



FEDERATION
OF CANADIAN
MUNICIPALITIES

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CANADIENNE DES
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A turning point for local government

FCM analysis of Federal Budget 2019

March 26, 2019

Message from FCM's president



FCM friends,

For weeks and months, FCM repeated that Federal Budget 2019 would be [a critical time to deliver for Canadians](#). We made a strong case to the federal government: to get more done for Canadians, we'll need to modernize our partnership—starting now.

The way this budget responds marks a turning point for us. It focusses on delivering results for Canadians directly through their municipal governments. Fundamentally, this budget elevates our municipal-federal partnership as the way to build better lives for people across the country.

- **It puts tools directly in local hands.** Doubling next year's Gas Tax Fund transfer to municipalities means more projects move forward now—from roads and bridges to public transit.
- **It directly recognizes our local expertise.** Prioritizing universal Internet access implements our informed recommendation to strengthen rural, northern and remote communities.
- **It invests in delivering directly for Canadians through FCM.** Building on the proven success of FCM's Green Municipal Fund means making people's lives more secure and affordable.

By elevating our partnership in these ways, Budget 2019 charts a path toward a modernized federal-municipal relationship. With an election on the horizon, that's something all parties can agree is critical to getting more done for Canadians.

Of course, as local leaders, our immediate priority is to make the most of the concrete progress we have just achieved. So with thanks to FCM's policy team, I am pleased to present this analysis of Budget 2019 and what it means for municipalities of all sizes.

Sincerely,

A handwritten signature in blue ink that reads "Vicki-May Hamm". The signature is stylized and includes a long horizontal flourish extending to the right.

Vicki-May Hamm
Mairesse, Ville de Magog
FCM President

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Overview

On March 19, 2019, Finance Minister Bill Morneau tabled [*Budget 2019: Investing in the Middle Class*](#).

Budget 2019 is an unmistakable response to [FCM's pre-budget recommendations](#) to elevate the federal-municipal partnership to build better lives for Canadians. It does this by acting on the frontline expertise that local governments bring to the nation-building table. It does this by focussing on delivering results for Canadians—directly through their local governments. In doing so, this budget marks a turning point for local government.

Budget 2019 delivers unprecedented advances for local governments:

- **Growing the Gas Tax Fund:** Budget 2019 proposes a one-time additional transfer of \$2.2 billion to municipalities through the federal Gas Tax Fund (GTF)—effectively doubling this core direct transfer for the year. This provides communities of all sizes with financial flexibility to address a wide range of short-term infrastructure priorities. Like the GTF itself, this massive injection recognizes the value of putting more tools in local hands to deliver quality-of-life results for Canadians.
- **Delivering for Canadians through FCM:** With a focus on improving energy efficiency, Budget 2019 commits \$1.01B to programs delivered by FCM. It funds three major new initiatives through FCM's Green Municipal Fund—to drive energy-saving retrofits of community buildings, family homes and affordable housing. It also recapitalizes FCM's successful Municipal Asset Management Program for five years. This unprecedented engagement with FCM doubles down on working directly with local governments to deliver major outcomes for Canadians in their communities.
- **Expanding rural Internet access:** Budget 2019 proposes to deliver between \$5 and \$6 billion over 10 years to expand broadband access. This includes a new \$1.7 billion Universal Broadband Fund to extend backbone infrastructure in underserved communities. This also includes \$1 billion in financing through the Canada Infrastructure Bank, aiming to leverage an additional \$2 billion in private-sector investment. This commitment to achieve universal Internet access acts on FCM's urgent advice on behalf of Canada's rural, northern and remote communities.

This budget includes additional measures with direct implications for municipalities of all sizes. Many respond to recent or longstanding recommendations put forward by FCM. These measures include:

- **Climate change:** In addition to \$950 million through FCM's Green Municipal Fund (see above), Budget 2019 includes measures to support electric vehicle charging infrastructure, transition support for communities affected by coal power closures, and short-term support for climate adaptation projects through the Gas Tax Fund top-up.
- **Infrastructure:** Budget 2019 reaffirms the federal commitment to long-term investments through the 12-year, \$180 billion Investing in Canada Plan. Additional measures include support for oversight of vehicle/railway safety and transport of dangerous goods and support for some passenger rail/ferry/bus services.
- **Northern communities:** In addition to unprecedented broadband investments, Budget 2019 includes a package of measures for the North—including investments aimed at improving education, nutrition and mental health; plus additional investments in infrastructure, science and research.
- **Public safety:** Budget 2019 commits more than \$400 million to strengthen emergency management, with additional investments in marine environmental response planning, plus new policing investments that include more than \$500 million over five years for RCMP policing operations.
- **Housing:** This budget includes measures that reaffirm and expand elements of the National Housing Strategy; that intend to improve housing affordability in the homeownership sector, and that aim to drive solutions to housing supply and affordability challenges broadly.

