

A New Deal *for* People: Our Fiscal Plan

A NEW DEAL FOR PEOPLE

A *New Deal for People* is a vision for how we can create a government that works for everyday people. The measures included in our plan make substantial new investments in people.

To pay for this, New Democrats will raise revenues by making very different economic choices than Liberal and Conservative governments.

Our plan will create a healthier and more productive workforce and build economic growth in the most tried and true way – through investing in Canadians.

And, as the OECD has noted, strong social programs and public health care give a country's businesses and industries a competitive advantage.

We will also move immediately on some key items – ending the Liberal's appeal of the Human Rights Tribunal ruling on First Nations Child Welfare and putting forward \$2 billion in compensation, eliminating interest on Canada Student Loans, providing public dental coverage, ending fossil fuel subsidies, instituting a Super Wealth Tax, and establishing a Canadian Climate Bank with an initial investment of \$3 billion for clean infrastructure and renewable energy.

A New Deal for People saves:

A working family of four:

- \$550 a year on prescription drugs with pharmacare ¹
- \$1,240 a year on dental care ²
- \$600 a year on cell and internet bills ³
- \$900 on energy efficient home retrofits ⁴

A young person just out of school with no benefits:

- \$3,400 off student loans by removing interest ⁵
- \$240 a year by capping cell and internet bills ⁶
- \$170 a year on prescription drugs with pharmacare ⁷
- \$450 a year on dental care ⁸
- Up to \$5,000 a year with a rental benefit ⁹

One out of every four

Canadians is facing "overwhelming" debt.

Half of all seniors

are struggling with the financial costs of health care.

Two out of three renters

say that they can't afford to face unexpected expenses.

(BDO Canada Affordability Index, 2019)

¹ Estimate based on savings on copays, deductibles and premiums for a family that already has private prescription drug insurance. A family without private drug insurance would save even more.

² Based on the average cost, in Ontario, for two cleanings and an annual checkup for each family member, and a filling each for the children.

³ Estimated annual savings after the implementation of a price cap at OECD price average for similar services, for four cell phone plans and one internet plan, at average savings of \$10 a month for each plan.

⁴ *Natural Resources Canada* estimates of average residential energy efficiency savings from improvements that reduce energy consumption from 20 - 60%.

⁵ Savings over the lifetime of the loan, based on an average federal loan of \$13,500, a 10 year repayment period at prime interest rate of 3.95%.

⁶ Estimated annual savings after the implementation of a price cap at OECD price average for similar services, for someone with one cell phone and one internet plan, with average savings of \$10 a month for each plan.

⁷ Average reported out of pocket spending on prescription medication per household under 30 years old. "Federal Cost of a National Pharmacare Program," Office of the Parliamentary Budget Officer, September 2017, P. 22.

⁸ Based on the average cost, in Ontario, for two cleanings, a check-up and a filling.

⁹ Maximum benefit for a family paying more than 30% of their income on rent.

INVESTMENT AND REVENUE TABLES

NDP INVESTMENT PRIORITIES (in millions of dollars)

	2020-21	2021-22	2022-23	2023-24
MAKING YOUR LIFE MORE AFFORDABLE (see Climate Action Plan for additional measures)				
AFFORDABLE HOUSING				
Building 500,000 New Affordable Homes	5,000	3,000	3,000	3,000
Removing GST from New Rental Buildings	125	125	125	125
Renter Benefit	1,284	1,263	1,214	1,163
Combatting Money Laundering	20	20	20	20
POST-SECONDARY EDUCATION				
Removing Interest from Federal Student Loans	432	508	524	538
Moving from Loans to Grants for Post-Secondary Students	500	511	521	531
Path to Universal Affordable Childcare	1,010	2,000	3,000	4,000
Restoring Door-to-Door Mail Delivery	195	90	90	90
CLIMATE ACTION PLAN				
Indigenous Climate Action Fund	75	85	95	95
Energy Efficiency Retrofit Fund	1,000	500	500	500
Clean Government Procurement	45	50	55	60
Climate Accountability	30	50	55	55
Apprenticeships, Training, and Transition for Affected Workers	225	250	270	275
Low Carbon Technology Investments	50	50	50	50
Climate Forestry Fund	40	40	40	40
Improving Farmland Management	20	20	20	20
Climate Research Centre of Excellence	10	10	10	10
Zero-Emissions Vehicle Rebates and Charging Stations	150	170	180	200

