



ALTERNATIVE FEDERAL BUDGET 2005

Budget in Brief

IT'S TIME

It's been 10 years since Paul Martin first started making the spending cuts that cemented his reputation as the Finance Minister who defeated the deficit. Once the budget was balanced, the Liberals promised to devote half of the surplus to debt reduction and tax cuts and the other half to restoring spending programs that had been cut. But close examination of the numbers by the AFB indicated that the split, instead of 50/50, was closer to 90/10, with debt repayment the big winner. (More recent analysis suggests that the balance is now closer to 75/25.) Contrary to the partisan rhetoric, social programs have not been inundated with adequate funding.

This unbalanced allocation of the fiscal dividend has occurred against the backdrop of a \$100 billion tax relief package heavily favouring the wealthiest Canadians who didn't themselves bear the burden of the original spending cuts.

For years now, the AFB has been arguing that the government has foreseeable budget surpluses, despite the government's recurring annual pessimism about surplus estimates. Not only has the credibility of

seven consecutive years of "surprise" budget surpluses stimulated public demand for more reliable forecasting, but the political landscape has also changed. For the first time since the inception of the AFB, we have a minority Liberal government—one that is under considerable pressure. In a situation where tax cuts or spending announcements might swing voters, the Liberals have compelling reasons to use forthcoming budget surpluses strategically in any way that may garner them votes.

Thanks to over a decade of unprecedented fiscal restraint by the federal government, Canada entered the new millennium with an increasingly unequal income distribution, beset by the range of social problems that accompany growing social polarization.

It is time to address the consequences of more than a decade of neglect. It is also time that the Liberal party fulfilled its promises. It ran on a platform that made a number of promises related to spending (for example, national child care and a new cities and communities agenda). It's time to focus federal efforts and dollars on the rebuilding of Canadian society. The recent health accord and the equalization deal with the provinces

were important first steps. But much more needs to be done.

Canada is in an enviable position, having experienced strong economic growth for over a decade. When compared to the other G-8 countries, Canada boasts the best improvement in budgetary situation (since 1992), the sharpest decline in debt burden, the lowest debt/GDP ratio, and last year's only surplus (in a string of seven consecutive national surpluses, with another one imminent). There is no question that the federal government has the ability to more than meet its election promises.

This year's Alternative Federal Budget provides us with an opportunity to take stock of the challenges facing Canada—shaky federal/provincial relations, the results of constant chipping away at social programs and the downloading of responsibilities from the federal to the provincial to the municipal level without the accompanying funds, crumbling infrastructure, and accelerating inequality between individuals, communities and provinces—and address and reverse them. It is no easy task, and will require a meaningful, long-lasting, multi-faceted and adequately funded strategy. But, as seven consecutive surpluses (and an eighth on the way) have demonstrated, and as the Department of Finance has been forced to acknowledge, *the money is there*. And the need is profound.

THE NEW U-SHAPED FEDERAL BUDGET SURPLUS

The fall 2004 *Economic and Fiscal Update's* surplus projections departed somewhat from past projections. Rather than continu-

ing to egregiously low-ball surplus estimates, this year the government projects a more plausible estimate of a \$8.9 billion surplus (including \$3 billion in contingency reserves).

However, this forecasted surplus drops dramatically in subsequent years. After setting aside reserves for contingency and economic prudence, the government claims to have less than a billion dollars available in each of the coming two fiscal years. After 2007/08, the projected surplus again begins to grow dramatically.

We use the term “U-shaped federal budget surplus” to refer to this situation in which surpluses are depicted as occurring in the current fiscal year, falling precipitously, and then recurring in the more distant future.

THE AFB CRITIQUE OF THE U-SHAPED BUDGET SURPLUS FORECAST

This new U-shaped forecast has important consequences for public policy debate. It means that Canadians are limited in their ability to discuss priorities with multiple-year fiscal implications. For example, the social programs that were cut in the deficit-fighting 1990s cannot be restored with a one-time burst of surplus money from the current fiscal year. Social programs require secure and ongoing funding in upcoming fiscal years—a possibility that is precluded if projected budget surpluses disappear and then reappear.

The government is clearly trying to justify spending cuts as a necessity if the budget is to accommodate new spending. Between 2003/04 and 2009/10, the Expenditure

Review Committee is charged with cutting \$12 billion from existing programs. Generating savings of this magnitude for this length of time necessitates a program of sizeable ongoing budget cuts.

