



## Memorandum

**To:** Canadian Institute of Quantity Surveyors

**From:** Impact Public Affairs

**Subject:** 2023 Federal Budget: A Made-in-Canada Plan

**Date:** March 29<sup>th</sup>, 2023

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Yesterday, Deputy Prime Minister and Minister of Finance Chrystia Freeland tabled the 2023 federal budget “A Made-in-Canada Plan”. With the pandemic in the rear-view mirror and financial uncertainty on the horizon, the budget takes a targeted look at sustainable spending while continuing to follow-through on programs, all while bringing the deficit down.

The budget included three main themes: green technology investments, healthcare spending, and support for the rising cost of living. To attract investments in new machinery and equipment, the budget proposes a 15% to 30% tax credit for eligible investments in green technology. On the healthcare front, the budget includes a Canadian Dental Care Plan, as well as further details on the recently announced healthcare transfers. To support Canadians with the rising cost of living, the budget proposes to introduce a Grocery Rebate, as well as a need to target “junk fees” charged by some companies.

The federal government is expecting a deficit of \$40.1 billion in budget 2023-2024, a small reduction from the 2022 budget of \$43 billion. The federal government is projecting deficits to lower throughout the subsequent years.

### Highlights Include:

- To help build more infrastructure sooner, Budget 2022 signaled the government’s intent to accelerate the deadline for provinces to commit their remaining funding to March 31, 2023, with any uncommitted funds after this date to be reallocated to other priorities. The government is working closely with the provinces to support them in allocating their remaining funding and expects that all remaining funding will be committed by the deadline.
- Budget 2023 announces that the Canada Infrastructure Bank will invest at least \$10 billion through its Clean Power priority area, and at least \$10 billion through its Green Infrastructure priority area. This will allow the Canada Infrastructure Bank to invest at least \$20 billion to support the building of major clean electricity and clean growth infrastructure projects. These investments will be sourced from existing resources.
- Budget 2023 proposes to provide \$3.0 billion over 13 years, starting in 2023-24, to Natural Resources Canada to:

- Recapitalize funding for the Smart Renewables and Electrification Pathways Program to support critical regional priorities and Indigenous-led projects, and add transmission projects to the program's eligibility;
- Renew the Smart Grid program to continue to support electricity grid innovation; and,
- Create new investments in science-based activities to help capitalize on Canada's offshore wind potential, particularly off the coasts of Nova Scotia and Newfoundland and Labrador.
- To support and accelerate clean electricity investment in Canada, Budget 2023 proposes to introduce a 15 per cent refundable tax credit for eligible investments in:
  - Non-emitting electricity generation systems: wind, concentrated solar, solar photovoltaic, hydro (including large-scale), wave, tidal, nuclear (including large-scale and small modular reactors);
  - Abated natural gas-fired electricity generation (which would be subject to an emissions intensity threshold compatible with a net-zero grid by 2035);
  - Stationary electricity storage systems that do not use fossil fuels in operation, such as batteries, pumped hydroelectric storage, and compressed air storage; and,
  - Equipment for the transmission of electricity between provinces and territories.
  - Both new projects and the refurbishment of existing facilities will be eligible.
  - Taxable and non-taxable entities such as Crown corporations and publicly owned utilities, corporations owned by Indigenous communities, and pension funds, would be eligible for the Clean Electricity Investment Tax Credit.
- Budget 2023 proposes a refundable tax credit equal to 30 per cent of the cost of investments in new machinery and equipment used to manufacture or process key clean technologies, and extract, process, or recycle key critical minerals, including:
  - Extraction, processing, or recycling of critical minerals essential for clean technology supply chains, specifically: lithium, cobalt, nickel, graphite, copper, and rare earth elements;
  - Manufacturing of renewable or nuclear energy equipment;
  - Processing or recycling of nuclear fuels and heavy water;
  - Manufacturing of grid-scale electrical energy storage equipment;
  - Manufacturing of zero-emission vehicles; and,
  - Manufacturing or processing of certain upstream components and materials for the above activities, such as cathode materials and batteries used in electric vehicles.
  - To deliver these benefits, Budget 2023 announces the government will undertake targeted engagement with provinces and territories, industry stakeholders, and workers and unions on concrete reciprocal procurement measures, so they can be implemented in the near term. The proposed measures will include placing conditions on foreign suppliers' participation in federally-funded infrastructure projects, applying strict reciprocity to federal procurement, and creating a preference program for Canadian small businesses.
- Budget 2023 announces that the Canada Infrastructure Bank will provide loans to Indigenous communities to support them in purchasing equity stakes in infrastructure projects in which the Bank is also investing. These loans will be sourced from the Canada Infrastructure Bank's existing funding envelope.

- To further strengthen Canada’s transportation systems and supply chain infrastructure, Budget 2023 proposes to:
  - Provide \$27.2 million over five years, starting in 2023-24, to Transport Canada to establish a Transportation Supply Chain Office to work with industry and other orders of government to respond to disruptions and better coordinate action to increase the capacity, efficiency, and reliability of Canada’s transportation supply chain infrastructure;
  - Collaborate with industry, provinces, territories, and Indigenous Peoples to develop a long-term roadmap for Canada’s transportation infrastructure to better plan and coordinate investments required to support future trade growth;
  - Provide \$25 million over five years, starting in 2023-24, to Transport Canada to work with Statistics Canada to develop transportation supply chain data that will help reduce congestion, make our supply chains more efficient, and inform future infrastructure planning. This measure will be advanced using existing Transport Canada resources;
  - Introduce amendments to the Canada Transportation Act to provide the Minister of Transport with the authority to compel data sharing by shippers accessing federally regulated transportation services;
  - Introduce amendments to the Canada Transportation Act for a temporary extension, on a pilot basis, of the interswitching limit in the prairie provinces to strengthen rail competition; and,
  - Launch a review of the Shipping Conferences Exemption Act to improve marine shipping competition.