- **Reconciliation:** Budget 2019 provides significant investment in Indigenous peoples and communities through a lens of reconciliation. This includes support for capital infrastructure investments in Friendship Centres, which deliver the majority of Urban Programming for Indigenous People programming in our urban and rural communities alike.
- **Inclusive communities:** This budget includes a range of measures that align with local governments' efforts to build inclusive communities—including support for local food project infrastructure and targeted support for seniors and youth employment.
- **Cannabis:** Budget 2019 proposes amending the cannabis excise duty framework to better apply duties on product classes that will become legal for sale later this year. It also provides funding to expedite access to pardons.
- **Opioids:** Budget 2019 proposes measures that align with FCM's calls for additional funding for treatment and harm reduction.
- **Trade:** Budget 2019 proposes up to \$3.9 billion in support for supply-managed farmers following ratification of new trade agreements that affect agricultural producers and communities.

The rest of this document examines these and other Budget 2019 announcements with municipal implications. Each section refers to pages in the Budget 2019 document (<https://www.budget.gc.ca/2019/docs/plan/budget-2019-en.pdf>), where you can find additional details and funding profiles. Details outlined below are proposed in the budget but subject to the *Budget Implementation Act* receiving Royal Assent.

Growing the Gas Tax Fund

Budget 2019 proposes a one-time additional transfer of **\$2.2 billion through the federal Gas Tax Fund (GTF)** to local communities—doubling the transfer for the year.

This one-time transfer is to address short-term infrastructure priorities in communities of all sizes, across the country. The GTF provides municipalities financial flexibility and the ability to plan infrastructure projects over the long-term, allowing pooling, banking and borrowing against the funding. Projects are chosen locally and prioritized according to the infrastructure needs of each community. Project eligibility for these new funds remain consistent with the current terms of the GTF and include investments in infrastructure for the construction, renewal and material enhancement in each of the following categories:

- public transit
- wastewater infrastructure
- drinking water
- solid waste management
- community energy systems
- local roads and bridges
- capacity building
- highways
- local and regional airports
- short-line rail
- short-sea shipping
- disaster mitigation
- broadband and connectivity
- brownfield redevelopment
- culture
- tourism
- sport
- recreation

The \$2.2 billion is profiled in the budget for FY 2018-19. The exact timeline is contingent on the passage of the *Budget Implementation Act*, which under the normal legislative process would take place by the end of June. FCM understands that the funding will flow to municipalities per the existing process after Budget 2019 is passed. FCM will continue to provide the latest information to our members. The timing and process for transferring the pre-existing 2019 Gas Tax allocation will not be affected.

Budget 2019 reference: pg. 80

About the Gas Tax Fund

The GTF is a permanent, indexed fund provided to directly municipalities, flowing through provinces and territories to support strategic infrastructure investments. It provides over \$2 billion annually for local priorities – last year approximately \$2.1B was distributed to over 3600 communities. It is allocated on a per-capita basis for provinces, territories and First Nations, but provides a base funding amount of 0.75 percent of total annual funding for Prince Edward Island and each territory.

Provincial allocations are outlined here:

<https://www.infrastructure.gc.ca/prog/gtf-fte-tab-eng.html>

In 2002, FCM called for the transfer of a portion of the federal gas tax to municipal governments to provide stable, predictable funding and the five-year GTF was introduced in 2005. In response to FCM's call for an ongoing federal revenue-sharing arrangement, the federal government legislated a permanent annual investment of \$2 billion in municipal infrastructure through the GTF in Budget 2011 and a two percent index was applied to protect the Fund against inflation in 2012. By making the GTF permanent through this announcement, with a predictable indexing, the revenue stream became independent from government revenues from fuel sales.

