



BUDGET IN BRIEF

ALTERNATIVE FEDERAL BUDGET 2013 Doing Better Together

MACROECONOMIC POLICY

Canada's problem is not deficits. The problem is stagnant growth. And austerity is not the cure.

In fact, austerity reinforces stagnancy, pulling much-needed spending out of the economy just when it is recovering. With 1.4 million Canadians unemployed, and the federal government still in a strong fiscal position, further depressing weak economic growth through ill-conceived austerity policies is not the answer.

The AFB takes the economy off austerity auto-pilot. Deficit reduction will take a backseat to job creation, and more – not less – government spending in the economy. New programs such as national child care, community-based health care, and long-term care facilities will provide Canadians with much-needed services while stimulating employment in these areas. New funding for water systems on First Nation reserves and in our cities, along with longer-term transfers to municipalities for infrastructure to repair our crumbling roads, will be provided.

While the AFB does run a larger deficit compared to the government, particularly in years one and two of the forecast, the debt-to-GDP ratio declines throughout the forecast horizon. The AFB doesn't have a debt or deficit problem because the debt burden declines under the AFB plan.

But the real benefit of the AFB is in employment: between 200,000 and 300,000 full time jobs are created in any given year.

TABLE 1 Macroeconomic Base Case

Macroeconomic Indicators (\$Mil)	2012	2013	2014	2015
Nominal GDP	1,822,000	1,895,000	1,984,000	2,074,000
Nominal GDP Growth	4.6%	4.0%	4.7%	4.5%
Real GDP Growth	2.1%	2.0%	2.5%	2.5%
Participation Rate	66.70%	67.10%	67.20%	67.30%
Labour Force	18,963	19,344	19,644	19,949
Employed (000s)	17,579	17,951	18,308	18,632
Employment Rate (As % of Working Age Population)	61.8%	62.3%	62.6%	62.9%
Unemployed (000s)	1,384	1,393	1,336	1,317
Unemployment Rate	7.3%	7.2%	6.8%	6.6%
Budgetary Transactions (\$Mil)	2012-13	2013-14	2014-15	2015-16
Revenues	\$257,000	\$267,500	\$279,300	\$295,900
Program Spending	\$244,100	\$249,800	\$254,400	\$261,700
Debt Service	\$31,100	\$31,200	\$29,700	\$31,000
Budget Balance	-\$18,200	-\$13,500	-\$4,800	\$3,200
Closing Debt (Accumulated Deficit)	\$600,300	\$613,800	\$618,500	\$615,300
Budgetary Indicators as Percentage of GDP	2012-13	2013-14	2014-15	2015-16
Revenue/GDP	14.1%	14.1%	14.1%	14.3%
Expenditures/GDP	13.4%	13.2%	12.8%	12.6%
Budgetary Balance/GDP	-1.0%	-0.7%	-0.2%	0.2%
Debt/GDP	32.9%	32.4%	31.2%	29.7%

TABLE 2 AFB Case

	2012-13	2013-14	2014-15	2015-16
Nominal GDP	1,822,000	1,933,038	2,014,505	2,095,247
Nominal GDP Growth	4.6%	6.1%	4.2%	4.0%
Revenues (\$Mil)				
Base Case	257,000	267,500	279,300	295,900
Net AFB Revenue Measures		20,126	26,168	39,927
Multiplier Effect		5,522	4,777	4,271
Total	257,000	293,148	310,245	340,098
Expenditures (\$Mil)				
Base Case	244,100	249,800	254,400	261,700
Net AFB Program Measures		39,069	39,800	45,636
Total	244,100	288,869	294,200	307,336
Debt Service	31,100	31,554	30,602	32,255
Budget Balance (Deficit)	(18,200)	(27,275)	(14,557)	507
Closing Debt (Accumulated Deficit)	600,300	627,575	642,132	641,625
Budgetary Indicators as Percentage of GDP				
Revenue/GDP	14.1%	15.2%	15.4%	16.2%
Expenditures/GDP	13.4%	14.9%	14.6%	14.7%
Budgetary Balance/GDP	-1.0%	-1.4%	-0.7%	0.0%
Debt/GDP	32.9%	32.5%	31.9%	30.6%

TABLE 3 AFB Program List (\$Mil)

Program Name	2013-14	2014-15	2015-16
Aboriginal Women			
Inquiry Into Missing and Murdered Aboriginal Women	10	10	10
National Strategic Framework to End Violence Against Aboriginal Women	10	10	10
Arts & Culture			
Canada Council for the Arts	120	120	120
Ensure Increases in Canadian Heritage Funding to Cover Cost of Living	21	41	62
Develop Artistic and Cultural Markets in Canada and Abroad	25	25	25
Cities and Communities			
Rebuild Canada Program: Public Transit	1,350	1,350	1,350
Rebuild Canada Program: Core Infrastructure	2,250	2,250	2,250
Community Economic Development Framework	2.5	2.5	2.5
Neighbourhood Revitalization Program	100	100	100
Defence			
Military Spending Back to Pre-9-11 Levels	-1,280	-2,600	-4,000
Stopping Growth of National Security Establishment	-547	-1,094	-1,641
Early Childhood Education and Care			
Expand Affordable Child Care	2,393	3,409	4,237
Cancel the Universal Child Tax Benefit	-2,786	-2,817	-2,873
Employment Insurance			
Renew Extended Employment EI Benefits Pilot	400	400	400
Working While on Claim Exemption	200	200	200
Continued Support for Long Tenured Employees	100	100	100
Extended Training Benefits	300	300	300
Pilot Universal Entrance of 360 Hours	300	300	300
Environment			
National Conservation Plan	175	135	145
Expand Environmental Law and Science Capacity	7	7	7
Sustainable Energy R&D	562	562	562
First Nations			
First Nations Education	800	800	800
First Nations Housing	1,000	1,000	1,000
First Nations Safe Drinking Water	470	470	470
Non-Insured Health Benefits Program	470	637	805

