

# Budget 2024: Fairness for Every Generation

## Highlights and analysis

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# Budget overview

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On April 16, 2024, Canada's Deputy Prime Minister and Minister of Finance, Chrystia Freeland, tabled Budget 2024. The budget's theme is "fairness for every generation," focusing on improving intergenerational equity. The budget is organized into eight chapters that outline new spending measures on housing construction, social policy, affordability, economic growth, health care and public safety, reconciliation, and changes to Canada's tax system. Many of these investments will impact the engineering profession:

- \$3.95 billion over five years to incent the rapid construction of new housing, including \$1.5 billion for a new Canada Housing Infrastructure Fund, \$1.1 billion in tax changes to spur rental construction, \$400 million to top-up Housing Accelerator Fund deals with municipalities and over \$15 billion in new loans for rental housing development.
- \$2.35 billion over five years for a new national Artificial Intelligence Strategy, and an additional \$50 million to create an AI Safety Institute.
- \$1.8 billion over five years to enhance federal research support, including significant new funding for the Natural Sciences and Engineering Research Council.
- \$1.072 billion over five years to increase student grants and loans for post-secondary students, and \$855 million to increase scholarship support for graduate students.
- \$243 million over five years to expand access to post-secondary education for Indigenous students.
- \$9.98 billion over five years in new spending on national defence, with a significant emphasis on defence procurement.
- Launching a new Canadian Survey on Interprovincial Trade barriers with a focus on achieving national regulatory alignment.
- Amending the *Employment Equity Act* in line with recommendations from the Employment Equity Task Force.

The economic and fiscal overview projects that Canada's GDP will grow on average by 1.7 per cent per year through 2028. The government projects a \$39.8 billion deficit this year, with the deficit reducing to \$20 billion by fiscal year 2027-28 because of changes to the capital gains inclusion rate announced in this budget. This marks a change in the federal government's willingness to finance new investments through tax increases, as opposed to relying primarily on deficit spending. These projections would keep Canada's debt-to-GDP ratio, the government's key fiscal anchor, stable at 40 per cent.

Engineers Canada welcomes the federal government's investments in housing construction, AI safety, post-secondary education, innovation policy, Indigenous reconciliation, and employment equity. Engineers Canada was engaged throughout the pre-budget process, including through [written comments to the Standing Committee on Finance](#). Several of these new measures reflect Engineers Canada's policy priorities as we have outlined in our [National Position Statements](#). While we appreciate that this year's budget contains measures aimed to implement previously announced investment tax credits related to climate change, we hoped for more action on infrastructure resiliency, climate mitigation and adaptation.

# Housing and infrastructure

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The government has set an ambitious goal of solving Canada’s housing crisis by “turbocharging” construction on the supply side, and directly supporting individuals renting or purchasing a home on the demand side. While the demand-side measures are significant, the supply-side measures more directly implicate the engineering profession. The goal of these new measures is to “unlock” 3.87 million new homes by 2031, of which 2 million are net new due to the measures announced in this budget.

## Canada Housing Infrastructure Fund

In prior budgets, the federal government has promised broad-based infrastructure funding, most notably the *Investing in Canada Infrastructure Program*. This budget leverages federal infrastructure funding in a more targeted way to achieve the government’s housing goals. Specifically, the government intends to create a new Canada Housing Infrastructure Fund, providing \$6 billion over 10 years (\$1.5 billion in the first five years) to accelerate construction and upgrading of water, wastewater, stormwater, and solid waste infrastructure. This includes:

- \$1 billion for infrastructure identified by municipalities as essential for housing construction.
- \$5 billion for agreements with provincial and territorial governments in exchange for policy and regulatory changes that spur housing construction.

The new Canada Housing Infrastructure Fund is a promising development. Engineers are essential to the process of evaluating what project-specific infrastructure requirements are necessary. All levels of government must [ensure that professional engineers are at the table](#) when evaluating the kinds of water, wastewater, stormwater, and solid waste infrastructure a community needs.

## Expanding pre-fabrication and pre-approved design

Prior to the budget, the government signaled its interest in expanding the role of pre-fabrication in the design and building process for housing construction. Budget 2024 outlines the following measures:

- \$50 million over the next five years to Next Generation Manufacturing Canada to support a new Homebuilding Technology and Innovation Fund. This will support projects like prefabricated housing factories, mass timber, 3D printing, and others.
- \$50 million over two years on a cash basis to support Canada’s Regional Development Agencies in funding similar projects.
- Directing the National Research Council to engage with stakeholders to address regulatory barriers and streamline the inspection process for homebuilding innovation.
- \$12 million in the next year for the finalization of the Housing Design Catalogue.

In the construction sector, engineers ensure that various development scenarios align with provincial building codes, meet local infrastructure requirements, and accommodate user- and site-specific engineering needs. As we have discussed in our [National Position Statement on Canada’s Building Code](#), federal efforts at standardization should incorporate climate resilience measures, energy efficiency, structural soundness and public well-being, among other important considerations.

