

A Conservative Critique: Liberal Budget Increases Spending while Nickel and Diming Canadians

G rard Deltell

Federal budgets are more than a fiscal tool; they are a statement of values. That fact also makes the budget a political document, something that has never been lost on either the government or the opposition. Opposition Finance Critic G rard Deltell presents the Conservative Party's rebuttal to the Liberal budget.

On March 22, Finance Minister Bill Morneau rose in the House of Commons to deliver the Liberal government's second budget. Those who were hoping to see a shift in direction from a government drowning in deficits will be sorely disappointed.

For the second straight year, the Liberals have blown past their pledge to run "modest" deficits of only \$10 billion. The projected deficit for 2017-18 is pegged at \$28.5 billion. For reference, the Conservative government left the house in order in 2015 with a \$2.9 billion surplus. Oh, how times have changed.

Making matters worse, the budget contains no plan for how the Liberals propose to return Canada to balanced budgets, breaking the Liberal's election promise to have us back to balance by 2019. This budget projects deficits until at least 2021. A Department of Finance long-term forecast released on December 23 put us in deficits until the year 2055.

To pay for this massive new spending, the Liberals have had to hike taxes. This budget increases taxes on public transit use, Uber and ride-sharing, as well as beer and wine—to name just a few. This is on top of the taxes they've already increased on children's arts and fitness programs. All of this amounts to nickel and dimming Canadians.

And what has this new spending accomplished?

Not much so far.

The Liberals have promised to grow the economy. And yet, the economic growth outlook for Canada has worsened since last year's budget. This despite the massive increase in spending.

“The budget contains no plan for how the Liberals propose to return Canada to balanced budgets, breaking the Liberal's election promise to have us back to balance by 2019. This budget projects deficits until at least 2021. A Department of Finance long-term forecast released on December 23 put us in deficits until the year 2055”

Moreover, the Liberals' promised infrastructure spending is not materialising. In Budget 2017, the government admits that the implementation of their infrastructure plan has experienced some "slippage", with only 50-75 per

cent of the cash on track to be disbursed on time.

On the jobs front, this budget also misses the mark. As most Canadians know, small businesses are the engine of the Canadian economy—employing more than two thirds of the Canadian workforce. Conservatives recognized this and made sure that our budgets provided significant support for small businesses.

This Liberal budget does nothing to support them. Budget 2017 fails to deliver on the Liberal's election promise to lower small business taxes. Moreover, it increases payroll taxes, which will make running a business more expensive for thousands of small business owners across the country.

Big spending. Higher taxes. No results.

This stands in stark contrast with the Conservative economic record.

Under the stewardship of finance ministers Jim Flaherty and Joe Oliver, the Conservative government navigated the troubled waters of the 2008-09 global recession, the deepest downturn since the end of the Second World War. During that time, Canada had the best debt-to-GDP ratio in the G7. They did this while also executing a plan to return to balanced budgets. In 2015, the Conservatives delivered on that promise, tabling a balanced budget.

On taxes, the Conservative record is clear. We cut taxes over 180 times while in government, in every way that they are collected. As a result, the overall federal tax burden was at its lowest level in over 50 years under our watch.

During our tenure, the International Monetary Fund (IMF), the Bank of Canada, and the Organisation for Economic Cooperation and Development



Conservative Finance Critic Gérard Deltell in the House of Commons. “The budget,” he writes, “contains no plan on how the Liberals propose to return Canada to balanced budgets.” House of Commons photo

(OECD) projected that Canada would have among the strongest economic growth in the G7 in the years ahead.

On infrastructure, the Conservative government provided an unprecedented level of funding to support investments in public infrastructure across the country, supporting well over 12,000 projects from coast to coast to coast with our \$33 billion Building Canada Plan. We didn’t just promise funding, we delivered.

And on jobs, over 1.2 million net new jobs were created in Canada during our time in office. Of those jobs, 80 per cent were full-time and over 80 per cent were in the private sector, with over half of those jobs in high-wage industries.

This is because Conservatives understand the important role played by small businesses in driving our economy. During our time in office, we cut the small business tax rate from 11 to 10 per cent. We introduced the Small Business Job Credit, which lowered small business payroll taxes by 15 per cent over two years. And we made business easier by eliminating over 800,000 payroll deduction remittances to CRA made every year by over 50,000 small businesses.

All in all, we reduced the small business tax load by almost 50 per cent.

All of our Conservative, job-friendly policies led Bloomberg to recognize

Canada as the second-best place in the world to grow and start a business.

Balanced budget. Low taxes. Big results. That’s a policy road map we should all be following.

Beyond their reckless spending and taxes, this Liberal budget also misses the mark on a number of other important policy areas.

On skills training, the budget proposes almost no support for apprentices. As most Canadians know, there is a high demand for jobs in the skilled trades across our country. Support for apprentices provides an effective way for governments to incentivize more Canadians to get the skills they need to work in high-demand sectors.

On innovation, while the budget does make some good investments and changes—including making businesses compete for innovation funding, increasing private sector leadership in the file, and extending investments to venture capital funds—the overall impacts are expected to be modest. A recent report from the University of Ottawa’s Institute for Fiscal Studies and Democracy found that the federal government currently spends \$22.6 billion a year on nearly 150 skills and innovation-related programs with little understanding of their performance and value-for-money. The Liberals have not signalled how they plan to ensure that this new funding is delivering results.

We were also disappointed to see that Finance Minister Morneau did little to pay respect to the late Jim Flaherty’s strong legacy of support for individuals with disabilities. Flaherty’s budgets were known to always provide support for individuals with disabilities—a key priority for the late finance minister. He introduced the landmark Registered Disabilities Savings Plan (RDSP), making it easier for parents with children with disabilities to save for their children’s futures. And he also took strong steps to increase the number of individuals with disabilities in the workforce, building a more inclusive and accepting society.

Budget 2017 does little for individuals with disabilities. It tinkers with the RDSPs, making it harder for parents to save for their children, and wraps the Labour Market Agreements for Persons with Disabilities into a broader program, taking away this important focus.

Added to this, the budget failed to deliver support for the Canadian Autism Partnership—an important initiative started by the previous Conservative government. While the Liberals could find \$60 million in new funding for mental health services for prisoners, they couldn’t find \$4 million to provide needed support to thousands of individuals with autism and their families across this country.

All in all, this budget fails on many fronts. It continues along the dangerous path of deficit spending. It hikes taxes on hard-working Canadians. It delivers poor results on growth, jobs and infrastructure spending. And it hurts many important groups including small businesses, apprentices, and individuals with disabilities.

In a meaningful pre-budget photop, Bill Morneau decided to show his new budget shoes to children in a public school. The image had a powerful resonance: the children will later pay the note for this government’s bad administration. **P**

Gérard Deltell, the Opposition Finance Critic, is the Conservative MP for the Quebec City riding of Louis-Saint-Laurent. gerard.detell@parl.gc.ca