

# PROPOSALS FOR BUDGET 2016 – HIGHLIGHTS

## *PREBUDGET CONSULTATIONS BY THE HOUSE OF COMMONS FINANCE COMMITTEE FOR BUDGET 2016*

*This document provides a summary of proposals for inclusion in Budget 2016. A more detailed description is available on request by contacting [tardif@results.org](mailto:tardif@results.org)*

### **Expenditures**

This brief addresses only expenditures related to international development.

Spending on international development has been shrinking for too long. Of all the major items cut by the previous government as part of its budget reduction efforts, this one has suffered the most and has undergone a 9% reduction in total. When spending is considered in relation to Gross Domestic Income, we see that the decrease over the past 20 years has been nearly half, the only situation of its kind in the area of public spending.

Foreign aid must return to 0.5% of Gross Domestic Income, where it had been under the previous Liberal government, and a timetable must be established and followed to reach Canada's proposed target of 0.7%.

Why do we need to significantly increase foreign aid?

Even if no specific decision is taken, foreign aid will increase for two reasons: the arrival of the Syrian refugees (their settlement costs in the first year are calculated as part of foreign aid) and the commitment of \$2.65 billion to help impoverished countries deal with climate change. But what is needed is an increase that enables health, education, sanitation and microfinance programs to be expanded. The following points should be noted:

- basic education programs have been cut nearly in half;
- water and sanitation programs remained steady at just \$100 million per year (less than 3% of the budget); and
- microfinance programs have almost disappeared.

(See <http://globalpovertysolutions.ca/> and especially [http://globalpovertysolutions.ca/docs/CIDA%20and%20WB%20Programming%20in%20Microfinance\\_FINAL.pdf](http://globalpovertysolutions.ca/docs/CIDA%20and%20WB%20Programming%20in%20Microfinance_FINAL.pdf) and <http://globalpovertysolutions.ca/docs/WASH-Ph2-Report-EN.pdf>).

Even programs in which Canada has been a leader require additional resources:

- Replenishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria this year will require several billion dollars more, and Canada must do its part.
- The Summit on Nutrition in Rio this summer will require additional funding if we are to eliminate growth delays around the world.

- Even Canada's maternal and infant health initiative will need additional funding if it is to include family planning, which is an essential component.

Lastly, only a small amount of Canadian aid is currently allocated to very poor countries. Yet again, a larger budget is necessary if this aid is to be increased.

## **Revenue**

Three possibilities should be explored:

- Consider introducing a tax on financial transactions

Several countries have introduced a tax of this kind and it has generated hundreds of millions in revenue while stabilizing financial transactions and discouraging speculation. Even billionaires like Bill Gates have recommended that this measure be studied. This would be a good commitment for the next budget. It is important to remember that under the previous Liberal government, the House of Commons voted specifically on a motion in favour of a tax on financial transactions similar to the Tobin tax.

- Demonstrate global leadership on fair taxation

Tax loopholes let multinationals pay arbitrary taxes and transfer their money to tax havens. This deprives countries like Canada of billions of dollars and the same is true for developing nations, which provide cheap labour and raw materials. Canada must lead a coalition of countries to work together and end these abusive practices.

- Increase the GST and harmonized taxes by 1%

According to the Parliamentary Budget Officer, the decrease in the GST has resulted in a structural operating deficit for the federal government. The government must correct this situation and create some fiscal room in a way that does not discourage Canadians.