

Building on a Strong Foundation



November 2005



Building on a Strong Foundation is a companion document to the Government of Canada's *Economic and Fiscal Update* released on November 14, 2005.

It outlines the Government's forward agenda which builds on a strong record of achievements and includes new measures contained in the Update. It is a strategy based on a commitment to a strong and growing economy as a means to achieve the society we want. Simply put, Canada's economic growth and social progress are intertwined and mutually supportive. A strong economy is supported by sound social policies. And without a growing economy, we would not have the means to achieve our goals as a society.

Building on a Strong Foundation is available electronically at www.pm.gc.ca

Building on a Strong Foundation

Introduction

Over the past decade, the Canadian economy has been one of the most successful in the world. Since 1997, Canada has posted the longest string of federal budget surpluses in its history and our country's record of growth in living standards, job creation and debt reduction is unmatched by any other major country. With more and better jobs, rising incomes and lower interest rates, Canadians have been able to invest in their families, skills, homes and businesses. To build on that progress and to maintain a quality of life second to none, Canada must now focus on the opportunities and challenges that will shape the world over the next two decades, in particular:

- The rapid growth of new economic giants such as China and India, as well as the widespread adoption of new ways of producing and delivering goods and services around the world; and
- The challenge posed to Canadians' future standard of living as the baby boom generation retires.

To thrive in this new economic environment, the Government of Canada has made significant investments to strengthen the country's social foundations, including health care, child care and education. Major new initiatives have been launched to protect the natural environment, to ensure that Canada's cities and communities are sustainable, creative, safe and secure and to strengthen Canada's role in the world. These combined investments have improved Canadians' standard of living and secured our future.

Now the time has come for a new economic plan to update priorities, set core policy directions and guide future budget decisions.

The new *Plan for Growth and Prosperity* responds to the challenge of building a successful and sustainable 21st century economy by investing in people, promoting innovation and facilitating the freer flow of people, goods, services and capital within and across Canada's borders.

It proposes action on four fronts:

1. Creating opportunities for all Canadians;
2. Advancing an innovative economy;
3. Positioning Canada at the centre of global commerce and networks; and
4. Building the right investment environment.

1. Creating Opportunities for All Canadians

In a world of accelerating technological change, our economy needs a workforce that is flexible and adaptable and people who embrace lifelong learning. The Government's policies are designed to ensure that every Canadian has the opportunity to acquire the necessary skills and no Canadian faces insurmountable barriers to participation in the labour market. To help create better opportunities for Canadians, the Government of Canada will work to:

Enhance Canada's World-class Workforce

- Help make post-secondary education more affordable for low and middle-income Canadians through reform of student assistance and expansion of grants to improve access to post-secondary education;
- Encourage graduate study opportunities;
- Encourage international education opportunities; and
- Integrate learning into the workplace by working with business, labour and provincial partners to enhance skills development — including literacy, essential skills and apprenticeships.

Meet the Demographic Challenge

- Increase workplace participation of under-represented groups by removing barriers to participation and improving incentives;
- Streamline the immigration system to improve immigrant processing, settlement and integration;
- Increase immigration of skilled and educated workers; and
- Partner with provinces, business and professional associations to better match immigrants with skills requirements, broaden the regional distribution of immigrants and improve foreign credential recognition.

Creating Aboriginal Opportunities

- Agree on effective partnerships and transformative approaches to health, housing, economic development and education at the upcoming First Ministers Meeting (FMM) with Aboriginal leaders; and
- Launch a new relationship based on mutual respect, recognition of rights, and a commitment to the principle of good governance.

Improve Labour Mobility and Labour Market Efficiency

- Work with provinces, territories and stakeholders to reduce barriers to labour mobility across the country;
- Improve the quality and timeliness of labour market information; and
- Ensure that the Employment Insurance program continues to meet the changing needs of the workforce and the economy.

