



## 2016 Canadian Federal Budget - How will it affect the Canadian charitable sector?

**By Mark Blumberg and Kate Robertson<sup>1</sup> (March 22, 2016)**

Today, Canadian Finance Minister Bill Morneau introduced the first Federal Budget of the Liberal Government.

There was very little information provided on tax incentives for donations and the regulation of registered charities. Keep in mind that the Liberals had in December 2015 [previously announced a major tax incentive when they raised taxes on those earning over \\$200,000 to 33%](#) but provided a matching tax incentive for those high income earners who make charitable donations.

There was no mention of the NPO Risk Identification Project and presumably it will proceed.

Probably the most substantive announcement that we found in the budget related to donations of real estate and shares of private corporations:

*"DONATIONS OF REAL ESTATE AND SHARES OF PRIVATE CORPORATIONS*

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*Budget 2015 included a proposal to provide, beginning in 2017, an income tax exemption in respect of capital gains on certain dispositions of private corporation shares or real estate, where cash proceeds from the disposition are donated to a registered charity or other qualified donee within 30 days. **Budget 2016 confirms that the Government does not intend to proceed with this measure.***” [our emphasis]

Charities and political activities were also mentioned, however, it appears the Liberal government has made a commitment to consult on clarifying the rules surrounding political activities, but has not made a commitment to any changes in the rules:

*“Pertaining to rules governing charities and their political activities, the CRA, in consultation with the Department of Finance, will engage with charities through discussions with stakeholder groups and an online consultation to clarify the rules governing the political activities of charities.”*

The Liberals have also made a commitment to improve CRA client services and hopefully this will filter down to the Charities Directorate. The charitable sector is unfortunately experiencing extremely long wait times with CRA right now for charity applications and written requests to client services.

*“IMPROVING CLIENT SERVICES AT THE CANADA REVENUE AGENCY- Service excellence is a top priority for the Canada Revenue Agency (CRA). Canadians deserve high-quality services delivered in a way that makes them feel respected and valued. Budget 2016 proposes \$185.8 million over five years, starting in 2016–17, and \$14.6 million ongoing for the CRA to address the Government’s commitments to service excellence through a number of initiatives.*

*The CRA answers over 23 million calls in a typical year, but for a number of years, Canadians have been frustrated by frequent busy signals and long wait*

*times to get the answers they need. By investing in the enhancement of telephone services, caller accessibility will be improved through reduced wait times and less frustration for millions of callers. In addition, the Government proposes to introduce a new dedicated telephone support line that will be piloted for tax service providers, giving them greater access to CRA information to the benefit of the millions of clients they serve.*

*The CRA sends out over 130 million pieces of correspondence each year, but many of these letters are difficult to understand and at times can be confusing. In response, the Government proposes to invest in revamping the structure, design and format of its correspondence to ensure all communication is straightforward and easy to read. Over the next three years, virtually all of the CRA's correspondence for individuals and businesses will be in this new, easy to read format."*

There were huge investments by the Liberals in many areas that charities are involved in such as helping the poor, education, the environment, arts and culture.

For example (just to name a few), the Canada Child Benefit will be revamped and more generous for lower income families, the Disability Tax Credit will be increased, Canada Student Grants will be increased which will help people access college and university, and the Youth Employment Strategy will be increased which will help youth get jobs.

The Federal Budget also dealt with split receipting and GST/HST:

### **"GST/HST on Donations to Charities**

The GST/HST does not apply to a donation if the donor does not receive anything in return. However, if the donor receives property or services in exchange for the donation, even if the value of the donation exceeds the value of the offered property or services, the GST/HST generally applies on the full value of the donation. (A number of exceptions to this treatment apply, including where the service or property offered by the charity

relates to a special fundraising event, such as a gala dinner, annual cookie sale or charity auction, or where the charity provides the donor goods that were previously gifted to the charity. Such supplies are exempt from GST/HST. In addition, a charity that qualifies as a “small supplier” (e.g., makes under \$50,000 of taxable sales annually) is not required to collect GST/HST.)

Special rules are provided under the *Income Tax Act* to deal with transactions where property or services are supplied in exchange for or in recognition of a donation to a charity. Under the *Income Tax Act* “split-receipting” rules, where a charity encourages or recognizes a donation by supplying property or services in exchange, the charity generally may issue a donation receipt for the amount paid by the donor less the value of any property or service that the donor receives. Consequently, such donations are treated less favourably under the GST/HST than under the *Income Tax Act*.

To bring the GST/HST treatment of this type of exchange into line with the treatment under the *Income Tax Act* split-receipting rules, Budget 2016 proposes a relieving change to provide that when a charity supplies property or services in exchange for a donation and when an income tax receipt may be issued for a portion of the donation, only the value of the property or services supplied will be subject to GST/HST. The proposal will apply to supplies that are not already exempt from GST/HST. It will ensure that the portion of the donation that exceeds the value of the property or services supplied is not subject to the GST/HST.

This measure will apply to supplies made after Budget Day.

In addition, where a charity did not collect GST/HST on the full value of donations made in exchange for an inducement, for supplies made between December 21, 2002 (when the income tax split-receipting rules came into effect) and Budget Day, the following transitional relief will be provided:

- If GST/HST was charged on only the value of the inducement, consistent with the income tax split-receipting rules, or if the value of the inducement was less than \$500, the donors’ and charities’ GST/HST obligations will effectively be satisfied, resulting in no further GST/HST owing.”
- In other cases, the charity will be required to remit GST/HST on the value of the inducement only (i.e., the relieving split-receipting rules will apply).

**Here are some additional provisions that are particularly interesting for the charitable sector from the Federal Budget:**

### **“Youth Service**

The Government is committed to helping young Canadians gain valuable work and life experience while providing support for communities across Canada. Budget 2016 proposes to provide \$105 million over five years, starting in 2016–17, and \$25 million per year thereafter in support of youth service. Further details will be announced in the coming months.

### **Strengthening Union-Based Apprenticeship Training**

A skilled, mobile and certified skilled trades workforce is built upon high-quality apprenticeship training systems. Apprentices work and learn in a variety of settings, including on-the-job, at colleges and polytechnics, and through union-based training centres. To strengthen the role of union-based training providers, Budget 2016 proposes to provide \$85.4 million over five years, starting in 2016–17, to develop a new framework to support union-based apprenticeship training. As well as improving the quality of training through investments in equipment, the framework will seek to incorporate greater union involvement in apprenticeship training and support innovative approaches and partnerships with other stakeholders, including employers.

### **Investing in Adult Basic Education in the North**

The Northern Adult Basic Education Program provides targeted funding to northern colleges to expand and improve their adult basic education services and leverage their existing network of learning infrastructure.

To support the delivery of adult basic education services by colleges in the territories, Budget 2016 proposes to provide \$3.9 million in 2016–17 to extend the Northern Adult Basic Education Program for one year. During this time, the Government will review the program with a view to determining how to best support the participation of Northerners in the labour market.

## **Introducing a Teacher and Early Childhood Educator School Supply Tax Credit**

In recognition of the costs educators often incur at their own expense for supplies that enrich our children's learning environment, Budget 2016 proposes a new Teacher and Early Childhood Educator School Supply Tax Credit. The proposed 15-per-cent refundable income tax credit will apply on up to \$1,000 of eligible supplies (such as paper, glue and paint for art projects, games and puzzles, and supplementary books). The proposal will apply to the 2016 and subsequent tax years and will provide a benefit worth about \$140 million over the 2015–16 to 2020–21 period.

## **Phase 1 of Canada's New Infrastructure Plan**

Starting with Budget 2016, Canadians will see real investments made in their communities. Immediate investments that will create jobs and support clean growth across the country.

Phase 1 of the Government's infrastructure plan proposes to provide \$11.9 billion over five years, starting right away. Budget 2016 puts this plan into action with an immediate down payment on this plan, including:

- \$3.4 billion over three years to upgrade and improve public transit systems across Canada;
- \$5.0 billion over five years for investments in water, wastewater and green infrastructure projects across Canada; and
- \$3.4 billion over five years for social infrastructure, including affordable housing, early learning and child care, cultural and recreational infrastructure, and community health care facilities on reserve.<sup>1</sup>

## **Doubling the Investment in Affordable Housing Initiative**

In response to the persistent, high demand for affordable housing across the country, Budget 2016 proposes to double current federal funding under the Investment in Affordable Housing initiative. Under this initiative, provinces and territories match federal investments and have the flexibility to design and deliver programs that are tailored to address local housing needs and pressures.

To support the construction of new affordable housing units, the renovation and repair of existing affordable housing, measures to support housing affordability such as rent supplements, and measures to foster safe, independent living, the Government will invest \$504.4 million over two years, starting in 2016–17. This increased support is expected to benefit more than 100,000 Canadian households.

### ***Increasing Affordable Housing for Seniors***

Canada's senior population is growing, and many seniors now find it difficult to afford housing that is suitable, or that allows them to easily stay in their homes as long as possible.

