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## **Budget 2018: Equality and Growth for a Strong Middle Class**

### **Remarks by the Honourable Bill Morneau, P.C., M.P.**

February, 27, 2018

Mr. Speaker, last week I spent some time with a couple of grade five and six classes from Rose Avenue Junior Public School in downtown Toronto.

It's an extraordinary school.

More than 85 per cent of the students have English as their second language.

They're bright, curious, and hard-working.

And when they had a chance to ask me about today's budget, well, Mr. Speaker, they would have made all Members of this House proud.

These 10- and 11-year-old students wanted to know what our Government is doing to help Indigenous Peoples.

They asked about science and discovery.

About supporting seniors, protecting nature, increasing immigration, and helping the homeless.

They even asked me about Canada-U.S. relations.

The thing that impressed me most, Mr. Speaker, was how forward-looking each of the questions was.

The children at Rose Avenue—and at schools all across the country—they care about the future.



They understand that the decisions we make today will transform the world that they will grow up in.

And they are looking to us to make good decisions—smart decisions—so that they have better opportunities to follow their dreams, and find good jobs, and give back to their community.

Mr. Speaker, that is what this budget is all about.

It is a plan that puts people first.

That invests in Canadians and in the things that matter most to them.

It's a plan that builds on the hard work of Canadians, and that keeps us squarely focused on the future.

Budget 2018 is also a plan that respects the choice that Canadians made a little over two years ago.

At that time, Canadians had the opportunity to stay the course.

They could stick with a Government that favoured cuts and a set of failed policies that produced stubborn unemployment and the worst decade of economic growth since the depths of the Great Depression...

...or they could choose a more confident and more ambitious approach.

Canadians chose the latter.

They put their trust in a new Government, because they knew that we put our trust in them.

We took that trust, balanced it with sound fiscal management that includes a declining debt-to-GDP (gross domestic product) ratio, and gave Canadians the tools they needed to succeed.

Starting with raising taxes on the wealthiest, so we could lower them for the middle class.

After that, we introduced the Canada Child Benefit, to put more money in the pockets of low- and middle-income parents every month to help with the cost of raising kids.

And this summer, two years ahead of schedule, we will ensure that the benefit increases along with the rising cost of living.

The Canada Child Benefit means that on average, families get \$6,800 a year, tax-free, for books, hockey lessons or warm clothes for winter.

It means that today, about 300,000 fewer children live below the poverty line — down 40 per cent from what it was in 2013.

To help Canadians feel confident about their future, we strengthened the Canada Pension Plan—to help workers today, and for generations to come.

Thanks to the trust Canadians placed in us, we were able to help nearly 900,000 seniors, through increases to the Guaranteed Income Supplement.

We helped students get ahead, with increases to Canada Student Grants.

We cut taxes for small businesses, while making sure the wealthiest pay their fair share.

We're helping more people find a safe and affordable place to call home with the first-ever National Housing Strategy, and we're working with provinces, territories, and cities to support a stable housing market.

We are giving more children the best possible start in life through investments in early learning and child care.

We now have agreements in place with nine provinces and territories to help create more of the high-quality, affordable child care spaces we know Canadian families need—tailored to their local realities.

And think about the fact that the vast majority of single moms receiving the Canada Child Benefit make less than \$60,000 a year, and now get about \$9,000 on average in total benefits, tax-free.

Over the last year, Mr. Speaker, we've really seen these investments pay off.

The Canadian economy is doing well—remarkably well.

Over the last two years, hard-working Canadians have created nearly 600,000 new jobs, most of them full-time.

Unemployment rates are near the lowest levels we've seen in over 40 years.

Mr. Speaker, our plan is working because *Canadians* are working.

Today, Canada leads all the other Group of Seven (G7) countries in economic growth—and Canadians are feeling confident about the future, whether their plan is to pay down debt, save for a first home, or go back to school to train for a new job.

That's why we are able to invest in the things that matter to Canadians, while making steady improvements to our bottom line.

We know there are challenges in the immediate term, and we are responding to those challenges.

We know businesses are concerned about the outcome of North American Free Trade Agreement talks, and tax changes in the United States.