Food Sovereignty

National Food Policy	10	20	20
National Student Nutrition Program	200	250	300
Sugary Drink Tax	-150	-150	-150
Cultivating Agriculture (Family Farm Supports)	650	650	650
Food Security for Northern Communities	100	100	100

Health Care

National Pharmacare	3,390	3,800	5,500
Community-Based Health Care	2,600	2,652	2,705
140 New Community Health Centers	300	0	0
Long Term Care Facilities	2,300	2,369	2,440
Dental Health for Children	50	100	200
Aboriginal Health Care providers	50	50	0
Cancel Centers of Excellence for Commercialization and Research	-73	-73	-73
Expand Women's Health Contribution Program	10	10	10
Community-Based Mental Illness	30	30	30
Interim Federal Health Program	20	20	20
Community Health Innovation Fund	1,000	1,000	0

Housing

New Affordable Housing Supply	2,000	2,000	2,000
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Immigration

Equity Seeking Group internships	10	10	10
Incentives for Employment Equity	10	10	10
Court Challenges Program	3	3	3
Reform the Temporary Foreign Worker's Program	5	5	0

International Development

Maintain Development Funding at 0.31% of GNI	401	661	961
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Internet Communications

Modernize Broadband	400	450	500
National Public Access Program	40	40	40

Official Languages

Minority Language Arts and Culture	0.5	0.5	0.5
Minority Language Media	10	10	10
Youth Outreach	10	10	10
Extend the Roadmap Canada's Linguistic Duality	200	204	208

Post Secondary Education

Reduce Tuition to 1992 Levels	1,700	1,751	1,804
Create New Income Tested Grants	1,519	1,560	1,599
Cancel Textbook Tax Credit	-41	-41	-41
Cancel Scholarship Tax Credit	-43	-43	-43
Cancel Tuition Fee and Education Tax Credit	-510	-510	-510
Cancel RESP	-155	-155	-155
Cancel Canada Education Savings Grant	-770	-811	-850
Increase Research Funding by 10%	231	231	231
Add 3000 New Canada Graduate Scholarships	17	17	17

Poverty/Inequality

Poverty Reduction Transfer to Provinces	2,000	2,000	2,000
Increase CCTB/NCB to \$5,400 for First Child	1,489	1,422	1,343
Double Refundable GST Credit	4,258	4,456	4,524

Sectoral Development

Sectoral Development Councils	50	50	50
Extended Producer Responsibility	300	300	300
Green Car Levy	-300	-300	-300
Green Energy Manufacturing Tax Credit	50	50	50
Sustainable Forestry and Skills	300	300	300
Green Skills Development Program	100	100	100
Eliminate Biofuel Crop Subsidies	-200	-200	-200
Reinstate 28% Rate on Oil and Gas Industries	-1,000	-1,000	-1,000
Capitalize Canadian Development Bank	1,000	0	0

Seniors

Bring All Senior Households to Poverty Line (LIM)	1,411	1,701	1,574
Limit RRSP Contributions to \$20,000/Year	-232	-289	-364

Tax Chapter

New Income Tax Above \$250,000 (35%)	-2,710	-2,884	-2,971
Reinstate 2007 Corporate Tax Rates	0	-4,000	-6,000
Eliminate Tax Loopholes and Simplify Tax System	-10,000	-10,200	-10,404
Financial Transactions Tax	-4,000	-4,080	-4,162
Inheritance Tax on \$5 Mil+ Estates	0	-1,500	-1,530
Carbon Tax	0	0	-11,250
National Green Tax Refund	0	1,875	7,500

Water

National Public Water and Wastewater Fund	2,600	2,600	2,600
Implementation of Wastewater Systems Effluent Regulations	1,000	1,000	1,000
Great Lakes Action Plan	500	0	0
Clean Up Priority Waterways	950	950	950
Implement Water Quality and Quantity Monitoring Frameworks	109	109	109
Reinstate the Experimental Lakes Area	2	2	2
Environmental Assessments for All Energy and Mining Projects	50	50	50
Study on Water Effects of Tar Sands and Fracking	28	2	2

Woman's Equality

Implement National Plan to Address Violence Against Women	127	127	127
Implement Equal Pay at the Federal Level	10	10	10
Cancel Pension Income Splitting	-1,035	-1,066	-1,098

Youth

Youth Employment Measures	100	100	100
Youth Voting study	10	0	0

Total AFB Expenditure Changes	39,069	39,800	45,636
Total AFB Revenue Changes	-20,126	-26,168	-39,927

ABORIGINAL WOMEN

1. National Public Inquiry into missing and murdered Aboriginal women

There exists a glaring disparity as First Nations, Métis, and Inuit women are significantly more likely to be victims of violence, more likely to experience more severe and potentially life-threatening forms of violence than their non-Aboriginal counterparts, and less likely to receive justice. The AFB will invest \$30 million (over three years) for a National Public Inquiry into missing and murdered Aboriginal women across Canada.

