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AFB2010

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BUDGET IN BRIEF | ALTERNATIVE FEDERAL BUDGET 2010

Budget in Brief

Alternative Federal Budget 2010: Getting the Job Done Right

As the worst of the global recession begins to wind down, there is renewed pressure on governments everywhere to keep a steady hand on the wheel and steer their countries into a smooth economic recovery.

Canada wasn't hit as hard as others, but the country is suffering from one of the worst job crises in its history. At the height of Canada's recession, 486,000 full-time jobs evaporated into thin air. Hundreds of thousands of Canadians were thrown out of work and many are still waiting for relief. It's time to get Canadians working again.

Canada's economic recovery is fragile. What our governments do in the coming months will deeply affect whether the recovery works only for those invested in stock markets or whether it works for every Canadian household: rich, poor or middle class.

Rather than cut public spending, which could plunge Canada back into recession, AFB 2010 puts Canadians back to work. It takes seriously warnings by the International Monetary Fund (IMF) and the World Bank that the fragile global economic recovery could wilt if governments pull back on their stimulus efforts too quickly. AFB 2010 re-focuses the stimulus and builds investments in public infrastructure and services that will create jobs and improve communities across Canada.

AFB 2010 lays out a strategic plan to power up our GDP and deflate our federal deficit without creating unnecessary pain for Canadians. Within a single year, AFB 2010 creates or sustains 330,000 jobs. With this plan in place, unemployment will drop to 6.7% within the span of two years.

At its core, AFB 2010's job creation strategy achieves three main goals:

1. Protection for the unemployed: It improves support for the over one-and-a-half million still unemployed by fixing EI qualification requirements, by increasing the length of time EI beneficiaries can remain protected, and by improving benefit levels.

2. Creation of new full-time jobs: It will keep stimulus spending flowing during the fragile recovery. It also unleashes a long overdue sectoral jobs strategy to win back good paying middle-

TABLE 1 AFB Fiscal Framework

Revenues ($milions)	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
Base Case	219,798	234,118	250,634	265,135	280,731	294,077
Net AFB Revenue Measures		4,605	29,798	48,965	55,077	58,365
Multiplier Effect		5,602	3,927	2,270	3,653	6,100
Total	219,798	244,326	284,359	316,370	339,461	358,542
Expenditures ($millions)						
Base Case	242,800	245,000	241,500	247,700	257,100	265,279
Net AFB Program Measures		30,944	45,028	47,913	50,221	50,907
Total	242,800	275,944	286,528	295,613	307,321	316,186
Debt Service	31,100	32,831	38,679	42,879	44,647	45,491
Budget Balance (Deficit)	(54,102)	(64,450)	(40,847)	(21,122)	(12,507)	(3,135)
Closing Debt (Accumulated Deficit)	517,802	582,252	623,099	645,222	657,729	660,864
Budgetary Indicators as Percentage of GDP						
Revenue/GDP	14.4%	15.0%	16.6%	17.7%	18.1%	18.2%
Expenditures/GDP	15.9%	16.9%	16.7%	16.5%	16.4%	16.1%
Budgetary Balance/GDP	-3.5%	-3.9%	-2.4%	-1.2%	-0.7%	-0.2%
Debt/GDP	33.9%	35.6%	36.4%	36.1%	35.0%	33.6%
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
AFB Jobs Created (000s)		324	328	180	88	6
Unemployed (000s)	1,542	1,330	1,270	1,289	1,280	1,324
Unemployment Rate	8.4%	7.2%	6.7%	6.7%	6.6%	6.7%

class jobs and improve Canada's competitiveness in the world economy.

3. Leadership on green jobs: It makes Canada a leader in creating green jobs — jobs that improve the country's energy efficiency — and accepts our responsibility to tackle climate change. It invests in sustainable production, green manufacturing, and green skills development.

In order to close the structural deficit as well as engineer a job recovery for Canadians, AFB 2010 redresses the federal government's revenue-generating shortfall through several strategic steps.

AFB 2010 accomplishes all this, and puts Canada on a healthy economic footing, by recognizing that there is more than one way for a nation to dig itself out of a deficit and by assuming the leadership required to get the job done. Canada will emerge more prosperous, healthier, and more equal as a result.

