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## **Summary of Aviation-Related Measures from the 2024 Federal Budget** **Prepared by the National Airlines Council of Canada**

**April 16, 2024**

The following are announcements contained in Budget 2024 of relevance to Canada's airlines and aviation sector:

### **Fees**

- Budget 2024 announces the government will strengthen transparency of fees for optional services charged by airlines, such as for seat selection, checked and carry-on baggage, meals on board, and in-flight entertainment. The government will do this by working with the Canadian Transportation Agency and airlines to ensure these fees are clearly laid out. This will help Canadians select fares based on the full price of the travel options that best meet their needs.
- To ensure that airlines seat all children under the age of 14 next to their accompanying adult at no extra cost, the government is developing regulatory amendments, which will be introduced this year.

### **Research and Innovation**

- Budget 2024 proposes to provide \$6.7 million over five years, starting in 2024-25, to Transport Canada to establish the Pre-Load Air Cargo Targeting Program to screen 100 per cent of air cargo bound for Canada. This program, powered by cutting-edge artificial intelligence, will increase security and efficiency, and align Canada's air security regime with those of its international partners.
- To incentivize investment in innovation-enabling and productivity-enhancing assets, Budget 2024 proposes to allow businesses to immediately write off the full cost of investments in patents, data network infrastructure equipment, computers, and other data processing equipment. Eligible investments, as specified in the relevant capital cost allowance classes, must be acquired and put in use on or after Budget Day and before January 1, 2027. The cost of this measure is estimated at \$725 million over five years, starting in 2024-25.

### **Biofuels and Sustainable Aviation Fuel**

- The government is proposing new measures to support biofuels production in Canada, with a focus on renewable diesel, sustainable aviation fuel, and renewable natural gas,



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aiming to capitalize on the increasing demand for these fuels and strengthen Canada's position in the market. Budget 2024 announces:

- The government's intention to disburse up to \$500 million per year from Clean Fuel Regulations compliance payment revenues to support biofuels production in Canada, subject to sufficient compliance payments being made to the federal government. More details will be announced in the 2024 Fall Economic Statement.
- The government will also retool the Clean Fuels Fund to deliver funding faster, and extend the Fund for an additional four years, until 2029-30. With reprofiled funding proposed through this extension, a total of \$776.3 million will be available to be deployed from 2024-25 to 2029-30 to support clean fuel projects. The program will shift to a continuous intake process, and streamlined negotiations and decision-making processes will expedite delivery. By the end of this year, Natural Resources Canada will launch another call for proposals under the extended Clean Fuels Fund.
- The Canada Infrastructure Bank will invest at least \$500 million in biofuels production under its green infrastructure investment stream.

### **Airport Infrastructure**

- Budget 2024 announces the government, working with pension plans, will create a working group, led by Stephen Poloz (former Governor of the Bank of Canada), and supported by the Deputy Prime Minister and Minister of Finance, to explore how to catalyze greater domestic investment opportunities for Canadian pension funds. This working group will identify priority investment opportunities that will grow Canadians' pension savings – that meet Canadian pension plans' fiduciary and actuarial responsibility, spur innovation, and drive economic growth. Its efforts will focus on areas, such as:
  - digital infrastructure and AI investment;
  - physical infrastructure;
  - airport facilities;
  - venture capital investments;
  - building more homes, including on public lands; and
  - the removal of the 30 per cent rule for domestic investments.
- To support investments in airport facilities, the Minister of Transport will release a policy statement this summer that highlights existing flexibilities under the governance model for Canada's National Airport System airports to attract capital, including from pension funds.



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## **Security**

Funding proposed for TC and the RCMP to administer the Transportation Security Clearance Program, which screens workers at ports and airports who perform certain duties or have access to restricted areas, to prevent security threats within Canada's transportation system.

## **“Right to Disconnect”**

- The government is taking action to restore work-life balance for the many workers in federally regulated industries, including but not limited to financial services, telecommunications, and transportation, by moving forward with a right disconnect from work, outside of their working hours.
- Budget 2024 proposes to provide \$3.6 million over five years, starting in 2024-25, and \$0.6 million ongoing to enable the Labour Program at Employment and Social Development Canada to implement legislative amendments to the Canada Labour Code that would require employers in federally regulated sectors to establish a right to disconnect policy limiting work-related communication outside of scheduled working hours.

## **Global Minimal Tax**

- Pillar Two of the plan is a global minimum tax regime to ensure that large multinational corporations are subject to a minimum effective tax rate of 15 per cent on their profits wherever they do business. The federal government is moving ahead with legislation to implement the regime in Canada, following consultations last summer on draft legislative proposals for the new Global Minimum Tax Act. The government intends to soon introduce this legislation in Parliament.
- It is estimated that the global minimum tax, which will apply for fiscal years of taxpayers that begin on or after December 31, 2023, will increase revenues by \$6.6 billion over three years starting in 2026-27.

## **Increasing Rail Passenger Traffic - Advancing High Frequency Rail**

- Canada's busiest passenger railway is between Quebec City and Toronto, home to nearly half of Canada's population — and the region is only expected to grow. But increasing congestion and travel delays are making it harder to get between major cities in Ontario and Quebec.
- Increasing rail passenger traffic is a key step towards reducing air travel congestion and delays, while also lowering emissions. Rail service must be quicker and more convenient to encourage more Canadians to take the train.