2. National Strategic Framework to End Violence Against Aboriginal Women

The AFB will invest \$10 million annually for the development and initiation of a National Strategic Framework to End Violence Against Aboriginal Women. The framework will advance an integrated comprehensive approach based on the principle that all people affected by violence against Aboriginal women (including the victim, abuser, the families impacted and the witnesses of the violence) need specific and appropriate supports.

ARTS AND CULTURE

1. Support the Canada Council for the Arts

The AFB will bring the total annual parliamentary allocation for the Canada Council for the Arts up to \$300 million from its currently allocation of \$180 million. (Cost: \$120 million/yr)

2. Re-invest in programs from the Department of Canadian Heritage

The AFB will renew investment in a suite of programs delivered by the department of Canadian Heritage and insure that funds available through these programs are increased over time by indexing them to the annual cost of living. (Cost: \$21 million/yr and rising)

3. Promote Canadian artists abroad

The AFB will align Canada's cultural diplomacy strategy with Canada's Global Commerce Strategy, and capitalize on opportunities to promote Canadian values as well as business and cultural interests in key markets by investing \$25 million annually in support of artistic and cultural market development initiatives in Canada and abroad.

CITIES AND COMMUNITIES

1. ReBuild Canada Program

The AFB will establish a ReBuild Canada Program which would allocate \$1.35 billion per year to public transit infrastructure. Projects must be designed to increase ridership and reduce commute times for public transit users.

The program would also allocate \$2.25 billion per year for core economic and sustainable infrastructure. Projects must facilitate economic development with an emphasis on sustainable building practices or make existing facilities more environmentally sustainable.

2. Office of the Commissioner of Cities and Communities

The AFB will create the Office of the Commissioner of Cities and Communities (OCCC) within the Transport, Infrastructure and Communities Portfolio. The OCCC will coordinate federal actions in cities, develop community economic development strategies, administer funding, and provide oversight to protect against corruption.

3. Community Economic Development Policy Framework

The AFB will develop and implement a federal CED Policy Framework housed within the department of Cities and Communities. It will create and invest in a roundtable mandated to develop a working relationship with citizens and all three orders of government in order to encourage the ongoing co-construction of public policy in support of CED. (Cost: \$2.5 million over five years)

4. Neighbourhood Revitalization Fund

The AFB will establish a Neighbourhood Revitalization Fund as part of a federal Neighbourhood Revitalization program. This fund will provide multi-year core funding to support the establishment and ongoing operations of Neighbourhood Renewal Corporations (NRCs) set up in under-invested geographically-based urban communities throughout the country. (Cost: \$100 million per year for five years)

COMMUNICATIONS

1. Modernize Canada's digital communications infrastructure

To bring Canadian communications infrastructure up to world standards (100 Mbps or more and ubiquitous), the AFB ramps up to \$1 billion per year to make effective broadband a reality for all Canadians. The decade-long infrastructure project will start in 2014–15 and will be guided by the recommendations of a National Communications Strategy. Because it represents a major commitment of public funds, Canada will follow the Australian example and retain majority ownership of the resulting infrastructure. (Cost: \$400 million/yr and rising)

2. Support new and existing national public access sites

In Canada, not only do we lack data on populations that need support with Internet access and education, the only program in place to address this issue was recently disbanded. The AFB would immediately reintroduce and expand support for a national public access program. (Cost: \$40 million/yr)

3. Support digital literacy

The AFB will ensure that the Department of Human Resources and Skills Development continues to support digital literacy with its CAP-YI youth initiatives program.

4. Consultation on how to best modernize communication policy in Canada

The AFB allocates \$250,000 to fund a broad national consultation to modernize communications policy in Canada. A transparent process will be presented to the public by September 2013, and a comprehensive plan based on these discussions will be presented to Canadians by April 2014.

5. Reinvest spectrum auction proceeds into infrastructure modernization

The AFB will reinvest some of the proceeds from the upcoming spectrum auction (spring 2013) to support the modernization of our digital infrastructure according to the recommendations of a comprehensive communications strategy.

DEFENSE

1. Reduce Department of National Defence Spending, with a goal of returning to pre-September 11, 2001 levels

Prior to September 11, 2001, the defence budget was the equivalent of \$15.3 billion in today's dollars, \$6.4 billion less than this year's estimated level. To return to pre-2001 levels in the next five years, the AFB will undertake an immediate reduction of \$1.28 billion in the next fiscal year. This reduction is to continue every year until fiscal year 2016–17.

