

2016 FEDERAL BUDGET HIGHLIGHTS

Helping Canadians with low incomes receive the tax benefits they deserve

- ❖ The government will invest an additional \$4M annually to **expand the Community Volunteer Income Tax Program** so more vulnerable Canadians get the help they need to access their income benefits
- ❖ The Canada Revenue Agency (CRA) will **proactively contact individuals who have not filed a tax return, informing them that they are potentially entitled to benefits**. This initiative will begin in 2016-17 and cost about \$1.8 million per year
- ❖ CRA will pilot a **new dedicated telephone support line for tax service providers** and enhance telephone services to improve caller accessibility and reduce wait times
- ❖ CRA will also revamp the structure, design and format of all correspondence to **ensure all communication to the public is straightforward and easy to read**.

Renewing financial sector legislation

- ❖ The federal financial institutions statutes contain sunset provisions mandating renewal of banking and insurance legislation by Parliament every five years, providing an opportunity to examine the legislative and regulatory framework. The **Department of Finance will undertake a financial sector legislative review and begin consulting stakeholders in the coming months**. To support the review, the government will provide \$4.2 million to the Department of Finance over five years and extend the current statutory sunset date by two years to March 29, 2019.

Benefits for families with children

- ❖ A **new tax-free Canada Child Benefit (CCB)** will replace Canada's existing, more complicated child benefits system (Canada Child Tax Benefit, National Child Benefit supplement, and the Universal Child Care Benefit). The new CCB will provide a maximum annual benefit of up to \$6,400 per child under the age of six and up to \$5,400 per child aged six through 17. Families with less than \$30,000 in net income will receive the maximum benefit.

Under the new system:

- Families will receive a **single payment every month** beginning in July this year
- The benefit will be completely **tax-free**
- Benefits will **increase for low- and middle-income families** by an average of almost \$2,300
- Benefits will **decrease for families with incomes of \$150,000 or more**.

For more details, please see: [Tax Measures: Supplementary Information](#)

- ❖ The government will **continue to provide the Child Disability Benefit** (up to \$2,730 per child eligible for the Disability Tax Credit).
- ❖ The **Children’s Fitness Tax Credit** (up to \$150 per child) and the **Arts Tax Credit** (up to \$75) **will be reduced by 50 per cent for 2016** and discontinued in 2017.

Supporting early learning and child care

- ❖ The government will invest \$500 million in 2017-18 to **establish 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**. Work on developing the Framework will begin in 2016-17 with provinces, territories and Indigenous peoples. Investments under the new Framework are expected to flow in 2017-18.
- ❖ In the interim, the government will invest \$29.4 million to **repair and renovate facilities used by the Aboriginal Head Start on Reserve Program and the First Nations and Inuit Child Care Initiative**.

Support for students

- ❖ Beginning with the 2016-17 academic year, **Canada Student Grant amounts will increase 50 per cent**, benefiting approximately 247,000 students from low-income families:
 - Grants for students from low-income families will increase from \$2,000 to \$3,000 per year
 - Grants for students from middle-income families will increase from \$800 to \$1,200 per year
 - Grants for part-time students will increase from \$1,200 to \$1,800 per year.
- ❖ The Government will also work with the provinces and territories to **expand eligibility for Canada Student Grants** so more students can receive non-repayable assistance. New streamlined eligibility thresholds will make the application process simpler and more transparent and predictable. New thresholds are expected to be in place for the 2017–18 academic year and \$790 million has been allocated over four years to fund the resulting expanded access to grants.
- ❖ The **loan repayment threshold for Canada Student Loan Repayment Assistance Plan will be increased**. No student will have to repay their Canada Student Loan until they are earning at least \$25,000 per year. The government will also increase efforts to ensure eligible borrowers are making full use of the program.
- ❖ The government will introduce a **flat-rate student contribution to determine eligibility for Canada Student Loans and Grants** instead of assessing student income and financial assets. This will allow students to work without a reduction in their financial assistance and benefit adult learners who work or have significant financial assets. The government will work with provinces and territories to finalize the model for the 2017–18 academic years.

- ❖ Current **Education and Textbook Tax Credits will be eliminated**, effective January 1, 2017, but tax credit amounts carried forward from prior years will still be claimable in 2017 and subsequent years. The education credit was worth 15 per cent of up to \$400 per month when a student is enrolled, while the textbook credit was set at 15 per cent of \$65 a month. Savings from elimination of these credits will be used to expand student financial assistance.

