



*Moving Canada Forward:*  
THE PAUL MARTIN PLAN FOR GETTING THINGS DONE

**Liberal** 

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# A MESSAGE FROM PAUL MARTIN



This election campaign will be defined by a fundamental question that will be answered by you and by all Canadians: What kind of Canada do you want?

We find ourselves at a fortunate moment when many of the traditional barriers to getting important things done in this country have become less formidable. Because of the effort and sacrifice of millions of Canadians, we have brought about a real economic turnaround. Old insecurities about the Canadian identity have been replaced by increasing confidence, pride and ambition. As a people, we know what we can do and we know how to do it. We just want to get on with it.

## STRONG SOCIAL FOUNDATIONS

We want a Canada with strong social foundations – a Canada in which people are treated with dignity and given a hand when needed; a Canada in which communities have the tools to find local solutions to local problems.

Liberals envision:

- A Canada in which our publicly funded, universally available health care system both provides exemplary care and exemplifies our national values at work.
- A Canada in which people with disabilities and their families, and the elderly and their families, have the support they need.
- A Canada in which every child is provided a place to learn, so he or she can get the best start in life. A Canada in which everyone has the opportunity for further education regardless of financial means. A Canada in which universal literacy and lifelong learning are woven into the national fabric.
- A Canada with safe and healthy neighbourhoods, with clean air and water and plenty of green spaces.
- A Canada in which we have closed the gap in life chances for Aboriginals.
- A Canada that is secure in its linguistic duality and celebrates its population's cultural diversity.
- A Canada in which no individual and no region is denied the opportunity to participate fully in the building of the nation.

## A 21<sup>ST</sup> CENTURY ECONOMY

Canada's social and economic goals are inseparable. A stronger economy requires strong social foundations. And if we want to build a more fair and generous society, we need a robust economy.

That is why Canada requires an economy that is built to succeed in the 21<sup>st</sup> century, providing well-paying, meaningful jobs and strong, consistent growth. An economy that is positioned at the forefront of the next big technological revolution and constructed on a solid fiscal foundation with competitive tax rates.

A Liberal vision for a 21<sup>st</sup> century economy sees:

- A Canada that is a world leader in developing and applying path-breaking technologies for the environment, health, information and communications, and the life sciences. Whether in today's more traditional industries or those of tomorrow, these enabling technologies will transform our economic base. They will be the engines of global growth, and Canada must be a leader.
- A Canada that succeeds in building globally competitive firms – from start-ups to multi-nationals – that create high-quality jobs to keep young Canadians in this country.
- A Canada built on innovation with world-class research universities, smart regulation and innovative financing – all combining to make Canada a leader in the commercialization of bright ideas.
- A Canada where there are supports to help people balance work and family responsibilities so that all Canadians, especially women, have the opportunity to participate fully in the workplace.
- A Canada where the benefits of the 21<sup>st</sup> century economy are reaped from coast to coast to coast – in our factories and on our farms, in our resource industries, and in our regions and rural communities, where modern communications are helping to surmount the traditional barriers of distance and isolation.

## A ROLE OF PRIDE AND INFLUENCE IN THE WORLD

A Liberal government will work to build Canada's influence in the world. Our nation is admired as a successful society with sound democratic institutions and a tolerant, multi-cultural population. And the world needs the peace, order and good government that Canada exemplifies. This means that Canada can make a difference. We can carry more than our share of the weight.

The Liberal vision calls for:

- A world where Canada speaks with an independent voice for the values of freedom, social justice, tolerance and the rule of law.
- A world where the benefits of global interdependence are spread more fairly, thus alleviating hunger, poverty and disease. These ills are not only moral affronts; they form a breeding ground for despair and desperation.
- A world where this growing interdependence – whether from trade, from security threats, or from global environmental challenges like climate change and overfishing – is managed by truly effective international cooperation and problem solving.
- A world where the international community accepts an obligation to protect people from deadly oppression by their own government. What happened in Rwanda and Bosnia, and in other dark instances throughout history, is simply unacceptable. We need new rules to make it clear when international intervention is justified to protect citizens from tyranny.

These are the goals. In this platform and throughout this campaign, we intend to put in front of Canadians the specific, detailed and costed pledges that a Liberal government will deliver if elected. They are the means by which we will reach our goals, at home and in the world.

The past decade has been one of extraordinary achievement for Canada. Our economy has grown strongly. Canadians have achieved global successes in the arts, in science, in sport and in business. Canada's promise has attracted more than two million immigrants over the past ten years – people who have freely chosen Canada over all other countries in the world. Ours is a blessed land: peaceful, freedom-loving, open and tolerant.

It is vital that we assert and protect what is special about this country. That is a big part of what this election is about. But repeating our blessings and protecting what's unique about our country cannot mask a simple reality: there are things that we need to get done. This doesn't just mean having good intentions. Our obligation is to spell out to you what needs to improve, how we're going to improve it and how much it will cost to do so.

This is how I worked in Jean Chrétien's government to meet Canadians' collective demand that we eliminate the deficits that were undermining our future. Canadians came together to make sacrifices to end three decades of chronic deficits. I am proud of the role I played in this accomplishment as Finance Minister. Now, as Prime Minister, I want to work the same way in several other areas of Canadian life – to fix the problems, starting with health care, but also to seize the abundant opportunities before us.

I think the time is right for meaningful changes and important fixes. Canadians have been telling their governments to get serious about dealing with issues like health care, learning, and quality of life in communities. This document lays out how a federal Liberal government will respond.

We cannot, however, deliver on the things we all care about without your vote. Meaningful changes require a strong mandate from voters. A determined, focused government, a government broadly supported by people, can get important things done.

Canadians can begin this process of getting things done by answering the question that will define this campaign: What kind of Canada do you want?

Do you want a Canada that gets on with the job of building on its historic strengths and values, such as medicare, peacekeeping and equality of opportunity?

Or do you want a Canada that turns away from these distinct values and moves towards a sharply diminished role for government and, ultimately, a less caring society?

As Liberals, we believe in a Canada that is generous and just, prosperous and proud. We believe in a nation in which opportunity is available to all and government is there to help people help themselves. And we are eager to play a progressive, useful role in helping to envision and deliver on what Canada can be.

A handwritten signature in black ink, appearing to read 'Paul Martin', with a stylized flourish at the end.

Paul Martin

CHAPTER

# I

“From its first moments in government, the new Liberal team has moved swiftly to achieve meaningful progress on the things that matter most to Canadians.”

# A STRONG START

Paul Martin and the new Liberal government were sworn in on December 12, 2003.

From its first moments in office, the new Liberal team has moved swiftly to achieve meaningful progress on the things that matter most to Canadians.

In February, the government presented an ambitious agenda for the nation in the Speech from the Throne. In March, it delivered a balanced budget that included significant down-payments toward protecting medicare, reducing the barriers to post-secondary education, and giving our cities and communities the predictable, long-term funding they need to be great places to live. Throughout the winter and early spring, 21 bills were passed in Parliament.

## CHANGING THE WAY GOVERNMENT WORKS

A central focus of the first five months has been tackling the democratic deficit by bringing real and urgently needed change to the way Ottawa works.

Paul Martin took office with a detailed plan to make government work better for Canadians – to make it more democratic, more ethical, more accountable. The new government has:

- Restored Parliament to the centre of national debate and decision-making by implementing broad democratic reforms to give your MP a greater voice.
  - Most votes in the House of Commons are now free votes, in which MPs can represent the views of their constituents as they see fit. Since Paul Martin became Prime Minister, 72% of House votes have been free votes.
  - Parliamentarians now have the authority to review most senior government appointments, including those of heads of Crown Corporations.
  - The government has committed that Parliament will play a role in reviewing Supreme Court appointments.
- Created an independent Ethics Commissioner who reports to Parliament, not to the Prime Minister. The new Commissioner, Dr. Bernard Shapiro, has the full authority to review the actions of all MPs, including Ministers and the Prime Minister – all of whom must abide by the new, tougher conduct guidelines introduced by the new government on its first day.
- Terminated the Sponsorship Program and comprehensively addressed the Auditor-General's criticisms of the program by:
  - Establishing an Independent Commission of Inquiry, headed by Mr. Justice Gomery, to conduct a thorough investigation.



- Appointing a Special Counsel to recover any misappropriated funds.
- Charging the Public Accounts Committee of Parliament – which is chaired by a member of the Opposition – to investigate what happened. The committee held ten weeks of hearings, during which it heard testimony from key witnesses, including the Auditor-General.
- Introduced legislation to protect “whistle blowers” who come forward to report wrongdoing in government and Crown Corporations.
- Overhauled and dramatically tightened financial controls in government, by:
  - Establishing a new Comptroller General of Canada – a chief monitor to oversee all government expenditure and make sure it is done according to the rules. Mr. Charles-Antoine St-Jean has been appointed to the position.
  - Appointing professionally-accredited comptrollers in every government department to sign off on all new spending initiatives at the departmental level.
  - Bolstering the internal audit function across government, giving these groups the authority to delve into every corner of every department.
  - Overhauling information systems so they can track all spending and enable timely public disclosure of government contracts.
  - Putting Ministers’ expenses, as well as those of their staff and senior public servants, on the Web, where Canadians can see them.
- Launched a permanent, ongoing Expenditure Review procedure to eliminate waste and ensure that government spending delivers maximum value to taxpayers. This process is expected to identify at least \$3 billion in annual spending that can be allocated to higher priority areas such as health care.
- Professionalized the appointments process for the Immigration and Refugee Board. From now on, these appointments will be based on recommendations by experts, free of political influence.
- Created a new agency to accelerate the process of continuous improvement in the nonpartisan public service. The goal is to give Canada the most professional civil service in the world.
- Launched a new era of co-operation with other orders of government in Canada. Prime Minister Martin has committed to annual meetings of First Ministers with jointly-determined agendas. In that spirit, the Prime Minister has already met twice with all the premiers and territorial leaders. This summer, First Ministers will meet again to hammer out a fix for our medicare system – they’ll stay at it as long as it takes. The objective: to ensure that Canada’s public health care system is wisely and properly reformed to ensure shorter waiting times, expanded services and long-term sustainability.

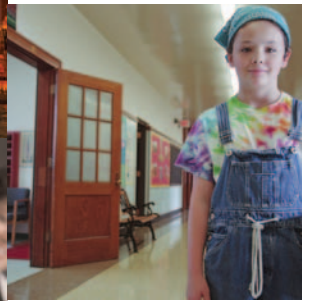
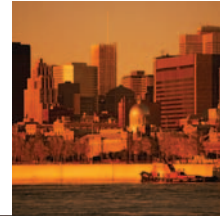
## AN AGENDA FOR GOVERNING

While much of the new government's initial efforts have focussed on reforms in the way Ottawa works, major progress has also been made on priorities that address Canadians' lives more directly. In only five months since taking office on December 12, 2003, the government led by Paul Martin acted on a broad range of policy and legislative priorities. Some highlights:

- **Cities & Communities** – The Liberal government has proposed a New Deal for Canada's cities and communities – a deal designed to give them a greater voice at the national table and the benefit of new funding sources. Long-term predictable funding will help accelerate infrastructure projects such as public transit, municipal roads and bridges, sewer and water treatment, among others. Our first budget included, as a down payment on the New Deal, the elimination of GST on municipal expenditures, increasing the resources available to municipalities across Canada by \$7 billion over the next ten years. The government is being advised on New Deal implementation by a 15-member external committee chaired by the Hon. Mike Harcourt, formerly the Mayor of Vancouver and Premier of British Columbia.

- **Learning** – We have significantly improved access to post-secondary education – both colleges and universities – through a number of specific initiatives in the March budget. For example, the government:

- Created an innovative Learning Bond that will provide a grant of \$500 to every child born after 2003 to families earning less than \$35,000 a year. This will be followed up with additional contributions of \$100 per year for 15 years.
- Encouraged savings by low-income families by pledging to contribute a further 40% of the first \$500 of annual contributions to a Registered Education Savings Plan (RESP). Combined with the Learning Bond, this means that if a low-income family contributes as little as \$5 a week to an RESP, it will have accumulated close to \$12,000 by the time a child is ready for college or university.
- Provided students from low-income families with grants worth up to \$3,000 toward their first-year tuition.
- Substantially improved the Canada Student Loans Program, expanding eligible expenses and reducing the parental contribution expected from middle-income families.



