

Canada's Department Of Finance Releases 2024 Fall Economic Statement With Impacts To Pensions



On December 16, 2024, the Department of Finance published the [2024 Fall Economic Statement](#) (FES). The FES builds on the federal government's earlier announcements in the 2023 Fall Economic Statement, as discussed in our January 2024 [Blakes Five Under 5: What You Need to Know About the Pension Investment Landscape in 2024](#) and the 2024 Federal Budget as discussed in our April 2024 [2024 Federal Budget: Selected Pensions, Benefits and Executive Compensation Measures](#).

The FES announces a number of measures that will be of interest to Canadian pension funds, including, among other things, the federal government's intent to:

1. Remove the 30 per cent rule for Canadian pension funds' investments in "Canadian entities" (30 Per Cent Rule Exception). The FES does not define what entities will constitute "Canadian entities" for purposes of the 30 Per Cent Rule Exception. The FES also notes that the federal government will consult with the provinces on the treatment of provincially regulated pension plans with respect to the 30 Per Cent Rule Exception.
2. Facilitate and incentivize investments in municipally owned utility corporations by lowering the 90% threshold that currently limits such corporations from attracting more than 10% private sector ownership. The FES states that lowering this threshold for Canadian pension funds would allow municipally owned electricity utilities to access more capital to meet future demand and expand electricity production and distribution grids.
3. Engage airports and pension funds on potential measures that would further incentivize investment and development on airport lands.
4. Launch the fourth round of the Venture Capital Catalyst Initiative with C\$1-billion in funding in 2025-2026 on a cash basis. To leverage more private venture capital, this round will include more enticing terms for pension funds and other institutional investors.
5. Develop a program that would provide up to C\$15-billion in aggregate loan and equity investments for AI data centre projects that receive investment from one or more Canadian pension funds. To access these loans or project equity, Canadian pension funds must invest at a ratio of 2:1 of their own capital, via debt or equity, and become significant shareholders in an AI data centre project.

The FES also announced specific criteria relating to the eligibility of provincial and territorial Crown corporations to claim the previously announced Clean Electricity Investment Tax Credit. This credit will also be available to certain other tax-exempt entities, including certain pension investment corporations.

While legislation to enact the above provisions is not yet available, we will continue to monitor and provide updates.

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