



THE ROAD BACK TO **BALANCE**

A REAL PLAN TO REDUCE THE SIZE OF
GOVERNMENT AND RETURN TO
A BALANCED BUDGET BY 2021

Sound economic stewardship takes expertise and experience, and starts with a balanced budget.

In 2015, the Conservative government delivered a balanced budget. It took a lot of hard work, planning, and tough decisions.

I know, because I was part of the Finance team that balanced the budget under the leadership of Minister Joe Oliver.

Yet, less than 2 years later, Trudeau's senseless spending sprees are racking up unconscionable levels of debt for future generations to bear, eventually hitting \$1.5 trillion according to Finance Canada.

It just shows how quickly things can change when those in charge do not know what they are doing.



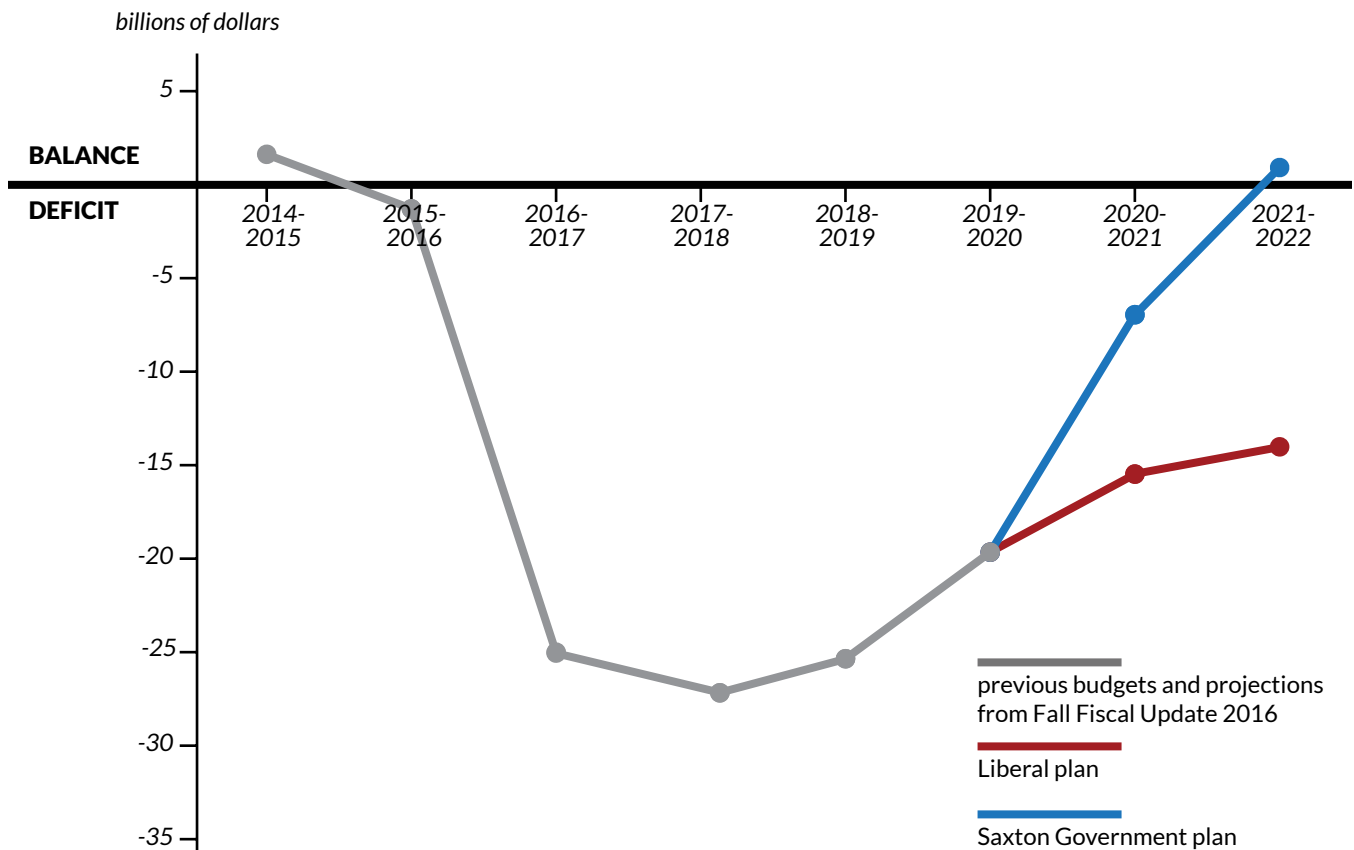
Canada needs new management - to implement the policies that are proven to work, like lower taxes, balanced budgets, less red tape.

