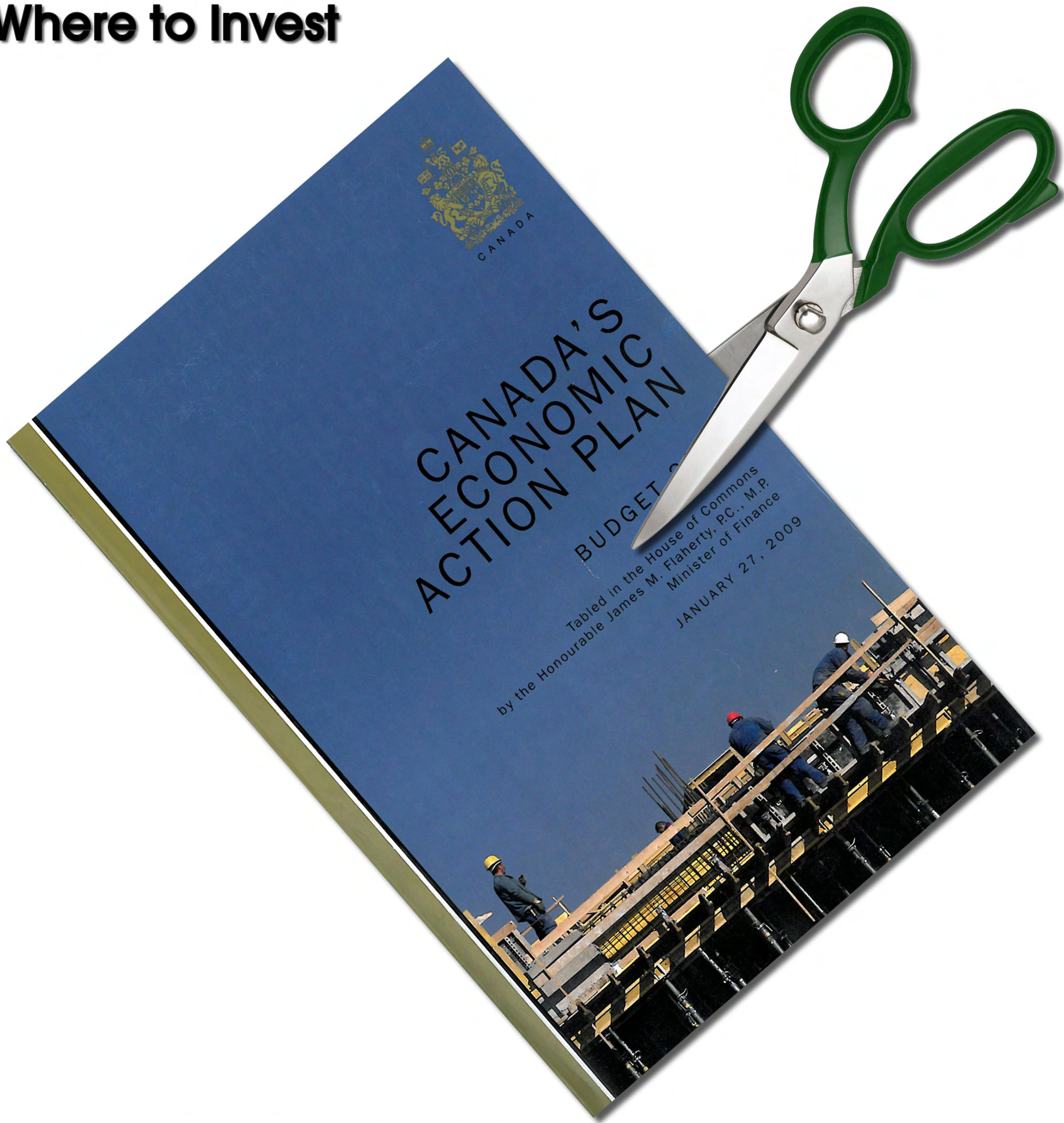


# Green Scissors

Where to Cut

Where to Invest



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**PRESS RELEASE**  
**For Immediate Release**  
**March 26, 2012**

**Green Scissors -- Where to cut and where to invest**

**OTTAWA** - Cutting waste and powering up the economy should be the focus of the upcoming federal government budget, says the Green Party of Canada. The Greens have suggested a list of potential inclusions for the budget to Finance Minister Flaherty.