ARE THE LIBERAL GOVERNMENT'S U-SHAPED FEDERAL BUDGET SURPLUS PROJECTIONS CREDIBLE?

The federal government has a history of underestimating its revenues as part of its generation of “surprise” budget surpluses. Given strong corporate profitability and revenues from the PetroCanada sale, we see no justification for the pessimistic 2004/05 revenue estimate of \$194 billion (15 % of GDP) presented in the *Economic and Fiscal Update*. A still cautious but more realistic projection of revenues is \$197.6 billion (15.3% of GDP).

In years thereafter, the AFB can imagine no scenario, short of a new wave of tax cuts, which could cause government revenues to plummet to 14.6% of GDP. We adjust the government revenue/GDP ratio downward gradually to 15.1% of GDP by 2006/07, but this, in our view, is a cautious assessment of future revenues.

The AFB accepts the government's estimate of the current costs of debt service (\$34.7 billion). But the government projects that these will increase substantially over the coming fiscal years. In the absence of future debt repayment, the AFB makes the cautious assumption that annual debt service charges remain at \$34.7 billion.

Under these assumptions, we project that budget surpluses will be \$9.2 billion for the current fiscal year, and \$12.6, \$14.6 and

\$18.3 billion for the upcoming three fiscal years. These figures follow the AFB practice of disregarding contingency reserves and economic prudence in presenting surplus estimates.

These estimates show the total amount of money available to fund any mixture of debt repayment, tax cuts, or spending. Based on our assumptions, we see no justification for the “U-shaped” surplus estimates of the federal government. The government has considerable room to fund new measures from its foreseeable future surpluses—without implementing spending cuts.

THE ALTERNATIVE FEDERAL BUDGET

The AFB advocates the use of forthcoming budget surpluses to enhance program spending in areas that have been neglected since the cutbacks of the mid-1990s.

The AFB uses the same macroeconomic assumptions used in the status-quo budget presented above. AFB revenue estimates are also the same as those projected in the status-quo budget. And, while the AFB implements a tax fairness program, it does not change overall tax revenues.

The AFB's program spending estimates consist of three line items. The first is the baseline, which is our projection of the likely government expenses prior to the implementation of AFB measures. The second item is the increments to expenditures on government programs proposed by the AFB. The third item, entitled “CIFA amortization,” is the program spending entry that reflects the activities of the AFB's infrastructure funding authority.

For the current fiscal year, we accept as our “baseline” the spending estimate presented in the government’s *Economic and Fiscal Update* (on the assumption that eight months into its fiscal year the government should have a reasonable estimate of its intended spending).

But for future years the AFB does not accept the program spending estimates of *The Economic and Fiscal Update*. The Liberal government has a track record of distorting its fiscal position by overestimating its expenses.⁵ We have adjusted the spending estimates of the *Economic And Fiscal Update* downward by 1% in our “program spending baseline.”

The “CIFA amortization” expense reflects the impact of new borrowing of \$5 billion per year by the AFB’s proposed Canadian Infrastructure Financing Authority. Under the rules of accrual accounting, the expense of a durable asset such as infrastructure must be amortized over its lifespan (we assume this to be 40 years). Thus CIFA’s activities raise program spending slightly—by the amount of the infrastructure spending amortized over a 40-year period.

Debt service charges in the AFB are slightly higher than those in the status-quo budget, reflecting the debt service charges on the borrowing undertaken by CIFA. Here we assume that CIFA debt is incurred at the current 10-year government of Canada bond rate of 4.5%.

The AFB is able to devote surpluses towards social programs, as well as undertake significant infrastructure investment, while maintaining a balanced budget, for all of the three-year forecast period. CIFA’s activities raise the federal debt by only a modest amount and the federal debt burden (debt/

GDP ratio) declines through all the years of the AFB projections.

MACROECONOMIC IMPLICATIONS OF THE AFB

The AFB package of spending and taxation policies is designed to produce a balanced budget in the sense that we match new AFB expenditures to the projected budget surpluses. However, the indirect effects of our program may well produce small budget surpluses. For example, the creation of more employment will increase tax revenues and reduce social spending.

These measures will also have very positive impacts on other levels of government. Stronger economic growth and increased employment will help provinces, territories, and municipalities to achieve balanced budgets. Given the impact of federal spending cuts on other jurisdictions, this positive spin-off for other levels of government is a laudable consequence of AFB policies.