We will be vigilant in making sure Canada remains the best place to invest, create jobs and do business—and we will do this in a responsible and careful way, letting evidence, and not emotion, guide our decisions.

At the same time, we need to stay focused on our long-term goal of building an economy that works for everyone.

With a strong and growing economy in place, we believe that now is the right time to focus on the deeper challenges that hold our economy—and our people—back.

That means making sure that every Canadian has a real and fair chance to work, to contribute to our economy, and to succeed.

This is important not just as a matter of fairness, but as a way to ensure Canada's long-term growth.

For the first time in our history, there are now more Canadians aged 65 and older than there are people under the age of 15.

That presents a real challenge.

Who will step in to fill the gap left as more and more seniors leave the workforce?

We believe that Canada's future success rests on making sure that every Canadian has an opportunity to work, and to earn a good living from that work.

And that includes Canada's talented, ambitious, and hard-working women.

I want to tell you a story, Mr. Speaker, about one such woman.

Her name is Joan. I met her a few months ago, at Algonquin College, where she is now a student.

Joan, encouraged by her daughter, went back to school after raising her family.

And when she first enrolled in school, she thought she was going to study event planning.

But when she got there, she changed her mind, decided she wanted to pursue a trade, and eventually became an apprentice plumber.

Now, Joan didn't start off seeing a future for herself in the trades, and she'll be the first person to tell you that that choice took many by surprise.

But she also feels that it's her true calling. It's work that she's good at, and it's work that she wants to do.

And she's never looked back.

I mention that story because it's people like Joan—people who have the courage to try new things and to forge new paths—who make our economy strong, and guarantee its future.

Over the last 40 years, the rising number of women participating in the workforce has accounted for about a third of Canada's real GDP per capita growth.

That means a better standard of living for all Canadians, thanks to the hard work of women like Joan who entered or re-entered the workforce.

Thanks to these women and their contribution to the economy, family incomes are now higher, fewer children live in poverty, and all Canadians are better off.

At the same time, for as much progress as we have seen, there continue to be persistent barriers that hold too many women back.

A few weeks ago, the Prime Minister issued a challenge to the world's business leaders.

He said that there was a fundamental shift needed, that each of them could act on immediately.

He was talking about hiring, promoting, and retaining more women.

As the Prime Minister said, it's not just the right thing to do.

It's the smart thing to do.

We just need to do the math, Mr. Speaker.

On average, women earn just 69 cents for every dollar earned by men on an annual basis, even though about three-quarters of young women have a post-secondary certificate or degree.

Even women who graduate from high-demand fields like science, technology, engineering and math earn, on average, \$9,000 a year less than their male peers.

That's not right, Mr. Speaker. And it's not very smart, either.

We know that greater diversity in the workforce boosts productivity and profitability, and studies have shown that increasing gender diversity alone leads to more growth.

According to the Centre for International Governance Innovation, a 1 per cent increase in gender diversity means about a 3.5 per cent bump in revenue for those companies that actively seek to hire more women.

And the results are even better when women are in leadership positions.

When women hold leadership positions, companies see stronger financial performance, more innovation, and more effective decision-making at the board level.

And I can tell you, Mr. Speaker—our Cabinet is stronger, the Government is stronger, and Canadians are better served because half of the people around the Cabinet table are strong, intelligent, effective women.

It's because of those results that our Minister of Innovation, Science and Economic Development recently proposed—and this House has passed—amendments to the *Canada Business Corporations Act* that would require federally incorporated corporations to make annual disclosures about the diversity of their senior management teams and boards of directors.

So let's think about what equality can mean for Canada.

McKinsey Global Institute estimates that by taking steps to advance equality for women—such as employing more women in technology, and boosting women's participation in the workforce—Canada could add \$150 billion to its economy by 2026.

And, similarly, RBC Economics estimates that if Canada had a completely equal representation of women and men in our workforce, we could have increased the size of the economy by 4 per cent last year.

Four per cent, Mr. Speaker!

When I draft budgets, I fight for every decimal point of growth.

Even reaching half that goal—boosting the size of our economy by a further 2 per cent—would be a truly significant gain.

It would mean more middle class jobs, and more Canadians who have money to pay their bills and save for their retirement.

So what are we going to do about it?