Macroeconomic and Fiscal Framework

By themselves, governments cannot boost Canada out of economic stagnation — both consumers and businesses must join in. But with consumers at record high debt loads and businesses having difficulty exporting their products, governments must take a leadership role in creating and maintaining the momentum of recovery. This year's AFB expands government spending, but does so with a focus on job creation. More Canadians working means more Canadians contributing taxes, and more spending means more GDP growth.

It is a false dilemma to claim that a responsible debt/deficit management policy cannot go hand in hand with strong job creation. By closing its eyes to the investments that need to be made, the Harper government is condemning Canadians to slower GDP growth and higher unemployment for years to come. By focusing on job creating economic recovery instead of on balanced budgets, the AFB manages what the Harper government has not: more jobs, higher economic growth, a smaller deficit and a comparable debt to GDP ratio of 34%.

TABLE 2 AFB Program List ($millions)

Program Name	2010–11	2011–12	2012–13
Aboriginal			
Education in First Nations Communities	700	700	700
Education Infrastructure in First Nations Communities	150	150	150
Band Support Funding	65	65	65
Urban Aboriginals	122	122	122
Sisters in Spirit Initiative	5	5	5
Educational Seats for Aboriginal Women	30	30	30
Agriculture			
Just Agricultural Transition Income Program	333	333	333
Guaranteed Annual Farmer Income Program	500	500	500
Global Resilience Agricultural Support Program	200	200	200
Cut Biofuel Subsidies	(200)	(200)	(200)
Arts, Culture and Communications			
Arts & Culture "Third Pillar"	25	25	25
Investing in a Creative economy	189	272	354
Cultural Infrastructure	77	82	82
Broadband Consultation	1		
Create New National Public Access Points	40	40	40
Expand Canadian Broadband		2,000	2,000
Carbon Pricing & The Environment			
Carbon Tax	0	(9,593)	(14,078)
Provincial Harmonization	0	4,796	7,039
Green Energy Tax Refund	0	3,400	4,080
Renewable Energy	551	551	551
Ecosystems & Biodiversity	208	208	178
Safeguarding Freshwater and Watersheds	854	854	854
Child Care			
Create Provincial Social Transfer for Child Care	1,700	2,700	3,900
Cities and Communities			
Recession Relief for Non-Profits	1,000	0	0
Gas Tax Transfer Indexed to 3%	60	122	185
Green Community Transformation	1,500	6,000	6,000
Defence & International Development			
Spending Back to Pre-9–11 Levels	(1,200)	(2,400)	(3,600)
ODA to Increase to 0.7% of GNI	615	700	790
Employment Insurance			
Universal Entrance of 360 Hours	1,500	1,300	1,300
Benefits are 60% of Best 12 Weeks	1,000	900	800
26 Week Temporary Extension of Benefits	2,500	800	0

Program Name	2010–11	2011–12	2012–13
Health Care			
Extended Health Services	2,201	2,245	2,290
Groundwork for Pharmacare	900	1,200	2,300
Royal Commission on Pharmacare	10	10	0
Foreign Medical Credential Recognition	5	5	5
Aboriginal Medical Seats	50	50	50
Migrant Worker Health	20	20	20
Educational Support for Medical Students (debt, tuition, debt)	100	100	100
EI Retraining for Health Care Workers	200	200	200
Health Human Resources Innovation Fund	10	10	10
Housing			
New Affordable Housing Supply	1,700	1,700	1,700
Homelessness Partnering Strategy	135	135	135
Residential Rehabilitation Assistance Program	128	128	128
Immigration			
Continue Foreign Credential Recognition Program	25	50	50
Extend Wage Earner Protection Program	40	30	30
Equity Seeking Group internships	50	50	50
Court Challenges Program	3	3	3
Post Secondary Education			
Post Secondary Education Transfer to the Provinces	300	600	900
Create New Income Tested Grants	2,073	2,174	2,276
Cancel Textbook Tax Credit	(83)	(84)	(85)
Cancel Scholarship Tax Credit	(39)	(39)	(40)
Cancel Tuition Fee and Education Tax Credit	(1,025)	(1,045)	(1,065)
Cancel RESP	(300)	(340)	(380)
Cancel Canada Education Savings Grant	(626)	(666)	(706)
Aboriginal Education Funding	240	240	240
Increased Merit Based Research Grants	250	250	250
Poverty Reduction			
Poverty Reduction Transfer to Provinces	2,000	2,000	2,000
CCTB Increase	1,537	3,105	3,136
Double Refundable GST Credit	3,720	3,772	3,825
Sectoral Development			
Sectoral Development Councils	50	50	50
Sustainable Forestry and Skills Programs	200	200	200
Producer Responsibility Motor Vehicle Program	300	300	300
Green Car Levy	(300)	(300)	(300)
Green Manufacturing Fund	500	500	500
Green Skills Development	100	100	100
Canadian Development Bank Startup	1,000	1,000	0
Youth Summer Employment Program	112	112	112