Budget 2016 proposes to provide \$200.7 million over two years, starting in 2016–17, to support the construction, repair and adaption of affordable housing for seniors. While funding will be provided under the Investment in Affordable Housing initiative, provinces and territories will not be required to cost-match these investments. This investment is expected to help improve housing conditions for more than 5,000 low-income senior households.

### ***Supporting Energy and Water Efficiency Retrofits and Renovations to Existing Social Housing***

In addition to support provided under the Investment in Affordable Housing initiative, the Government provides ongoing support to 570,000 social housing units across Canada. Many of these units are older, equipped with less efficient energy and water systems and are urgently in need of repairs.

To support these necessary retrofits and renovations, Budget 2016 proposes to provide \$573.9 million over two years, starting in 2016–17. This investment will help address the increasing demand for repairs as social housing units age, and will also improve efficiency and reduce energy use, lowering utility costs and making housing more affordable. By improving water and energy efficiency, this investment will also help the social housing sector contribute to Canada's overall plan to reduce greenhouse gas emissions.

### ***Providing Rent Subsidies for Federally Administered Social Housing Providers***

The Government provides support for social housing through long-term operating agreements with social housing providers. As these agreements expire, some federally administered social housing providers may struggle to continue serving low-income

households without increasing rental rates. Budget 2016 proposes to reallocate \$30 million over two years, starting in 2016–17, to help these providers maintain rent-geared-to-income for households living in social housing. This additional support would be provided on a time-limited basis until long-term approaches to help the social housing sector achieve self-reliance can be developed through consultations with provinces, territories and stakeholders.

### ***Supporting the Construction of Affordable Rental Housing***

Not all Canadians can afford to—or wish to—own their own home. As a result, affordable rental housing is an important part of the housing continuum, providing housing options for many households, including low- and middle-income Canadians, seniors and new immigrants.

To encourage the construction of affordable rental housing, Budget 2016 proposes to invest \$208.3 million over five years, starting in 2016–17, in an Affordable Rental Housing Innovation Fund, to be administered by the Canada Mortgage and Housing Corporation. Funding would be used to test innovative business approaches—such as housing models with a mix of rental and home ownership—to lower the costs and risks of financing affordable rental housing projects. This investment is expected to support the construction of up to 4,000 new affordable housing rental units over five years, and is being made over and above investments in affordable housing under the Government’s social infrastructure commitment.

Going forward, Canada Mortgage and Housing Corporation will also consult with stakeholders on the design of an Affordable Rental Housing Financing Initiative to provide low-cost loans to municipalities and housing developers for the construction of new affordable rental housing projects. Up to \$500 million in loans would be available each year for five years. This initiative would encourage the construction of affordable rental housing by making low-cost capital available to developers during the earliest, most risky phases of development. This initiative could support the construction of more than 10,000 new rental units over five years.

### ***Supporting Shelters for Victims of Violence***

No person fleeing domestic violence should be left without a place to turn. To this end, Budget 2016 proposes to provide \$89.9 million over two years, beginning in 2016–17, for



the construction and renovation of shelters and transition houses for victims of family violence. While funding will be provided under the Investment in Affordable Housing initiative, provinces and territories will not be required to cost-match these investments. This unprecedented investment is expected to support the construction or renovation of over 3,000 shelter spaces over the next two years.

### ***Tackling Homelessness***

Homelessness is a reality for too many Canadians and a challenge for every Canadian community.

To help homeless Canadians find stable housing, Budget 2016 proposes to invest an additional \$111.8 million over two years, starting in 2016–17, in the Homelessness Partnering Strategy. Through this Strategy, the Government provides direct support and funding to communities across Canada for projects to prevent and reduce homelessness, including Housing First initiatives that help homeless Canadians secure stable housing while providing them with support for underlying issues, such as mental health or addiction. This investment will give communities the support they need to help prevent and reduce homelessness, including Housing First activities, better emergency response services, and supports for youth, women fleeing violence, and veterans.

### **Supporting Early Learning and Child Care**

For Canadian families, high-quality, affordable child care is more than a convenience—it's a necessity. The Government recognizes the deep connection between child care and the economic security of families, and proposes to invest \$500 million in 2017–18 to support the establishment of a National Framework on Early Learning and Child Care. Of this amount, \$100 million would be for Indigenous child care and early learning on reserve.

Because child care needs vary from family to family, and because provinces and territories have responded to those needs in different ways, the Framework will be designed to meet the needs of Canadian families, wherever they live.

Developing the Framework will begin in 2016–17, and will be a joint effort—the Government, provinces, territories and Indigenous peoples will all contribute to its creation. Investments under the new Framework are expected to flow in 2017–18.

## **Investing in Cultural and Recreational Infrastructure**

Cultural and recreational infrastructure—places like community centres, museums, parks and arenas—helps to make our communities feel like home. In many communities, these are the places where families can play together, where neighbours can meet, and where Canadians can celebrate the many cultures that make Canada so diverse.

To support these important parts of our communities, Budget 2016 proposes to invest \$168.2 million over two years, starting in 2016–17, in the Canada Cultural Spaces Fund. This Fund supports the renovation and construction of arts and heritage facilities, and recipients would include not-for-profit arts and heritage organizations, provincial and territorial governments, municipalities and their agencies, and equivalent Indigenous peoples' institutions.

In addition, to celebrate the 150<sup>th</sup> anniversary of Canada's Confederation, Budget 2016 proposes to provide \$150 million to the Regional Development Agencies over two years, starting in 2016–17. This funding, which is cost-shared with municipalities, community organizations and non-profit entities, will support projects to renovate, expand and improve existing community and cultural infrastructure in all regions of the country, including projects that advance a clean growth economy.

## ***Improving Community Accessibility***

It is important that Canadians with disabilities have the ability to fully participate in their communities. Budget 2016 proposes to provide an additional \$4 million over two years, starting in 2016–17 for the Enabling Accessibility Fund to support the capital costs of construction and renovation related to improving physical accessibility and safety for people with disabilities in Canadian communities.

## ***National Historic Sites***

The National Historic Sites Cost-Sharing Program is delivered by the Parks Canada Agency and provides funding to non-federally owned or administered national historic sites to help protect nationally significant cultural infrastructure. Budget 2016 proposes to provide \$20 million over two years, beginning in 2016–17, to the Parks Canada Agency to enhance the program, including expanding it to include heritage lighthouses and railways. This funding will help to ensure that Canada's national historic sites are maintained for future generations.

## Accelerating Federal Infrastructure Investments

Important projects to improve the state of Canada's federal infrastructure will commence in 2016—creating new jobs and opportunities for businesses across the country. In addition to the immediate benefits in terms of job creation across the country in the construction, engineering and manufacturing sectors, as well as the generation of significant economic spinoff activity, these investments will also ensure that Canadians continue to benefit from modern, efficient and sustainable infrastructure that is the foundation of our quality of life and long-term prosperity.

Budget 2016 proposes to invest up to \$3.4 billion over the next five years, on a cash basis, to maintain and upgrade federal infrastructure assets that provide services all Canadians rely on:

- Canada is a vast and beautiful country, endowed with breathtaking, awe-inspiring natural areas. To ensure that Canadians can continue to enjoy our world-class national parks system, up to \$191 million will be invested on trails and highways in national parks.
- ...
- Environmental stewardship is part of our obligation to ensure that future generations can live in a clean world. To reduce risks to human health and the environment, funding of up to \$217 million will be provided for environmental remediation work on contaminated sites.
- The federal government has an important role to play in advancing science, research and innovation, the pillars of strong and advanced economies. Federal laboratories and other federal assets that support science, research and innovation, will receive up to \$139 million.
- To modernize and preserve some of Canada's world-class cultural infrastructure for future generations to enjoy, up to \$281 million will be provided to support the construction of a new collection and conservation centre for the Canada Science and Technology Museum; the renewal of the National Arts Centre's performance venues; and repairs to the National Gallery of Canada, including its iconic windows.
- Canadians look to their governments to keep them safe and secure. Providing reliable infrastructure for its citizens to use, ensuring that safety threats are mitigated against, and preventing harmful and unlawful acts are core responsibilities of any government. The Government will invest up to \$232 million in safety and security. Funding will support National Defence infrastructure, as well as the safety of public and marine infrastructure at Canadian Coast Guard bases. ...

This funding is over and above the Government's commitment to provide nearly \$60 billion in new infrastructure funding over the next 10 years.

## **Strategic Infrastructure Investments at Post Secondary Institutions**

The prosperity of Canadians relies on the ability of the country to attract and retain talented people, boost innovation and build a sustainable economy. The quality of infrastructure at Canadian post-secondary institutions plays a key role in these efforts. Through the Canada Foundation for Innovation, the Government of Canada already makes significant investments in research infrastructure at Canada's universities, colleges and research hospitals. Provinces and territories also provide substantial funding for campus renewal every year. Nonetheless, much of Canada's post-secondary infrastructure is over 25 years old and nearing the end of its useful life. This presents an opportunity to invest in greener and more innovation-friendly spaces.