Expanding youth employment

- ❖ The government will invest \$165.4 million this year in its **Youth Employment Strategy** to:
 - create new **green jobs** for youth
 - increase participation in the **Skills Link program**, which helps youth transition to the workforce
 - increase heritage sector jobs for youth under the **Young Canada Works** program.
- ❖ The government will make further Youth Employment Strategy investments in 2017-18 and 2018-19, targeting **employment for vulnerable youth**.
- ❖ The government will also invest \$105 million over five years, starting in 2016-17, to **support youth service**, enabling young people to gain valuable experience working in community organizations. Further details will be announced in the coming months.
- ❖ An **Expert Panel on Youth Employment** will be set up to assess barriers vulnerable youth face in finding and keeping jobs and to examine innovative practices to improve job opportunities for vulnerable youth. The Panel will report to the Minister of Youth and the Minister of Employment, Workforce Development and Labour by December 2016.

Strengthening Employment Insurance

- ❖ The government will **reduce the EI waiting period** from two weeks to one week effective Jan 1, 2017.
- ❖ The current **EI Working While on Claim pilot project will be extended** to August 2018. Under the pilot, claimants can keep 50 cents of their EI benefits for every dollar they earn, up to a maximum of 90 per cent of the weekly insurable earnings used to calculate their EI benefit amount.
- ❖ The government will **reverse 2012 EI changes** that strictly defined the type of jobs that unemployed workers are expected to search for and accept.
- ❖ Legislative changes will be made to **extend EI regular benefits** by five weeks, up to a maximum of 50 weeks, for all eligible claimants in the 12 EI economic regions that have experienced the sharpest and most severe increases in unemployment. Extended benefits will be available for one year starting in July 2016, with the measure being applied retroactively to all eligible claims as of January 4, 2015.

- ❖ The government will also make legislative changes to **offer up to 20 more weeks of EI regular benefits to long-tenured workers** in the same 12 EI economic regions, for a maximum 70 weeks of benefits. Extended benefits will be available for one year starting in July 2016, with the measure being applied retroactively to all eligible claims as of January 4, 2015.
- ❖ The government will invest \$19 million in 2016-17 to **enhance Service Canada handling of EI claims** and better support Canadians seeking new employment. A further \$73 million will be invested over two years to **increase EI Call Centre agents and reduce waiting** times.
- ❖ Provinces and territories will also receive an additional **\$125 million for Labour Market Development Agreements** to support unemployed workers who are EI eligible and **\$50 million more under Canada Job Fund Agreements** to assist other unemployed workers.

Improving quality of life for seniors

- ❖ The government will invest over \$670 million annually to **increase the Guaranteed Income Supplement (GIS) top-up benefit** by up to \$947 for the most vulnerable single seniors starting in July 2016. This represents a 10 per cent increase in the total maximum GIS benefit available to the lowest-income single seniors. Single seniors with an annual income of \$4,600 or less (other than OAS and GIS benefits) will receive the full increase of \$947. Above this income threshold, the amount of the increased benefit will be gradually reduced and completely phased out at an income level of about \$8,400. **Benefits will be adjusted quarterly with increases in the cost of living.**
- ❖ The government will launch consultations this year to enable Canadians to share their views on **enhancing the Canada Pension Plan.**
- ❖ The government will **cancel provisions in the Old Age Security Act that increase the age of eligibility from 65 to 67** for Old Age Security and Guaranteed Income Supplement benefits and from 60 to 62 for Allowance benefits over the 2023 to 2029 period.
- ❖ The government will **amend the Old Age Security Act to provide higher benefits to couples who are OAS/GIS beneficiaries and have to live apart** for reasons beyond their control (such as long-term care requirement). These couples will receive higher benefits to accommodate the added expense this imposes.

A better future for indigenous peoples

The federal government will **invest \$8.4 billion over the next five years to improve the socio-economic conditions of Indigenous peoples and their communities and bring about transformational change.**

The unprecedented scale of this investment underscores the government's intent to renew the relationship between Canada and Indigenous peoples. Investments include, but are not limited to:

- ❖ **\$1.2 billion for social infrastructure** in First Nations, Inuit and Northern communities as part of the first phase of the Government's 10-year plan to invest in social infrastructure