Program Name	2010–11	2011–12	2012–13
Seniors			
Increase Singles GIS benefits by 15%	847	880	922
Decrease Residency Requirements	40	40	40
The Tax System			
31.5% Top Personal Income Tax Bracket	(386)	(1,639)	(1,755)
Cap Tax Free Savings Accounts	(5)	(50)	(190)
Fully Tax Capital Gains	0	(4,920)	(8,000)
Fully Tax Stock Options	0	(705)	(1,050)
Increase GST to 6%	0	0	(5,175)
22.12% Corporate Tax rate	(661)	(8,086)	(13,300)
29.12% Corporate Income Tax for Oil & Gas	0	(925)	(1,308)
No Meal/Entertainment Deduction	0	(208)	(314)
Transaction Tax	(316)	(323)	(329)
Cap RRSP Contributions	(240)	(293)	(347)
Water			
Water Operator Training & Conservation	50	50	50
Research Into Watershed and Climate Change Impacts	20	30	40
Research Into Water Quality Monitoring & Increased Stations & Gems	100	100	125
Study of Water Contamination of the Tar Sands	30		
Total AFB Expenditure Changes	**30,944**	**45,208**	**47,913**
Total AFB Revenue Changes	**(3,355)**	**(28,548)**	**(47,715)**

Most importantly, the AFB package will create more jobs sooner — driving down Canada's unemployment rate more quickly. By 2011, unemployment will be back to normal at 6.7%. However, the Harper government's do-nothing approach would leave unemployment at 8.5%.

Monetary policy

Almost immediately following the worldwide financial meltdown, the Bank of Canada began lowering its key lending rate from 3% to 0.25% between September 2008 and April 2009. This near-zero rate is the lowest in Canadian history.

The Canadian dollar is now seriously overvalued, threatening economic recovery and causing a further slide in Canadian exports. The Bank of Canada should be giving top priority to measures designed to lower unemployment and mitigate speculative capital inflows that are driving up our dollar.

The AFB will instruct the Bank of Canada to broaden its policy goals to include asset bubbles, employment, and economic growth, as well as raising inflation targets, as near-term objectives.

Financial Sector Regulation

Since October 2008, the Harper government has purchased $65.9 billion worth of residential mortgages from Canadian banks, and auctions are continuing to a promised potential maximum of $125 billion.

The government's stated purpose in providing this massive financial assistance (and the easing of interest rates to near zero) was that it would make loans and mortgages more available and affordable to Canadian businesses and households. On the contrary, there are signs that credit market conditions continued to be tight, despite these extraordinary measures.

This is unacceptable. If government, and ultimately the taxpayer, is going to provide this high level of support to financial institutions, it is incumbent on them to supply adequate credit for a real economic recovery.

To further protect the Canadian financial system from instability and systemic risk down the road, the AFB initiates the following financial reform measures:

- Work with the provinces to create a single national Canadian securities regulator, with responsibility for regulating all financial institutions, markets, and instruments.
- Authorize the Office of the Superintendent of Financial Institutions (OSFI) to approve all financial instruments that are available in Canada to Canadians, including finance companies, hedge funds, private capital funds, and trusts that are an intimate part of the securitization process.
- Ensure that the OSFI examines compensation schemes to make sure they do not encourage risk taking that would put financial institutions, and indeed Canada's whole economic system, in jeopardy.
- Bring all financial institutions under one national securities regulator, ensuring capital rules similar to the banks and federally regulated insurance companies are applied across the board.
- Out of prudence, and to protect consumers, the AFB will require credit card companies to have their Canadian operations operate as federally regulated financial institutions.

Taxation

Progressive taxation should be central to Canada's deficit debate. As a share of the economy, federal spending remains near historic lows. Even if one were inclined to cut expenditures, there is little room to do so. Deficit fighters should instead focus on the revenue side of the ledger.