Delivering for Canadians through FCM

With the objective of improving energy efficiency, Budget 2019 proposes a significant investment of **\$1.01 billion in municipalities through programs delivered by FCM**. This builds on a proven federal-municipal collaboration that delivers directly for Canadians in their communities. Specifically, the Budget announced three new initiatives through FCM's Green Municipal Fund (GMF) and an increased investment in FCM's Municipal Asset Management Capacity Fund (MAMP). This unprecedented engagement doubles down on the federal government working directly with local governments to deliver major outcomes for Canadians in their communities.

Collaboration on Community Climate Action (GMF) – \$350 million

This program is a collaboration between FCM, Low Carbon Cities Canada (LC3), and seven urban climate centres in Vancouver and Lower Mainland; Edmonton; Calgary; Greater Toronto and Hamilton Area; Ottawa; Montreal Metropolitan Community; and the Halifax region. It also includes support for cities and regions outside of those urban centers. Its mission is to help cities and communities reach their carbon emissions reduction potential while unlocking co-benefits such as improved public health, increased mobility and local job creation. It provides 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. FCM and LC3 will create a network across Canada that will support local community actions to reduce GHG emissions.

Community EcoEfficiency Acceleration (GMF) – \$300 million

This program will provide financing for municipal initiatives to support home energy efficiency retrofits. It will enable municipalities to support homeowners as they make their homes more affordable and energy efficient, supporting between 8,000 and 20,000 household energy projects in up to 200 municipalities of all sizes across Canada. Homeowners could qualify for assistance in replacing furnaces and installing renewable energy technologies. FCM will explore 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 (GMF) – \$300 million

This program will support the development and implementation of dozens of sustainable affordable housing models and demonstration projects—yielding up to 4,800 new and energy-retrofitted affordable and social housing units in communities of all sizes across Canada. This fund will support existing and new affordable/social housing projects operated by both municipal and community-based housing providers. These projects will include deep energy efficiency and onsite generation retrofits to existing affordable/social housing and new builds with high energy performance and onsite renewable generation built in. The program will also promote projects with compelling financial models that build resilience into longer term operating cost efficiencies, such as prioritizing mixed occupancy (e.g. regular-income units, mixed with affordable and social housing units).

About the Green Municipal Fund

Since 2000, FCM's Green Municipal Fund has directly financed more than 1,250 local sustainability initiatives while preserving every dollar of federal capital. These projects have cut 2.5 million tonnes of greenhouse gasses—the equivalent of taking 571,000 cars off the road—while creating good jobs and more livable communities. These projects have attracted \$3 billion in additional investments—in our communities, and in a more sustainable Canada.

Find out more: <https://fcm.ca/GMF>

Municipal Asset Management Capacity Fund (MAMP) – \$60 million

Budget 2019 renews FCM’s popular Municipal Asset Management Program over the next five years, ensuring municipalities can continue to raise their capacity to deliver the best, most cost-effective outcomes from infrastructure investments in their communities. This program will be purely grants-based with some complementary capacity building and knowledge mobilization activities. It will enable direct funding support to up to 500 municipalities, most being smaller and more rural. It will also fund training and technical assistance to more than 800 municipalities on how to inventory, grow and maintain infrastructure assets.

Budget 2019 reference: pg. 84

Expanding rural Internet access

Budget 2019 proposes significant investments in broadband through a coordinated plan that intends to deliver between \$5 and \$6 billion over the next 10 years, **of which \$1.7 billion will constitute new funding, with an additional \$1 billion in financing to be made available through the Canada Infrastructure Bank**. These investments can be broken down as follows:

- **\$1.7 billion over 13 years**, starting 2019-20, for a new Universal Broadband Fund, of which \$717 million will be disbursed over the next five years, beginning with \$26 million in 2019-20, then scaling up to \$162 million in 2020-21 and \$220 million in 2021-22 (the five year profile is on pg. 124 of the budget). This is designed to build on the existing Connect to Innovate program, and will focus on extending “backbone” infrastructure to underserved communities. This amount includes a top-up to the Connect to Innovate program to deliver Low Earth Orbit satellite technology and fibre technology. Also included in this figure is \$11.5 million over five years, starting 2019-20, for two Statistics Canada surveys that will measure household access and Internet usage to better understand how gaps in digital access are impacting Canadians.
- **\$1 billion over 10 years** in financing will be provided through the Canada Infrastructure Bank to support development of broadband infrastructure. The Bank will also seek to leverage an **additional \$2 billion** in private sector investment to increase broadband access for Canadians. Together, these investments will aim to total \$3 billion over the next 10 years.
- In the 2018 Fall Economic Statement, the government launched the Accelerated Investment Incentive, a measure that provides an accelerated capital cost allowance to businesses to encourage private sector investments in capital. To date, telecommunications companies have signalled more than **\$1 billion** of activity aimed at providing better Internet access to unserved or underserved communities.
- Originally announced in September 2018, the Canadian Radio-television and Telecommunications (CRTC) Broadband Fund will also provide **\$750 million over five years** to support projects to build or upgrade infrastructure to provide fixed and mobile wireless broadband Internet service to underserved Canadians. The CRTC will begin a competitive process to evaluate and select projects in spring 2019.