ALLOCATING THE 2004/05 SURPLUS

The AFB funds its multi-year spending on social programs from future budget surpluses. However, several priorities will be funded out of the current year’s budget surplus. Unlike the past practice of the Liberal government, which utilized all budget surpluses for debt repayment, the AFB will fund the following public priorities out of the current year’s budget surplus:

- The AFB will renew the *Canada Fund for Africa* (which will be exhausted by

next year) with an injection of \$2 billion to be drawn over three years. This will fulfill Canada's commitment to the Millennium Development Goals.

- The AFB will also provide \$500 million to the Global Alliance for Vaccines and Immunization (GAVI) and its Vaccine Fund.
- Pending reform of the EI system, the AFB will create a \$1.5 billion *Training and Adjustment Fund* to provide workers who have been permanently laid-off and denied EI benefits with counselling and other adjustment services, including retraining costs.
- The AFB allocates \$500 million for the creation of a *Democracy Renewal Endowment* to support initiatives to restore and enhance the quality of democracy in Canada.
- Finally, some proposals contained in the AFB are of a nature that up-front funding is a preferable way of accommodating their requirements. The Sectoral Development Bank will be capitalized immediately, and the consultation funded out of the current year's surplus.

FEDERAL-PROVINCIAL FISCAL ISSUES

The AFB will:

- Assure adequate funding for the Social Transfer by immediately restoring the \$3.2 billion cut to bring funding to 1994-95 levels and increase funding for the CST by more than \$13 billion over 3 years.
- Assure accountability and transparency on the Social Transfer by dividing the transfer into separate Social Transfer and

a Post-Secondary Transfer and assuring a funding envelope for each social item within the CST.

- Develop a pan-Canadian body to measure outcomes, share innovation, and foster citizen involvement on social issues. All stakeholders will be represented, including governments, employees, and other citizens.
- Establish a ten-province standard for the equalization program with consistent treatment of resource revenues.
- Provide local governments with much greater resources to reinvest in improving infrastructure.

ABORIGINAL PEOPLES

For Aboriginal people, the AFB will:

- increase First Nations health funding by 10% per year for the next three years;
- provide an extra \$1 billion per year to address housing needs on reserves;
- provide an additional \$1.1 billion over three years on a comprehensive strategy to improve Aboriginal education;
- expand eligibility and funding for the PSSSP program; and
- increase training opportunities for off-reserve and urban Aboriginal peoples.

AGRICULTURE

The AFB would initiate a comprehensive plan to increase farmers' incomes and control over their production, reduce agriculture subsidies and move agriculture to a more sustainable basis. The first elements of this would include:

- help farmers to gain greater control over their production by funding farmer input cooperatives;
- set aside land to modulate grain supplies and prices; and
- take measures to encourage the transition to more organic and local production.

CHILD CARE AND EARLY LEARNING

The AFB will:

- commit an extra \$6 billion over the next three years for the development of a pan-Canadian high quality, universal, affordable child care program;
- provide additional funding for school-age and Aboriginal child care programs; and
- introduce a federal Child Care Act.

CITIES AND COMMUNITIES

For communities and cities, the AFB will:

- develop a National Communities Strategy;
- establish a new Department of Community Development;
- provide a dedicated share of the fuel tax totalling about \$5.6 billion over three years to fund municipal infrastructure; and
- establish a Canadian Infrastructure Financing Authority that would help finance up to \$10 billion per year in new cost-shared infrastructure projects with provinces, municipalities, and other public agencies.

CULTURE

For artists and the cultural industries, the AFB will:

- provide stable multi-year funding for the Tomorrow Starts Today program;
- increase funding for the CBC by \$250 million per year to increase regional programming and develop more Canadian content;
- provide tax relief for artists through limited exemption of copyright income and income averaging;
- ensure expanded benefits for self-employed artists; and
- appoint a task force to address concentration and content regulation in the media and cultural marketplace.

DISABILITIES

For people with disabilities, the AFB will:

- implement the recommendations of the Disability Tax Fairness report;
- make the Disability Tax Credit refundable;
- initiate development of a National Disability-Related Supports Plan with provinces and territories; and
- develop a Comprehensive Labour Market Strategy for Persons with Disabilities.