2. Advancing an Innovative Economy

A successful 21st century economy creates and quickly adopts leading-edge technology. Canada must constantly improve its capacity to generate the knowledge, innovation and research that leads to new products, services and methods of doing business in order to provide Canadians with better jobs and incomes. To help build a more innovative economy, the Government of Canada will work to:

Retain Leadership in University-based Research

- Maintain Canada's G7 leadership in university-based research through major ongoing investments to build world-leading research equipment and facilities, attract the best researchers and support primary research; and
- Improve monitoring of investments and strengthen the reporting of research success.

Strengthen International Research Networks

- Strengthen support for universities and researchers to develop international networks and participate in research partnerships that improve Canada's access to leading-edge research;
- Make it easier for the best and brightest researchers from around the world to work in Canada; and
- Fulfill our commitment to devote five percent of federal R&D to problems faced by the developing world, including health and environmental technologies.

Encourage Private Sector R&D and Technology Adoption

- Build the right environment for private sector investment in R&D and technology; and
- Introduce new programs to enhance existing support for technology development and adoption.

Accelerate the Commercialization of New Technologies

- Increase the commercialization capacity of established economic clusters;
- Improve collaboration between university and private sector researchers;
- Strengthen the management and commercial capabilities of scientists and engineers; and
- Implement new models for managing government laboratories to strengthen clusters of university and private sector research excellence.

3. Positioning Canada at the Centre of Global Commerce and Networks

Canada is a trading nation, with exports representing 40 percent of the country's economy. Canada must pursue an aggressive trade and investment strategy to help Canadian companies — especially small and medium-sized firms — take greater advantage of opportunities in global markets and position themselves in the high-end, value-added component of global supply chains. To help position Canada at the centre of global commerce and networks, the Government of Canada will work to:

Open Canada to the World

- Review Canada's tariff regime to improve competitiveness, attract investment and ensure trade negotiations open key international markets for Canadian business;
- Move forward on the Security and Prosperity Partnership of North America to make our societies safer and more secure, our businesses more competitive and our economies more resilient;

- Ramp up the Foreign Investment Promotion and Protection Agreement program to help Canadian firms connect to global supply networks, especially in priority markets such as India and China; and
- Improve Canada's trade and investment climate by concluding negotiations with the United States on tax treaty changes, reviewing Canada's restrictions on foreign investment in the air transportation sector, and acting on the findings of the telecommunications review.

Position Canada in Global Business Networks

- Develop a government-wide network of services and programs to identify opportunities in key emerging markets and showcase Canadian strengths;
- Increase trade promotion services, especially for small and medium-sized businesses;
- Further the integration of emerging economies into the global economy through bilateral initiatives and Canada's leadership position in the G7 and G20;
- Work with Canadian businesses in emerging markets to promote issues of corporate social responsibility; and
- Facilitate global market opportunities for Canadian companies to develop and deploy environmental technologies.

Create World-class Gateways

- Promote trade opportunities by supporting the further development of Canada's Pacific gateway and the Windsor-Detroit corridor through infrastructure investment and supporting policy initiatives;
- Explore further liberalization of Canada's air transport agreements with the United States and other countries; and
- Improve access to global telecommunication networks by better connecting remote, rural and Aboriginal communities to broadband networks where private service is lacking.

4. Building the Right Investment Environment

In a world where people and businesses are increasingly able to move to where they can obtain the greatest advantage, the best way to support jobs, growth and prosperity is to create the right conditions for private investment and initiative. The Government's plan focuses on the following fields of action:

Maintain Canada's Macroeconomic Advantage

- Maintain commitment to balanced budgets or better and a balanced approach to allocating surpluses;
- Keep the federal debt-to-GDP (gross domestic product) ratio on a downward track and commit to reduce that ratio to 20 percent by 2020; and
- Maintain low, stable and predictable inflation by extending the inflation target agreement with the Bank of Canada for a further five years in 2006.