“All of the elements we have suggested are politically practical and should be in line with the Conservative Party policy goals. Minister Flaherty may have already included some of them, but we wanted to offer our ideas in the spirit of cooperation,” said Green Leader Elizabeth May, Member of Parliament for Saanich-Gulf Islands.

Greens have suggested increasing federal revenue by closing loopholes for off-shore tax havens (saving \$1.2 billion), taxing estates exceeding \$5 million (bringing in \$1.5 billion/year) and raising the corporate tax rate back to the 2009 level of 19%, still competitive with OECD rates (saving \$4.5 billion). “With these three measures that mostly target the richest portion of the population, we can create savings that can be used to get Canadians back to work and reduce the deficit,” said May.

Tax relief for business, workers and youth is the best way to stimulate the stagnating economy. Greens suggest eliminating the punitive increases in EI payments and deductions and investing in youth employment programs. “Our focus should be on supporting the small and medium businesses that are the lifeblood of our economy,” said May. “They should not be stifled by a regulatory burden that makes it harder to employ people in good paying, permanent jobs.”

Greens warn against an austerity programme that could risk Canada’s tenuous economic recovery. Economic growth has slowed and many smaller businesses are still struggling. The increases in EI premiums hit some sectors very hard. Youth unemployment is still unacceptably high at 14%.

“Any cuts in government spending should focus squarely on waste and not critical services. We will vigorously oppose cuts in environmental science, environmental assessment, health care, or support to post-secondary education and veterans. We believe this is in line with Canadian values,” said May.

It will be important to get out the green scissors to cut wasteful spending. Greens single out fossil fuel subsidies as an obvious extravagance and also suggest ending subsidies to biotechnology, nuclear and asbestos. “Canadians are struggling to pay their bills and we are funnelling tax money to corporations pulling in record profits. That doesn’t add up,” said May.

“The key is to use our green scissors in the right places,” said May. “We estimate that \$6,633 million could be saved by cutting carefully.”

There is a lot of fat that can be trimmed from the government itself. Cutting government advertising could save over \$90 million. Cancelling a planned House of Commons Crystal Palace would save \$100 million. The Prime Minister's Office budget could be set back to the levels of the Chretien government, saving a further \$5 million. Encouraging civil servants to work virtually instead of travelling to meetings would save up to \$500 million. "Obviously, the government should be part of any belt-tightening," commented May.

"For a stronger economy and healthier communities, we should invest in energy efficiency, renewable energy, and mass transit. Urgent needs of First Nations must also be a priority. Finally, a National Affordable Housing Program is essential to ensure all Canadians have adequate shelter," said May.

"With the right balance of changes to revenue and spending, we can have a budget that works for Canadians and ensures that we reduce the deficit."

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**MEDIA CONTACT:**

Rebecca Harrison

[media@greenparty.ca](mailto:media@greenparty.ca)

613-614-4916

This submission comes as a supplementary to the fully-costed, 3 year budget we prepared for the May 2011 election campaign. The key components of our Green Fiscal policy remain.

We wish to highlight certain elements and offer the most politically practical elements for implementation by this Government. Given the existing policy parameters of Prime Minister Harper's approach, we know that pressing for a carbon tax, for example, will not be warmly received. The following are designed to meet the current economic climate and be "do-able" despite the gulf that exists between the Green Party and Conservative Party policy goals.

### **Update since 2011:**

The last year has seen the Canadian economy stagnate. Economic growth has slowed, and although the recession is officially over, Canadians are still nervous about our economic recovery. Some elements of the economy are particularly worrying. We are still lagging in innovation, research and development. The productivity gap with the US is widening. Small and medium sized enterprises are struggling and the increases in EI premiums hit them hard. Youth unemployment is still persistently and unacceptably high at 14%. The construction sector has slowed and businesses need an injection to keep viable companies from going under. Overall, Canadians need to get back to work.

This is not the time for an austerity programme that runs the risk of further jeopardizing our recovery. At the same time, the growth in government spending under the current government needs to be brought to heel. Any cuts in government spending should focus squarely on waste and not critical services. We will vigorously oppose cuts in environmental science, environmental assessment, health care, or support to post-secondary education.

