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Strong Communities, Affordable Electricity and a Clean Economy

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 makes our communities better places to live, ensuring that we have the roads, public transit, energy systems, water treatment facilities and recreational spaces Canadians need now, and into the future.

At the same time, for too many Canadian families, the cost of electricity—used to heat homes, cook food and power our appliances—is rising at a faster rate than family income, making it hard for many people to make ends meet. More needs to be done to make sure that hard-working families can afford their monthly electricity bills.

And for the millions of Canadians who want to be a part of the new clean economy, the cost of transportation is a concern. With Budget 2019, the Government is taking steps to help build communities that Canadians can be proud to call home, while making everyday life more affordable for the middle class and people working hard to join it.

Building Strong Communities

In 2015, the Government made a commitment to ensure that promised infrastructure investments in communities would be delivered. 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. To address the serious infrastructure deficits that many municipalities across Canada continue to face, Budget 2019 proposes a one-time top-up of \$2.2 billion through the federal Gas Tax Fund. These funds would address short-term priorities in municipalities and First Nations 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, across Canada.



Making Electricity More Affordable

Making Canada's homes and buildings more energy efficient will help reduce Canadians' electricity bills—whether they are homeowners, renters or building operators. Budget 2019 proposes to invest \$1.01 billion to increase energy efficiency in residential, commercial and multi-unit buildings. These investments would be delivered by the Federation of Canadian Municipalities (FCM) through three initiatives in the Green Municipal Fund, as follows:

- **Collaboration on Community Climate Action** 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. FCM and the Low Carbon Cities Canada Initiatives will create a network across Canada that will support local community actions to reduce greenhouse gas emissions.
- **Community EcoEfficiency Acceleration** 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.
- **Sustainable Affordable Housing Innovation** to provide financing and support to affordable housing developments to improve energy efficiency in new and existing housing and support on-site energy generation.

This funding includes an investment of \$60 million in 2018–19 in FCM's **Municipal Asset Management Capacity Fund** to help small communities get skills training on how to catalogue, grow and maintain infrastructure assets over five years.

More Connectivity = More Affordable Electricity

All Canadians should have access to affordable, reliable and clean electricity, including people living in remote and northern communities. In December 2018, First Ministers agreed to lead a discussion on the development of a framework for a clean electric future, including hydroelectricity, aimed at using clean, reliable and affordable electricity and to promote access to domestic and international markets. First Ministers also agreed on the importance of getting remote communities off diesel.

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, with a special focus on small communities and communities in the territories. Budget 2019 also proposes to provide a further \$18 million over three years to support planning by the Government of Northwest Territories for its proposed Taltson hydroelectricity expansion project.


Investing in the Future of Transportation

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.

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. This includes:

- Expanding the network of zero-emission vehicle charging and refuelling stations to workplaces, public parking spots, commercial and multi-unit residential buildings, and remote locations.
- Working with auto manufacturers to secure voluntary zero-emission vehicle sales targets to ensure that vehicle supply meets increased demand.
- Encouraging more Canadians to buy zero-emission vehicles by providing \$300 million over three years 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.

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.

 * Bill C-97 changed the battery capacity threshold from 15 kWh to 7 kWh. As a result of this amendment, a greater number of plug-in hybrids are eligible for the 100-per-cent write-off for zero-emission vehicles, effective March 19, 2019.

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.

Building a Nation of Innovators

The world continues to shift to a knowledge-based global economy driven by innovation and new ideas. The Government is working to harness that innovation and create jobs, growth and opportunities for Canadians.

The Government's Innovation and Skills Plan is helping Canadian businesses, including those owned by women and Indigenous Peoples, to start-up, scale-up and become globally competitive. As part of this plan, the Government has simplified and consolidated about two-thirds of business innovation programs to make them easier for Canadian businesses to navigate, as well as making historic investments of more than \$8.3 billion since Budget 2016 to support innovation in Canada.