Improve the Competitiveness of Canada's Tax System

- Reduce personal income taxes at all income levels to make it more attractive for Canadians to join or stay in the workforce and save. In particular, the Government will reduce marginal tax rates to improve incentives;
- Consult with provinces and territories to design and introduce an effective Working Income Tax Benefit to make work pay for low-income Canadians and help them break out of the welfare trap;
- Ensure Canada has an internationally competitive corporate tax system to encourage investments that create new economic activity, well-paying jobs and more productive and efficient business; and
- Encourage Canadian investment abroad and foreign investment in Canada.

Promote Regulatory and Financial Market Efficiency

- Reform the Government's regulatory system based on the principles of Smart Regulation;
- Reduce the paper burden on Canadian business by working with the private sector and other levels of government to minimize complexity and duplication;
- Ensure that the regulatory framework governing the financial sector, capital markets and pensions promotes soundness, efficiency and competitiveness and serves the needs of individuals, businesses and the economy; and
- Continue discussions with the provinces and territories on a single securities regulator and other approaches to achieve a new, enhanced system of securities regulation.

Strengthen Canada's Economic Union

- Encourage provincial governments to implement tax reforms that enhance productivity including eliminating provincial capital taxes and reforming retail sales taxes;
- Further develop the Agreement on Internal Trade with the provinces; and
- With the provinces, enhance workplace-based skills development, including literacy, essential skills and apprenticeships.

Improve Productivity in Government

- Update the Government's expenditure management system to better link spending to results and improve the quality of information for Parliament;
- Further professionalize the Public Service of Canada by investing in learning;
- Strengthen internal audit across the public sector; and
- Perform ongoing reviews of major portfolios to create a culture of expenditure review.

Promote Energy Efficiency and Environmental Sustainability

- Encourage the development and adoption of energy-efficient and environmentally sustainable technologies, situating Canada's industries at the forefront of a growing global market;
- Use market mechanisms to tap greenhouse gas reduction potential across the Canadian economy, spurring innovation at a national level;

- Encourage energy-efficiency improvements and other competitive structural changes for Canadian consumers, industry and governments;
- Use the Government's purchasing power to improve Canada's environmental performance;
- Provide leadership in international fora to promote technology adoption, market development and international cooperation; and
- Use the tax system and other incentives to support environmental objectives.

The Government's forward agenda builds on its actions to date, as outlined in the section below. It is a strategy based on a commitment to a strong and growing economy as a means to achieve the society we want. Quite simply, Canada's economic growth and social progress are intertwined and mutually supportive. A strong economy is supported by sound social policies and without a growing economy we do not have the means to achieve our goals as a society. The Government's record is the foundation for the agenda going forward.

A Record of Action

A Strong Economy

Canada's fiscal and economic policies promote equality of opportunity and a better quality of life for all through healthy finances and a strong, diverse and environmentally sustainable economy.

Over the past 10 years, these policies have made Canada one of the strongest performers among industrialized countries on several fronts: balanced budgets and debt reduction; low inflation and interest rates; consistently strong job creation; and GDP (gross domestic product) per capita that has increased more in the last eight years than it had in the previous 18 years.

The Government will pursue this balanced approach to government finances and the economy because it is paying dividends to Canadians from one end of the country to the other.

Canada's continued economic growth depends upon the ability of Canadian businesses to turn more bright ideas into dynamic businesses, great jobs and growing export markets.

The emergence of powerhouses such as China and India means Canada must continue to create, use and adapt new technologies at every possible instance — throughout every sector of the economy — to remain globally competitive.

A diverse and technologically advanced economy depends upon workers equipped with a wide range of skills, prepared to succeed in established and emerging industries in every region of the country. This requires strong and steady investment in research and development to convert knowledge into jobs, encouraging a partnership between government, the private sector and academia.

A strong economy is supported by an evolving and efficient framework of laws and regulations: a framework that encourages innovation and growth while ensuring public health and safety.