2. Review planned equipment spending to ensure projects still meet Canada's national defence policy priorities

Major Crown Projects such as the F-35 purchase plan, the awarding of naval and Coast Guard contracts, and the future of Canada's submarine fleet would all be subject to this review. By comprehensively assessing whether these major capital expenses are essential to Canadian security, and whether the contract processes are producing the best value for public dollars, important fiscal adjustments can be made in line with current global realities.

3. Increase oversight of Department of National Defence equipment spending by establishing a parliamentary committee or sub-committee responsible for Major Crown Projects

The lack of transparency and democratic mechanisms affecting the current military procurement regime must be addressed through greater parliamentary oversight. Contracts that must go through a parliamentary committee or sub-committee before receiving approval are significantly more likely to guarantee job offsets, include specific costs, and generally involve a greater degree of open competition for the public dollars involved.

4. Freeze non-defence portions of the National Security Establishment

The AFB will freeze non-defence portions of the National Security Establishment, including Canada Border Security, CSIS, Corrections Canada, Public Safety and related programs. Simply stopping their significant growth paths will lead to incremental savings of approximately \$500 million a year.

EARLY CHILDHOOD EDUCATION AND CARE

1. Create a national child care plan

The AFB provides leadership and significant funding support to provinces and territories that commit to building public systems of early childhood education and care. The goal of the AFB's early childhood education program is to reach a minimum of 1% of GDP within 10 years, starting this year with a \$2.4 billion investment that gradually increases until the goal is met.

2. Cancel the UCCB

The AFB will incorporate the \$2.8 billion annual funds currently spent through the Universal Child Care Benefit (UCCB) into federal expenditures both on the early childhood education and care program, and on improvements to the Canada Child Tax Benefit (CCTB), including the National Child Benefit Supplement.

EMPLOYMENT INSURANCE

1. Renew the Extended Employment Insurance Benefits Pilot Project

The AFB renews the Extended Employment Insurance Benefits Pilot Project, phasing regions out only when their unemployment rate reaches 8% for 12 consecutive months. (Cost: \$400 million/yr)

2. Alter the Working While on Claim project

The AFB replaces the Working While on Claim pilot project with an earnings exemption on the first \$100 per week *or* 50% of weekly earnings, whichever is greater. (Cost: \$200 million/yr)

3. Support for Long-Tenured workers

The AFB provides an additional benefit extension to long-tenure displaced workers who face the most difficulties finding new jobs, and often experience large income losses due to a permanent layoff. (Cost: \$100 million/yr)

4. Increase training benefits

The Economic Action Plan provided special training benefits to 12,000 long-tenure unemployed workers under programs that have now expired. The AFB continues extended training benefits under EI for unemployed workers, and would promote work-sharing arrangements that have a training component. (Cost: \$300 million/yr)

5. Create a lower universal hours requirement

Only about four in 10 workers now qualify for regular EI benefits due to the disproportionate growth of temporary and part-time jobs. The AFB introduces a pilot project to establish a uniform national entrance requirement of 360 hours. The annual cost of such a requirement has been estimated by the Parliamentary Budget Officer to be \$1.1 billion. (Cost: \$300 million/yr)

ENERGY POLICY

1. Develop a National Energy Plan

The AFB, in collaboration with the provinces, territories and First Nations, will initiate a process to develop a national energy plan addressing climate effects and inter-provincial inequality effects of bitumen development. The plan would: slow the pace of bitumen development and use it for domestic needs first; upgrade the resource in this country before it is exported, and develop linkages to upstream and downstream energy related activities.

2. Energy security for eastern provinces

To ensure that production and distribution of bitumen to eastern provinces is part of a clearly defined and timed transition strategy from oil dependency to a renewable energy future, a surtax should be applied; any revenue generated would be earmarked exclusively for public investments in renewable energy development in the eastern provinces. Such a plan would have a clear phase-in and phase-out period.

ENVIRONMENT

1. National conservation plan

The AFB will invest in conservation plans for the following areas: oceans; new national parks; protecting national parks' ecological integrity; and migratory birds. (Cost: \$175 million/yr)

2. Expand environmental law and science capacity

(Cost: \$7 million/yr)

3. Sustainable energy for Canada from Research to Deployment

The AFB will target R&D in the following areas: fostering innovation in energy storage, investment in Sustainable Development Technology Canada, supporting "Green Energy Bonds", a National Green Homes Strategy for energy efficiency, and securing Arctic and remote communities' local energy supplies (Cost: \$562 million)

FIRST NATIONS

1. Transform the fiscal relationship

The AFB will implement stable, equitable, and long-term funding transfer mechanisms for First Nations services.

2. Invest in First Nations education

The AFB will invest \$800 million a year in First Nations education systems. This will slowly bridge the \$3-billion funding gap built up since 1996.

3. Support safe and healthy families and communities

The Federal government identifies needs of \$4.7 billion in the area of water treatment. Currently, there is a demand of an estimated 85,000 new housing units to alleviate overcrowding and backlogs, approximately 44% of the existing housing stock needs major repair and another 15% requires outright replacement. There is also urgent need for immediate, new and sufficient investments for the Non-Insured Health Benefits (NIHB) Program. The AFB will invest:

- \$4.7 billion over 10 years in First Nations water treatment systems;
- \$1 billion annually to address the housing crisis;
- \$470 million in the NIHB Program 2013–14 to \$805 million/year by 2015/16.

