

Alternative Federal Budget 2006

› Budget in Brief

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Moving Forward

Alternative Federal Budget 2006: Budget in Brief

The federal government currently enjoys a fiscal situation of unparalleled prosperity and flexibility. The government has ample fiscal room (in the form of 'status-quo' surpluses of \$15 billion per year or more) to fund a range of important initiatives to enhance the quality and security of Canadians' lives. But the Conservative Party plans to allocate all of that fiscal room — and then some — to tax cuts. In fact, their own estimates indicate that the federal government would actually have to *cut* program spending in order to pay for the full Conservative slate of tax cuts.

In contrast, this Alternative Federal Budget argues that Canadians will be much better served by the reinvestment of surplus funds into a range of public services and programs that directly address the most important problems facing our society: poverty, housing, infrastructure, jobs,

the environment. We show that not only can Ottawa afford to preserve the most important achievements of the past minority Parliament (including the child care agreements, First Nations funding, Kyoto implementation, jobs and training initiatives, and support for urban infrastructure), but the government could also finance a significant *expansion* of programs and services. Moreover, Ottawa can do this all within the constraint of balanced budgets, and with no increases in overall taxes.

The Alternative Federal Budget has argued (in our publication, *Minority Report*) that minority Parliaments can be the most effective government for Canada. They demand greater flexibility, compromise, and accountability from our elected officials. This minority Parliament could continue that tradition. We show that there is ample fiscal

room to fully preserve the most important and cherished cornerstones from the last Parliament (including the national child care program), while financing a significant portfolio of additional initiatives to address other unmet needs. In our view, those additional initiatives should emphasize the federal government's responsibility to invest in public programs and services which enhance the quality, security, and environmental sustainability of Canadians' lives — not tax cuts.

At the end of the day, any budget in a minority Parliament will likely need to reflect (if it is to be passed, at any rate) some combination or compromise of the priorities of the various parties which will eventually need to vote for it. The Conservative government clearly has fiscal room both to preserve key cornerstones from the last Parliament (like the bilateral child care deals), and invest in new initiatives needed and wanted by Canadians — including some of the Conservatives' own proposals (such as the proposed child allowance). The Conservative Party received just over one-third of the votes of Canadians on January 23, and holds barely 40% of the seats in the House of Commons. It is essential that the budget that Mr. Flaherty eventually presents to the Commons reflects the continuing support of the majority of Canadians for the federal programs and services that contribute so much to our lives.

NOT GOING BACKWARD

The Alternative Federal Budget highlights five policy areas in which significant progress was made in 2004/05. The AFB regards these commitments as cornerstones of progress and calls on the government to honour previous funding commitments made to these policy areas:

- 1 **Child Care:** Deliver the National Child Care money promised in bilateral agreements.
- 2 **First Nations:** Honour the commitments made to First Nations, Métis, and Inuit peoples during the First Ministers' Meeting in November 2005.
- 3 **Environment:** Continue funding for the Climate Change Fund.
- 4 **Young Canadians and Workers:** Implement the training plan and Wage Earner Protection Fund announced in the *Economic and Fiscal Update*. Honour plans for post-secondary education made as part of Bill C-48, and implement the training plan announced in the *Economic and Fiscal Update*.
- 5 **Cities and Communities:** Maintain the planned progress on transit and affordable housing made as part of Bill C-48 (the Liberal-NDP Budget agreement).

MOVING FORWARD

The AFB will sustain and build on these key priorities, and promote new measures to:

- reduce health care costs with a national Pharmacare program;
- promote conservation and energy efficiency, and "green" the economy;
- make poverty history by setting and meeting targets on foreign aid;
- tackle inequality at home with help for families, students, the elderly, and immigrants;
- restore workers' rights to a living wage, training, and employment insurance;

- honour Canada's international commitments to women;
- support Canadian cultural institutions and artistic excellence;
- create a fairer tax system to promote fiscal stability and societal equity;
- expand sector-specific supports to stimulate investment and jobs; and
- freeze defence spending pending a full public review of Canada's international role.

