

ASPIRE

TO A STRONGER, SAFER, BETTER CANADA



CANADA'S NEW GOVERNMENT

Budget at a Glance

MARCH 19, 2007

Canada

INTRODUCTION

Budget 2007 is focused on creating a stronger, safer, better Canada. Based on Canada's long-term economic plan, *Advantage Canada*, the budget includes:

- A historic investment to restore fiscal balance.
- A Working Families Tax Plan to reduce the tax burden, especially for lower- and middle-income families.
- Investments to preserve our environment and modernize our health care system.

Budget 2007 aspires to make Canadian families better off and more secure and make Canada a world leader for today and future generations.

BUDGET BY THE NUMBERS

- \$39 billion: funds dedicated over seven years to restore fiscal balance.
- 90: per cent of Canadian families that will benefit from the new \$2,000 child tax credit.
- 180,000: number of taxpayers that will be removed from the tax rolls as a result of the new \$2,000 child tax credit.
- 20: number of initiatives in Budget 2007 to preserve and protect the environment.
- 40: per cent increase in annual post-secondary funding to the provinces and territories by 2008–09.
- 1.2 million: number of low-income Canadians who will benefit from the Working Income Tax Benefit.
- \$6 million: additional funds for the RCMP to protect children from sexual exploitation and trafficking.
- \$64 million: new funds to implement a National Anti-Drug Strategy.
- 50: per cent increase in the number of environmental officers being hired.
- \$16 billion: new federal funding for infrastructure.
- \$300 million: money for an immunization program to protect women and girls against cancer of the cervix.

A BETTER CANADA

A Cleaner, Healthier Environment

Canada is the most beautiful country in the world. Budget 2007 takes action to preserve our country's natural beauty, clean our air and help reduce greenhouse gas emissions.

- The Canada ecoTrust for Clean Air and Climate Change will provide over \$1.5 billion for projects to cut air pollution and greenhouse gas emissions.
- Committing to identify measures to promote promising new clean energy technologies like carbon capture and storage.
- Phasing out the accelerated capital cost allowance for general investment in the oil sands by 2015.
- \$2 billion over seven years to support renewable fuel production in Canada, including biofuels.
- A rebate of up to \$2,000 per vehicle to buyers of fuel-efficient vehicles and a Green Levy on new fuel-inefficient vehicles.
- \$36 million over the next two years for "scrappage" programs to get older vehicles off the road.
- \$110 million over two years for better implementation of the Species at Risk Act.
- \$22 million over two years to improve enforcement of environmental laws, including increasing the number of enforcement officers by 50 per cent.
- \$10 million over two years to create and expand protected areas in the Northwest Territories, which includes part of the important boreal forest that stretches across Canada.
- The National Water Strategy will provide \$93 million over two years to improve the quality of water in Canada's rivers, lakes and oceans.
- \$324 million over 10 years to the Canadian Coast Guard for six new large vessels to patrol our waters.

Investing in Canadians

An important part of being Canadian is that we help and protect our own. Budget 2007 focuses on initiatives to help and protect Canadians.

- A Working Income Tax Benefit of up to \$1,000 per year for families or \$500 for individuals will help people over the "welfare wall" and strengthen incentives to work for more than 1.2 million low-income Canadians.
- A new Registered Disability Savings Plan to help parents and others save money to care for children with severe disabilities.
- \$6 million a year to combat the sexual exploitation and trafficking of children.
- \$10 million a year to expand the New Horizons for Seniors program, which will help prevent abuse and telemarketing fraud.
- \$10 million a year to achieve meaningful results in key areas such as the economic status of women and combatting violence against women and girls.

Modernizing Our Health Care System

As Canadians, we are proud of our universal health care system. The Canada Health Transfer will increase by \$1.2 billion to \$21.3 billion in support of the *10-Year Plan to Strengthen Health Care*. Budget 2007 takes further action to strengthen and modernize the health care system, including:

- \$400 million for Canada Health Infoway to support the development of electronic health records.
- Up to \$612 million for a Patient Wait Times Guarantee Trust.
- \$30 million over three years for patient wait times guarantee pilot projects.
- \$300 million so provinces and territories can offer a vaccine to protect women against cancer of the cervix.
- \$10 million over two years and \$15 million a year thereafter to establish the Canadian Mental Health Commission.
- \$22-million-per-year increase to the Canadian Institute for Health Information.