Spending a little less, or thinking Conservative thoughts will not be enough to get us out of the huge mess created by the Trudeau Liberals. **We actually**

have to reduce the size of government. To be taken seriously, we Conservatives should say how we will do that.

I have real budgetary experience, both in government and the private sector.

This is my real plan to fix the mess left by the Liberals, and bring us back to balance.



MEASURES TO BALANCE THE BUDGET

Eliminating the nickel and the \$5 bill

In 1996, Canada eliminated the two dollar bill, replacing it with toonies. Coins are more durable than bills – switching to toonies saves the mint nearly \$100 million per year. In 2012, the previous Conservative government eliminated the penny, saving \$11 million per year.

As Prime Minister, I will go further, and eliminate the nickel, and replace the \$5 bill with a coin. In an increasingly cashless society, the cost of producing physical currency is higher than what is needed. These two modest changes will help lower those costs.

Government employee sick leave

Government employees receive 15 days a year of sick leave. Many employees treat sick leave as an entitlement, like vacation. Unused sick leave can be banked and carried over to future years. Some government employees use banked sick days as a form of early retirement. Fifteen million days have been banked, which represents a billion-dollar liability on the government's books.

The previous Conservative government had a plan to replace bankable sick days with a modern short-term disability insurance benefit, commonly found in the private sector. The unions opposed this common sense plan. In December, the Liberals caved to union demands and backed

away from our plan, which will result in a \$900 million hit to the books this year, and \$100 million in future years.

As Prime Minister, I will impose the short-term disability leave plan on public sector workers, and eliminate bankable sick days.

Immigration levels plan

In 2016, the Liberal government announced an increase in immigration levels, and budgeted \$341 million in 2021/2022 in order to pay for increased processing costs.

No economic case has been made for increasing immigration levels from where they stood in 2015. As Prime Minister, I will restore immigration admissions to 2015 levels, saving hundreds of millions of dollars.

Mexican visas

In Fall 2015, the Liberal government removed the requirement for visitors to Canada from Mexico to obtain a visa before arrival. The visa requirement was in place to reduce bogus refugee claims. The Liberal government estimates that removing the visa requirement will cost taxpayers \$430 million over ten years.

If refugee claims from Mexican visitors have not fallen dramatically by 2019, as Prime Minister, I will restore the Mexican visa requirement.

Canada Pension Plan changes

One of my key priorities as Prime

Minister will be to roll back Liberal tax hikes. This includes the new higher CPP payroll tax.

As Prime Minister, I will cancel the CPP hike and associated fiscal measures.

Television talk shows tax credit

In 2016, the Liberals quietly introduced a retroactive tax credit for the production of television talk shows. Subsidizing talk shows is not a prudent use of tax dollars.

As Prime Minister, I will reverse this measure.

The Canadian Broadcasting Corporation

The CBC performs a number of essential functions. In many communities, particularly in rural and Northern Canada, it is the only source of local news. To Francophones outside of Quebec, it is the only broadcast source of French language information and local news.

The CBC also performs a number of functions where it competes with viable private sector alternatives, such as national news, online news, the publication of opinions, and the airing of American rock music concerts.

As Prime Minister, I will scale back the CBC's mandate to ensure that it is filling actual gaps in actual services demanded by Canadians. I will always ensure that the CBC has sufficient resources to fulfill that mandate.

Court Challenges Program

The Court Challenges Program was created to fund activists and special interest groups who sue the government. The previous Conservative government eliminated this program in 2006. The Liberals just brought it back.

As Prime Minister, I will kill this wasteful use of government funds.

Fighting climate change abroad

The Trudeau government has pledged \$5 billion over five years to fight climate change abroad. This wasteful approach is foreign aid in disguise, and is the wrong way to fight climate change. Canada can provide developing countries with technology and expertise. Simply providing cash will not produce results.

I will halt these payments when we form government.

Labour sponsored venture capital corporation tax credit

Labour sponsored venture capital corporations are venture capital investment funds sponsored by labour unions. Investors get a 15% tax credit for investing in these funds.

This distortionary tax credit is also bad for the economy. It encourages poor investment decisions and results in a misallocation of economic resources.