Given the size of the projected fiscal surplus and the expectation that an additional windfall of some \$2-to-\$3 billion a year may be available, the new minority Parliament has the means and responsibility to use these resources in ways that build a better country for all of its citizens.

FISCAL FRAMEWORK

The presentation of a plausible federal forecast in last November's *Economic and Fiscal Update* was a watershed in federal fiscal politics. Commentators on federal fiscal policy may no longer have to engage in arcane debates over the accuracy of forecasts and instead can concentrate on the real debates we should be having over budget policy and spending priorities. Certainly, there is now no longer any need to debate whether the federal government has sufficient funds to afford AFB priorities.

Based on this more realistic forecast, the AFB departs from past practice and relies on the official fiscal framework rather than generating an independent forecast.

The *Economic and Fiscal Update* estimated that the federal government will have budget surpluses of \$74.8 billion between 2006/07 and 2010/11

(prior to subtracting the reserves for contingency and economic prudence). In other words, the federal government could afford to pay for all promises made prior to the publication of the *Economic and Fiscal Update*, and still have \$74.8 billion over five years for other purposes.

With so much fiscal room, Canadians have an historic choice: should these sizeable financial resources be used to rebuild public services and infrastructure, or should the federal government use this opportunity to cut taxes?

Canadians are on the verge of being denied an opportunity to use forthcoming budget surpluses to recover from a decade of depletion of public services and infrastructure. Not only may we fail to "move forward" by using this fiscal capacity to re-invest in the many urgent public services and infrastructure needs, but we are also likely to go "backwards" if the Conservative government reverses existing commitments that have been hard-won in recent years.

THE AFB PROGRAM

Child Care

To protect the recent progress on child care, the AFB includes the \$700 million in 2006/07 and \$1.2 billion in each of 2007/08 and 2008/09 required to maintain the 2005 Budget commitments to provinces and territories (through the bilateral Agreements), as well as the commitment to First Nations on reserve and enhanced accountability (\$25 million each, in each year, included above).

In addition, the AFB will incrementally increase federal funding for child care by \$400 million in 2006/07, by \$1.2 billion in 2007/08, and \$2.1 billion in 2008/09. Funding will be provided through a dedicated child care social transfer. Additional resources and supports will also be required to meet the child care needs of school-age children

and children from First Nations and rural and remote communities.

One of the five priorities of the new Conservative government is to implement the campaign promise of a “Choice in Child Care Allowance”, and to have it in place by July 2006. The AFB believes the idea of additional income support to parents with young children could find common ground among parties in the House. But it is no substitute for child care spaces and we have some concerns about how it would be implemented.

A better way to deliver this allowance would be through the existing Canada Child Tax Benefit. The CCTB (the base amount) is a non-taxable benefit that is exempt from being counted as income by provincial welfare programs. (The National Child Benefit Supplement, the additional benefit to support low-income families, is “clawed back” from families on social assistance in eight out of 10 provinces.)

Cities and Communities

Despite the reality that Canadian cities are becoming the engines of our economy and the source of rapid population growth, years of underfunding of transit and municipal services have left city infrastructures crumbling, facilities overcrowded, and services inadequate.

In 2005, a portion of the federal gas tax was transferred to municipalities to start to address this infrastructure deficit. But the funding would have only amounted to \$600 million this year: not even enough to offset the growth in the infrastructure deficit. Bill C-48, the Budget amendment, added an additional \$2.4 billion over two years for public transit, affordable housing, and a housing energy retrofit program.

The AFB will build on this by continuing to provide the extra \$400 million per year to the municipalities to improve public transit and the \$800 million for affordable housing. The AFB will

also increase the value of the transfer to 5 cents per litre and make the gas tax transfer permanent.

Culture and the Arts

To preserve cultural diversity and promote a wide range of cultural expression, federal budget measures should help to ensure distinctive creative voices in Canada, and a strong cultural voice for Canada in the world.