Strengthening Our Culture

Canadians are proud of our history, culture and the things that make us unique. Budget 2007 provides:

- \$30 million a year to support local arts and heritage festivals.
- \$5 million a year for student internships in museums.
- \$52 million over two years for the 2008 Francophonie Summit in Quebec City.
- \$30 million over two years to support official languages in minority communities.

RESTORING FISCAL BALANCE

Budget 2007 includes a comprehensive plan that fulfills the Government's commitment to restore fiscal balance, putting support for provinces and territories on a long-term, predictable and principles-based footing for the future, including:

- Renewed and strengthened Equalization—more than \$12.7 billion in 2007–08, or approximately \$1.5 billion over payments made in 2006–07.
- Renewed and strengthened Territorial Formula Financing—\$2.2 billion in 2007–08, or approximately \$115 million over payments made in 2006–07.
- Fairness through a commitment to equal per capita support for the Canada Health Transfer and the Canada Social Transfer as they are renewed.
- Canada Health Transfer—\$21.3 billion in 2007–08, or \$1.2 billion over payments made in 2006–07.
- Canada Social Transfer—\$9.5 billion in 2007–08, or nearly \$1 billion over payments made in 2006–07.
- New and long-term federal funding for labour market training of \$500 million annually, beginning in 2008–09.
- Budget 2007 provides over \$16 billion in new funding for infrastructure. Combined with investments from Budget 2006, long-term support to provinces and territories for infrastructure totals an unprecedented \$33 billion over seven years.

A STRONGER CANADA

Advantage Canada, the Government's long-term economic plan, creates five Canadian advantages to help improve our quality of life and international competitiveness. Budget 2007 takes concrete action to achieve those advantages and make Canada a world leader for today and future generations.

Fiscal Advantage

- For 2006–07, the Government plans to reduce the federal debt by \$9.2 billion.
- The Government remains on target to lower the federal debt-to-GDP (gross domestic product) ratio to 25 per cent by 2012–13.
- The Tax Back Guarantee, which will be legislated with Budget 2007, directs over \$1 billion a year in debt interest savings to personal income tax reductions.
- Ongoing reviews of departments' spending to ensure taxpayers' dollars are spent effectively.

Infrastructure Advantage

Budget 2007 provides over \$16 billion in new infrastructure funding over the next seven years. Combined with investments in Budget 2006, federal funding for infrastructure will be \$33 billion over that period, the largest such investment in Canadian history. It includes:

- \$17.6 billion in gas tax and other base funding for municipalities.
- \$8.8 billion to the Building Canada Fund to support such investments as the core national highway system, urban transit and water treatment facilities.
- \$2.1-billion fund for gateways and border crossings, including funding for the Windsor-Detroit corridor.
- \$1.25-billion national fund for public-private partnerships to leverage private capital and maximize the impact of government investments.
- Increasing support for the Asia-Pacific Gateway and Corridor Initiative to \$1 billion.
- \$2.3 billion for provinces and territories to fund such national priorities as trade-related infrastructure.

Entrepreneurial Advantage

Budget 2007 proposes a number of measures to help Canadian businesses invest to compete and succeed in the global marketplace, including:

- An independent review of Canada's competition policy.
- A 20-per-cent reduction in paper burden for companies, including small businesses.
- \$60 million over two years to streamline the regulatory review of large natural resource projects.
- A Global Commerce Strategy to advance Canadian business in global markets.
- A one-time \$600-million payment to establish new, cost-shared savings accounts for farmers once agreement is reached with provinces and territories.
- Immediate one-time \$400-million payment to farmers to address rising costs of production.
- A plan to create a Canadian advantage in global capital markets.

Knowledge Advantage

Budget 2007 invests an additional \$1.3 billion for an ambitious new direction in science and technology. In addition, it also provides a 40-per-cent increase in funding for post-secondary education.

