



Alternative Federal Budget 2004

FACT SHEET:

Accountability: The true antidote to federal funding scandals

This year, the AFB is going to the issue at heart of the political storm in Ottawa—public accountability.

So far, the government has responded with promises of spending restraint and more tax cuts. None of this deals with the real problems that feed into funding scandals: corporate cronyism, lack of accountability for federal transfers, a culture of patronage appointments, tax havens, and getting public monies off the books – out of public view.

The AFB introduces the following measures to enhance accountability for public monies.

- It introduces an innovative debt-financing instrument, the *Canadian Infrastructure Financing Authority (CIFA)*, to invest \$5 billion a year to rebuild our cities and towns, creating public-public partnerships between the federal and other levels of government. This is an antidote to public-private partnerships, the new buzz in federal circles. P3s move public funds out of public view and into the pockets of private corporations, and are more costly to finance.
- It cleans up the corporate tax havens that have long existed under Paul Martin's watch, change the special rule that allows dividends from Barbados subsidiaries to return to Canada tax-free. (Canadian direct investment in Barbados has increased from \$628 million in 1988 to \$23.3 billion in 2001 – over a 3,600 per cent increase – as a result of this tax loophole).
- It ensures that the Employment Insurance Fund is never again in danger of being raided for debt repayment or tax cuts, by separating it completely from the government's general budget.
- It builds real accountability into federal cash transfers to the provinces by ensuring there are conditions attached to stand-alone, health, social, post-secondary education and other transfers, to ensure national standards and transparency. It ensures an Aboriginal specific element in all transfers. It sets up independent monitoring bodies with citizen involvement.
- It beefs up the capacity of Environment Canada and health-related federal agencies to crack down on corporate polluters, improve food and water inspections, and guarantee public safety. It also staffs departments adequately to ensure effective program management.
- It gets tough on patronage appointments that feed off a culture of cronyism, putting in place arms-length, non-partisan procedures for making these appointments.
- It establishes a women's accountability framework comprised of: a status of women act, a standing committee on the status of women, and the designation of a senior Status of Women cabinet minister and department, to ensure poverty and inequality issues are properly addressed.
- It directs the Auditor-General to give an independent assessment of the state of federal finances, enabling citizens to better judge the available surplus and fiscal choices available to the government.
- It advocates more direct citizen participation in budget-making, along the lines of the AFB's experimental participatory budget workshops.

Find out more at www.policyalternatives.ca