

CHAPTER 2 Building a Better Canada

For a century and a half—and for Indigenous Peoples, millennia before that—the people who call Canada home have come together to build a better country, and a better future for themselves and their children.

Together, we built the cities and towns that have given millions of people a good start in life, and are now a welcoming place to raise our own families.

Recognizing the importance of connections, we built the roads and railways, seaways and ports that link our communities to each other, and the world.

Canadians also built our world-class public institutions—home to innovators whose ideas and inventions are making the world a healthier, cleaner, more connected place.

As our history proves, however, there is always more work to be done to build a better Canada.

Canadians want continued investments in their communities—making them even better places to live while creating good, well-paying jobs and keeping our economy strong and growing.

They want new ways to connect—so that all Canadians have access to high-speed internet and more affordable electricity, and so that no one is left out, or left behind.

They recognize the very real challenge of climate change, and embrace the opportunity to be a world leader in fighting pollution.

And they want to build a nation of entrepreneurs and scientists that will help create the better future we all want.

With Budget 2019, the Government is investing in that future, to build a better Canada.

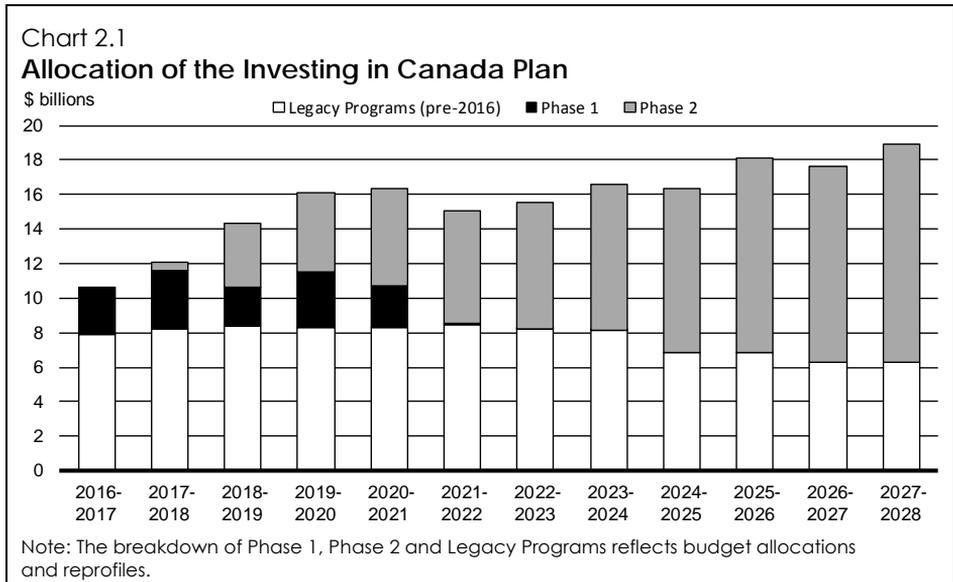
Part 1: Building Strong Communities

Investing in infrastructure creates good, well-paying middle class jobs today, and sets the stage for long-term economic growth that benefits everyone. But there is more to infrastructure than jobs and growth. It also makes our communities better places to live.

Better public transit means busy parents can get home sooner at the end of a long day. Modern water and wastewater systems help to keep Canadians healthy and safe. Flood mitigation projects help communities cope with the damaging effects of climate change. More efficient transportation corridors mean that businesses can get their goods to customers more quickly. And better social infrastructure—things like affordable housing, community centres, and public parks—make our cities and towns places we can all be proud to call home.

The Investing in Canada Plan: An Update

In Budget 2016, the Government announced the first phase of its Investing in Canada Plan, which provided \$14.4 billion for short-term investments to upgrade and repair existing infrastructure. In Budget 2017, the Government outlined the second phase of its plan, including a commitment to invest an additional \$81.2 billion in long-term funding for public transit, green infrastructure, social infrastructure, and infrastructure that supports trade and transportation, and rural and northern communities. In total, the Government is investing more than \$180 billion over 12 years to build infrastructure in communities across the country. Additional investment associated with the first and second phase of the Investing in Canada Plan is expected to help create or maintain an estimated 42,000 jobs by 2020–21.



Progress Since Fall 2018

- Since the last update in the 2018 *Fall Economic Statement*, long-term agreements have been signed with all provinces and territories that will deliver more than \$33 billion in federal infrastructure investments. As a result, more priority projects identified by the provinces and territories are able to move forward, including two major Light Rail Transit projects in Edmonton that will extend service to new areas of the city, improve riders' experience and increase accessibility.
- To reduce export bottlenecks and help Canadian businesses take advantage of new overseas markets, the Government accelerated funding available under the National Trade Corridors Fund. Organizations that are benefitting from funding from the National Trade Corridors Fund include, Gander International Airport Authority (NL), Ville de Montreal (QC) and First Air (NU).
- To help increase investments in critical public transit, trade and transportation, and green infrastructure, the Canada Infrastructure Bank is actively engaged with governments and the investor community on major project opportunities across the country, building on its \$1.28 billion investment in the Réseau express métropolitain project in Montréal.

Projects Approved and Underway

Working with provinces and territories, the Government has approved more than 33,000 infrastructure projects for communities across Canada, supported by federal investments of approximately \$19.9 billion.¹ The majority of these projects are already underway—creating good, middle class jobs today, and delivering long-term economic, social, and environmental benefits in communities both big and small.

At the same time, the pace of spending under the Investing in Canada Plan has been slower than originally anticipated, for reasons that include delays between construction activity and receipt by the Government of claims for payment, and by some jurisdictions being slower to prioritize projects than expected.

The Government is currently working with the provinces and territories to accelerate projects under their bilateral agreements to ensure momentum continues. The Government is taking steps to streamline the process for the provinces and territories to prioritize projects for funding, and to improve financial reporting so that it is clear when project costs are incurred, and when federal funds will flow to recipients.

¹ The Government is also investing in thousands of projects through ongoing programs that were in place before 2016. For example, the federal Gas Tax Fund supports approximately 4,000 projects in 3,600 communities each year.

Figure 2.1: Value of Investing in Canada Plan Projects Approved Across Canada²

**British Columbia:
Affordable Housing**

The federal government invested \$1.5 million in the construction of 220 Terminal Avenue in Vancouver. The development includes 40 single-occupancy rental suites for Vancouver residents in need of safe and affordable housing.

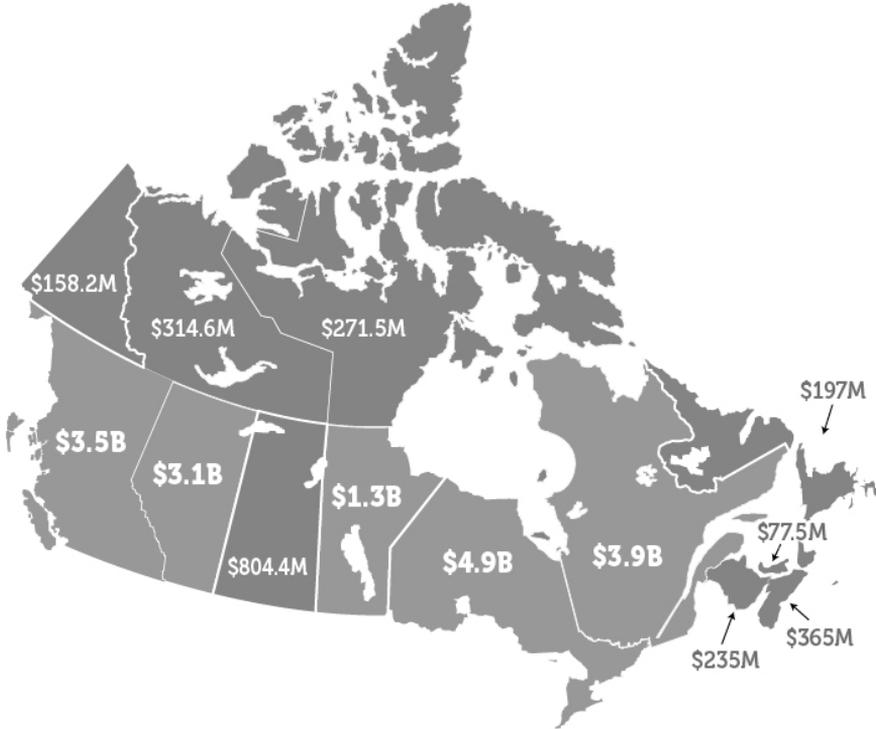
**Northwest Territories:
Clean Wind Power**

The federal government is contributing \$30 million towards a wind generation project in Inuvik. This innovative project will create a more efficient, more reliable and cleaner source of energy for residents.

Quebec:

New Azur Subway Cars

Montréal's metro system will be able to purchase 153 new subway cars, supported by a federal government investment of more than \$215 million. The new cars will replace part of the existing fleet, making the system more efficient and reliable.



**Alberta:
Water Systems**

The federal government invested \$11.2 million to expand municipal water and wastewater systems in Lethbridge. This investment supports the planned development in the East Sherring Business and Industrial Park, services rural homes, and helps to better manage storm runoff.

Ontario:

New Go Transit Train Coaches

Users of the seven GO Transit lines in the Greater Toronto-Hamilton Area will soon be getting to their destinations faster thanks to a federal investment of \$93.5 million. This investment means that 53 new bi-level train coaches will be delivered one year earlier than planned.

Nova Scotia:

Renewable Tidal Energy

Halagonia Tidal Energy received \$29.8 million in federal support for its \$117 million marine renewable energy project to provide clean electricity to Nova Scotia. The project will create approximately 120 jobs and cut pollution from power generation in the province.

² In addition to project values mapped above, the total \$19.9 billion includes additional funding of \$496 million nationally and \$152.8 million for Indigenous communities in the Atlantic region.

Chart 2.2

Approved Projects Under the Investing in Canada Plan

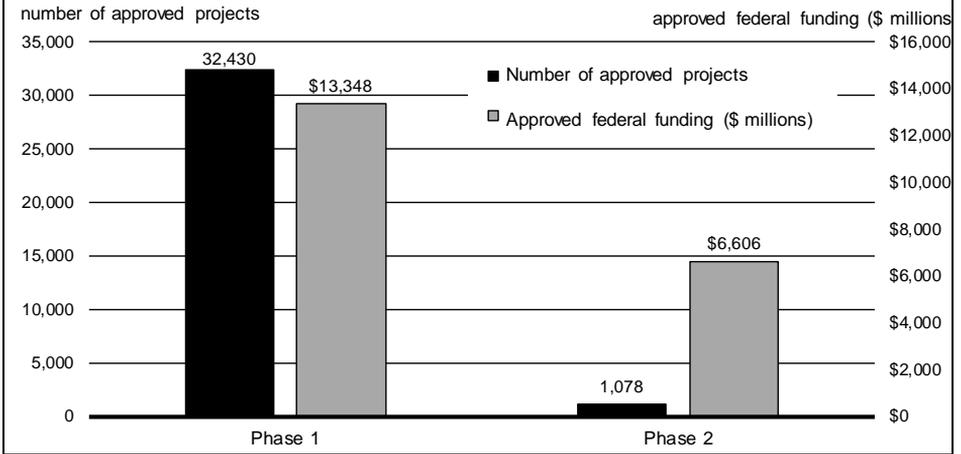


Table 2.1

Investing in Canada Plan—Major Programs

Phase	Program name	Objective
Phase 1	Public Transit Infrastructure Fund	Alleviate traffic congestion, reduce air pollution and cut long commutes that make it harder for people to get to work and for families to spend time together to strengthen communities.
	Clean Water and Wastewater Fund	Keep our waterways clean and our communities healthy with improved reliability to drinking water, wastewater and storm water systems.
	Investment in Affordable Housing	Reduce the number of Canadians in need and improve access to affordable housing for vulnerable Canadians, fostering safe, independent living.
	Connect to Innovate	Extend high-speed Internet to rural and remote communities in Canada, with a focus on building new backbone infrastructure in communities to provide connections to institutions like schools, hospitals and libraries.
	Homelessness Partnering Strategy	Prevent and reduce homelessness by providing direct support and funding to designated communities.
Phase 2	Investing in Canada Infrastructure Program	Deliver funds to provinces and territories for prioritized projects in the areas of public transit, green infrastructure, community, culture and recreation infrastructure, rural and northern communities' infrastructure.
	Canada Infrastructure Bank	Attract private capital to enable more infrastructure to get built at a lower cost to Canadians by investing in revenue generating public infrastructure.
	National Trade Corridors Fund	Address transportation bottlenecks, vulnerabilities and congestion along Canada's trade corridors, helping Canadian companies to compete in global markets and trade more efficiently with international partners.
	Disaster Mitigation and Adaptation Fund	Help communities better manage the increasing risks of natural disasters as a result of climate change.
	Canada Cultural Spaces Fund	Support cultural infrastructure projects across the country by investing in traditional arts and heritage facilities, such as museums, theatres and performing arts centres.
	Indigenous Community-Based Climate Monitoring Program	Build capacity within First Nation, Métis and Inuit communities to monitor climate change effects, providing the data required to inform community adaptation actions.

Creating Jobs Through the Investing in Canada Plan

In 2015–16, the Government spent approximately \$8 billion on infrastructure. With the introduction of the Investing in Canada Plan in 2016, the level of investment steadily grew, to \$14.3 billion in 2018–19—an increase of 75 per cent in just three years. Over the next nine years, the Plan will invest an average of more than \$16 billion per year. This dramatic increase in infrastructure investments spending has already helped to strengthen and grow Canada's economy, and its continued rise over the next two years will support economic growth at a time when the global outlook remains uncertain.

