

# **STRONG LEADERSHIP**

**A BALANCED-BUDGET, LOW-TAX PLAN FOR  
JOBS, GROWTH AND SECURITY**

**ECONOMIC ACTION PLAN 2015**

**THE BUDGET SPEECH**

The Honourable Joe Oliver, P.C., M.P.  
Minister of Finance

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## Presentation of Budget 2015

Mr. Speaker, I rise before this House today to table the budget documents for 2015, including notices of ways and means motions.

The details of the measures are contained in these documents, and I am asking that an order of the day be designated for consideration of these motions.

I also wish to announce that the Government will introduce legislation to implement the measures in the budget.

Mr. Speaker, I am proud to present Economic Action Plan 2015 – our Government’s plan for growth and opportunity. It is a prudent and principled plan that will see Canadians more prosperous, more secure, and ever more confident in our country’s place in the world.

The story of Canada is – has always been – the story of opportunity.

Opportunity is what has drawn people here from around the world, generation after generation. It is what draws them still.

Opportunity for themselves and for their families, the opportunity to work hard, dream big, and achieve those dreams.

On a personal note, I will be forever grateful to my grandparents for their fateful decision to immigrate to Canada more than a hundred years ago. Like so many others, they chose liberation over oppression, opportunity over stagnation – a bright future over a gathering storm.



The federal budget is, on the face of it, about dollars and cents.

But on a more fundamental level it is a path to opportunity, and it is in this spirit that I present it today.

I do so acknowledging that we live in what continue to be challenging times.

Around the world, many nations – including some of our friends and allies – remain mired in a struggle for fiscal security. Global growth coming out of the Great Recession has been lacklustre.

Geopolitical uncertainty continues to hobble the recovery. And, of course, the dramatic plunge in oil prices has taken its toll on our economy.

Still, the news for Canada is, by and large, good. Amid the tumult, our country remains a beacon of economic stability and security built on a foundation of sound financial management.

Now, I cannot go further, Mr. Speaker, without saluting the man who – through fiscal acumen, careful stewardship, and love of country – can take so much credit for this: my predecessor, Jim Flaherty.

It is because of Mr. Flaherty's efforts, and the leadership of our Prime Minister, that we are in a position to move forward.

It is because of their disciplined and deliberate choices in dark times that, rather than privation and painful austerity, we face a future of opportunity and possibilities.

That path is the right path for Canada.



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I recall the words of another man who, half a century ago, served as Canada’s Minister of Finance, the Honourable Donald Fleming.

Like me, he was a proud member of a Conservative government; and like me, he had the honour of representing the good people of Eglinton, the predecessor to my own riding of Eglinton–Lawrence, in the great city of Toronto.

“We have withstood the disturbing calm of recession, and the winds of prosperity again fill our sails,” he told this House.

“With a united, determined and confident population, Canada marches on unflinchingly towards its bright destiny.”

Mr. Speaker, our economy is now substantially larger than it was pre-recession, a performance that remains the envy of the G-7.

International observers expect Canada’s growth – already ahead of our peers during the recovery – to continue to be solid, and that our net debt-to-GDP ratio will continue to be the lowest in the G-7.

The causes of global financial challenges are complex – and largely beyond our control. But our responses, the choices we have made, have been direct and unambiguous.

We have cut taxes to their lowest level in more than half a century.

We have made the largest long-term federal infrastructure commitment in our country’s history.



We have negotiated free-trade deals that encompass more than half the global economy.

We have increased transfers to the provinces and territories to record levels to support health care and education.

And we have done all this while controlling spending.

For generations, Canadian families have understood the path to prosperity:

Don't compromise tomorrow by spending recklessly today.

Don't pile on debt you can't afford.

And invest sensibly for a secure future.

For governments, the principles are the same.

We have been prudent. We have been practical. And we have stuck to our plan.

## **BALANCING THE BUDGET**

Mr. Speaker, I am proud to announce this budget is balanced.

This year, we are forecasting a \$1.4 billion surplus, and growing surpluses thereafter.

Now, this did not just happen. It took hard work, unwavering focus and firm resolve.

Some underestimate the discipline involved, suggesting that budgets “balance themselves.” They do not understand what it takes, or why it matters so much. Perhaps they never will.



But a balanced budget is the only way to ensure long-term prosperity for Canadians.

It clears the way for further tax relief.