4. Strengthening First Nations economies

The AFB will support First Nations capacity-building in the area of resource revenue sharing and enhanced mechanisms to ensure free, prior and informed consent (FPIC), as per the United Nations Declaration on the Rights of Indigenous Peoples. This entails investments as well as legislative and policy changes.

FOOD SOVEREIGNTY

1. National food policy process

The AFB will initiate a process bring together civil society voices, experts, food business interests, various levels of government involved in food policy along with all relevant federal departments to examine national priorities for making the food system fairer, healthier and more sustainable.

2. National student nutrition program

The AFB will initiate a new federal program that provides 20% of the costs of a national mid-morning snack program delivering healthy foods to all elementary and secondary students. (Cost \$200 million and rising)

3. Sugary drink tax (5 cents/litre)

The AFB will implement a 5-cent-per-litre tax on sugary soft drinks and energy drinks. The tax should yield approximately \$150 million while discouraging the consumption of unhealthy beverages that are much more costly in human and financial terms down the line. (Savings: \$150 million/yr)

4. Supporting local sustainable procurement

The AFB will adopt a policy stating that all federal institutions, offices, and crown corporations (including prisons and military bases) set a goal of 25% of foods served be certified local and sustainable. The AFB will also support local and sustainable procurement policies at public institutions at the sub-federal level, including schools and hospitals.

5. Cultivating Agriculture

The AFB launches a Cultivating Agriculture program that supports new, established and retiring farmers. The goal is to increase the number of farmers in Canada, reversing a seven-decade trend of declining numbers. The program consists of financial and educational components (Cost: \$650 million/yr)

6. Food security for northern communities

The Alternative Federal Budget will support food security in northern communities by: increasing the funding for Nutrition North Canada to a level that allows all isolated communities to take full advantage of the program, and reviewing the needs of isolated communities to determine how best to support food security. (Cost: \$100 million/yr)

HEALTH CARE

1. Maintaining health transfers to the provinces

The AFB will guarantee a 6% increase in federal cash funds to the provinces in each of the next five years. In year one of the AFB, four percentage points of the escalator would be transferred as per the status quo, with \$3.2 billion used to reduce user charges paid by residents of long term/residential care by 50%. Two points would go towards provincial and territorial initiatives that advance primary health care reform.

2. National Pharmacare Program

The AFB will initiate a National Pharmacare Program to replace private spending on prescription drugs and significantly reduce public expenditures. (Cost: \$3.4 billion/yr and rising)

3. Community-based health care

The AFB will re-establish a dedicated transfer for community-based services at 1995 levels, plus an annual escalator based on population growth and inflation. (Cost: \$2.6 billion/yr)

4. 140 new community health centres

The AFB will make a one-time \$300 million investment in 140 new community health centres across the country, creating 10,000 new jobs and increasing access to necessary health service.

5. New long-term care facilities

It's time to bring these services for the elderly into the public insurance system. The AFB will invest \$2.4 billion in long-term/residential care to enable hospitals to move patients in acute care beds to a more appropriate setting.

6. Dental services

The AFB seeks to improve access to basic dental care by putting a strategic focus on prevention. A good place to start is through a cost-shared school-based program that provides children and youth preventative and basic curative dental care, as per historic precedent. (Cost: \$50 million/yr and rising)

7. Health Innovation Fund

The AFB, through participatory budgeting, will allocate \$2 billion over two years for communities to implement health care innovations in their communities.

HOUSING

1. Commit \$2 billion a year to Affordable Housing

The AFB will commit \$2 billion annually to the affordable-housing sector. This will double the allocation for both the federal Homelessness Partnering Strategy and the Residential Rehabilitation Assistance Program and provide significant funding for new home construction. It will also support maintenance of the existing stock of affordable housing.

IMMIGRATION

1. Employment support for equity-seeking groups

The AFB will provide paid internships for recent graduates from equity-seeking groups (\$10 million/yr). It will also provide financial incentives for employers to practice employment equity, including tax incentives to hire, train, retain and promote workers from equity-seeking groups/backgrounds and recent immigrants who have been in Canada for 10 years or less (\$10 million).

2. Reinstate the Court Challenges Program (\$3 million)

3. Reform the Temporary Foreign Worker Program

The AFB will reform the Temporary Foreign Worker's program by introducing periodic rotating workplace inspections, and/or providing funding to provinces to strengthen provincial employment standards enforcement programs and create workers' rights information materials for individuals in TFW program (\$5 million).

4. Examine new refugee determination system

The AFB will conduct an in-depth cost-analysis of the implementation of the new refugee determination system and release the analysis to the public.

5. Allow family sponsorships

The AFB will lift the moratorium on the sponsorship ban for parents and grandparents, and repeal the conditional permanent residence on the sponsored spouse.