Highlights

- Eight consecutive budget surpluses. In 2004, Canada was the only G7 country to post a total government surplus.
- Since 1996-97, \$63 billion worth of debt reduction. The Government's Plan for Growth and Prosperity proposes to reduce the debt-to-GDP ratio to 20 percent by 2020.
- Since April 1997, our economy created 2.7 million net new jobs, the strongest record of labour force participation and employment growth in the G7.
- The Government is proposing a new tax reduction plan of more than \$30 billion in personal and corporate income tax relief, building on previous tax cuts of \$22 billion set out in Budget 2005. The actions taken since 2000 have removed about 1 million low-income Canadians from the tax rolls.
- Since Canada began posting balanced budgets, the Government has invested more than \$11 billion in new funding for research and development in Canadian universities and teaching hospitals.
- To sustain Canada's leadership in university-based research and accelerate the commercialization of new technologies, the Government proposes a further investment of more than \$2.3 billion starting in 2005-06.
- Fundamental changes to Equalization and Territorial Formula Financing will mean an additional \$33 billion over the next 10 years for the provinces and territories. The Government also provided complete protection for provinces and territories against declines in payments in 2005-06.
- To position Canada in global business networks and to create world-class gateways, the Government proposes to invest \$1.2 billion over the next five years.

The Health of Canadians

Canadians believe that universally accessible, publicly funded health care reflects a fundamental value of their country. Recognizing that reality, the Government of Canada, in partnership with provincial and territorial governments, is committed to strengthening Canada's publicly funded system of health care.

Canadians believe in the quality of their public health care system, but they are concerned about the long waiting times to see a doctor or to have necessary tests and procedures. The Government made it a priority to work with the provincial and territorial governments and health care professionals to find solutions that put the patient first.

On September 15, 2004, all first ministers signed an agreement on a 10-year plan to strengthen and renew the public health care system. The Government committed \$41.3 billion over the next 10 years to reduce waiting times; hire more doctors, nurses and other health care professionals; expand home care and broaden access to family and community care; invest an additional \$700 million to improve the health of Aboriginal Canadians; and report to Canadians on the performance of Canada's health care system and how these resources are making a difference.

By the end of December 2005, governments will announce benchmarks for medically acceptable wait times for cancer and heart treatments, diagnostic imaging procedures, joint replacement and sight restoration. This is the beginning of an unprecedented level of accountability to Canadians.

In Budget 2005, the Government committed \$300 million over five years to an integrated Healthy Living and Chronic Disease Strategy, to give Canadians the information and tools they need to live better and to relieve the pressure on Canada's health care system.

Finally, in terms of preparedness, the Government released the Canadian Pandemic Influenza Plan outlining responsibilities; establishing a federal, provincial and territorial network to coordinate activities across the country; stockpiling millions of doses of antiviral medications; and providing an additional \$34 million over five years to help develop and test a vaccine prototype in the event of an influenza pandemic.

Highlights

- Committed \$41.3 billion over the next 10 years to strengthen publicly funded, single-payer health care, including: \$5.5 billion for the Wait Times Reduction Fund and \$75 million to train more doctors, nurses and other health care professionals.
- In collaboration with provincial and territorial governments, developed Health Goals for Canada, to advance and promote public health. This is a first for Canada.
- Agreed with provincial, territorial and Aboriginal leaders to develop a blueprint for Aboriginal health and committed \$700 million over five years to improve health services for and the health status of Aboriginal Canadians.
- Created the Public Health Agency of Canada and appointed Canada's first Chief Public Health Officer, marking a new approach to federal leadership and collaboration with the provinces.
- Appointed Dr. Brian Postl as the federal Wait Times Advisor to lead federal efforts and work with the provinces and territories to meet the first ministers' commitments to announce the first set of health care benchmarks by the end of this year.
- Proposes to invest \$50 million for the Canada Health Infoway to develop systems to better manage wait times.
- Launched a \$4-million pilot project to assess the credentials of internationally trained medical graduates.
- Allocated \$300 million for free vaccinations for 450,000 more children for meningitis, pneumonia, chicken pox and whooping cough.

Children, Students, Seniors and Caregivers

Support for families with children and those in need is central to the Government's agenda. The Government has made significant investments in support of Canadian families and their children. This amounts to \$13 billion per year. For example, through the Canada Child Tax Benefit, the Government of Canada provides more than \$9 billion in income support to help more than three million low-and middle-income families.