The Department of Finance Canada estimates that the incremental increase in infrastructure spending associated with Phase 1 and Phase 2 of the Investing in Canada Plan will raise the level of real gross domestic product (GDP) by 0.4 per cent by 2020–21, compared to what would have been the case without this additional infrastructure investment. This translates into employment opportunities in highly skilled areas, with an estimated 42,000 jobs created or maintained by 2020–21.

The Investing in Canada Plan recognizes the important role infrastructure plays in building strong communities, creating employment opportunities in highly skilled areas and growing the economy. Statistics Canada's *Infrastructure Economic Account* shows that the value of the overall Investing in Canada Plan—Legacy Programs funding together with Phase 1 and Phase 2—is associated with about 100,000 direct and indirect jobs in 2018–19.

Slightly more than half of these jobs are the result of direct investment effects in well-paid industries such as construction or manufacturing, whereas the rest are in the Canadian companies that supply the equipment, supplies and services needed for large-scale infrastructure projects.

Going forward, the ongoing investments will continue to provide employment opportunities to over 100,000 Canadians on average each year throughout the remainder of the long-term infrastructure plan.

Infrastructure investments also deliver economic benefits over the long term. The International Monetary Fund³ recently examined the long-term effect of a permanent increase in public infrastructure investments and found that for advanced economies such as Canada, permanently increasing investment in public infrastructure by 1 per cent of GDP would boost GDP by approximately 2.5 per cent after 10 years.

Trade Infrastructure

The National Trade Corridors Fund provided \$9.2 million to Ashcroft Terminal Ltd. in British Columbia to build a new rail link, extra rail track and an internal road network. These new infrastructure projects will provide producers and shippers improved efficiency in the shipment of goods, support the movement and storage of rail cars to enhance fluidity through Canada's Pacific Gateway Trade Corridor and ensure that rail and truck operations do not interfere with each other, thereby increasing safety.

³ International Monetary Fund, World Economic Outlook, October 2014.

Given both the short- and long-term benefits of infrastructure, and the thousands of projects currently underway across Canada, it is clear that the Investing in Canada Plan is delivering real benefits for Canadians—and will continue to do so for years to come.

New Infrastructure Funding for Local Communities Through a Municipal Top-Up

In 2015, the Government made a commitment to ensure that promised infrastructure investments in communities would be kept. Prior to that time, too often, money that had been budgeted for investment in communities was left unspent and unallocated—shortchanging cities and towns that needed those funds for important projects such as road maintenance, water infrastructure, public transit and recreational infrastructure.

Since 2015, the federal government has worked in partnership with provinces and territories to protect these infrastructure dollars, to ensure that they do not lapse and are available to flow to communities when projects are ready. The Government transferred remaining uncommitted funds from older federal infrastructure programs to municipalities through the federal Gas Tax Fund, and has ensured that the \$81.2 billion in long-term infrastructure funding announced in Budget 2017 is available for jurisdictions when it is needed.

Because many municipalities across Canada continue to face serious infrastructure deficits, Budget 2019 proposes a one-time transfer of \$2.2 billion through the federal Gas Tax Fund to address short-term priorities in municipalities and First Nation communities. This will double the Government's commitment to municipalities in 2018–19 and will provide much needed infrastructure funds for communities of all sizes, all across the country.

Figure 2.2: Municipal Top-Up Funds to Support Local Priorities

	Productivity and Economic Growth	Clean Environment	Strong Cities and Communities
Eligible Categories	<ul style="list-style-type: none"> Local roads and bridges Highways Short-sea shipping Short-line rail Regional and local airports Broadband connectivity Public transit 	<ul style="list-style-type: none"> Drinking water Wastewater Solid waste Community energy systems Brownfield redevelopment 	<ul style="list-style-type: none"> Sport and recreation Cultural and tourism Disaster mitigation Capacity building
Project Examples (2014-2016)	Communities in Saskatchewan: 344 local road and bridge projects increasing transportation capacity	Communities in the Yukon: 28 community energy projects, such as a solar electricity generating system in a Champagne-Aishihik First Nations residence	Communities in Ontario: 36 recreation projects enhancing facilities and encouraging over 1,200 people to make greater use of them

Part 2: Affordable Electricity Bills and a Clean Economy

For too many Canadians, the rising cost of electricity is a source of economic anxiety. No one should have to choose between heating their home in winter and being able to afford the other things that provide a good quality of life—things like healthy, nutritious food, or clothes for family members. Yet the fact remains that in many Canadian cities, the cost of electricity is rising much faster than growth in household disposable income—making it hard for many people to make ends meet.

Budget 2019 proposes a number of measures to help hard-working Canadians more easily afford this necessity.

Investing in the Future of Transportation

Transportation accounts for about one quarter of Canada's greenhouse gas emissions, mainly coming from gas- and diesel-powered cars and trucks. The future of transportation lies in the increased use of zero-emission vehicles—cars and trucks powered by rechargeable electric batteries or hydrogen fuel cells. While these vehicles are not yet common in communities across Canada, they can provide a cleaner, more efficient way to transport people and goods and, over the long run, help Canadians reduce the everyday cost of transportation.

That is why Canada has set a target to sell 100 per cent zero-emission vehicles by 2040, with sales goals of 10 per cent by 2025 and 30 per cent by 2030 along the way. By becoming an early adopter of this new technology, Canada will help the Canadian zero-emission vehicle market advance, making zero-emission vehicle options more readily available and affordable for more and more Canadians.

Making Zero-Emission Vehicles More Affordable

More and more Canadians are choosing to drive zero-emission vehicles as an increasing number of models become available and prices decline. Those who have already purchased these vehicles are realizing the financial savings from lower operating costs. The Government is taking action to help more Canadians choose zero-emission vehicles, which will allow Canada to transition to a low carbon economy and reduce transportation costs for the middle class. The Government also wants to encourage investment in Canada's domestic auto industry so that it can become a global leader in zero-emission transportation manufacturing.

Budget 2019 proposes strategic investments that will make it easier and more affordable for Canadians to choose zero-emission vehicles—helping people to get from place to place, improving air quality and cutting greenhouse gas emissions at the same time.

■ ■ ■ To expand the network of zero-emission vehicle charging and refuelling stations, Budget 2019 proposes to build on previous investments by providing Natural Resources Canada with \$130 million over five years, starting in 2019–20, to deploy new recharging and refuelling stations in workplaces, public parking spots, commercial and multi-unit residential buildings, and remote locations.

■ ■ ■ Meeting the ambitious sales targets requires automakers to make sufficient models and numbers of zero-emission vehicles available for sale to meet Canadian needs. Budget 2019 proposes to provide \$5 million over five years, starting in 2019–20 to Transport Canada to work with auto manufacturers to secure voluntary zero-emission vehicle sales targets to ensure that vehicle supply meets increased demand.

■ ■ ■ To encourage more Canadians to buy zero-emission vehicles, Budget 2019 proposes to provide \$300 million over three years, starting in 2019–20, to Transport Canada to introduce a new federal purchase incentive of up to \$5,000 for electric battery or hydrogen fuel cell vehicles with a manufacturer's suggested retail price of less than \$45,000. Program details to follow.

■ ■ ■ To attract and support new high-quality, job-creating investments in zero-emission vehicle manufacturing in Canada, automotive manufacturers and parts suppliers can access funding through the Strategic Innovation Fund, which was recently provided \$800 million in additional funding through the 2018 *Fall Economic Statement*.

Supporting Business Investment in Zero-Emission Vehicles

■ ■ ■ To further support businesses' adoption of zero-emission vehicles, Budget 2019 proposes that these vehicles be eligible for a full tax write-off in the year they are put in use. Qualifying vehicles will include electric battery, plug-in hybrid (with a battery capacity of at least 15 kWh) or hydrogen fuel cell vehicles, including light-, medium- and heavy-duty vehicles purchased by a business. This will encourage all businesses to convert to zero-emission fleets and leave more money to be invested in other productive ways. For example, a taxi company or a school bus operator will be able to recoup their investments in eligible zero-emission vehicles in a faster manner.

Immediate expensing will apply to eligible vehicles purchased on or after March 19, 2019 and before January 1, 2024. Capital costs for eligible zero-emission passenger vehicles will be deductible up to a limit of \$55,000 plus sales tax. This is higher than the capital cost limit of \$30,000 plus sales tax that currently applies to passenger vehicles. This new \$55,000 capital cost limit reflects the comparably higher cost of zero-emission vehicles and will be reviewed annually to ensure that it remains appropriate as market prices evolve over time.

How Immediate Expensing Will Support Investment in Zero-Emission Vehicles

Anne is a travelling sales representative working as an independent contractor. She needs to replace the aging gasoline vehicle that she currently uses strictly for her business and is considering the advantages of buying an electric vehicle. Anne drives long distances every day and requires an electric vehicle with a long range. She found that a suitable electric vehicle has a cost of \$48,000. With measures announced in this Budget, she could deduct the \$48,000 purchase price of the electric vehicle in full in the year she starts using it. This is in addition to the fact that she would be refunded the GST or HST paid. The decision to purchase an electric vehicle would reduce Anne's federal/provincial income taxes and GST/HST in the year she acquires the vehicle by about \$13,000. This significantly reduces the impact of the higher initial price of the electric vehicle. Given the electric car's lower operating costs, Anne concludes that opting for the electric vehicle would result in savings over time. This choice significantly reduces the carbon footprint of Anne's business, while freeing up resources for other purposes in the year she acquires the vehicle.

Happy Transport provides transportation services to schools in a rapidly growing community. The corporation would like to acquire \$1 million worth of new electric school buses to expand its operations. Over time, Happy Transport expects that the lower operating costs of the electric school buses will improve profitability and allow it to further expand its business and the employment opportunity it provides. With immediate expensing for zero-emission vehicles, Happy Transport will be allowed to deduct from income the full \$1 million acquisition cost in the year the buses are acquired. This is \$550,000 more than previously permitted, resulting in savings of over \$145,000 in current federal and provincial corporate income taxes. This improved cash-flow will help Happy Transport secure the bank loan it requires to pay for the increased upfront costs of electric school buses.

Reducing Energy Costs Through Greater Energy Efficiency

Improving the energy efficiency of Canada's homes and buildings will make them more comfortable and affordable by lowering energy bills.

■ ■ ■ To help reduce Canadians' electricity bills—whether they are homeowners, renters or building operators—Budget 2019 proposes to invest \$1.01 billion in 2018–19 to increase energy efficiency in residential, commercial and multi-unit buildings. These investments will be delivered by the Federation of Canadian Municipalities (FCM) through the Green Municipal Fund. The FCM has been the national voice of municipal government since 1901 and is a trusted partner in delivering federal funds directly to local governments. Its members include Canada's largest cities, small urban and rural communities and 19 provincial and territorial municipal associations. Budget 2019 proposes to allocate the resources to three initiatives that would provide financing to municipalities as follows:

- Collaboration on Community Climate Action (\$350 million): to provide municipalities and non-profit community organizations with financing and grants to retrofit and improve the energy efficiency of large community buildings as well as community pilot and demonstration projects in Canadian municipalities, both large and small. FCM and the Low Carbon Cities Canada Initiatives will create a network across Canada that will support local community actions to reduce GHG emissions.
- Community EcoEfficiency Acceleration (\$300 million) to provide financing for municipal initiatives to support home energy efficiency retrofits. Homeowners could qualify for assistance in replacing furnaces and installing renewable energy technologies. The FCM will use innovative approaches like the Property Assessed Clean Energy (PACE) model that allows homeowners to repay retrofit costs through their property tax bills.
- Sustainable Affordable Housing Innovation (\$300 million) to provide financing and support to affordable housing developments to improve energy efficiency in new and existing housing and support on-site energy generation.

■ ■ ■ Budget 2019 also proposes to invest \$60 million in 2018–19 in FCM's **Municipal Asset Management Capacity Fund** to help small communities get skills training on how to inventory, grow and maintain infrastructure assets over five years. This program has proven to be popular and has demonstrated results to assist communities in developing accurate data around local infrastructure for budgetary and investment decisions. To support this proposal and others, including support for coal-affected communities and investments in the Arctic, the remaining Green Infrastructure funding identified in Budget 2017 has now been allocated.

Energy Efficiency in Action

Sinton is a small business owner who owns a restaurant in Halifax. To help with the bills, he also rents out a small apartment above the restaurant to two students. Sinton received a loan for retrofits from the Halifax Regional Municipality from funding provided to the city from the Green Municipal Fund. With the money, he was able to replace the windows in the building, install a new tankless hot water system in the apartment and a high efficiency heating and cooling system for the restaurant. As a result of these investments, Sinton's customers are more comfortable year-round, and his and his tenants' electricity bills have been lowered.

More Connectivity = More Affordable Electricity

Canadians should have access to affordable, reliable, and clean electricity, including people living in remote and northern communities.

In Canada, the provinces and territories—rather than the federal government—are responsible for the generation, transmission, distribution and sale of electricity within their boundaries. First Ministers agreed in December 2018 to develop a framework for a clean electric future of reliable and affordable electricity, including by considering interprovincial clean energy corridors. Partners also agreed on the importance of encouraging communities to move away from using diesel to generate power in remote communities and to increase industrial electrification.

The Canada Infrastructure Bank (CIB) has identified clean hydroelectricity and electrical connectivity infrastructure as an area it will look to support in its upcoming workplans. The CIB is well positioned to work with jurisdictions, including northern communities, to plan and finance projects that improve access within Canada to affordable, reliable and clean electricity in the most effective way. This includes projects that improve interconnections between provincial electricity grids. The CIB can help jurisdictions to assess supply and demand dynamics, and to develop business cases for promising projects. It can also co-invest in projects in order to attract capital from and transfer risks to the private sector—helping to expand the reach of public infrastructure dollars. The CIB has been allocated \$5 billion for investments in green infrastructure, which could include electricity projects such as interties between provinces and territories.