The AFB will:

- Establish a new 31.5% tax bracket for the richest 0.8% of Canadian tax filers who have incomes over $250,000, beginning in 2011.
- Limit RRSP contributions to $20,000 per year, the maximum in effect for the 2008 tax year.
- Freeze the $10,000 of contribution room for Tax Free Savings Accounts given to each Canadian.
- Tax the full value of capital gains, over and above inflation, beginning July 1, 2011.
- Tax the full value of employee stock options, beginning July 1, 2011.
- Introduce a tax on securities transactions in Canada.
- Maintain the 2010 federal corporate income tax rate of 18% until July 1, 2011 then reinstate the 21% general rate and 1.12% corporate surtax that had been in effect between 2004 and 2007.
- End the corporate tax deduction for meal and entertainment expenses, saving $0.5 billion over two years.
- Enact a 28% corporate tax rate for the oil and gas industry.
- Restore the GST to 6% on July 1, 2012 and more than compensate low-income Canadians by enhancing the refundable GST credit.

Securing Our Common Wealth

Aboriginal Peoples

In a climate of fiscal constraint, strategic investments in First Nation governments and their peoples continue to make sense. The cost of continuing the current way of doing business — of managing poverty, maintaining ineffective processes, and drawing out settlement and implementation of claims — is high. But moving forward, while incurring short-term costs, ultimately brings greater financial prosperity.

The AFB will:

- Increase Canada's annual ongoing commitment by $700 million to support education in First Nation communities, including indigenous language instruction and curriculum development.
- Allocate an additional $150 million per year for the next five years for education infrastructure, new school construction, and critical maintenance on a priority basis, to be identified in partnership with First Nation communities.
- Increase band support funding by $65 million to address identified shortfalls in financial and legal requirements for First Nation governments.
- Commit the federal government to work jointly with First Nation governments and their delegated political representatives to design a non-discretionary and secure system for fiscal transfers, with guaranteed escalators to ensure ad-

equate, accountable, and sustainable funding to First Nation governments in their provision of quality services to their citizens wherever they reside.

- Ensure that funding by community organizations will be allocated in a manner that responds to the local concerns of urban Aboriginal peoples and builds on and develops the linkages between community development, cultural centres, and employment strategies.
- Specifically assist Friendship Centres and ensure that they continue their vital and cost-effective work by investing an additional $32 million over three years for programs and infrastructure.

Aboriginal Women in Canada

Aboriginal women and girls in Canada continue to be socially and economically marginalized. Targeted spending is needed to provide safe, appropriate and affordable housing, child care, health and wellness programs, mental health supports, violence prevention education and awareness programs, access to justice, unbiased policing, alternative or adult education and training, and stable, positive social supports within the community. Such funding can go a long way to address the needs of the urban Aboriginal community as a whole, as women and families are being left behind.

The AFB makes the following funding allocations:

- $5 million a year funding for Sisters In Spirit, a research, education and policy initiative with the Native Women's Association of Canada to identify the root causes and trends associated with the more than 520 missing and murdered Aboriginal women and girls in Canada.
- Equal funding targeted for Aboriginal women to access economic development opportunities, including equal access to small business loans and entrepreneurship.
- $30 million to create fully funded educational training programs for Aboriginal women in the areas of health services, education, and skilled trades.

Child Care

Access to quality child care services promotes health, advances women's equality, reduces crime, addresses child and family poverty, and deepens community social inclusion.

The AFB implements a focused public investment strategy which includes:

- Providing adequate, dedicated and sustained child care transfers directly to provinces and territories.
- Requiring provincial and territorial child care to create public plans - with timelines and targets — to reduce parent fees, raise staff wages and add public or community-owned child care spaces.
- Public reporting, to ensure accountability for the provision of child care services that support children, families and women in all of their roles.
- The AFB increases annual federal transfers for early learning and child care to $5.5 billion by 2013–14, by which time all children aged three to five should have access to a quality child care space in their community.

Cities and Communities

Cuts in transfers to municipalities and downloading of responsibilities led to the increase of municipal infrastructure deficit to more than $120 billion and pushed property tax rates in some provinces to among the highest in the world.