- **Innovation** – The government is continuing the strong record of Liberal support for research, committing \$1.25 billion of new funding for innovation, with emphasis on commercialization – turning bright ideas into jobs and growth. To give research greater prominence on the government’s agenda, the Prime Minister has created the position of National Science Advisor and appointed Dr. Arthur Carty to the post.
- **Public Health** – The March budget provided more than \$1 billion to support public health, including the creation of a new Canada Public Health Agency, which will be comprised of centres of excellence located across the country. The agency will focus on the management of infectious diseases such as SARS and West Nile virus; emergency preparedness and response; and combating chronic diseases such as diabetes. The funding also supports provincial immunization programs and will help relieve stress on local public health systems. And it will allow for improved “surge capacity” so that the public health system can better handle severe outbreaks. In May, 2004, the government appointed an interim Chief Public Health Officer, another important step in the Liberal commitment to public health.



- **Agriculture** – The government responded comprehensively to the extraordinary plight of Canada’s farmers by providing a special \$1 billion assistance package to those who have been hard hit by drought and the BSE crisis. The government has also worked steadily to secure the re-opening of the U.S. and other markets to all Canadian beef. And we have worked with the BC poultry industry to help farmers and processors cope with the effects of avian influenza.



- **Sustaining our Environment** – The Liberal government has made the following important new commitments:

- \$4 billion over 10 years to accelerate the cleanup of contaminated sites across Canada, including the notorious tar ponds in Sydney, Nova Scotia. This is the largest single environmental investment ever made by any government in Canada and will change the face of many communities.
- \$1 billion to be invested in environmental technologies over the next seven years, funded in part by proceeds from the intended sale of the remaining federal ownership stake in Petro Canada. These technologies will help Canada combat climate change and create new global market opportunities for Canadian entrepreneurs.

- **Aboriginal People** – The Liberal government is committed to closing the gap in social and economic conditions between aboriginal people – First Nations, Inuit and Métis – and other Canadians. As one first concrete step toward a new and more cooperative approach, Prime Minister Martin chairs a permanent Cabinet Committee on Aboriginal Affairs to bring a

much-needed government-wide focus to the issue. On April 19, the Prime Minister and 26 cabinet ministers met with senior members of the Aboriginal community to set an agenda for action, one that will bring improved results and strong accountability.

- **National Security** – Immediately upon taking office in December, 2003, Prime Minister Martin created a new Department of Public Safety and Emergency Preparedness, appointed a National Security Advisor to the Prime Minister and established a Cabinet Committee on Security, Public Health and Emergencies, as well as the new Canada Border Services Agency. On April 27, the government released Canada’s first-ever comprehensive statement of an integrated national security policy. This statement, entitled *Securing an Open Society*, addresses threats to Canadians whether from international terrorism, public health emergencies (such as the SARS outbreak) or other public emergencies such as last summer’s electricity blackout in Ontario. The new policy reflects Canadian values of democracy, human rights, respect for the rule of law and pluralism. The policy is supported by \$690 million in new initiatives to address immediate gaps in Canada’s security, notably in the area of coastal security.
- **International Policy** – To provide the intellectual and policy underpinnings to bolster Canada’s influence in the world, the government launched a comprehensive review of international policy that, for the first time, integrates diplomacy, development, defence and trade. The review will be completed this fall. Parliamentarians and Canadians will have the opportunity to debate its analysis and implications. Meanwhile, we have forged ahead on a number of fronts where the need for action is already clear. For example, the government:
  - Passed the world’s first legislation to make low-cost generic drugs available to combat infectious diseases (notably HIV/AIDS) in poor countries. It also increased its contribution to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria and contributed the single largest amount of money among the countries of the world to kickstart an ambitious international program to treat AIDS sufferers in the developing world.
  - Announced the creation of the Canada Corps to enlist the experience and skills of Canadians, including young Canadians, to bolster our nation’s international assistance effort. There is a particularly urgent need to build sound democratic institutions in failed and fragile states, illustrated by desperate situations in Afghanistan, Bosnia, Haiti, Iraq, Rwanda, and many others.
  - Committed to significant and accelerated equipment upgrades for the Canadian Forces, including search and rescue aircraft and new supply ships and armored vehicles – ensuring our military will have the modern tools to do the job for Canada. The government renewed its commitment of forces in Afghanistan and is participating in the United Nations multinational force in Haiti.
- **Relations with the United States** – The government is determined to forge a more sophisticated relationship with Canada’s closest friend, ally and economic partner. This means not only an active engagement with the White House but also ensuring that our views are heard in Congress, in the State Houses and with Governors and in the broader American community. We are also

working to improve cooperation with our provincial and territorial partners in interacting with governments in the United States. This is why the federal government is creating a new Secretariat based in Washington that will coordinate and facilitate much greater contact among elected officials from the two countries and, for the first time, will provide a one-stop shop for both federal and provincial efforts in the U.S.

Prime Minister Martin has also worked to ensure that our efforts are better coordinated at home. This is why he created and serves as chair of a new Cabinet Committee on Canada-U.S. relations and has appointed a Parliamentary Secretary devoted to Canada-U.S. affairs.

The Prime Minister has already held two bilateral meetings with the U.S. President and, in preparation, consulted with provincial Premiers to ensure a truly national perspective on the Canada-U.S. agenda. In his trip to Washington in late April, Prime Minister Martin also met with the leadership of the Congress, a vital centre of decision-making in the U.S. government.

This broad range of initiatives has been made because a more cooperative and well-informed relationship with the U.S. is essential to resolve, and ultimately to prevent, damaging issues from arising: like the softwood lumber dispute and the extended closure of the border to Canadian cattle. The more sophisticated relationship is already bearing fruit. The U.S. has formally agreed to consult with Canada before any action to deport holders of Canadian passports to third countries. Good progress is being made to broaden the scope of the successful Smart Borders initiative. Liberals are confident that a better working relationship with the U.S. will continue to bring about positive, tangible results for Canadians.


- **Legislative Accomplishments** – Since taking office in December, 2003, the government has passed or introduced 36 bills in Parliament, some highlights of which are summarized below.

<b>HIGHLIGHTS OF THE GOVERNMENT'S LEGISLATIVE AGENDA</b>	
<b>Bill</b>	<b>Subject</b>
C-2	Increases import controls of illegal radiocommunication equipment, increases penalties to act as a more effective deterrent.
C-4	Provides for an Ethics Commissioner and a Senate Ethics Officer.
C-5	Provides for new electoral boundaries.
C-6	Establishes a regulatory framework for reproductive technologies by prohibiting unacceptable activities such as human cloning, and establishing the Assisted Human Reproduction Agency of Canada.
C-7	Establishes measures to strengthen public safety including airline safety, regulation of biological agents and toxins as weapons, powerline security, etc.
C-9	Facilitates access to pharmaceutical products to address public health problems afflicting many developing countries (especially those resulting from HIV/AIDS, tuberculosis, malaria).

<b>Bill</b>	<b>Subject</b>
C-10	Allows certain criminal offences to be designated as contraventions and specifies that contravention may be prosecuted by means of a summons or ticket. It creates offences with respect to the possession of small amounts of marijuana and the production of marijuana.
C-11	Gives effect to the Self-Government Agreement for the Westbank First Nation.
C-12	Improves protection of children and other vulnerable persons from pornographic exploitation.
C-13	Updates criminal law to deal with capital markets fraud and evidence-gathering.
C-14	Improves the effectiveness of the criminal law system.
C-16	Provides for a national sex offender database that contains information pertaining to convicted sex offenders.
C-18	Authorizes an additional \$2 billion to the provinces for healthcare.
C-19	Expands the category of offenders who are ineligible for accelerated parole review; establishes the right of victims to make a statement at parole hearings, and provides for the automatic suspension of the parole offenders who receive a new custodial sentence.
C-23	Strengthens first nations' real property tax regimes, creates a first nation bond financing regime, and strengthens first nations' statistical capacity.
C-25	"Whistleblower" – establishes a procedure for the disclosure of wrongdoings in the public sector and provides for the protection of persons who disclose.
C-30	Renews the equalization program to March 31, 2009, and increases amount to be paid in the Canada Social Transfer.
C-31	Gives effect to the Tlicho Land Claims and Self-Government Agreement.
C-32	Authorizes specially-trained peace officers to perform tests and procedures to determine whether a person is impaired by drugs or a combination of alcohol and drugs.
C-33	Provides regulation-making authority for designating persons who may fish under a licence issued to an aboriginal organization.
C-34	Protects the marine environment and migratory birds from harm caused by discharges at sea of oil and other pollutants.

CHAPTER

# 2



“...strengthening our social foundations means improving Canadians’ quality of life.”

# STRENGTHENING OUR SOCIAL FOUNDATIONS

Canada's social programs – our belief that we have a collective responsibility to one another and especially to those who need help most – speak to our nation's values and character. They are part of what makes us who we are as individuals and as a country.

Liberals believe that we must measure our progress as a nation by the standard of care that we set for the least privileged among us. As a society, we must create opportunity and remove obstacles to success. That means swifter access to the health care people need. It means the opportunity to learn in early childhood and throughout life. It means help for our senior citizens and those who care for them. It means improving economic opportunity for our Aboriginal populations.

Above all, strengthening our social foundations means improving Canadians' quality of life. Quality of life is real. People can feel it, see it. We experience quality of life when we feel confident that good health care is there for us; when we see people working with dignity and good pay; when our families and our children have the schooling and higher education they need in today's world.

A Liberal government will strengthen and enhance Canada's social foundations. And it will begin by achieving real progress on the issue that matters most to Canadians: the quality of the health care we receive.

## HEALTH CARE: A FIX FOR A GENERATION

The priorities of a Liberal government begin with publicly funded, universally available health care. There is simply no other issue of such vital significance to Canadians. Liberals are proud of their founding role in making medicare a national priority. We see publicly-funded medicare as the Canadian ideal in action. Nowhere does government interact with people in a more meaningful and consequential way.

Many of us have experienced anxious moments waiting in a hospital emergency room. Some have endured the uneasy wait for diagnostic tests and procedures. Others have spent long nights staring hopefully at monitors in the Intensive Care Unit. Every day in our hospitals pass moments that alter the course of human lives. This is when people need each other most, and government has an obligation to focus the energy of our whole society so that individuals can be confident that they will get the health care services they need.

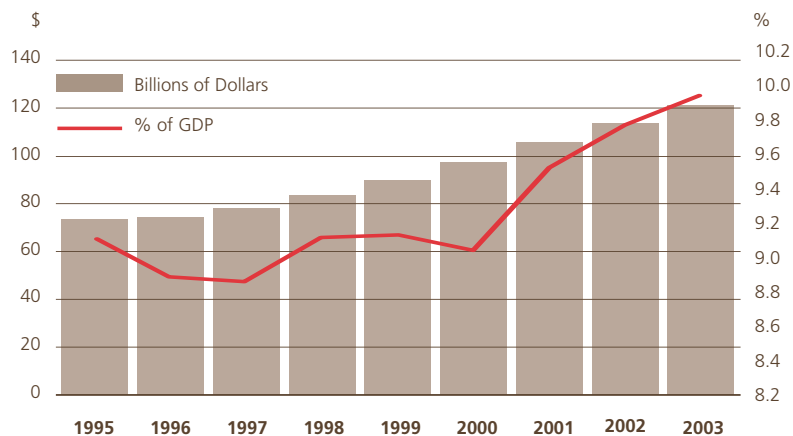
But Canadians feel a growing anxiety that they may not have access to quality care when they need it. Too many are waiting too long for the services they require. Reducing waiting times has become a litmus test of government's commitment to universal, high-quality, publicly-funded health care.



And growing concern over waiting times has increased the likelihood of citizens turning away from the public system.

Governments, meanwhile, have become increasingly concerned about cost pressures associated with expensive new medical technology, the growing cost of prescription drugs, and the reality of an aging population. Questions are being asked about the financial sustainability of medicare.