Taken together, these new investments respond directly to recommendations made by FCM and constitute an unprecedented investment in the expansion of Canada’s broadband infrastructure.

Budget 2019 reference: pg. 95-97, 124 for profiling

Additional **rural priorities** are highlighted throughout the document, including in newly announced transportation and tourism infrastructure initiatives.

Additional budget measures

Climate change

Energy efficiency and community-led emissions reductions

Budget 2019 invests \$950 million through FCM's Green Municipal Fund to deliver programming that will reduce GHG emissions from residential and commercial buildings in cities and communities across Canada. See the **Delivering for Canadians through FCM** section above for a complete breakdown.

Zero-emission and electric vehicles

Budget 2019 provides **\$130 million over five years for electric vehicle charging and other zero-emissions re-fueling infrastructure** for workplaces, public parking spots, commercial and multi-unit residential buildings, and remote locations. This new funding will expand on Natural Resource Canada's existing Electric Vehicle and Alternative Fuel Infrastructure Deployment Initiative. Additional measures contained in the Budget that will help municipalities meet their electric vehicle and GHG reduction goals include:

- \$300 million over three years, starting in 2019-20, 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.
- Businesses will be eligible for a 100% tax write-off for passenger vehicles (up to \$55,000) and medium and heavy-duty zero-emission vehicles in the year they are put in to use. This will enable, for instance, freight, food delivery, taxis fleets and privately-operated school buses to adopt zero-emission vehicles.

Budget 2019 reference: pg. 81-82

Just transition for communities impacted by coal power plant closures

As part of a strategy to phase out coal-fired power plants across the country by 2030, the federal government created a Task Force on Just Transition for Canadian Coal Power Workers and Communities in 2018. Councillor Rick Smith from Leduc County was the municipal representative on the Task Force. Budget 2019 responds directly to the Task Force's recommendations by **creating a dedicated \$150 million infrastructure fund, starting in 2020-21, to support priority projects and economic diversification in impacted communities**. The Fund will be administered by Western Economic Diversification Canada and the Atlantic Canada Opportunities Agency.

Budget 2019 reference: pg. 89

Energy information

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.

Budget 2019 reference: pg. 90

Disaster mitigation and climate adaptation

FCM's 2019 Budget Submission called for a top up of the Disaster Mitigation and Adaptation Fund of \$2 billion to ensure local adaptation projects continue to move forward without interruption. FCM also called for a re-evaluation of the \$20 million eligibility threshold. While neither of these requests were met in Budget 2019, the funding provided through the one time doubling of the Gas Tax Fund is in line with FCM's third request regarding longer-term financial tools to strengthen the resilience of our cities and communities. FCM will continue to engage with Infrastructure Canada to ensure that funding for disaster mitigation and adaptation projects continues to be a federal priority.

Infrastructure

Investing in Canada Plan

Budget 2019 reaffirms the federal government's commitment to long-term infrastructure investments through the 12-year, \$180 billion Investing in Canada Plan. This includes \$33 billion delivered through bilateral funding agreements with the provinces and territories. To date, the federal government has invested \$19.9 billion through the Investing in Canada plan, supporting 33,000 infrastructure projects for communities across Canada. At the same time, Budget 2019 acknowledges that 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 federal government of claims for payment, and by some provinces and territories being slower to prioritize projects. The federal government is currently working with the provinces and territories to accelerate projects under their bilateral agreements to ensure momentum continues, and has taken 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.

