

**THE NEXT PHASE OF CANADA'S  
ECONOMIC ACTION PLAN**

**A LOW-TAX PLAN FOR  
JOBS AND GROWTH**

**THE BUDGET SPEECH**

The Honourable James M. Flaherty, P.C., M.P.  
Minister of Finance

**June 6, 2011**



Canada

NEXT PHASE OF  
CANADA'S ECONOMIC  
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Speech by the Honourable Jim Flaherty,  
Minister of Finance,  
on the Tabling of the Next Phase of Canada's Economic Action Plan  
June 6, 2011

Mr. Speaker, I rise today to table once again before this House Budget 2011: A Low-Tax Plan for Jobs and Growth.

A plan to ensure Canada will remain on the right track for economic growth and jobs.

As I said in this House less than three months ago, implementing the Next Phase of Canada's Economic Action Plan will preserve Canada's advantage in the global economy; strengthen the financial security of Canadian workers, seniors and families; and provide the stability necessary to secure our recovery in an uncertain world.

It is my hope that the members of this House will now move quickly to implement this job-creating plan.

We are on the right track with nearly 540,000 jobs created since July 2009, the height of the global economic recession, and seven quarters of positive GDP growth. Our job creation is the envy of other advanced countries, with job growth concentrated in full-time positions in relatively high-wage industries.

While that's positive news, too many Canadians are still looking for work and the global economic recovery remains fragile.

By supporting this plan, members will echo the most essential endorsement of all: the backing of Canadians themselves.

Through their votes last month, their voices have been heard and they said "yea" to the economic plan that was put before them.

Canadians gave this Government their support for job creation, and efforts that will help businesses and entrepreneurs succeed.

Canadians provided their backing for a range of targeted measures that will help them find and hold onto good, high-paying, private-sector jobs, while improving the quality of life of Canadians in communities big and small.

Canadians endorsed an economic strategy that would help Canada's seniors secure a dignified and hard-earned retirement, through an enhancement to the Guaranteed Income Supplement, and new tax support for Canadians making selfless sacrifices to care for a loved one.

Canadians said yes to a disciplined and measured plan to control government spending and eliminate the deficit.

We humbly thank Canadians for the trust they placed in us last month.

The Next Phase of Canada's Economic Action Plan is unwavering evidence that this Government will honour the commitments we made to them.

Today I am presenting the essential commitments our Government made on March 22.

The amended budget includes all of the measures which were part of the previous budget.

It also includes two additional commitments we made to Canadians since March 22:

- We have made a provision for \$2.2 billion in support of the conclusion of a satisfactory sales tax harmonization agreement between Canada and Quebec.
- And, at a time of fiscal restraint and as part of our goal to continue to strengthen government integrity and accountability, we will gradually phase out the quarterly allowances for political parties.

For the most part, however, Parliamentarians who took the time to read the March budget will be familiar with what we are pledging to do today.

### **Helping businesses and entrepreneurs succeed**

To support job creation, for example, this budget includes our intention to introduce a one-time Hiring Credit for Small Business.

It will provide an EI break for some 525,000 small businesses, reduce payroll costs, encourage hiring, and give companies and the employees who work for them the boost they need to fully contribute to the nation's economic recovery.

This budget also includes a two-year extension of the temporary 50 per cent, straight-line accelerated Capital Cost Allowance for manufacturing or processing machinery and equipment, incenting our businesses to invest, improve productivity, and stay competitive.

In the still-uncertain global climate, many businesses may remain hesitant to hire and expand.

Mr. Speaker, in the Year of the Entrepreneur, we are creating the environment for the private sector to invest again, and take its rightful place as the engine of the Canadian economy.

## **Helping working Canadians**

Creating the environment necessary for our businesses to thrive, however, also requires assisting hard-working Canadians as they make the most of the opportunities ahead.

As was the case in March, the Next Phase of Canada's Economic Action Plan will support Canadian families across the country.