Recognizing the value to Canada of strong post-secondary institutions, Budget 2016 proposes to provide up to \$2 billion over three years, starting in 2016–17, for a new Post-Secondary Institutions Strategic Investment Fund, a time-limited initiative that will support up to 50 per cent of the eligible costs of infrastructure projects at post-secondary institutions and affiliated research and commercialization organizations, in collaboration with provinces and territories. This initiative is aimed at enhancing and modernizing research and commercialization facilities on Canadian campuses, as well as industry-relevant training facilities at college and polytechnic institutions, and projects that reduce greenhouse gas emissions and improve the environmental sustainability of these types of facilities.

These targeted, short-term investments in infrastructure projects will promote economic activity across the country and benefits for the Canadian economy and society well into the future. Work is underway, in consultation with the provinces and territories, to implement this initiative as quickly as possible.

### **Examples of Eligible Projects Under the New Post-Secondary Institutions Strategic Investment Fund**

The new Fund will support investments of the following types:

- A university could convert under-utilized space into new research labs that advance its excellence in a specialized field of strength;
- A college could modernize or create sector-specific training facilities, including capacity for advanced areas such as Red Seal trades;

- On-campus incubators and accelerators could be expanded to increase and improve support for entrepreneurs and start-ups as they develop strategies to grow their business;
- College and university facilities that support prototype development or proof-of-principle assessment could receive investments in order to better serve the needs of industry partners; and
- Post-secondary institutions could retrofit existing buildings for research and development or advanced training activities with more energy efficient heating systems and pursue Leadership in Energy and Environmental Design standards.

## **Strengthening Canada’s World-Class Research Capacity and Excellence**

Research at Canadian post-secondary institutions and research hospitals creates new insights and leads to the technology breakthroughs of tomorrow that help to respond to major economic, social and environmental challenges and opportunities. The Government understands that the creation of knowledge and development of highly qualified people are vital for Canada’s prosperity in the global economy.

Budget 2016 is taking action to support the excellence of Canadian research by investing in discovery research through the granting councils and providing additional support to world-class researchers and institutions.

*I had no thought of any application of this new knowledge—if it could be obtained—nor did anyone ask me to justify my work in this fashion. The assumption at that date was that if the breakthrough in understanding of nature, that is to say in fundamental or basic science, could be achieved, applications would undoubtedly follow. The assumption turned out to be correct.*

*“A Scientist and the World He Lives in”*

*—Speech to the Empire Club of Canada (1986)*

*John C. Polanyi, Canada’s 1986 Nobel Prize Winner in Chemistry*

Recognizing the fundamental role of investigator-led discovery research in an innovative society, Budget 2016 proposes to provide an additional \$95 million per year, starting in 2016–17, on an ongoing basis to the granting councils—the highest amount of new annual funding for discovery research in more than a decade. These funds will be allocated as follows:

- \$30 million for the Canadian Institutes of Health Research;
- \$30 million for the Natural Sciences and Engineering Research Council;
- \$16 million for the Social Sciences and Humanities Research Council; and
- \$19 million for the Research Support Fund to support the indirect costs borne by post-secondary institutions in undertaking federally sponsored research.

Together with the funding provided to the granting councils in Budget 2015 of \$46 million in 2016–17 and ongoing, a total of \$141 million in new annual resources will be made available to the granting councils going forward.

Budget 2016 also makes the following investments in attracting and retaining world-class researchers and developing promising discoveries into applications that create value for Canadians.

### **Promoting Canada as a Destination of Choice to Study and Conduct World-Class Research**

Mitacs, a national not-for-profit organization, builds partnerships between academia, industry and the world to create a more innovative Canada. Budget 2016 proposes to provide \$14 million over two years, starting in 2016–17, to the Mitacs Globalink program. This funding will support 825 internships and fellowships annually, helping Canadian universities to attract top students from around the world and enabling Canadian students to take advantage of training opportunities abroad.

### **Advancing Canadian Leadership in Genomics**

Genome Canada, a not-for-profit organization established in 2000, plays a central role in helping to identify possibilities and seize opportunities for Canada in the accelerating field of genomics. To continue to support leading genomics researchers and promising scientific breakthroughs, Budget 2016 proposes to provide \$237.2 million in 2016–17 to support the pan-Canadian activities of Genome Canada to the end of 2019–20.

### **Commercializing Canada's World-Class Health Discoveries**

Launched in 2007, the Centre for Drug Research and Development is a not-for-profit corporation located in Vancouver on the campus of the University of British Columbia. Its mandate is to identify and translate promising health research discoveries from universities across Canada into new medicines and therapies, a process that is both challenging and costly. To date, the Centre has advanced the commercialization of promising new therapies, secured commitments from leading pharmaceutical firms,

attracted foreign investments to Canada, and affirmed its leadership on the global stage by championing the creation of the Global Alliance of Leading Drug Discovery and Development Centres. Budget 2016 proposes to provide up to \$32 million over two years, starting in 2017–18, to fuel the growth of the Centre's promising pipeline and contribute to fully reaping the benefits of Canada's significant investments in health research.

### **Strengthening Canada's International Leadership in Stem Cell Research Through the Stem Cell Network**

The Stem Cell Network was created in 2001 to act as a catalyst for enabling the translation of stem cell research into clinical applications, commercial products and public policy. To further support Canadian strengths in this highly promising field, Budget 2016 proposes to provide up to \$12 million over two years, starting in 2016–17, to support the Network's research, training and outreach activities.

### **Advancing Canada's Global Standing Through the Perimeter Institute for Theoretical Physics**

The Perimeter Institute for Theoretical Physics in Waterloo, Ontario, is an independent centre devoted to foundational research in theoretical physics. Since its creation in 1999, the Institute has built a global reputation for its exceptional research environment and has demonstrated outstanding scientific merit, which has helped to attract top-tier researchers to Canada. The Institute also hosts hundreds of international researchers each year, trains promising new researchers, and undertakes outreach activities with students, teachers and members of the general public. Along with the University of Waterloo's Institute for Quantum Computing, the Perimeter Institute is a key institution in the region's Quantum Valley innovation ecosystem, which fuels Canada's leadership in new quantum technologies expected to transform and create new industries. Budget 2016 proposes to provide \$50 million over five years, beginning in 2017–18, to the Perimeter Institute to strengthen its position as a world-leading research centre for theoretical physics. Each federal dollar will be matched by two dollars from the Institute's other partners.

### **Supporting Brain Research Through the 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 to enhance understanding and improve health care for those affected by neurological injury and disease. To help increase understanding of the brain and brain health, Budget 2016 proposes to provide up to \$20 million over three years, starting in 2016–17, for the Brain

Canada Foundation's Canada Brain Research Fund, which supports competitively awarded, collaborative, multidisciplinary brain health and brain disorder research projects. Federal funding for this initiative will be matched by resources raised from other non-government partners of the Brain Canada Foundation.

### **Ensuring Federal Support for Research Is Strategic and Effective**

To ensure that federal support for research, including through the granting councils, is strategic and effective, Budget 2016 also announces that the Minister of Science will undertake a comprehensive review of all elements of federal support for fundamental science over the coming year. In order to strengthen the granting councils and Canada's research ecosystem, the review will:

- Assess opportunities to increase the impact of federal support on Canada's research excellence and the benefits that flow from it;
- Examine the rationale for current targeting of granting councils' funding and bring greater coherence to the diverse range of federal research and development priorities and funding instruments;
- Assess the support for promising emerging research leaders; and
- Ensure there is sufficient flexibility to respond to emerging research opportunities for Canada, including big science projects and other international collaborations.

## **Chapter 3 - A Better Future for Indigenous Peoples**

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### ***Introduction***

Budget 2016 advances the Government's objective to renew the relationship with Indigenous peoples by making real progress on the issues most important to Indigenous people. Too many generations of Indigenous peoples have suffered from the neglect and failed policies of the federal government. There should be no reason preventing an Indigenous child from having the same hopes and aspirations as any other child in Canada or from having the opportunities to achieve them. Economically, the arguments



are sound. Indigenous peoples represent the fastest-growing segment of the Canadian population and are an important part of Canada's economic prosperity. The unprecedented investments in Indigenous peoples proposed in Budget 2016 will help us to turn the page and begin a new chapter in the relationship between Canada and Indigenous peoples. All Canadians will benefit as a result.

*...no relationship is more important to me and to Canada than the one with First Nations, the Métis Nation, and Inuit.*

*Prime Minister Justin Trudeau*

*Remarks to the Assembly of First Nations*

*Special Chiefs Assembly December 8, 2015*

The relationship between Canada and Indigenous peoples is vital. Yet First Nations, the Métis Nation, and Inuit do not enjoy the same quality of life as other people in Canada. Intergenerational poverty harms families and has costs for the Canadian economy. The Government is committed to working in partnership with Indigenous peoples to break down the barriers that have for too long held back individuals and communities from reaching their full potential to contribute to and participate in Canada's prosperity. To support our shared economic interests and to advance the process of reconciliation, this Government proposes an unprecedented level of investment to support Indigenous communities and the aspirations of Indigenous peoples. The proposed investments, including in on reserve education and infrastructure, begin to address some of the root causes of poverty, promote opportunity and inclusive growth, and help to lay the foundation for growth in Indigenous communities. This will benefit the broader Canadian economy.