- Beginning in 2008–09, \$800 million per year to the Canada Social Transfer earmarked to improve Canada's post-secondary education system.
- \$350 million over 2006–07 and the next two years to support Centres of Excellence in Commercialization and Research.
- \$35 million over two years for new graduate scholarships.
- \$510 million to support the Canada Foundation for Innovation.
- \$120 million to CANARIE for a next-generation research broadband network.
- \$85 million a year for research targeted to key priorities through the federal granting councils.
- \$15 million a year to the Indirect Costs of Research program.
- \$100 million for Genome Canada.

- \$30 million to the Rick Hansen Man in Motion Foundation for spinal cord research.
- \$11 million over two years to accelerate the creation of new business-led Networks of Centres of Excellence.
- A new approach to labour market training with a \$500-million annual investment, beginning in 2008–09, to help people get the training they need.
- To increase Aboriginal participation in the labour force, \$35 million over two years will be added to the Aboriginal Skills and Employment Partnership.
- To help employers meet immediate job shortages, an investment of \$50.5 million over two years to improve the Temporary Foreign Worker Program.
- \$34 million over two years to ensure that foreign students and skilled temporary workers already in Canada can meet health and security requirements to stay in Canada.

Tax Advantage

Families

Hard-working families sometimes struggle to get by. Budget 2007's personal income tax measures help make them better off and more secure.

- A \$2,000 child tax credit will provide up to \$310 per child in tax relief.
- Increase in the spousal and other amounts will provide up to \$209 in tax relief, ending the marriage penalty.
- Increase in the age limit to 71 from 69 for registered retirement savings plans and registered pensions.
- Eliminate the \$4,000 limit on annual contributions to registered education savings plans (RESPs), increase the lifetime contribution limit to \$50,000 from \$42,000, and extend RESP eligibility to more part-time studies.
- Increase the maximum annual Canada Education Savings Grant to \$500 from \$400.
- The public transit tax credit will be extended to new electronic fare products and weekly passes used on an ongoing basis.

Business

Budget 2007 contains measures to help businesses grow and succeed.

- A two-year incentive for investments in manufacturing and processing equipment—50-per-cent straight-line write-off on new investments before 2009.
- The capital cost allowance rate for buildings used in manufacturing and processing will increase to 10 per cent from 4 per cent.
- Other capital cost allowance rates will also be increased and, together, will take Canada's tax rate on new business investment from fifth-lowest in the Group of Seven (G7) to third-lowest.
- The lifetime capital gains exemption for farmers, fishers and small business owners will be increased to \$750,000 from \$500,000.
- Long-haul truck drivers' deduction for meal expenses rises to 80 per cent from 50 per cent.
- Ensuring corporations pay their fair share of taxes by providing new resources to the Canada Revenue Agency to detect and close down tax avoidance through offshore tax havens.

A SAFER CANADA

Canadians want to live in safe and secure communities. We are also proud of the role Canada plays around the globe, restoring and protecting the peace. Budget 2007 proposes the following measures to make Canada and the world safer places to live:

- Accelerating the implementation of the *Canada First* defence plan, under which the Canadian Forces will receive \$3.1 billion over the next three years.
- \$200 million on focused international assistance objectives in Afghanistan.
- International assistance will double by 2010–11 from 2001–02 levels: it will grow to \$4.1 billion in 2007–08 and \$4.4 billion in 2008–09.
- \$115 million to provide vaccines to the world's poorest people.
- \$64 million over two years to establish a new National Anti-Drug Strategy with an emphasis on youth, prevention and treatment.

- \$14 million over two years to combat the criminal use of firearms.
- \$6 million a year to combat the sexual exploitation and trafficking of children.
- Support for the RCMP to tackle white-collar crime.

ECONOMIC OUTLOOK

- Growth is forecast to be 2.3 per cent in 2007 and 2.9 per cent in 2008.
- Canada's economic growth has cooled recently but employment remains strong. Consumer and business confidence are healthy.
- Risks to the economy are slow domestic productivity growth, a downturn in U.S. consumer demand and rising oil prices.

How Can I Get More Information on Budget 2007?

Information is available on the Internet at www.fin.gc.ca or by phoning:

1 800 O-Canada (1 800 622-6232)

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(TTY for the speech and hearing impaired/deaf)

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