

# Federal Government's Fall Economic Statement 2016



## **Federal Government's Fall Economic Statement, 2016**

The federal government released the Fall Economic Statement on Tuesday November 1<sup>st</sup>, 2016. Unlike routine fiscal and economic updates, this Economic Statement announced several new policy initiatives. Below are highlights from the 2016 Fall Economic Statement.

### **1. Infrastructure Investment / Creation of the Canada Infrastructure Bank (CIB)**

(a) The government will invest an additional \$81 billion over 11 years (through to 2027/28) in public transit, and green and social infrastructure. Combined with previous commitments, total investment commitments now amount to \$180 billion. The breakdown of the \$81 billion is as follows:

- Public transit: \$25.3 billion – with a focus on new construction and expansion projects.
- Green infrastructure: \$21.9 billion – to support greenhouse gas emission reductions, enable greater climate change adaptation and resilience, and ensure that more communities can provide clean air and safe drinking water for their citizens. The Statement mentions working with provincial, territorial, municipal and Indigenous partners.
- Social infrastructure: \$21.9 billion – with a focus on affordable housing and homelessness prevention, early learning and child care, and cultural and recreational infrastructure.
- Canadian Products to Global Markets: \$10.1 billion – with a focus on strategic investments in trade and transportation corridors to international markets.
- Rural and Northern Communities: \$2 billion – to support small, rural and northern communities on a wide-range of needs including access and Internet connectivity, upgrading existing heating systems, pursuing renewable sources of energy, and reducing reliance on diesel.

(b) The establishment of a new Canada Infrastructure Bank (CIB) that will be responsible for investing at least \$35 billion from the federal government in large revenue-generating infrastructure projects;

- \$15 billion will be sourced from the announced funding for public transit, green infrastructure, social infrastructure, trade and transportation, and rural and northern communities. An additional \$20 billion in capital will be available to CIB for investments which will result in the Bank holding assets, in the form of equity or debt.
- The CIB will rely on public-private partnerships (P3s) to privatize public infrastructure. The aim is to attract \$4 to \$5 private dollars for every public dollar.
- Large-scale infrastructure projects that yield secure and attractive returns will be of interest to institutional investors and large pension funds, while vital but small-scale municipal infrastructure projects may be left to public investment.
- Academic, scholarly and government studies of P3 projects have shown them to be risky, more expensive for government (e.g. cost overruns), costly for consumers (e.g. user fees and tolls), and offering lower quality services.
- The CIB will be ultimately accountable to government, but will operate at arm's length.

## **2. Global Skills Strategy:**

(a) The government's proposed new Global Skills Strategy will set a two-week standard for processing visas and work permits for low-risk, high-skill workers for some companies in high-growth sectors (e.g. high-tech companies).

- There is no mention of how these companies will demonstrate that they have tried to first fill these positions with workers already present in Canada.

- There is also no mention of whether these companies will be required to complete Labour Market Impact Assessments (LMIA).
- This could potentially set a precedent for other sectors (e.g. meat and fish processing, tourism) to also seek similar exemptions.

(b) The government will introduce a new work permit exemption for short-duration work terms that are fewer than 30 days in a year.

### **3. Invest in Canada Hub (ICH)**

(a) The government will create a new federal body – Invest in Canada Hub - to attract global investment and jobs. The ICH will be established by the end of 2017 and include Federal-Territorial-Provincial collaboration. The ICH will:

- have a funding allocation of \$218 million over 5 years.
- increase the number of trade commissioners to focus on investment in strategic markets.
- relax foreign investment restrictions by raising the threshold for reviewing foreign takeovers to \$1 billion dollars in 2017, two years ahead of schedule.

### **4. Statistics Canada and Parliamentary Budget Officer:**

(a) The government will introduce new legislation to strengthen the independence of Statistics Canada and the Parliamentary Budget Officer (PBO).

- Legislation will establish the PBO as an independent Officer of Parliament.

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