The AFB will:

- Honour the \$342 million “Commitment to Artistic Excellence” announcement which includes increased investment in the Canada Council for the Arts, cultural programs in the Department of Foreign Affairs, the National Arts Centre, and national training institutions.
- Support the “Tomorrow Starts Today” (TST) program and recognize that commitment with stable, multi-year funding.
- Support the new Canadian museums initiative and invest \$75 million a year over the next three years to make this a reality.
- Support the implementation of the proposed “Enhancing Regional Connections” Strategy of the CBC and set aside \$178.4 million over three years for its development.

Defence

The AFB is committed to preventing the reopening of missile defence talks between Canada and the U.S., and to ensuring that the Harper government honours the popular commitment of the previous government by refusing to participate in any way in U.S. missile defence.

Canada is the seventh highest military spender among NATO’s 26 member nations, has been adding hundreds of millions a year to its military spending since 1999, and in 2005 committed another \$12.8 billion over five years to the pot. That increase would bring military spending to

\$20 billion by 2009/10 — its highest level since the Second World War. The Harper Conservatives have pledged to ramp that up another \$5.3 billion.

We are calling on all political parties to engage Canadians in developing a defence policy based on Canadian values and interests. In the interim, the AFB believes the government of Canada should conduct a full public review of Canadian defence policy and freeze further spending increases pending the outcome of that review.

Employment Insurance

The current Employment Insurance program provides inadequate or no protection to many unemployed workers, especially women, recent immigrants, live-in caregivers, young workers, and seasonal workers.

The AFB will:

- Establish a uniform EI entrance requirement of 360 hours at a cost of \$390 million.
- Increase the benefit rate to 60% of earnings at a cost of \$320 million.
- Base benefits on the best 12 weeks of earnings at a cost of \$1.2 billion.
- Increase the maximum benefit period to 50 weeks.

To cover these costs, the AFB will gradually raise the maximum insurable earnings under EI from \$39,000 to \$45,000 to increase net premium revenues and cover program improvements. Employment Insurance reforms will be made within the framework of the Employment Insurance account.

Environment

Canada must maintain its commitment to reducing climate change and implementing the Kyoto Protocol.

The AFB will begin with four important steps to reduce domestic greenhouse gas emissions, while advancing economic and health objectives:

- 1 Enhance current programs for promoting and implementing energy efficiency and conservation in homes and small businesses, and advance green mobility.
- 2 Establish a National Renewable Energy Expansion Program by expanding support for low-impact renewable electricity generation and establishing a 100,000 Solar Roofs Program (Solar PV).
- 3 Phase out the \$1.4 billion in annual federal tax expenditures to the oil and gas industry, starting in 2006.
- 4 Implement a company car tax shift, modelled on a successful program introduced in the United Kingdom, to encourage employees to drive more fuel-efficient company vehicles by shifting some of the tax burden from green cars to gas guzzlers.

These actions will combine to redirect Canadians' tax dollars towards a healthier economy and healthier environment; protect Canadians from higher fuel prices; reduce Canada's long-term energy dependence; and increase supplies of low-impact, renewable energy. Furthermore, they will reduce air pollution and related health problems, lowering the incidence of respiratory illnesses, and saving health care dollars and human lives.

A government-wide Natural Capital Framework would be an important means of advancing Ecological Fiscal Reform and integrating the value of environmental goods and services into its decision-making processes. The following four proposals would involve a modest cost, each of which could be funded by phasing out taxes and

subsidies that encourage environmentally harmful activities:

- Create a National Conservation Fund to engage Canadians across the country in local conservation initiatives.
- Move towards more sustainable patterns of mining and mineral resource use, by not renewing the flow-through-share program for mining exploration in Canada, and cancelling the Investment Tax Credit for Exploration (ITCE). These tax savings would be used to increase the capacity of Environment Canada to undertake analysis of the full environmental and social costs of mining and to evaluate the alternatives of metal recycling and conservation.
- Increase funding for the Canadian Environmental Protection Act (CEPA).

Equality for Women

With women holding only 21% of the seats in the federal Parliament, issues of significance to women do not always get the attention they deserve. Women's organizations in Canada thus play a vital democratic role. To keep these organizations strong, the AFB will increase the budget of the Women's Program of Status of Women Canada to \$100 million annually, and restore core funding to equality-seeking groups, including women-centred services.