After considerable pressure — combined with infrastructure disasters such as overpass collapses — federal and provincial governments increased their transfers to local governments through the gas tax fund, infrastructure funding and stimulus funding. But federal government infrastructure funding and transfers to municipalities are set to decline after 2010.

- The AFB allocates $1 billion for a *Community Recession Relief Fund*, with support to community-based public and not-for profit agencies serving vulnerable people, settlement and homeless programs. The funding will prevent spending cuts to agencies serving vulnerable people and increase funding to social development and settlement programs.
- The AFB will index the federal gas tax, to keep up with inflation and urban population growth, by a rate of 3% a year.
- The AFB will provide cities and communities with annual funding equivalent to the revenues from one cent of the GST ($6 billion a year) for a *Green Community Transformation Fund,* starting January 1, 2011.

Communications

High-speed internet connections have become an integral part of modern life. Yet government policymakers seem unable to meet the challenge presented by this new phenomenon. At

stake is nothing less than the economic and social health of our communities.

The AFB will:

- Allocate $750,000 to fund a broad national consultation to modernize communications policy in Canada.
- Allocate $40 million to support new and existing national public access sites.
- Invest $2 billion per year in a pan-Canadian infrastructure project to make world-class broadband a reality for most Canadians.

Culture and Arts

Investment in the arts and culture sector is good for Canada's economy and good for building a strong, unified nation.

The AFB will:

- Invest an additional $25 million per year to reintroduce arts and culture as the third pillar of Canada's foreign and international trade strategies.
- Raise the base budget of the Canada Council for the Arts to $300 million by 2014, with annual increases of $30 million starting in 2010–11.
- Increase to 25% the tax credit for films shot in Canada, applicable to full production costs, including pre- and post-production.
- Increase the CBC appropriation in the context of a multi-year Memorandum of Understanding with the corporation.
- Reinstate $1.3 million to support musical diversity and experimentation by Canadian artists.
- Invest $2 million a year to develop new statistical tools to better gauge the growth and nature of the arts and culture sector.
- Maintain spending in communities' cultural infrastructure for Canada Cultural Spaces Fund. $60 million over two years.
- Invest in emerging cultural professionals by allocating $1.5 million a year for the next five years in the creation of a mentorship/internship program for the cultural sector.
- Commit $50 million a year to finally implement the new national museums policy.
- Commit $25 million in capital investment to complete the National Portrait Gallery project in Ottawa.

Health care

Canada's public health care system is a fundamental pillar of our society, and it must be strengthened, especially in the wake of the devastation caused by the economic crisis.

The AFB will:

- Launch serious discussions with the provinces and territories to cost share pharmacare between the federal and provincial governments and employers at a proposed rate of 50-25-25%.
- Allocate $20 million over two years to set up a Royal Commission on the Establishment and Financing of a Public Drug Plan.
- Allocate $900 million in the first year and $1.2 billion in the second to extend coverage for low-income Canadians as part of a cost-shared program with provinces and employers.
- Restore federal cash payments for extended health services, including nursing home intermediate care services, adult residential care services, home care services, and outpatient health care services.
- Allocate $10 million over two years for the federal government to work with professional regulatory bodies, health care unions, and immigrant rights organizations to facilitate the recognition of international education.
- Allocate $10 million per year for a Health Human Resources Innovation Fund to test, evaluate, and replicate effective staff retention strategies.
- Dedicate $200 million each year for the next three years to pilot a job-laddering program for health care workers who are already working, but who need training or upgrading to gain access to other professions within the health care system.
- Commit additional funds to expand seats in medical, nursing, and other health care education programs and pay 50% of tuition fees, up to $5,000 per year, based on financial need.
- Support institutions committed to reducing student fees with a fund of $100 million in each of the next two years.

- Allocate $50 million to post secondary institutions to support Aboriginal students in health education programs who choose to work with Aboriginal communities.
- Commit $20 million for each of the next two years to improve migrant workers's access to health care.

Housing

A record 1.5 million Canadian households (more than four million women, men, and children) are in core housing need — they spend more than 50% of their income on housing. The recession made a bad situation worse, along with growing income inequality and poverty. In addition, cost increases in both private rental and ownership markets (including ominous signs of an ownership price bubble emerging in several urban markets) mean an increasing number of Canadians are priced out of private housing markets.

The AFB will:

- Add $2 billion to its current and promised affordable housing investments.
- Utilize housing rehabilitation and construction projects to provide training, apprenticeship, and employment opportunities for marginalized people who experience barriers to employment.

