

Part 1: Canada's Natural Legacy

A Clean Environment for Future Generations

As Canadians, our quality of life and our present and future prosperity are deeply connected to the environment in which we live—and more than that, the extraordinary beauty of Canada's nature, parks, and wild spaces are central to our identity as Canadians. Whether it's building a campfire with our kids, hiking with friends and family, or swimming in cool, clean waters, spending time in nature—and protecting it for future generations—is important to us all.

At the same time, Canadians understand that a clean environment and a strong economy go hand in hand. That is why the Government has made significant investments to protect our air, water and natural areas for our children and grandchildren, while also investing to create a world-leading clean economy.

Responding to the critical and urgent need to take action on climate change, Canada's First Ministers, in consultation with Indigenous Peoples, adopted the Pan-Canadian Framework on Clean Growth and Climate Change in December 2016. To support the implementation of this historic national plan, the Government has allocated \$5.7 billion over 12 years, including \$2 billion for the Low Carbon Economy Fund, to combat climate change. In November 2016, the Government also launched a \$1.5 billion national Oceans Protection Plan to improve marine safety and responsible shipping, protect Canada's marine environment and offer new possibilities for Indigenous and coastal communities.

In Budget 2018, the Government is making further investments to help grow a healthy and sustainable clean economy—one that creates growth and middle class jobs, and preserves Canada's natural heritage for generations to come.

Protecting Canada's Nature, Parks and Wild Spaces

Whether the place we call home is a city in Southern Ontario or a small community in Canada's Far North, the beauty that is part of Canada's natural landscape is a gift to us all. To ensure that our children and grandchildren can continue to hike in our majestic forests and swim in our beautiful lakes, rivers and streams, Canada has committed to conserving at least 17 per cent of its land and inland waters by 2020, through networks of protected areas and other effective area-based conservation measures. Both protected and conserved areas will ensure healthier habitats for species at risk and improve biodiversity.

As almost 90 per cent of Canada's land and inland waters are provincial and territorial Crown or Indigenous lands, achieving this goal requires open collaboration with other orders of government. To support Canada's biodiversity and protect species at risk, the Government of Canada proposes to make historic investments totalling \$1.3 billion over five years, one of the most significant investments in nature conservation in Canadian history—a true legacy for our children and grandchildren.

This investment will contribute \$500 million from the federal government to create a new \$1 billion Nature Fund in partnership with corporate, not-for-profit, provincial, territorial and other partners. In collaboration with partners, the Nature Fund will make it possible to secure private land, support provincial and territorial species protection efforts, and help build Indigenous capacity to conserve land and species, for our benefit and the benefit of future generations.

The remaining funding will:

- Increase the federal capacity to protect species at risk and put in place new recovery initiatives for priority species, areas and threats to our environment.
- Expand national wildlife areas and migratory bird sanctuaries.
- Increase the federal capacity to manage protected areas, including national parks.
- Continue implementation of the *Species at Risk Act* by supporting assessment, listing, recovery planning and action planning activities.
- Establish a coordinated network of conservation areas working with provincial, territorial and Indigenous partners.

Protecting Marine Life

Whales are vital to healthy marine ecosystems, and an important part of eco-tourism in Canada's Pacific and Atlantic coastal regions, and in the St. Lawrence Estuary.

A complex mix of threats—such as the availability of prey, increased noise levels from passing ships and pollution in the water—are endangering many whale populations, notably the southern resident killer whale, the North Atlantic right whale and the St. Lawrence Estuary beluga.

To better protect, preserve and recover endangered whale species in Canada, the Government proposes to make available \$167.4 million over five years, starting in 2018–19, to Fisheries and Oceans Canada, Transport Canada and Environment and Climate Change Canada. This includes funding for research to help us better understand the factors affecting the health of these whales, as well as actions that we can take now to help address threats arising from human activities.