Budget 2016 proposes to invest \$8.4 billion over five years, beginning in 2016–17, to improve the socio-economic conditions of Indigenous peoples and their communities and bring about transformational change. This represents a significant increase over the investments that would have been made under the Kelowna Accord. The unprecedented scale of this investment underscores the Government's intent to renew the relationship between Canada and Indigenous peoples. The proposed investments in education, infrastructure, training and other programs will directly contribute to a better quality of life for Indigenous peoples and a stronger, more unified, and prosperous Canada.

Note: Totals may not add due to rounding.

## ***National Inquiry Into Missing and Murdered Indigenous Women and Girls***

*Our government is committed to real and substantive reconciliation with Indigenous Peoples in this country, and the inquiry is an important step on this path to end the unacceptable rates of violence against Indigenous women and girls.*

Joint Statement by Carolyn Bennett,  
Minister of Indigenous and Northern Affairs,  
Jody Wilson-Raybould, Minister of Justice, and  
Patricia Hajdu, Minister of Status of Women  
February 15, 2016

The number of missing and murdered Indigenous women and girls is a national tragedy. On December 8, 2015, the Government announced its intention to launch a national inquiry into the unacceptable overrepresentation of Indigenous women and girls as victims of violence. Budget 2016 proposes to allocate \$40 million over two years, beginning in 2016–17, toward the National Inquiry into Missing and Murdered Indigenous Women and Girls.

## ***Engaging with Indigenous Peoples***

Renewing the relationship with Indigenous peoples will require that the Government do more to ensure that the voices of Indigenous peoples are heard. Aboriginal Representative Organizations have an important role to play in this regard and must be active partners as the Government works to make progress on the issues most important to Indigenous peoples. To support the capacity of Aboriginal Representative Organizations to engage with the Government, Budget 2016 proposes to provide \$96 million over five years and \$10 million ongoing. The proposed investment will help to ensure that we can move forward in the true spirit of cooperation.

## ***Improving Primary and Secondary Education for First Nations Children***

*Investing in Aboriginal education will not only benefit the Aboriginal population itself, but will also benefit Canadian governments and, by extension, the entire Canadian population.*

*Centre for the Study of Living Standards, May 2009*

Improving the education outcomes of First Nations children living on reserve is critical to improve their quality of life and contribute to stronger communities. Currently, only 38 per cent of First Nations peoples aged 18-24 living on reserve have completed high school, compared to 87 per cent for non-Indigenous Canadians. While Budget 2014 announced funding of \$1.25 billion over three years beginning in 2016–17 to support on reserve education, this funding was subsequently reduced in Budget 2015 to \$241 million over the same period. This Government has committed to provide funding to make sure that every First Nations child receives a quality education.

To address the critical need to improve education outcomes, Budget 2016 proposes to make substantial investments in primary and secondary education on reserve, totalling \$2.6 billion over five years starting in 2016–17, including the remaining funding previously announced in Budget 2014 for this purpose (Table 3.1). This includes funding to address immediate needs and to keep pace with cost growth over the medium term. Budget 2016 also proposes to invest in language and cultural programming. This programming recognizes the unique circumstances and needs of First Nations children and will enrich the classroom experience. Budget 2016 also proposes investments in literacy and numeracy programs and special needs education, which will contribute to improved education outcomes.

In order to achieve meaningful gains in education outcomes for First Nations, Budget 2016 proposes significant funding to support the transformation of the current on reserve education system through a respectful process of consultation and partnership with First Nations. In addition, the field of education is constantly evolving and the impact of policies on education outcomes should be closely measured and evaluated. Budget 2016 proposes funding for this purpose and to apply the latest education innovations to the First Nations context, including support for the Martin Aboriginal Education Initiative, which has a proven track record of significantly raising the literacy rate of First Nations children on reserve.

Ensuring Indigenous students have the same opportunities for success as other Canadian students also means ensuring Indigenous high school graduates can access post-secondary education. Many currently face a range of barriers in doing so. The Government will work with students, parents, educators and Indigenous groups to explore how to best ensure that students wishing to pursue post-secondary studies have the resources and supports they need to pursue their dreams and be full participants in the new global economy.

## ***Fostering Better Learning Environments by Investing in First Nations Schools***

The academic achievement of First Nations children, as well as their health and well-being, depends in large part on the quality of their schools. There is a significant need to repair and construct schools on reserve and ensure that they are adequately maintained. Budget 2016 proposes to invest \$969.4 million over five years, starting in 2016–17, in First Nations education infrastructure on reserve.

## ***Ensuring the Safety and Well-Being of First Nations Children***

The health and safety of First Nations children is a key priority of the Government. The First Nations Child and Family Services program supports First Nations' child welfare agencies that provide culturally appropriate services to ensure the safety and well-being of First Nations children on reserve. To support both the immediate needs of First Nations children and to begin a process of reform to strengthen the First Nations Child and Family Services program, Budget 2016 proposes to invest \$634.8 million over five years, beginning in 2016–17. Program reforms will be developed in partnership with First Nations stakeholders. The goal is to ensure that programming emphasizes the prevention of harmful conditions for children rather than interventions after harm has occurred, which typically involves separating children from their families and communities. An improved approach will help First Nations parents, many of whom have suffered the legacy of residential schools, better access the supports they need to raise their children in safe and healthy environments.

## ***Aboriginal Skills and Employment Training Strategy***

The Aboriginal Skills and Employment Training Strategy helps Indigenous peoples in all regions of the country to develop employment skills and pursue training for lasting employment. There is scope to enhance the training provided through this program in fields that would enable First Nations peoples to directly support their community needs, including in housing construction, water treatment, child care, and local administration. Budget 2016 proposes to invest \$15 million over two years, beginning in 2016–17, to launch a pilot project to enhance training that aligns with community needs.

The proposed investments in Budget 2016 are the first phase of a renewed and expanded Aboriginal Skills and Employment Training Strategy. Over the next year, the Government will consult with stakeholders, including Indigenous organizations and employers, in order to work towards a renewed and expanded Aboriginal Skills and Employment Training Strategy.

## ***Investing in Social Infrastructure to Create Inclusive Growth***

Investing in social infrastructure in Indigenous communities is a key pillar of the Government of Canada's strategy to create inclusive growth. Investments in social infrastructure can contribute to improving the quality of life of Indigenous communities—by ensuring people have quality housing, improved access to early learning and child care, better health, cultural and recreational infrastructure. Over the next five years, the Government proposes to invest \$1.2 billion in support of social infrastructure in First Nations, Inuit and Northern communities. The proposed investments are part of the first phase of the Government's 10-year plan to invest in social infrastructure and position Canada for sustained long-term, inclusive growth. The second phase of this 10-year plan will include additional investments in social infrastructure for Indigenous communities.

## ***Improving Housing in First Nations Communities***

First Nations peoples living on reserve are more likely to experience poor housing conditions and overcrowding than the general population. To address urgent housing

needs on reserve, Budget 2016 proposes to provide \$554.3 million over two years beginning in 2016–17. Of this amount, \$416.6 million over two years would be provided to Indigenous and Northern Affairs Canada to address immediate housing needs on reserve. An additional \$137.7 million over two years would be provided to Canada Mortgage and Housing Corporation, most of which would support the renovation and retrofit of existing housing on reserve.

The proposed investments are a first step. The Government will be working with First Nations communities over the coming year to develop an effective long-term approach to supporting the construction and maintenance of an adequate supply of housing on reserve as part of a broader National Housing Framework.

## **Supporting Northern and Inuit Housing**

The need for affordable housing is also particularly high in the North and Inuit communities. To address urgent housing needs in these regions, Budget 2016 proposes to provide up to \$177.7 million over two years, starting in 2016–17, to provinces and territories through the Investment in Affordable Housing initiative. Specifically, over two years, \$8 million would be provided to Yukon, \$12 million to the Northwest Territories and \$76.7 million to Nunavut. Further, investments would also be earmarked for three Inuit regions—Nunavik (\$50 million over two years), Nunatsiavut (\$15 million over two years) and the Inuvialuit Settlement Region (\$15 million over two years).

## **Providing Safe Shelter for Victims of Violence**

No one fleeing domestic violence should be left without a place to turn, including in First Nations communities. Women and children fleeing violence need a safe place to live while they plan their future and turn the page on violence. To support the renovation and construction of new shelters for victims of family violence in First Nations communities, Budget 2016 proposes to provide \$10.4 million over three years, starting in 2016–17.

Budget 2016 also proposes up to \$33.6 million over five years, beginning in 2016–17, and up to \$8.3 million ongoing, in additional funding to better support shelters serving victims of family violence living in First Nations communities. This funding will also ensure the necessary operating resources for the new shelters proposed for First Nations communities under broader investments in social infrastructure.