- ❖ \$40 million over next two years for a ***National Inquiry into Missing and Murdered Indigenous Women and Girls***.
- ❖ \$23.7 million in renewed funding for ***Canada's Urban Aboriginal Strategy*** that is set to expire at the end of 2015-16
- ❖ \$416.6 million over two years for Indigenous and Northern Affairs Canada to address immediate **housing needs on reserve**
- ❖ \$137.7 million over two years to Canada Mortgage and Housing Corporation, primarily to **renovate and retrofit existing housing on reserve**
- ❖ \$96 million over five years and \$10 million ongoing to **support capacity of Aboriginal Representative Organizations** to engage with the Government
- ❖ \$2.6 billion (including unused Budget 2014 funds) over the next five years to make substantial **investments in primary and secondary education** on reserve
- ❖ \$969.4 million over next five years to enhance **First Nations education infrastructure on reserve**
- ❖ \$634.8 million over next five years to support immediate needs of First Nations children and **strengthen the *First Nations Child and Family Services*** program
- ❖ \$15 million over next two years for a **pilot project to enhance training** aligned with community needs.
- ❖ Consulting with stakeholders, including Indigenous organizations and employers, to work towards a **renewed and expanded *Aboriginal Skills and Employment Training Strategy***

Expanding immigration

- ❖ The government will provide \$245 million over the next five years for the identification, overseas processing, transportation and **resettlement of the 10,000 additional Syrian refugees** to be admitted to Canada in 2016.
- ❖ The government will invest \$25 million this year to achieve **faster and more predictable processing times for family sponsorship**. The new funding will be used to target specific applications backlogs in Canada and overseas, and to reduce processing times on sponsorship decisions.
- ❖ \$56 million will be invested over the next three years to support the **processing of new permanent residents and increased settlement programming**, such as language courses and skills training to facilitate transition into the Canadian economy and society.

Investing in community infrastructure

Under Phase 1 of its **national infrastructure plan**, the federal government will invest:

- ❖ \$3.4 billion over three years to upgrade and improve **public transit** systems
- ❖ \$5.0 billion over five years in **water, wastewater and green infrastructure**
- ❖ \$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.

Expanding affordable housing

- ❖ The government plans to invest \$2.3 billion over the next two years in **affordable housing** (\$2.2B of this through the social infrastructure fund above, including \$739 million for **First Nations, Inuit and northern housing**). A significant portion of the \$2.3 billion investment will be allocated to provinces and territories, to enable them to identify communities where the need for affordable housing is greatest.
- ❖ The government will consult with provinces and territories, Indigenous and other communities, and key stakeholders in the coming year to **develop a National Housing Strategy**.
- ❖ Federal **funding for Investment in Affordable Housing initiative will be doubled** to \$504.4 million over the next two years to enable provinces and territories that match these funds to design/deliver programs to support the construction of new affordable housing, renovate and repair existing affordable housing, make housing more affordable through measures like rent supplements, and foster safe, independent living.
- ❖ \$200.7 million will support the **construction, repair and adaption of affordable housing for seniors** over the next two years. Provinces and territories will not be required to match these investments.
- ❖ \$573.9 million will be invested over the next two years to **renovate and repair social housing** units, improve their efficiency, and reduce energy use, lowering utility costs and making housing more affordable for residents.
- ❖ \$208.3 million will be invested in an **Affordable Rental Housing Innovation Fund** administered by CMHC over the next five years. The fund will support testing of innovative approaches to lower the costs and risks of financing affordable rental housing projects.
- ❖ CMHC will also consult with stakeholders on the design of an **Affordable Rental Housing Financing Initiative** that will provide up to \$500 million in low-cost loans to municipalities and housing developers for construction of new affordable rental housing projects.

Supporting shelters for victims of violence

- ❖ The government will invest \$89.9 million over the next two years to **construct and renovate shelters and transition houses for victims of family violence**. Provinces and territories will not be required to cost-match these investments.

Tackling homelessness

- ❖ The government will invest \$111.8 million over the next two years in the **Homelessness Partnering Strategy** that provides communities with funds for projects that prevent and reduce homelessness, including Housing First initiatives.

Ensuring access to justice

- ❖ The government will provide \$88 million over the next five years to **increase funding for criminal legal aid in Canada**.

Improving community accessibility

- ❖ The government will **expand funding for the Enabling Accessibility Fund** by \$4 million over the next two years. This will support the capital costs related to improving physical accessibility and safety for people with disabilities in Canadian communities.

Expanding Nutrition North Canada

- ❖ The government will provide \$64.5 million over the next five years and \$13.8 million per year ongoing to **expand Nutrition North Canada to support all northern isolated communities**.

Studying housing and household indebtedness

- ❖ Currently it is not possible to fully understand the role of foreign homebuyers in Canada's housing market since a comprehensive and reliable data set on the number of homes sold to foreign homebuyers does not exist. The government is allocating **\$500,000 to Statistics Canada to develop methods for gathering data on purchases of Canadian housing by foreign homebuyers**.
- ❖ The **government will continue to closely monitor vulnerabilities related to housing and consumer debt** and is prepared to implement further measures, should they be needed.