### Recent Trends in Canadian Health Spending



Clearly, health care in Canada is overdue for reform. Reform – not a fresh round of ideological debate – is what Canadians want in their health system. Exhaustive studies such as the reports of the Royal Commission on the Future of Health Care in Canada, chaired by the Honourable Roy Romanow, and the Senate Committee on Health Care Reform, chaired by Senator Michael Kirby, have settled the debate. Canadians rightly look askance at those who want to reopen the ideological arguments over the basic structure of the system. They just want the parts of it that aren't working fixed.

*"I challenged those advocating radical solutions for reforming health care – user fees, medical savings accounts, de-listing services, greater privatization, a parallel private system – to come forward with evidence that these approaches would improve and strengthen our health care system. The evidence has not been forthcoming... Canadians want their health care system renovated; they do not want it demolished."*

Hon. Roy Romanow, Nov. 29, 2002

Liberals are ready to take up the challenge laid down by Canadians. We are committed to reforms that focus on patients and their families: service improvements that make doctors, nurses, and other health care professionals available when needed, and where needed. We understand that Canadians want reform to ensure that diagnostic tests and treatments are governed by need, and are delivered within an appropriate time. Canadians want reform to guarantee that publicly-funded, universally available health care will be there for them, their children, their grandchildren and beyond.

Canada needs health care reform that delivers tangible results. These results must be reported plainly so that all Canadians can see how well their health care system is working and where it needs improvement. Canadians also expect their governments to co-operate in getting the system right. They have had enough of the blame game. They want to see politicians fighting for medicare, not fighting over medicare.

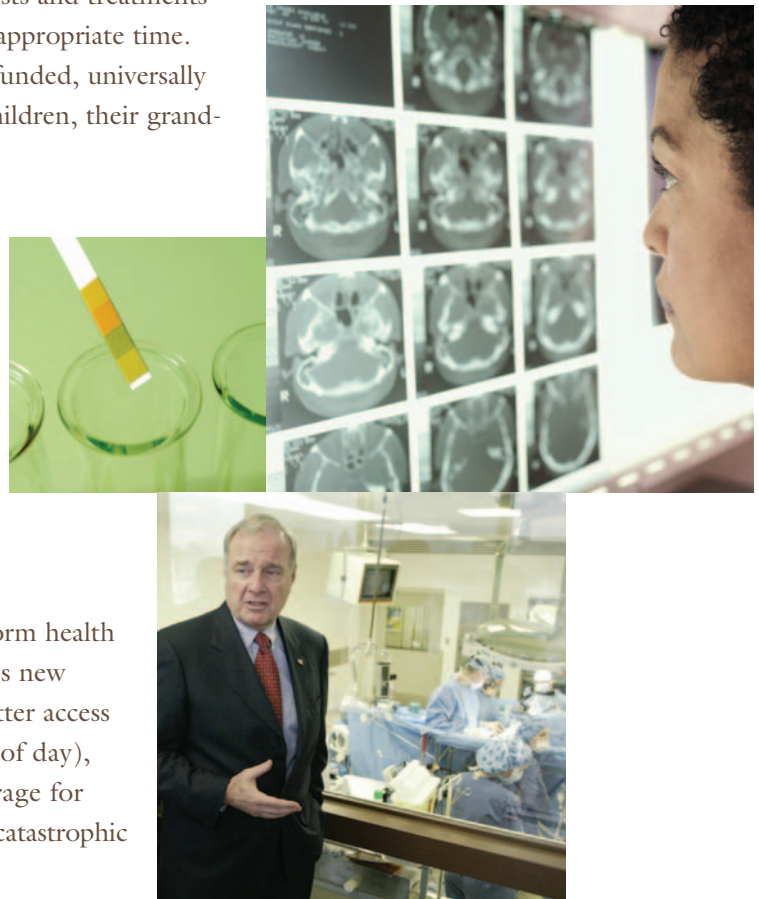
There is broad consensus on what is needed to reform health care in Canada. Genuine, beneficial reform requires new approaches to primary health care (for instance, better access to doctors, nurses and clinics, no matter the time of day), home care, a reduction in waiting times and coverage for prescription drugs in situations where expenses are catastrophic to personal or family finances.

These changes need to be complemented by long-term improvement in the overall health of Canadians through better lifestyle habits and the reduction of poverty.

Finally, reform requires transparent, publicly-available information about health outcomes and costs so that Canadians can hold their governments accountable for the health care system's performance.

Clearly, reform depends on a lot more than dollars. Nevertheless, governments will need to spend more in the years ahead to achieve Canadians' health care goals.

A Liberal government will increase transfers to provinces and territories to ensure that Canadians receive the service they need. Indeed, we have already committed \$37 billion in new money over five years from 2003-04. We will do more.



## STABLE, PREDICTABLE LONG-TERM FUNDING.

We will ensure that the federal government is bearing a fair share of the cost of publicly provided health care. We will begin by closing what has been called the “Romanow gap,” identified in Mr. Romanow’s report and reflecting principles that go back to the period prior to 1977 when medicare services were explicitly cost-shared between the provincial and federal governments. On the basis of the figures set out in the Romanow report, the current “gap” will be eliminated by increasing federal health transfers to the provinces by a total of \$3 billion (beyond all existing commitments) during this fiscal year and next – i.e. by April, 2006. The government has already committed further substantial increases through 2007-08.

Looking forward, a Liberal government will put health care money for the provinces on a long-term predictable basis. A fair and objectively defined escalator formula will assure a steady increase in federal support. A defined formula will help provinces plan better and it will eliminate the annual bickering over money that has too often overshadowed the real purpose of federal-provincial cooperation, which is to provide better health care for Canadians.

Liberals support the 2003 First Ministers’ Accord on Health Care Renewal. The Liberal government has already made available \$16 billion towards its implementation through a five-year Health Reform Transfer. Unfortunately, important aspects of the Accord, particularly home care, have not been implemented and appear to be losing momentum. A Liberal government will work with provinces and territories to restart the process of expanding the public system on a national basis.

This process begins with the First Ministers’ meeting that will be held this summer. We are confident that the meeting will agree on the reforms that will fix medicare for a generation. Obviously, this discussion will involve a measure of give-and-take. Provincial jurisdiction over health care will be respected. Nonetheless, Canadians need to know the federal government’s proposals for fixing medicare. It is our hope that the Liberal goals and proposals, as set out in these pages, will gain popular support, making it all the more likely that they come to fruition at the First Ministers’ meeting and in the implementation period that will follow.

## The National Waiting Times Reduction Strategy and The “Five in Five” Plan

A Liberal government will take direct aim at waiting times for key medical procedures.

We will work with provinces and territories to implement a **National Waiting Times Reduction Strategy**. Canadians need to know how long it currently takes to get a procedure like an MRI, and how long it should take. The strategy will allow Canadians to know how long it takes to see a doctor or to get needed hip surgery, or how quickly their child will be seen in the emergency ward. Canadians will know whether or not those waiting times are considered by medical experts to be reasonable and appropriate. Canadians will know whether their waiting times are more or less than those in other parts of the country. Above all, they will know that their governments are bringing down those waiting times to ensure they get care when they need it.

### THE NATIONAL WAITING TIMES REDUCTION STRATEGY:

**A major effort to work with provinces and territories, to measure and publish existing waiting times, determine which waiting times should be reduced first, and, then to do what it takes to bring waiting times down. Federal support for the strategy will be provided by \$4 billion in new and targeted funds.**

How will this produce the tangible results Canadians want? We have a two-track action plan.

First, the federal government will work collaboratively with provinces and territories, the medical profession and patient groups to define reasonable and medically appropriate waiting times, and to identify the places where they are unacceptably long. Teaching hospitals and regional health authorities – which play such a critical role in the system – will also be asked to contribute to the process.

The new Waiting Times Reduction Fund of \$4 billion will be available to help provinces and territories eliminate the gap between current performance and appropriate waiting time targets. As the complex process of gathering comparable waiting time data unfolds, a medical expert panel working with the newly-established Health Council will determine whether any cases exist of waiting times causing significant clinical concerns. In such cases, extraordinary efforts will be made on an urgent basis to bring these times down to a medically appropriate level.

Canadians need to see real evidence of early action on waiting times. In some cases, we already know the waiting times are too long and what needs to be done to bring them down. That’s the second track: “Five in Five”.

## FIVE IN FIVE

The “Five in Five” plan – an all-out drive to achieve major reductions over the next five years – by the end of 2009 – for waiting times in at least five key areas: cancer, heart, diagnostic imaging, joint replacements, and sight restoration.

Specifically, the “Five in Five” plan would:

**GET THE DATA.** Publish nationally comparable waiting times in all five areas by December 31, 2005.

**SET THE TARGETS.** Establish at the same time national objectives for appropriate waiting times in these areas. These targets would be developed in collaboration with the provinces and territories relying on the work of the Health Council, the Canadian Institute for Health Information, the Canadian Institutes for Health Research and health professionals.

**FIX THE PROBLEM.** Work with each province and territory to reduce its waiting times to the national objectives in these five priority areas by the end of 2009.

**HELP PAY THE BILL.** The \$4 billion in special funds for the National Waiting Times Reduction Strategy will be deployed alongside provincial and territorial funding to hit the target of eliminating inappropriate waiting times in these five priority areas.

## Primary Health Care

A goal of a Liberal government is for all Canadians to have access to an appropriate care provider 24 hours a day, 7 days a week. Canadians should not have to rely on long waits in hospital emergency rooms for after-hours care. Good progress is already being made by provinces toward this objective, which is an important element of the broader drive to reduce waiting times. More must be done. Our commitment to stable, long-term predictable funding on health entails Canadians receiving timely access to a physician or other appropriate health care practitioner, including emergency care whenever needed. A portion of the proposed \$4 billion Waiting Times Reduction Fund could support proposals to increase primary care options and thus reduce the excessive waiting times so often experienced in overburdened emergency rooms.

## PRIMARY CARE REFORM

- A Liberal government will work with the provinces and territories to overcome the shortage of medical providers that exists in too many parts of Canada – in part by increasing the number of medical spaces in universities and accelerating the qualification of new immigrants with medical credentials. For example, we will work with the provinces to ensure our medical schools support top-up training and clinical experience for doctors who immigrate to Canada and commit to serving in areas where need is most acute. For our part, we will support a program to train 1,000 new Canadians to provide first-class primary care physicians right across the country.
- In addition, the government will work with the provinces and professional associations to determine an appropriately expanded role for nurse practitioners and other health care professionals to reduce the load on doctors in front-line care.
- A Liberal government will also continue to financially support Canada Health Infoway's development of a national electronic health record system. The e-record is an essential element of a safer and more efficient primary health care system.

## Home Care

More and more Canadians are seeking to shorten hospital stays and receive care in their homes. This type of service is demonstrably better for individuals, and it takes some of the strain off the finite resources of hospitals. It is sound management to expand the use of home care. It is also the right thing to do.

Currently, there is a patchwork of home care services across the country. Provinces and territories provide widely varying levels of coverage and service. Liberals believe that the home care sector must be developed to maturity and brought into the centre of the publicly-funded health system over the next 10 years.

A Liberal government will introduce a National Home Care Program, laying the foundations for full inclusion of appropriate home care services in our public health system.

## NATIONAL HOME CARE PROGRAM

The program will begin with services in the following areas:

- Home care services for post-acute patients, including coverage for medication and rehabilitation services.
- Home mental health case management and intervention services .
- Palliative home care services to support people at the end of life.

The federal government will create a new Home Care Fund totaling \$2 billion over five years to encourage the needed reforms. This money will be allocated on a per capita basis to provinces and territories that have passed legislation governing the provision of at least an agreed-upon, minimum basket of home care services.

## Prescription Drugs

The Liberal policy goal is to ensure that no Canadian suffers undue financial hardship in accessing necessary drug treatment. Today, drugs are the fastest growing component of health care costs. At the same time, appropriate drug therapy can improve overall health and reduce unnecessary use of hospitals and other expensive acute care resources. But drug coverage varies significantly across the country. Working with the



provinces and health care providers, we will design the right nationwide approach to provide all Canadians with a basic level of coverage, including catastrophic protection, and to contain pharmaceutical costs.

The objective of a Liberal government will be to agree with provinces and territories on a national pharmaceuticals strategy by 2006. That would be followed by appropriate legislation and supported by a federal funding contribution, the size of which will be determined once the strategy is agreed. In the meantime, needed drugs will be included in the proposed home care program –

freeing many of the need to stay in hospital by allowing them to receive medication free of charge at home.

