

March 22, 2016

2016 Federal Budget

The federal Liberal government brought down its first budget today since it won a majority in the House of Commons in October. The government campaigned on making significant new investments in public services to support economic growth. Finance Minister Morneau's budget delivered on these commitments:

Public Infrastructure Investment

The government committed during the campaign to an additional \$20 billion of funding each in the areas of public transit, green infrastructure, and social infrastructure over ten years. This Budget commits to providing investing over \$120 billion over ten years in infrastructure. The infrastructure plan will be in two phases. Phase 1 will provide \$11.9 billion in immediate investments in the next five years to modernize and rehabilitate public transit, water and wastewater systems, affordable housing, and infrastructure climate resilience. Projects will balance local and regional scope with national, economically strategic projects.

Federal Gas Tax Fund

The commitment to federal Gas Tax Fund remains. The indexation of the Fund scheduled to start in 2016 needs to be clarified. However, the Budget will provide uncommitted funding from older infrastructure programs for distribution to municipalities through the Gas Tax formula.

Public Transit Fund

The federal government will provide \$3.4 billion over the next three years to upgrade public transit systems across Canada. Eligible projects include fleet replacement and large project design and construction. The federal government will fund up to 50 per cent of eligible costs. Funding is distributed to provinces and territories based on ridership, with Ontario eligible for up to \$1.4 billion.

Green Infrastructure Fund

The government committed to invest \$5 billion over the next five years to help communities adapt to climate change and reduce greenhouse gases as well as to modernize water and wastewater infrastructure. This will fund projects such as alternative transportation and electric vehicles and updated building codes. The funding includes for municipal capacity building to address climate change and infrastructure

asset management. The federal government will fund up to 50 per cent of eligible water and wastewater project costs.

Building Canada Fund

The government committed to working with provinces and territories to accelerate funding under the BCF Provincial-Territorial Infrastructure Component and other existing programs.

Social Infrastructure Fund

The government committed \$3.4 billion over five years for Phase One for social infrastructure, including affordable housing, early learning and child care, cultural and recreational infrastructure, and community health centers on reserve. The government has indicated that it will be consulting stakeholders on where the investments should be made.

About \$1.5 billion over the next two years will be targeted to affordable housing starting in the current fiscal year. The funds will primarily flow through the Investment in Affordable Housing program, with a specific amount of \$200.7 million over two years starting this year allocated for seniors' affordable housing. The funds for seniors' housing will not be required to be cost-matched by the provincial government. In addition, the government will be consulting over the next year to develop a much anticipated National Housing Strategy.

The government dedicated \$500 million in 2017-18 to support a new National Framework on Early Learning and Child Care. \$168.2 million over two years is also proposed for investments in cultural and recreational infrastructure starting this year.

Rail Safety

The Budget includes \$143 million over three years for rail safety and compliance initiatives. The funding will support local municipal grade crossing improvements and information for first responders.

Canada Pension Plan

The federal government promised to seek an agreement on CPP enhancement with the provinces and territories by the end of 2016 and to consult with citizens.

Immigration

The Budget provides a further \$245 million over five years starting in 2016-17 to identify, process, transport, and resettle an additional 10,000 Syrian refugees; \$25

million to support family sponsorship; and \$56 million to support higher admissions levels and settlement.

AMO is pleased that today's Budget recognizes the role of municipal governments in building and maintaining our country's infrastructure