

Green Party of Canada

Fiscal Plan

The Green Platform - Economic and Fiscal Rationale

The Green Party of Canada (GPC) has set out the measures in its platform with an eye to long-term environmental and fiscal sustainability.

The GPC will follow a fiscal planning framework and strategy, which, along with the evolving economic outlook, will determine the implementation processes and timelines of costed and uncosted policies in the 2021 platform.

The GPC will monitor and limit deficit and debt over the short and medium-term, which will allow for urgent progress to be made in the areas of greenhouse gas emissions reduction, Just Transitions programs, COVID-19 recovery programs, addressing housing and homelessness in Canada, and implementing Indigenous-led programs that advance Reconciliation.

The timing and implementation of policies that relate to more substantial policy shifts, including expanded universal programs such as pharmacare, a guaranteed livable income, and tuition-free post-secondary education will be tied to Canada's future economic outlook, expected additional revenues through tax-raising measures, and negotiations with other levels of government.

As such, the proposed policy shifts in the Green Party of Canada's platform will be implemented over time in a way that will not undermine fiscal sustainability for federal and provincial and territorial governments.

Green Economic and Fiscal Principles

The six core values shared by Greens around the world are participatory democracy, nonviolence, respect for diversity, ecological wisdom, social justice, and sustainability. These values, especially the last three, drive our policy intentions and this platform.

Ecological Wisdom

The GPC believes the international consensus that the global economy relies too much on fossil fuels, that this reliance is causing changes in the atmosphere, and that those changes must be arrested quickly to maintain a livable biosphere. In line with that

consensus, the GPC calls for a 60% reduction in Canada's greenhouse gas (GHG) emissions by 2030, and a net-negative carbon economy by 2050. Meeting these constraints will require a rapid transformation of the energy sector from fossil fuels to renewable sources, with a simultaneous change in consumption patterns and reduction in energy waste. The GPC understands that such a massive transformation will present both opportunities and risks in energy production and consumption, and that the transformation will have knock-on effects throughout our economy and society.

Social Justice

The GPC believes that the energy transformation must occur simultaneously with a reallocation of economic and fiscal resources to advance the interests of social justice.

In Canada, meeting our international commitments to reducing GHG emissions requires ceasing development and production of bitumen and fracked natural gas, and quickly ramping down production of conventional gas and oil. This will have significant effects on taxation and finance, especially for fossil-fuel producing provinces, but also for the federal government. The GPC's platform includes policy and budget measures to centre social justice impacts in this transition to a Green economy, including allocation of funds to enable a just transition of workers to new employment, where required.

In addition, the GPC's platform includes measures to take advantage of the opportunities embedded in such a massive transformation, to advance social justice issues across the board. Included among these are changes to the health-care system including Pharmacare and basic dental care, free post-secondary and trade school education, federal student debt forgiveness, a guaranteed livable income, increased funding for municipal and community infrastructure, universal childcare, and affordable housing.

Many of these policy changes will require extensive negotiations with provinces, territories, municipalities, and with First Nations, Métis Nation, and Inuit governments. The outcome of such negotiations cannot be predicted with certainty, but a GPC government will always hold to the principles outlined here.

Environmental Sustainability

In addition to the personal and household needs outlined above, the GPC plans to substantially increase spending on various environment and infrastructure initiatives. Climate change has forced change upon us – responses like increased spending on emergency response infrastructure, rail and transit, retrofitting of buildings, and other

needs will require increased funding in the medium and long terms. Other funds for long-term assets like the coast-to-coast energy corridor will be available from funds already set aside by the government for fossil fuel projects like bitumen pipelines, which will be cancelled by a GPC government as a matter of first priority. Additionally, as the energy supply is transformed, opportunities will arise to bring Canada's physical infrastructure up to modern standards with such things as charging stations for electric vehicles. Private sector financing will meet some of these needs, but the GPC expects that federal government funding will be needed at least in the near term to spur private investments.

Commitment to Fiscal Sustainability - Fiscal Rule and Target

The GPC platform uses [the latest baseline economic and fiscal forecasts from the Parliamentary Budget Officer](#).

The Green Party of Canada is committed to long-term fiscal sustainability.

The GPC will implement a fiscal rule of a declining debt-to-GDP ratio over the next five years, if the economy follows a path of continuous growth as presented by the PBO baseline forecast.