	2020-21	2021-22	2022-23	2023-24
Clean Transit and Transportation	1450	1450	1450	1450
Clean Communities Local Power Fund (towards Net Carbon Neutrality by 2030)	125	125	125	125
Habitat Protection and Conservation	75	75	75	75
Eliminating Single Use Plastics	5	5	5	5
Food Hubs and National Food Waste Strategy	20	20	20	20

AN ECONOMY THAT WORKS FOR EVERYONE (see Climate Action Plan for additional measures)

Affordable, Quality Cell Service (including Rural Broadband)	750	500	500	500
Coastal Protection and Sustainable Fisheries Fund	50	50	50	50
Automotive Innovation Fund	100	100	50	50
Aerospace and High-Tech Innovation Fund	100	100	100	100
Fixing Family Transfer Rules for Small Businesses	190	195	200	205
Support for New Farmers and Food Promotion	30	30	30	30
Boosting Canadian Research (including Health Research)	80	100	120	140
Enhanced Canada Revenue Agency Enforcement (closing Tax Havens)	100	100	100	100
Replacing Phoenix with New Public Service Payment System	70	95	25	25

TAKING BETTER CARE OF PEOPLE

EXTENDING YOUR HEALTH CARE FROM HEAD-TO-TOE

Pharmacare	10,203	10,582	10,978	11,393
Dental Coverage	1,884	824	831	833
Combating the Opioid Epidemic	100	100	100	100
Home Care, Long-Term Care, and Reducing Wait Times	650	700	750	800
National Autism Strategy	25	25	25	25

2020-21 2021-22 2022-23 2023-24

SENIORS & VETERANS

Increasing the Guaranteed Income Supplement (GIS)	150	250	400	500
National Dementia Strategy	5	10	10	10
Make the Caregiver Tax Credit Refundable	45	50	55	60
Enhanced Support for Canada's Veterans	140	150	190	230

FIGHTING POVERTY

Ending Homelessness	100	200	300	300
Basic Income Pilot	150	150	25	25
Eliminating Period Poverty	10	10	10	10
Healthy Meal Program for Children	200	250	275	300
Northern Deduction	15	20	25	30

INDIGENOUS RECONCILIATION (see Climate Action Plan for additional measures)

Indigenous Communities Economic Development Fund	25	25	25	25
First Nations Housing and Infrastructure	1450	500	550	550
Clean Drinking Water and Ending Boil Water Advisories (Capital and Operating funding)	1800	200	200	200
Indigenous Health (including Suicide Prevention)	200	205	209	215
Grassy Narrows Mercury Mitigation Fund and Treatment Centre	98	2	2	2
Closing the First Nation Child Welfare Gap	500	550	600	700
Support for Indigenous Languages & Culture	350	350	350	350
Lifting the 2% Cap and Investing in First Nations Education	350	400	450	500
Implementing the MMIW Calls for Justice	100	105	110	115
National Council for Reconciliation and National Day for Truth and Reconciliation	5	5	5	5
Additional Support for Residential School Survivors	50	0	0	0

2020-21 2021-22 2022-23 2023-24

STRONGER COMMUNITIES (see Climate Action Plan for additional measures)