EMPLOYMENT, EMPLOYMENT INSURANCE AND A LIVING WAGE

On employment and EI, the AFB will:

- have a target rate of unemployment of no more than 6%;

- reform the EI system by improving eligibility, extending benefits to a wider range of the unemployed, including the self-employed and providing training insurance;
- protect the EI Fund from being raided by the government for other purposes; and
- reintroduce the federal minimum wage at a rate of \$10 per hour.

ENVIRONMENT

For the environment, the AFB will:

- develop 35 new marine protected areas and 22 new national wildlife areas by 2010;
- introduce a Pollution Dividend on fossil fuels to reflect their environmental and health costs, with the proceeds going to the preventative health sector and economic renewal;
- Implement an ambitious Green Power Strategy with clear targets;
- phase out polluter subsidies to mining and fossil fuel sectors;
- begin to introduce a tax on toxic substances;
- fund a Just Transition Program to help displaced workers adjust to economic restructuring; and
- make employer-provided transit passes tax-exempt.

HEALTH CARE

The AFB will protect and broaden the scope of our public health care system by:

- including home care services and palliative care services under the Canada

Health Act, and setting up a task force to study long-term care with a view to bringing it into the public health care system;

- strengthening the accountability and enforcement terms in the September First Ministers' Accord;
- curbing and then reversing the trend toward for-profit provision of health care and giving primacy to public not-for-profit delivery;
- establishing a National Drug Agency with the mandate and tools to evaluate and monitor drug prescription costs and practices, and develop a national Pharmacare program;
- explicitly including diagnostic services under the definition of medically necessary services under the Canada Health Act; and
- ensuring that public health care is exempt from international trade deals.

Accountability for public funds spent on health care will be ensured by:

- affirming the responsibility of the federal government to uphold statutory requirements of the Canada Health Act with respect to enforcement of national standards;
- requiring provincial and territorial governments to include in their report to Parliament expenditures on for-profit health care services; and
- having the Health Council of Canada monitor, track and report on for-profit health care delivery in a way that allows for comparison between for-profit delivery and non-profit delivery.

The AFB will make Canada's health care system sustainable by:

- funding a national health care capital investment program, in partnership with the provinces through the newly created Canadian Infrastructure Financing Authority;
- increasing funding for post-secondary education and working with the provinces to improve the facilities and ability for students to enter the health and medical professions; and
- using funds from a Pollution Dividend on fossil fuels to support preventative health care.

HOUSING

On housing and the homeless, the AFB will:

- initiate a National Housing Strategy;
- provide \$1.5 billion each year to support the development of 25,000 affordable housing units per year, with 10,000 targeted to low income families and individuals in core housing need;
- increase funding for the Sustaining Communities Partnership Initiative to \$200 million per year to provide housing, shelters and services for the homeless; and
- plough savings coming from existing social housing programs back into affordable housing programs.

INTERNATIONAL POLICY

For international development, the AFB will:

- commit Canada to meeting the Millennium Development Goals;
- support cancellation of multilateral debt

owed by the poorest countries and support a debt arbitration procedure;

- freeze and refocus defence spending;
- end the practice of contracting out defence functions to the private sector;
- give priority to strengthening UN management of military operations; and
- implement a broad-based national review of Canada's international and defence policies.

POVERTY DURING ECONOMIC PROSPERITY

Reducing poverty and income inequality in a time of plenty is a major focus of this year's AFB. Most of the measures that we propose are directed to improving the conditions of those most in need. These include:

- Increasing the Canada Child Tax Benefit to \$4,900.
- Increase the GST tax credit amount and thresholds by 25%.
- Increase funding for the Canada Social Transfer immediately by \$3.2 billion per year and split the program into a Canada Post-Secondary Education Fund and a Canada Social Assistance and Services Transfer.
- Enforce clear standards for the Social Assistance and Services Transfer and create a Social Council to help ensure accountability and transparency.
- Introducing a pan-Canadian Childcare program to provide universal, affordable and accessible quality childcare to all those who need it.
- Enhance the Employment Insurance program to broaden eligibility and enhance benefits.

- Re-introduce the federal minimum wage at a rate of \$10.
- Increase seniors' GIS benefits by 10% and OAS benefits by 5% and enhance retirement security through other measures.
- Make a major commitment to affordable housing, with the development of 25,000 annually at a cost of \$1.5 billion per year.
- Enhance programs for the homeless.
- Significantly increase funding for post-secondary education with a commitment to freeze and reduce tuition fees and the introduction of a national system of needs-based grants.
- Significantly increase funding for Aboriginal peoples and communities, both on-reserve and off-reserve, focusing on the priority needs of education, housing and health care.
- Increase support to people with disabilities, including improving tax provisions and initiating a Labour Market Strategy for Persons with Disabilities and a National Disability Related Supports Plan.
- Increase international development assistance by 12% annually until 2007/8 and then by 15% until Canada meets the target for development assistance of 0.7% of GNI in 2015.

