‘upside scenario’ sees underlying inflation fall faster than expected, which allows interest rate cuts to occur sooner. Meanwhile, the healthy labour market and generally resilient household finances continue to support consumer demand, leading to economic growth picking up into 2024.

Other highlights include:

- Canada's net debt as a share of the economy remains lower today than in any other G7 country prior to the pandemic.
- Private sector economists expect Consumer Price Index inflation to remain at or above 3 per cent through the first quarter of 2024, with an annual average of 3.8 per cent in 2023. This is consistent with higher global energy prices and recent data suggesting that underlying inflation remains persistent.
- Interest rates are projected to be higher than shared in Budget 2023, reflecting the economy's resilience, a higher path for inflation in the near-term, and the Bank of Canada's mid-summer resumption of interest rate hikes.

Highlights - Key Measures

Canada's Housing Action Plan

- Intention to tie access to federal infrastructure funding to actions by provinces, territories, and municipalities to increase housing supply where it makes sense to do so.
- Co-operative housing corporations that provide long-term rental accommodation are eligible for the removal of the GST on new rental housing.
- Beginning 2025-26, commit \$15 billion investment in new loan funding for the Apartment Construction Loan Program (previously the Rental Construction Financing Initiative), bringing the program's total loan funding to over \$40 billion.
- Beginning in 2025-26, invest an additional \$1 billion over three years to the Affordable Housing Fund (previously the National Housing Co-Investment Fund). This investment will support non-profit, co-op, and public housing providers to build more than 7,000 new homes by 2028.
- Invest \$309.3 million in new funding for the Co-operative Housing Development Program, which was announced in Budget 2022.
- Introduce legislation to establish the Department of Housing, Infrastructure and Communities (currently Infrastructure Canada). Through this legislation, the government will clarify the department's powers, duties and functions as the federal lead for improving housing outcomes and enhancing public infrastructure.
- Deny income tax deductions for expenses incurred to earn short-term rental income, including interest expenses, in provinces and municipalities that have prohibited short-term rentals.
- Deny income tax deductions when short-term rental operators are not compliant with the applicable provincial or municipal licensing, permitting, or registration requirements.
- Beginning in 2024-25, invest \$50 million over three years to support municipal enforcement of restrictions on short-term rentals.
- Introduce the Canadian Mortgage Charter, which builds on the government's existing guidance and expectations for how financial institutions are to work with Canadians to provide tailored relief and ensure payments are reasonable for borrowers.

Supporting a Strong Middle Class

- The Government will amend the *Competition Act* to:
 - Strengthen the tools and powers available to the Competition Bureau to enable it to crack down on abuses of dominance by bigger companies, such as predatory pricing;
 - Further modernize merger reviews, including by empowering the Competition Bureau to better detect and address "killer acquisitions" and other anti-competitive mergers;
 - Enhance protections for consumers, workers, and the environment, including by prohibiting misleading "greenwashing" claims and improving the focus on worker impacts in competition analysis;
 - Empower the Commissioner of Competition to review a wider selection of anti-competitive collaborations and seek meaningful remedies to ensure that harmful conduct is not repeated; and,
 - Broaden the reach of the law by enabling more private parties to bring cases before the Competition Tribunal and receive payment if they are successful.
- Amend the *Competition Act* to prevent manufacturers from refusing to provide the means of repair of devices and products in an anti-competitive manner.

- The Canadian Radio-television and Telecommunications Commission will conduct a prompt investigation of international mobile roaming charges and will provide an update and concrete next steps in 2024.

Building an Economy that Works for Everyone

- Reduce biowaste and support new affordable electricity and heat generation in Canada by expanding eligibility for:
 - The 30 per cent Clean Technology investment tax credit to include systems that produce electricity, heat, or both electricity and heat from waste biomass.
 - The 15 per cent Clean Electricity investment tax credit to include systems that produce electricity or both electricity and heat from waste biomass, which would be available as of the date of Budget 2024 for projects that did not begin construction before March 28, 2023.
- Develop an Indigenous Loan Guarantee Program to help facilitate Indigenous equity ownership in major projects in the natural resource sector.
- Develop options for making climate disclosures mandatory for private companies.

Effective Government, a Fair Tax System, and a Stable Financial Sector

- Extend and expand Budget 2023 efforts to refocus government spending, with departments and agencies generating additional savings of \$345.6 million in 2025-26, and \$691 million ongoing.
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Best,
Paul

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθəm (Musqueam), ṽRṽwú7mesh (Squamish), and səlilwətał (Tsleil-Waututh) Nations.