The Government also recognizes that small jurisdictions face unique constraints. Through improvements to the Investing in Canada Infrastructure Program, the Government will support planning efforts by jurisdictions to advance clean energy projects and other infrastructure priorities in small communities and the territories.

■ ■ ■ In addition, as noted in "Building Connections in Canada's Arctic and Northern Regions", Budget 2019 proposes to provide a further \$18 million, over three years, starting in 2019–20, to support planning by the Government of Northwest Territories for its proposed Taltson hydroelectricity expansion project.

Historic Indigenous-Led Transmission Project to Connect Remote First Nations Communities to the Ontario Power Grid

On March 22, 2018, in partnership with Ontario, the Government announced \$1.6 billion in federal funding for Wataynikaneyap Power to connect 16 First Nations to the provincial power grid. The federal contribution will be offset by reductions to federal funding for diesel generation in these communities that will be no longer required due to the new transmission line. Locally sourced diesel power is more expensive and produces more greenhouse gas emissions than grid-connected electricity.

The Wataynikaneyap Power project will be the largest First Nations grid connection project in the history of the province and a model for development. This investment will provide clean, safe and reliable energy and will improve the quality of life for northern Ontario's remote communities.

Fighting Climate Change With a Price on Pollution

We have all seen the impact of climate change through extreme weather events. We need to act now to ensure that our children and grandchildren have clean air to breathe, and Canada has a strong and healthy economy.

In December 2016, Canada's First Ministers adopted the Pan-Canadian Framework on Clean Growth and Climate Change. The Pan-Canadian Framework is this country's plan to meet our emissions reduction targets, grow the economy and build resilience to a changing climate. The Framework is built on four pillars: pricing carbon pollution; complementary actions to further reduce emissions across the economy; measures to adapt to the impacts of climate change and build resilience; and actions to accelerate innovation, support clean technology and create jobs.

Pricing carbon pollution is central to the Framework. It is the most efficient way to send a price signal to companies, investors, and consumers to make more environmentally sustainable choices. This is the least costly way to reduce greenhouse gas emissions and foster clean innovation. Starting this year, it is no longer free to pollute in Canada. The Government is making sure that there is a price on carbon pollution across the country, while also taking steps to maintain affordability for households and ensuring that Canadian companies can compete and succeed in a competitive global marketplace.

Many provinces and territories have already implemented or are on track to implement a carbon pollution pricing system, or have asked to adopt the federal system in whole or in part. The federal carbon pollution pricing system has two components: a regulatory charge on fossil fuels and an output-based pricing system for large industrial facilities, which provides a price incentive to reduce emissions and spur innovation. The federal output-based pricing system came into effect in Ontario, New Brunswick, Prince Edward Island, Manitoba and partially in Saskatchewan in January 2019 and will apply in Yukon and Nunavut starting in July 2019. The federal fuel charge will apply in Ontario, Manitoba, New Brunswick and Saskatchewan starting in April 2019 and in Yukon and Nunavut starting in July 2019.

Today, the Department of Finance is publishing a news release, accompanied by a backgrounder and draft amendments, seeking comments on further refinements to the federal carbon pollution pricing system. The proposals include: expanded relief of the fuel charge for electricity generation for remote communities; a rebate for exports of fuel under certain conditions; integration of the Saskatchewan output-based performance standards system with the federal fuel charge; and expanded relief of the fuel charge for farmers for gasoline and light fuel oil (e.g., diesel) delivered at cardlock facilities.

The Government will not keep any direct proceeds from the federal carbon pollution pricing system.

For jurisdictions that do not meet the Canada-wide federal standard for reducing carbon pollution—Ontario, New Brunswick, Manitoba and Saskatchewan—the Government will return all direct proceeds from the fuel charge in the jurisdiction of origin, with the bulk of direct proceeds going to individuals and families residing in those provinces through Climate Action Incentive payments. Further details about the Climate Action Incentive payments can be found in the box below.

The remainder of proceeds will be directed towards providing support to sectors within these provinces that may be particularly affected by the carbon pollution price, including small and medium-sized businesses, municipalities, universities, colleges, schools, hospitals, non-profits and Indigenous communities. The Government will introduce legislation to allow proceeds from the regulatory charge to be directed towards these sectors.

For jurisdictions that voluntarily adopted the federal system—Prince Edward Island, Yukon and Nunavut—all direct proceeds will be returned to the governments of those jurisdictions.

Table 2.2

Baseline Climate Action Incentive Payment Amounts in 2019 (Through 2018 Personal Income Tax Returns)

	Ontario	New Brunswick	Manitoba	Saskatchewan
Single adult, or first adult in a couple	\$ 154	\$ 128	\$ 170	\$ 305
Second adult in a couple, or first child of a single parent	\$ 77	\$ 64	\$ 85	\$ 152
Each child under 18 (starting with the second child for single parents)	\$ 38	\$ 32	\$ 42	\$ 76
Example: Total amount for family of four	\$307	\$256	\$339	\$609

Note: Payments made to individuals and families vary by province of residence given that different levels of proceeds are generated in each affected jurisdiction, and the impacts of carbon pollution pricing on households differ. These variations are an outcome of the different types and quantities of fuels consumed in different provinces. These amounts do not include the 10-per-cent supplement for eligible residents of small and rural communities.

Climate Action Incentive Payments

Eligible residents of Ontario, New Brunswick, Manitoba and Saskatchewan can now claim tax-free Climate Action Incentive payments for their family, through their 2018 personal income tax returns. Most households will receive more in Climate Action Incentive payments than their increased costs resulting from the federal carbon pollution pricing system.

Climate Action Incentive payment amounts are based on family composition and province of residence (see Table 2.2). A 10-per-cent supplement is available to eligible individuals and families residing in small or rural communities, in recognition of their increased energy needs and reduced access to clean transportation options.

The federal carbon pollution pricing system is about recognizing that pollution has a cost, empowering Canadians, and driving innovation. Putting a price on products that are more polluting, and returning the bulk of the direct proceeds to individuals and families in the jurisdiction of origin, enables households to make cleaner and more environmentally sustainable choices. A family that receives a Climate Action Incentive payment may choose to invest it in energy efficiency improvements. This in turn allows them to save more money.

Going forward, Climate Action Incentive payment amounts will be boosted on an annual basis until 2022, to reflect increases in the price on carbon pollution under the federal backstop system and updated levels of proceeds being generated in each jurisdiction.

A Just Transition for Canadian Coal Power Workers and Communities

We've seen what can happen when governments take a stand for cleaner air. In 2005, in Toronto, there were 53 smog days. A decade later, thanks in large part to the phase-out of coal-fired generating stations, there were zero smog days.

– Rt. Hon Justin Trudeau, Prime Minister of
Canada, October 2016

In 2016, coal generated approximately 9 per cent of electricity in Canada but was responsible for 72 per cent of greenhouse gas emissions in the electricity sector. Recognizing the costs of coal-fired electricity to human health and its impact on climate change, and supported by commitments in the 2015 Paris Agreement, the Government committed in 2016 to the phase-out of traditional coal-fired electricity across the country by 2030.

Coal-fired power plants produce almost 40 per cent of global electricity today, making carbon pollution from coal a leading contributor to climate change.

The health effects of air pollution from burning coal, including respiratory diseases and premature deaths, impose massive costs in both human and economic terms. Analysis has found that more than 800,000 people die each year around the world from the pollution generated by burning coal.

As a result, phasing out unabated coal power is one of the most important steps governments can take to tackle climate change and meet our commitment to keep global temperature increase well below 2°C, and to pursue efforts to limit it to 1.5°C.

— Powering Past Coal Alliance Declaration, 2018

While this phase-out is important to protect the health of Canadians and make progress on the 2030 climate change targets, the Government understands that this requirement will mean job losses for some workers, especially in communities in Alberta, Saskatchewan, New Brunswick and Nova Scotia that rely on coal production and combustion as an important source of employment. The Government is committed to helping these workers and communities prepare for, find and act on new opportunities as Canada makes a gradual transition away from the use of coal-fired power.

In 2018, the Task Force on Just Transition for Canadian Coal Power Workers and Communities was formed to consider how to support those affected in making the transition to a clean-growth economy. On March 11, 2019, the Task Force released its final report, including a series of recommendations for the Government's consideration.

 In response to the Task Force's recommendations, the Government intends to take the following actions:

- Create worker transition centres that will offer skills development initiatives and economic and community diversification activities in western and eastern Canada. These efforts are being supported by a federal investment of \$35 million over five years, funded through Budget 2018, for Western Economic Diversification Canada and the Atlantic Canada Opportunities Agency.
- Work with those affected to explore new ways to protect wages and pensions, recognizing the uncertainty that this transition represents for workers in the sector.
- Create a dedicated \$150 million infrastructure fund, starting in 2020–21, to support priority projects and economic diversification in impacted communities. This Fund will be administered by Western Economic Diversification Canada and the Atlantic Canada Opportunities Agency.

The Minister of Natural Resources, with support from the Minister of Environment and Climate Change, the Minister of Employment, Workforce Development and Labour, the Minister of Innovation, Science and Economic Development and the Minister of Rural Economic Development, will be responsible for reporting on results from these activities, while continuing to engage with provinces, workers, unions, municipalities and economic development agencies, to ensure that people affected by the phase-out have access to the help they need during this period of transition.

Improving Canadian Energy Information

Canada has a diverse energy mix, and responsibility for energy data collection is fragmented and spread across multiple sources, including provincial and federal governments. Canadians benefit from comparable and consolidated energy data as it contributes towards better decision-making by governments and industry, and supports higher quality research.

 Budget 2019 proposes to provide Natural Resources Canada with \$15.2 million over five years, starting in 2019–20, with \$3.4 million per year ongoing, to establish a virtual Canadian Centre for Energy Information delivered by Statistics Canada. This Centre will compile energy data from several sources into a single easy-to-use website. The Centre will also support ongoing research by Statistics Canada to identify data gaps that would improve the overall quality of energy information available to Canadians.

Fulfilling Canada's G20 Commitment

The Government believes that a clean environment and a strong economy go hand in hand—and that eliminating inefficient fossil fuel subsidies is an important step in the transition to a low-carbon economy.

In 2009, Canada and other Group of Twenty (G20) countries committed to phase out and rationalize inefficient fossil fuel subsidies, recognizing that these subsidies can encourage wasteful consumption, impede investment in clean energy sources and undermine efforts to fight the threat of climate change. For its part, Canada went one step further and committed to rationalize inefficient fossil fuel subsidies by 2025.

To date, Canada's efforts to reform fossil fuel subsidies have resulted in the phase-out or rationalization of eight tax expenditures. The phase-out or rationalization of these eight tax expenditures have been introduced gradually to enable the industry to adapt. Actions this Government has taken to move forward in meeting our commitment include:

- Rationalizing the tax treatment of expenses for successful oil and gas exploratory drilling (announced in Budget 2017 and to be completed by 2021).
- Phasing out a tax preference that allows small oil and gas companies to reclassify certain development expenses as more favorably treated exploration expenses (announced in Budget 2017 and to be completed in 2020).

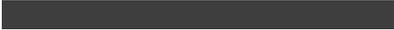
- Announcing that the accelerated capital cost allowance for liquefied natural gas facilities would expire as scheduled in 2025 (announced in Budget 2016).

Continuing the Momentum

Canada will continue to review measures that could be considered inefficient fossil fuel subsidies with a view to reforming them as necessary. As part of that work, Canada and Argentina recently committed to undergo peer reviews of inefficient fossil fuel subsidies under the G20 process. Peer reviews of inefficient fossil fuel subsidies can increase transparency, encourage international dialogue, and help develop best practices while moving toward a low-carbon economy. This voluntary process will enable both countries to compare and improve knowledge, and push forward the global momentum to identify and reduce inefficient fossil fuel subsidies.

As part of the peer review process:

- Canada will develop a self-review report, which will include a list of federal fossil fuel subsidies, including the description of the subsidies, annual costs, analysis of the subsidies and any potential plans to reform subsidies. Discussions with experts will be held to help inform the development of Canada's self-review report, which will form the basis upon which an international expert review panel will assess Canada. This report will be made public once the peer review is finalized.
- Canada will also establish an international expert review panel to analyse the self-review report. The Organisation of Economic Co-operation and Development has agreed to chair the panel, which is expected to include our partnering country, Argentina, as well as other countries and key stakeholders. The findings and recommendations of the international panel will be made public once the review is finalized.



"On the path to a low-carbon economy, Canada is a world leader. This peer review supports the commitment we made to our G20 partners to phase out inefficient fossil fuel subsidies and is another important step in the Government's plan to invest in clean growth that helps create jobs for the middle class."

— Bill Morneau, Minister of Finance

Part 3: Connecting Canadians

Access to High-Speed Internet for All Canadians

In 2019, fast and reliable internet access is no longer a luxury—it's a necessity.

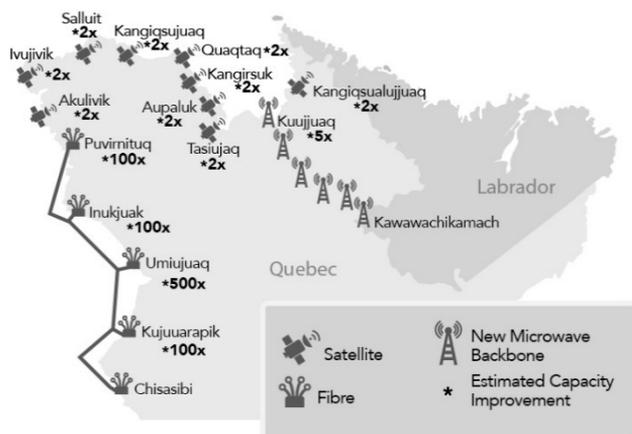
For public institutions, entrepreneurs, and businesses of all sizes, quality high-speed internet is essential to participating in the digital economy—opening doors to customers who live just down the street or on the other side of the world. It is also important in the lives of Canadians. It lets students and young people do their homework, stay in touch with their friends, and apply for their very first jobs. It helps busy families register for recreational programs, shop online and pay their bills and access essential services. For many seniors, the internet is a way to stay up on current events and stay connected to distant family members and friends.