Engineers will also be essential in risk management and the inspection of new homebuilding technologies. The provincial and territorial engineering regulators hold professional engineers accountable in this work to keep Canadians safe. As we noted in our [comments to the Government of Canada on the proposed Housing Design Catalogue](#), these new measures must recognize the critical role of engineers in their development and implementation.

## Housing on public lands

In addition to the major commitments above, the government is signalling its intent to expand housing construction on federally owned lands, both through leasing and acquisition.

- Specifically, the budget commits \$500 million over five years on a cash basis to create a Public Lands Acquisition Fund, which will acquire and lease public land for housing construction.
- The government will also release an inventory of existing federally owned land that is suitable for housing construction in fall 2024.
- Budget 2024 outlines plans to provide \$1.1 billion over ten years (\$408 million over five years) to reduce the Public Services and Procurement office portfolio by 50 per cent. The government estimates that all of this funding will be recovered in cost savings.

Housing construction on public lands will present new opportunities for engineering firms. In particular, the conversion of existing office spaces to new housing will likely have site-specific, complex engineering needs.

## Apartment construction

Building on changes to the GST and the Apartment Construction Loan Program (ACLP) from the Fall Economic Statement, Budget 2024 announces several new measures to spur apartment construction:

- \$15 billion in new loan funding through the ACLP to build an additional 30,000 rental units by 2031-32.
- The launch of *Canada Builds*, leveraging the ACLP to incent provincial investments in apartment construction.
- Introducing a temporary accelerated capital cost allowance of 10 per cent for new purpose-built rental projects that will have move-in ready units by January 1, 2036.
- \$400 million to expand the existing Housing Accelerator Fund deals with municipal governments.

The construction of apartment buildings is often complex, and engineers play a critical role in addressing challenges in large-scale construction projects. In rapidly speeding up apartment construction, attention is needed to ensure complex engineering problems are addressed without cutting corners or attempting to circumvent the regulatory process.

# Economic growth and innovation

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Budget 2024 contains significant expenditures framed around growing Canada's economy by improving our productivity. These include major investments in Canada's artificial intelligence research sector, as well as support for post-secondary education and research and development.

## Building artificial intelligence capacity and safety

Budget 2024's investments in Canada's AI capacity. include:

- \$2 billion over five years to launch a new AI Compute Access Fund and Canadian AI Sovereign Compute Strategy, which will expand access to compute power for Canadian researchers and businesses seeking to adopt AI technologies.
- \$50 million to create a new AI Safety Institute to help Canada understand and protect against the risks of AI technologies.
- \$5.1 million next year to assist the AI and Data Commissioner in enforcing the proposed *Artificial Intelligence and Data Act*, as well as \$3.5 million over two years to support the Global Partnership on Artificial Intelligence.
- \$200 million over five years for Regional Development Agencies to accelerate AI adoption across the economy.
- \$100 million over five years for the National Research Council's AI Assist Program for SMEs deploying new AI solutions.
- \$50 million over five years to support workers impacted by AI, like creative industries.

Engineers Canada welcomes investments that will improve productivity in multiple sectors of the economy. Engineers Canada has outlined the importance of engineering expertise in the expansion of artificial intelligence technologies in our National Position Statement on [Professional Practice in Software Engineering](#) and [Artificial Intelligence Technology in Autonomous and Connected Vehicles](#).

The federal government must prioritize safety and risk management in the deployment of AI tools where they may impact the health or safety of their users, and engineers are uniquely suited to do this. The AI Safety Institute is an essential step, and professional engineers must be involved in its work. We look forward to further consultation on the establishment of this institute and the role that engineers can and must play in its work.

## Research and development

The government's planned investments in AI capacity make up one pillar of its new investments in R&D, largely focused on industrial development and deployment of new technology. Budget 2024 also contains significant new funding for basic research and development:

- \$1.8 billion over five years with \$748.3 million ongoing to increase core research grant funding for Canadian research. This funding will be divided between the Social Sciences

and Humanities Research Council, the Canadian Institutes for Health Research, and the Natural Sciences and Engineering Research Council.

- The creation of a new “capstone research funding organization” to oversee the granting councils and to facilitate internationally collaborative, multi-disciplinary and mission-driven research.

As we have noted in our [National Position Statement on Research, Development and Innovation](#), investment in these areas is a foundation of innovation and productivity. Research and development also provides critical training opportunities to engineering post-secondary students. Engineers are a critical part of the research enterprise, and Engineers Canada looks forward to engaging with the federal government to shape a mission-driven engineering research agenda for the new capstone agency.

## Post-secondary education

In addition to supporting AI capacity and R&D more broadly, the budget also contains new supports for post-secondary education, a key priority for the engineering profession:

- \$1.1 billion in 2025-26 to increase Canada Student Grants from \$3,000 to \$4,200 for the year, and interest-free student loans from \$210 to \$300 per week. This is a one-year measure.
- \$207.6 million in 2025-26 to extend the Student Work Placement Program, which funds work-integrated learning opportunities for post-secondary students.
- \$825 million over five years and \$200 million ongoing to increase the annual value and number of master’s and doctoral student scholarships. This will fund an additional 1,720 scholarships, and will raise their value in line with inflation.