INTERNATIONAL DEVELOPMENT

1. Build an accountable and effective framework

The AFB will provide international leadership for this agenda and propose a set of indicators and an accountability framework that address the root causes of poverty for the post-2015 world, building on its experience with the UN Commission on Information and Accountability for Women and Children's Health.

2. Hold Canada's aid commitments to 0.31% of GNI

The AFB will hold Canada's aid commitment at 0.31% of GNI. In keeping with the criteria of the Official Development Assistance Accountability Act and the recommendation of the OECD DAC, these resources should be prioritized for the poorest and most marginalized populations in Africa. (Cost: \$401 million/yr and rising)

3. Enhance the quality and effectiveness of Canadian aid

The AFB will align Canadian aid spending with developing country priorities and development plans, make our spending more predictable and continue to make progress on aid transparency. Issues of ownership, harmonization, alignment, results and accountability will become even more pressing as Canada increasingly engages new actors like the private sector.

OFFICIAL LANGUAGES

1. Develop cultural resources for minority languages

The AFB allocates \$2.5 million for five years to develop audiences and artistic organizations representing minority languages.

2. Support minority language media

The AFB will increase funding by 30% for minority language community papers and radio stations. (Cost: \$10 million/yr)

3. Youth arts & culture outreach

The AFB will fund a new initiative that reaches out to youth outside of a school setting, encouraging them to get involved in minority language arts and culture. (Cost: \$10 million/yr)

4. Extend the Roadmap to Canada's Linguistic Duality

To better maximize returns on the government's investments as part of the next Roadmap, the AFB will double the amounts available for the key initiatives in step with the provinces/territories (intergovernmental components of various programs) that will be included in the next Roadmap, over the amounts invested from 2008 to 2013. (Cost: \$200 million/yr)

POST-SECONDARY EDUCATION

1. Reduce tuition fees through new federal transfer

The AFB will introduce a new, dedicated post-secondary education cash transfer, to be guided by federal legislation based on principles of accessibility, comprehensive-ness, collegial governance, public administration, and academic freedom. This new cash transfer will return post-secondary funding to pre-1992 levels by 2014–15, allowing for the reduction of tuition fees. (Cost: \$1.7 billion/yr)

2. Replace education tax breaks with new up-front grants

The AFB will eliminate the need for new federal student loans by increasing the value and number of up-front grants available to students. This will be funded by redirecting funds currently used for education-related tax credits and savings schemes to up-front grants through the Canada Student Grants Program. (Savings: \$1.5 billion/yr, Cost: \$1.5 billion/yr, Net Cost: \$0)

3. Boost federal research grants by 10%

Recognizing the importance of funding based on an independent, peer-reviewed, and merit-based approach, the AFB increases the federal granting agencies' base budgets by 10%, with greater funds asymmetrically allocated to the social sciences and humanities. (Cost: \$231 million/yr)

4. Increase Graduate Scholarships by 3,000

The AFB will increase the number of Canada Graduate Scholarships to 3,000 — consistent with the average growth of the program since 2003 — to be distributed proportionally among the research granting councils according to enrolment figures. (Cost: \$17 million/yr)

POVERTY ACTION AND INCOME INEQUALITY

1. Establish a legal framework by which the federal government will provide leadership on poverty and inequality issues

Work collaboratively with the provinces, territories and Aboriginal organizations to renew and extend the Canada Social Transfer.

2. Poverty-Reduction Federal Transfer

The AFB will implement a Poverty-Reduction Federal Transfer specifically designed to assist provinces and territories to meet clear poverty-reduction targets. In the first year, there are no strings attached to the transfer. In subsequent years, however, only provinces that demonstrate improvement in income supports and show progress on a number of other outcome indicators will continue to receive federal support. (\$2 billion/yr)

3. Provide adequate and accessible income supports

The AFB will immediately double the refundable GST credit (\$4.3 billion/yr) and increase the Canada Child Tax Benefit to a maximum of \$5,400 per child. (\$1.5 billion/yr)

4. Improve the earnings and conditions of those in the low-wage workforce

The AFB will re-establish a federal minimum wage (set at \$12 and indexed to inflation) and commit the federal government to becoming a Living Wage employer.

5. Prioritize the needs of those most likely to be living in poverty

The AFB plan will focus its efforts on those groups with higher poverty rates, such as Aboriginal people; people with disabilities, addictions and mental illness; recent immigrants and refugees; single-support mothers; and single senior women.

6. Rebalance the bargaining relationship between capital and labour

The AFB will support collective bargaining, enforce and enhance the employment standards of vulnerable workers, and reform the Temporary Foreign Workers Program.

PUBLIC SERVICES

1. Program Review Process

The AFB will introduce a transparent Program Review Process to: examine previous budget cuts and their service impacts; reduce temporary staffing and contracting out in favour of government workers; ensure government reporting is more transparent; and introduce social impact “weighting” for government contracts that would include a combination of price, quality, environmental and social impact criteria as part of all decisions.

2. Strong public regulatory oversight and enforcement

The AFB will ensure the interests of Canadians are proactively protected and that adequate resources are attached to federal monitoring and enforcement obligations.