## Respecting the Canada Health Act

The CHA, the act that governs medicare, remains a symbol of shared values for Canadians. The Act has five principles – public administration, comprehensiveness, universality, portability and accessibility. A Liberal government will enforce each of them.

## BETTER CANADA HEALTH ACT DISPUTE RESOLUTION

A Liberal government will:

- Formalize a procedure among federal, provincial and territorial governments regarding Canada Health Act dispute resolution. Cases will be referred to a three-person independent expert panel. The panel would assess whether there has been a breach of the Act and would recommend appropriate penalties to the federal Minister of Health for a final decision.
- To ensure violations of the Act are corrected as quickly as possible, any funds arising from penalties would be returned to the province once compliance was restored.

The Prime Minister has declared his determination to work with the provinces this summer to end the yearly feuding over funding and achieve a ten-year agreement on health care. A strong mandate from voters will help ensure that all those at the negotiating table understand that Canadians want their elected representatives to sit down, talk it out and emerge with a fix for a generation.

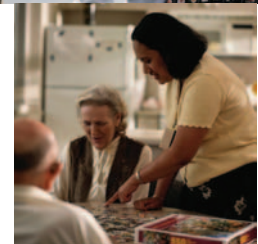
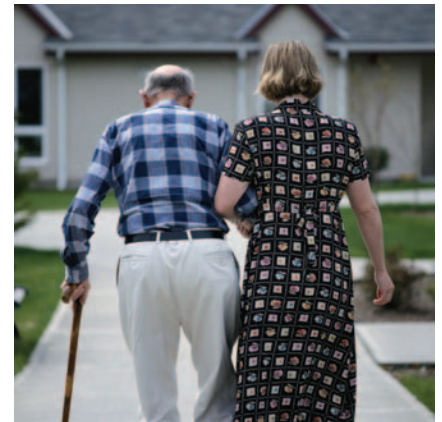
## RECOGNIZING THE GROWING ROLE OF CAREGIVERS

We need to give appropriate recognition to the savings for the health care and public institutional systems that come from the dedicated volunteerism of family caregivers in a wide variety of situations.

For example, more than 170,000 elderly sufferers of Alzheimer's disease are being cared for at home by unpaid family members and friends.

What do family caregivers need? They need respite – temporary breaks from the emotional and physical exhaustion of round-the-clock responsibility. They need information and training with respect to the needs of the care receiver. They need counseling and peer support.

The government currently supports those caring for aged or infirm relatives with the Caregiver Tax Credit (introduced in 1998) and with a new credit introduced in the March, 2004 budget that allows a caregiver to claim up to \$5,000 of medical and disability-related expenses incurred on behalf of a dependent relative.





More can and should be done through the tax system to assist caregivers, but there are limits to this vehicle. The qualifying rules are often complex and caregivers may not have sufficient taxable income to take full advantage of the credits.

A broader approach is needed. A Liberal government will work with the provinces and stakeholder groups to develop a comprehensive strategy to increase support for “informal” caregivers – spouses, children and close relatives and friends. This strategy would include various models of delivery.

## **FAMILY CAREGIVER SUPPORT**

### **A Liberal government will:**

- **Commit up to \$1 billion of new resources over the next five years to help implement the strategy jointly with provinces. If within 24 months there has been no agreement on new support mechanisms, the federal government will ensure that alternative ways are developed to make the new resources available to caregivers.**
- **As a concrete first step, double to \$10,000 the amount of medical and disability-related expenses that can be claimed by a caregiver on behalf of a dependent relative.**

## **ENHANCING THE GUARANTEED INCOME SUPPLEMENT**

Canada’s system of guaranteed income, which was designed to ensure every Canadian senior enjoys a dignified quality of life, is one of our nation’s signature achievements. It demonstrates our collective commitment to assisting those who require it most, and honours the debt to those who have contributed so much during their working lives.

The Guaranteed Income Supplement (GIS) is currently adjusted quarterly to keep up with consumer price inflation. Benefits increase as prices go up on average. This keeps the buying power of the GIS about constant. But the average wage rate of working Canadians has been rising faster than inflation. This means that those who rely on the GIS have been falling behind the standard of living of working-age Canadians.

## GUARANTEED INCOME SUPPLEMENT HIKE

A Liberal government will increase the incomes of Canada's least wealthy seniors. Acting on a key recommendation of two Liberal Task Forces, the GIS base will be increased to reflect the fact that wage growth has exceeded inflation. Once fully implemented, the improvement will result in an increase of roughly 7% to the income of GIS recipients. This increase is of course in addition to the quarterly inflation adjustments of the GIS.

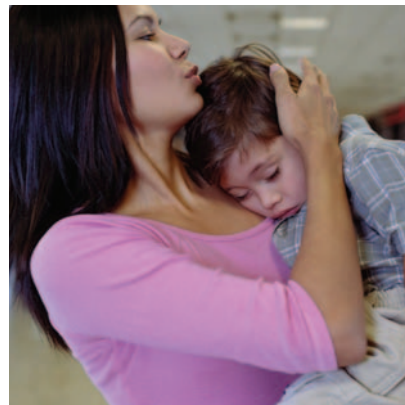
The federal government offers a wide range of programs that benefit seniors, and government policies affect seniors in myriad ways. This activity needs a co-ordinating focus to ensure the greatest overall benefit and ease of access for seniors. For these reasons, a Liberal government will create a Secretariat for Seniors.

## SECURING THE PLACE OF ABORIGINAL PEOPLES IN CANADA

Canada's Aboriginal peoples are the fastest growing segment of our population. They make up the most youthful demographic group in society. Yet theirs is collectively a story of promise untapped and promises unfulfilled. Decades of well-intentioned government policies have been enacted to insufficient benefit. The plight of Aboriginal Canadians has for the most part eluded all attempted remedies.

Paul Martin has pledged to reverse this course. The government has already begun to do so, a fact highlighted by an historic roundtable with Aboriginal leaders and more than two dozen federal cabinet ministers in April, 2004, and by the creation of a Cabinet Committee on Aboriginal Affairs, chaired by the Prime Minister.

A Liberal government will continue to work in collaboration with Aboriginal leaders – and with the provinces and territories – to design policies that bring real and beneficial change to Aboriginal people. We understand that the needed improvements will in some cases take years to become firmly rooted and widespread. The quick fixes have all been tried. We must get to the source of the difficulties rather than merely manage the symptoms.



Effective governance and institutional restructuring underpin our collective ability to build capacity, ensure greater self-reliance and transform the quality of life of Aboriginal peoples. In addition to working toward improved and more accountable governing structures within Aboriginal communities, a Liberal government will focus its effort around two themes: learning and economic self-reliance and health and well-being. These are the most effective ways in which the federal government can make a real difference in improving the lives of Aboriginal Canadians.

Central to the success of our policies will be to establish ambitious quality of life targets. These targets will serve not only to gauge the ongoing success of new initiatives but to motivate future governments to stay the course. We must never lose sight of the fact that governments, Aboriginal leaders and Aboriginal people themselves must each play a role in writing the new success story.

### **QUALITY OF LIFE IMPROVEMENT**

**A Liberal government will work with Aboriginal leaders, the provinces and the territories to put in place the quality-of-life improvements that will enable:**

- **Aboriginal high-school completion and post-secondary participation to equal that of non-Aboriginals.**
- **Aboriginal employment levels to equal those of non-Aboriginals.**
- **Aboriginal health status as measured by life expectancy and infant mortality to match the Canadian average.**
- **All Aboriginal communities to have, by 2008, clean water and adequate housing.**

Meeting these targets will take time and dedicated commitment, both from Aboriginal communities and governments. We will start now.

Enhancing Aboriginal education is clearly one of the keys to engineering the needed turnaround in Aboriginal life. Despite significant federal investments over many years, First Nations people living on-reserve are as many as 30 years behind the general population in education attainment rates.

## **ABORIGINAL EDUCATION**

**To close that gap, and to improve Aboriginal economic independence, a Liberal government will:**

- **Provide incentives to create comprehensive K-12 First Nations education systems.**
- **Develop initiatives and alternative delivery methods to increase enrollment and success in post-secondary education.**
- **Improve access to capital through innovative financing vehicles, including venture capital funds.**

## **ABORIGINAL HEALTH**

**Attaining enhanced health outcomes will also require specific, targeted action. A Liberal government will enhance Aboriginal health and well-being by:**

- **Establishing an Aboriginal Health Transition Fund to better integrate health services with provincial and territorial systems, ensuring better access and the availability of quality health services.**
- **Improving dramatically the quality of water and wastewater treatment in First Nations communities. Funding of \$600 million over five years is already committed.**
- **Working with provincial, territorial and municipal governments to provide affordable off-reserve housing.**

Beyond these specific initiatives designed for Aboriginal Canadians, many of the other priorities of a Liberal government will bring benefits to Aboriginal people as well, and in many cases were designed with their impact on Aboriginal Canadians in mind. The Liberal plan for early learning and child care (see next page), for instance, will provide many Aboriginal parents with greater employment flexibility while ensuring that their children receive quality care and education in early life. The Liberal commitment to communities recognizes the need to help Aboriginals, especially the young, who are increasingly moving to cities in search of opportunity. Our \$4 billion plan to clean up contaminated sites will have its greatest focus in the north and will result in substantial employment opportunities for the region. And the Liberal plan for health care will be as great a benefit to Aboriginal people as to all Canadians.

We will work to remove obstacles and create opportunities. A Liberal government will celebrate the accomplishments of Aboriginal Canadians at every step along the way.

## FOUNDATIONS: A NATIONAL EARLY LEARNING AND CHILD CARE PROGRAM

The case is compelling for investing in high-quality early learning and care available to every child. Studies conducted in Canada and throughout the world conclude that good child care and early learning contribute immensely to the healthy growth of children, as well as to their physical, emotional, social, linguistic and intellectual development. Simply put, it gives kids the best possible start in life.



Accessible and affordable child care and early learning are also smart investments in our economy. To begin with, these investments respond to the reality of modern life: that both parents want to, and often need to participate more fully in the paid labour force while knowing that their children are thriving in a caring, stimulating environment. Investments in child care and early learning are also smart because they help to level the playing field for those disadvantaged by birth or background, and because they set our youngest on the path to lifelong achievement. As well, Canadians know that education is the key to success in the 21<sup>st</sup> century economy. A strong, national program of early learning and care for Canada's children is the single best investment we can make in our future. This is clear to anyone who has ever watched a child learn to read, or gaze at a map, or work at building something with others.

Child care and early learning are part of a broader pattern. Access to learning opportunities throughout one's lifetime is critical. The current Liberal government used its first budget to deliver on its pledge to reduce the barriers to post-secondary education. We raised the ceiling on student loans, established grants to first-year students of modest means and created and funded a Learning Bond to help low-income families save for college or university.

Following the same logic, a Liberal government will act on the knowledge that the foundation for future achievement is set in early childhood, when intellectual and emotional potential can be encouraged and nurtured. Traditional day care can be expensive, and it does not always include an educational element. We believe that every child will benefit from learning at an early age, and that no child should be denied access to such benefits by reason of cost. That's a big part of what Canada is about.

But Canada clearly has not done enough. Progressive systems are commonplace throughout Europe. In France for example, virtually all children from the age of two-and-a-half receive care for the full school day. Denmark has a comprehensive, largely publicly-funded program for all children younger than age seven. The systems in Canada and the U.S. are nowhere near as advanced. Child care programs exist in provinces across the country, but they are very uneven. Some offer a learning component, others less so. Some require high levels of professionalism of those working in the publicly-supported system, others less so.

Quebec provides the exceptional example. It is the North American leader in early learning and care. In Quebec's system, community-based organizations provide child care at a moderate fee. This is a standard to which early learning and care across Canada should be lifted. Learning from each other and embracing what has worked elsewhere in Canada, makes us stronger as a nation and as a people. That's what our federation is all about.

The time has come to do more. Over the next decade we must build for Canada's children and parents an early learning and child care system for the 21<sup>st</sup> century.