Budget 2019 reference: pg. 74-79

Transit

Budget 2019 does not respond to FCM's call for a permanent federal transit funding mechanism. FCM's pre-Budget submission recommended making current federal investments in public transit permanent, beginning with annual investments of \$3.4 billion starting in 2028. This long-term funding ask was meant to enable cities to begin planning the next generation of transformational transit projects. FCM will continue to advance a conversation about permanent federal transit funding with all major political parties going into the upcoming federal election. In the meantime, the 12-year Investing in Canada Plan represents a historic federal commitment to public transit. Dedicated federal transit investments through the Public Transit Infrastructure Fund (PTIF) and the Public Transit Infrastructure Stream of the Investing in Canada Plan total \$23.2 billion over the period 2018-19 to 2027-28.

Transportation

Safe and Secure Road and Rail Transportation

Budget 2019 proposes **\$264 million over four years, starting 2019-20, for Transport Canada** to continue their oversight and regulation of motor vehicle safety, railway safety and transportation of dangerous goods, and to support the continuation of passenger rail services to remote communities with no alternative means of surface transportation.

Budget 2019 reference: pg. 299

Intercity Bus

Budget 2019 allocates \$15 million over 3 years, starting 2018-19, to Western Economic Diversification Canada and Crown-Indigenous Relations and Northern Affairs Canada to support communities affected by the cancellation of Greyhound Canada's bus service in Western Canada, which will allow for service to affected communities to continue where no other service provider has emerge. This funding was previously announced.

Budget 2019 reference: pg. 295

Ferries

Budget 2019 proposes increased support for operation of ferry services in Atlantic Canada, including by supporting procurement of a new ferry by Marine Atlantic Inc. and extending Transport Canada's Ferry Services Contribution Program until 2022 with existing service levels and fleet size. The government also proposes to procure two ferries to replace those currently in operation between Prince Edward Island and Nova Scotia. These measures are consistent with FCM's policy on the need for the federal government to support a high level of safety, quality and frequency of ferry services, in light of the fact that ferries are an essential mode of transportation for many Canadians.

Budget 2019 reference: pg. 105

Telecommunications

Budget 2019 proposes **\$117 million over five years, starting 2019-20, for Innovation, Science and Economic Development Canada to continue to effectively manage wireless networks** in Canada. This will support equipment modernization and the development of innovative tools and systems to enhance ongoing efforts to minimize network interference and verify compliance with health and safety standards, including in the context of the new generation of wireless networks, referred to as 5G.

Budget 2019 reference: pg. 301

Tourism Infrastructure

Budget 2019 proposes **\$58.5 million over two years, starting 2019-20**, for the creation of a Canadian Experiences Fund to support Canadian businesses and organizations seeking to create or expand tourism-related infrastructure. Investments through the Fund will focus on five categories and includes a stream for development of tourism in rural and remote communities.

Budget 2019 reference: pg. 90

Northern priorities

Budget 2019 provides a number of investments in rural, northern and remote priorities, including unprecedented investment in broadband (see Expanding rural Internet access section above).

Social and Economic Development

Budget 2019 proposes a number of investments towards improving education, nutrition, and mental health in northern regions, including:

- **\$15 million over five years, starting in 2019-20, to establish a Northern Isolated Community Initiatives Fund** through the Canadian Northern Economic Development Agency. This fund will support community-led projects for local and Indigenous food production systems. This builds on the 2018 Fall Economic Statement investments in the Nutrition North Canada Program.
- **\$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).
- 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.
- **\$50 million over 10 years, starting in 2019-20, with \$5 million per year ongoing**, to support The Inuit Tapiriit Kanatami's National Inuit Suicide Prevention Strategy's Inuit-specific approach to address deaths by suicide in Inuit communities.
- Up to **\$26 million over five years**, starting in 2019-20, for the construction of a new Yukon College campus science building in support of its efforts to become Canada's first university in the North.

These investments respond to FCM's request for the federal government to bolster investment in mental health, deliver programs aimed at reducing the cost of food that are also designed in a way that works for northern residents, and generally supports the unique needs for health, development, and economic growth of local communities in northern and remote regions.

Additional northern announcements

Budget 2019 announces additional investments in infrastructure, and science and research, specific to the north, including:

- An increase of **\$400 million over eight years**, starting in 2020-21, to the Arctic and northern regions allocation of the National Trade Corridors, bringing the total allocation to these regions to \$800 million.
- Up to **\$10 million over two years**, starting in 2019-20, to Natural Resources Canada to help The Polar Continental Shelf Program to respond to growing demand"
- **\$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, which will clean up the largest and most contaminated abandoned mine sites in northern Canada.

