

Intelligence MEMOS



From: William B. P. Robson, Alexandre Laurin and Rosalie Wyonch
To: Bill Morneau, Minister of Finance
Date: February 23, 2018
Re: **RIGHTING THE COURSE: A SHADOW BUDGET FOR 2018**

Ottawa must think long-term, and restore confidence in the sustainability of fiscal policy while responding to sharper competitive pressure on trade and taxation. In our annual [Shadow Federal Budget](#) we show how the federal government can support economic growth and job creation while preparing for the longer-term challenges of slower growth and an aging population.

Among the key recommendations for Finance Minister Bill Morneau's third budget:

1. Respond to competitive pressures from US tax reforms with immediate measures, such as accelerating write-off of business investment, and longer term reforms, notably an allowance for corporate equity in calculating taxable profits.
2. Bolster federal finances by holding the line on the government's own operating costs, and eliminating poorly designed tax preferences, including the age credit, the first-time homebuyers credit, and the labour-sponsored venture capital corporation tax credit.
3. Improve environmentally motivated taxation by establishing a higher GST rate on transportation fuel while eliminating the aviation fuel tax.
4. Reorient infrastructure spending toward projects on which the federal government can move quickly and efficiently, such as investments in marine, rail and air-transportation infrastructure.
5. Improve the transparency of government finances and the ability of legislators to control public money through clearer and more timely presentation of key spending information.
6. Advance Canada's openness to trade and competition by eliminating import tariffs.
7. Foster student achievement by supporting more comprehensive assessments and providing further support for indigenous students.
8. Foster greater saving opportunities and income security for our seniors by raising limits for RRSP and defined-contribution pension plans.
9. Dispose of non-core government assets and increase private investment in infrastructure by selling selected airport leases.
10. Provide more generous tax treatment for non-discretionary medical expenses.

This Shadow Budget sets federal finances on a longer-term course back to balance, assuring Canadians that they can pursue their lives and work, save and invest with confidence.

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