#### **A LIBERAL GOVERNMENT WILL CREATE FOUNDATIONS: THE NATIONAL EARLY LEARNING AND CHILD CARE PROGRAM**

**We will phase in a contribution of \$5 billion over the next five years, beyond funds already committed, to accelerate building the national system. The Foundations program will ensure that children have access to high-quality, government-regulated spaces at affordable cost to parents.**

**A Liberal government will enshrine in legislation four principles for Foundations – the "QUAD":**

**QUALITY.** Each facility must be regulated by the province or territory to ensure safety and an appropriate complement of professionally-qualified child development staff.

**UNIVERSALITY.** The program will be open, without discrimination, to pre-school children, including children with special needs.

**ACCESSIBILITY.** The program will be affordable for parents.

**DEVELOPMENTAL.** The program must include a component of development / learning that is integrated with the care component.

Attempts to bring provincial programs to a high standard have been made before. The Liberal government sought in the early 1990s to put in place an early learning and child care program. Unfortunately it was not possible to reach agreement with the provinces at the time, in part because almost all governments were struggling to cope with unsustainable fiscal situations, but also due to the fact that there was no agreed-upon process to guide federal investment in the provinces' domain of social policy.

However, in early 1999, a Social Union Framework Agreement (SUFA) was reached on principles regarding the creation of joint initiatives. Already the Liberal government had worked successfully with the provinces and territories to develop the National Child Benefit in 1997. Since then, federal commitments to the NCB have increased to ensure more than \$10 billion annually by 2007. Meanwhile, in the area of early learning and child care, considerable progress has been made by provinces themselves and through co-operative efforts among the federal, provincial and territorial governments, notably the Early Childhood Development Agreement (2000), and the Multilateral Framework on Early Learning and Child Care (2003). Federal contributions in these areas were accelerated in the last budget. Existing commitments now total \$3.6 billion over five years, 2004-05 through 2008-09.

The implementation and details of the new Foundations program will be worked out collaboratively with provinces and territories consistent with the principles of the Social Union Framework Agreement. Provided provincial early learning and child care programs meet the QUAD principles, provinces will have flexibility to design a roll-out plan based on the most appropriate implementation to suit their circumstances.

To receive funding under the new Foundations program, provinces and territories will be invited to pass legislation implementing the QUAD principles. It is hoped that provinces will also contribute additional funds beyond those they are already spending on early learning and child care. Even if they do not, the federal government will provide a per capita share of funds to support existing provincial or territorial programs that embody the QUAD principles. But in this case the province's program would have fewer spaces or would develop more slowly than would be the case if the province contributed new funds.

Governing is about making choices – choices about how to devote finite resources so that they accomplish the most good for the people. A Liberal government will choose to invest in our children. Canada needs an early learning and child care system of high quality. Right now, we have a beginning, but we need to finish the job. A Liberal government will work with its provincial and territorial partners – just as we did with the National Child Benefit – to give Canada's children the start they need, the Foundation upon which their success, and ours as a nation, will be built.

## THE NEW DEAL: SUSTAINABLE CITIES AND COMMUNITIES

Canada depends on cities and communities that can attract the best talent and compete for investments as vibrant centers of commerce, learning and culture. We want Canadian cities and communities to be great places to live, places that provide affordable housing, good public transit, quality health care, excellent schools, safe neighborhoods and abundant green spaces.

That is why Liberals are committed to a New Deal, based on principles of sustainable development, to build cities and communities that balance economic opportunity, social well-being and environmental conservation.

The New Deal is a real deal. The 2004 budget, by eliminating the GST on municipal expenditure, delivered a down payment of \$7 billion in unconditional funding to municipalities over the next 10 years. The budget also accelerated infrastructure funding, committing to spend the \$1 billion Municipal Rural Infrastructure Fund over the next five years instead of over 10.

But the New Deal is not just about financial transfers from the federal government. It's about doing things differently, and doing things better. It's about a transformative new partnership. The quality of life in our communities depends on municipal, provincial and federal governments each fulfilling their particular responsibilities. All three are in fact contributing to the same national interest when they work to ensure that Canadians have access to clean water; that greenhouse gases are reduced to protect our climate; that new comers to Canada can find safe, affordable and adequate housing.

### THE NEW DEAL

A New Deal for Canada's cities and communities means that a Liberal government will:

- Recognize municipal governments as partners in implementing Canada's national agenda. This means, for example, that municipalities will be formally included in pre-budget consultations.
- Build on the successful development agreements with Winnipeg and Vancouver as models to extend co-operative partnerships among the federal, provincial and municipal governments right across Canada.
- Decide by this year-end on a plan to provide, for the benefit of municipalities, a share of the federal gas tax (or its financial equivalent). Beginning in 2005, the amount will be ramped up within the next five years to 5 cents per litre, or at least \$2 billion. This revenue will be a source of stable, predictable funding so that municipalities can make long-term financial commitments to undertake major new infrastructure projects.
- Ensure that an equitable share of funds is available both for large cities and smaller municipalities.



## Tackling the Infrastructure Deficit

The Federation of Canadian Municipalities has estimated that there is a \$60 billion infrastructure “deficit” in our cities and communities that is growing every year. We will work co-operatively with provinces and municipalities to use new financial resources and innovative capital investment techniques, with a goal of eventually eliminating that deficit.

There is already broad consensus that the initial projects should focus on transit, local roads and bridges, water and sewer, and, particularly in smaller communities, broadband communications.

The dedication of a portion of gas tax revenue to support major infrastructure will be in addition to the government’s existing infrastructure programs – the Canada Strategic Infrastructure Fund; Municipal Rural Infrastructure Fund; and the Green Municipal Funds.

## Providing Shelter: Social & Affordable Housing

Shelter is a basic human need and the foundation upon which healthy, secure, socially inclusive communities are built. Adequate housing also fosters stability in all aspects of life, particularly in school and work performance. It is also critical to the successful settlement of new Canadians and to ensure supportive environments for Aboriginal people.

A Liberal government will continue to contribute to solutions for housing in Canada, building on our existing \$1 billion contribution to stimulate affordable rental housing; funding for services to the homeless through the Supporting Communities Partnership Initiative (SCPI); and support to keep housing for those on low-incomes in decent repair through the Residential Rehabilitation Assistance Program (RRAP). These programs together with other CMHC support for assisted housing total \$2 billion of annual federal funding for social and affordable housing.

### HOUSING

**A Liberal government will do more to stimulate assisted housing by providing a further \$1 to \$1.5 billion over the next five years to:**

- **Extend and enhance existing vehicles – including the Affordable Housing Initiative, SCPI, RAAP and Aboriginal housing on and off-reserve.**
- **Support innovative initiatives developed in consultation with provinces, territories and stakeholder groups. This could include a “Housing Works” foundation to leverage contributions for new affordable units from various levels of government, community groups and the private sector.**

## Greening Canada's Communities

Liberals are committed to environmental sustainability. This is demonstrated by our commitment of \$4 billion to clean up contaminated sites across Canada, many in our northern communities, but also including the tar ponds in Sydney, Nova Scotia. It is demonstrated by our investment of \$600 million to provide clean water in Aboriginal communities. And it is demonstrated by our emphasis on support for public transit in Toronto and for the Metro in Montreal. A commitment to environmental sustainability is why we created the Green Municipal Funds to accelerate investment in environmental technologies that deliver cleaner air, water and soil, and climate protection.

Developing clean, renewable energy sources is one of the greatest contributions Canada can make to the global effort to come to grips with environmental sustainability by reducing the emissions that threaten the global climate, and slowing the consumption of non-renewable fossil fuels.



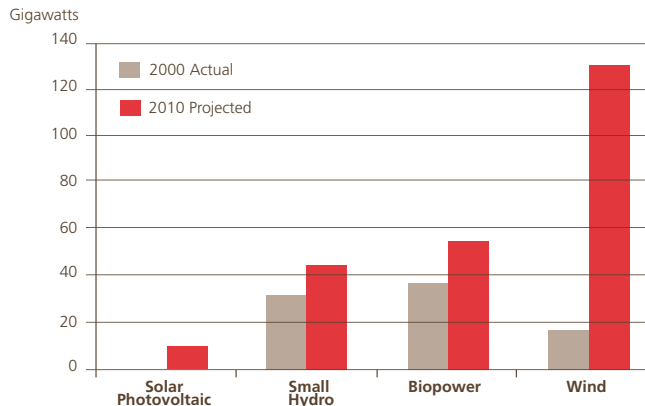
Wind powered electricity has the potential to make a big difference. In Denmark, for example, more than 20% of electricity is wind generated. Wind is already making significant contributions in Germany, in Texas and in a rapidly growing number of locations around the world. In fact, wind is the world's fastest growing energy source, increasing by more than 30% annually for the past five years.

Wind is an ideal form of energy. It is pollution-free and infinitely sustainable. It doesn't require fuel. It doesn't create greenhouse gases, and can be coupled with other forms of low-impact energy, especially hydro.

Canada is one of the best places in the world for wind power. For example, Canada's strongest wind season is winter, which is also our highest season for electrical use, mainly for heating. Also, the air in our long winters is colder and denser, making it particularly effective at turning the turbines that harness wind energy.

Many areas of Canada have excellent wind resources: the prairies, our coastal areas, and the tundra in particular. What is needed to harness this vast untapped resource is the will to try something new.

## Installed World Renewable Power



A Liberal government will help to convert this great potential into reality. The goal is to make Canada a world leader in wind energy utilization, so that within a decade, five per cent of Canada's electricity will be generated by wind. This begins with the will to dream and the determination to make that dream come true. A three part plan is proposed.

### HARNESSING WIND POWER

- **Encourage investment** – A Liberal government will quadruple the objectives of the existing Wind Power Production Incentive (WPPI) from its current 1,000 megawatts (MW) target to a 4,000 MW target. The expanded incentive will kick-start a number of major projects that are in the advanced planning stages in almost all provinces. Quebec, for example, has issued a request for proposals to construct a 1,000 MW wind farm. The economics of wind power are improving rapidly, but it is not yet cost-competitive with conventional fossil fuel sources. The expanded incentive will also help to build a domestic wind power industry to make us a leader in serving North American and world markets.
- **Develop the market** – A Liberal government will promote the benefits and cost-effectiveness of wind power to increase consumer demand through a public education program and support for the stated targets. Particular encouragement should be given for small scale projects in isolated communities to complement, or even replace, costly diesel generation.
- **Promote R&D** – A Liberal government will increase support for R&D on clean energy sources generally, and particularly for wind power. We will create a Canadian National Wind Atlas, a crucially important data source for determining the optimal locations for wind farms. The government will also work with provinces and territories to modernize standards regulating wind turbines and to create common guidelines for wind power policies, rules, and regulations.

CHAPTER

# 3

“Canadians understand that a strong economy is the essential underpinning of a successful society.”

# BUILDING A TWENTY-FIRST CENTURY ECONOMY

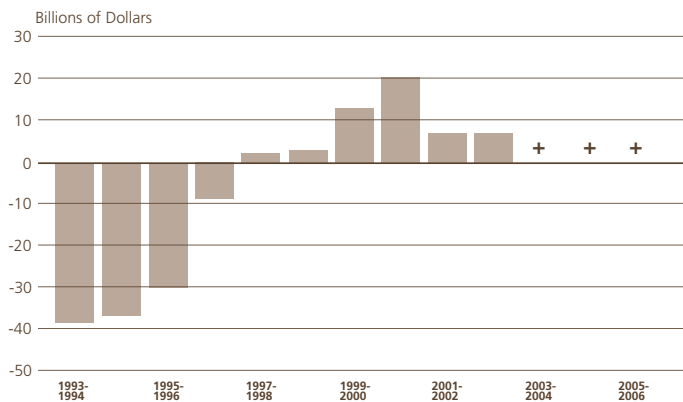
## WHERE WE ARE; HOW WE GOT HERE

Beginning in the latter half of the 1990s, Canada's economy has performed exceptionally well. Job growth has been brisk. Productivity has been improving steadily, boosting the competitiveness of Canadian businesses. The trade surplus has remained healthy even though the Canadian dollar has grown much stronger. Low interest rates have encouraged investment and made homes and other big ticket items more affordable for Canadians. Our economy is drawing great reviews from international economic analysts.

A decade ago, when the Liberal government took office with Jean Chrétien as Prime Minister, the economic picture was very different. The annual federal deficit had ballooned to \$40 billion. Canada's economy – to say nothing of its government – was increasingly hindered by mounting public debt. Debt interest payments were compounding unsustainably. The federal government faced the very real possibility of soon surrendering control to its creditors.