Canadians have a strong tradition of embracing new technologies, and using them to help generate long-term economic growth and drive social progress. In recent years, Canada and Canadian companies built mobile wireless networks that are among the fastest in the world and made investments that are delivering next-generation digital technologies and services to people and communities across the country. Yet, unfortunately, many Canadians still remain without reliable, high-speed internet access. In this time in the 21st Century, this is unacceptable.

Bringing High-Speed Internet to Rural, Remote and Northern Communities

The Government has been steadfast in its commitment to bringing higher quality internet access to every part of Canada, especially those areas that are typically underserved, including rural, remote, and northern communities. With its first budget in 2016, the Government launched the \$500 million Connect to Innovate program, which has since approved approximately 180 projects, with further investments of \$554 million from the private sector and other orders of government. Once complete, these projects will add more than 20,000 kilometres of advanced fibre networks across the country, improving connectivity in over 900 communities, including 190 Indigenous communities. From homes and schools to hospitals and community centres, this investment will help deliver better connectivity to more than three times the number of communities originally expected to be helped by this program.

Figure 2.3: Connect to Innovate Kativik Broadband Project



Connect to Innovate contributed \$62.6 million to the Kativik Regional Government in Nunavik (northern Quebec) for their broadband project. The project will bring new or improved high-speed internet access to all Nunavik's 14 Inuit communities and to a total of 28 institutions, including schools and health centres. It is the first ultra-fast fibre optic connection between Nunavik and southern Canada.

Canadians Benefit From High-Speed Internet

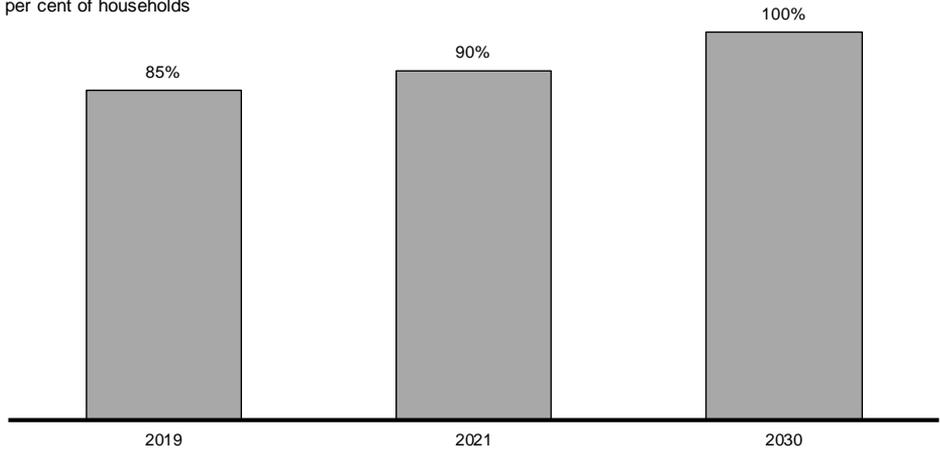
Catherine, 31, is an Indigenous entrepreneur in northern Quebec who operates a graphic design firm out of her home office. Before Connect to Innovate, broadband internet speeds in her rural community were quite limited, and communicating with clients and sending and receiving large files was slow and unreliable. After the expansion of a *Connect to Innovate* project in her community, she is now able to subscribe to a much faster and more reliable broadband internet connection that better suits the needs of her growing business. With better access, Catherine is able to take advantage of modern software programs with minimum interruption, utilize cloud-based computing and meet virtually with clients from around the world. In addition, her two school-aged children are able to take advantage of 21st century learning technologies, find information online and submit assignments electronically.

Working together, industry and governments have been able to successfully bring more people and more communities online. As a result, virtually every Canadian now has some level of access to the internet—but that access is not universally fast or reliable. A gap persists between the services available to people in rural, remote, and northern communities, compared to Canadians who live in more populated and urban towns and cities.

Chart 2.3

Access to High-Speed Internet of at Least 50/10 Mbps

per cent of households



Download Internet Speeds	Benefits
1 Mbps	Insufficient speed to meaningfully participate online. Allows for basic browsing and email services.
5 Mbps	Sufficient to conduct normal internet activities, such as accessing government services, social media and basic streaming videos.
50 Mbps	Speed identified by the CRTC for Canadians to take advantage of cloud-based software applications, multiple government services (e.g. telehealth services, business support) online learning resources and high definition streaming videos.

It is estimated that by the time all currently planned broadband programs are in place by 2021, about 90 per cent of Canadians will have reliable access to internet speeds of 50 megabits per second (Mbps) for downloading data and 10 Mbps for uploading data (also known as 50/10 Mbps). However, even with 90 per cent of Canadians covered, about 1.5 million Canadian households will still be underserved. That needs to change.

What Can Canadians Do With 50/10 Mbps Internet Speeds?

On a typical day, Dan, who is the father of three, enjoys preparing dinner by streaming cooking videos for new ideas while his wife Tatiana, finishes her work day, using cloud-based accounting software to manage her small business. At the same time, their eldest child, Leigha, is researching the respiratory system for a science project through an interactive and media rich website while her twin brother plays an online game with their cousin who lives abroad.

How We Will Achieve a Fully Connected Canada

Delivering universal high-speed internet to every Canadian in the quickest and most cost-effective way will require a coordinated effort involving partners in the private sector and across all levels of government. To meet this commitment, Budget 2019 is proposing a new, coordinated plan that would deliver \$5 billion to \$6 billion in new investments in rural broadband over the next 10 years:

1. Support through the Accelerated Investment Incentive to encourage greater investments in rural high-speed internet from the private sector.
2. Greater coordination with provinces, territories, and federal arm's-length institutions, such as the CRTC and its \$750 million rural/remote broadband fund.
3. Securing advanced Low Earth Orbit satellite capacity to serve the most rural and remote regions of Canada.
4. New investments in the Connect to Innovate program and introduction of the Government's new Universal Broadband Fund.
5. New investments by the Canada Infrastructure Bank to further leverage private sector investment.

Canada's Commitment: Universal High-Speed Internet for Every Canadian

In Budget 2019, the Government is announcing its commitment to set a national target, in which **95 per cent of Canadian homes and businesses will have access to internet speeds of at least 50/10 Mbps by 2026 and 100 per cent by 2030, no matter where they are located in the country.** This is in keeping with the broadband internet speed objective set by the Canadian Radio-television and Telecommunications Commission (CRTC) for Canadian households and businesses across Canada.

Using the Accelerated Investment Incentive

In the 2018 *Fall Economic Statement*, the Government introduced the Accelerated Investment Incentive—an accelerated capital cost allowance designed to encourage businesses to invest and create more good, well-paying jobs. The Incentive is available to businesses of all sizes, across all sectors of the economy, including the telecommunications sector. Response to this new Incentive has been very favourable—to date, telecommunications companies have signalled more than \$1 billion worth of private sector activity, focused on providing better internet access to unserved or underserved communities. The Accelerated Investment Incentive is also expected to enhance competitiveness and help accelerate the deployment of next-generation digital technologies, such as 5G connectivity, across the country.

Working Closely With Partners

Provinces and territories are also moving forward and making their own important investments to help improve and expand access to high-speed internet. For example:

- The Government of Nova Scotia recently invested \$193 million in an internet funding trust to help connect more homes, businesses, and communities across the province.
- In its 2019 budget, the Government of British Columbia announced \$50 million to expand high-speed internet service to more than 200 communities in the province.

The Canadian Radio-television and Telecommunications Commission also recently launched its own five-year \$750 million Broadband Fund to improve internet access in underserved areas. The CRTC's Broadband Fund aligns with the Government's priorities and will include a focus on providing last-mile connectivity and provision of wireless coverage in unserved areas, and where projects are not financially viable without CRTC funding

The Government recognizes that collaboration is essential to solve the challenge of bringing universal access to high-speed internet to all Canadians. To this end, the Government is committed to continue working with jurisdictions across Canada, Indigenous partners, and the private sector to enhance connectivity and to support Canadians full participation in the digital economy. This includes advancing the recent intergovernmental agreement between the federal, provincial and territorial governments to develop a long-term strategy and joined-up approach to improve access to high-speed internet for all Canadians.

Investing in Connect to Innovate and Launching the New Universal Broadband Fund

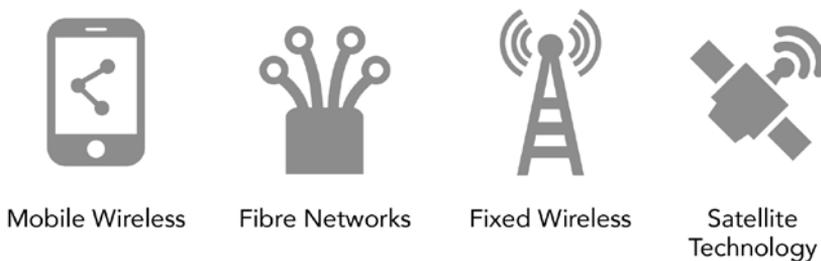
■ ■ ■ To help every Canadian gain access to high-speed internet at minimum speeds of 50/10 Mbps, Budget 2019 proposes to invest up to \$1.7 billion in new targeted initiatives that will support universal high-speed internet in rural, remote and northern communities. These investments would include:

- Up to \$1.7 billion over 13 years, starting in 2019–20, to establish a new national high-speed internet program, the **Universal Broadband Fund**. The Fund would build on the success of the Connect to Innovate program, and would focus on extending “backbone” infrastructure to underserved communities (“backbone” is the central channel used to transfer internet traffic at high speed—the internet equivalent of a major roadway or railway spur). For the most difficult-to-reach communities, funding may also support “last-mile” connections to individual homes and businesses.
- Included in the \$1.7 billion commitment to the Universal Broadband Fund, the Government will look to top-up the Connect to Innovate program and to secure advanced, new, low-latency Low Earth Orbit **satellite capacity**. This process will be launched in the spring 2019 and will help bring reliable high-speed internet access to even the most challenging rural and remote homes and communities in Canada.
- Up to \$11.5 million over five years, starting in 2019–20, for two Statistics Canada surveys to measure household access and use of the internet and business online behaviour. This will enhance understanding of how digital issues are impacting Canadians, and help inform next steps.

Harnessing Partnerships With the Canada Infrastructure Bank

In partnership with the Government, the Canada Infrastructure Bank is examining opportunities to apply its innovative financing tools to stimulate private sector investment in high-speed internet infrastructure in unserved and underserved communities. Working to maximize the contribution of private capital, the Bank will seek to invest \$1 billion over the next 10 years, and leverage at least \$2 billion in additional private sector investment to increase broadband access for Canadians. In helping to make publicly funded dollars go further, the Bank will contribute to Canada’s long-term ambition of bringing high-speed internet to every Canadian.

Figure 2.4
Technologies That Are Bringing High-Speed Internet to Canadians



Part 4: Building a Better Future for Canada's North

Every region in Canada has unique attributes that contribute to the country's current economic strength and future potential. The Arctic is a region that has immense opportunities for growth and needs investment to realize its potential, to the benefit of all Canadians.

Strong Arctic and Northern Communities

Though only a small number of people—including Indigenous and non-Indigenous people—call the Arctic home, all Canadians can be proud of our identity as a northern country. Part of what makes the region unique is its climate and geography. As harsh and challenging as it is beautiful and inspiring, the Arctic is on the front lines of global warming, and the cumulative effects of climate change are reshaping both the landscape and the way of life for many people in Canada's North.

Canada has an opportunity—and a responsibility—to be a world leader in sustainably developing the North. This means making the most of emerging economic opportunities while ensuring that the people who reside in the North are able to be full participants in and beneficiaries of the region's growth.

People living in the North have been clear: they want and deserve to be included in decisions about the future of the Arctic and other northern regions.

Meaningful action is needed so that the quality of life experienced by northern residents is, to the greatest extent possible, comparable to that experienced by people in the rest of Canada. It also means making sure that federal policies, programs, and investments take into account the unique circumstances and needs of people living in the North. This includes a greater understanding of, and respect for, the history, culture, and traditional knowledge of northern Indigenous Peoples.

Building on the Government's ongoing support for the region, Budget 2019 announces more than \$700 million over 10 years in new and focused funding to ensure that Arctic and northern communities can continue to grow and prosper. This includes new funding for more diversified post-secondary educational options in the territories, enhanced infrastructure resources to connect northern and remote communities, increased economic development programming, and more support to enable critical Arctic research.

Ongoing Support for Canada's Arctic and Northern Regions

The large, remote regions of Canada's North create unique infrastructure and energy challenges. The Investing in Canada Plan and the Pan-Canadian Framework on Clean Growth and Climate Change include initiatives to help address these challenges and create new connections in the Arctic and northern regions of Canada. Key investments include:

- More than \$1.7 billion over 12 years, for the three northern territories, for infrastructure development through bilateral agreements under the **Investing in Canada Plan**, including \$400 million for the **Arctic Energy Fund** to help people living in northern communities access more reliable and renewable energy.
- Nearly \$150 million allocated to the three territories and northern Quebec through the **Connect to Innovate** program, which brings high-speed internet to rural and remote communities in Canada.
- \$400 million over 11 years dedicated for transportation infrastructure in the three territories under the **National Trade Corridors Fund**.
- \$84 million over five years to build knowledge of climate change impacts and to enhance the **climate resiliency of northern communities** by improving the design and construction of northern infrastructure.