Investing in Community Public Infrastructure	500	500	500	500
Disaster Mitigation Fund	1500	500	200	200
Increased Funding for Arts and Public Broadcasting	175	260	336	371
Regional Economic Development	55	60	65	70
Support for Rural Communities	65	65	65	65
Community Policing and Hate Crimes	50	50	50	50
Youth Gang Prevention Fund	22.5	22.5	22.5	22.5
Settlement Funding and Tackling the Immigration Backlog	225	230	234	239

MAKING THE RIGHT CHOICES

Official Languages Promotion and Services	50	50	50	50
Support for Legal Aid	75	75	100	100
Path to 0.7% in Foreign Aid Funding	350	500	675	900
Gender Equality and Ending Violence Against Women	110	160	160	160
Anti-Racism Strategy	20	20	20	20



INVESTMENT AND REVENUE TABLES, CONT'D

NEW REVENUES AND SAVINGS MEASURES (in millions of dollars)

NOTE: ALL REVENUE ESTIMATES PROVIDED BY THE PARLIAMENTARY BUDGET OFFICER

	2020-21	2021-22	2022-23	2023-24
Increase Corporate Income Tax Rate by 3 points	6,298	6,820	7,158	7,369
Super Wealth Tax for Those Worth Over \$20,000,000	5,597	5,950	6,332	6,769
Eliminate Fossil Fuel Subsidies (starting with Measures in Fiscal Update 2018)	611	473	371	202
Enhanced CRA Enforcement Against Corporate Tax Avoidance	135	513	487	463
Cracking Down on Tax Havens	5,803	5,562	5,321	5,079
Taxing Web Giants Digital Services and Advertising	1,753	1,937	2,124	2,290
Eliminating Corporate Meals & Entertainment Deductions	468	481	494	508
Moving the Top Marginal Rate to 35% (on Income over \$210,371)	824	869	872	964
Return Capital Gains Rate to Year 2000 Levels	8,022	8,461	8,837	9,186
Foreign Homebuyers Tax	318	333	349	362
12% Luxury Tax on Aircraft, Boats, and Vehicles over \$100,000	668	682	695	709
Eliminating Stock Option Loopholes	46	140	283	439

FISCAL ASSUMPTIONS AND SUSTAINABILITY

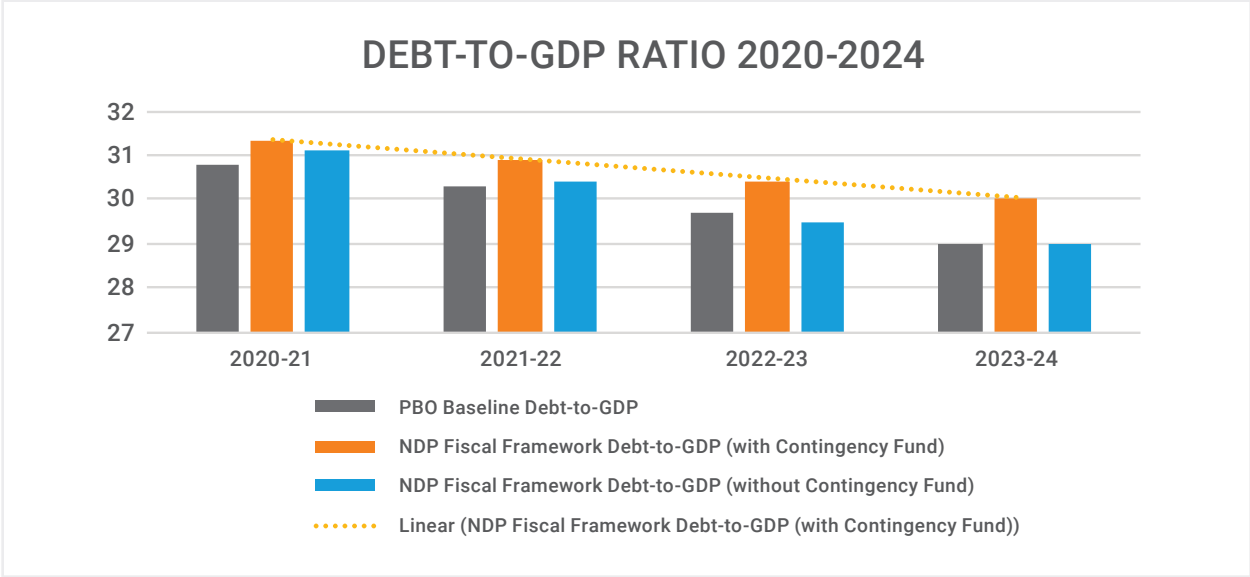
Our fiscal plans are based on the Parliamentary Budget Office’s baseline with new investments and revenue measures built on top of that base.

