

# Budget 2003

*“These measures...have a clear goal. To support a climate that rewards hard work and entrepreneurship. That encourages innovation and stimulates economic growth. And that provides a secure future for all.”*

Deputy Prime Minister  
and Minister of Finance John Manley  
2003 budget speech

## Introduction

At the heart of the Government's agenda is the goal of achieving the highest possible standard of living and quality of life for all Canadians. Critical to that is building the economy we need that produces jobs and growth to support the society we value.

Canadians have been increasingly successful in recent years in creating a more productive, competitive and sustainable economy. The Canadian economy led the G7 in growth in 2002 and is forecast to do the same this year.

Budget 2003 introduces measures to build a Canadian advantage by:

- investing an additional \$1.7 billion in 2002–03 and over the next two years, to further strengthen research and innovation in Canada;
- investing \$285 million in 2002–03 and over the next two years, to improve skills and learning opportunities for Canadians;
- building on the Government's Five-Year Tax Reduction Plan, to improve the tax system and to enhance incentives to work, save and invest; and
- investing \$3 billion to promote sustainable development and a healthier environment.

## Strengthening Research and Innovation

Advanced research generates ideas that can be transformed into innovative products and services. The dividends of these investments are a stronger, more rapidly growing economy and a higher quality of life.

This budget invests in a more innovative, more competitive Canada by:

- increasing by \$125 million per year funding for Canada's three federal research-granting councils, to support more world-class research;
- creating a new Canada Graduate Scholarships program to support 2,000 master's and 2,000 PhD students, helping to produce the research leaders of tomorrow;
- providing \$225 million per year, beginning in 2003–04, to help fund the indirect costs associated with federally supported research at universities, colleges and research hospitals;
- investing an additional \$500 million in the Canada Foundation for Innovation for state-of-the-art health research facilities, and \$75 million in Genome Canada for health genomics;
- committing an additional \$70 million over two years for the National Research Council of Canada, to strengthen the Industrial Research Assistance Program, support astronomy and establish new regional innovation centres; and
- providing an additional \$190 million in equity to the Business Development Bank of Canada to provide additional venture capital financing for new and growing businesses, and \$20 million over the next two years to Aboriginal Business Canada to expand its support for business development and entrepreneurship.

## Supporting Skills and Learning

Advancements in skills and learning are vital to improved productivity, competitiveness and a better life for all Canadians.

Budget 2003 will help Canadians improve their skills and educational opportunities by:

- investing \$41 million over the next two years to attract and facilitate the integration of skilled immigrants into the Canadian labour market;
- committing \$60 million over two years to improve the Canada Student Loans Program, to put more money in the hands of students and better enable post-secondary graduates to manage their debt;
- putting aside \$100 million for the establishment of a Canadian Learning Institute, to improve the quality of information available on our education and learning system; and
- providing \$72 million in the next two years to improve educational outcomes for Aboriginal people and ensure they are provided with training and employment opportunities on major projects.

Building  
the Economy  
Canadians Need

February 18, 2003

Canada



## Improving the Tax System

This budget builds on the Government's five-year, \$100-billion tax reduction plan to further improve the tax system, and enhances incentives to work, save and invest, by:

- increasing annual assistance for children in low-income families through the Canada Child Tax Benefit to \$10 billion by 2007—benefits increasing to \$3,243 for the first child, \$3,016 for the second and \$3,020 for each additional child, more than double the level of support in 1996;
- promoting savings by increasing RRSP and RPP limits to \$18,000 over four years, and indexing these new limits;
- supporting entrepreneurs and small businesses through a number of tax changes, including an increase in the small business deduction limit to \$300,000 from \$200,000 over four years;
- strengthening investment in Canada by eliminating the federal capital tax over five years;
- improving the taxation of resource income in Canada by reducing the corporate tax rate of the sector to 21 per cent over the next five years while making changes to the tax structure of this key sector; and
- enhancing the Film or Video Production Services Tax Credit.

## Advancing Sustainable Development

Budget 2003 supports the Government's climate change strategy as well as efforts to provide Canadians with cleaner air and water and more liveable cities.

It will do so by:

- providing \$2 billion over five years to help implement the Government's Climate Change Plan for Canada, including measures to promote energy efficiency, renewable energy, sustainable transportation and new alternative fuels, where areas such as building retrofits, wind power, fuel cells and ethanol will be considered; and
- providing \$1 billion for other environmental measures, including:
  - allocating \$175 million over two years to address federal contaminated sites;
  - investing \$40 million over two years to improve air quality across Canada;
  - allocating \$75 million over the next two years to better assess and manage toxic substances;
  - committing \$74 million over the next two years as part of a multi-year plan to establish 10 new national parks and five new national marine conservation areas;
  - providing \$33 million over the next two years to protect Canada's species at risk and their critical habitat; and
  - providing \$600 million over five years to upgrade, maintain and monitor water and wastewater systems on First Nations reserves.

## Renewing Canadian Agriculture

In addition to difficult growing conditions, Canadian farmers must deal with increased international competition and rising demands for food safety and quality.

Budget 2003 fully provides for the \$5.2-billion, six-year Agricultural Policy Framework announced in June 2002. In addition, Budget 2003 introduces several measures to support Canadian agriculture by:

- providing \$220 million to cover a deficit this fiscal year in the Crop Reinsurance Fund;
- allocating \$100 million to the Canadian Food Inspection Agency over the next two years;
- making a one-time investment of \$113 million for infrastructure improvements at Canada's four veterinary colleges;
- investing \$30 million over the next two years to the Canadian Grain Commission to allow it to maintain its level of service to farmers; and
- providing \$20 million over the next two years to support venture capital investments by Farm Credit Canada in the agricultural sector.

## How Can I Get More Information on Budget 2003?

Information is available on the Internet at [www.fin.gc.ca](http://www.fin.gc.ca).

You can also obtain copies of this brochure and other budget documents from the:

Distribution Centre  
Department of Finance Canada  
Room P-135, West Tower  
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Phone: (613) 995-2855  
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*Ce document est également offert en français.*

*“Our growth must be sustainable as well as strong. That means we must deal effectively with the challenge of climate change to protect the natural legacy that we will leave for our children.”*

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