In addition, the Government also supports a number of long-term programs and activities in the Arctic and northern regions of the country to build healthy and safe communities and contribute to a strong, diversified, sustainable and dynamic economy. For example, to support the delivery of territorial public services, including health care, education and social services, that are comparable to those in other regions of the country, the federal government provides annually escalated and unconditional Territorial Formula Financing transfers, which will be over \$3.9 billion in 2019–20.

In December 2016, the Prime Minister announced the Government's commitment to create a new vision for Canada's Arctic and northern regions, to be co-developed in cooperation with the people who live there. Since then, the Government has been working with a number of partners, including Indigenous Peoples, territories, provinces and international stakeholders, to co-develop a new Arctic and Northern Policy Framework.

This new Framework is intended to identify shared priorities, goals, and objectives in Canada's Arctic and North, through 2030. It is also designed to be more comprehensive in scope than previous strategies, incorporating both a domestic and international understanding of the unique opportunities and challenges that exist for these regions. Ultimately, the Framework represents a new way for Arctic and northern peoples, governments, leaders, organizations, and institutions, to come together to set a consensus-based course towards better outcomes for everyone.

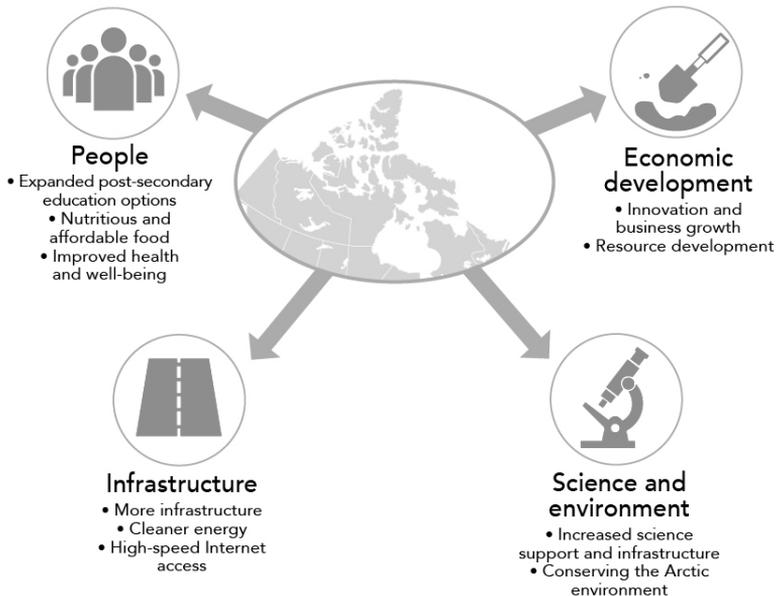
The Government will continue to work with its partners to finalize the Framework, set common objectives, and reach agreements on ways to collectively invest to meet these objectives. Budget 2019 proposes a number of new measures to support the eventual Framework and complement existing efforts to strengthen Arctic and northern communities.



“The simple fact is that Arctic strategies throughout my lifetime have rarely matched or addressed the magnitude of the basic gaps between what exists in the Arctic and what other Canadians take for granted”

— Mary Simon, Special Representative to the Minister of Crown-Indigenous Relations on Arctic Leadership

Figure 2.5: Support for Canada's Arctic and Northern Communities



■ ■ Helping People in Arctic and Northern Communities Succeed

- Communities thrive—and people succeed—when educational opportunities exist. Budget 2019 proposes to provide up to \$1.0 million, over two years, starting in 2019–20, to establish a Task Force to study post-secondary education in Canada's Arctic and northern regions. The Task Force will make recommendations to the federal and territorial governments and Indigenous partners on establishing a robust system of post-secondary education in the North.
- To help Yukon College undertake its transformation into a hybrid university (an institution that offers a mix of diplomas, certificates, degrees, and continuing education), Budget 2019 proposes to provide up to \$26 million over five years, starting in 2019–20, for the construction of a new campus science building in support of their efforts to become Canada's first university in the North.
- To foster Indigenous knowledge and education, Budget 2019 proposes to provide \$13 million over five years, starting in 2019–20, for the Dechinta Centre for Research and Learning in the Northwest Territories. This funding will support the delivery of culturally appropriate and community developed curricula to enhance access to and success in higher education for Indigenous and northern students.
- To address the higher cost of nutritious food in the Arctic, in the 2018 *Fall Economic Statement* the Government announced new investments in the Nutrition North Canada program. This ongoing investment will support several program changes, and introduces a new Harvesters Support Grant to help lower the high costs associated with traditional hunting and harvesting activities. In addition, as part of a National Food Policy, Budget 2019 proposes to provide the Canadian Northern Economic Development Agency with \$15 million, over five years, starting in 2019–20, to establish a Northern Isolated Community Initiatives Fund. This fund will support community-led projects for local and Indigenous food production systems.
- The Inuit Tapiriit Kanatami's (ITK) National Inuit Suicide Prevention Strategy was released in July 2016 and set out a series of actions and interventions at the community and regional level to address the high number of deaths by suicide among Inuit, where the suicide rate remains 5 to 25 times the national average for Canada. To continue to support Inuit peoples and communities, Budget 2019 proposes an investment of \$50 million over 10 years, starting in 2019–20, with \$5 million per year ongoing, to support ITK's Inuit-specific approach through the Strategy to address deaths by suicide in Inuit communities.
- Nunavut has been without an addictions treatment centre for over 20 years. For too long, Inuit and other residents of Nunavut seeking mental health and substance use supports have had to travel south, far from their families, friends and communities to access the services that they need. The Truth and Reconciliation Commission of Canada called on the federal government to ensure funding for healing centres in Nunavut is a priority as part of Call to Action 21. Together with contributions from the Government of Nunavut and Inuit partners, as part of Budget 2019, the Government announces its commitment to support the construction and ongoing operation of a treatment facility in Nunavut.

- On February 28, 2019, the Prime Minister announced \$2.05 billion, over 24 years, to ensure that Canada continues to be a leader in space robotics. This investment includes up to \$14 million over five years, starting in 2019–20, to the Canadian Space Agency to identify opportunities where space, health and Indigenous partners could work together to develop approaches and innovative technology solutions to address challenges common to both deep space and remote health care environments.

■ ■ Building Connections in Canada's Arctic and Northern Regions

- To improve and expand infrastructure in the northern regions of Canada, Budget 2019 proposes to increase the allocation of the National Trade Corridors Fund to Arctic and northern regions by up to \$400 million over eight years, starting in 2020–21, bringing the total allocation to these regions to \$800 million. This will help build new roads and other vital connections to and between Arctic and northern communities.
- Access to reliable and cleaner sources of energy is key to building healthier and more sustainable communities. The Government is committed to reducing community reliance on diesel for heat and electricity across the North, and presently supports the planning of clean energy projects in small communities and the territories through the Investing in Canada Infrastructure Program. To help northern communities more easily access the support they need, the Government proposes to consolidate federal programs that help reduce diesel reliance in Indigenous, northern and remote communities.
- To reduce pollution in Canada's North resulting from electricity generation, Budget 2019 proposes to provide a further \$18 million, over three years, starting in 2019–20, to Crown-Indigenous Relations and Northern Affairs Canada to support planning by the Government of Northwest Territories for its proposed Taltson hydroelectricity expansion project. The proposed expansion would more than double current hydroelectric capacity in the Northwest Territories, reducing reliance on diesel by the city of Yellowknife and the mining sector, as well as providing employment opportunities for Indigenous people and other residents of the territory.
- Budget 2019 proposes to establish a national connectivity target in which every Canadian home and small business will have access to internet speeds of at least 50/10 Mbps within the next 10 years, no matter where they are located in the country, including in the North. Delivering high-speed internet to every Canadian, especially in more rural and remote areas, will help businesses grow, create new jobs and connect more people to the resources, services and information they need to build a better future.

Restoring Rail Service to Churchill, Manitoba

In the last several months the Government has provided over \$100 million in funding for the acquisition, repairs and an annual operating subsidy required by the Hudson Bay Railway Company, the Hudson Bay Port Company and the Churchill Marine Tank Farm, along with financing through Export Development Canada. This has restored rail service on the Hudson Bay Railway Line, which is expected to grow into a key transportation and export hub, to both international markets and northern Canada.

■ ■ ■ Supporting Northern Innovation and Economic Development

- The Canadian Northern Economic Development Agency helps to develop a diversified, sustainable, and dynamic economy across Canada's three territories. To support innovation and encourage stronger business growth in the territories, Budget 2019 proposes to provide an additional \$75 million over five years, starting in 2019–20, to the Canadian Northern Economic Development Agency to enhance its current economic development program. This investment would help to create a new initiative: Inclusive Diversification and Economic Advancement in the North (IDEANorth). This updated programming will allow the agency to support a wider range of initiatives, including the development of foundational economic infrastructure such as roads or visitor centres, to address the higher cost of doing business in the North.
- Resource development provides jobs and wealth in the territorial economies. The Government announced in the 2018 *Fall Economic Statement* the extension of the Mineral Exploration Tax Credit, which helps junior exploration companies raise capital to finance early-stage mineral exploration, including in the North, for an additional five years, until March 31, 2024.

■ ■ ■ Supporting Science and Protecting the Environment

- The Polar Continental Shelf Program provides critical logistics support—such as coordinating air charters and supplying field equipment—to Canadian researchers seeking to advance our understanding of the North. Budget 2019 proposes to provide Natural Resources Canada with up to \$10 million, over two years, starting in 2019–20, to help the Program to respond to growing demand.
- To support ongoing scientific research in the High Arctic, Budget 2019 proposes to provide Environment and Climate Change Canada with up to \$21.8 million over five years, starting in 2019–20, for the Eureka Weather Station on Ellesmere Island, Nunavut. This investment will support critical repairs and necessary upgrades to the station's systems such as the aircraft runway, sewage, ventilation and plumbing and will help ensure continued safe operations of the site for weather and climate forecasting and as a key hub for Arctic research and Government military operations.
- The Government manages a number of contaminated sites in northern Canada that were formerly mines and since abandoned by their previous owners. The contamination of these properties is the result of private sector mining and oil and gas activities from many years ago, before the environmental impacts were fully understood. To clean up the largest and most high-risk of these sites, Budget 2019 proposes to provide \$49.9 million over fifteen years (\$2.2 billion on a cash basis), starting in 2020–21, to Crown-Indigenous Relations and Northern Affairs Canada to create the Northern Abandoned Mine Reclamation Program.

- The Government is exploring the potential creation of a marine conservation area in the High Arctic Basin or Tuvaijuittuq (which means “the ice never melts” in Innu)—the last portion of the Arctic region expected to retain summer sea ice until at least 2050. The Government will work with the Government of Nunavut and Qikiqtani Inuit Association to advance this important conservation initiative, while also working to support the development of a conservation economy in the region.
- To further strengthen Canada's leadership in the Arctic, Budget 2019 proposes to provide Natural Resources Canada with up to \$7.9 million over five years, starting in 2019–20, to continue to provide scientific support for Canada's claim to its continental shelf in both the Arctic and Atlantic Oceans. This will ensure that Canada's sovereign rights in the Arctic Ocean are internationally recognized, with a strong claim supported by science and evidence.

Investing in Regional Priorities

Protecting Water and Soil in the Prairies

In recent years, Canada's Prairie provinces have experienced the worsening effects of climate change, including more extreme weather events, resulting in more costly storms and floods, droughts and wildfires. Billions of dollars have been spent by all orders of government—including Indigenous governments—along with businesses, private citizens, and the insurance industry, in an attempt to recover from these events. At the federal level, the Disaster Financial Assistance Arrangement has paid out more to help offset flood and wildfire losses in the last six years than in the entire previous history of the program—stretching back to 1970.

More than just the financial impacts of recovery, the ongoing effects of climate change on the Prairies' valuable water and soil resources threaten the ability of farmers and ranchers to continue to grow high-quality crops and raise world-class herds—putting the future of Prairie communities and Canada's food supply at risk.

 To support climate change adaptation efforts across the Prairies, the Government proposes to provide Western Economic Diversification Canada with up to \$1 million, in 2019–20, to develop a new strategy to sustainably manage water and land in the Prairies. This strategy would be developed in partnership with the provinces of Alberta, Saskatchewan and Manitoba, as well as Indigenous partners, academics and private sector groups. It would take stock of existing federal and provincial actions that address the impact of climate change on water and land resources, to help ensure greater resilience in Prairie communities for years to come.

Investing in Eastern Canada Ferry Services

In 2017–18, federally funded ferry services in eastern Canada helped move more than 800,000 passengers and 100,000 commercial vehicles. Canada supports inter-provincial ferry services in eastern Canada by providing funding to Marine Atlantic Inc., a Crown corporation operating ferries between Nova Scotia and Newfoundland and Labrador, and Transport Canada's Ferry Services Contribution Program, linking Saint John, New Brunswick, to Digby, Nova Scotia; Wood Islands, Prince Edward Island, to Caribou, Nova Scotia; and Îles de la Madeleine, Quebec, to Souris, Prince Edward Island.

■ ■ To maintain safe and reliable ferry services, Budget 2019 proposes to:

- Support Marine Atlantic Inc. to modernize its fleet through the procurement of a new ferry.
- Extend Transport Canada's Ferry Services Contribution Program until 2022 with existing service levels and fleet size, which includes ensuring two vessels operate between Prince Edward Island and Nova Scotia.
- Procure two ferries to replace the *MV Madeleine*, operating between Quebec and Prince Edward Island, and the *MV Holiday Island*, operating between Prince Edward Island and Nova Scotia.