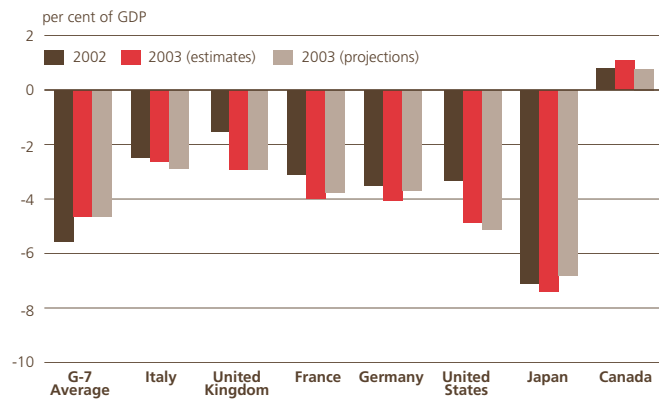
Beginning in 1995, the government – with the help and sacrifice of the Canadian people – unveiled a series of transformative fiscal measures that pulled Canada back from the financial brink and ushered in a new era of fiscal stability. In 1997-98, Canada achieved a budget surplus, its first since 1969-70. It would prove to be the beginning of seven straight surpluses, the most recent being announced in March by Finance Minister Ralph Goodale – the first time this has been achieved since confederation. While every other G-7 country – particularly the U.S. and Japan – has returned to deficit, Canada is remaining prudent and spending within its means.

### Budgetary Balance



Sources: Public Accounts of Canada and Statistics Canada.

### Total Government Financial Balances (National Accounts Basis)

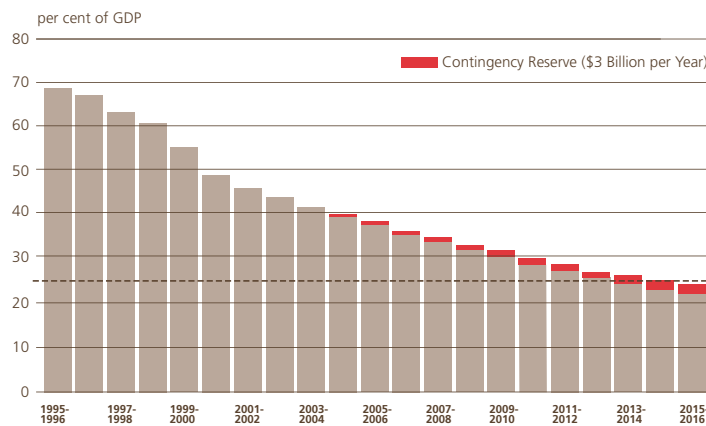


Sources: OECD Economic Outlook, No. 74 (December 2003). Department of Finance calculations.

Canada’s remarkable turnaround was achieved despite the fact that federal revenue relative to the size of the economy – a measure of the overall federal “tax burden” – has been declining steadily. Federal revenue was more than 17% of Gross Domestic Product (GDP) in 1997-98, but has declined to under 15% today, and it is projected to drop even further in the coming years. Meanwhile, the Liberal government has exerted strong discipline on spending. Expenditure on federal programs has been roughly stable at a little under 12% of GDP for the past six years. This is despite the fact that Ottawa has steadily increased cash transfers to provinces for health and other social programs.

Prudent fiscal management by the Liberal government has reduced the size of the federal debt by \$52 billion over the last six years. Annual interest payments on the debt have fallen by almost \$14 billion since their peak in 1995-96. This is important because it frees up resources to devote to the things that matter most to Canadians, such as health care. It also ensures that future generations will have even greater financial freedom to make their own choices. In all, the amount of federal debt in relation to the size of Canada’s economy (the debt ratio) has come down dramatically from just under 70% of GDP in 1995-96 to about 40% today. The Liberal government has committed to a target debt ratio of 25% of GDP in ten years.

### Federal Debt-to-GDP Projections (Accumulated Deficit) (Public Accounts Basis)



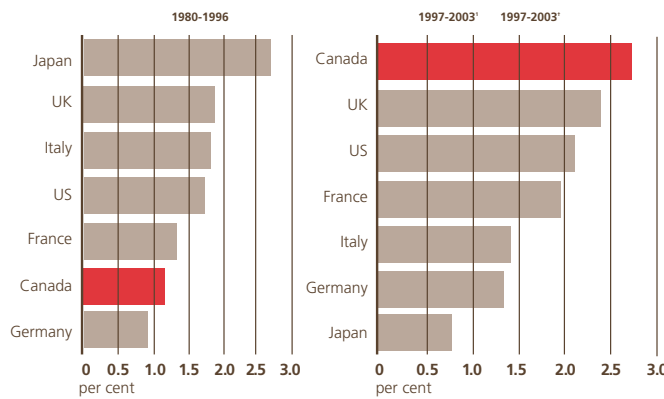
If this were all just a numbers game, it wouldn't matter very much to Canadians. But this historic fiscal turnaround, in combination with other Liberal economic policies over the past decade, has played a key role in Canada's economic revival. The country's escape from chronic deficits created confidence and allowed for flexible, responsive public policy. The upbeat mood has only intensified in the ensuing years. Despite being hit by a series of shocks last year (among them: SARS, BSE, the B.C. fires, Hurricane Juan and Ontario's power blackout) and despite a sudden jump in the value of the Canadian dollar – an increase that put intense pressure on our exporters to become even more competitive – Canada's economy has continued to move confidently forward, creating more and better jobs.

## WHAT IT MEANS TO YOU

The best way to get a sense of how a nation's economy is performing – and whether a nation's citizens are benefiting – is to measure the growth of its Gross Domestic Product on a per capita basis.

Since 1997, Canada has led all G-7 countries in the growth of average living standards, a dramatic turnaround from the relatively dismal performance that Canada recorded during the preceding decade and a half. Canada has the second highest level of GDP per capita in the G-7 and has significantly narrowed the gap relative to the leader, the United States.

Canada's Relative Performance in Standard of Living Growth



Notes: Standard of living is defined here as GDP per capita. Growth rates are annual compound growth rates.  
<sup>1</sup>2003 data are preliminary for Canada and the United States and OECD projections for the other countries.  
 Sources: Data for Europe and Japan from OECD Economic Outlook, No. 74 (December 2003), for Canada from Statistics Canada (census population and National Income and Expenditure Accounts GDP) and for the United States from census population and National Income and Product Accounts GDP.

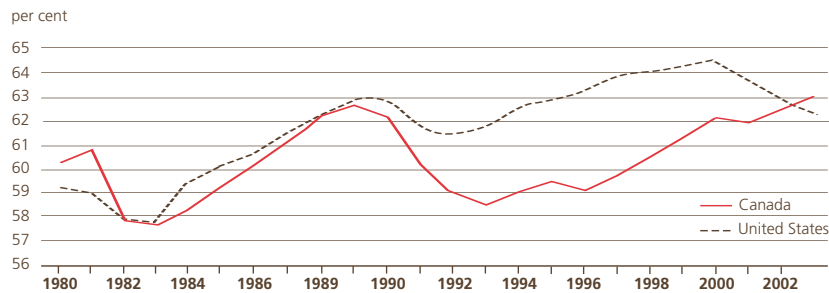
During the past decade, Liberal economic policies have consistently delivered jobs and growth to Canadians, creating a formidable array of real rewards and new opportunities. Among the many tangible benefits from ten years of sound Liberal economic management are the following.

- **Job Creation** – There is no more meaningful result of Liberal economic policies than the increasing number of Canadians who are working. Since the beginning of 1994, Canada has generated

over 3 million net new jobs. Our employment rate – the total number of employed as a proportion of the working-age population – is at a record high, and now exceeds the employment rate in the United States

### Employment Rates in Canada and the US

Employment as a percentage of population aged 16 and above, 1980-2003



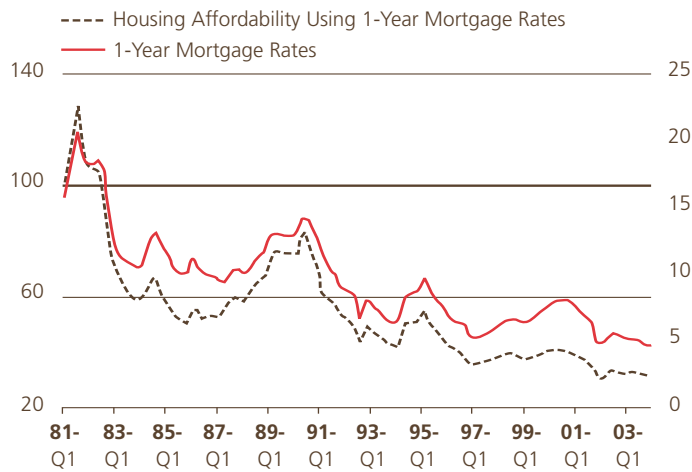
Note: Canadian rate adjusted to match US methodology.  
Sources: Statistics Canada and US Bureau of Labour Statistics.

- **Lower Taxes** – The fiscal turnaround has yielded a big, ongoing dividend for Canadians in the form of lower taxes. In 2000, Paul Martin introduced the Five-Year Tax Reduction Plan, which has cut taxes cumulatively by \$100 billion, making it the largest tax cut in Canadian history. Among the highlights of the Liberal tax-cut achievement:
  - About three-quarters of the benefit has gone to individuals and most to these to Canadians with low and modest incomes. In fact, one million low-income Canadians have been removed entirely from the tax rolls since 2000.
  - Federal personal income tax has been reduced by 21% on average overall, and by 27% for families with children.
  - The RRSP contribution limit will be increased to \$18,000 in 2006 from \$13,500 in 2002, a 33% rise that allows Canadians to save more for their retirement.
  - The tax cuts have encouraged entrepreneurs, and particularly small businesses through lower rates and improved capital gains treatment. These changes are making our firms more competitive and more attractive to investors. This translates to economic growth and more jobs.
- **Enhanced tax benefits** – As Finance Minister, Paul Martin and the Liberal team brought in major enhancements to tax benefits for low-income families with children. Amounts available under the various Child Tax Benefit initiatives have been increased steadily, as have family income levels before benefits begin to be phased out. At the same time, there have been significant new tax benefits to support post-secondary education, the charitable sector, people with disabilities, and in-home care givers looking after relatives who are elderly or have disabilities.



- Secure Pensions** – By the mid-1990s, many Canadians had lost faith in the viability of their public pension system, the CPP/QPP. In 1997, the Liberal government, working in close co-operation with the provinces and territories, radically reformed the system by revamping its funding, management and accountability. Today, Canada’s CPP/QPP has been declared sound for at least the next 75 years, giving Canada one of the world’s most dependable public pension plans. Canadians can now count on having their public pensions even as the population ages in the decades ahead.
- Housing affordability** – Sound fiscal management combined with the control of inflation has led to record low interest rates. This has made major purchases more affordable for consumers and encouraged investment by business to enhance competitiveness. In particular, the affordability of housing improved dramatically over the past decade. The one-year mortgage rate has come down by more than half.

### Housing Affordability Index and 1-Year Mortgage Rates



## STICKING TO AN ECONOMIC PLAN THAT'S WORKING

Canadians understand that a strong economy is the essential underpinning of a successful society. A government led by Paul Martin will not allow that foundation to be undermined. To ensure that Canadians continue to reap the benefits of sound economic management, a Liberal government will:

- Invest in the fundamental drivers of economic performance – human skills, research and its commercial application, public infrastructure, and competitive taxes.
- Continue to use prudent fiscal planning and maintain a Contingency Reserve of \$3 billion to ensure the budget remains in balance.
- Reduce the federal government's debt ratio to 25% within a decade. This will ensure that our children are not burdened by public debt and will give government more flexibility to manage the challenges arising from of an aging population. To that end, the annual Contingency Reserve, if not needed, will be applied to reduce debt.

## STRENGTHENING CANADA'S ECONOMIC BASE

Canada's 21<sup>st</sup> century economy will be driven by ideas. Jobs and prosperity will come from turning those ideas into goods and services valued not only in Canada but around the world.

