

2019 Federal Budget Highlights

On March 19, 2019, the Federal Minister of Finance, Bill Morneau, presented the Liberal government's final budget before the 2019 election. Titled "*Investing in the Middle Class*," the plan is designed to position the Liberal government ahead of the election currently scheduled for October 21, 2019.

In all, the Liberals have unveiled \$23 billion in new spending, opting to invest rather than pay down the deficit. Budget includes \$22.8 billion in new spending over the next five years. The government expects revenues to steadily increase by nearly \$60 billion in 2023 and projects program spending to increase by \$40 billion that year.

Debt payments are projected to increase by \$7 billion. Based on these growth and spending assumptions, the government expects the federal deficit to increase to nearly \$20 billion in 2019–2020 and 2020–21 and then decline to \$9.8 billion at the end of the next five years.

Finance Minister Morneau did not include a timeline for balancing the budget.

Budget Documents

The Government's budget website can be found at <https://budget.gc.ca/2019/home-accueil-en.html>

Infrastructure

- 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.
- To date, the Government has approved more than 33,000 infrastructure projects in communities across the country. More than \$7 billion of the \$19.9 billion committed to projects has been fully invested in projects.
- 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 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.
- To provide more affordable rental options for middle class Canadians, Budget 2019 proposes to provide an additional \$10 billion over nine years in financing through the Rental Construction Financing Initiative, extending the program until 2027–28. With this increase, the program would support 42,500 new units across Canada.
- Budget 2019 also proposes to invest \$60 million in 2018–19 in the Federation of Canadian Municipalities (FCM) Municipal Asset Management Capacity Fund to help small communities get skills training on how to inventory, grow and maintain infrastructure assets over five years.

- 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.
- 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.
- The Canada Infrastructure Bank (CIB) has been allocated \$5 billion for investments in green infrastructure. Also, Budget 2019 proposes to provide a further \$18 million, over \$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.

Skills Development

- The budget introduces the Canada Training Credit (CTC), a refundable tax credit for individuals enrolled at eligible educational institutions for up to 50% of eligible tuition and fees associated with training. Starting in 2019, eligible individuals will accumulate \$250 each year (to a lifetime maximum of \$5,000) which can be used for eligible expenses beginning in 2020.
- EI Training Support Benefit —expected to be launched in late 2020—would be available through the EI program and would provide up to four weeks of income support, every four years. This income support—paid at 55 per cent of a person’s average weekly earnings—would help workers cover their living expenses, providing support for ongoing payments such as mortgage payments, electricity bills, and general life costs, while on training and without their regular paycheque.
- Pre-Apprenticeship Program funds projects that build awareness of the trades as viable, quality career paths and helps individuals pursue them as a career. It is designed to target groups that face barriers to participating in skilled trades careers, including women. Five projects are underway, with another six expected to launch in 2019. The program will track and report the number of women participants in the funded projects in order to demonstrate results with respect to increasing women’s representation in the trades.
- Apprenticeship Incentive Grant for Women encourages women to enter the Red Seal Trades and increases opportunities to gain access to well-paying jobs in the skilled trades. The grant is expected to provide support to approximately 5,000 women over a five-year period.
- Women in Construction Fund provides mentoring, coaching and tailored supports that help women progress through their training to find and keep jobs in the trades. The fund will track and report measurable outcomes related to the progression of women in skilled trades

Prompt Payment

The Government proposes to introduce legislation that would ensure that payments flow down the construction supply chain promptly and to provide for an effective adjudicative mechanism when they do not, thus facilitating the orderly and timely building of federal construction projects on federal property.

Other

- First-Time Home Buyer Incentive, which enables home buyers to reduce the amount of money required from an insured mortgage without increasing the amount they must save for a down payment. Eligible first-time home buyers who have the minimum down payment for an insured mortgage would be able to apply to finance a portion of their home purchase through a shared equity mortgage with Canada Mortgage and Housing Corporation (CMHC). The Incentive would be available to first-time home buyers with household incomes under \$120,000 per year. CMHC would provide up to \$1.25 billion over three years (starting in 2019-20).
- To provide first-time home buyers with greater access to their RRSPs to purchase or build a home, Budget 2019 proposes to increase the HBP withdrawal limit to \$35,000 from \$25,000. As a result, a couple will potentially be able to withdraw \$70,000 from their RRSPs to purchase a first home.
- Natural Resources Canada will receive an additional \$130 million over five years for charging infrastructure deployment, and auto manufacturers will receive \$5 million in support of developing voluntary zero-emission vehicle sales targets. Budget 2019 proposes \$300 million over three years for vehicle purchase incentives of up to \$5,000. Incentives will not be available for vehicles with a manufacturer's suggested retail price above \$45,000.
- The Budget includes 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 focus on extending “backbone” infrastructure to underserved communities. For the most difficult-to-reach communities, funding may also support “last-mile” connections to individual homes and businesses.
- The Government proposes to introduce legislative amendments to the Companies' Creditors Arrangement Act, the Bankruptcy and Insolvency Act, the Canada Business Corporations Act and the Pension Benefits Standards Act, 1985 that would better protect workplace pensions in the event of corporate insolvency.
- The budget proposes to invest an additional \$150.8 million over five years, starting in the 2019–20 fiscal year, to allow the CRA to fund new initiatives and extend existing programs, including:
 - hiring additional auditors, conducting outreach and building technical expertise to target non-compliance associated with cryptocurrency transactions and the digital economy
 - creating a new data quality examination team to ensure proper withholding, remitting and reporting of income earned by non-residents
 - extending programs aimed at combatting offshore non-compliance
 - The budget also proposes to invest \$65.8 million over five years to improve the CRA's information technology systems.