Improving Crossings in Canada's Capital Region

Interprovincial bridge crossings serve as important links between the cities of Ottawa, Ontario, and Gatineau, Quebec—helping people get back and forth to work, serving as a key transportation route and providing access to both cities for tourists and locals travelling by car, by bicycle or on foot. The five interprovincial crossings carry close to 150,000 vehicles and 9,000 pedestrians and cyclists each day, an increase of over 15,000 since 2015 alone. These bridges are aging, with the newest bridge having been opened in 1973, and were built in an era when the National Capital Region had a much smaller population, fewer interprovincial commuters and far less congestion due to truck traffic.

■ ■ To ensure that these interprovincial crossings remain safe and open for residents and visitors, Budget 2019 proposes to:

- Replace the Alexandra bridge as it is now more than 100 years old and needs to be replaced. The new Alexandra Bridge will provide long-lasting economic benefits to the communities on each side of the Ottawa River and more broadly to the region as a whole.
- Address the demonstrated need for an additional National Capital Region crossing by refreshing existing studies and developing a long-term integrated interprovincial crossing plan led by the National Capital Commission with both provincial governments and the cities of Gatineau and Ottawa.
- Support the rehabilitation and ongoing maintenance of National Capital Region crossings, including the Chaudière and MacDonald-Cartier bridges by providing up to \$80.4 million over 10 years.

Part 5: Building a Nation of Innovators

Canadians are innovators—constantly seeking answers to difficult questions and always looking for new ways to apply what we've learned. That curiosity and creativity built the industries and created the jobs that gave rise to Canada's strong and successful middle class, and Canadians' innovative spirit continues to change our country—and our world—for the better.

Canada's Innovation and Skills Plan

Launched in 2017, the Government's Innovation and Skills Plan is helping Canadian businesses to start up, scale up, and become globally competitive. The Plan is an ambitious effort to help create good well-paying jobs by making Canada a world leader in innovation—and it's already delivering results:

- **Five industry-led innovation superclusters** are now up and running, supported by a \$950-million federal investment. These superclusters—in digital technologies, food production, advanced manufacturing, artificial intelligence in supply chain management, and ocean industries—are expected to create 50,000 jobs and add \$50 billion to the economy over the next 10 years. They bring together more than 450 businesses, 60 post-secondary institutions, and 180 other partners to generate new ideas, attract and develop talent, collaborate on research, develop new intellectual property and bring new products to market here in Canada and around the world.
- **The Strategic Innovation Fund** is a new approach to supporting business innovation, and investments across the country and in all economic sectors. In the last two years, the Fund has proven successful in attracting and supporting high-quality and innovative business investment in Canada. As of January 2019, the Fund had secured 31 investment agreements from leading researchers and manufacturers, worth a total of \$8.1 billion, including a federal investment of \$795 million. This shared investment is expected to help secure 50,000 good, well-paying jobs over the next 22 years.
- **Innovative Solutions Canada** was launched in December 2017 and provides a novel procurement approach to allow the Government of Canada to partner with Canadian entrepreneurs in the development of early stage, pre-commercial innovation. Twenty participating federal departments and agencies issue challenges, designed around desired outcomes, seeking novel technologies, products and process solutions, in order to address federal government needs. The program will dedicate over \$100 million per year in spending by the end of March 2020. To date, Innovative Solutions Canada has launched 42 challenges in areas such as sustainable fishing and aquaculture, high energy lasers, and plant pest detection.
- Recognizing the importance of ideas in the knowledge economy, the Government put forward the first **Canadian National Intellectual Property Strategy** in Budget 2018. In the coming months, the Government will be selecting the proponent to manage a pilot Patent Collective, which will help Canadian start-ups and small and medium-sized enterprises pool together vital intellectual property assets to help them grow and expand internationally, in the technology areas of tomorrow.

Building New Partnerships and Superclusters: The Protein Industries Supercluster

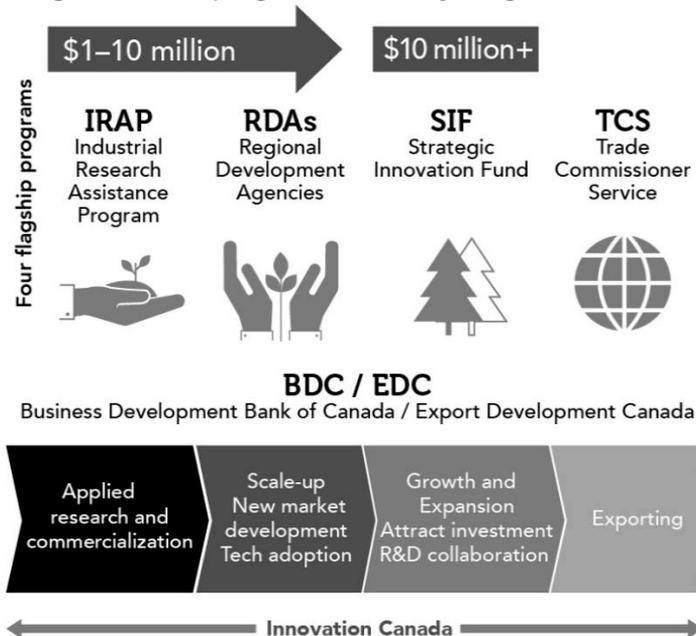
Canada has a well-deserved reputation as a country that produces high-quality, innovative agricultural products. Building on this success, the Protein Industries Supercluster was established to apply plant genomics and new processing technologies to increase the value of key Canadian crops, including plant-based meat alternatives—such as pulses and flax-based proteins—that are in high demand in foreign markets. The Government's investment of \$153 million in this Supercluster will help Canada become a leading source of plant proteins and, ultimately, feed the world.

- \$4.5 billion: the estimated contribution of this Supercluster to Canada's GDP over 10 years.
- 4,500: the number of jobs expected to be created by this Supercluster over 10 years.

Promoting the Development of World-Class Canadian Businesses

When Canadian businesses innovate, they succeed—creating good, well-paying jobs for the middle class in communities all across the country. Helping businesses find the talent they need to innovate and grow, supporting small companies, and giving entrepreneurs the support they need to succeed—these are just some of the ways the Government is investing in innovative Canadians.

Figure 2.6: Helping Firms at Every Stage of Growth



Establishing a Permanent Global Talent Stream

Canada's Global Skills Strategy, announced in the 2016 *Fall Economic Statement*, helps Canadian businesses attract the talent they need to compete and succeed in the global marketplace. Whether recruiting professionals from around the world to help train Canadian workers, or giving employers the assistance they need to invest and create more good, well-paying jobs in Canada, the Global Skills Strategy gives businesses a faster, more predictable way to bring global talent to Canada.

As part of the Global Skills Strategy, a two-year pilot project was introduced to help innovative Canadian firms quickly access the highly skilled global talent they need to scale-up, grow and help create jobs for Canadians. Since the launch of the pilot in 2017, employers have made commitments to:

- create more than 40,000 new jobs for Canadians and permanent residents;
- develop over 10,000 co-op placements; and,
- invest over \$90 million in skills development and training for their workers.

■ ■ ■ Building on the success of the Global Talent Stream pilot, Budget 2019 proposes to make the Global Talent Stream a permanent program. A permanent Global Talent Stream will give Canadian businesses expedited, predictable access to top global talent when Canadian workers are unavailable. To establish this new permanent program, Budget 2019 proposes to invest \$35.2 million over five years, beginning in 2019–20, with \$7.4 million per year ongoing.

“The Global Skills Strategy is helping employers recruit and employ high skilled workers. We are attracting some of the most highly skilled people of the world now through our Global Skills Strategy. There was a time when Canada used to lose its most talented individuals and now we’re getting people coming this way because of our immigration system.”

— The Honourable Ahmed Hussen, Minister of Immigration, Refugees and Citizenship

The Global Talent Stream is available to:

Category A: Employers referred by Designated Referral Partners

Category B: Employers seeking to hire highly skilled foreign workers for occupations found on Employment and Social Development Canada's Global Talent Occupations List

Designated Referral Partners include provincial and municipal governments and regional development agencies.

The Global Talent Occupations List includes occupations for which there are demonstrable shortages in Canada, including information technology(IT) and science, technology, engineering and mathematics(STEM) occupations.

Canadian companies applying for workers through the Global Talent Stream receive:

- Client-focused service to help them throughout the application process.
- Flexible recruitment requirements.
- Expedited processing of Labour Market Benefit Plans and work permits (10 business days, compared to an average of two months to complete the Labour Market Impact Assessment process).

How Canada's Global Talent Stream Is Working

Sharing knowledge with Canadian workers: Vancouver-based Terramerra used the Global Talent Stream to quickly hire an international expert in microscopic worms when they were unable to find the right skills in Canada. The scientist is helping Terramerra develop innovative environmentally safe bio-pesticides, while providing on-the-job training to colleagues and co-op students from the University of British Columbia and Simon Fraser University. He is also sharing his knowledge and expertise with Canadian academics, who will in turn transfer this knowledge to the universities' students—Canada's future scientists.

Creating jobs for Canadians: Toronto-based financial technology firm Wave has leveraged the Global Talent Stream to add two experienced software engineers and a global leader in the financial technology sector to their team. Hiring specific, skilled workers helped the company grow quickly and as a result, they have created dozens of new jobs in technology that employ Canadian workers.

Helping Canadian companies innovate: Ottawa's Shopify, a world leader in e-commerce, has used the Global Talent Stream to add international tech expertise to its Canadian workforce to continue to advance its innovative platform and reach global markets.

Improving Support for Small, Growing Companies

The Scientific Research and Experimental Development (SR&ED) Tax Incentive Program encourages business innovation by providing an investment tax credit for businesses of all sizes, in all sectors, that conduct scientific research and experimental development in Canada. In a global economy where knowledge and ideas are key, the innovation of Canadian firms will be a competitive advantage. The SR&ED Tax Incentive Program is often cited as a significant source of support by Canada's innovative firms, as it provides a 35-per-cent refundable tax credit to eligible small and medium-sized businesses and a 15-per-cent tax credit to all businesses performing SR&ED in Canada. Access to the 35-per-cent rate is determined by a business' level of income and capital.

One challenge often cited by entrepreneurs who use the SR&ED program to grow their firm relates to how the incentive changes based on the growth of their business.

■ ■ ■ To better support growing innovative businesses as they are scaling up, the Government proposes to eliminate the income threshold for accessing the enhanced credit. This will ensure continued enhanced support for small and medium-sized innovative businesses that are experiencing rapid growth in income or may have variable income from year to year; that is, at the exact time when continued Government support can help take a business to the next level. The capital threshold will continue to apply to ensure that the enhanced rate remains targeted toward small and medium-sized businesses. This change will build on other major initiatives put forward by the Government to help make Canada a leader in science and innovation, creating the jobs of tomorrow and building globally leading businesses.

Supporting the Next Generation of Entrepreneurs

Futurpreneur Canada is a national not-for-profit organization that provides young entrepreneurs with mentorship, learning resources and start-up financing to help them bring their business ideas to market. Over the past two decades, Futurpreneur Canada's core program has helped more than 11,400 young entrepreneurs launch nearly 9,600 new businesses. Last year, more than 40 per cent of the businesses supported by Futurpreneur Canada were owned by women—more than double the national average.

■ ■ ■ To help Futurpreneur Canada continue its efforts to support the next generation of entrepreneurs, Budget 2019 proposes to provide Futurpreneur Canada \$38 million over five years, starting in 2019–20. Futurpreneur Canada will match these investments with funding received from other government and private sector partners, and it is expected that this renewed investment would help support the work of approximately 1,000 young entrepreneurs per year.

This funding includes \$3 million over five years for Futurpreneur Canada to provide targeted support to Indigenous entrepreneurs. This will allow Futurpreneur Canada to engage up to 7,250 Indigenous youth through outreach, access to business support tools and training as well as support up to 175 additional Indigenous businesses. Additional measures targeting support to Indigenous entrepreneurs can be found in Chapter 3.

Helping Canada's Forest Sector Innovate and Grow

Canada's forest sector is an important source of jobs and growth for more than 100 communities across the country, directly employing almost 210,000 people and contributing more than \$24 billion to the Canadian economy in 2017. The sector currently faces significant challenges, including threats to supply caused by more forest fires and other disturbances such as pest infestations, which are decreasing the availability of wood fibre, and ongoing disputes with significant trading partners.

At the same time, there are tremendous opportunities available for Canada's forest sector to capitalize on global growth in the bioeconomy, which is expected to grow to as much as \$5 trillion on an annual basis by 2030. Technological advancements are boosting the demand for wood fibre in markets around the world, giving the Canadian forest sector an opportunity to emerge as a supplier of choice—aided by its own strong drive to innovate, as seen in the development of greener construction materials for use in high-rise construction and the use of wood-based by-products to replace more carbon-intensive fuels.

What Is the Bioeconomy?

In the bioeconomy, renewable and sustainably sourced biomass resources—such as trees, agricultural crops and organic materials left over from harvesting and timber processing—are used to provide a broad range of consumer and industrial products, such as food additives, textiles, bioplastics and auto parts. (Source: 2018 State of the Forest Report, Natural Resources Canada).

