

# FEDERAL BUDGET INCLUDES FUNDING FOR INFRASTRUCTURE, HOUSING AND CHILD CARE

March 22, 2017

The Honourable Bill Morneau, Finance Minister of Canada, submitted his second Budget to the House of Commons today. The Budget was widely expected to elaborate on funding plans for infrastructure commitments from the government's election platform and 2016 Budget and 2016 Fall Economic Statement, providing more details on priorities within the five categories of: green, social, transit, trade and transportation, and rural and northern community infrastructure. The Budget also makes commitments to support innovation clusters in Canadian industries, creates funding for child care over the next 10 years, and commits to a National Housing Strategy.

## **Infrastructure:**

The government's 2015 election platform promised to increase infrastructure spending by \$60 billion over ten years with \$20 billion each for Green, Transit, and Social infrastructure. The 2016 Budget committed initial Phase 1 of this funding in each category. The fall Fiscal Update expanded these funds to over \$180 billion over 11 years **including existing investments** and new categories for trade and transportation, and rural and northern communities, as well as the creation of a new Canada Infrastructure Bank.

This Budget provides further details on these funds such as:

**Public Transit Infrastructure** – Budget 2017 commits previously announced funding of \$20.1 billion over 11 years to support expansion of services, repair, and infrastructure. This funding will be provided to provinces and territories based on a formula of ridership (70 per cent) and population (30 per cent). Federal-provincial agreements will be signed to flow funding.

**Social Infrastructure** – Budget 2017 also commits \$21.9 billion over 11 years to funding for culture, recreational, educational, accessibility, and home care infrastructure starting in 2018-19 as announced in the Fall Economic Statement.

- *Affordable Housing* – Guided by a new National Housing Strategy, to be released later in the year, Budget 2017 commits to investments of \$11.2 billion over 11 years from the Social Infrastructure Fund. Investments will include a range of measures including homelessness prevention programs, making more federal lands available for affordable housing development, and targeted housing for Indigenous peoples not living on reserve. Further, development of a new expanded, multi-lateral investment framework with Provinces and Territories will commence in 2019-20.

**Green Infrastructure** – Budget 2017 provides details on the \$21.9 billion over 11 years of previously announced funding for green infrastructure to support such priorities as cleaner air, water, reduced greenhouse gas emissions, and climate adaptation. This includes \$9.2 billion for provinces and territories provided on a base-plus-per capita basis. Other initiatives in this area include:

- \$5 billion in Canada Infrastructure Bank funding for green infrastructure
- \$120 million for electric vehicle recharging
- \$2 billion for a Disaster Mitigation and Adaptation Fund
- \$2 billion for a Low Carbon Economy Fund.

The government is also committing to provide some funding to renew energy efficiency programs, create a Smart Cities Fund to support 'smart infrastructure planning', and support the use of wood in infrastructure projects.

**Trade and transportation** – The Budget confirms \$10.1 billion over 11 years for trade and transportation funding to support trade corridors which get Canadian products to market. Further details will be announced.

**Rural and Northern Communities** – The government also confirmed \$2 billion over ten years starting in 2018-19 as announced in the Fall Economic Statement which can be used for a wide range of needs such as roads, bridges and transportation, renewable energy, and internet services expansion.

**Canada Infrastructure Bank** – The government provided additional details on this initiative, announced in the fall, which will be capitalized at at least \$35 billion and attract private investment such as pension funds to finance major, long term infrastructure projects. The Budget commits at least \$5 billion from the Bank to finance public transit and green infrastructure projects.

The Bank is also charged with the creation of a major infrastructure data initiative to collect and analyze comparable information on municipal and provincial infrastructure such as demand, use, infrastructure quality, and analysis for decision making. The Bank will work in partnership with municipalities, provinces, territories, and Statistics Canada to help provide better information regarding infrastructure investments.

## **Federal Gas Tax Fund:**

The 2017 Budget confirms that the Federal Gas Tax Fund will be indexed as agreed at the rate of 2 per cent per year in \$100 million increments.

## **Child Care:**

Budget 2016 provided an initial \$500 million in 2017-18 for early learning and child care. The government also announced that they will develop a National Framework on Early Learning and Child Care, in conjunction with Provinces and Territories, to guide the investment of these funds. Budget 2017 commits to an overall investment of \$7 billion over ten years for child care spaces. The government is proposing to work with the provinces and territories to create 40,000 new child care spaces in three years as an initial goal.

## LINK



2017 Federal Budget



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