

## 2023 Federal Budget Main Measures Affecting the World of Work

Chrystia Freeland, Minister of Finance and Deputy Prime Minister of Canada, tabled her third budget on March 28. These are its main features.

### General outline

- Revenues will increase by \$19.5 billion in 2023-2024 to \$456.8 billion. Tax revenues will increase by \$12.1 billion in 2023-2024 to \$383.7 billion. Therefore, the government is expecting a **deficit of \$43 billion** in this fiscal year. It also predicts deficits in the next five years and does not foresee a balanced budget in the short term.
- To encourage the Canadian economy's transition to a **green economy based on clean technology and renewable energies**, the budget includes measures totalling more than **\$80 billion over ten years**. This fiscal stance aims to create investments in these sectors and serves as a response to the similar plan adopted by the U.S.

**The following budget features affect the world of work more directly.**

### 1. Snapshot of the labour market provided in the budget documents

- Approximately 830,000 more Canadians are employed than before the pandemic.
- At 5%, the national unemployment rate is near its record low of 4.9%.
- The labour shortage is a challenge for many employers. The number of vacant job positions for every unemployed person is currently about 75% above the pre-pandemic levels.

## 2. Budget measures

- **Workforce development support for provinces** – The budget proposes an additional investment of \$625 million in 2023-24 in the [Labour Market Transfer Agreements](#). Under these agreements with provinces and territories, employers and individuals can benefit from workforce development support measures. Some of these measures are specifically aimed at members of underrepresented groups in the labour market, such as disabled people and Indigenous people. The new investments should help mitigate the labour shortage and reflect a [recommendation made by CPHR Canada during the Finance Minister's pre-budget consultations](#).
- **Employer-led training** – \$250 million over three years for the Upskilling for Industry Initiative and \$125 million over five years to launch the Sustainable Jobs Training Centre.
- **Labour mobility** – \$595 million over six years for the Labour Mobility Deduction for Tradespeople to make it more affordable to travel where the jobs are.
- **Financial support for adult learners:** \$815 million over five years for the Canada Training Credit, which covers up to 50% of eligible training fees.
- **Mental health: 988 line** – As concerns mental health, another area where CPHR Canada wanted the government to take more action, \$58.4 million will be invested over three years starting in 2023-2024 to support the implementation and operation of 988, a hotline dedicated to suicide prevention and mental health crisis support. This initiative will be carried out by the Public Health Agency of Canada.

### 3. Tax credits for the green economy: labour requirements

The 2023 budget includes tens of billions in tax credits to encourage the transition to a green economy. Some of these tax credits come with labour requirements.

- **Refundable tax credit for eligible investments in clean technologies and clean hydrogen** – Labour requirements will take effect on October 1, 2023. To take full advantage of this tax credit, employers will have to:
  - pay wages at the prevailing level based on union compensation;
  - create apprenticeship training opportunities.

The credit rate will be reduced if the requirements are not met.

- **Refundable tax credits for clean electricity and carbon capture, utilization and storage projects** – In the coming months, the government will consult with labour unions and other stakeholders to determine similar types of labour requirements.

### 4. Canada Labour Code: several changes announced

The government took advantage of the budget to announce potential amendments to the Canada Labour Code that may affect employers and workers in federally regulated sectors.

- **Prohibiting replacement workers** – The budget proposes to table amendments to the Canada Labour Code before the end of 2023 that would prohibit the use of replacement workers during a strike or lockout and improve the process of reviewing activities that must be maintained to ensure the health and safety of the public during a work stoppage. [CPHR Canada shared its position on this issue during the Labour Minister's consultations earlier this year.](#) We will continue to monitor this issue.
- **Protecting gig workers** – The budget proposes to amend the Canada Labour Code to strengthen prohibitions against employee misclassifications of gig workers in federally regulated sectors. The government wants these workers to receive protections and employer contributions, including Employment Insurance and the Canada Pension Plan.

- **Leave for pregnancy loss** – The budget proposes to create a new stand-alone leave for workers who experience pregnancy loss. This leave will also apply to parents planning to have a child through adoption or surrogacy.
- **Leave related to the death or disappearance of a child** – The budget proposes to introduce amendments to the Canada Labour Code to improve eligibility for leaves related to the death or disappearance of a child for workers in federally regulated sectors.

For more information, consult the [official page of this budget](#).