

Community Focus Bulletin: ***Creating Community Conversations***



Prepared by Merriam & Associates

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Some of the Highlights of the 2016 Federal Budget

- **Deficit:** There will be \$29.4 billion this year, \$29 billion the next before falling **-but no surplus forecast** before the next election.
- **Debt:** It is anticipated to grow by \$113 billion by 2020-21, but debt-to-GDP ratio to stay mostly flat at around 32 per cent.
- **Growth:** The deficit is based on 0.4% annual growth - much lower than economists predict.
- **Canada Child Benefit:** the **new monthly tax-free payments** starts July 1 to replace UCCB and other tax measures: up to \$6,400 a year per child under 6, and \$5,400 those aged 6 to 18. But this amount begins to claw back for households with an income over \$30,000 and is eliminated entirely for incomes over \$190,000.
- **Tax credits:** while children's arts and fitness tax credits phased out by end of 2017, teachers will get a \$150 credit for teaching materials.
- **EI:** The proposed **changes make it easier to qualify for benefits**, and extends benefits for workers in 12 hard-hit regions. Additionally a "bigger-than-expected" cut in EI premiums next January.
- **Infrastructure:** There will be **\$120 billion over 10 years**, focusing first on public transit, water, waste management and housing infrastructure.
- **Indigenous Peoples:** The budget calls for **\$8.4 billion over five years**, with \$2.6 billion of that to improve primary and secondary education on reserves and other funding for drinking water and housing, as well as family and child services.
- **Student grants:** These will be Increased 50%, to \$3,000 for low-income and \$1,200 for middle-income students.
- **Arts:** This sector will get \$1.9 billion over five years **for arts and culture organizations**, including the Canada Council, Telefilm Canada and the National Arts Centre. There will be an additional \$675 million to "modernize and revitalize CBC/Radio-Canada in the digital era."
- **Seniors:** Guaranteed Income Supplement increased by up to \$947 annually.
- **Veterans:** The budget calls for the reopening of nine service offices, increases amounts payable to injured veterans and indexes some benefits to inflation.

What others are saying:

Perry Bellegarde, AFN national chief, calls federal budget 'historic': "What I see today is a break against the status quo," said Assembly of First Nations National Chief Perry Bellegarde. "Once you start making those key investments now, it's good for Canada, it's good for this country, because those high social costs are going to start coming down."

CUPE summary and response "Prime Minister Justin Trudeau government's first budget is much like its infrastructure plan. It repairs some of the damage from Harper's decade in power, but it doesn't yet set a clear direction forward for the economy, particularly in terms of generating good jobs for working people. Harper steadily shrank the federal government to the smallest it has been as a share of the economy since the mid-1940s. Trudeau's first budget changes that direction and in fact changes the 35 year-long trend—since the early 1980s—of shrinking federal government. "

Sharad Kerur, Executive Director, ONPHA "The budget spoke to the creation of new affordable rental housing, some investment in capital repairs and strategic investment in priority populations, but not in a way that creates a lot of opportunity for non-profit housing providers. We believe that the federal government has missed an opportunity to leverage the expertise of our members and their communities."

Critics identify issues that were not addressed in the 2016 federal budget:

- Small businesses. The government will [not proceed with reductions in the small business tax rate](#) promised in the last Conservative budget. They would have dropped the rate from 11 per cent to nine per cent on the first \$500,000 of qualifying income as of Jan. 1, 2019. Instead, the rate will fall to 10.5 per cent, and future cuts are being deferred.
- National Defence. Billions in planned equipment spending is pushed off past the next election.
- Tax breaks. The budget undoes some of the former Conservative government's targeted tax breaks, including tax credits for tuition and textbooks and children's fitness and arts costs and income-splitting for families with children.

Sources:

<http://www.budget.gc.ca/2016/home-accueil-en.html>

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<http://www.cbc.ca/news/aboriginal/perry-bellegarde-afn-national-chief-calls-federal-budget-historic-1.3503029>

<https://cupe.ca/federal-budget-2016-cupe-summary-and-response>

<http://www.thestar.com/business/2016/03/22/liberals-reverse-stand-on-stock-options-small-business-tax-rate.html>

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Or email Dawn Berry Merriam at

dawnbm@merriam-associates.com or call 705-743-8050.

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