Budget 2019 reference: pg. 101-103

Public safety

Emergency Management

Budget 2019 proposes new investments to promote better disaster management and preparation, including:

- \$151.23 million over five years, starting in 2019-20, and \$9.28 million per year ongoing, to improve emergency management in Canada, including in Indigenous communities. This funding will also be directed to assessing the condition and resilience of Canada's critical infrastructure—including energy grids, water and food supplies and health services—in the aftermath of a natural disaster.
- \$5.0 million over five years, starting in 2019-20, to Public Safety Canada to develop all-hazard awareness-raising activities that are targeted to specific, at-risk audiences such as low-income Canadians, seniors, people with disabilities, recent immigrants, and Indigenous Peoples.
- \$260 million over two years, on a cash basis, starting in 2019-20, to Public Safety Canada to support provincial and territorial disaster relief and recovery efforts through the Disaster Financial Assistance Arrangements (DFAA) Program.

These investments indirectly respond to FCM's call on the federal government for greater municipal support for emergency management. Following the recent release of the first National Emergency Management Strategy, FCM will continue to work closely with the federal government to ensure municipal concerns regarding the evolving role of municipal emergency services, the reinstatement of the Heavy Urban Search and Rescue and the Joint Emergency Preparedness Program teams, and Mass Casualty Medical Emergency Preparedness Plan for high risk communities in seismic activity zones across Canada are prioritized.

The investment in the DFAA program will support FCM's request to better enable municipalities to build back after a disaster event. However, restrictions on how DFAA funds can be used towards building back better still limit the way in which municipalities can recover. FCM will continue to work with Public Safety Canada to ensure municipalities are better enabled to build back better following an event.

Budget 2019 reference: pg. 185

Marine Environmental Response Planning

Budget 2019 announces **\$46 million over three years** for the Canadian Coast Guard, Transport Canada and Environment and Climate Change Canada to continue to improve marine environmental response planning. This funding will bring together federal, provincial, Indigenous and municipal partners to jointly plan for a quicker and more efficient response to marine pollution incidents. This funding builds on the federal government's investments through the Ocean Protection Plan, and directly responds to FCM's calls for improved coordination in response to marine pollution incidents.

Budget 2019 reference: pg. 299

Policing

Budget 2019 speaks to actions the RCMP is taking to become a more modern organization, including the establishment of an Interim Management Advisory Board in January 2019, providing expert advice to support the RCMP as a modern and effective organization. The Budget proposes legislative changes to formally establish the Management Advisory Board. It also introduces a number of new investments, including:

- **\$508.6 million over five years** to support policing operations.
- **\$77.3 million over five years** and **\$13.5 million ongoing** for enhanced law enforcement at the border.
- **\$68.9 million over five years** and **\$20 million ongoing** for enhanced federal policing capacity, including to fight money laundering.
- **\$11.5 million over three years** to support transportation security.
- **\$5.7 million over five years** and **\$1.2 million ongoing** to protect national economic security.

Budget 2019 reference: pg. 183, 309 (for profiling)

Crime Prevention

To make needed security improvements to important community gathering spaces—such as schools, community centres, and places of worship—Budget 2019 proposes to provide an additional investment of **\$2 million per year, starting in 2019-20, doubling the size of Public Safety Canada’s Communities at Risk: Security Infrastructure Program** from \$2 million per year to \$4 million per year until 2021-22. The Program is a component of Public Safety Canada’s National Crime Prevention Strategy. This Program aims to make Canada’s community gathering spaces safer places to live, work, and play.

Budget 2019 reference: pg. 188

Housing

A variety of housing measures were included in Budget 2019, including those that reaffirm and expand elements of the National Housing Strategy (NHS), those that intend to improve housing affordability in the homeownership sector, and those that aim to drive solutions to housing supply and affordability challenges broadly. These announcements include:

- A component of the NHS, the existing Rental Construction Financing Initiative (RCFI) provides low-cost loans for the construction of new rental housing for modest- and middle-income Canadians. Budget 2019 proposes to **expand the RCFI with an additional \$10 billion over nine years** in financing, extending the program to 2027–28. With this increase, the program now intends to support **42,500 new rental housing units across Canada**. Housing developments financed through RCFI must meet modest affordability targets: at least 20 percent of the units must have rents that are set at 30 percent of local median household income for at least 10 years (for example, \$1710/month in Winnipeg).
- Adding timelines and detail to a commitment included in the NHS, Budget 2019 proposes to introduce **new legislation requiring the federal government to maintain a NHS that prioritizes the housing needs of the most vulnerable**. The legislation will require regular reporting to Parliament on progress toward the goals and outcomes of the NHS.
- Budget 2019 will provide **\$300 million to launch the Housing Supply Challenge**. This initiative will invite municipalities and stakeholders to propose new ways to break down barriers that limit the creation of new housing. Successful applicants will be selected and funded through a merit-based competition.