Immigration

For many mainstream economists and media pundits, the current economic crisis began around the end of 2008. However, the financial situation for many families from immigrant and racialized communities has long been considered dire — and conditions have worsened over the past year. A declining birth rate, coupled with an aging population, means that immigrants are soon going to be the key driving force behind Canada's economic engine.

The AFB will:

- Reform the Employment Insurance system so it meets the needs of Canadian workers, particularly members of racialized communities, including women, immigrants and refugees.
- Amend the federal Wage Earner Protection Program (WEPP), to double the payout to workers from the current four weeks to a maximum of eight weeks and extend the program to cover workers from workplaces that are insolvent.
- Provide incentives to employers to institute paid internships for recent graduates from equity-seeking groups in strategic sectors.
- Reinstate full funding of the Court Challenges Program.
- Reform the Temporary Foreign Workers' Program.
- Require the collection and tracking of disaggregated data across all ministries, departments and relevant institutions, in order to identify racialized and other structural and systemic discrimination.

Post Secondary Education and Research

Between fall 2008 and fall 2009, average undergraduate tuition fees rose by 3.6%, reaching $4,917. Combined with the additional compulsory fees that most institutions charge to circumvent provincial tuition fee regulation, total average undergraduate fees climbed to over $5,650.

The 2009 federal budget included nearly $2 billion for colleges and universities. Despite this substantial investment the budget did not increase core funding nor reduce student debt or increase accessibility.

The AFB will make key federal investments in post secondary education as a cornerstone of economic recovery.

- The AFB introduces a new dedicated post secondary education cash transfer which returns funding to pre-1992 levels by 2013–14.
- Eliminates all federal student debt by increasing the value and number of direct grants available to students by redirecting funds from education-related tax credits and savings schemes.
- To reduce socioeconomic disparities between Aboriginal and non-Aboriginal Canadians, the AFB removes the cap on funding for the Post Secondary Student Support Program and increases funding to meet the needs of all Aboriginal post secondary learners.
- Increases the Granting Council's base budget by 10%, allocating a greater share of funds to the social sciences and humanities to support innovation in graduate student research.

Poverty and Inequality

Over three million Canadians — more than 600,000 of them children — lived in poverty, even before the recession began. Canada needs a plan that prevents and reduces poverty; a plan

that restores the resilience of its middle class. For poverty to decline, inequality has to decline, too.

Six provinces — Quebec, Newfoundland and Labrador, Ontario, Nova Scotia, New Brunswick, and Manitoba — have poverty reduction plans in place or in development. At the federal level, however, the Harper government has failed to take poverty reduction measures.

The AFB adopts the following indicators, targets, and timelines:

- Reduce Canada's poverty rate by 25% within five years (by 2015), and by 75% within a decade.
- In two years, ensure every person in Canada has an income that reaches at least 75% of the poverty line.
- In two years, ensure no one has to sleep outside, and end all homelessness within eight years by ensuring all people who are homeless have good quality, appropriate housing.
- Reduce the share of Canadians facing core housing need — those who pay more than 50 per cent of their income on housing — by half by 2015.
- Reduce the number of Canadians who report both hunger and food insecurity by half within two years.

Seniors Retirement Security

The stock market meltdown, combined with the current economic recession, has had a major impact on workplace pension plans and Canadians' own RRSP retirement savings.

The AFB will:

- Increase the GIS for single individuals by 15%, adding about $100 to the maximum monthly GIS benefit for singles and bringing the maximum annual OAS/GIS benefit up to roughly $15,200.
- Review the residency requirements for OAS with a view to modifying it to make it easier for immigrants to qualify for benefits.
- Phase in a new regime of indexing for public pensions (OAS, GIS and CPP) based on wages instead of prices.
- Double the CPP's replacement rates from 25% to 50% of a retiree's pensionable earnings. The change will be phased in over a seven-year period.
- Introduce measures to offset the impact of a premium increase on lower-income workers by doubling the year's basic exemption for contributions so that no contribution would be made on the first $7,000 of earnings, instead of the first $3,500 as it is now.
- Establish a national pension insurance fund, with adequate means to guarantee workers' pensions in the event of corporate bankruptcy. The fund will be self-financing and will be mandatory for all plan sponsors under federal jurisdiction.