In that context, we offer the following recommendations:

### **Where to gain more revenue:**

- 1) Raise corporate tax rate to 19%, the level it was in 2009. This is still competitive with OECD rates. (+\$4.5 billion )
- 2) Go after off-shore tax havens. Close loopholes for the wealthiest who hide funds off-shore. Savings (+\$1.2 billion)
- 3) Implement Estate taxes on estates exceeding \$5 million. (+\$1.5 billion/year)

Subtotal Total revenue increase: +\$7.2 billion

### **Where to provide tax relief to business, workers, youth:**

- 1) Eliminate increases in EI payments and deductions; (-\$600 million)
- 2) Increase access to EI benefits until employment improves. (-\$500 million)
- 3) Create Municipal Youth Employment Program combined with a Municipal Youth Employment Tuition Credit and an increase to post-secondary tuition bursaries: (-\$1.5 billion)
- 4) Pass a Small Business Act (similar to that in the EU) to ensure any new legislation takes into account the need to reduce the regulatory burden on small and medium sized enterprises. (No cost associated)

Subtotal Total expenditure increase: -\$2.6 billion

## Get out the Green Scissors:

The Green Party recommends that the Government of Canada leave intact all existing funding for Health, Education, Environment, and Veterans Affairs.

Where to cut:

1) Fulfill commitments made at the G-20 and eliminate subsidies to fossil fuels.	(+\$1.2 billion)
2) End subsidies to biotechnology, nuclear and asbestos.	(+\$256 million)
3) Cancel purchase of F-35s. This is not a complete savings of funds as new planes are needed, however Canada does not need stealth fighters with the capabilities of takeoff and landing from aircraft carriers. We have no aircraft carriers. Instead, open a competitive bidding process for planes with search and rescue capability, surveillance, twin engines. At \$128 million per unit (PBO) X 65 units = 8.32 billion. 50% savings estimate with open competition, and jets with more realistic capabilities	(+\$4 billion)
4) Reduce government spending on advertising to 2005 levels.	(+\$90 million)
5) Cancel plans to build a crystal palace for the House of Commons in West Block, estimated at \$115 million. Instead, convert the Government Conference Centre to a temporary House, for a cost savings of approximately	(+\$100 million)
6) Cut the Prime Minister's Office budget by 50% to levels of the Chretien government.	(+\$5 million)
7) Cancel plans for Financial Literacy Leader. Instead increase funding to Consumers Association of Canada to deliver on the goals of C-28. As this bill has not been costed, the estimate of savings is stated as a range.	(+\$2 million)
8) Cancel plans to expand the House of Commons by 30 seats.	(+\$30 million)
9) Invest in sophisticated telecommunications and video conferencing for federal government departments. Cut spending for governmental civil servant travel by 50%. Given total governmental transport and communications expenditures of \$3 billion/year, we believe it is realistic to achieve annual cost savings of	(+\$500 million)
10) Cut funding from Carbon Capture and Storage projects from the Clean Energy Fund Program, for one time savings. Instead, set environmental and greenhouse gas goals for industry to meet.	(+\$450 million)
11) Cut the bureaucracy at Aboriginal Affairs and Northern Development and provide more actual support to First Nations communities. (Revenue neutral)	
<b>Subtotal Green Scissors Savings:</b>	<b>+\$6,633 million</b>

## Where to invest for a stronger economy and healthier communities:

1) Fund and expand the ecoENERGY Retrofit programme. Expand it to include hospitals, schools and universities.	(+\$1 billion)
2) Invest in renewable energy and mass transit.	(+\$1 billion)
3) Invest in First Nations Education, housing, water and health care.	(+\$1 billion)
4) Establish a National Affordable Housing Program.	(+\$834 million)
Subtotal Investment for Healthy Economy and Communities:	-\$3,384 million
Subtotal Total revenue increase:	+\$7,200 million
Subtotal Total expenditure increase:	-\$2,600 million
Subtotal Green Scissors Savings:	+\$6,633 million
Subtotal Investment for Healthy Economy and Communities:	-\$3,834 million
Total changes to Revenue:	+\$13,833 million
Total changes in Spending:	-\$6,434 million
Deficit reduction:	\$7,399 million