It bolsters our top credit rating, supports lower interest payments, and inspires greater consumer and investor confidence.

It protects health care and education.

It strengthens our ability to respond to the unavoidable and unexpected in a volatile world.

And it means we can leave our children and grandchildren an even more secure and prosperous country, not a hangover from reckless selfishness.

When our Government first came to power, we worked hard to reduce Canada's substantial federal debt. We did it in short order, by more than \$37 billion.

Then, in 2008, the world was rocked by the greatest financial meltdown since the Great Depression. It was not a crisis of our making, but it was nonetheless one we could not escape.

So we undertook extraordinary measures to protect the financial security of Canadians. But we did it with a clear and prudent plan to return to balance.

We cannot borrow our way to prosperity – no matter what our opponents might say.



Their path – the path of spending money we do not have, on bureaucratic programs we do not need – leads to the crushing structural deficits that plagued this country for years.

Mr. Speaker, when our opponents tried it, they found themselves in an economic swamp of their own creation.

And by the time they figured out the disaster the country was facing, the only way out was brutal cuts to programs Canadians count on.

George Santayana said: “Those who cannot remember the past are condemned to repeat it.”

Still, given the chance, they seem determined to try it again. Ignoring the lessons of history, they would take the well-trod road to economic decline – a journey that will not end well.

When our Government launched its stimulus program, we made a solemn promise to the Canadian people.

A promise made, a promise kept. Mr. Speaker, this budget is written in black ink.

This is the responsible way forward for Canada, which is why we will also introduce balanced budget legislation.

This legislation will recognize that in times of crisis a deficit may be the appropriate action – but only with a plan to return to balance, and only with an accompanying freeze on operating spending.



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## **SUPPORT FOR CANADIAN FAMILIES**

Now, Mr. Speaker, I would like to talk about tax restraint.

Our approach has been clear, and consistent: Take as little as possible, and give back as much as we can.

It all starts right at the bedrock of our country: the family.

Raising a family is hard work, and unlike our opponents, we prefer to leave it to the experts: Mom and Dad.

It also costs a lot of money, which is why in recent months we expanded the Universal Child Care Benefit, introduced the Family Tax Cut, increased the Child Care Expense Deduction limits and doubled the Children's Fitness Tax Credit.

These measures will make life more affordable for all Canadian families with children.

For a typical two-earner family of four, it means up to an extra \$6,600 in their pockets in 2015.

Helping families now is vital. But just as important is helping them plan for a secure future.

One low-tax measure we are particularly proud of is the Tax-Free Savings Account. When we introduced TFSA's in Budget 2008, it was the most significant boost to Canadians' ability to save for their future since the creation of the RRSP.

Since then, close to 11 million Canadians – mostly low and middle-income Canadians – have opened a TFSA.



Who are these Canadians? They are the people you see in the coffee shop and at the rink and in your place of worship. Half make less than \$42,000 a year.

Some are saving money to buy their first home, or to start their first business. Some are saving to put their children through college or university. Others are putting away extra income to make their hard-earned retirement more comfortable and enjoyable. In fact, more than half the people currently maxing out their TFSA contributions are low and middle-income Canadians over the age of 55.

So, Mr. Speaker, I am very pleased to announce that we will increase the TFSA annual contribution limit, from the current \$5,500 to \$10,000.

This is another promise made, and another promise kept.

## **SUPPORT FOR CANADIANS WITH DISABILITIES**

We are also working to make life easier for the almost four million Canadians living with some form of disability.

Many Canadians with disabilities, as well as seniors, want to enjoy greater independence living in the comfort of their homes. To help, we will create a new and permanent Home Accessibility Tax Credit, which will support those who want to renovate their dwellings to make them safer, more accessible and more functional.



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Our Government has a strong record of support for people with Autism Spectrum Disorders, and the people who love them. Our budget builds on this, with funding to pursue a greater understanding of autism and the needs of those living with its unique challenges.

We will also implement changes to the *Copyright Act* to implement the Marrakesh Treaty, allowing the one million Canadians with visual impairments greater access to adapted books and other printed material.

## **SUPPORT FOR SENIORS**

We want older Canadians to enjoy the golden years that are their reward after decades of hard work and diligent saving.

Our Government has already greatly expanded the Guaranteed Income Supplement for very-low-income seniors.

Today, I am pleased to announce that we will give seniors more choice when it comes to managing their retirement income, by reducing the minimum withdrawal requirements for Registered Retirement Income Funds.