Establishing Better Rules to Protect the Environment and Grow the Economy

The Government is delivering on its promise to protect the environment, restore public trust in federal environmental assessment and regulatory processes and provide predictability for businesses. Legislation was recently tabled in Parliament to establish better rules for the review of major projects that will protect our environment, fish and waterways, rebuild public trust, and help create new jobs and economic opportunities. The proposed changes include:

- Maintaining one project, one review.
- Revising the project list.
- Undertaking more comprehensive impact assessments.
- Making timely decisions.
- Ensuring transparent, science-based decisions.
- Protecting water, fish and navigation.

The Government has announced that it will invest about \$1 billion over five years to support the proposed new impact assessment system and Canadian Energy Regulator; increase scientific capacity in federal departments and agencies; implement the changes required to protect water, fish and navigation; and increase Indigenous and public participation.

Pricing Carbon Pollution and Supporting Clean Growth

Central to Canada's plan to fight climate change and grow the economy is the understanding that pollution has a real, tangible cost. It puts stress on the health of our communities, our economy and on Canadians themselves. That is why the Government of Canada is committed to putting a price on carbon pollution.

To ensure that a price on carbon pollution is in place across Canada, the Government is developing a federal carbon pollution pricing system that would apply in provinces and territories upon request, and in provinces and territories that do not have a pricing system in place that meets the federal standard by the end of 2018. The direct revenue from the carbon price on pollution under the federal system will be returned to the province or territory of origin.

Provinces and territories requesting that the federal system apply, in whole or in part, in their jurisdiction should confirm this by March 30, 2018. Provinces and territories establishing or maintaining their own system need to outline how they are implementing pricing on carbon pollution by September 1, 2018. The Government will review each system and implement the federal system in whole or in part on January 1, 2019 in any province or territory that does not have a carbon pollution pricing system that meets the minimum standard.

The Government recently released draft legislative proposals on the federal carbon pollution pricing system, as well as a regulatory framework outlining the approach to carbon pollution pricing for large industrial facilities, and intends to introduce legislation to establish that system.

To support the development and implementation of the federal carbon pollution pricing system, the Government will provide \$109 million over five years, starting in 2017–18, to the Canada Revenue Agency and Environment and Climate Change Canada to implement, administer and enforce the federal carbon pollution pricing system.

In addition, to ensure that the actions established in the Pan-Canadian Framework on Clean Growth and Climate Change are transparent and informed by science and evidence, the Government proposes to make available \$20 million over five years, starting in 2018–19, through Environment and Climate Change Canada to fulfill the Framework's commitment to engage external experts to assess the effectiveness of its measures and identify best practices.

Greening Government Operations

Government leadership is critical for Canada to achieve its goals for environmental and sustainable development. Introduced in 2017 under the oversight of the Treasury Board of Canada Secretariat, the Greening Government Strategy sets an ambitious target to reduce direct and indirect greenhouse gas emissions from Government of Canada operations by 40 per cent below 2005 levels by 2030, and by 80 per cent below 2005 levels by 2050—consistent with world-leading jurisdictions. The Strategy also outlines a broader scope for the Government's greening efforts, including actions on water and waste.

The Department of National Defence owns and operates more than 20,000 buildings, representing about 60 per cent of the Government of Canada's reported greenhouse gas emissions. Canadian Forces Base Halifax alone represents 10 per cent of the Government's reported emissions.

To reduce emissions at CFB Halifax, a planned project to refurbish the antiquated heating plant on base will be expanded to include the rehabilitation of attached buildings and distribution systems. In total, this project is expected to reduce annual emissions at the base by up to 7 per cent.

Low Carbon Economy Leadership Fund

The Government, through the Low Carbon Economy Leadership Fund, is investing \$1.4 billion in projects that will generate clean growth and reduce greenhouse gas emissions, while creating jobs for Canadians for years to come.

The Low Carbon Economy Leadership Fund provides funding to make buildings more energy efficient, help industries innovate to reduce emissions, and help the forestry and agriculture sectors increase stored carbon in forests and soils. All provinces that have signed the Pan-Canadian Framework on Clean Growth and Climate Change can apply for support through the Fund. The first round of funding agreements was announced in December 2017, with six provinces receiving funding for project proposals.