To improve transparency and accountability for the Canada Social Transfer, the AFB will create separate transfers for Post-Secondary Education and Social Assistance and Services.

The new Canada Social Assistance and Services Transfer funds will be designated for social assistance — and a number of other services, including civil legal aid, shelters for battered women, women's centres, and other specified social services.

First Nations, Métis and Inuit

Given Canada's current and projected fiscal outlook, there is simply no excuse for ongoing First Nations poverty. It is time for the federal government to fulfill its outstanding moral and lawful obligations to First Nations.

In November 2005, Canada reached historic agreements with Canada's First Nations, Métis and Inuit to close the gap in the quality of life with other Canadians within ten years. These agreements were the result of years of hard work and negotiation involving all provincial and territorial governments, the federal government, First Nations and other Aboriginal organizations, and represent unprecedented national consensus on difficult issues. An integral part of the agreements was the commitment of \$5.1 billion dollars in federal funding over the next five years in the areas of education, health, housing and economic opportunities as well as a commitment to developing increased opportunity for self-government.

For the government of Canada to walk away from these commitments would be to take a giant step backwards. This is an issue on which all parties can work together to honour Canada's commitments to First Nations — including the agreement on residential schools — and move on to discuss the next steps on a new agenda for progress and prosperity for all Canadians.

As part of the AFB program for Not Going Backward, the AFB will honour Canada's commitments to First Nations, Métis and Inuit, with an allocation of \$977 million over the next three years to meet the commitments made by First Ministers in the Kelowna Accords. We will also invest an additional \$1 billion in each of the next three years to close the gap in the quality of life between First Nations people and Canadians as part of our agenda for Moving Forward.

The AFB will also increase resources allocated to First Nations, Métis and Inuit Friendship

Centres by \$10 million per year, and invest an additional \$30 million per year in Headstart programs.

Health Care

In September 2004, the federal government signed a deal with the provinces to provide an additional \$41.3 billion in health care funding over 10 years. This accord was supposed to “fix health care for a generation.” Now — only 18 months later — three provinces are making proposals that could lead to a fundamental disintegration of our public Medicare system.

Enforce the Canada Health Act

The AFB believes there should be firm conditions attached to the transfer of all federal money to the provinces for health care. The Canada Health Act should be rigorously enforced to prevent public money from promoting commercial delivery of health care, and compel provinces to provide information on how public money is being used. Federal funds should be used exclusively to support provincial capacity to deliver medically-necessary and publicly-delivered health care on a timely, universally-accessible, and not-for-profit basis.

Further, there should be no increase in tax points as a share of total federal health transfers to the provinces, as a mechanism to address wait time guarantees, emerging demands on provincial health care systems, or the “fiscal imbalance.”

Pharmacare

The skyrocketing costs of pharmaceuticals are the biggest cost driver in public health care. The AFB will create a national, publicly-funded-and-controlled Pharmacare plan that will provide equal access to prescription drugs.

We propose that the federal government act to limit the costs of pharmaceuticals by establishing a national formulary, establishing bulk purchasing

arrangements, introducing progressive patent reforms, and supporting the use of reference based pricing, compulsory licensing, or similar cost-containment techniques.

Prescription drug coverage will be funded on the same basis as federal-provincial cost-sharing for other health care services. This means the federal government will contribute 25% of the public share of drug costs, providing financial relief to the provinces. Using 2002 figures, at 25% of public costs, the federal government share would have been \$1.7 billion for that year.

Training Health Care Professionals

To begin dealing with skills shortages in the health care sector, the AFB will commit \$250 million over three years for a pilot program in skills upgrading for health care workers. This pilot program will eventually become training insurance funded out of the EI fund, but initial funding will come from HRDC. The program will combine on-the-job practical experience and formal training for health care workers to upgrade their skills to develop greater competencies and advancements in certification.