By carefully focusing on Canadians’ priorities and with the courage to raise fair and progressive revenues from those at the top, our fiscal approach ensures that Canada’s debt-to-GDP ratio falls over our fiscal horizon.

Therefore, under our plan, Canada’s long-run finances will be fiscally sustainable according to the PBO’s fiscal sustainability measures.

“...the federal government could permanently increase spending or reduce taxes by 1.4 per cent of GDP (\$29 billion in current dollars) while maintaining net debt at its current (2017) level of 31.1 per cent of GDP over the long term.”

– PBO Fiscal Sustainability Report 2018
[\[https://www.pbo-dpb.gc.ca/en/blog/news/FSR_September_2018\]](https://www.pbo-dpb.gc.ca/en/blog/news/FSR_September_2018)



In all cases, New Democrats will manage debt and deficits responsibly, borrow when required to defend the services that Canadians rely on, and move to balance when prudent.

The measures we are introducing will help stimulate the Canadian economy. Boosting skills training and addressing labour shortages will help make sure that Canada can compete internationally. Further, by assisting the provinces in areas from pharmacare to child care, we will help to relieve the fiscal sustainability squeeze impacting the vast majority of Canadian provinces.

Our ambitious plan will require partnering with the provinces and territories on programs like pharmacare and child care. From infrastructure (like railways and the Trans-Canada highway) to social programs (like universal Medicare, a public pension plan, and Employment Insurance), Canada has a long tradition of working with the provinces to overcome challenges and deliver critically important services to Canadians. New Democrats will build on this success within a framework of respectful asymmetrical federalism and deliver the help that Canadians need now.

CHANGES TO CANADA'S ECONOMIC OUTLOOK

There is always the possibility of rapid changes to our country's fiscal circumstance. Investing in health care, social programs, infrastructure, and good jobs associated with new opportunities from our plan to fight climate change will all contribute to economic growth and help ensure that Canada is prepared to succeed in any fiscal environment.

These are investments in our plan that could be accelerated in response to a global slowdown, while still maintaining a sustainable debt-to-GDP ratio over the medium- and long-term. New Democrats will always put everyday people at the centre of our fiscal decisions and firmly reject the idea that a country can cut its way out of challenging economic circumstances.

Our plan raises important new revenues from fair and progressive sources, including a Super-Wealth Tax on wealth over \$20 million, a two-point tax increase for those making more than \$210,000 per year, and returning the corporate income tax rate to the level it was at in 2010 – or 18%. We will also return the amount of investment profits subject to capital gains taxation to 75%, the rate that was in place in 2000.

While a certain amount of behavioural response is already built into the Parliamentary Budget Officer's estimates of our new measures, we recognize that these behavioural impacts make precise revenue projections challenging. As a result, we will set aside an annual Contingency Fund equal to 15% of our combined new revenues in order to ensure that our government is prepared for possible new economic challenges and for use in the event that our new revenue streams yield different returns than what has been estimated by the PBO.