British Columbia: \$162 million to support projects including the reforestation of public forests, which absorb carbon from the atmosphere and store it.

Alberta: Almost \$150 million to help Albertans, including farmers and ranchers, use less energy and save money. Alberta will work with Indigenous communities to install renewable energy solutions, and will also invest in restoring forests affected by wildfires.

Ontario: \$420 million to support projects such as renovating buildings, retrofitting houses and helping farmers reduce emissions from their operations.

Quebec: Over \$260 million to help expand actions under the province's 2013–2020 Climate Change Action Plan. These new investments will allow more farmers and foresters to adopt best practices, more businesses to retrofit their buildings and more industries to find innovative ways to reduce emissions.

New Brunswick: \$51 million, in partnership with NB Power, to help New Brunswickers improve the energy efficiency of their homes and businesses.

Nova Scotia: \$56 million to expand an existing home retrofit partnership with Efficiency Nova Scotia. Today, only those homes heated with electricity are eligible for retrofit funding. The new funding will open up the retrofit program so that any Nova Scotian home could be eligible, allowing Nova Scotians to lower their heating bills and help reduce emissions.

Announcements for the remaining jurisdictions that have signed onto the Pan-Canadian Framework will be forthcoming as project proposals are approved.

Further details regarding the competitively based Low Carbon Economy Challenge will be announced in the near future. The objective of the fund will be to maximize greenhouse gas reductions in 2030, and it will be open to all provinces and territories, municipalities, Indigenous governments and organizations, businesses, and not-for-profit organizations.

Adapting Canada's Weather and Water Services to Climate Change

Climate change is already having an impact on Canadians. Extreme weather events, such as flooding and wildfires, can have a devastating impact on our people, our communities and our economy.

The Government maintains Canada-wide networks to collect data and monitor changes in weather, climate, water, ice and air. These networks enable the weather, water and environmental predictions that help keep people safe. The Government is proposing through Budget 2018 the following activities and investments to improve weather and water services, through Environment and Climate Change Canada:

- Complete the modernization of Canada's weather forecast and severe weather warning systems, and maintain direct support to the emergency management organizations that prepare for and respond to severe weather (\$40.6 million over five years, starting in 2018–19, with \$0.2 million in remaining amortization).
- Revitalize water stations, improve services for long-range water forecasts, test and implement new technologies and expand technical and engineering capacity (\$69.5 million over five years, starting in 2018–19, with \$7.3 million in remaining amortization).
- Support the operation of water stations that are cost-shared with provinces and territories (\$9.8 million over five years, starting in 2018–19, with remaining amortization of \$3.1 million).

Extending Tax Support for Clean Energy

The Government of Canada works with businesses to encourage investment in clean energy generation, and to promote the use of energy efficient equipment. Tax support, such as allowing accelerated deductions of the cost of eligible capital assets, can help us achieve this shared goal. The existing accelerated deduction of these assets is scheduled to expire in 2020. Through Budget 2018, the Government proposes to extend the preference to property acquired before 2025, which represents an investment of \$123 million over the 2017-18 to 2022-23 period.

This renewed support will increase the after-tax income of about 900 businesses. This represents on average an additional \$27,000 annually over the next five years that these companies will be able to use to invest in and grow their operations while reducing their carbon footprint. Increased adoption of clean technology will help Canada's efforts to reduce the emission of greenhouse gases and air pollutants.

What Will Success Look Like?

- ✓ *More protected and conserved areas for Canadians—and future generations of Canadians—to enjoy.*
- ✓ *A modern ecosystem-based approach for multi-species recovery that improves species at risk conservation.*
- ✓ *Pricing carbon pollution will contribute to achieving Canada's international greenhouse gas reduction targets at the lowest cost, while providing an incentive for clean growth and innovation.*
- ✓ *More investment in clean energy and a clean economy.*