The economic strategy of a Liberal government will be focused on things that help to generate new ideas and their innovative application. That is why building up Canada's human skills is so important. It is one important reason why we will make a major new investment in early learning and child care. It is why we have already taken significant new steps to make college and university education available to as many young Canadians as possible. And it is why we will be investing in helping workers to upgrade and retool their skills continuously, working with the provinces and with industry Sector Councils; supporting union training sites; and helping new immigrants to upgrade and gain recognition for their credentials.

Innovation is the tangible outcome of good ideas and is the lifeblood of a successful 21<sup>st</sup> century economy. Over the past decade, the Liberal government rebuilt the foundations of Canada's innovation capacity, investing \$13 billion to elevate the nation's university and hospital research capability to world-class standard and to build up Canada's innovation system. Initiatives included the Canada Foundation for Innovation, the Canada Research Chairs, the creation of the Canadian Institutes for Health Research, Genome Canada, the Atlantic Innovation Fund, and increased investment in the NRC and the Granting Councils among many others.

- **Commercialization** – With the foundations for innovation now well established, the next step is to turn more of Canadians’ bright ideas into dynamic businesses, great jobs and growing export earnings.

## COMMERCIALIZATION

To help commercialize Canada’s impressive research output, a Liberal government will:

- Promote increased venture capital, particularly for early stage businesses where lack of a track record makes financing especially hard to come by. We will build on the government’s investment in the venture financing arm of the Business Development Bank of Canada. And we will ensure that the regulatory and tax systems are not barriers to venture investors.
- Support the technology transfer efforts of Canadian universities to ensure that research ideas are more effectively transformed into commercial opportunities.
- Underwrite development by the National Research Council of a network of Commercialization Centers across Canada. Often co-located with NRC specialized Institutes on or near university campuses, these centers will provide a rich incubating environment for start-up businesses. The Commercialization Centers promise to become focal points for clusters of activity in many dynamic areas of technology.
- Create a Canada Innovation Award to recognize our outstanding innovative entrepreneurs. Celebrating entrepreneurship is one of the most effective ways to inspire young Canadians to become innovative entrepreneurs themselves.

- **Small and Medium-Size Business** – Liberals see smaller businesses as key drivers of growth and job creation. Much of the innovative spark in the economy comes from small business entrepreneurs. To support their growth, the March budget accelerated the phase-in of the new \$300,000 income threshold qualifying for the 12% small business tax rate. It will be in place next year. We also enhanced access to the R&D refundable tax credit and, effective this year, the capital tax for small businesses will have been eliminated. The Liberal commitment to small business goes beyond supportive tax measures and will include enhancement of the broad range of existing small business programs, as well as a determined attack on the burden of regulation and paperwork that is borne by small business.

- **Regional, Rural and Industrial Development** – No industry today can afford to fall behind the leading edge of technology and innovation. In fact, many of Canada’s traditional industries, whether in the resource or manufacturing sectors, are just as technologically sophisticated as those in sectors we usually refer to as “high tech”. That is why the Liberal strategy to promote economic development in Canada’s regions will emphasize the “new economy” fundamentals – skills upgrading; support for R&D; building research capacity in regional universities; and modern infrastructure (e.g. broadband communications). This is the approach advocated in the comprehensive development plan for the



Atlantic region, entitled *The Rising Tide*, prepared by Liberal Members of Parliament from Atlantic Canada. It is the basis for Liberal economic development policy in the Atlantic region. It outlines the right approach, which can be applied to regional development right across Canada.

A Liberal government will enhance the capability of the regional agencies (ACOA; CED-Q; Fednor; WD) to build the underlying capacity for sustainable economic growth and job creation – as exemplified by the Atlantic Innovation Fund. We will also boost support for community-based economic development through increased resources for the very effective work of the Community Futures Development Corporation. And building on other proven successes, we will strengthen the Prairie Farm Rehabilitation Administration (PFRA) to ensure proper stewardship of the precious water and soil resources of western Canada.

Our industrial heartland in central Canada is exposed to the full force of growing global competition, including competition with regions in the U.S. for new investment in state-of-the-art facilities. That is why a Liberal government will work with industry, labour and the Province of Ontario to develop a national strategic framework for the auto industry. It will address issues related to skills, innovation, infrastructure, environment, and regulation.

## REGIONAL, RURAL AND INDUSTRIAL DEVELOPMENT

**A Liberal government will support a comprehensive commitment to regional, rural and industrial development with \$2 billion of new resources over the next five years.**

- **Employment Insurance** – Canada’s strong job performance over the past decade has enabled the government to reduce EI premiums steadily. Rates have been cut by over 35% since 1994, saving employees and employers \$9.7 billion this year compared to the 1994 rate. The system has also undergone significant reforms both as to evolving objectives and specific rules. Certain changes have had some unintended consequences. A Liberal government will make the necessary changes in the EI rules to correct anomalies that have become apparent.



- **Encouraging Savings** – Economic growth and productivity depend on robust investment. And investment, in turn, depends on savings. It follows that Canada’s long-run economic performance will be improved if individuals and businesses increase their savings. The Liberal government will, through use of the tax system and other incentives, develop more effective ways to encourage greater saving, particularly by lower and middle income Canadians.



The objective of Liberal economic policy is to produce strong and steady growth in good jobs and in output of goods and services. The Liberal strategy to continue to achieve this objective is based on solid, proven principles – balanced budgets; a focus on building skills; strong support for research and its commercial application; a forward-looking regional development strategy; and encouragement of saving and investment. In its most recent credit rating for Canada (March 15, 2004) Standard & Poor’s concluded: “Canada stands poised to grow as fast or faster than other OECD countries. Canada’s trend GDP growth is likely to exceed 3% in the medium term thanks to stronger public finances, lower taxes and renewed public spending on education. Inflation

will likely be 2% thanks to stable monetary policy.” Over the next five years, sound Liberal economic policy principles can be counted on to produce major jobs and growth benefits for Canadians:

#### THE LIBERAL ECONOMIC OUTLOOK

- An economy that is 16% to 17% larger than it is today resulting in increasing real incomes for Canadians.
- Inflation will be targeted to remain between 1% and 3%, helping to keep interest rates down, and therefore, make homes and cars more affordable.
- Continued strong job creation, adding at least 1.3 million net new jobs between now and 2009.

CHAPTER

# 4

“A Liberal government  
led by Paul Martin will  
raise Canada’s proud  
voice in the world...”

# CANADA IN THE WORLD: A ROLE OF PRIDE AND INFLUENCE

Canada is a middle power in the world community, but we have not been short of influence and ambition, nor weak of resolve. We will not be so in our time.

A Liberal government led by Paul Martin will raise Canada's proud voice in the world, so that our belief in democracy, our spirit of generosity and our dedication to multilateral solutions are heard and recognized across the globe.

Canada is regarded internationally as a progressive country with a binding set of values. We are a nation that has succeeded in binding two founding linguistic groups into one political community. Over the years, we have added a rich tapestry of other languages, ethnicities and religions, and have endeavoured to address the concerns of our Aboriginal peoples.

Canada was one of the first modern countries to reject explicitly the notion that a state consists of one ethno-cultural group with a single language and culture. Our enduring values of tolerance, compassion and respect are derived from this formative and enduring experience of creating a common space for different peoples.

We have never wavered from these values. Canada continues to envision a world in which the benefits of global interdependence are spread more fairly, alleviating hunger, poverty and disease. We recognize that human misery of this sort is not only a moral affront but also the breeding ground for despair and desperation. The more influential and persuasive our voice, the more likely it is that Canada will be able to encourage the world to move in a more positive direction.

The Liberal government recently began a wide-ranging International Policy Review, the results of which will be made public this fall. Without pre-empting the findings of that review, there can be no doubt about our goal – we want to ensure that our unique Canadian values grow in influence on the global stage and that Canada is better able to play an active role in keeping the peace, improving lives and contributing to the institutions upon which democracy and freedom can take root, grow and thrive.

To accomplish that goal, we need to change the way we do things because the world has changed.

## PEACE AND NATION BUILDING

Canada has historically been a secure country. And the traditional threats to Canada that existed during the Cold War have receded. However, in their place have emerged new dangers to the security of the world and our nation: the regional instability set off by failing states; the potential for the outbreak of infectious diseases, spread by unprecedented global mobility; international criminal syndicates; and the rise of terrorism as the nemesis of open societies. The speed with which new threats arise – sometimes from unexpected quarters – has increased dramatically. There is no longer a major problem in the world that does not affect us. For Canada, this means we must be more vigilant close to home and prepared to do more far from home.

Our approach to Canada's security and defence needs to reflect this altered reality. Canada's presence in Afghanistan has all the hallmarks of the new type of operation that the Canadian Forces will be expected to lead. It is a multilateral mission aimed at reviving a failed state so as to deny it to terrorists. Elements of defence, diplomacy and development are woven tightly together in the fabric of the mission. This will serve as the model for Canada's involvement in the international crises of the future – a time when failed and fragile states pose a pressing concern to the stability of neighbouring states and to prospects for a more peaceful world.

A Liberal government will increasingly focus Canada's international efforts on helping countries to secure the peace and then build the institutions of modern government that they need to provide stability and the means to a decent life for their citizens.

To play this role, Canada will need a military that is modern, well-trained and properly equipped. The Liberal government has already bolstered the Canadian Forces by:

- Committing to the purchase of important new equipment, including state-of-the-art armoured vehicles for the Army, search and rescue aircraft and helicopter replacement for the Air Force and supply ships for the Navy.
- Increasing the budget for National Defence to \$13.7 billion in 2004 from \$10.2 billion in 1999, a 30% rise.
- Improving pay and benefits for members of the Forces, and exempting them from paying income tax on money earned while serving on high-risk international missions.

These initiatives are important steps toward a revived and robust military. But more must be done.



We will ensure that Canada continues to adapt to the new realities of the modern world and the new challenges posed by failed and fragile states.

## PEACE AND NATION BUILDING INITIATIVE

A Liberal government will launch a Peace and Nation-Building Initiative with three principal elements:

- Increase the Canadian Forces by 5,000 personnel, creating a new brigade and greatly enhancing Canada's capacity for peace support. This will boost significantly our ability to participate in multilateral operations that are consistent with our interests and values. It will enable our military to assume a bigger role in bringing peace, security and democracy to troubled nations.
- Deploy the Canada Corps, which will harness the expertise and idealism of Canadian civilians with a special emphasis on recruiting the energy of young people. A primary mission of the Canada Corps will be to provide help and advice to fragile and failed states to build the institutions of good government, rule of law and respect for human rights.
- Reduce or forgive debts owed by poor and deserving countries as part of a strategy to get crisis-torn states on the road to recovery. Under the Canadian Debt Initiative, Canada has written off the debts of five of the world's poorest countries and we have stopped collecting on the debts of nine other impoverished states. In the case of Iraq, Canada forgave \$750 million in debt to give the country a better chance to rebuild successfully.

Using this model, we will integrate our traditional foreign policy instruments more tightly, especially when responding to the need of vulnerable states to build up their own capacity to govern themselves. As Afghanistan has demonstrated, the presence of foreign troops cannot guarantee security unless there is also progress towards a political settlement. But, equally, there will be no political settlement unless security is established. And proper economic development needs both – security and political stability – if it is to work.

## STRENGTHENING OUR RESERVES

A Liberal government will increase the Army Reserves to 18,500 from 15,500. Canada's Reserves are a vitally important complement to the regular forces and thus contribute to our Peace and Nation-Building initiative. They are also a multi-talented resource in communities across Canada where Reserve units are located. Increasing the Reserves will give Canada badly needed new capacity to respond to domestic crises, including natural disasters and chemical, biological and nuclear emergencies. The new Reserves will also reduce stress on the Canadian Forces and their families as a result of frequent deployments of our troops overseas.

## COMBATING THE SCOURGE OF DISEASE

Canada has to be “out there” helping the people who live in nations wracked by poverty, war and crumbling institutions. It is another vitally important element of our peace and nation-building objective. Even more than that, it is a moral imperative.

The world’s poorest countries cannot effectively fight poverty if their citizens are debilitated by disease. A stark example – the global HIV/AIDS pandemic has had a catastrophic impact on many of the world’s poorest countries, particularly in Africa. That is why the Liberal government introduced legislation – The Jean Chrétien Pledge to Africa – that will make Canada a world leader in providing inexpensive anti-HIV/AIDS generic drugs to people in poor countries.