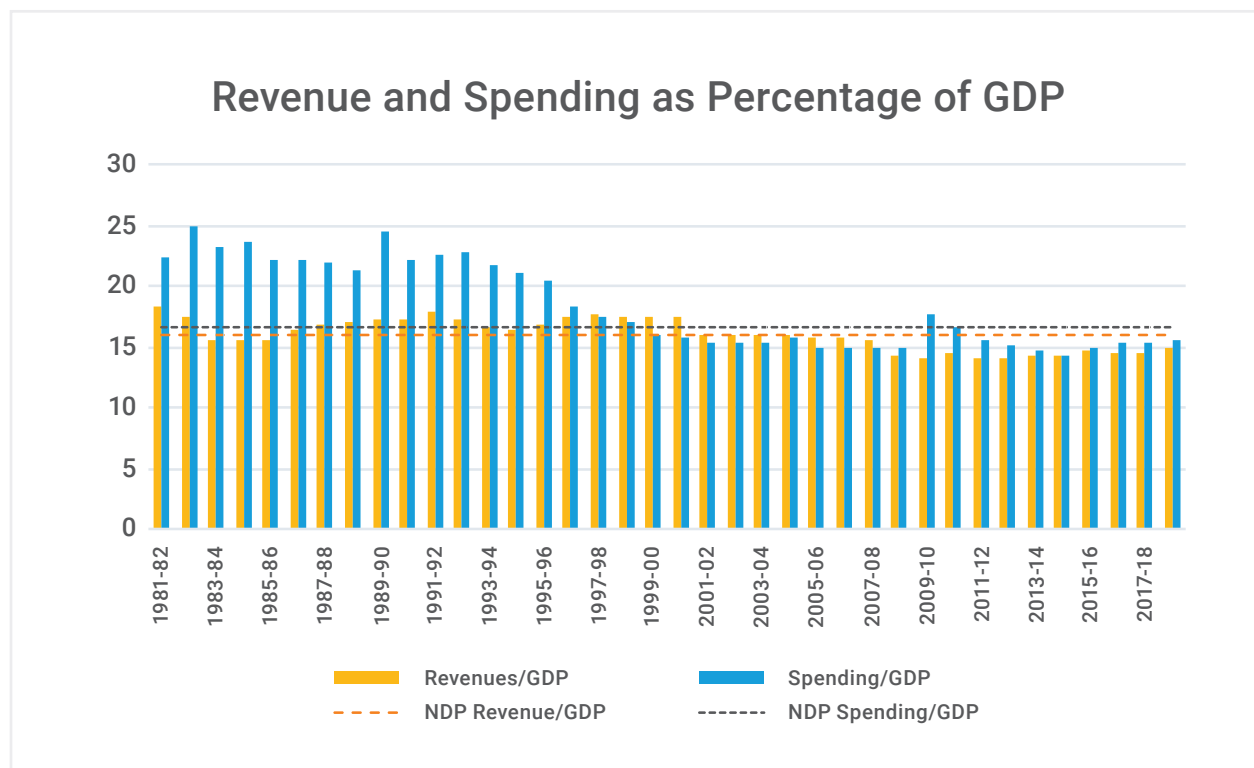
New Democrats will also introduce new tax integrity measures – including important new investments in Canada Revenue Agency enforcement to combat international and corporate tax evasion and avoidance.

The increased revenues and expenditures in our plan are significant, but as a proportion of GDP they are well within recent historical norms.

Our revenues-to-GDP rate will be an average of 16.1%, the equivalent to 2001-2002 levels before Stephen Harper’s radical cuts – and around 1 to 1.5 percentage points lower than the Liberal government of the late 1990s. For further context, average federal revenues between 1996 and 2006 were 16.9% of Canada’s GDP.

Spending as a percentage of GDP under the NDP will be 16.5% in 2023-24 – matching Canada’s 16.6% spending-to-GDP rate of 2010-11 and over a percentage point lower than spending levels under Stephen Harper in 2009-10.

Under our plan, the debt-to-GDP ratio never rises above the Liberals’ 2017 level of 31.34% and continues to decline throughout the four years of this fiscal framework.