POST-SECONDARY EDUCATION

For post-secondary education, the AFB will:

- create a new dedicated Post-Secondary Education Transfer and fund it with an additional \$4.2 billion over the next three years;

- require provinces to freeze and reduce tuition fees as a condition of receiving the additional funding;
- replace the current confusing and regressive federal student financial assistance program with a national system of grants targeted to the neediest students; and
- double the core grant of the Social Sciences and Humanities Research Council and increase funding for the other research councils.

RETIREMENT AND SENIORS' BENEFITS

For deniors and retirement security, the AFB will:

- increase GIS benefits by 10%;
- increase OAS benefits by 5%;
- provide greater benefits through the tax system to CPP contributors with below-average incomes;
- propose changes to improve the CPP in its treatment of recent immigrants, caregivers and in its replacement rate formula;
- reduce the maximum RRSP contribution level to \$14,600; and
- appoint a federal Minister of State for Retirement Security and Seniors Affairs.

SECTOR DEVELOPMENT

The AFB's Sector Development Strategy would:

- slightly increase the overall net tax burden on the business sector;
- provide direct financial support for targeted investments;

- impose new regulatory oversight on incoming foreign investment and imports; and
- expand the role of government and public agencies in capital investment, technology, and innovation.

TAX FAIRNESS

To increase tax fairness, the AFB will:

- Increase the maximum benefit level of the Canada Child Tax Benefit to \$4,900 by 2007. The increases will be phased in and will cost an extra \$4 billion in 2005, an extra \$7 billion in 2006, and an extra \$10 billion in 2007.
- Increase the GST credit amount and the income threshold at which people receive the credit by 25% at a cost of \$1.2 billion per year.
- Increase the federal income tax rate on the highest income earners – those with incomes above \$250,000 – from the current rate of 29% to 32.5% in mid-2005 and 34% in 2007 – the same rate that was in effect in the 1980s. This measure will only affect less than 1% of taxfilers but will increase revenues by about \$2 billion per year when fully phased in.
- Raise the general corporate income tax (CIT) rate from 21% to 23% (2003 levels), increasing corporate income tax revenues by \$2 billion per year when phased in, and helping fund initiatives to spur business investment.
- Limit the maximum amount for RSP/RPP contributions to 18% of the average industrial wage. This will only mean a reduction in the maximum threshold for those with incomes in excess of \$80,000, increasing federal revenues by \$330 million in 2005, \$578 million in 2006, and \$610 million in 2007, and helping fund increases in the Guaranteed Income Supplement (GIS) and Old Age Security benefits that will help to benefit low-income seniors.
- Make the disability tax credit refundable and available to all Canadians with disabilities, regardless of income at a cost of \$100 million per year. The AFB will also implement the tax measures proposed by the Disability Tax Fairness report at a cost of about \$100 million per year.
- Replace the array of tax-assisted education programs with a national system of needs-based grants with over \$2 billion in funding each year.
- Redesign the non-refundable tax credit for CPP contributions by placing it on a geared-to-income basis, providing more tax relief for contributors with below-average earnings, at a cost of \$500 million annually.
- Restore the inclusion rate for capital gains income to 80% so that it will be taxed on a more equitable basis with other forms of income, but allow adjustments for inflation that has occurred since the time the investment was made. This will increase revenues by over \$3.5 billion per year on a full-year basis.
- Eliminate the meals and entertainment expense deduction for both corporate and personal income tax—deductions which cost the federal government over \$400 million.