The previous Conservative government eliminated his credit, the Liberals brought it back. Why do investors get tax credits for investing in these funds, and not others?

As Prime Minister, I will eliminate

this unfair and pointless tax credit.

Student Loan Repayment

Each year, the Government of Canada writes off an average of \$300 million in uncollectable student loan debt. One major reason is because federal law imposes a statute of limitations – debts can only be collected if payments have ceased within the past six years.

As Prime Minister, I will change the limitation law for student loans to allow for increased collection of debt.

In order to help students reduce their reliance on student loans, I will commit one half of the recovered funds (\$100 million) to increased student grants.

VIA Rail's Canadian line

VIA Rail runs a popular passenger service in densely populated areas of Canada between Quebec City and Windsor. It also serves a valuable function connecting some rural and remote communities.

The rail service from Toronto to Vancouver, however, only serves foreign tourists. Tickets cost up to \$700, and the federal government provides up to a \$600 subsidy for each passenger. This VIA service also competes with a viable private sector offering.

As Prime Minister, I will get VIA out of its money losing tourism business.

International Development Research Centre (IDRC)

The IDRC is a Canadian Crown

corporation that conducts and funds research on policy relating to the developing world. IDRC's mandate overlaps with that of Global Affairs Canada, as well as literally thousands of NGOs and think tanks.

As Prime Minister, I will wind down this corporation.

Canadian Periodical Fund

As Prime Minister, I will end government subsidies to newspapers and magazines.

Social Sciences and Humanities Research Council

We learned last month that the Social Sciences and Humanities Research Council distributed thousands of dollars to Canada 2020, a left leaning think tank run by the Prime Minister's friends. The money was used to host a conference for Liberal ministers to speak at.

This is not the only questionable use of money by a granting council, well known for supporting research on the history of Canadian hip hop, or studies promoting the benefits of eating insects.

As part of an effort to focus federal government spending on federal priorities, I will scale back grants on social science and humanities academic research by a modest 20%.

Internal Services

In addition to expenditures on programs, and grants and contributions, government departments spend about \$5 billion per year on "Internal Services" – administration, IT, communications, human

resources, financial management, property management, etc.

As Prime Minister, I will reduce this amount by 10% over two years.

Two year operating budget freeze

As Prime Minister, I will freeze spending on departmental operations at 2019/2020 levels in 2020/2021 and 2021/2022.

Canada Revenue Agency

The Canada Revenue Agency employs nearly 40,000 people and spends nearly \$4 billion per year. In terms of number of employees, CRA is nearly twice the size of Canada's military.

Technology has led to fewer paper filings, more e-filing, and the availability of better online tools for accessing account information. The state of technology, and the ability to automate clerical tasks, will only improve over time.

Taxpayers should benefit from this technological change by seeing a reduction in the cost of running Canada's tax collection agency. It should not cost hundreds of millions of dollars to process returns, or to issue child care payments.

As Prime Minister, I will work to simplify the tax code in order to reduce the cost of administering it. I will also review CRA's operations, with a view to saving 15% of its annual budget by 2021/2022.

I will not implement any reductions to activities related to enforcement and compliance.

Aerospace Technology Demonstration Program

This program finances companies when they test and demonstrate new aerospace technologies, at an ongoing cost of \$55 million per year.

Testing new products should be part of the R&D cycle for any technological enterprise.

As Prime Minister, I will eliminate this targeted corporate welfare.

Infrastructure

The New Building Canada Fund is a 10-year, \$53 billion infrastructure plan launched in 2014, to assist with the construction of municipal and provincial infrastructure. The Trudeau Liberals have attempted to ramp up infrastructure spending for political purposes, despite running huge deficits, and despite there being a lack of appropriate projects available to fund.

Already, the Parliamentary Budget Officer is reporting that the Liberals are unable to spend at the levels that they have promised and budgeted. Instead of economically significant transportation infrastructure, money is being shoveled out the door for political purposes, on bicycle racks and bus shelters.

The truth is that truly significant projects require years of careful planning. In the case of major airports and marine ports, they do not generally require government support and are self-financing through user fees.

As Prime Minister, I will return infrastructure spending levels to the large and generous amounts

announced in 2014 (\$5.5 billion per year), starting in 2021/2022.

I will also restore the mandatory P3 screen, ensuring that projects are evaluated to determine whether they can be feasibly implemented as a Public Private Partnership, and supported by P3 Canada.