Housing

More than 1.5 million Canadian households are in desperate need of decent affordable housing. Yet hundreds of millions of dollars announced for affordable housing in the years since 2001 remain unspent or have yet to be allocated.

In June 2005, Parliament approved \$800 million in 2006 and \$800 million in 2007 to go to affordable housing as part of Bill C-48, the NDP budget amendment. The proposal was that the money would be allocated to three priorities: on-reserve and off-reserve First Nations housing; urban redevelopment projects; and new supply. It is critical to ensure these funds are spent on building affordable housing, not diverted to tax breaks for developers.

The AFB will deliver on the promised investments and will further help meet the need for increased and extended funding (to the level of \$1.5 billion per year) to give communities the stability and predictability to participate as full partners in building affordable housing.

Immigration

Canada admits approximately 240,000 new immigrants to this country each year, and places a high priority on meeting this country's labour market needs. But for the men and women who come here, recognition and accreditation of professional qualifications earned in their countries of origin or abroad is a huge barrier to their integration into the labour market, to the effective use of their talents and capabilities, and to their economic security and well-being.

The new government is creating a central agency — the Canadian Agency for Assessment and Recognition of Credentials (CAARC) — to provide pre-assessment of international credentials and experience, and to work with the provinces and the professional associations to assure that Canadian standards are met.

To ensure this agency works to create a level playing field for immigrant professionals, including women, the AFB will:

- Fund it for a trial period of three years; operate it as a “special agency” outside HRDC.
- Include representation from foreign trained professionals, immigrant-serving agencies, and various self-regulatory bodies.
- Hold consultations between the relevant federal Ministers, ADMs, and foreign professionals in metropolitan areas to build understanding of their constituencies and their concerns.

Industrial Restructuring, Sectoral Development, Training, Protection for Workers

Sector Development Policy

The Alternative Federal Budget will:

- Establish multi-stakeholder Sector Development Councils in two dozen identified sectors to identify major economic challenges, opportunities, and policy responses on a sector-by-sector basis. Each council must have participation from all key stakeholders, including business, suppliers, all levels of government, labour, and the research and academic communities.
- Expand sector-specific supports (such as those offered through the Technology Partnerships Canada program) to stimulate more investment in Canada, tied to concrete employment commitments, and developed with input from the sector development councils.
- Review and amend the Canada Investment Act to ensure that incoming foreign investment generates significant public interest benefits (such as real capital spending, job-creation, and Canadian procurement).
- Cancel free trade talks with Korea and Japan, and replace these talks with efforts to negotiate more balanced trade relationships with these countries (and with China, whose \$20 billion trade surplus with Canada has destroyed at least 60,000 jobs here).

Skills Training

Despite record-high profits and growing complaints about skills shortages, Canadian employers spend less than 1% of total payroll on training — well below the OECD average. Compounding the lack of employer investment in skills training are the federal government's cuts

to spending on training. These cutbacks have amounted to more than \$10 billion over the past decade.

Taking modest steps to begin reversing this trend, the former Liberal government's *Economic and Fiscal Update* of November 2005 contained a promise to expand spending on post-secondary education and skills training to \$3.5 billion over the next five years.

The AFB will ensure the full delivery of the \$3.5 billion committed by the former government of Canada as a minimum step for increased public investment in post-secondary education and skills training, with a role for unions and community groups in shaping training programs.

Protections for Workers

The Alternative Federal Budget will:

- Re-establish an independent federal minimum wage (to cover workers in federally regulated industries) at \$10 per hour, indexed annually to CPI inflation.
- Enact the changes to the bankruptcy laws that were passed by Parliament before the election (including a fund to protect back wages owed by companies in bankruptcy, and provisions which explicitly indicate that collective agreements cannot be unilaterally rewritten by the bankruptcy court).

International Development

The AFB sets Canada on a firm schedule to reach 0.7% of GNI by the year 2015, providing substantial increases to Overseas Development Assistance over the next three years. The AFB believes that this spending should be expressly devoted to eradicating poverty, be consistent with Canada's human rights obligations, and strengthen partnerships with civil society, both in Canada and overseas. To ensure this, a legislated mandate for

aid spending should be passed by Parliament, and regularly reviewed.