## **SUPPORT FOR CAREGIVERS**

For more and more Canadians, caring for family not only means making sure the kids get the best start possible in life. It means being there for parents and other elderly relatives through their final days.

When someone you love is gravely ill, you should be free to focus on what matters most.



This is why we are extending the Employment Insurance Compassionate Care Benefits period from the current six weeks to six months.

## **SUPPORT FOR JOB-CREATING BUSINESSES**

Along with supporting Canadian families, our Government's priority has always been the creation and protection of opportunity for Canadians. Indeed, since the depth of the global recession, Canada has had one of the best job-creation records in the G-7.

How did we do this?

We cut taxes, and slashed red tape. And we will continue to do both.

Now, it is no secret that small businesses are critical to the health of the Canadian economy. They employ half of all Canadians in the private sector, and contribute over 40% of our private-sector GDP.

That is why we have worked so hard to support them over the years, and continue to do so.

We have lowered the small business tax rate to 11% and increased the amount of annual income eligible for this lower rate.

Today, I am pleased to announce that our Government will reduce the tax rate further, all the way down to 9% by 2019. This will be the largest tax rate cut for small businesses in more than 25 years.



Small businesses across the country will be able to use these additional tax savings to fuel growth, invest in capital and hire more people.

## **SUPPORT FOR MANUFACTURING**

Manufacturing accounts for more than 10% of our GDP and over 60% of our merchandise exports and employs 1.7 million people all across the country.

Some have questioned the role of manufacturing in Canada’s future economic success. We do not. For this Government, the words “Made in Canada” continue to fuel pride and inspire confidence.

But we must give manufacturers the tools they need to create the products – and the jobs – of the future.

This is why I am pleased to announce that we will help to boost this sector’s productivity by introducing a 10-year investment incentive that will allow a faster write-off for machinery and equipment.

We are also launching the Automotive Supplier Innovation Program. This investment of \$100 million over the next five years will support our auto parts industry as it meets the constantly evolving demands of automakers and consumers.

## **SUPPORT FOR WORKERS AND STUDENTS**

We will continue our collaboration with the provinces and territories in skills training. We will also bring employers and educators together to make sure the skills of our graduates match the needs of our economy.



For Canada's best and brightest graduate and post-graduate students, we will increase our support for internships that allow them to focus on industry-related research.

For students who need to work to put themselves through school, the current in-study income limit of the Canada Student Loans program is a barrier. We will remove it.

We will also reduce the program's parental contribution requirement to make it easier for middle-class families to finance the education of their children.

We will make permanent our Foreign Credential Recognition Loans program, which helps skilled newcomers cover the costs of having their qualifications recognized here.

And we will extend the Working While on Claim Employment Insurance pilot project, which gives unemployed Canadians the ability to accept some work – work that could lead to learning new skills or even full-time employment – while protecting their EI benefits.

## **SUPPORT FOR SCIENCE AND RESEARCH**

Mr. Speaker, Canada is now attracting the best and brightest minds from around the globe in science, research and development.

To build on this success, we will make a significant new investment of \$1.3 billion over six years through the Canada Foundation for Innovation, to ensure our researchers continue to have the leading-edge lab facilities they need to be the best in the world.



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While all their work is about changing lives, some of it is about saving them. A case in point: The Canadian Institutes of Health Research has been searching for a solution to drug-resistant infections. We will provide stable, multi-year funding for this important work.

And to help meet the challenges of an aging population, we will likewise provide stable, multi-year funding toward the establishment of the Canadian Centre for Aging and Brain Health Innovation, based at Baycrest Health Sciences in Toronto.

## **SUPPORT FOR OUR CITIES**

Since the era of the Last Spike, infrastructure has been vital to Canada's success as a country – which is why it is a key priority for our Government. Our New Building Canada Plan is the largest long-term federal investment in infrastructure in our country's history.

Indeed, our investment in infrastructure is three times greater than the previous government's.

But building this great country is a project that never ends.

Anyone who lives in or near our thriving and fast-growing cities knows the reality of traffic gridlock.

So I am pleased to announce the launch of a major new infrastructure program: the Public Transit Fund. This program, increasing to \$1 billion per year by 2019, will be a permanent source of funding to provinces and municipalities for major public transit projects.



This fund will result in more money for more transit projects by requiring a significant role for the private sector and by allowing for a more flexible payment approach.