3. Convert P3 Canada into a Public Assets Office

The AFB will stop forcing federal departments, municipalities, provinces, and territories to use P3s for their infrastructure projects, and eliminate the P3 Canada fund.

4. Create Scale-Up Implementation Fund

The AFB will create a \$300-million revolving Scale-Up Implementation Fund that will replace the Social Impact Bonds currently being proposed. This fund will only back projects that have been rigorously proven to work in other jurisdictions or on a smaller scale and will be transparently tracked. The fund will not have a fiscal impact as savings in other government departments will pay for it, as would have been the case with social impact bonds.

SECTORAL DEVELOPMENT

1. Establish a system of Sector Development Councils

The AFB will establish a network of Sector Development Councils to identify opportunities to: stimulate investment and employment in Canada; develop and mobilize Canadian technology; utilize technologies developed in educational institutions for broader commercial applications; invest in sustainable products and practices, and better penetrate export markets. (Cost \$50 million/yr)

2. Sectoral initiatives

The AFB will enhance value-added production and investment in key sectors. These initiatives include: Green Energy Manufacturing; Automotive strategy; national aerospace strategy, and a forestry renewal fund. (Net revenue \$50 million/yr [includes cancelling biofuel crop subsidies and a new Green Car Levy])

3. National Green Industries Initiative

To maximize the environmental upside and facilitate faster growth of green industries, the AFB proposes a \$100-million-per-year National Green Skills Initiative to support college and on-the-job training and enhance the capacity of Canadian workers to perform high-level services in green industries. (Cost \$100 million/yr)

4. Higher corporate tax rate for petroleum producers

The AFB will reinstate corporate income tax rates on petroleum production to the former 28% rate that prevailed prior to the series of corporate tax reductions that began in 2001. (Revenue \$1 billion/yr)

5. Establish a Canadian Development Bank

To provide financing for the ambitious development programs prepared by the Sector Development Councils, the AFB will create and endow a new publicly-owned economic development bank: the Canadian Development Bank. (Cost one-time \$1 billion)

SENIORS AND RETIREMENT

1. Support immigrant seniors

The AFB commits the federal government to examining ways in which immigrant seniors living in poverty who do not necessarily benefit from OAS payments can be better supported.

2. Lift all seniors out of poverty

The AFB increases the GIS so that all single beneficiaries receive at least \$19,000 in the combined OAS/GIS benefit. This approximates the after-tax low-income cut-off for a single person in a small urban area. (Cost: \$1.4 billion)

3. Double Canada Pension Plan support

The AFB will double the CPP's replacement rate from 25% to 50% of a retiree's pensionable earnings. Increased contributions will be phased in over a seven-year period. The basic personal exemption in the tax system will be doubled to offset the impact on lower-income workers.

4. Index public pensions to wages not prices

The AFB will phase in a new regime of indexing for public pensions (OAS, GIS and CPP) based on wages instead of prices.

5. Cap RRSP contributions

The AFB will cap RRSP contributions at \$20,000, a level that will affect only those making \$110,000 or more. (Savings: \$232 million)

6. Cancel PRPPs

The AFB will withdraw the flawed PRPP legislation, and enhance the only parts of our pension system that have actually demonstrated success over successive generations — OAS/GIS and the Canada Pension Plan.

TAXATION

1. New Income tax bracket for those making more than \$250,000

The AFB will restore badly needed progressivity to Canada's tax system by introducing a new federal tax rate of 35% for taxable income over \$250,000. This new rate will only affect the less than 1% of Canadians who make more than \$250,000 and will only apply to their income above this level. (Revenues: \$2.7 billion/yr)

2. Restore corporate tax rates

The Alternative Federal Budget would ramp up the federal general corporate income tax rate to 21% by January 1, 2016. This is the same rate that applied in 2007 but without the 1.12% surtax that was in effect until that year. (Revenues: \$8 billion/yr)

3. Inheritance tax

The AFB would introduce an inheritance tax that would only apply to amounts in excess of \$5 million. (Revenues: \$1.5 billion/yr)

4. Introduce a financial transactions tax

The Alternative Federal Budget would seek to introduce a broad-based financial transactions tax at a rate of 0.5% on transactions of stocks — the same rate as exists in the UK — and at lower rates on bonds and financial derivatives. (Revenues: \$4 billion/yr)

5. Introduce a harmonized carbon tax

Canada should move forward with a national carbon tax with a large share of the revenues going towards a progressive green tax refund. This will ensure that most households would always be better off after accounting for their increased costs as a result of the carbon tax. (Net Revenues: \$8 billion/yr)

TAXATION (CONT.)