The AFB will meet the foreign aid goals already set by the Conservative government and supported by all the opposition parties — and we expect the Harper government in its 2006 Budget to do likewise, with the same all-party support in this minority Parliament.

Post-Secondary Education

During the tenure of the previous minority government, the 2005 federal Budget was amended to include a \$1.5 billion allocation to reducing tuition fees (Bill C-48). This promised cash infusion has started a much-needed dialogue about the federal government's role in the reduction of user fees for universities and colleges. The \$1.5 billion allocation is sorely needed to curb a national trend towards higher student debt and élitism at Canada's universities and colleges.

Maintaining the commitment to reduce tuition fees is a critical component of the Alternative Federal Budget's priorities for 2007 (Not Going Backward), and extending that commitment is an essential element of Moving Forward.

The AFB will build on the 2005 program to reduce tuition fees, remove post-secondary education from the Canada Social Transfer, and create a new Post-Secondary Education Transfer governed by a Post-Secondary Education Act to ensure accessibility and quality.

To move PSE forward the AFB will increase funding to the PSE transfer by \$3.9 billion over three years.

Retirement and Seniors' Benefits

The AFB believes it is time for a major review of the retirement income system to address the needs of the changing work force and the concerns of Canadians who face the most uncertainty as they move into old age.

The long-term objective of the AFB is to establish a pension income guarantee that is above the after-tax low-income cut-off calculated by Statistics Canada. Our approach will pay particular attention to vulnerable groups, such as women who are twice as likely to be poor in old age as men, and immigrants who may be unable to benefit from social security agreements with their countries of origin.

The AFB will:

- Increase Guaranteed Income Supplement benefits by a further 8% on top of 7% the Liberal government announced in its 2005 Budget, to provide a larger 15% increase over 2004/05. We estimate the cost of this measure to be approximately \$2.2 billion over five years, or \$500 million in the first year.
- Strengthen the Canada Pension Plan (CPP) by introducing a caregiver drop-out provision, similar to the CPP child-rearing drop-out provision, to ensure that time taken out of paid employment to care for family members or those with disabilities does not reduce pension benefits for caregivers.
- Rescind recent increases in RRSP contribution room. RRSP contribution ceilings were raised in both the 2003 and 2005 federal Budgets, with the maximum now set to reach \$19,000 in 2007 and \$22,000 by 2010.
- Limit the tax assistance for private retirement savings through RPPs and RRSPs to an annual dollar amount that is twice the average industrial wage — a maximum of \$14,795. in 2006. The increased tax revenue from this change could be used to help fund the 15% increase in GIS benefits.
- Change the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement

Act to ensure that workers' pensions receive a secured priority creditor status.

Taxation

The Alternative Budget's investments in Canada's social and environmental quality of life would cost a net total of just over \$45 billion over the three-year budget horizon. It is important to stress that these investments occur within the constraint of a budget which is balanced in every year, and with no increases in overall taxes. In fact, net tax collections by Ottawa actually decline in our program (by a cumulative total of \$4.5 billion over the 3 years). The Alternative Federal Budget proposes significant amounts of targeted tax relief for Canadians — most importantly in the form of a major expansion of the Canada Child Tax Benefit. This targeted tax relief is partly offset by a series of measures (implemented only in 2007/08, the final year of our budget) that would close tax loopholes for high-income earners and corporations.

Ultimately, tax relief cannot provide Canadians with the public programs and services that are essential to enhance the quality and security of their lives. For this, we also need the federal government to step forward and play a more pro-active role, through both direct programs and transfer payments. The pro-active investments outlined in this budget would go a long way toward offsetting the unbalanced and precarious nature of Canada's current business-dominated economy. What's more, these investments are fully financed without deficits, and without any increases in aggregate taxation levels.