- End the special treatment of employee stock options, which are taxed at half the rate of income and allow tax on the shares to be deferred until they are sold. This benefit, which cost the federal government \$650 million in lower tax revenues in 2001, is projected to cost \$500 million in future years.
- Close tax loopholes. Canadian foreign direct investment in Barbados amounts to over \$23 billion with \$1.5 billion returning to Canadian corporations each year in dividends. If these dividends had been taxed at Canada's general corporate rate, tax revenues would have been \$332 million higher.
- Allow limited exemption on copyright income and limited income averaging for artists, writers, and other creative workers who have relatively low and unstable incomes and cannot benefit from employee income averaging measures. These two measures will cost about \$12 million per year.
- Introduce a "Pollution Dividend" on fossil fuels, adjusting federal excise taxes on fossil fuels to reflect health and environmental costs.
- Introduce a toxic substances tax, the rate of which will vary depending on the toxicity of each substance. Revenue from this tax will be used to implement the Canadian Environmental Protection Act.
- Reduce the tax-assisted subsidies to the fossil fuel and mining sectors, saving an estimated \$200 million in year one, rising to \$750 million in year three.
- Treat employer-provided transit passes as a non-taxable employee benefit. This will cost the federal government about \$20 million in the first year, rising to \$40 million in the third year.

AFB SPENDING INITIATIVES

Changes from current proposed spending for these initiatives in millions of dollars

		2005/06	2006/7	2007/8
Aboriginal	Increase in health funding	184	206	230
	Increased housing and improved living conditions	1,074	1,017	1,017
	Improve Aboriginal education	303	325	652
Agriculture	Set aside land program	450	450	450
	Support for agricultural coops	110		
	Transitional loan program	250	250	250
Childcare	Build a pan-Canadian child care program	1,000	2,000	3,000
Communities	Department of Community Development	15	20	20
	Social Infrastructure Pilot	10	10	10
	Canadian Infrastructure Financing Authority	125	250	375
	Fuel tax revenues to municipal infrastructure	1,250	1,875	2,500
Culture	Renew <i>Tomorrow Starts Today</i> program		200	200
	Increase funding for CBC	250	250	250
Disabilities	Increased funding for Opportunities Fund	30	30	30
Education	Increased Funding for SSHRC	100	150	230
	National System of Needs-based Grants*	1,365	1,390	1,416
	Increase to Post-Secondary Education Transfer	1,200	1,400	1,700
Environment	National Wildlife Areas	30	30	141
	Just Transition Fund	100	100	100
Housing	Affordable Housing Initiative	1,357	1,357	1,357
	Residential Rehabilitation Assistance Program	72	72	200
	Sustainable Communities Program (Homelessness)	65	65	200
International	Increased Development Assistance	135	289	473
	Hold the line on defence spending	(125)	(335)	(540)
Poverty	Increased funding for Social Assistance and Services Transfer	1,000	1,000	1,500
Retirement	Increase GIS by 10%	550	550	550
	Increase OAS by 5%	1,000	1,000	1,000
Sector Development Policy	Increase funding for Technology Partnerships Canada	500	500	500
Total Additional Spending		\$ 12,400	\$ 14,450	\$ 17,811

* The above amount only represents the increased spending for this program from the elimination of tax assistance for education. The total funding for this program would be:

\$ 2,140 \$ 2,280 \$ 2,330

** Additional spending under the Employment Insurance program will be entirely funded out of EI premium revenues so that that EI premiums and benefits will balance each year.

AFB TAX FAIRNESS PACKAGE ESTIMATES — SUMMARY TABLE

(\$millions)

	2005/6	2006/7	2007/8
Greater Equity			
Increase the Canada Child Tax Benefit to \$4,900 over 3 years	(4,000)	(7,000)	(9,978)
Increase tax rate on high income earners	660	1,385	2,077
Increase the value and threshold of the GST credit by 25%	(1,200)	(1,236)	(1,273)
Increase the corporate income tax rate by two percentage points	0	500	2,200
Reduce maximum RSP/RPP deduction	330	578	610
Implement disability tax fairness proposals	(100)	(105)	(110)
Make the disability tax credit refundable	(100)	(104)	(108)
Education tax savings changes	1,365	1,390	1,416
Redesign CPP tax credit		(500)	(525)
Tax Fairness			
Increase the inclusion rate for capital gains, personal	756	1,544	1,576
Increase the inclusion rate for capital gains, corporate	907	1,904	2,000
Meals and entertainment expense deduction	413	429	446
Employee stock options	500	500	500
Close loophole for Barbados corporations & foreign affiliates	332	349	490
Income averaging for artists and partial exemption of copyright income	(12)	(14)	(16)
Environmental Tax Initiatives			
Pollution dividend on fossil fuels		To be phased in	
Toxic substances tax		To be phased in	
Reduce polluter subsidies	200	440	750
Public transit tax exemption	(20)	(30)	(40)
Total	30	29	13



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