



## Federal Budget 2008

*The 2008 Budget tabled in the House of Commons by Finance Minister Jim Flaherty builds on the Government's 2007 Economic Statement by providing modest spending increases in the face of anticipated slowed growth in the Canadian economy. While the centerpiece of the Budget is the creation of a new Tax Free Savings Account, there are several items of interest to BC local governments, the most significant of which is the Government's decision to make the Gas Tax Fund permanent.*

### **GAS TAX TO BECOME PERMANENT**

- The Gas Tax Fund, which will be worth \$2 billion nationally in 2009–10, will become a permanent measure.
- The Gas Tax Fund will deliver close to \$1 billion to BC local governments during the period of 2010-2014.
- Establishing the terms for permanent delivery of Gas Tax funding will be a matter of discussion between Canada, BC and UBCM.

### **NEW FUNDING FOR TRANSIT INFRASTRUCTURE**

- Up to \$500 million will be set aside in support of capital investments to improve public transit.
- The funding will be targeted for three projects across Canada, one of which is the Evergreen Line Light Rapid Transit System in Metro Vancouver.

### **ESTABLISHMENT OF A NEW CROWN CORPORATION**

- The establishment of a Crown corporation, PPP Canada Inc., was announced. PPP will work with the public and private sectors to support public-private partnerships.
- The Minister's speech suggests that this new Crown Corporation should be able to leverage a "100 billion dollar investment in infrastructure". It is uncertain yet if this new Crown corporation will affect the delivery of "Building Canada".

### **NEW FUNDING FOR DEMONSTRATION PROJECTS ADDRESSING HOMELESSNESS**

- \$110 million will be provided for five demonstration projects across Canada that will assist homeless persons who suffer from mental illness. It is anticipated that the projects will generate best practices that can be shared with other jurisdictions.
- Vancouver will be the site of one of the five demonstration projects.

### **OTHER ITEMS OF INTEREST IN THE BUDGET**

#### **ENVIRONMENTAL CLEAN UP OF SMALL CRAFT HARBOURS**

- \$10 million over two years will be provided to enable repairs and cleanup to permit the transfer of more small craft harbours from the federal government to interested parties.

#### **NEW MEASURES TO IMPLEMENT CANADA'S ECOACTION PLAN**

- \$66 million over two years will be provided to set up the regulatory framework for industrial air emissions.
- \$250 million will be provided for a full-scale commercial demonstration of carbon capture and storage in the coal-fired electricity sector, research on the potential for carbon storage and economic and technological issues.

#### **SUPPORT FOR COMMUNITIES AND TRADITIONAL INDUSTRIES**

- An additional \$90 million will be provided to extend to 2012 the Targeted Initiative for Older Workers to help older workers stay in the workforce.
- \$10 million will be provided over two years to Natural Resources Canada to promote Canada's forestry sector in international markets as a model of environmental innovation and sustainability.
- \$72 million will be allocated over two years to farm programs and to improve access to \$3.3 billion in potential cash advances to Canadian farmers.
- \$22 million will be provided over two years for innovation and to provide greater regulatory certainty in the aquaculture industry.

#### **SUPPORT FOR NORTHERN COMMUNITIES**

- The residency component of the Northern Residents Deduction will be increased by 10 per cent.
- \$34 million over two years will be provided for geological mapping to support economic development.
- The Mineral Exploration Tax Credit will be extended an additional year.