I will also close the Infrastructure Bank, an initiative solely designed to increase investment returns for bankers at the expense of taxpayers.

Lower debt servicing charge

By reducing the deficit by \$9 billion in 2020/21, the Government of Canada will save approximately \$400 million in interest payments in 2021/22.

Asset divestments

The federal government owns a number of assets for which there is no compelling purpose for continued government ownership, such as Ridley Terminals (a profitable coal export terminal competing with private sector alternatives), Purolator (a profitable courier company competing with private sector alternatives), a financial stake in the Norman Wells Proven Area, and Dominion Coal Blocks (which the government has no ability or expertise to develop).

As Prime Minister, I will divest these assets by 2021/22.

I will not sell airports or ports, which are natural monopolies in their respective markets.

PROJECTIONS OF SAVINGS AND REVENUE MEASURES

Table of Savings Measures	2020/2021	2021/2022
Eliminating the nickel and \$5 bill	\$ 100,000,000	\$ 100,000,000
Restoring immigration level plan	\$ 306,200,000	\$ 341,400,000
Government employee sick leave	\$ 100,000,000	\$ 100,000,000
Re-imposing Mexican visa requirement	\$ 43,000,000	\$ 43,000,000
Unwinding CPP-associated fiscal measures	\$ 680,000,000	\$ 970,000,000
Canadian Broadcasting Corporation	\$ 400,000,000	\$ 400,000,000
Court Challenge Program	\$ 5,000,000	\$ 5,000,000
Fighting climate change abroad	\$ 800,000,000	\$ 0
Limit student loan debt write-offs	\$ 100,000,000	\$ 100,000,000
Eliminate VIA's Toronto to Vancouver service	\$ 60,000,000	\$ 60,000,000
International Development Reserach Centre	\$ 150,000,000	\$ 150,000,000
Canadian Periodical Fund	\$ 74,000,000	\$ 74,000,000
Social Sciences and Humanities Research	\$ 144,000,000	\$ 144,000,000
Internal services review	\$ 250,000,000	\$ 730,000,000
Operating budget freeze	\$ 600,000,000	\$ 1,500,000,000
Revised Infrastructure budget	\$ 5,000,000,000	\$ 5,000,000,000
Canada Revenue Agency review	\$ 200,000,000	\$ 500,000,000
Aerospace Technology Demonstration Program	\$ 55,000,000	\$ 55,000,000
Lower debt servicing charge		\$ 400,000,000
	\$ 9,067,200,000	\$ 10,672,400,000

Table of Revenue Measures		
Asset divestments		\$ 4,000,000,000
Labour sponsored venture capital corporation	\$ 163,000,000	\$ 163,000,000
Eliminating talk show tax credit	\$ 33,000,000	\$ 33,000,000
	\$ 196,000,000	\$ 4,196,000,000

Getting to Balance	2020/2021	2021/2022
Budgetary balance prior to savings measures per Fall Economic Statement 2016	\$ -16,800,000,000	\$ -14,600,000,000
Impact of savings measures above	\$ 9,067,200,000	\$ 10,672,400,000
Impact of revenue measures above	\$ 196,000,000	\$ 4,196,000,000
New fiscal balance / amount available for new initiatives	\$ -7,536,800,000	\$ 268,400,000

FIRST TERM BUDGETARY PRIORITIES AND NOTIONAL PROJECTIONS

	2022/2023	2023/2024
Revenues ¹	\$ 369,200,000,000	\$ 383,500,000,000
Program Expenses	\$ 332,000,000,000	\$ 342,000,000,000
Debt Servicing ²	\$ 32,044,000,000	\$ 32,044,000,000
New Baseline	\$ 5,156,000,000	\$ 9,546,000,000
Saxton Government New Measures		
Roll back Liberal personal income tax hikes	\$ -2,000,000,000	\$ -2,000,000,000
Reinstate Family Tax Cut	\$ -2,000,000,000	\$ -2,000,000,000
Doubling the Home Buyers Plan	\$ -75,000,000	\$ -75,000,000
Canada Apprenticeship Action Plan	\$ -500,000,000	\$ -1,000,000,000
Net	\$ 581,000,000	\$ 4,381,000,000

1 Assume continuation of 4% nominal GDP growth from 2016 Fall update

2 Per 2016 Fall update, less debt servicing costs on \$24 billion in less debt from 2020-2022