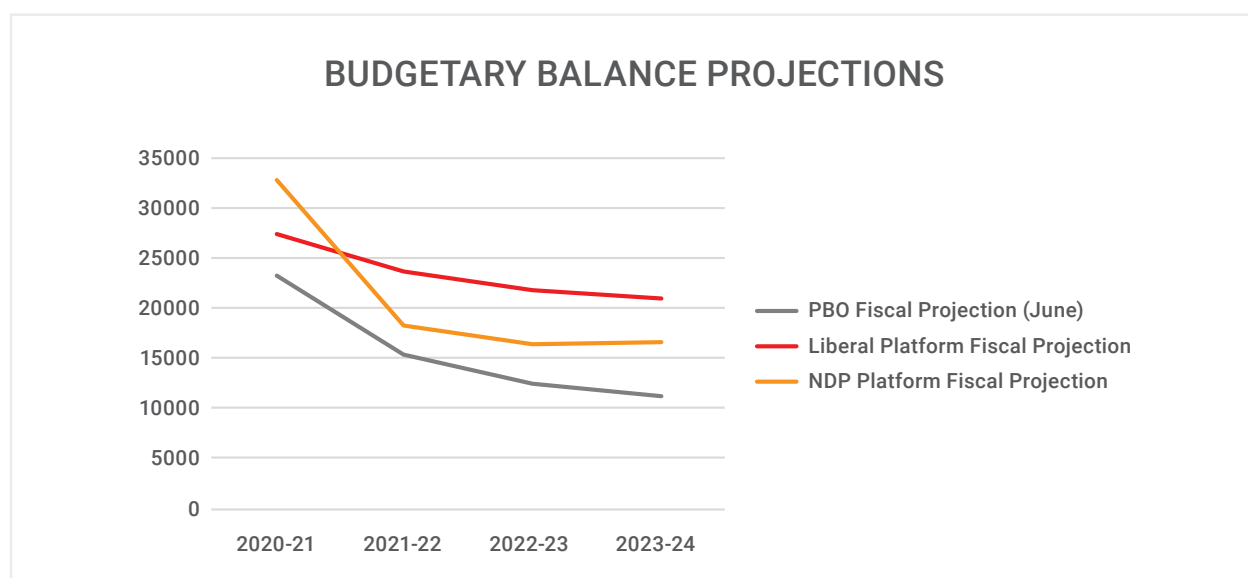


SUMMARY OF TOTAL ALLOCATIONS IN NDP FISCAL FRAMEWORK

(in millions)

	2020-21	2021-22	2022-23	2023-24
TOTAL NEW REVENUES	\$30,543	\$32,221	\$33,323	\$34,340
TOTAL NEW INVESTMENTS	\$35,158	\$29,842	\$31,572	\$33,673
CONTINGENCY FUND	\$4,581	\$4,833	\$4,998	\$5,151
ADDITIONAL INTEREST PAYMENTS ON FEDERAL DEBT	\$415	\$564	\$700	\$885
DEBT-TO-GDP RATIO				
NDP DEBT TO GDP RATIO (with Contingency Fund)	31.3%	30.9%	30.5%	30.0%
NDP DEBT TO GDP RATIO (without Contingency Fund)	31.1%	30.4%	29.5%	29.0%
BUDGETARY BALANCE				
TOTAL NDP BUDGETARY BALANCE (with Contingency Fund)	-32,875	-18,444	-16,474	-16,582
TOTAL NDP BUDGETARY BALANCE (without Contingency Fund)	-28,294	-13,611	-11,476	-11,431
PBO BASELINE BUDGETARY BALANCE	-23,263	-15,426	-12,527	-11,214
LIBERAL BUDGETARY BALANCE	-27,381	-23,727	-21,814	-21,006

NOTE: The 2019-2020 total NDP budgetary balance will be \$24.53 billion.
The PBO baseline budgetary balance is estimated at \$20.7 billion.



A NEW DEAL FOR PEOPLE: OUR FISCAL PLAN