## **Supporting Early Learning and Child Care**

The Government recognizes that access to affordable, quality child care that is culturally appropriate is critical for Indigenous parents and children. Budget 2016 proposes to undertake urgent repairs and renovations of the facilities used by the Aboriginal Head Start On Reserve Program and the First Nations and Inuit Child Care Initiative through a proposed investment of \$29.4 million in 2016–17.

In addition, Budget 2016 proposes to provide \$100 million in 2017–18 towards Early Learning and Child Care on reserve. The Government will be engaging with Indigenous organizations and parents to determine the best approach to delivering high quality early learning and child care on reserve as part of a new National Framework on Early Learning and Child Care. The proposed investments will complement the significant investments the Government is proposing to make in First Nations K-12 education.

## **Investing in Cultural and Recreational Infrastructure**

In First Nations communities, cultural and recreational infrastructure can provide an important focal point for community activities. To support the construction of cultural and recreational infrastructure on reserve, Budget 2016 proposes to provide \$76.9 million over two years, beginning in 2016–17.

## **Improving Community Health Care Facilities on Reserve**

Health infrastructure on reserve is aging and in some cases is insufficient to meet growing community needs. To address critically needed health infrastructure for First Nations communities, Budget 2016 proposes to invest \$270 million over five years. This funding will support the construction, renovation and repair of nursing stations, residences for health care workers, and health offices that provide health information on reserve.

## ***Investing in Green Infrastructure on Reserve***

Green infrastructure investments on reserve can help protect the environment, and the health and safety of communities. They can also create jobs. Over the next five years, the Government proposes to improve on reserve water and wastewater infrastructure and

waste management by providing \$2.24 billion to First Nations communities to support such improvements. The proposed investments form part of the first phase of the Government's 10-year plan to invest in green infrastructure. The second phase of this plan will include additional investments in green infrastructure in Indigenous communities.

## **Monitoring of Water on Reserve**

Ensuring that water is safe for consumption requires that it be regularly tested and monitored by trained water system operators and licensed laboratories. To improve the monitoring and testing of on reserve community drinking water, Budget 2016 proposes to invest \$141.7 million over five years, starting in 2016–17. This will complement the significant investments that the Government is proposing to make in water and wastewater infrastructure on reserve through the green infrastructure initiative. The proposed investment will also help to monitor progress towards ending boil water advisories on reserve.

## **Strengthening on Reserve Water and Wastewater Infrastructure**

In 2011, a National Assessment of First Nations Water and Wastewater Infrastructure identified the need for additional investments in this type of infrastructure as well as the challenges Indigenous communities faced to adequately maintain and operate their facilities. While some progress has been made, significant gaps remain. Budget 2016 proposes to address health and safety needs, ensure proper facility operation and maintenance, and end long-term boil water advisories on reserves within five years by investing an additional \$1.8 billion over five years, starting in 2016–17.

## **Addressing Waste Management for First Nations Communities**

Many First Nations communities face challenges in adequately managing garbage and waste on reserve, which can contaminate the environment and pose health and safety risks to people. Budget 2016 proposes to support efforts to improve how garbage and waste is managed on reserve through a proposed investment of \$409 million over five years, starting in 2016–17. The proposed funding will help First Nations located near



municipalities to divert waste from reserve lands to municipal facilities and reduce the amount of garbage going to landfills through recycling and composting programs.

For remote First Nations communities, the investments will support the construction of properly engineered landfills and ensure that waste disposal meets environmental standards, limiting potential environmental and health impacts that come from poor waste management.

## ***Investing in Community Infrastructure***

To complement the social and green investments being proposed on reserve, Budget 2016 also proposes to provide an additional \$255 million over two years starting in 2016–17 to the First Nations Infrastructure Fund to support investments in a range of complementary infrastructure such as roads and bridges, energy systems, broadband connectivity, physical infrastructure to mitigate the effects of natural disasters and fire protection services. These investments will help communities as they develop and grow.

## ***Métis Nation Economic Development Strategy***

Close to 32 per cent of Indigenous peoples in Canada self-identify as Métis peoples. The Métis Nation represents important Métis communities in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Budget 2016 proposes to provide \$25 million over five years, beginning in 2016–17, to support economic development for the Métis Nation.

## ***Renewing the Urban Aboriginal Strategy***

Many Indigenous peoples move to urban centres to pursue new opportunities, but many face challenges that are distinct to urban Indigenous peoples. The \$51-million-per-year Urban Aboriginal Strategy seeks to connect Indigenous peoples in urban centres to services and programs that are tailored for their particular needs. However, \$23.7 million of the program's funding is set to expire at the end of the 2015–16 fiscal year. Budget 2016 proposes to renew this funding for 2016–17. Over the course of the next year, the Government will work to identify ways to strengthen the program to more effectively meet the needs of urban Indigenous peoples.

## ***Assisting Indigenous Peoples Facing the Criminal Justice System***

Indigenous peoples are overrepresented in the justice system and face challenges that can impact their access to fair judicial proceedings. Budget 2016 proposes to provide an additional \$4 million per year for the Aboriginal Courtwork Program. The program assists Indigenous peoples moving through the criminal justice system to better understand their rights and the nature of the charges against them. It also helps those involved in administering the criminal justice system to overcome language and cultural barriers when dealing with Indigenous peoples and to better appreciate the socio-economic circumstances that they face.

## ***Aboriginal Languages Initiative***

For many Indigenous peoples, language is an expression of nationhood and identity—a way to transmit values, beliefs and histories from generation to generation. The Aboriginal Languages Initiative invests \$5 million per year to promote, preserve, and enhance Indigenous languages. Budget 2016 proposes to extend funding for the initiative to 2016–17. The Government will work with Indigenous groups to consider how to best support Indigenous language and culture beyond 2016–17.

## ***Support for the First Nations Finance Authority***

The First Nations Finance Authority allows qualifying First Nations to work collectively to issue bonds and raise long-term private capital for infrastructure and economic development projects in their communities. Budget 2016 proposes to provide \$20 million over two years, beginning in 2016–17, to strengthen the Authority's capital base. This will help the Authority continue to secure the best possible credit rating for the benefit of its borrowing members, allowing participating First Nations to continue to access long-term financing at preferred rates.

## ***Supporting First Nations Fishing Enterprises***

The Atlantic and Pacific Integrated Commercial Fisheries Initiatives are designed around effective co-management approaches with First Nations and other fisheries participants. They seek to integrate First Nations fishing enterprises into existing commercial fisheries to provide economic opportunities for First Nations fishers and to improve the overall management of fisheries on the Atlantic and Pacific coasts.

Budget 2016 proposes to provide \$33.1 million in 2016–17 to Fisheries and Oceans Canada to extend the Atlantic and Pacific Integrated Commercial Fisheries Initiatives. These measures will ensure that First Nations can access commercial fisheries and build sustainable commercial fishing enterprises.

## **Protecting and Restoring Canada's Ecosystems and Natural Heritage**

Canada's national parks, national marine conservation areas and marine protected areas provide outstanding examples of our country's natural landscapes, generate economic activity by attracting visitors from Canada and abroad, and provide Canadians with access to our natural heritage.

From coast to coast to coast, Canada has unparalleled ocean and freshwater resources. Actions to protect water quality and ecosystem health are critical to the lives and livelihoods of all Canadians.

Budget 2016 proposes a number of measures to support the further enhancement and expansion of protected areas; to improve evidence-based decision-making through increased funding for ocean and freshwater science; to protect the quality of water in Canada's lakes and oceans; and to reduce risks to human health and the environment by taking action on federal contaminated sites.

## **Providing Free Access and Expanding the National Park System**

Canada's national parks belong to all Canadians. The Parks Canada Agency is responsible for protecting and presenting nationally significant examples of Canada's natural and cultural heritage. Through its broad network of national parks, marine

conservation areas and national historic sites, Parks Canada connects Canadians with their heritage.

The Government is committed to expanding the national parks and national marine conservation areas systems to ensure each of Canada's distinct natural regions is protected. It is also committed to developing and expanding programs and services so that more Canadians can experience our national parks and learn about our environment and historic sites.

Budget 2016 proposes to provide up to \$142.3 million over five years, starting in 2016–17, to the Parks Canada Agency and Natural Resources Canada to deliver on these commitments:

- \$42.4 million over five years, starting in 2016–17, to continue work on developing new national parks and national marine conservation areas, including the Lancaster Sound National Marine Conservation Area, Nunavut and Thaidene Nene National Park, Northwest Territories;
- Up to \$83.3 million over five years, starting in 2016–17, to provide free admission for all visitors to national parks, national marine conservation areas and national historic sites operated by the Agency in 2017, the 150th anniversary of Confederation, and to provide free admission for all children under 18 years of age, beginning in 2018; and
- \$16.6 million over five years, starting in 2016–17, to expand the Learn to Camp program, develop new programming to tell Canada's stories, and encourage Indigenous story-telling and eco-tourism opportunities.