■ ■ ■ To help Canada's forest sector continue to innovate and grow, Budget 2019 proposes to invest up to \$251.3 million over three years, starting in 2020–21, to Natural Resources Canada to extend existing innovation and diversification programs. An emphasis will be placed on those programs that have strong track records of success and that leverage private sector investment. This proposed investment would include:

- Up to \$91.8 million over three years for the **Forest Innovation Program**, to support pre-commercial research and development, positioning the Canadian forest sector at the forefront of the emerging bioeconomy.
- Up to \$82.9 million over three years for the **Investments in Forest Industry Transformation** program, to support the industrial commercialization and adoption of innovative technologies and processes, contributing to clean economic growth and jobs.
- Up to \$64.0 million over three years for the **Expanding Market Opportunities Program**, to increase and diversify market opportunities for Canadian forest products in offshore markets, and expand wood use in non-residential and mid-rise construction, including within Canada.
- Up to \$12.6 million over three years for the **Indigenous Forestry Initiative**, to support forest-based economic development for Indigenous communities across Canada.

Natural Resources Canada will, with existing resources, revise the project selection criteria and results tracking for this suite of programming to include requirements to address gender and other representation gaps within the forest industry.

Supporting Innovation and Market Diversification in Canada's Forest Sector: Success Stories

Investing in Renewable Fuel Technology

Bioenergy AE Côte-Nord (Côte-Nord, Quebec), a partnership between Arbec Forest Products and Ensyn, has built the world's first commercial facility using technology designed specifically for the conversion of forest residues to liquid renewable fuel oil for energy applications. Through \$17.5 million in funds from the Investments in Forest Industry Transformation program, announced in 2016, 30 direct jobs have been created, and a new liquid forest bioenergy product that reduces greenhouse gas emissions is now available for sale across North America.

Supporting the Creation of Value-Added Wood Products

Corruven Canada Inc. (Edmunston, New Brunswick) is leading on the creation of smart and sustainable building material, furniture and packaging. With \$2.5 million in support from the Investments in Forest Industry Transformation Program, announced in 2016, Corruven was able to design and manufacture a new production line of composite high-performance wood, using rejected wood fibre, creating 13 jobs to date and developing new markets for its products, both within Canada and abroad.

Supporting Innovation in the Oil and Gas Sector Through Collaboration

The Government is committed to helping bring together Canada's research expertise with businesses that are seeking to seize growth opportunities and address challenges through the development, demonstration and adoption of innovative technologies and processes. Budget 2018 identified the Strategic Innovation Fund as a flagship "platform" within the Government's business innovation toolkit, and announced that the program's role in advancing research and development through collaboration between academia, not-for-profits and the private sector would be expanded.

The Clean Resource Innovation Network is a consortium made up of companies of all sizes, innovators, not-for-profits, and academic institutions. These organizations are working together to accelerate the development and adoption of innovative technologies and processes that seek to lower the oil and gas industry's environmental impacts, such as by reducing water and land use, applying new technologies to land and wellsite remediation and reducing greenhouse gas emissions.

■ ■ ■ Budget 2019 proposes to provide a further \$100 million over four years, starting in 2019–20, to the Strategic Innovation Fund, leveraging private sector co-investments, in order to support the activities of the Clean Resource Innovation Network.

By developing ground-breaking clean tech and emission-lowering solutions through collaboration, the Network will support economic growth, will create good, well-paying jobs, and will lead to cleaner energy production from source to end use.

Investing in a Diverse and Growing Western Economy

Almost one third of Canadians call British Columbia, Alberta, Saskatchewan and Manitoba home. Western Canada is well positioned to continue to prosper from its unique strengths and advantages, including its growing digital economy, abundant natural resources, and innovative post-secondary institutions and research facilities. The strategic proximity to Asian markets also creates significant opportunities for the region's world-class energy, agriculture and agri-food sectors.

The Government is presently working with business, industry, academia, Indigenous communities and organizations, and other levels of government, to develop a Western Canada Growth Strategy which will reflect the unique regional advantages of each province, and help to stimulate economic growth, incent innovation, increase the participation of under-represented groups and attract investment.

■ ■ ■ To support the creation of a more resilient, inclusive and diversified economy in the west, Budget 2019 proposes to provide \$100 million over three years (on a cash basis), starting in 2019–20, to Western Economic Diversification Canada to increase its programming in western Canada.

Launching a Federal Strategy on Jobs and Tourism

Tourism in Canada is strong and growing. Last year Canadian communities of all sizes welcomed more than 21.1 million international visitors—boosting economic growth and creating good, well-paying jobs across the country. Canada's tourism sector is an important source of jobs and growth, employing over 750,000 people and contributing about 2 per cent to Canada's GDP. Recognizing the importance of tourism to Canada's overall economy, the Government is developing a new Federal Strategy on Jobs and the Visitor Economy.

■ ■ ■ To help Canada's tourism sector innovate and grow, Budget 2019 proposes to provide \$58.5 million over two years, starting in 2019–20, to the Regional Development Agencies for the creation of a Canadian Experiences Fund. The Fund would support Canadian businesses and organizations seeking to create, improve or expand tourism-related infrastructure—such as accommodations or local attractions—or new tourism products or experiences. These pan-Canadian investments would focus on five categories: tourism in rural and remote communities, Indigenous tourism, winter tourism, inclusiveness, specifically for the LGBTQ2 community, and farm-to-table tourism, which is also known as culinary tourism.

■ ■ ■ In addition, Budget 2019 proposes to provide \$5 million to Destination Canada for a tourism marketing campaign that will help Canadians to discover lesser-known areas, hidden national gems and new experiences across the country. Destination Canada is Canada's signature tourism agency that collaborates with partners to promote Canada as a premier tourism destination.

■ ■ ■ To further prioritize Canada's tourism sector, Budget 2019 also proposes to create a seventh Economic Strategy Table dedicated to tourism. The Economic Strategy Tables bring together government and industry leaders to identify economic opportunities and help guide the Government in its efforts to provide relevant and effective programs for Canada's innovators. The Tables set ambitious growth targets, identify sector-specific challenges and bottlenecks, and lay out strategies to help innovators achieve their goals.

Budget 2019 tourism funding will complement existing and ongoing investments aimed at driving growth in the tourism sector. For instance, Budget 2017 provided Destination Canada with permanent funding of \$95.5 million per year for tourism-related work, and significant funding is also made available through Canada's six Regional Development Agencies, which support local businesses, including tourism. Since 2016, Regional Development Agencies have allocated over \$196 million to tourism businesses. The Business Development Bank of Canada is another important source of support for Canada's tourism industry, having provided more than \$1.4 billion in financing since 2016, and tourism businesses are also supported by Export Development Canada, which assists Canadian tourism businesses that wish to expand into global markets.

How Tourism Supports Rural Canada: Success Story

Fogo Island, Newfoundland and Labrador, was an isolated fishing village of 2,300 prior to the establishment of one of Canada's most highly regarded tourism companies: The Fogo Island Inn. Federal, provincial and private investments played an important role in the development of the Fogo Island Inn, which now generates annual profits that are funnelled back into the community.

Funding from the Inn and its charity have led to spillover for the local economy, helping to create jobs and supporting business start-ups. The Inn has also attracted nationally-known chefs who have built Fogo Island's brand as an authentic culinary destination that sources its food from local Newfoundland suppliers and farmers. The success of the Fogo Island Inn has raised the profile of the province and the Atlantic region as an international tourism destination.

Canada Reaches for the Moon and Beyond

Space exploration represents the very essence of innovation. It inspires all of us to push the limits of what is possible and makes Canadians proud of what we can achieve.

As we approach the 50th anniversary after the 1st Moon landing, space exploration is entering a new chapter—and Canada will play a big role in it. Canada will be a partner in the NASA-led Lunar Gateway—a project that will see humans return to the Moon and set the stage for further exploration to Mars—by developing the robotic systems for the Lunar Gateway, including a third generation artificial intelligence-enabled Canadarm. The Canadarm is Canada's most famous robotic and technological achievement and established Canada's international reputation for robotics innovation, inspiring generations of scientists and engineers as they develop new technologies for industry, medicine, and other applications. The Canadarm for the Lunar Gateway will be an integral piece of the station required to maintain, repair, and inspect the Gateway as well as support spacewalks and assemble and deploy scientific instruments.

Developing technology for the International Space Station has allowed Canadian companies to become world leaders in space robotics. These innovations have translated to real-world applications such as medical robots for neurosurgery, pediatric surgery and breast-cancer detection, and robots that can be used to safely inspect nuclear reactors.

Canada's contributions to the Lunar Gateway will build on Canada's world-leading capabilities in robotics and further strengthen space companies in Canada, notably in Quebec which is home to many first-rate space companies. Canada's contribution will also create opportunities for Canadian participation in future exploration missions to the Moon and open opportunities for additional Canadian astronaut flights.

To support these efforts, on February 28, 2019, the Prime Minister announced an investment of \$2.05 billion over 24 years to ensure that Canada continues to be a leader in space robotics. This investment includes \$150 million over five years, starting in 2019–20, for a Lunar Exploration Accelerator Program that will help small and medium-sized enterprises develop new technologies to be used and tested in lunar orbit and on the Moon's surface in fields that include artificial intelligence, robotics, and health.

Through this funding, the Government is supporting future generations of innovators and explorers, and ensuring that Canadians are well-positioned to lead and succeed in the jobs and industries of tomorrow.

Bringing Innovation to Regulations

Simply put, regulations are rules that stipulate how businesses must operate. When they are effective, they contribute to the protection of health, safety, security and the environment. They also support innovation, productivity and competition by establishing the rules for fair markets and a predictable environment for businesses, reducing barriers to trade and fostering new investment. While the OECD Regulatory Policy Outlook (2018) has again ranked Canada in the top five jurisdictions on many key measures of regulatory governance, recent reports from panels convened to advise the Government, such as the Advisory Council on Economic Growth and the Economic Strategy Tables, have called for Canada to take steps to change how we design and administer regulations. The Government is responding.

In a turbulent world of digital disruption and growing global trade, regulatory measures can both serve the public interest and encourage innovation. But to achieve this balance, we need to regulate differently than we have in the past.

— Advisory Council on Economic Growth, 2017

In Budget 2018, the Government announced its intention to review regulatory requirements and practices that impede innovation and growth in the following high-growth sectors:

- Agri-food and aquaculture.
- Health and bio-sciences.
- Transportation and infrastructure.

The 2018 *Fall Economic Statement* continued this work, proposing additional ways to reform and modernize federal regulations, with an emphasis on making it easier for businesses to grow while continuing to protect Canadians' health and safety and the environment. As a next step, Budget 2019 introduces the first three "Regulatory Roadmaps" to specifically address stakeholder issues and irritants in these sectors, informed by over 140 responses from businesses and Canadians across the country, as well as recommendations from the Economic Strategy Tables.

Introducing Regulatory Roadmaps

These Roadmaps lay out the Government's plans to modernize regulatory frameworks, without compromising our strong health, safety, and environmental protections. They contain proposals for legislative and regulatory amendments as well as novel regulatory approaches to accommodate emerging technologies, including the use of regulatory sandboxes and pilot projects—better aligning our regulatory frameworks with industry realities.

■ ■ Budget 2019 proposes the necessary funding and legislative revisions so that regulatory departments and agencies can move forward on the Roadmaps, including providing the Canadian Food Inspection Agency, Health Canada and Transport Canada with up to \$219.1 million over five years, starting in 2019–20, (with \$0.5 million in remaining amortization), and \$3.1 million per year on an ongoing basis.

In the coming weeks, the Government will be releasing the full Regulatory Roadmaps for each of the reviews, as well as timelines for enacting specific initiatives, which can be grouped in the following three main areas:

1. **Creating a user-friendly regulatory system:**

The Roadmaps propose a more user-friendly regulatory system, including the use of more digital services (e.g. online portals, electronic templates), and clearer guidance for industry so that innovative and safe products are available for Canadians more quickly.

2. **Using novel or experimental approaches:**

The Roadmaps propose greater exploration, innovation, and the use of sandboxes and pilot programs for new and innovative products. This will allow these products to be approved for use in a risk-based and flexible way—encouraging ongoing innovation while continuing to protect Canadians' health and safety, and the environment.

3. **Facilitating greater cooperation and reducing duplication:**

The Roadmaps propose greater alignment and coordination within the federal government and across Canadian and international jurisdictions.

What Is a Regulatory Sandbox?

Regulatory sandboxes are controlled “safe spaces” in which innovative products, services, business models and delivery mechanisms can be tested without immediately being subject to all of the regulatory requirements.

