



2004 Federal Budget

Prepared by NATIONAL

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Federal Budget Aims to Restore Confidence in Public Finances

Finance Minister Ralph Goodale delivered the first federal budget today under Prime Minister Paul Martin.



Hon. Ralph Goodale

The 2004 federal budget sets out an agenda focussed on accountability, communities, economy, health and learning.

The budget contains accelerated tax breaks for small business, more money for health care and measures to increase access to post-secondary education. The budget is also aimed at restoring confidence in the federal government as a steward of public finances.

Highlights of the budget include:

Fiscal Management and Accountability

- Balanced budgets forecast through 2005/06. The budgetary surplus is now projected at \$4.2 billion for 2004-05 and \$6.6 billion for 2005-06, before accounting for the measures in this budget and before adjusting for prudence.
- Federal debt-to-GDP ratio forecast to decline to 38% by 2005/06, from 68.4% in 1995/96. The debt-to-GDP ratio is to be reduced to 25% within 10 years.
- Introduction of a new plan for better spending management and oversight, including re-establishing the Office of the Comptroller General of Canada.
- Saving \$1 billion per year from existing programs. Measures that have already been taken to reach the \$1 billion target include cancelling the political history museum, foregoing VIA Rail's capital expansion, terminating the Sponsorship Program and the National Unity Reserve and reducing advertising programs.
- Federal government to sell its remaining shares in Petro Canada in 2004/05.

Communities

- The government will make good on its promise to give back GST revenues to municipalities. It will fully rebate the GST paid by municipalities, effective February 1, 2004, providing municipalities with \$7 billion in GST revenues over the next 10 years.
- Accelerating funding under the Municipal Rural Infrastructure Fund. The \$1 billion provided in the 2003 budget will now be spent over five years instead of ten.

Knowledge and Commercialization

- New funding of \$270 million to enhance access to venture capital financing for companies turning research into new products and services.
- Increasing the Capital Cost Allowance (CCA) rate for computer equipment to 45% from 30%.
- Raising the CCA rate for broadband, Internet and other data network infrastructure equipment to 30% from 20%.
- Putting \$200 million into Sustainable Development Technology Canada (SDTC), an arm's length foundation that supports development and demonstration of environmental technologies, and a further \$800 million over the next seven years.

Health Care

- Confirmation of \$2 billion additional funding for the provinces under the February 2003 First Ministers' Accord on Health Care Renewal.
- Establishing a new Canada Public Health Agency as a focal point for disease control and emergency response -- with \$400 million to be transferred from Health Canada to the new agency.

NATIONAL Public Relations has prepared this summary of the 2004 Federal Budget. The views expressed belong to NATIONAL Public Relations.

- Immediate funding of \$665 million this fiscal year and over the next two years to improve Canada's readiness to deal with public health emergencies.

Increasing Access to Education

- Investing \$125 million over five years for the Aboriginal Human Resources Development Strategy. Funding for the Urban Aboriginal Strategy is doubled to \$50 million.
- Introducing a new Canada Learning Bond, which will provide up to \$2,000 for children in low-income families.
- Introducing a new grant of up to \$3,000 for first year, post-secondary dependent students from low-income families.
- Increasing the ceiling for Canada Student Loans, while increasing the maximum amount of debt reduction for students facing financial difficulties to \$26,000 from \$20,000.
- Extending the education tax credit to employees who pay for their own career-related studies.

Other Highlights of Budget 2004

The federal government will also:

- Accelerate by one year the planned increase in the small business deduction limit—the amount of business income to which the lower 12% income tax rate applies—to \$300,000 by 2005.
- Work with the provinces and territories towards the development of a single securities regulator to promote greater efficiency in Canada's capital markets.
- Commit a further \$605 million to address security issues.
- Reduce the Air Travellers Security Charge.
- Commit \$4 billion in new funding over 10 years to clean up federal contaminated sites and sites for which the government has partial responsibility.
- Support a timely regulatory and environmental assessment response to pipeline and oil and gas development in the Northwest Territories with \$75 million over three years.

For more information on the federal budget, see: www.fin.gc.ca/budtoce/2004/budliste.htm

\$400 Million to National Immunization Strategy

The provinces will receive \$400 million over the next three years to support a national immunization strategy and to boost their public health capacities.

Of this, \$300 million will be dedicated to a national immunization strategy that would support the introduction of new and recommended childhood and adolescent vaccines.

Another \$100 million will go to relieve stresses on provincial and territorial public health systems that were identified during the SARS outbreak, and to help the provinces and territories address their immediate gaps in capacity by supporting: front-line activities; specific health protection and disease prevention programs; information systems; laboratory capacity; training and emergency response capacity.

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