## **Investing in Our National Parks**

Canada's national parks belong to all Canadians. The Government is committed to preserving and expanding our national parks, national marine conservation areas and historic sites and to making them more accessible to Canadians. To achieve this, Budget 2016 provides significant new investments, including:

- \$42.4 million to the Parks Canada Agency and Natural Resources Canada to continue work on developing new national parks and national marine conservation areas, including the Lancaster Sound National Marine Conservation Area, Nunavut and Thaidene Nene National Park, Northwest Territories;
- Up to \$83.3 million to the Parks Canada Agency to provide free admission for all visitors to national parks, national marine conservation areas and national historic sites operated

by the Agency in 2017, the 150th anniversary of Confederation, and to provide free admission for all children under 18 years of age, beginning in 2018; and

- \$16.6 million to the Parks Canada Agency to expand the Learn to Camp program, develop new programming to tell Canada's stories, and encourage Indigenous story-telling and eco-tourism opportunities.

As part of the federal infrastructure initiative in Chapter 2—Growth for the Middle Class, Budget 2016 proposes to provide up to \$191 million over two years, starting in 2016–17 on a cash basis, to the Parks Canada Agency to improve tourism and highway assets, including:

- \$85.9 million to twin part of the Trans-Canada Highway through Yoho National Park in British Columbia;
- \$21.6 million to pave highways through Wood Buffalo National Park in the Northwest Territories;
- \$65.9 million for a new biking and walking trail in Jasper National Park in Alberta; and
- \$17.7 million to build a new biking and walking trail in Pacific Rim National Park Reserve in British Columbia.

## **Protecting Marine and Coastal Areas**

Canada is a signatory to the International Convention on Biological Diversity. In 2010, members of the convention adopted the Aichi Biodiversity Targets, which included a target to conserve 10 per cent of coastal and marine areas by 2020. To achieve this, Canada needs to conserve an additional 525,000 km<sup>2</sup>, an area roughly equivalent to the size of all of the Atlantic provinces.

In Canada, marine and coastal areas are protected through a variety of measures, including the designation of Marine Protected Areas under the *Oceans Act*, National Marine Conservation Areas and National Wildlife Areas. Approximately 1 per cent of Canada's marine and coastal areas have already been protected.

Budget 2016 proposes to provide \$81.3 million over five years, starting in 2016–17, to Fisheries and Oceans Canada and Natural Resources Canada to support marine conservation activities, including the designation of new Marine Protected Areas under the *Oceans Act*. Parks Canada will also continue efforts to develop new National Marine Conservation Areas. Together these actions are designed to achieve the target to protect 10 per cent of Canada's marine and coastal areas by 2020.

## **Investing in Ocean and Freshwater Research**

Oceans and waterways are vital to Canada's economy. They connect us with global markets and are a resource for coastal and Indigenous communities. Scientific evidence is the foundation on which the Government develops policies around the management and protection of the oceans, coasts, waterways and fisheries to ensure that they are healthy, sustainable and profitable for future generations.

Budget 2016 proposes to provide \$197.1 million over five years, starting in 2016–17, to Fisheries and Oceans Canada to increase ocean and freshwater science, monitoring and research activities and to provide support for the Experimental Lakes Area in Northwestern Ontario. Funding will support new and expanded research activities that will promote the health of fish stocks and sustainable aquaculture, enable more comprehensive monitoring of the impacts of aquatic pollution, and enhance our knowledge of freshwater ecosystems.

## **Improving Great Lakes Water Quality and Ecosystem Health**

Millions of Canadians live and work along the shores of the Great Lakes. Protecting water quality and ecosystem health in the Great Lakes is vital to ensuring that Canadians can continue to depend on this rich ecosystem for their drinking water, for recreation and for jobs.

To date, phosphorus levels in Lake Erie have been measured and reduction targets have been established. To help preserve the Great Lakes as a valuable resource, Budget 2016 proposes to provide \$3.1 million in 2016–17 to Environment and Climate Change Canada to continue to improve nearshore water and ecosystem health by reducing phosphorus and the resulting algae in Lake Erie. With these resources, the focus will shift from setting phosphorus targets to achieving them, including developing a domestic action plan, and monitoring and reporting on progress. Lessons learned from phosphorus reduction in Lake Erie could be applied to the other Great Lakes.

## **Invictus Games**

On March 16, His Royal Highness Prince Henry of Wales announced that Toronto will host the 2017 Invictus Games for ill and injured veterans. The Invictus Games is an international sporting event that promotes the well-being and rehabilitation of our veteran population, and the Government is proud to show its support for the organization of the

Games in Canada. Budget 2016 proposes to reallocate funding of \$4 million over two years, starting in 2015–16, and to provide new funding of \$6 million in 2016–17 to support the organization of the Games.

## ***Strengthening Canada's Health Care System***

Canada's publicly funded health care system is a source of pride and a defining value for Canadians, who rely on it for timely access to universal, high-quality services based on need, not ability to pay. However, while Canada's health care system has served Canadians well, it must be strengthened to better meet the needs of patients as changes in demographics, disease patterns and technology continue to shift the delivery of care into homes and communities.

The Government is committed to working in partnership with provinces and territories to negotiate a new multi-year health accord that will improve health care in Canada and boost health outcomes for all Canadians. The Minister of Health has begun discussions with her provincial and territorial counterparts to enhance the affordability and accessibility of prescription drugs, improve access to home care and mental health services, and support pan-Canadian innovation in the delivery of health services.

As these discussions are ongoing, this budget provides immediate investments to support pan-Canadian progress on accord priorities in the form of support for innovations within the health care system. In addition, Budget 2016 announces initiatives that will help Canadians maintain and improve their health, including through expanding access to nutritious food in the North, enhancing food safety, providing funding for specific men's and women's health initiatives, improving vaccine uptake and coverage, and investing in concussion protocols.

## **Canadian Foundation for Healthcare Improvement**

The Canadian Foundation for Healthcare Improvement is a not-for-profit organization funded by the Government of Canada that is dedicated to accelerating health care improvements and efficiencies. Budget 2016 proposes to provide \$39 million over three years, starting in 2016–17, to the Canadian Foundation for Healthcare Improvement to support its ongoing efforts to identify and introduce innovations in the health care system.

## **Canada Health Infoway**

Canada Health Infoway is a not-for-profit corporation created in 2001 that provides leadership and facilitates collaboration with the provinces and territories on accelerating the development and adoption of electronic health systems. Budget 2016 proposes to provide \$50 million over two years, starting in 2016–17, to Canada Health Infoway to support short-term digital health activities in e-prescribing and telehomecare.

## **Expanding Nutrition North Canada**

A nutritious diet is essential to good physical and mental health. Nutrition North Canada helps alleviate the high cost of food in many northern isolated communities by providing a subsidy on perishable nutritious food. Culturally appropriate nutrition education initiatives are also provided to promote the consumption of a healthy diet. Budget 2016 proposes to provide \$64.5 million over five years, starting in 2016–17, and \$13.8 million per year ongoing to expand Nutrition North Canada to support all northern isolated communities.

## **Enhancing Food Safety in Canada**

Canada's food supply is among the safest in the world. At the federal level, the collaborative efforts of the Canadian Food Inspection Agency, Health Canada and the Public Health Agency of Canada safeguard food and enhance the health and well-being of consumers in Canada.

Canada's world-class food safety system also contributes to export opportunities for Canadian agriculture and agri-food producers and manufacturers. Internationally consistent food safety requirements help secure and maintain access for Canadian products to foreign markets. Canada's reputation for high quality and safe food also supports foreign consumer confidence and demand for Canadian agriculture and agri-food products.

Budget 2016 proposes to provide \$38.5 million over two years, on a cash basis, starting in 2016–17 to further strengthen and modernize Canada's food safety system. With this funding, the Canadian Food Inspection Agency will invest in systems that will help target inspection activities to the highest-risk domestic and imported foods. The Agency will also enhance inspection activities abroad to assist in responding to food safety risks before they reach domestic consumers.



To help families make better food choices, the Government will also be taking steps over the next year to improve food labels to give more information on added sugars and artificial dyes in processed foods.

## **Canadian Partnership Against Cancer**

Budget 2016 confirms ongoing funding for the Canadian Partnership Against Cancer at \$47.5 million per year. This will allow the organization to continue its work with cancer agencies and stakeholders, including Indigenous communities, while engaging patients, care providers and the general public in promoting innovative approaches to reducing the toll of cancer across Canada. Federal support for the Canadian Partnership Against Cancer will complement the initiatives in a new Health Accord currently under discussion with provinces and territories.

## **Improving Heart Health for Women**

Heart disease and stroke are a leading cause of death among Canadian women. In fact, most Canadian women have at least one risk factor for heart disease and stroke—yet many women are not aware of this threat and do not know how to recognize the symptoms until it is too late. Budget 2016 proposes to provide \$5 million over five years, starting in 2016–17, to the Heart and Stroke Foundation to support targeted research on women's heart health and to promote collaboration between research institutions across the country. This funding will help lay the ground work for ensuring women have access to high quality care that is attentive to the inherent differences in the diagnosis and treatment of heart disease and stroke in women and men.