- CMHC will invest **\$4 million over two years to support the work of the recently announced Expert Panel on the Future of Housing Supply and Affordability**. An additional \$5 million over two years will be used for state-of-the-art housing supply modelling and related data collection—to support the Panel and help ensure that future investments by all orders of government are put to best possible use.
- Budget 2019 introduces a First-Time Home Buyer Incentive, valued at \$1.25 billion over three years, to make homeownership more affordable for first-time buyers. Eligible first-time home buyers who have the minimum down payment for an insured mortgage would apply to finance 10 percent of their purchase through a shared equity mortgage with the Canada Mortgage and Housing Corporation (CMHC). \$100 million in lending will be provided over five years to help existing shared equity mortgage providers scale-up their business and encourage new players to enter the market.
- The existing Home Buyers' Plan allows first-time buyers to withdraw from their Registered Retirement Savings Plan (RRSP) to purchase or build a home, without having to pay tax on the withdrawal so long as it is repaid to the RRSP within 15 years. Budget 2019 increases the Home Buyers' Plan withdrawal limit from \$25,000 to \$35,000.

Budget 2019 reference: pg. 22-29

Reconciliation

This Budget provides significant investment in Indigenous peoples and communities through a lens of reconciliation:

- **\$126.5 million in 2020-21** to establish a National Council for Reconciliation and endow it with initial operating capital.
- **\$4.5 billion over five years**, beginning in 2019-20, to continue efforts to close the gap in living conditions between Indigenous and non-Indigenous people.
- **\$1.4 billion over seven years** to forgive all outstanding comprehensive claim negotiation loans and to reimburse Indigenous governments that have already repaid these loans, with the objective of supporting Indigenous communities' ability to invest in their own priorities.
- **\$60 million over five years**, beginning in 2019-20, to support capital infrastructure investments in Friendship Centres, which deliver the majority of Urban Programming for Indigenous People (UPIP) programming in urban and rural communities, as well as other urban and rural Indigenous service provider facilities. This investment is intended to ensure that Indigenous residents living in cities and communities have safe and accessible spaces to access culturally-relevant services.
- To enable communities to commemorate the legacy of residential schools on the proposed National Day for Truth and Reconciliation, and to celebrate the unique heritage, diverse cultures and outstanding contributions of First Nations, Inuit and Métis Peoples on National Indigenous Peoples Day, Budget 2019 provides **\$10 million over two years** to support community organizations holding events in communities across Canada.

FCM encourages the federal government to pursue meaningful reconciliation with Indigenous people broadly, including by closing the gap in living conditions between Indigenous and non-Indigenous Canadians. In particular measures to support UPIP through investment in Friendship Centres and other service providers reflects FCM's support of this important program supporting Indigenous people in cities and communities.

Budget 2019 reference: pg. 129-140

Inclusive communities

Healthy communities

Canada's National Food Policy, outlined in Budget 2019, will focus on tackling food waste, improving community access to healthy food, shining a spotlight on Canadian food both at home and abroad, and increasing food security in Northern and remote communities. In order support this initiative, the Budget proposes to invest \$134.4 million over five years, beginning in 2019-20. This includes **\$50 million for a Local Food Infrastructure Fund, to be distributed over five years** to support "infrastructure for local food projects," including food banks, farmers' markets and other community-driven projects.

Budget 2019 reference: pg. 162

Seniors

The Guaranteed Income Supplement (GIS) provides a monthly non-taxable benefit to Old Age Security recipients who have a low-income. Budget 2019 commits to introducing legislation which would enhance the GIS earnings exemption in order for low-income seniors to keep more of their income from working in relation to GIS benefits.