How are we going to make sure that more women and girls can be self-reliant and help their families, while helping to grow our economy?

First, by making progress when it comes to equal pay for work of equal value.

In this budget, the Government is taking an historic and meaningful step, by moving forward with proactive pay equity legislation in federally regulated sectors.

We know that we can't make this necessary change happen for all Canadian women, overnight.

What we *can* do is lead by example.

And it is our hope that in doing so, *all* employers will reflect on the way in which work done by women has been too often undervalued—and move to take action of their own to help close the gender wage gap.

Second, we need to recognize that some of this gap is due to the fact that child care—and caregiving duties in general—disproportionately fall to women.

In this budget, we're offering a new “use-it-or-lose-it” Employment Insurance (EI) Parental Sharing Benefit to encourage both parents in two-parent families to share equally in the work of raising their children.

With the EI Parental Sharing Benefit, two-parent families who agree to share parental leave could receive an additional five weeks of leave—making it easier for women to return to work sooner, if they so choose.

And when that precious time runs out, we know that families need greater access to affordable, quality child care.

We have already committed to invest more than \$7.5 billion in early learning and child care, which could create up to 40,000 new subsidized spaces over the next three years while making existing spaces more affordable.

Third, we need to do more to support greater numbers of women in management and leadership positions.

And so we are answering the call from members of the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders, and taking a comprehensive approach to helping women entrepreneurs.

So that they can scale up their businesses, create jobs, and access the mentorship and the capital they need to take their businesses to the next level.

Finally, Mr. Speaker, we know that we can't push for equality without confronting some difficult truths.

Movements like #MeToo and #TimesUp have shed light on disturbing situations and behaviours that too often go unreported.

To better support those who have been victims of sexual harassment in the workplace, we will boost legal aid funding across the country, so that victims can better understand their rights and get the help they need.

I would like to add, Mr. Speaker, that the work we are doing to increase the participation of women in our economy and our society can be seen across our entire budget, where no budget decision was taken without being informed by Gender-based Analysis Plus, or GBA+.

We owe a tremendous debt to the Minister of Status of Women for her assistance in making this possible.

But we believe firmly that this cannot—must not—be a one-time event. It must be how all future budgets are made.

To ensure that gender remains a key consideration for future governments, the Government will seek to introduce new GBA+ legislation to make gender budgeting a permanent part of the federal budget-making process.

And we will also strengthen the Government's ability to do this important work by making additional investments in Status of Women, and finally, by making Status of Women a full department in the Government of Canada.

With this budget, we are doubling down on our plan to invest in the middle class and in people working hard to join it.

We will do that by strengthening the programs that make the biggest difference in people's lives, and by making those benefits easier to get.

That includes the new Canada Workers Benefit.

As a strengthened, more accessible, and more generous replacement for the Working Income Tax Benefit, the Canada Workers Benefit is a program that better responds to the real needs of Canadian workers.

The Canada Workers Benefit will allow low-income workers to take home more money while they work—encouraging more people to join and stay in the workforce, and offering real help to more than two million Canadians.

At the same time, we will also make it easier for people to access the benefit they have earned.

By making this benefit more generous, and by automatically giving the benefit to all those who qualify, we will help lift about 70,000 more Canadians out of poverty by 2020.

As I mentioned earlier, we've taken steps to strengthen the Canada Child Benefit, so that the benefits it delivers keep pace with the cost of living.

We are also continuing to make investments that will help people in times of change, whether they're entering the workforce for the first time, retraining for a new job, or planning for retirement.

We are making additional investments in our ambitious Innovation and Skills Plan—including targeted supports for women in the trades like Joan, and for newcomer women looking to find meaningful work.

And we are also taking steps to ensure that our tax system is fair for all Canadians.

We can't have an economy that works for everyone, if everyone doesn't pay their fair share. That's why we've given the Canada Revenue Agency \$1 billion in our first budgets to crack down on tax cheats and offshore tax havens.

And with every dollar we invest, we expect \$5 in recovered revenue.

It's about fairness, Mr. Speaker.

We are also making sure that the small business tax rate—on track to fall to 9 per cent, the lowest among G7 countries—is available only to small businesses that want to invest, grow and create more jobs.

