

2018 Federal Budget Highlights

Federal finance minister, Bill Morneau, delivered his third federal budget on Tuesday, February 27th. Here are some key points:

- The budget's broad themes emphasized science, gender equality, and preparing Canadians for the jobs of the future
- The deficit for 2017-18 was \$18.1B down from \$28.5B in 2016-17
- The Trudeau government is diverting from its promise to eliminate the deficit; there is no plan to end deficit spending
- The government's barometer of fiscal responsibility going forward will be the debt to GDP ratio; the debt to GDP ratio in 2017-18 stood at 30.4% down from 31.5% the previous year and projected to decline to 28.4% in 2022-23
- The government will invest \$3.2B in science and research over the next 5 years
- The government will invest \$1.3B over the next 5 years to protect land and inland water
- \$1.4B was re-announced for provinces that are signatory to the Pan Canadian Framework on Clean Growth and Climate Change
- The budget outlined the government's plans for diversifying trade through CETA, TPP and NAFTA
- The budget proposes funding and legislation to close the compensation differential between men and women in the federal government and federally regulated industries
- Parents were given greater flexibility with regard to parental leave now able to choose 61 weeks of benefits over 18 months but at a lower rate of 33% of average earnings
- The budget provides Public Safety Canada, the RCMP and CBSA with more than \$327M over 5 years to confront guns and gangs and \$507M over 5 years to create a National Cyber Security Strategy
- More than \$5B is allocated towards indigenous child welfare, health care, water and housing over the next 5 years
- The application of the small business tax rate on a corporation's passive income will be phased out to higher rates

Morneau's budget was a political document, a Liberal manifesto with initiatives borrowed from the NDP, rather than a traditional budget that paves the way for re-election in 2019.