

BBOT FEDERAL BUDGET BULLETIN

Burnaby Board of Trade Welcomes Investments in Infrastructure and Green Economy; Calls for Plan to Return to Balance Budget Following Deficit

March 22, 2016 --- The first budget of the new federal government was announced today by the Honourable Bill Morneau, Minister of Finance. Budget 2016 contains a deficit of \$29.4 billion as well as announcements of billions of dollars for infrastructure projects and investments in growing the green economy.

The \$317 billion federal budget contains a deficit of \$29.4 billion for fiscal year 2016-17 as well as projected deficits of a total of \$113 billion through fiscal year 2020-21. The BBOT understands the value of strategic spending as a means of stimulating economic growth in light of a sluggish economy and weak commodity prices, however we would like to see the federal government articulate a clear plan for a return to balanced budgets as soon as possible.

Budget 2016 includes initial details of a two-part infrastructure investment plan, with the federal government committing to spend \$11.9 billion over the next five years. This first phase of the government's infrastructure plan includes \$5.0 billion over five years for investments in water, wastewater and green infrastructure projects, \$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, and \$3.4 billion over three years to upgrade and improve public transit, of which \$460 million is earmarked for transit projects in British Columbia.

In addition to this new transit funding, the government announced that it would cover a larger federal share of transit infrastructure spending, increasing its share from the existing 1/3 to up to 50% of eligible costs. The BBOT advocated directly with Infrastructure and Communities Minister Amarjeet Sohi for this change and applauds the government's action in this area.

Budget 2016 also invests heavily in the green economy with several announcements aimed at transitioning Canada to a lower-carbon future. The budget proposes spending \$1 billion over four years to support clean technology projects across a variety of sectors and industries, investing \$130 million over 5 years for research, development and demonstration of clean technologies, and creating a \$2 billion Low Carbon Economy Fund. This new fund, which will receive \$1 billion annually in 2017/18 and 2018/19, will contribute to provincial or territorial actions which "materially reduce greenhouse gas emissions." The BBOT applauds the government's attention to climate change and especially its strategic investments in clean technology, a key economic sector here in Burnaby. The BBOT encourages the government to work closely with the business community if it moves forward with the implementation of any future carbon reduction strategies.

The budget also contained several changes to taxation policy and of specific note to small businesses is the announcement that Budget 2016 proposes to freeze the small business tax rate at 10.5%, deferring planned decreases to 9% which had been announced in Budget 2015.

Other highlights of the budget include \$500,000 to collect data on levels of foreign ownership of real estate, \$50 million over two years for Destination Canada to increase marketing of Canada as a tourist destination, and a commitment to consult with Canadians on enhancing the Canada Pension Plan.

As part of its review of the federal budget, the BBOT also sought expert analysis and information to share with its members:

**Canadian Chamber of Commerce
2016 Federal Budget Scorecard & Statement**

Click here to read their [Budget 2016 statement](#) and click here for their [Budget 2016 scorecard](#).

“Overall, we give the government’s first budget a B-. We appreciate the investments in skills, the efforts to stimulate the economy and the focus on green technology. However, we were disappointed by the cancellation of legislated reductions in the small business tax rates and that infrastructure spending was so oriented towards social spending goals rather than economically productive investments.”

**BC Chamber of Commerce
2016 Federal Budget Statement**

[Click here to read the BC Chamber’s full statement on Budget 2016](#)

“While the BC Chamber welcomes some strategic investments in the new federal budget, it is calling for a focus on trade-enabling infrastructure, tax measures to support business growth, and a return to balanced budgets.”

**BBOT Member KPMG
2016 Federal Budget Tax Highlights**

[Click here to read KPMG’s Budget 2016 TaxNewsFlash in full](#)

“The budget defers further reductions on the small business tax rate of 10.5% on the first 500,000 of business income. Furthermore, the budget precludes the multiplication of the small business deduction in certain partnership and corporate structures. As well, the budget repeals the eligible capital property regime, which will be replaced with a new capital cost allowance class.”

Additional Budget Material:

[Government of Canada Budget 2016 Webpage](#)

[The Budget in Brief – Government of Canada](#)

[Minister Morneau’s Full Budget Speech](#)

[The full 2016-17 Federal Budget](#)