Canadians Demand Fiscal Responsibility

As we confront the economic challenges of today and work to build a richer, fairer, greener Canada, the Liberal Party offers a government that is a partner Canadians can trust.

In 1993 Canadians entrusted Liberals with the challenge of fixing years of Conservative deficits and economic mismanagement. Jean Chretien and Paul Martin asked Canadians to slay a deficit that threatened to end Government's ability to act for current and future generations. Canadians rose to the challenge.

An unprecedented eight consecutive years of surpluses and sound management of Canadians' finances allowed Canadians to again believe in what we can do together:

- Liberals were privileged to deliver the largest personal and corporate tax cuts in Canada's history.
- Liberals committed to the largest ever investment in the health of Canadians.
- Liberals paid down more than $75 billion on our national debt
- Liberals committed to re-building where we live with the New Deal for Cities and Communities.
- Liberals began to invest in fairness for our first peoples, hope for our children and better education to build and thrive in the economy of tomorrow.

Under Jean Chretien and Paul Martin, Liberals refused to risk returning to deficit. Stéphane Dion was a leader within the Liberal Governments that restored fiscal discipline to our country, and a Dion Government will continue this proud tradition.

The measures outlined in this platform will move Canada towards a richer, fairer, greener future. They are fiscally sound.

Liberals will continue to put fiscal responsibility first:

- Our budgets will be balanced;
- We will restore the annual $3 billion Contingency Reserve to protect against the unforeseen;
- If this annual reserve is not required, it will go towards reducing our debt;
- Unanticipated surpluses in excess of the Reserve will be invested in our country's infrastructure; and
- We will accelerate the delivery of our commitments as Canada's fiscal capacity improves.

The Liberal Four-Year Plan – Revenue

The Conservative Government has not released the most recent projections of Government revenues despite the fact that this information is usually ready by the middle of September.

This platform builds upon the most recent official estimates of the Government as found in Budget 2008. Lower GDP growth for the current and next year will impact revenues.

This will be offset to some extent by lower interest rates on Canada's debt and the fact that commodity prices have been higher than projected. The Government should release the most current estimates immediately.

Budget 2008 projected total revenue for the period 2009/10 to 2012/13 of $1,073 billion.

Since the Budget the Federal Government has announced new un-budgeted revenues from the sale of wireless spectrum and exploration rights in the Beaufort Sea which will add $2.2 billion over four years.

The Green Shift Plan is revenue neutral to the federal government. Every penny raised through taxes on pollution will be returned to Canadians in the form of significant tax cuts and benefits for households and businesses. In fact, as shown below, the Green Shift actually reduces net revenue by $90 million over four years.

This platform also includes tax changes that will add an additional $1.29 billion over four years in net new tax revenue. Combined with the Green Shift this means $1.2 billion in net new revenue is projected. This is equal to the revenue raised by immediately eliminating tax subsidies for oil sands development that are no longer required.

This platform does not increase the GST.

This platform does not eliminate the Universal Child Care Benefit of $1,200.

As shown in Table 1, this platform projects total 4 year revenues of $1,076 billion.

TABLE 1 - PROJECTED REVENUE	**4-YEAR TOTAL** *($ Millions)*
Budget 2008 Projected Revenue	**1,072,600**
Post-Budget Revenue	**2,240**
Green Shift net Tax & Benefit Changes	**-90**
Platform Tax Changes	**1,290**
Canadian Film and Video Production Tax Credit	-165
Income Averaging for Artists	-50
Rural Emergency Workers Credit	-95
Extend Education Credits to Apprentices	-600
End Oil Sands Tax Subsidies	1,200
Income Trusts	1,000
TOTAL PLATFORM REVENUE	**$1,076,040**

The Liberal Four-Year Plan - Expenditures

Budget 2008 identifies $487.1 billion over four years in planned transfers to other governments, people and infrastructure commitments. A Liberal Government will honour these commitments and increase Federal support for provincial partners, Canadians and infrastructure.

A further $438.1 billion in direct program spending is projected.

Operating costs thus total $925.3 billion.

In addition, four-year debt servicing is projected to total $133.1 billion.

The current fiscal frame thus anticipates total expenditure over the four years covered by this platform of $1,058.4 billion.

As noted in Table 1, this platform project revenues of $1,076 billion.

The projected operating balance is thus $17.64 billion over four years as shown in Table 2.

TABLE 2: GOVERNMENT EXPENDITURE PLAN	4-YEAR TOTAL	GROWTH/YR
Transfers to Provinces as planned	$204,576	4.8%
Transfers to People as planned	$264,870	3.9%
Infrastructure as planned	$17,696	6.1%
Direct Program Spending	$438,158	4.5%
Debt Servicing	$133,100	1.3%
TOTAL PLANNED EXPENDITURE	**$1,058,400**	**4.0%**
TABLE 1 REVENUE	**$1,076,040**	
OPERATING BALANCE	**$17,640**	

This platform contains new programs totaling $16.335 billion over four years as shown in Table 3.