But a human crisis of this magnitude demands more of Canada.

### COMBATING AIDS AROUND THE WORLD

A Liberal government will dedicate \$100 million – fully half the funding required by the World Health Organization to provide the technical support for the WHO’s “3 by 5” plan. It is an ambitious international effort to ensure that 3 million people suffering from HIV/AIDS in poor countries receive urgently needed drug treatment by 2005. A Liberal government will also increase by \$70 million its financial commitment to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria.

## NEW VOICES

The Liberal strategy to raise Canada’s voice in the world is premised on the plain fact of growing global interdependence. That is why we must think beyond the G-8 – why we must include as full partners in the dialogue such emerging powers as China, India and Brazil. These nations deserve a seat at the table.

As Finance Minister, Paul Martin was chairman of the G-20 group of finance ministers who began to meet in the wake of the Asian financial crisis of the 1990s. As Prime Minister, Paul Martin has proposed a **Leaders’ G-20** at which the heads of both the established and major emerging economies would meet to discuss solutions to the challenges of environmental sustainability, liberalized trade, financial stability and peace and security. The proposal has been well received. A Liberal government will see that it is implemented.

# Costing



“A sound approach to public finances has been the hallmark of more than a decade of Liberal government.”

# INVESTING TO MOVE CANADA FORWARD

The new financial commitments made in this platform are affordable. They reflect the sound approach to public finances that has been the hallmark of more than a decade of Liberal government. We will continue to balance the budget while maintaining a \$3 billion Contingency Reserve to protect against the unforeseen. If the annual reserve is not needed, it will go to reduce debt and future interest payments, thus freeing up new resources to finance the priorities of Canadians.

The amounts estimated in the table below – Five-Year Cost of Platform Commitments – are cumulative totals over the next five fiscal years: 2005-06 through 2009-10. It is not meaningful to project a precise year by year profile of spending since, in many cases, this will depend on discussions still to be held with other governments and stakeholders. In addition, the evolving outlook for the economy will determine the “room” in the budget from year to year. We expect that resources will be quite constrained for the next couple of years but anticipate greater flexibility in the subsequent three years.

The cumulative five-year cost of the initiatives in the platform is estimated to be approximately \$26 to \$28 billion (Table). The key factors that determine the affordability of these commitments are the projected amounts of federal government revenue and expenditure over the next five years. We anticipate on the basis of independent forecasts that revenue will grow on average at about 4.8% annually. This is roughly comparable to the anticipated growth in “nominal” GDP – i.e. real growth plus inflation.

## Five-Year Cost Of Platform Commitments<sup>1</sup> (2005-06 to 2009-10)

	Cumulative Spending 2005-06 to 2009-10 (\$ Billion)
Health Care	
• Waiting Times Reduction Fund	4.0
• National Home Care Fund	2.0
• Romanow “Gap” elimination (2005-06)	2.0 <sup>2</sup>
Families	
• Recognizing the Contribution of Caregivers	1.0
• GIS Enhancement for Seniors	1.5
• Foundations: The National Program for Early Learning and Child Care	5.0
Cities & Communities	
• Gas Tax (or equivalent)	4.0 - 5.0
• Social and Affordable Housing	1.0 - 1.5
• Wind Incentive	— <sup>3</sup>
Economic Growth & Jobs	
• Commercialization	0.3
• Regional, Rural and Industrial Development	2.0
Canada in the World	
• Peace & Nation-Building Initiative	2.5 - 3.0
Other Initiatives	
• See Platform Supplements <sup>4</sup>	1.0
	<hr/>
	\$26.3 - \$28.3

<sup>1</sup> This records new spending that is not already committed in prior Budgets.

<sup>2</sup> Assumes an additional transfer to the provinces of \$1.0 billion in 2004-05 for a two-year (2004-05 and 2005-06) total of \$3 billion, the amount needed to close the federal health transfer “gap” identified in the Romanow report.

<sup>3</sup> The cost to expand the Wind Power Production Incentive would be approximately \$400 million over the period to 2009-10. This will be financed from funds already set aside to encourage climate-friendly initiatives in light of the role of wind power in displacing fossil-fuel-generated electricity.

<sup>4</sup> The Platform Supplements outline Liberal Party policy in a broad range of areas and may be viewed on our website [www.liberal.ca](http://www.liberal.ca)

The forecast of expenditure is extrapolated from the fall, 2003 Economic and Fiscal Update to incorporate an estimate of the impact of measures in the March, 2004 budget. The projection takes into account, for example, substantial explicit commitments to increase health and social transfers to provinces as well as predictable growth in programs due to such factors as general population increase and demographic change – which, for example, will increase the total amount of benefits going to Canada’s seniors. The result is that we project federal spending – before including any measures in the Liberal platform – to grow at just under 4% on average over the five years beyond 2004-05. (This includes interest on the debt as well as spending on programs. Program spending is projected to grow at a little less than GDP.) The consequences of these assumptions are summarized in the following table – Five-Year Fiscal Projection.

### Five-Year Fiscal Projection

(2005-06 to 2009-10)


	Estimated 5-Year Totals
	(\$ Billion)
Revenue	1,078
Expenditure (before platform commitments)	1,035
Underlying “Surplus”	43
• Less Contingency Reserve	(15)
	28
• Plus Savings for allocation to priorities	12
	40 <sup>1</sup>

<sup>1</sup> Annual budgets will continue to include the established amounts for “economic prudence” in future year projections. But if the economy grows as forecast, the “prudence amounts” will become available for new initiatives.

Projected revenue exceeds “status quo” expenditure by \$43 billion over five years. After setting aside a Contingency Reserve of \$3 billion each year, there is a balance of \$28 billion. In Mr. Goodale’s budget in March, the government committed to use its new Expenditure Review discipline to identify savings from existing spending plans, building to at least \$3 billion within four years. 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 five years. Combining these savings with the projected “surplus” of \$28 billion yields a five-year total of \$40 billion to fund new priorities, assuming that economic growth is as projected.

The platform commitments account for approximately two-thirds of the projected available resources. This leaves a reasonable balance to finance other priority areas including, for example, further investments in health care, in learning, and in programs for Aboriginal Canadians.

# Conclusion

A decorative border of various shades of red maple leaves is positioned at the top of the page, below the title. The leaves are scattered across the width of the page, with some larger and more prominent than others.

“We believe that Canada is a great country, that it is unique in the world in terms of the values that it represents.”

## CONCLUSION

At the dawn of the 21<sup>st</sup> century, Canada finds itself a nation rich not only in material wealth but in optimism and aspiration. We have a new confidence. Our economy is strong, and so is our pride in country and our belief in its potential. We see the possible, and we are determined to pursue it.

This document has outlined ways in which a Liberal government will help.

It will help by building on the economic achievements of the past decade – ensuring that our national culture of opportunity continues to thrive, resulting in more and better jobs for Canadians and strong, consistent economic growth.

It will help by enhancing our cherished social programs, especially our publicly funded, universally available system of health care, so that people get the care they need, when they need it. It will help by recognizing and supporting family caregivers, and increasing financial support for low-income seniors. It will implement a national system of quality child care and early learning while reducing the financial barriers to higher education.

It will help by ensuring that Canada speaks with a voice all its own on the world stage – and that it is capable of acting on its words by helping to bring peace and freedom to troubled parts of the globe.

As this platform makes clear, Liberals do not believe – as some do – that Canada is broken and needs to be fixed. We believe that Canada is a great country, that it is unique in the world in terms of the values that it represents. The belief that we can be prosperous and still take care of each other is central to the very concept of Canada, and it is one we as Liberals will never forsake.

A Liberal government led by Paul Martin will focus intensely on making change where change is needed. This will not be a simple task. Without a strong democratic mandate for these changes, the complex machinery of our governmental systems will not produce the results Canadians demand. But with a strong mandate, we can deliver the changes you want. This is why we need your help. This is why we ask for your support.

Give us your vote on June 28. We'll get the job done.

## HIGHLIGHTS OF LIBERAL ACCOMPLISHMENTS: 1993-2003

The new Liberal government of Paul Martin is building on a decade's worth of significant accomplishments by the Chrétien government.

- Eliminated the deficit in 1997-98 making Canada deficit-free for the first time in three decades. Paid down \$52.3 billion of debt by 2002-03.
- Cut taxes by \$100 billion over five years (2000-04) the largest cumulative tax reduction in Canadian history.
- Reformed the Canada Pension Plan in 1997 to secure the future pensions of Canadians for at least the next 75 years.
- Appointed Roy Romanow to head the Royal Commission on the Future of Health Care in Canada in 2001. In response to the Romanow Report, committed to invest an additional \$34.8 billion over five years in the health care system (a further \$2 billion was added in budget 2004).
- Created a Health Council that will report regularly on the quality of the health care system.
- Introduced the Canada Child Tax Benefit in 1997, a major initiative to help children in poverty. Support will be more than \$10 billion per year by 2007 – or up to \$3,243 per child – over double what it was in 1996.
- Created, in co-operation with provinces and territories, the Early Childhood Development Initiative (2000) to provide greater access to good quality child care and early learning opportunities. By 2003, federal funding commitments for early learning and child and care totaled over \$3.4 billion.
- Established in 1995 Aboriginal Head Start, an early childhood program that helps young Aboriginal children prepare for school. Funding for this and related programs has been regularly increased.
- Took a number of steps to protect the safety of women and children, including tighter parole rules for inmates serving life sentences; restricting access to the personal information of victims of sexual abuse; and strengthening criminal provisions against stalking.
- Toughened the Criminal Code in 2002 to protect children from sexual exploitation. Those found guilty of making child pornography and of Internet-luring can be designated as “long-term offenders”.
- Doubled maternity and parental leave benefits to 50 weeks (2000).
- Provided a six-week Compassionate Care leave for people who must take time off from their jobs to care for gravely ill or dying family members.
- Introduced the Canada Education Savings Grant in 1998 to augment the Registered Education Savings Plan by as much as \$400 each year per child. (This was further increased for low-income parents in budget 2004.)



- Created the Canada Foundation for Innovation in 1997 to promote research at Canadian universities and hospitals. Invested \$3.7 billion in the CFI, which has awarded research grants to more than 2,400 projects, almost half of them in the health sciences.
- Created two thousand new 21<sup>st</sup> Century Chairs for Research Excellence in Canadian universities.
- Created the Canadian Institutes of Health Research in 2000, committing more than \$600 million each year for health-related research.
- Established Genome Canada, a not-for-profit corporation dedicated to developing and implementing a national strategy in genomics.
- Introduced a series of infrastructure support programs over the past 10 years. Federal commitments have totaled some \$10 billion.
- Created the Community Access Program in 1996 to connect small communities across Canada to the Internet. SchoolNet made Canada the first country in the world to link all schools to the Internet.
- Invested \$5.2 billion over six years in the national Agricultural Policy Framework which works on issues in food safety and quality, environment, science and innovation, renewal, and risk management (Budget 2000).
- Passed the Clarity Act in 2000, helping to secure the unity of Canada.
- Passed the Canadian Environmental Assessment Act in 1994 to improve public involvement in environmental assessments.
- Ratified the Kyoto Protocol. Budget 2003 provided \$2 billion to promote energy efficiency, renewable energy, sustainable transportation.
- Led the international campaign to ban anti-personnel landmines resulting in the historic Ottawa Convention in 1997.
- Chaired negotiations in 1998 leading to the establishment of the International Criminal Court.
- Provided \$500 million to promote Africa's development within an additional \$1.4 billion over three years for international assistance (Budget 2003).
- After deciding not to participate in the war in Iraq, Canada has taken an active role in the country's reconstruction with the provision of more than \$300 million in humanitarian aid, and forgiveness of approximately \$750 million of debt.
- Passed the Anti-Terrorism Act; implemented the Smart Border initiative with the US to expedite the flow of goods and people while dealing with security risks; and in 2001 provided \$7.7 billion over five years to enhance security and make Canada's borders secure, open and efficient.
- Created the Territory of Nunavut in 1999.
- Passed Bill C-24, which eliminates most corporate and union donations to political parties and enhances disclosure requirements.
- Spearheaded the first of many Team Canada trade missions in 1994.