This support includes:

- Providing additional support for a work-sharing program that has helped more than 277,000 workers;
- Renewing two special EI measures to assist Canadians in their search for a job, support worth \$420 million over 12 months;
- Extending the Targeted Initiative for Older Workers program until 2013–14, ensuring older workers have access to training and employment programs that will prepare them for new careers;
- Supporting the Helmets to Hardhats program to assist the brave veterans who offer up their lives to protect our country, by helping them find work in the construction industry when they leave our armed services;
- Supporting the courage of volunteer firefighters who risk their lives to protect ours, by establishing a new Volunteer Firefighters Tax Credit; and
- Easing the financial burden of young Canadians preparing to assume their rightful place in tomorrow's economy, by enhancing and expanding eligibility for Canada Student Loans and Grants for both full- and part-time post-secondary students.

## **Helping families**

Part of helping hard-working Canadians, of course, is keeping their taxes low as they try to make ends meet.

This commitment explains why the average family of four now receives almost \$3,100 in extra tax savings thanks to the numerous tax reduction measures introduced by this Government, and why the federal tax burden for all Canadians is now the lowest it's been in 50 years.

We are building on that low-tax commitment even further through the measures being tabled today.

Today's budget takes action to help our most vulnerable seniors, who have worked hard their entire lives building a better community and a better Canada.

To provide greater support to those seniors most in need, we will provide a top-up benefit to the Guaranteed Income Supplement. This is an affordable new measure that will provide up to \$600 extra per year for single seniors and up to \$840 per year for senior couples.

It will lead to greater financial security for more than 680,000 seniors across the country.

This, of course, is on top of actions this Government has taken that are already providing \$2.3 billion in additional tax relief to seniors and pensioners this fiscal year—measures like pension income splitting, increases in the Age Credit amount, and a doubling of the maximum amount of income eligible for the Pension Income Credit.

For those Canadians coping with the added responsibilities of caring for infirm parents or other relatives, we are introducing a Family Caregiver Tax Credit on an amount of \$2,000 that will benefit more than 500,000 Canadians.

On top of that, we're recognizing the often substantial costs incurred by caregivers by removing the \$10,000 limit on eligible medical expenses that can be claimed under the tax system in respect of a financially dependent relative.

Our Government is also investing \$400 million to extend the ecoENERGY Retrofit – Homes program for this fiscal year, giving Canadian families more time to take advantage of grants of up to \$5,000 to offset the cost of making their homes energy efficient.

And we're helping families lower the cost of nurturing the next budding Canadian artist by establishing a new Children's Arts Tax Credit, covering up to \$500 per child in qualifying expenses for eligible arts or cultural activities.

### **Strong fiscal management**

These measures are as essential now as they were when they were first introduced in this House, Mr. Speaker.

Having said that, our country cannot reach its full potential weighed down by outstanding obligations.

We introduced Canada's Economic Action Plan to meet the worst global recession since the 1930s head-on.

The plan worked, as evidenced by one of the strongest economic recoveries in the G-7 and the strongest employment growth since the depths of the downturn.

Now, through the Next Phase of Canada's Economic Action Plan, we're rolling up our sleeves to take on our next challenge, as we complete the transition from providing temporary stimulus to winding it down, to eliminating the deficit and returning to balanced budgets.

The cornerstone of the budget tabled before you today, just like the one tabled on March 22, is strong fiscal management.

That budget included a Strategic and Operating Review designed to realize substantial savings through greater efficiency and effectiveness.

Now, with the backing we received from Canadians to guide us, we will launch that review so that, once it's completed, we will achieve \$4 billion in annual savings and allow the Government to return to budget balance by 2014–15, one year earlier than previously planned.

These substantial savings will be reported on and recorded in Budget 2012 when the review is completed.

This is a responsible, credible approach, one that is consistent with the careful fiscal management that has been the hallmark of this Government's approach to public finances.

### **Conclusion**

Mr. Speaker, a month ago the people spoke.

Through their democratic power they clearly signalled the need for principled, stable government at this challenging but promising moment in our nation's history.

The Canadian voters guide us as we reintroduce the Next Phase of Canada's Economic Action Plan. We owe it to them to deliver the economic stewardship Canadians expect and deserve.

Our efforts to ensure a strong and sustainable recovery are not finished yet. This budget is the next step to getting there.

So it's now time to make this budget a reality, to complete our economic recovery and set the stage for this country's future prosperity.

Mr. Speaker, it's time to get back to work.