The GPC will also commit to reducing the nominal deficit to below \$30 billion by 2025-26 (or 1 percent of GDP), if the economy follows a path of continuous growth as presented by the PBO baseline forecast.

The GPC will ask for an annual PBO assessment of its commitments to meet the fiscal rule and fiscal target. This review will be made available to all Canadians and presented to Parliament.

The Green Party will also ask for an annual PBO assessment of the fiscal sustainability of the federal and provincial government fiscal structures. The Green Party will respond to the PBO assessment in its annual Budget.

Economic and Fiscal Challenges

The GPC recognizes that there is significant uncertainty associated with the costing of some of the individual tax measures and other revenue-generating measures in the platform, and that any economic and fiscal uncertainty is magnified when these measures are combined and implemented over the short-term.

In addition, economic and social issues such as an ageing demographic, weak productivity growth, income inequality, and the declining role of the manufacturing sector, must be accounted for when implementing policy measures.

The GPC therefore commits to the aforementioned annual PBO assessments as well as relying on the country's future economic outlook, expected additional revenues, and negotiations with other levels of government to guide prudent implementation timelines, and accounting for social and economic challenges in order to manage risk and make necessary adjustments to ensure long-term fiscal sustainability is attained.

The GPC also acknowledges that increased collaboration between levels of government is critical to the successful implementation of a number of signature policy initiatives, which is why the need for coordinated intergovernmental action is emphasized throughout the platform.

The GPC's strategy follows the recognition that a strong social safety net is advantageous for a country's industries and businesses.

Given the rising concentration of wealth among rich individuals and large corporations, exacerbated by the COVID-19 pandemic, the GPC's model is based on the recognition that there remains fiscal room to increase taxes on this group of people and companies over the medium term. As such, though economic challenges may arise from restructuring the tax code in the short-term and will need to be addressed, improvements in social infrastructure will offset any negative impacts that may arise from an economic competitiveness vantage point due to substantial increases in taxation.

Accounting for Uncertainty

To manage risk and account for uncertainty, the GPC will set aside one third of the value of the proposed new measures for a Contingency Fund.

Costed Policies (2021)

The policies below were costed by the Parliamentary Budget Officer in 2021. Any currently uncosted policies would be implemented following the aforementioned framework, and their implementation would abide by the fiscal rules and target laid out above.

New Revenues (\$M)

<i>Revenue changes (\$) millions</i>	2021-22	2022-23	2023-24	2024-25	2025-26
Eliminating resource deductions and investment tax incentives for the oil and gas sector	546	2,358	2,830	2,802	3,218
Eliminating Corporate Meals and Entertainment Expense Tax Deductions	207	835	860	884	909
Financial transaction tax	7,574	30,874	33,236	35,784	38,532
Eliminate Deduction on Employee Stock Options	1	6	13	28	50
Contingency Fund	-2,776	-11,358	-12,313	-13,166	-14,236
Total	5,552	22,715	24,626	26,332	28,473

New Investments (\$M)

<i>Spending changes (\$) millions</i>	2021-22	2022-23	2023-24	2024-25	2025-26
Increasing public spending on early childhood education and care to achieve the international benchmark of at least 1% of GDP annually	250	1,250	2,250	3,250	3,632
Eliminating federal GST/HST (5%) on eligible new construction costs for child care centres	-	2	2	2	2
Free post-secondary education and cancelation of federal student debt	17,303	15,770	10,761	10,943	11,234
Financial support for a shared climate supercomputer	51	154	-	1	3
Canada's fair share of international climate finance	1,840	1,840	1,840	1,840	1,840
Financial support for supportive housing	1,037	1,113	1,261	1,415	1,575
Financial support for deeply affordable non-market, co-op and non-profit housing	52	405	818	1,319	1,921
Increasing the Capital Cost Allowance rate for purpose-build rental housing	107	302	469	615	747
Eliminating deemed GST for new rental units	-	347	359	371	383
Tax credit for gifts of land to community land trusts for affordable housing	-	-	-	-	-
Pharmacare	-	5,210	10,717	11,101	11,484
Expansion of the Canada Caregiver Credit	131	536	579	626	678
Long-term care reform	13,700	13,700	13,700	13,700	13,700
Total	34,471	40,629	42,756	45,183	47,199