## **Tackling Men's Health**

Men face unique health challenges. Canadian men are 79 per cent more likely than women to die from heart disease, 57 per cent more likely to die from diabetes, and account for 82 per cent of alcohol related death, yet 70 per cent of men's health conditions and diseases are preventable. In order to help raise awareness of men's health issues, Budget 2016 proposes to provide \$4 million over the next four years, starting in 2016–17, to the Canadian Men's Health Foundation to provide men with information about how they can make lifestyle and behavioural changes to improve their health.

## **Improving Immunization Coverage Rates**

Vaccine preventable diseases are still present in some areas of Canada and can lead to serious disability and even death. To help ensure the ongoing health and safety of Canadians, particularly children and those who are immunocompromised, such as the elderly, high levels of immunization coverage among Canadians is required. Budget 2016 proposes to provide \$25 million over five years, starting in 2016–17. With this funding, the Public Health Agency of Canada will update the national immunization coverage goals and disease reduction targets, improve Canada's ability to identify under- and un-immunized Canadians, and develop a focused program to improve vaccine access and uptake.

## **Harmonization of Concussion Management Guidelines**

Many individuals, particularly children and youth, experience concussions during sport and recreation activities, sometimes with needless and tragic outcomes. More work is needed to harmonize concussion management guidelines across Canada. Budget 2016 proposes to provide \$1.4 million over two years, starting in 2016–17, to allow the Public Health Agency of Canada to work with provinces and territories on this important issue with a focus on athlete and student return-to-play and return-to-learn protocols.

## **Reinstating the Court Challenges Program of Canada**

The Government is committed to safeguarding Canada's official languages and equality rights, including protecting the rights of women and minorities. The Court Challenges Program provides financial assistance for individuals and groups who wish to clarify their language and equality rights in Canada's courts. This program has been instrumental in bringing cases to the courts that clarify and assert Charter rights. Budget 2016 proposes to provide new funding of \$12 million over five years to support the Court Challenges Program of Canada. When combined with existing federal investments, total funding will be \$5 million annually.

## Investing in Arts and Cultural Organizations

Investing in Canadian cultural and creative industries allows Canadian artists to share their stories at home and abroad. Budget 2016 provides \$1.3 billion over five years, starting in 2016–17, to support longstanding arts and cultural organizations, as follows:

- The Minister of Canadian Heritage will work with the Canadian Broadcasting Corporation/Radio-Canada to develop a five-year accountability plan. Budget 2016 proposes to invest \$675 million in the Canadian Broadcasting Corporation/Radio-Canada to disseminate and support world-class Canadian content and to provide Canadians with better access to programs and services in the digital era;
- To foster the development of the arts in Canada through grants, services and awards to professional Canadian artists and arts organizations, as well as through scholarly awards, Budget 2016 proposes to invest \$550 million in the Canada Council for the Arts;
- To provide funding and promotion programs dedicated to the cultural, commercial and industrial success of Canada's audiovisual industry, Budget 2016 proposes to provide Telefilm Canada with \$22 million; and
- To create social-issue documentaries, animation, and digital content, Budget 2016 proposes to provide the National Film Board of Canada with \$13.5 million.

### Achieving Long-term Sustainability for the CBC/Radio-Canada

For more than 75 years, the CBC/Radio-Canada has been a vital national institution that brings Canadians together, promotes and defends our two official languages and supports our shared culture and values.

An independent CBC/Radio-Canada continues to adapt to the changing broadcasting landscape and is transforming the way it engages with Canadians—providing us with high-quality relevant content how, where and when Canadians want it.

Reversing past cuts will enable the CBC/Radio-Canada to invest in its *Strategy 2020: A space for us all* priorities, leading to the creation of Canadian content which will be more digital, local and ambitious in scope.

To remain relevant and successful, the CBC/Radio-Canada needs to invest in new multi-platform content and more innovative programs. Restored funding will also support investment in enhanced services, such as the digitization of archives.

This Government is reinvesting and re-engaging with the CBC/Radio-Canada and will be working with it as it develops a new vision, mandate and accountability plan to ensure the institution's long-term sustainability.

### **Showcasing Canada's Cultural Industries to the World**

Canada's cultural and creative industries are a vibrant part of our economy and national identity. Our artists, producers, composers and technicians are world leaders in their fields. Budget 2016 proposes to invest \$35 million over two years, beginning in 2016–17 to support the promotion of Canadian artists and cultural industries abroad. This funding will immediately help Canadian foreign missions promote Canadian culture and creativity on the world stage, in particular as Canada approaches the 150th Anniversary of Confederation. Over the next year, the Minister of Canadian Heritage will be consulting on how best to continue to support Canadian cultural exporters as they contribute to inclusive growth.

### **Supporting National Museums**

Canada's national museums are important cultural institutions that play a vital role in preserving Canada's heritage, educating Canadians and inspiring innovation. For several years, Canada's national museums have faced financial pressures that have impacted their ability to implement dynamic and important programs and exhibitions. Budget 2016 proposes to provide up to \$105.9 million over five years, with \$6.1 million per year ongoing, to help Canada's national museums address immediate operational and capital pressures. The allocation of this funding by institution will be announced at a future date.

### **Investing in Federal Cultural Infrastructure**

As part of the federal infrastructure initiative in Chapter 2—Growth for the Middle Class, Budget 2016 proposes to make investments of up to \$280.9 million over five years on a cash basis to support the infrastructure needs of three important Canadian cultural institutions:

- \$156.4 million over three years to support the expansion of the Canada Science and Technology Museum through the construction of a new collection and conservation centre to preserve and protect priceless Canadian heritage artifacts;
- \$114.9 million over two years to support the renewal of the National Arts Centre, which highlights Canada's performing arts community; and
- \$9.6 million over two years to undertake needed repairs to the National Gallery of Canada, including its iconic windows.

These investments are in addition to the \$168.2 million over two years for the Canada Cultural Spaces Fund, being proposed as part of the Government's commitment to social infrastructure.

## **Office of the Community Outreach and Counter-Radicalization Coordinator**

Success in countering radicalization to violence requires the support and participation of all levels of government and civil society. Budget 2016 proposes to provide \$35 million over five years, starting in 2016–17, with \$10 million per year ongoing, to establish an Office of the Community Outreach and Counter-radicalization Coordinator. The Office will provide leadership on Canada's response to radicalization to violence, coordinate federal/provincial/territorial and international initiatives, and support community outreach and research.

# **Chapter 6 - Canada in the World**

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## ***Introduction***

This Government is committed to strengthening Canada's place in the world. In order to rebuild our international influence and have an impact, Canada will re-energize and reinforce our efforts to support multilateralism. The Government will ensure the Canadian Armed Forces are equipped to protect Canadians and contribute to international peace

and security, including peace-keeping. The Government will adopt a proactive approach and a positive tone to its engagement, and will emphasize Canada's interests and values. The Government will back its words with actions.

The Government has already made several decisions resulting in more than \$5 billion on a cash basis being invested in activities that will allow Canada to make a real and valuable contribution to a more peaceful and prosperous world, including:

- \$2.65 billion by 2020 on a cash basis, to address climate change in developing countries;
- More than \$1.6 billion over three years, starting in 2016–17, towards security, stabilization, humanitarian and development assistance for Iraq, Syria, Jordan and Lebanon;
- \$678 million over six years, starting in 2015–16, to respond to the Syrian refugee crisis and aid in the resettlement of 25,000 Syrian refugees; and
- \$100 million in 2015–16 to the United Nations High Commissioner for Refugees, to help support critical relief activities in the region.

Through Budget 2016, the Government is making additional targeted investments to renew Canadian leadership on the world stage. The Government is also committed to restoring Canada's reputation as an active and constructive member of the international community, including through our engagement with the United Nations and other multilateral financial institutions.

Active engagement in the world is not without risks. The international security environment is more complex and challenging, exposing our personnel abroad to increased threat and risk. The Government is committed to the duty of care of its employees and will continue to invest in cost-effective measures that allow our international network to deliver services to Canadians and advance Canadian interests.

## ***Restoring and Renewing International Assistance***

In strengthening Canada's place in the world, the Government is committed to refocusing its international assistance on the poorest and most vulnerable. This means assessing Canada's development, humanitarian and peace and security programming to ensure that Canada's international assistance priorities are focused on poverty reduction.

Over the next year, the Government will conduct a review of Canada's international assistance policy framework. This review will include consultations with Canadians and

international aid organizations to ensure that all perspectives are heard. The outcomes of the review will inform Budget 2017, and will take into account the Government's international priorities as well as domestic considerations.

## ***Increasing the International Assistance Envelope***

In the short term, the Government will provide immediate funding to Canada's International Assistance Envelope (IAE).