It will also drive greater efficiency in the design and costing of transit projects.

Canada is home to some of the world's largest and most experienced private-sector infrastructure investors. This fund will require their involvement and expertise to deliver projects in a manner that is affordable for taxpayers and efficient for commuters.

## **SUPPORT FOR OUR NATURAL RESOURCES INDUSTRIES**

Canada's prosperity has always been rooted in our wealth of natural resources. From the bounty of our seas to the abundance of the earth, these riches provide good, well-paying jobs for almost two million Canadians.

Measures we will take to support this sector include the Forest Innovation Program and Expanding Market Opportunities Program to help Canadian forestry companies adopt emerging technologies and develop new markets for Canada's wood product exports.

And, Mr. Speaker, when someone makes working the land or the sea their life's work, they have earned everything they have put into that enterprise. So we will also raise the Lifetime Capital Gains Exemption to \$1 million for those who make their livelihood farming or fishing.



We are proud of our record when it comes to the responsible development of our natural resources, and will continue to pursue the vast opportunities with which we are blessed. At the same time, we will only proceed with projects that are safe for Canadians and safe for our environment.

Mr. Speaker, we take this stewardship seriously. We are the only government in our nation's history to reduce Canada's greenhouse gas emissions – proof that emissions can decline even as economic growth increases.

To build on this record of good stewardship, Economic Action Plan 2015 includes investments to enhance marine transportation safety in the Arctic as well as to strengthen environmental protection, spill prevention and response measures in Canadian waters.

## **PROTECTING CANADIANS**

Now, Mr. Speaker, I want to address the dangerous world we live in. We say this often, because it is true: Government has no greater responsibility than protecting the lives of its people.

Our Government understands the present dangers – and is determined to respond responsibly, without ambiguity or moral equivocation.

Therefore, this budget includes measures to ensure the continued security of Canadians.



First, it must be said: The jihadist terrorists who proclaimed a so-called “caliphate” in the Middle East have declared war on Canada and Canadians by name. In response, we have taken up the fight both overseas and here at home.

We are eternally grateful to the men and women in uniform who put their lives on the line every day defending our freedoms. Our Government will ensure they continue to have what they need to accomplish the dangerous tasks Canadians ask of them. We will increase the annual escalator for National Defence’s budget to 3% starting in 2017-18. As a result, our spending on Canada’s military will increase by \$11.8 billion over 10 years.

Meanwhile, the RCMP and CSIS will have new resources not only to investigate and prevent further terrorist attacks on Canadian soil, but to protect vulnerable young people susceptible to the lies and manipulation of ISIS recruiters, preventing them from throwing away their lives by travelling abroad to join the terrorists’ reprehensible cause.

Threats to Canada are not limited to jihadis with guns and bombs. We will also protect Canada’s most vital and essential services, including financial systems and communication grids.

Our Government has also focused on making our streets and communities safer from crime, and putting the concerns of victims at the heart of our justice system.



## **STANDING UP FOR CANADA**

Our Government has always supported strong communities, firm in our belief that they are the foundation of the nation.

Central to making our communities great is the willingness of Canadians to help others. Today I am happy to say we will make that easier to do.

We will create a capital gains tax exemption for public-spirited Canadians who wish to donate private shares or real estate when the proceeds of their sale are directed to a charity.

For Canadians who support loved ones in other countries, we will take steps to make sure more of their money makes it to the recipient, and less is gobbled up in administrative costs.

And to assist Canadian businesses that want to invest in developing countries while helping pull those countries out of poverty, we will establish a Development Finance Initiative to provide financing, technical assistance and business advisory services to firms operating in developing countries.

Mr. Speaker, this entire budget is about our unflinching march into the future. So we must never forget our rich and inspiring history, because that history guides our future.

As our sesquicentennial approaches, we have set aside substantial funds for the celebrations, both on a national scale and at the community level.

Almost 150 years ago, the Fathers of Confederation had grand dreams and ambitions.



If they could see us now, I think they would be pleased with the Canada we have become.

We have been through some trying times, but now our hard work – the hard work of all Canadians – is paying off. Those “winds of prosperity” are powering us toward an even brighter future.

These are times of immense opportunity for Canada – but also of substantial risk.

The choices we make can assure a secure and prosperous Canada for generations to come.

Together, let us make the greatest country in the world, even greater.