Budget 2019 will provide **\$100 million over five years, starting in 2019-20, for the New Horizons for Seniors Program**, to improve the quality of life for seniors and promote their full participation in Canadian society. The program offers up to \$25,000 to support projects in local communities—such as new fitness equipment for seniors' centres—and up to \$5 million to support projects that are national in scope.

Budget 2019 also includes **\$77 million in additional funding for the Enabling Accessibility Fund**, to improve the safety and accessibility of community spaces.

Budget 2019 reference: pg. 64-70

Additional inclusive communities investments

Budget 2019 makes a number of other announcements to promote inclusive communities, including:

- **Economic development (youth): \$631.2 million over five years**, starting in 2019-20, to expand the Student Work Placement Program to support up to 20,000 new work placements per year for post-secondary students across Canada. **\$150.0 million over four years**, starting in 2020-21, is provided to create partnerships with innovative businesses to create up to a further 20,000 work-integrated learning opportunities per year. 40,000 work placements for Canadian students are anticipated through both initiatives by 2023-24. *Budget 2019 reference: pg. 54*
- **Gender equality: \$160 million over five years**, starting in 2019-20, to support the federal government's efforts to advance gender equality in Canada, including by enabling community action to tackle systemic barriers impeding women's progress. *Budget 2019 reference: pg. 170*
- **Diversity and inclusion:** a new Anti-Racism Strategy will be supported with **\$45 million over three years**, starting in 2019-20, with a strong focus on community-based projects. *Budget 2019 reference: pg. 171*
- **Poverty:** the Government reaffirmed its commitment to move ahead with poverty reduction legislation.
- **Arts:** To support more festivals, large-scale and community-based celebrations and commemoration initiatives, Budget 2019 provides **\$24 million over two years**, starting in 2019-20, to the Building Communities Through Arts and Heritage Program and the Celebration and Commemoration Program. *Budget 2019 reference: pg. 169*

Cannabis

Budget 2019 proposes that the existing excise duty framework for cannabis be amended to more effectively apply the excise duty on these new classes of cannabis products that will be permitted for legal sale under the *Cannabis Act* later this year—edible cannabis, cannabis extracts, and cannabis topicals—as well as to cannabis oils, which are already legally available for sale.

The current framework provides 75 percent of duties to provincial and territorial governments and the remaining 25 percent to the federal government. In response to FCM advocacy, the federal government relinquished 25 percent of their revenues to the provinces and territories to be provided to municipalities. This arrangement has not been applied consistently across the country. The Budget does not propose changes to this arrangement.

Additionally, Budget 2019 announces **\$2 million** in funding provided to the Parole Board of Canada and the Royal Canadian Mounted Police to support legislation to expedite access to pardons for Canadians previously convicted of simple possession of cannabis.

Budget 2019 reference: pgs. 206, 294

Opioids

Budget 2019 proposes to provide additional funding of **\$30.5 million over 5 years, starting in 2019-20, with \$1 million in ongoing funding**, for targeted measures to address persistent gaps in harm reduction and treatment. Specifically, funding will support efforts to expand access to a safe supply of prescription opioids, protecting people with problematic opioid use from the risks of overdose and death. It will also support better access to opioid overdose response training and to Naloxone—a life-saving medication that can stop or reverse an opioid overdose—in underserved communities. This is consistent with recent FCM calls for additional funding for treatment and harm reduction.

Budget 2019 reference: pg. 156

Trade

Budget 2019 proposes **up to \$3.9 billion in support for supply-managed farmers** following ratification of new trade agreements, including the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Support will be offered to sustain the incomes of eligible dairy, poultry and egg farmers, by making available up to \$2.4 billion. Of this, \$250 million has already been provided to support dairy farmers as a result of CETA; therefore a net amount of up to \$2.15 billion will be available in coming years to deal with income losses associated with these agreements. Additionally, \$1.5 billion in assistance will be offered to protect the value of investments made by farmers in supply-managed sectors, through a Quota Value Guarantee Program that will protect against reduction in quota value when the quota is sold. These measures are consistent with FCM's policy on the need for the federal government to support local economies and key sectors impacted by international trade agreements and disputes.

Additionally, **\$12 million in funding over five years** is proposed for Global Affairs Canada for the implementation of new trade openings and control measures under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Canada-United States-Mexico Agreement (CUSMA). This funding is also proposed for Global Affairs Canada for the administration of potential import safeguards on certain steel products.

Budget 2019 reference: pgs. 190, 302