6. Eliminate tax loopholes and simplify the tax system

Eliminating costly tax preferences would not only supply funds to provide more effective and targeted programs in these areas, it would also simplify the tax system. This might mean less work for tax accountants, but it will also mean fewer headaches and less time spent filling out tax forms for Canadians. (Revenues: \$10 billion/yr)

TABLE 4 Tax Loopholes and Preferences

	2013 Revenue
Eliminate stock option deduction, which costs the federal government an estimated \$760 million a year, with 90% of the benefits of this loophole going to the top 1% of tax filers.	\$760 million
Tax personal and corporate capital gains at the full rate, instead of at half the rate of ordinary employment and business income. However, the gains would be adjusted for inflation so taxpayers don't pay taxes on increases solely due to inflation.	\$6,300 million
Eliminate the corporate meals and entertainment expense deduction. This allows businesses to deduct the cost of meals and entertainment, such as private boxes at sports events.	\$400 million
Eliminate mining and fossil fuel tax subsidies. The fossil fuel and mining industries, which benefit from low provincial royalty rates, also continues to benefit from significant federal tax subsidies. These include the accelerated depreciation, the Canadian exploration expense, the development expense and flow-through share deductions. The federal government has promised to reduce some of these subsidies, but these are limited.	\$1,400 million
Cap Tax Free Savings Accounts (TFSAs). TFSAs, which now provide taxpayers with \$20,000 in tax-sheltered investment room and are increasing every year, could eventually cost the federal government over \$6 billion a year in foregone revenues. The AFB will cap TFSAs at a total lifetime amount of \$20,000. The savings from capping this program may be relatively low in the first year, but they escalate in future years.	\$100 million
Withholding tax on assets held in tax havens. Wealthy Canadians and businesses hold over \$160 billion in tax havens, kept there both to avoid scrutiny and taxes. Applying a modest 1% annual withholding tax to these assets would generate \$1.6 billion annually and encourage those with funds offshore to bring their assets back home.	\$1,600 million
Total	\$10+ billion

TRADE POLICY

1. Refuse to sign trade deals with investor-state dispute provisions

Canada should follow Australia's lead and refuse to sign any further bilateral or regional trade and investment agreements that include investor-state dispute settlement.

2. Reject pharmaceutical patent extensions

The AFB will reject demands by the EU in the CETA and by the U.S. in the TPP to extend patent terms for brand-name pharmaceuticals (averting prescription drug cost increases of \$2.8 billion annually).

3. Redirect DFAIT to promoting Canadian trade not trade deals

The AFB will shift the DFAIT's focus and resources from negotiating new bilateral and regional free trade agreements to promoting Canadian trade, especially high value-added exports of goods and services, including cultural services.

WATER

1. National Public Water and Wastewater Fund

The AFB will invest \$97 billion in a National Public Water and Wastewater Fund over the next 20 years from all levels of government. The federal portion, making up 40% of the funding, would start at \$2.6 billion a year for the first six years to clear the backlog of water systems rated 'poor' or worse. For the following 14 years the federal government would commit \$1.67 billion a year.

2. Fund the Wastewater Systems Effluent Regulations

(Cost: \$1 billion/yr for 20 years)

3. Protect the Great Lakes & priority waterways

The AFB will allocate \$500 million to implement a comprehensive action plan to protect to the Great Lakes and an additional \$950 million/year to clean up priority waterways, with a further \$950 million for each of the next four years.

4. Implement water quality and quantity monitoring

The AFB will invest \$327.5 million (over three years) to implement water quality and water quantity monitoring frameworks, increase the number of monitoring stations, train staff in water monitoring, contribute to the UN Global Environment Monitoring System and create a new junior water minister position.

5. Track and study water pollution in Canada

The AFB allocates \$50 million for environmental assessments for all energy and mining projects as well as \$32 million for an in-depth study of the water effects of tar sands development and incorporating public input in the federal reviews on fracking.

WOMEN'S EQUALITY

1. National Action Plan on Violence Against Women

The AFB will invest in a National Action Plan to Address Violence Against Women. (Cost: \$380 million over three years)

2. Equal pay for equal work

The AFB takes pro-active measures to ensure equal pay for work of equal value by repealing the Public Service Equitable Compensation Act, establishing pro-active pay equity legislation, and implementing the recommendations of the 2004 Pay Equity Task Force. (Cost: \$10 million/yr)

3. Cancel pension income splitting

The AFB will eliminate inequitable tax breaks and tax policies that exacerbate women's economic insecurity — such as income-splitting measures for retirement income — including for Retirement Compensation Arrangements and Tax-free Savings Accounts (Savings: \$981 million)

4. Introduce gender based analysis in federal departments and agencies

The AFB will implement the recommendations of the 2009 Report of the Auditor General on gender-based analysis, including providing adequate human resources to conduct gender-based analysis in all government departments and agencies.

YOUTH

1. Youth employment initiatives

The AFB will establish wage subsidies for young employees, a job bank for young workers, and riders that force federal government contractors to hire youth which will help improve the dismal prospects for young people in today's employment market. (Cost: \$100 million)

2. Youth voter participation

The AFB will make it an explicit government priority to assess and address the problem of youth electoral participation. It will hire an independent research firm to conduct an in-depth, nation-wide study of youth electoral participation, using quantitative survey methods as well as qualitative focus groups and town hall meetings. (Cost: \$10 million)

3. Mental health strategy

The AFB acknowledges that mental health issues among young people are embedded in wider socio-political and economic contexts. Adopting a 'social determinants of health' perspective, it will launch the development of a mental health strategy that seeks to identify and address the contextual factors that contribute to mental illness as a social problem and exacerbate its negative effects.