IAE resources have declined overall in recent years. Budget 2016 proposes to allocate new funding to the IAE, including \$256 million over two years (2016–17 to 2017–18) in new resources, that will increase Canada's ability to respond to emerging international assistance priorities.

### **Canada's Approach in Iraq, Syria, Jordan and Lebanon**

On February 8, 2016, the Government announced a new approach to respond to the ongoing crisis in Iraq and Syria, and its impact on the region. The Government has committed more than \$1.6 billion over three years, starting in 2016–17, towards security, stabilization, humanitarian and development assistance for Iraq, Syria, Jordan and Lebanon, including:

- \$306 million in 2016–17 to refocus Canada's military mission on training and advising local security forces to take their fight directly to the Islamic State of Iraq and the Levant (ISIL). Recognizing the complexity of the challenging security environment, the Government will assess at a later date whether the mission should be extended beyond March 31, 2017;
- \$840 million over three years for humanitarian aid programs designed to provide life-saving assistance;
- \$270 million over three years in resilience and development programming, including building local capacity to provide basic social services; and
- \$145 million over three years towards counter-terrorism, stabilization and chemical, biological, radiological and nuclear security programming.

This approach will allow Canada to increase its presence and make a meaningful contribution to the Global Coalition to Counter ISIL, while strengthening the ability of regional governments and local authorities to defend themselves, and rebuild over the long term.

## ***Expanding Immigration***

Canada's history has been shaped by immigration. Immigrants bring unique cultures and perspectives, and make distinctive contributions to Canadian society and the economy. Our immigration system works best when it strikes a balance between Canada's economic needs and Canadians' core values of compassion and opportunity for all. That is why the Government recently announced a target of 300,000 for permanent resident admissions in 2016, representing a 7-per-cent increase over the 2015 target level. With this new target level, Canada will reunite families, offer a place of refuge to those fleeing persecution and support Canada's long-term economic prosperity. Budget 2016 builds on this commitment by demonstrating continued leadership with respect to the Syrian refugee crisis and by making family reunification a priority under Canada's immigration policy.

## ***Expanding Canada's Intake of Syrian Refugees***

Canadians have been deeply affected by the refugee crisis in Syria and the surrounding region, and have expressed the desire to help. In November 2015, the Government showed leadership by committing \$678 million over six years, starting in 2015–16, to resettle 25,000 Syrian refugees by February 29, 2016, and by committing to resettle an additional 10,000 government-assisted Syrian refugees over the course of 2016. Budget 2016 proposes to provide \$245 million over five years, starting in 2016–17, for the identification, overseas processing, transportation and resettlement of the additional 10,000 Syrian refugees.

### **Resettling 25,000 Syrian Refugees**

On November 24, 2015, the Government announced that it would take immediate action to resettle 25,000 Syrian refugees to Canada by the end of February 2016, and the Government has fulfilled this commitment. The Government has worked with communities across Canada to provide the necessary support to help these refugees begin their new life in Canada.



# Chapter 7 – Open and Transparent Government

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## ***Introduction***

Open and transparent government is good government. It strengthens trust in our democracy, and ensures the integrity of our public institutions.

The Government is committed to openness, transparency and collaboration, and will modernize how the Government of Canada operates to better reflect the values and expectations of Canadians.

In the digital era, Canadians have high standards for the service they receive. Dealing with the Government should be no exception. In this budget, the Government proposes measures to improve the quality and timelines of critical client services at the Canada Revenue Agency, takes important steps toward evolving online services through Canada.ca, and sets out to establish new performance standards to promote a better client experience for Canadians when they interact with the Government.

Canadians also expect government to be open and transparent. The Government is committed to making government more transparent and will enhance Canadians' access to government information, including by reviewing the *Access to Information Act*, streamlining requests for personal information and making more government data available.

## ***Improving Service for Canadians***

### **Improving Client Services at the Canada Revenue Agency**

Service excellence is a top priority for the Canada Revenue Agency (CRA). Canadians deserve high-quality services delivered in a way that makes them feel respected and valued. Budget 2016 proposes \$185.8 million over five years, starting in 2016–17, and \$14.6 million ongoing for the CRA to address the Government's commitments to service excellence through a number of initiatives.

- The CRA answers over 23 million calls in a typical year, but for a number of years, Canadians have been frustrated by frequent busy signals and long wait times to get the answers they need. By investing in the enhancement of telephone services, caller accessibility will be improved through reduced wait times and less frustration for millions of callers. In addition, the Government proposes to introduce a new dedicated telephone support line that will be piloted for tax service providers, giving them greater access to CRA information to the benefit of the millions of clients they serve.
- The CRA sends out over 130 million pieces of correspondence each year, but many of these letters are difficult to understand and at times can be confusing. In response, the Government proposes to invest in revamping the structure, design and format of its correspondence to ensure all communication is straightforward and easy to read. Over the next three years, virtually all of the CRA's correspondence for individuals and businesses will be in this new, easy to read format.
- The CRA works with local community organization volunteers to help eligible Canadians with modest incomes complete their tax returns; this program ensures that lower-income individuals receive the tax benefits that they are entitled to. Budget 2016 proposes a further investment to expand this program, ensuring even more vulnerable Canadians receive the assistance they need. In addition, Budget 2016 proposes additional funding to implement a targeted strategy aimed at notifying lower-income non-filers who are likely eligible to receive tax credits.
- Pertaining to rules governing charities and their political activities, the CRA, in consultation with the Department of Finance, will engage with charities through discussions with stakeholder groups and an online consultation to clarify the rules governing the political activities of charities.
- Through proposed service enhancements, capacity will be increased to resolve taxpayer objections and ensure that taxpayers are provided with certainty of their tax obligations as soon as possible. Providing more timely resolution of objections will ensure that taxpayers are treated fairly and their concerns are dealt with quickly.

In addition to offering a new level of service excellence from the CRA, the proposed enhancements will promote increased compliance and fairness by making it easier for taxpayers to avoid errors and comply with their tax obligations, allowing the CRA to direct its compliance efforts towards cracking down on tax evasion and aggressive tax avoidance.

# ***Opening Government and Engaging Canadians***

## **Enhancing Access to Information**

Transparency includes providing Canadians with timely access to their own personal information held by government. To make it easier for Canadians to access government information, including their personal information, the Government proposes to create a simple, central website where Canadians can submit requests to any government institution. This will be backed up with a 30-day guarantee for personal information requests: should a request take longer than 30 days to fulfill, the Government will provide a written explanation for the delay to the requester and to the Privacy Commissioner. Budget 2016 proposes to provide the Treasury Board Secretariat with \$12.9 million over five years for these activities.

In addition, informed by consultations with the Information Commissioner and stakeholders, and advice from Parliamentarians, the Government will move forward on our commitments to revitalize access to information, including empowering the Information Commissioner to order government information to be released, and ensuring that the *Access to Information Act* applies appropriately to the Prime Minister's and Ministers' Offices, as well as to administrative institutions that support the courts and Parliament.

## **Expanding Open Data Initiatives**

The Government is committed to accelerating and expanding open data initiatives and to better involving Canadians in policy-making. Budget 2016 proposes to provide \$11.5 million over five years to double the Treasury Board Secretariat's budget for open government activities. This funding will allow the Treasury Board Secretariat to enhance its capacity to support engagement with Canadians, to design and deliver an ambitious open government strategy and to accelerate the provision of digital content.

## **Cracking Down on Tax Evasion and Combatting Tax Avoidance**

Tax evasion and aggressive tax avoidance by individuals and businesses entail a fiscal cost to governments and taxpayers, and reduce the fairness and integrity of the tax system. Budget 2016 proposes to invest \$444.4 million over five years for the CRA to enhance its efforts to crack down on tax evasion and combat tax avoidance by: hiring

additional auditors and specialists; developing robust business intelligence infrastructure; increasing verification activities; and improving the quality of investigative work that targets criminal tax evaders.

As the CRA has a proven track record of meeting expectations from targeted compliance interventions, Budget 2016 accounts for the expected revenue impact of \$2.6 billion over five years from these measures. These amounts do not reflect the gain that will be realized by provinces and territories, whose tax revenues will increase as a result of these initiatives.

## **Enhancing Tax Collections**

The success of the CRA's work in combatting aggressive tax planning, the underground economy and tax evasion is diminished when assessed revenues are not collected by the CRA. Budget 2016 proposes to provide \$351.6 million over five years for the CRA to improve its ability to collect outstanding tax debts. It is anticipated that this proposal will lead to the collection of an additional \$7.4 billion in tax debt over five years. This strategy will complement existing efforts to encourage earlier payment of outstanding tax liabilities and work with those who cannot pay the full amount when due.

## **Donations of Real Estate and Shares of Private Corporations**

Budget 2015 included a proposal to provide, beginning in 2017, an income tax exemption in respect of capital gains on certain dispositions of private corporation shares or real estate, where cash proceeds from the disposition are donated to a registered charity or other qualified donee within 30 days. Budget 2016 confirms that the Government does not intend to proceed with this measure.

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