We are changing the rules for 3 per cent of private corporations, because the wealthiest Canadians should not be able to use private corporations to pay less tax than the middle class.

Mr. Speaker, by making smart investments today—the kind that give more people a real and fair chance at success—we can build a forward-looking economy for Canada.

One that responds to the needs of a changing world, and one that will give the young students at Rose Avenue a real chance to grow and to shine, in jobs they are qualified for, and excited to have.

As the Perimeter Institute's Neil Turok says, it's our "curiosity, courage, creativity and a collaborative spirit" that lead us to innovate.

That pushes us to create the new technologies that improve our daily lives, make us healthier, drive our economy, and move our country forward.

To foster that spirit of innovation and help build the new industries and jobs that our economy will rely on in future years, we will make significant new investments in Canada's scientists and researchers, to make sure that they have the funding and support they need to do their work.

The Fundamental Science Review, led by Dr. David Naylor, told us how important it is to invest in the people behind the next big new ideas to advance Canadian businesses and Canada's long-term competitiveness.

That's exactly what we are doing in this budget, Mr. Speaker.

Budget 2018 represents the single largest investment in investigator-led fundamental research in Canadian history.

And more than that, we'll make sure that the new money for research supports the next generation of researchers, so that we can build a science community that looks more like Canada—more diverse, and with a greater number of women.

Our Government also believes that the most important way in which our future needs to be better than our past has to do with the relationship between Canada and Indigenous Peoples.

Together, we are working hard to improve the quality of life for First Nations, Inuit, and Métis Nation peoples in Canada.

This budget invests in new tools to help nations rebuild, and to accelerate self-determination and self-government based on recognition of Indigenous rights, so that our shared future is one where Indigenous Peoples are in control of their own destiny, making their own decisions about their future.

To that end, we are making new investments that will accelerate work to deliver clean, safe drinking water to more Indigenous communities ahead of schedule.

We have already lifted 52 long-term boil water advisories and are on track to have all others eliminated by March 2021.

We are making investments that will help create better opportunities for Indigenous Peoples to find and keep good, well-paying jobs.

That will build more safe and affordable housing in First Nations, Inuit, and Métis Nation communities.

And that will give better child and family service support, with a special focus on prevention, so that Indigenous children are not taken from their families and their communities.

To further the important work of reconciliation, we are also investing in the Gord Downie & Chanie Wenjack Fund, to promote cross-cultural dialogue and create places and spaces dedicated to reconciliation—so that more Canadians can be a part of building a new and better relationship with Indigenous Peoples.

As the Prime Minister has said many times, when it comes to renewing the relationship between Canada and Indigenous Peoples, we have a responsibility to do better, and to do more.

This budget will help us live up to that responsibility, for the benefit of Indigenous women, men, and children, and all Canadians.

Mr. Speaker, today's budget is a budget for all people. For Canadians all across our country.

To bring people and communities together, we will increase funding for **multiculturalism**, provide new funding to ensure the success of Black Canadians, and consult on a new national anti-racism approach to combat discrimination.

To help more people find an affordable place to call home, we are working on innovative solutions, like the Rental Construction Financing Initiative that will build 14,000 new rental units across the country.

This builds on our National Housing Strategy, which will create 100,000 new housing units and repair 300,000 housing units.

To safeguard Canadians' privacy, and protect both our digital economy and our country, we are making an investment of over \$750 million in cybersecurity.

To help families and communities that are being devastated by the **opioid crisis**, we will invest over \$230 million in additional measures to help address the crisis, including additional emergency funding for provinces and territories, so people can access evidence-based treatment services, and get the help they need.

To help workers in **seasonal industries** like fish processing and tourism, we will work to address the "black hole" in Employment Insurance benefits, helping families make ends meet until the new work season begins.

Together with our provincial partners, we will protect forestry jobs in Atlantic Canada by stopping the spread of **spruce budworm**.

Across the country, we will make new investments to support safe and accessible **small craft harbours**—essential to Canada's fisheries industry and coastal communities.

The Government of Canada will do more to support our official language minority communities and ensure the dynamism and vitality of the Canadian Francophonie.