Engineers Canada welcomes support for post-secondary students, especially measures that promote engineering education for students from underrepresented backgrounds.

## Net-zero investments

It is surprising that the federal government did not lay out any new significant measures related to climate change. Instead, it provided more details on the implementation timeline and process for the series of Investment Tax Credits (ITC) it has previously announced:

- Carbon Capture, Utilization and Storage
- Clean Technology
- Clean Hydrogen
- Clean Technology Manufacturing
- Clean Electricity
- EV Supply Chain

Once fully implemented, these tax credits will apply retroactively for eligible projects. Importantly, the government intends to provide Natural Resources Canada additional resources to provide

expert technical advice on engineering matters related to these major tax credits. Engineers Canada looks forward to this engagement.

While we welcome the intention to establish a National Flood Insurance Program, noticeably absent from the budget is any new broad-based funding for climate-resilient infrastructure, climate change mitigation, or adaptation. However, we do note the continuation of important projects through the Canada Growth Fund. As we did in our [2024 Pre-Budget Submission to the Standing Committee on Finance](#), Engineers Canada continues to advocate these important priorities to the federal government.

## Internal trade and labour mobility

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Budget 2024's economic measures include several policy initiatives that may implicate the role of provincial and territorial engineering regulators regarding labour mobility and national regulatory alignment.

### Foreign credential recognition

The budget commits \$50 million over two years to improving the Foreign Credential Recognition Program (FCRP), which provides training, work placement, wage subsidies, and mentoring. At least half of this funding will go to streamline credential recognition in the construction sector.

Engineers Canada has been a champion of a fair and equitable approach to interprovincial and international labour mobility. As we have outlined in our [National Position Statement on recognition of foreign qualifications](#), Canada's engineering regulators have made significant progress at fairly recognizing foreign credentials. All practising engineers in Canada must meet the comprehensive requirements for licensure set by one of the 12 provincial and territorial engineering regulators, regardless of where they were educated or practise.

To the extent that federal measures aimed at streamlining credential recognition in the construction sector implicate the engineering profession, the federal government must respect the work of the engineering regulators. That said, the changes to FCRP seem calibrated toward the skilled trades rather than professional credentials, and likely will have a limited impact on professional engineers.

### National regulatory alignment

Budget 2024 announces that the government will launch a Canadian Survey on Interprovincial Trade, which will survey Canadian businesses to identify internal trade barriers hindering their commercial activities. The goal of this survey is to chart a pathway toward national regulatory alignment where possible. Engineers Canada looks forward to engaging in the design of this survey.

# Reconciliation, equity, diversity and inclusion

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## Indigenous post-secondary education

In addition to the one-year funding commitments for post-secondary students, Budget 2024 outlines new funding for Indigenous students.

- \$1.2 billion over three years for First Nations K-12 education, which includes \$650 million to improve elementary and K-12 education on reserve, and \$545 million for education infrastructure.
- \$242.7 million over three years to increase access to post-secondary education for Indigenous students through the Post-Secondary Student Support Program.

The Post-Secondary Student Support Program expansion is a welcome development, as it aligns with Engineers Canada's long-standing advocacy to improve access to post-secondary education for Indigenous peoples, as outlined in [our National Position Statement](#) on Indigenous access to engineering education. Engineers Canada has also produced [several data-driven reports](#) on Indigenous engineering in Canada and access to engineering education.

As the federal government continues to expand access to post-secondary education for Indigenous students, it is vital that engineering education be a priority, and that students receive the support they need to pursue engineering.

## Employment equity

Equity, diversity, and inclusion are priorities for Engineers Canada, and continued support for EDI initiatives was one of our four pre-budget advocacy objectives. Budget 2024 announced the government's intention to amend the *Employment Equity Act* to modernize it and expand the number of designated equity groups.

As the founder and facilitator of the [30 by 30 initiative](#), Engineers Canada is pleased to see the federal government commit to changes that will contribute to the goal of a more equitable engineering profession.

## National defence

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The largest funding envelope in Budget 2024 is the suite of new measures aimed at bolstering Canada's national defence. The defence sector is a major employer of engineers, who are indispensable to Canada's defence and security. We note that of the \$9.975 billion in new defence spending outlined in the budget, professional engineers must play a critical role in the following areas of investment:

- \$1.93 billion over five years for upgrading naval vessels.
- \$1.44 billion over five years for upgrading military equipment.
- \$942 million over five years for maintaining and renewing defence infrastructure.
- \$150 million over four years to increase the number of civilian specialists in priority areas.



Engineers Canada supports efforts to strengthen national defence, but we emphasize that the federal government must ensure that any engineering work is undertaken by an engineer licensed by the territorial or provincial engineering regulator where the work is taking place. As we outline in our [National Position Statement on the Procurement of Goods and Services](#), this is especially important wherever a federal public servant is preparing engineering documents to be used for construction or project implementation, supervising projects, preparing tender agreements throughout the procurement process, and making other engineering decisions.