It is not meaningful to project precise year by year profiles for every commitment in this platform since, in many cases, actual annual outlays and the start of new programs will depend on discussions still to be held with other governments. For planning purposes this platform reserves more than $5 billion over four years for such programs.

In addition, major infrastructure spending cannot be accurately predicted until specific projects are identified. This platform reserves $10 billion over four years for projects to be identified in partnership with municipal and provincial partners.

A Liberal government commits to accelerate the delivery of commitments as resources permit and further commits to conclude all necessary implementation negotiations within the first three years of our mandate.

TABLE 3: THE LIBERAL FOUR-YEAR PLAN 2009/10 - 2012/13	PLATFORM ($Millions)			
	Total	Spending Plan	Tax Changes	The Green
A RICHER CANADA	**32,525**	**4,600**	**-1,290**	**29,215**
Personal Income Tax Reductions	16,325	-	-905	17,230
Corporate Tax Reductions	7,360	-	-1,200	8,560
Manufacturing & Transportation	4,415	875	-	2,150
Primary Industries		1,390	-	
Agriculture	840	840	-	-
Forestry	250	250	-	-
Fisheries	300	300	-	-
Arts and Technology	530	315	215	-
Support for Students	1,150	550	600	-
Investing in research	1,945	670	-	1,275
Integrating New Canadians	800	800	-	-
A FAIRER CANADA	**20,250**	**9,700**	**-**	**10,550**
Supporting Low-Income Seniors & Disabled	2,520	2,270	-	250
Family Support and Children's Tax Benefits	9,900	1,500	-	8,400
Tax relief for Low and Middle Income Workers	1,900	-	-	1,900
Social Housing	620	620	-	-
Health Care	1,320	1,320	-	-
Child Care	1,500	1,500	-	-
Aboriginal Canadians	2,100	2,100	-	-
Safe Communities	230	230	-	-
Advocacy	160	160	-	-
A GREENER CANADA	**1,735**	**1,435**	**-**	**300**
Clean Energy	370	370	-	-
Green Mortgages and Home retrofits	575	275	-	300
Clean Water, Oceans and Natural Environment	690	690	-	-
Protecting Our Health	100	100	-	-
RESTORING OUR VOICE IN THE WORLD	**600**	**600**	**-**	**-**
GREEN SHIFT POLLUTION TAXES	**-39,975**	**0**	**0**	**-39,975**
TOTALS	**15,135**	**16,335**	**-1,290**	**90**

Using 2008/2009 as "Base Year"

Under a new Liberal Government, every program funded in 2008/2009 will continue unless specifically cancelled. This means current programs such as Affordable Housing initiatives, the current "Dion Plan" for Official Languages and existing Regional Development Programs that "expire" after 2008/2009 will continue. It also means that future cuts to programs announced by the Conservatives to such areas as the Arts will NOT occur.

Restoring the Contingency Reserve and Expenditure Discipline

A Liberal Government will restore the annual $3 billion Contingency Reserve.

Liberals know how to manage program spending. Between 2002/03 and 2005/2006 Liberal budgets held program spending growth – including transfers for infrastructure -- to an average of 6.7 percent/year.

This was fully 1.3 percent lower than the 8 percent/year growth of the Conservatives between 2005/06 and 2008/09.

A new Liberal government will undertake a thorough expenditure review to identify savings across all non-transfer spending plans. This will start modestly and rise to $5 billion in year four. (Approximately 1.8 percent of total planned government spending) These savings, as and when they are secured, will be available to reinvest in the priorities of Canadians.

We will achieve a cumulative total of at least $12 billion of "reinvestment savings" over four years by limiting currently planned total direct program spending to an average annual increase of 3.4 percent/year. As shown in Table 2, the current expenditure plan anticipates annual growth of 4.5percent.

TABLE 4: PLATFORM OVERVIEW - 4 YEAR TOTALS	*($ Million)*
Revenue From Table 1	1,076,040
Current Expenditure Plan from Table 2	1,058,400
Platform Initiatives form Table 3	16,335
Reallocation	-12,000
Operating Balance	13,305
Contingency Reserve	12,000
BALANCE	**1,305**

As shown in Table 4, the Liberal Plan has a four year $13.3 billion operating balance which creates a cushion to ensure Canadians can address the current economic challenges ignored by the Conservative Government. This cushion also provides resources to allow a new Liberal Government to negotiate in good faith with provincial partners.