The Government took the lead in articulating a shared national vision for early learning and child care. It is based on the principles of quality, universal inclusiveness, accessibility and development. And in 2005, the federal budget included \$5 billion over five years to support this vision in partnership with the provinces and territories.

Since April 2005, the Government of Canada has signed a final funding agreement with Quebec and signed agreements in principle with seven other provinces: Manitoba, Saskatchewan, Ontario, Newfoundland and Labrador, Nova Scotia, Alberta and British Columbia.

To help those most in need deal with rising energy costs, the Government proposed in October 2005 to provide \$565 million in relief to some 1.5 million families receiving the National Child Benefit Supplement and 1.6 million Guaranteed Income Supplement recipients.

By 2007-08, up to \$25 million annually will go to the New Horizons for Seniors program to help improve the quality of life of seniors.

Improving support for family caregivers is a priority for the Government. It is also committed to working with provincial and territorial governments, employers and communities to help Canadians with disabilities participate in the workforce.

Highlights

- Made access to post-secondary education easier with a new up-front grant of up to \$3,000 for first-time, post-secondary, dependent students from low-income families. The Government also introduced the Learning Bond to help low-income families save for their children's post-secondary education.
- Committed \$5 billion to work with provinces and territories to improve and expand early learning and child care across the country.
- Concluded an agreement with the Government of Quebec on responsibilities for Employment Insurance to enable that province to establish its own parental leave benefits plan.
- Increased by \$2.7 billion over five years the Guaranteed Income Supplement (GIS) benefits for low-income seniors, the first non-inflation adjustment increase in the GIS in 23 years.
- Increased tax relief for persons with disabilities and their caregivers by \$105 million in 2005-06, and proposes to increase the maximum annual Child Disability Benefit to \$2,300 for the 2006-07 benefit year.
- Doubled to \$10,000, the maximum amount of medical and disability-related expenses that caregivers can claim on behalf of their dependants.
- Proposes to increase the maximum amount of the refundable medical expense supplement to \$1,000.
- Proposes to provide \$1 billion in 2005-06 to provinces and territories for a Post-Secondary Education (PSE) Innovation Fund.
- Proposes to spend \$550 million over five years for grants for PSE for 55,000 more students per year from low-income families.
- Proposes to invest \$2.2 billion over five years for student financial assistance.
- Proposes \$30 million more per year for employment assistance programming for persons with disabilities.

Aboriginal Canadians

Improving the lives of Aboriginal people is a challenge the Government of Canada is determined to meet, working with Aboriginal organizations and the provincial and territorial governments. The Government's focus is on closing the socio-economic gap between Aboriginal peoples and other Canadians.

To that end, in April 2004, the Government launched the Canada Aboriginal Peoples Roundtable with some 70 Aboriginal leaders to work together toward the shared goal of full participation of First Nations, Inuit and Métis peoples in Canadian society.

First ministers invited Aboriginal leaders to meet with them in September 2004. As a result, work is underway on a blueprint to improve Aboriginal health.

On May 31, 2005, the Government of Canada and Aboriginal leaders signed agreements to strengthen the involvement of Aboriginal people in the development of federal policies that impact upon them.

Building on this strengthened relationship, a first ministers' meeting with Aboriginal leaders will be held November 24-25, 2005, that will focus on health, housing, education, economic opportunities and relationships.

The Government is investing in areas that matter most to improving the quality of life and future prospects of Aboriginal Canadians. These areas include health care, housing, early learning and child care, water, education and skills development.

While all parties agree that the road to substantive change will be a long and challenging one, there is a very positive outlook from Aboriginal leaders, as well as government partners, about the progress that has been made to date and the concrete actions that will be taken in the future.