Clearly, there is no fiscal constraint currently limiting Ottawa's ability to deliver the programs and services that Canadians want and need. Only political will, not money, is in short supply. Our Alternative Federal Budget shows that this minority Parliament can indeed help Canada move

TABLE 1 Cost of “Not Going Backwards”

(Millions of Dollars)	2006-07	2007-08	2008-09	3 year total
First Nations, Métis, and Inuit				
FMM Commitments to First Nations, Métis, and Inuit	236	254	488	977
Cities/ Communities				
Transit (Bill C-48 Transit Measures Are Continued to 08/09)	400	400	400	1200
Housing (Bill C-48 Housing Measures Are Continued to 08/09)	800	800	800	2400
Young Canadians and Workers				
Training (Implement Training Program Outlined in <i>Economic and Fiscal Update</i>)	476	553	798	1827
Wage Earner Protection Fund	32	32	32	96
PSE (Maintain Bill C-48 Commitment and Continue to 08/09)	750	750	750	2250
Total Cost of “Not Going Backwards”	2694	2789	3268	8750
Monies Already Budgeted That Will be Preserved for “Not Going Backward” (i.e. Monies That Conservative Platform Planned to Cut)				
Child Care				
Retain National Child Care Money Promised in Bilateral Agreements	700	1200	1200	3100
Environment				
Retain Climate Change Fund	400	400	400	1200

forward, in a context of balanced budgets and stable taxes.

The AFB will:

- Increase the inclusion rate for personal and corporate capital gains from 50% to 75%. This measure would reverse the loss of approximately \$2.4 billion in tax revenue from the Federal Treasury in 2008/09.
- Close the income trust loophole in 2008/09.

- Eliminate the special treatment of employee stock options.
- Eliminate 50% deductibility for meals and entertainment expenses.
- Reduce the maximum contribution levels for registered retirement savings plans (RRSPs) and registered pension plans (RPPs) to link them to twice the average industrial wage.

TABLE 2 Cost of Moving Forward

(Millions of Dollars)	2006-07	2007-08	2008-09	Total Over 3 Years
Aboriginal Peoples				
Capable governing institutions	774	770	797	2341
Economic development	142	147	152	441
Environmental stewardship	91	91	94	276
Improving First Nations, Métis, and Inuit health and social conditions	62	62	62	185
Headstart	30	30	30	90
Friendship centres	10	10	10	30
Culture				
Commitment to artistic excellence	63	112	167	342
New Canadian museums policy	75	75	75	225
CBC: Implement "Enhancing regional connections" strategy	34	61	83	179
Cities				
Gas tax to 5 cents immediately	1000	800	600	2400
Childcare				
Funds required to meet "From patchwork to framework goals"	400	900	1900	3200
Environment Spending				
Energy efficiency, conservation, and green mobility	300	600	900	1800
National renewable energy expansion program	42	42	42	126
Conservation fund	83	83	83	250
Strengthening CEPA	15	15	15	45
Environment Savings				
Phase-out subsidies to oil and gas industry	-300	-600	-900	-1800
Company car tax shift	-2	-4	-5	-11
Shifting mining incentives to recycling (Net cost=0)	0	0	0	0
Health				
Pharmacare	2662	2795	2795	8252
Skills upgrade for health care workers	83	83	83	249
Housing				
New affordable housing units		700	700	1400
Overseas Development Assistance				
Increase ODA to reach 0.7% of GNI by 2015	500	850	920	2270
Poverty				
Increase social transfer	600	600	800	2000
CCTB *	2000	2500	5000	9500
PSE				
Increase PSE transfer	1200	1300	1400	3900
Retirement				
Increase GIS	0	824	857	1681
Women's Program Budget				
	90	90	90	270
Sectoral Development				
Sector development councils	50	50	50	150
Sector specific supports	500	500	500	1500
Total	10504	13486	17300	41290
Tax Fairness (2008-09 only)				
Capital gains			-2400	-2400
Stock options			-250	-250
Meals and entertainment			-484	-484
Foreign affiliates			-400	-400
RRSP			-630	-630
Income trust			-750	-750
Total			-4914	-4914
Net Costs of Moving Forward	10504	13486	12386	36376

* This includes the money that the Conservatives would allocate to the "Choice in Child Care Allowance" as well as additional funding



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