

FW: 2017 federal fall economic and fiscal update

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Subject: 2017 federal fall economic and fiscal update

Attached is a summary Budget Watch for the federal government's 2017 fall economic and fiscal update, released today.

Highlights:

- The federal government is projecting deficits of \$19.9 billion in 2017-18 and \$18.6 billion in 2018-19. No date for a return to balance has yet been provided.

Compared to the 2017 federal budget, the budgetary balance shows an improvement of \$8.6 billion in 2017-18 and of \$8.8 billion in 2018-19, and continued budgetary balance improvements in 2019-20 and beyond.

- Before any new policy measures, the strengthening economy and other fiscal developments are providing an additional \$8.9 billion in fiscal room in 2017-18 and \$10.4 billion in 2018-19, relative to the 2017 federal budget.

Total revenues are \$5.9 billion higher in 2017-18 than the 2017 budget, and \$7.4 billion higher in 2018-19.

- The average private sector economic outlook for Canada has been revised upwards. Canadian real GDP growth is expected to be 3.1 per cent in 2017, which is 1.1 percentage points higher than in the 2017 federal budget. Nominal GDP growth for 2017 is tracking at 5.5 per cent, up from 4.2 per cent in the 2017 budget.

- In the fall update, the federal government announced:

indexation of the Canada Child Benefit to inflation, two years ahead of what was committed in the fall of 2016;

its intention to further enhance the Working Income Tax Benefit by \$500 million annually starting in 2019;

a proposal to lower the small business tax rate to 10 per cent, effective January 1, 2018, and to nine per cent, effective January 1, 2019;

its commitment to address unfair tax advantages, including moving forward with restricting income sprinkling by private corporations and moving forward to limit the benefit of investing passively in private corporations.

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