Women's Equality

Canada must address the dire human rights violations being committed against Aboriginal women; take steps to better meet the needs of low-income Canadians; and invest in the needs of all children, women and families through a publicly funded early learning and child care system.

The AFB will:

- Honour Canada's international obligations to women's human rights under the CEDAW and will take pro-active measures to ensure strategic investments are made, not only to avoid perpetuating inequality, but to advance women's human rights.
- Attach common standards of adequacy for social assistance to the Canada Social Transfer to ensure rates in all jurisdictions are adequate to meet real costs of food, clothing, and housing.
- Prohibit all provinces and territories from clawing back the National Child Benefit Supplement from welfare recipients.
- Allocate sufficient resources for a thorough investigation of all cases of missing and murdered Aboriginal women, and to correct deficiencies in the law enforcement system.
- Invest in a national plan of action to deal with Aboriginal women's poverty, lower educational attainment, poor health, and lack of access to clean water and decent housing.
- Repeal the cancellation of the child care agreements and ensure that all children, women and families have equitable access to quality, affordable child care services.

Protecting Our Climate, Nature, and Water

Environment

As Canada moves toward hosting the G-8 and G-20 summits this year, it is important that strong steps be taken to support effective global action on climate change — both for the benefit of future generations and for Canada's international reputation.

The AFB will start by taking the most important step:

- Putting a price on greenhouse gas emissions by introducing a national harmonized carbon tax in July 2011.
- Introduce a Green Energy Tax Refund to ensure a majority of Canadians are fully compensated for all the additional direct costs they bear from the federal portion of the carbon tax.

The AFB will also finance these three priority environment and conservation measures:

- Renew Canada's support for renewable energy, to attract investment and create jobs.
- Protect ecosystems and biodiversity from dangerous climate change by funding a national ecosystem-based adaptation strategy.
- Invest in Canada's freshwater future, beginning with the Great Lakes-St. Lawrence basin.

Food and Agriculture

The AFB supports those family farms experiencing difficulties, not because they lack innovation, efficiency, or a dedication to providing food to Canadians and the global community, but because international rules favour large agribusiness corporations and place farmers in an hyper-competitive position.

The AFB will:

- Introduce the Just Agricultural Transition Income Program (JATIP) for our farming families, benefiting regional local food economies and capturing opportunities that are lost through the importation of products from other countries.
- Lower individual business risk pay-outs to farming operations to a maximum of $250,000 per farm, which will eliminate the "millionaire's club" — those farm operations that currently receive pay-outs of up to $3 million a year.
- Propose 10% of Canada's domestic food be produced organically within the country and place a moratorium on new approvals for genetically modified organisms, until long-term studies, research, and cost-benefit analyses are performed and the potential human, environmental, and economic impacts are well understood.
- Shift how we manage on-farm risks by introducing a Guaranteed Annual Farmer Income Program (GAFIP) over the next three years.
- Introduce the Global Resilience Agricultural Support Program (GRASP), to help build smallholder agricultural systems and vibrant communities in the developing world.
- End subsidies to the biofuel industry, freeing up more than $1 billion over the next five years.

Water

The AFB will take measures to ensure all Canadians have access to safe, clean drinking water and sanitation.

The AFB will:

- Establish a national water infrastructure fund for municipalities and First Nations communities.
- Set national enforceable drinking water standards.
- Place water infrastructure under public control.
- Protect water from pollution and shortages.
- Allocate $3.7 billion in 2010–11 to a National Public Water Fund. An additional $150 million over three years will be devoted to water operator training and certification in the public sector, along with water conservation programs.
- Introduce a plan to curb water pollution, including a thorough groundwater protection plan, mechanisms to protect watersheds, improve water monitoring, and provide provinces and municipalities will assistance to plan for water shortages, floods, and droughts.
- Commit $30 million to an in-depth study of the water effects of tar sands development.

Canada and the World

Defence and Development

Canada is among the 15 top military spending nations in the world, and the sixth largest military spender among the 28

members of NATO. Our military spending is now higher than it has been in more than 60 years — higher even than it was during the Cold War.

The AFB will:

- Refocus the Canadian military on the areas that Canadians are proud of, especially peacekeeping.
- Shrink the defence budget by $6 billion over five years, returning it to pre-9/11 levels of funding.
- Double development spending to reach the 0.7% of GNI target over the next 10 years. This will mean increases of 14% a year on the present overseas development budget to reach that goal and keep up with the growth in the Canadian economy.