— European Banking Authority, 2017

Real Improvements for Business

<p>Digitizing Canadian Food Inspection Agency services</p>	<p>The Canadian Food Inspection Agency currently relies on a paper-based system for issuing export certificates. As a result, Canadian exporters are required to submit forms by mail and wait for those forms to be returned prior to exporting their products. When Canadian firms are allowed to complete the application process online and have their reviewed forms returned electronically, Canadian business owners will be able to export their products more rapidly.</p>
<p>Updating the Canadian grains legislative and regulatory frameworks</p>	<p>The <i>Canada Grain Act</i> has not been substantially updated in decades, and its requirements are not aligned with current market realities. A broad-based review of the Act, and of the operations of the Canadian Grain Commission, will be undertaken to address a number of issues raised by the Canadian grain industry, including redundant inspections and issues within the current grain classification process that unnecessarily restrict Canadian grain exporters.</p>
<p>Establishing a regulatory sandbox for new and innovative medical products</p>	<p>The regulatory approval system has not kept up with new medical technologies and processes. Health Canada proposes to modernize regulations to put in place a regulatory sandbox for new and innovative products, such as tissues developed through 3D printing, artificial intelligence, and gene therapies targeted to specific individuals.</p>
<p>Modernizing the regulation of clinical trials</p>	<p>Industry and academics have expressed concerns that regulations related to clinical trials are overly prescriptive and inconsistent. Health Canada proposes to implement a risk-based approach to clinical trials to reduce costs to industry and academics by removing unnecessary requirements for low-risk drugs and trials. The regulations will also provide the agri-food industry with the ability to carry out clinical trials within Canada on products such as food for special dietary use and novel foods.</p>
<p>Enhancing the road safety transfer payment program</p>	<p>Road safety and transportation requirements vary among Canadian provinces and territories, creating barriers and inefficiencies for businesses that transport goods by road. Transport Canada will support provinces and territories in working towards improved alignment of these requirements, including for the use of autonomous and connected vehicles. Funding would be made available to other stakeholders, such as academia and industry associations, to identify innovative road safety options, including for emerging technologies.</p>

Real Improvements for Business

<p>Introducing a regulatory sandbox for dangerous goods electronic shipping documents</p>	<p>Currently, shipments of dangerous goods in Canada must be accompanied by paper documentation which can be burdensome and inefficient for businesses. Under this initiative, Transport Canada would work with industry, American counterparts and provincial/territorial jurisdictions to identify options for the sharing of shipping documents by electronic means, based on existing technologies.</p>
<p>Removing federal barriers to the interprovincial trade of alcohol</p>	<p>To facilitate internal trade, the Government intends to remove the federal requirement that alcohol moving from one province to another be sold or consigned to a provincial liquor authority. Provinces and territories would continue to be able to regulate the sale and distribution of alcohol within their boundaries.</p>

■ ■ ■ To ensure that these Roadmaps can be implemented in a timely manner, Budget 2019 proposes to provide up to \$67.8 million over five years, starting in 2019–20, for Justice Canada resources. These funds will strengthen the Government's capacity to draft the legislative and regulatory changes needed to facilitate a new approach to regulations in these sectors and others.

Harmonizing Regulations

When regulations are more consistent between jurisdictions, Canadian companies are better able to trade within Canada and beyond, while also giving Canadian consumers greater choice. The Government is working with provinces and territories to better harmonize regulations across provincial and territorial boundaries, opening up the door to more seamless internal trade. Canada also has an opportunity to harmonize regulations with its international trading partners, making Canada an even more attractive place to invest in and grow a business. The Government does this through a number of regulatory cooperation bodies, for example, the Canadian Free Trade Agreement Regulatory Reconciliation and Cooperation Table, the Canada-U.S. Regulatory Cooperation Council and the Regulatory Cooperation Forum of the Canada-European Union Comprehensive Economic and Trade Agreement.

■ ■ ■ Budget 2019 proposes to provide \$3.1 million per year in ongoing funding to the Treasury Board Secretariat, starting in 2020–21, to support its leadership of the Government's regulatory cooperation priorities at home and abroad.

Modernizing Regulations

In the 2018 *Fall Economic Statement*, the Government announced its plan to introduce an annual modernization bill consisting of legislative amendments to various statutes to help eliminate outdated federal regulations and better keep existing regulations up to date. In Budget 2019, the Government proposes to introduce legislation to begin this work. Work also continues to identify opportunities to make regulatory efficiency and economic growth a permanent part of regulators' mandates, while continuing to prioritize health and safety and environmental responsibilities.

As part of these ongoing efforts, the President of Treasury Board will announce shortly the establishment of an External Advisory Committee on Regulatory Competitiveness, which will bring together business leaders, academics and consumer representatives from across the country, to help identify opportunities to streamline regulations and for novel regulatory approaches as well as to advise the Government on other sectors for consideration in the next round of regulatory reviews.

Safe Food for Canadians Regulations

- A recent regulatory modernization success is related to the coming into force of the new Safe Food for Canadians Regulations in January 2019. These modern regulations apply across all sectors and have introduced an outcomes-based approach to food safety regulations.

Part 6: Building Research Excellence in Canada

Canada has a strong tradition of research and discovery, and it's a Canadian desire to understand the world—to see new ideas and new possibilities come to life—that will create the industries and jobs that our children and grandchildren will be a part of when they grow up.

To support the next generation of research and researchers, the Government announced in Budget 2018 the largest ever increase in funding for fundamental research through Canada's granting councils—more than \$1.7 billion over five years. Since 2016, the Government has committed more than \$9.4 billion to support Canadian scientists and researchers, including significant investments in the cutting-edge equipment needed to make scientific breakthroughs and drive innovation.

Budget 2019 builds on these earlier investments in science excellence, delivering economic benefits while making Canada and the world a safer, healthier, better place to live.

Support for Science, Research and Technology Organizations

Canada is home to world-leading non-profit organizations that undertake research and bring together experts from diverse backgrounds to make discoveries, accelerate innovation and tackle health challenges. The Government helps support these collaborative efforts with targeted investments that return real economic and social benefits for Canadians.

■ ■ Budget 2019 proposes to make additional investments in support of the following organizations:

- **Stem Cell Network:** Stem cell research—pioneered by two Canadians in the 1960s—holds great promise for new therapies and medical treatments for respiratory and heart diseases, spinal cord injury, cancer, and many other diseases and disorders. The Stem Cell Network is a national not-for-profit organization that helps translate stem cell research into clinical applications and commercial products. To support this important work and foster Canada's leadership in stem cell research, Budget 2019 proposes to provide the Stem Cell Network with renewed funding of \$18 million over three years, starting in 2019–20.
- **Brain Canada Foundation:** The Brain Canada Foundation is a national charitable organization that raises funds to foster advances in neuroscience discovery research, with the aim of improving health care for people affected by neurological injury and disease. To help the medical community better understand the brain and brain health, Budget 2019 proposes to provide the Brain Canada Foundation's Canada Brain Research Fund with up to \$40 million over two years, starting in 2020–21. This investment will be matched by funds raised from other non-government partners of the Brain Canada Foundation.

- **Terry Fox Research Institute:** The Terry Fox Research Institute manages the cancer research investments of the Terry Fox Foundation. Budget 2019 proposes to provide the Terry Fox Research Institute with up to \$150 million over five years, starting in 2019–20, to help establish a national Marathon of Hope Cancer Centres Network. The Institute would seek matching funding through a combination of its own resources and contributions that it would seek from other organizations, including hospital and research foundations.
- **Ovarian Cancer Canada:** Ovarian Cancer Canada supports women living with the disease and their families, raises awareness and funds research. Budget 2019 proposes to provide Ovarian Cancer Canada with \$10 million over five years beginning in 2019–20 to help address existing gaps in knowledge about effective prevention, screening, and treatment options for ovarian cancer.
- **Genome Canada:** The insights derived from genomics—the study of the entire genetic information of living things encoded in their DNA and related molecules and proteins—hold the potential for breakthroughs that can improve the lives of Canadians and drive innovation and economic growth. Genome Canada is a not-for-profit organization dedicated to advancing genomics science and technology in order to create economic and social benefits for Canadians. To support Genome Canada's operations, Budget 2019 proposes to provide Genome Canada with \$100.5 million over five years, starting in 2020–21. This investment will also enable Genome Canada to launch new large-scale research competitions and projects, in collaboration with external partners, ensuring that Canada's research community continues to have access to the resources needed to make transformative scientific breakthroughs and translate these discoveries into real-world applications.
- **Let's Talk Science:** Science, technology, engineering and math (STEM) are not just things we study in school—together, they are transforming all aspects of our lives, and redefining the skills and knowledge people need to succeed in a changing world. Let's Talk Science engages youth in hands-on STEM activities and learning programs, such as science experiments, helping youth develop critical thinking skills and opening up doors to future study and work in these fields. It also helps ensure more girls—and other groups that are underrepresented in STEM—gain and maintain interest in STEM from an early age. Budget 2019 proposes to provide Let's Talk Science with \$10 million over two years, starting in 2020–21, to support this important work.

Strengthening Canada's World-Class Physics Research

TRIUMF is a world-class sub-atomic physics research laboratory located in British Columbia, and home to the world's largest cyclotron particle accelerator. TRIUMF has played a leading role in many medical breakthroughs—such as developing alongside Canadian industrial partners new approaches to the medical imaging of diseases—and brings together industry partners, leading academic researchers and scientists, and graduate students from across Canada and around the world to advance medical isotope production, drug development, cancer therapy, clinical imaging, and radiopharmaceutical research.

■ ■ Budget 2019 proposes to provide TRIUMF with \$195.9 million over five years, starting in 2020–21, to build on its strong track record of achievements. Combined with an additional \$96.8 million from the existing resources of the National Research Council, federal support for TRIUMF will total \$292.7 million over this five-year period.

Taking a New Approach With the Strategic Science Fund

To make federal investments in third-party science and research more effective, Budget 2019 proposes to establish a new Strategic Science Fund. This new Fund will respond to recommendations that arose during consultations with third-party science and research organizations. It will operate using a principles-based framework for allocating federal funding that includes competitive, transparent processes. This will help protect and promote research excellence.

Under the Fund, the principles-based framework will be applied by an independent panel of experts, including scientists and innovators, who will provide advice for the consideration of the Government on approaches to allocating funding for third-party science and research organizations.

■ ■ Budget 2019 proposes to establish and operate the Strategic Science Fund starting in 2022–23.

This Strategic Science Fund will be the Government's key new tool to support third-party science and research organizations. Going forward, the selection of recipient organizations and corresponding level of support will be determined through the Fund's competitive allocation process, with advice from the expert panel and informed by the Minister of Science's overall strategy. The Minister of Science will provide more detail on the Fund over the coming months.

Chapter 2 - Building a Better Canada

millions of dollars

	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	2023– 2024	Total
Part 1. Building Strong Communities							
New Infrastructure Funding for Local Communities Through a Municipal Top-Up	2,200	0	0	0	0	0	2,200
Part 1. Building Strong Communities Total	2,200	0	0	0	0	0	2,200
Part 2. Affordable Electricity Bills and a Clean Economy							
Making Zero-Emission Vehicles More Affordable	0	82	119	159	38	37	435
<i>Less: Funds existing in the Fiscal Framework</i>	0	0	0	-35	-37	-36	-108
<i>Less: Funds Sourced from Existing Departmental Resources</i>	0	-1	-1	-1	-1	-1	-5
Supporting Business Investment in Zero-Emission Vehicles	0	14	21	40	90	100	265
Reducing Energy Costs Through Greater Energy Efficiency	1,010	0	0	0	0	0	1,010
<i>Less: Funds existing in the Fiscal Framework</i>	0	0	0	-43	-61	-61	-165
More Connectivity = More Affordable Electricity	0	6	6	6	0	0	18
A Just Transition for Coal Power Workers and Communities	0	0	30	30	30	30	120
<i>Less: Funds existing in the Fiscal Framework</i>	0	0	0	-60	-30	-30	-120
Improving Canadian Energy Information	0	2	3	3	3	3	15
Part 2. Affordable Electricity Bills and a Clean Economy Total	1,010	103	179	99	32	42	1,465
Part 3. Connecting Canadians							
Access to High-Speed Internet for all Canadians	0	26	162	220	216	92	717
Part 3. Connecting Canadians Total	0	26	162	220	216	92	717

Chapter 2 - Building a Better Canada

millions of dollars

	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	2023– 2024	Total
Part 4. Building a Better Future for Canada's North							
Strong Arctic and Northern Communities	0	23	35	61	98	138	355
<i>Less: Funds existing in the Fiscal Framework</i>	0	0	0	-38	-148	-148	-334
<i>Less: Funds Sourced from Existing Departmental Resources</i>	0	-1	-1	-1	-1	-1	-4
Northern Abandoned Mine Reclamation Program	0	0	3	3	3	3	13
Protecting Water and Soil in the Prairies	0	1	0	0	0	0	1
Improving Crossings in Canada's Capital Region	0	6	7	5	3	7	28
<i>Less: Funds Sourced from Existing Departmental Resources</i>	0	-1	-1	0	0	0	-2
	0	28	44	30	-45	-1	56
Part 4. Building a Better Future for Canada's North Total							
Part 5. Building a Nation of Innovators							
Establishing a Permanent Global Talent Stream	0	6	7	7	7	8	35
Improving Support for Small, Growing Companies	0	5	80	100	105	105	395
Supporting the Next Generation of Entrepreneurs	0	7	8	8	8	8	38
Helping Canada's Forest Sector Innovate and Grow	0	0	85	85	85	1	255
<i>Less: Funds Sourced from Existing Departmental Resources</i>	0	0	-1	-1	-1	-1	-4
Supporting Innovation in the Oil and Gas Sector Through Collaboration	0	10	30	30	30	0	100
Investing in a Diverse and Growing Western Economy	0	9	9	9	0	0	27
Launching a Federal Strategy on Jobs and Tourism	0	24	39	0	0	0	63
<i>Less: Funds from Previous Budgets or Fall Statements</i>	-6	0	0	0	0	0	-6
Bringing Innovation to Regulations	0	44	59	58	29	29	219
	-6	106	315	296	263	149	1,123
Part 5. Building a Nation of Innovators Total							

Chapter 2 - Building a Better Canada

millions of dollars

	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	2023– 2024	Total
Part 6. Building Research Excellence in Canada							
Stem Cell Network	0	6	6	6	0	0	18
<i>Less: Funds Sourced from Existing Departmental Resources</i>	0	-6	-6	-6	0	0	-18
Brain Canada Foundation	0	0	20	20	0	0	40
Terry Fox Research Institute	0	11	20	32	39	48	150
Ovarian Cancer Canada	0	1	2	2	2	2	10
Genome Canada	0	0	32	18	23	19	92
Let's Talk Science	0	0	5	5	0	0	10
Strengthening Canada's World Class Physics Research	0	0	39	39	41	38	158
	0	12	119	117	104	107	459
Part 6. Building Research Excellence in Canada Total							
Chapter 2 - Net Fiscal Impact	3,204	275	818	761	571	390	6,020