We will create jobs in regions across Canada and provide tailored support for women entrepreneurs through investments in our regional development agencies:

The Atlantic Canada Opportunities Agency (ACOA), the Economic Development Agency of Canada for the Regions of Quebec (CED), the Canadian Northern Economic Development Agency (CanNor), the Federal Economic Development Agency for Southern Ontario (FedDev Ontario), the Federal Economic Development Initiative for Northern Ontario (FedNor), and Western Economic Diversification Canada (WD).

We will also do more to help vulnerable people around the world by making the largest new investments in **international assistance** in more than a decade, including greater support for the world's women and girls, through Canada's Feminist International Assistance Policy.

Canadians are proud of our publicly funded, universal medicare system—one based on an individual's need and not on their ability to pay. Yet there is still room for improvement:

Today, at least one in ten Canadians cannot afford the prescription drugs they need. Every year, over a million Canadians are forced to give up food and heat in order to afford their medicines, and those who can afford to pay for their medication face some of the highest costs in the Organisation for Economic Co-operation and Development (OECD).

To address this, we've created an Advisory Council on the Implementation of National Pharmacare—to be headed by Dr. Eric Hoskins—with a mandate to study, evaluate, and ultimately recommend options on a path forward on pharmacare that puts Canadians first.

Finally, Mr. Speaker, this budget recognizes something that every Canadian understands: that our quality of life—and our present and future prosperity—is deeply connected to the environment in which we live.

The extraordinary beauty of Canada's nature, parks, and wild spaces—these are central to our identity as Canadians.

We've all been there, Mr. Speaker.

Whether it's camping with our families, or going for a quiet hike alone in the woods.

How many of us have gone ice fishing with our friends?

Learned to swim at the end of a dock in a freezing cold lake?

Watched our kids skip rocks on the shore, or play in the leaves on a warm fall day?

These are the experiences that help to define us as Canadians.

And we saw this last year, Mr. Speaker.

When we encouraged Canadians to visit our National Parks last year, they responded *by the millions*. Some Parks were so busy they had to turn people away!

We saw how popular our free admissions program was, and that's why we decided to make Canada's National Parks permanently free for kids.

But unlike past governments, we know that Canadians deserve more than just "good enough" when it comes to protecting the land that we love.

And so, Mr. Speaker, we are helping to deliver one of the largest commitments to conservation in Canada's history—with an investment of \$1.3 billion to conserve more land and waters, preserve biodiversity, and protect species at risk.

Canada is one of the most beautiful places on Earth. It's up to all of us to help keep it that way.

Mr. Speaker, over the last several months, as I travelled the country in preparation for this budget, I had the opportunity to meet with Canadians, and hear their stories.

Stories of hardships and frustration, but also stories of generosity and hope.

I'm inspired by those stories.

And I'm inspired to do even more to help the next generation break free from the barriers that have held us back for too long.

In my life, I am proud to have two young women and two young men who call me dad.

I was home alone one morning a few weekends ago, and I noticed a new poster hanging above my daughter's bed.

In bold lettering, there was a quote from Malala Yousafzai that said: We cannot all succeed when half of us are held back.

*We cannot all succeed when half of us are held back.*

For me, it was a blinding flash of the obvious.

She gets it. The next generation gets it.

The children at Rose Avenue Junior Public School—they get it, too.

It's time for the rest of us to catch up.

Mr. Speaker, before I chose politics, I worked in the private sector. And I have opportunities now, as Minister of Finance, to meet regularly with Canada's top business leaders.

And I can tell you that there is not one CEO out there who would stand for anything that arbitrarily holds back half the people in their organization.

It just doesn't make sense.

Yet as a society we allow it to happen.

Not arbitrarily, but *systemically*.

That changes today, Mr. Speaker. With this budget, built by and for all Canadians.

With this budget, we are tackling the challenge of equality head-on—asking tough questions, and beginning to provide solutions.

We are taking steps to track our progress—so that our Government and all future governments may be held accountable for that progress.

Mr. Speaker, there is no turning back.

The head of the International Monetary Fund, Christine Lagarde, said that “equal pay and better economic opportunities for women” were “an economic no-brainer.”

Our Government agrees.

So we will continue to work hard.

To show Canada and the world how good we can be.

How fair we can be.

And how smart we can be.

We will all be better off because of it.

Thank you.