International Affairs

Shrinking trade, falling remittances and other capital flows are deeply affecting poor countries' ability to respond to the global economic crisis, and many who have climbed out of poverty are falling back into poverty.

The AFB commits to push for the following policy measures at the G-20 and other international forums:

- Implement further stimulus measures until a real recovery takes hold.
- Resist compromising climate change policies as we confront the economic crisis.
- Renew efforts against tax havens and, more generally, tax evasion. Develop international cooperation mechanisms to avoid tax competition, wage deflation, and social dumping.
- Impose a global tax on financial transactions, to discourage financial speculation and raise revenue.
- Give greater decision-making power in the IMF to emerging and developing countries.

The Harper government entered into trade and investment negotiations — the most extensive since NAFTA — with the European Union in October 2009. The AFB prefers and will initiate a broader diplomatic engagement with Europe that would move Canada toward the European social model and foster a race-to-the-top dynamic of regulatory standards and climate change policies.

The Changing Nature of Work and the Economy

Employment Insurance

The economic crisis, the first since major cuts were made to Canada's EI program in the mid-1990s, has been an extreme "stress test" for Canada's unemployed. The program has failed and needs to be fixed. Our EI program is one of the least generous in the high-income countries and excludes many unemployed workers from benefits completely. The AFB will:

- Lower the EI entrance requirement to a uniform 360 hours and higher benefits.
- Implement a special 26-week extension of benefits, applicable to all claims filed since October 2008 through October 2010.
- In order to facilitate more predictable future planning, the AFB will pay all additional EI costs above 7% unemployment.
- Support the extension of EI maternity and parental benefits to self-employed workers, but will also amend the government proposal to require payments of premiums by all self-employed workers to cover the costs of their participation, as is the case in Quebec.

Sectoral Development and International Trade

In the last decade, some extensive and unprecedented changes have occurred in the nature of Canada's economic relationships with the rest of the world. This structural shift has had major implications for our international trade, our incomes, our productivity, our environment, and even our federation.

AFB 2010 invests in industries that feature technological innovation, productivity growth, higher-than-average incomes, environmental sustainability, and a propensity for export success. The AFB will:

- Establish a system of Sector Development Councils in a range of goods-producing and services-producing industries which demonstrate many or all of the following characteristics: technological innovation, productivity growth, higher-than-average incomes, environmental sustainability, and export intensity.
- Develop energy resources in a more deliberate manner. To accomplish this, income tax rates on petroleum production will be raised to the former 28% rate that prevailed prior to the series of corporate tax reductions that began in 2001.

- Target a Canada-U.S. exchange rate of 80 cents or lower.
- Immediately stop FTA negotiations with Korea, the EU, and Columbia. In place of more FTAs, the AFB pursues a different trade negotiation with key partners to find measures that 1) ensure balanced two-way trade; 2) recognize the need and the legitimacy of government policies to promote sectoral development and economic diversity; and 3) impose equal adjustment costs resulting from trade imbalances on all parties.
- Establish a Canadian Development Bank to provide financing for the ambitious development programs prepared by the Sector Development Councils.
- Provide support for sustainable production, green manufacturing, and green skills development.
- Improve Canada's Youth Summer Employment Program: We need to make sure that they don't sit out their first productive years waiting in their parents' basement for the job market to improve.

Public Services and Privatization

When services and infrastructure are publicly owned and operated, they are more efficient, less expensive, of higher quality, and more accountable than when they are privatized. Public services reduce inequality, promote stability, and promote economic, social, and environmental security.

The AFB will:

- Convert PPP Canada, the Crown corporation created to promote P3s in the municipal, provincial and federal sectors, into a Public Assets Office.
- Set up a transparent Program Review Process that will explore how programs can be improved to reduce poverty, create good green jobs, training and infrastructure, and support enforceable regulations that protect people.
- Support strong public regulatory oversight and enforcement.

CCPA
CANADIAN CENTRE for POLICY ALTERNATIVES
CENTRE CANADIEN de POLITIQUES ALTERNATIVES

410–75 Albert Street, Ottawa, ON K1P 5E7
TEL 613–563-1341 FAX 613–233-1458
EMAIL ccpa@policyalternatives.ca

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