Highlights

- \$700 million over five years to deliver health services that better meet the needs of Aboriginal peoples, to train more Aboriginal health care workers and promote health, including maternal health and early childhood education.
- \$295 million over five years for housing construction and renovation on reserves, targeting 6,400 new units and renovating 1,500 existing units.
- \$225 million over five years for First Nations early learning and child care and child and family services.
- \$120 million over five years to improve the Special Education Program for First Nations children living on reserve.
- \$600 million to upgrade, maintain and monitor water and wastewater systems on reserve, for a total of \$1.6 billion over five years.
- \$125 million over five years to support a network of Aboriginal organizations that help Aboriginal people develop skills and find and keep jobs.
- Doubled to \$50 million the funding for the Urban Aboriginal Strategy to allow successful projects in eight cities to continue and expand to six more cities. Projects focus on youth, health, homelessness and housing among other areas.

Canada's Cities and Communities

The Government has put in place a plan to improve the quality of life of all Canadians, by investing in sustainable, creative, safe and secure communities.

The Government's New Deal supports Canada's cities and communities in their role as national and regional economic engines, while at the same time fostering the environmental, social and cultural sustainability of each community.

The federal and territorial governments developed the Framework for the Northern Strategy to strengthen governance, partnerships and institutions with a view to establishing strong economic and social foundations including healthy and safe communities.

The Government have investments to strengthen local economies, including sharing the gas tax with cities and communities (to date, gas tax agreements have been concluded with nine provinces and territories) and granting rebates on the goods and services tax to support investments in municipal infrastructure; dedicated funding for public transit; and signed affordable housing agreements with provinces.

The Government has committed to working with its partners to improve the availability of affordable housing, as well as improving programs and services for new Canadians. These efforts will help newcomers to become active participants in the social and economic life of Canada's communities.

Together with provinces and territories, the Government is addressing the disturbing increase in the use of guns in urban centers. To this end, the Government announced tougher penalties for gun crimes and investments in crime prevention initiatives to combat gang violence.

The Government is also supporting cultural life in communities across the country in order to strengthen the multicultural character of our society and to give voice to our country's great diversity of expression at home and abroad.

Broadband services are linking Canadians in rural, remote and Aboriginal communities to information and services at home and across the world.

Highlights

- As a result of the Government's decision to share federal gas tax revenues, \$5 billion will be invested in Canadian cities and communities over the next five years. Agreements on the gas tax have been reached with British Columbia (\$635 million), Alberta (\$477 million), Saskatchewan (\$148 million), Ontario (approximately \$1.9 billion), Quebec (\$1.1 billion), Nova Scotia (\$145 million), Nunavut (\$37.5 million), the Yukon (\$37.5 million) and the Northwest Territories (\$37.5 million).
- Municipalities now receive a full rebate of the Goods and Services Tax, making \$7 billion available to them over the next 10 years to invest in their most pressing needs.
- An additional investment of \$800 million over two years will fund public transit systems in Canadian cities.
- Proposes \$3.5 billion for this year and the next five years to increase training and apprenticeship and literacy skills to help Aboriginal people, persons with disabilities and new immigrants become active members of the workforce.
- Proposes to improve services for newcomers to Canada by another \$1.3 billion for this year and the next five years, adding to an initial pledge of \$398 million in Budget 2005 to enhance settlement and integration programs.
- Invested almost \$1.2 billion over five years to help fight homelessness, and an additional \$1.6 billion to assist low-income Canadians with their housing needs. Canada Mortgage and Housing Corporation also spends \$2 billion per year on 633,000 housing units across Canada.
- Invested \$860 million in Canadian arts and culture under the Tomorrow Starts Today initiative.
- Proposes an additional \$100 million for broadband services to add to the 900 rural and remote communities, including over 100 First Nations communities, connected since 2002.

The Environment

As stewards of the environment for Canadian children, grandchildren and the generations that will follow, the Government is making major investments to preserve Canada's natural environment and to address climate change. The Government has launched Project Green — an integrated approach to sustainable development — to ensure that Canada's economic strategy and environmental policy point in the same direction.

Project Green meets the Government's responsibility to preserve and enhance Canada's environment, fostering innovative environmental technologies to create a healthy environment for Canadians in communities large and small.

Budget 2005 was the "greenest" federal budget since Confederation, investing more than \$3 billion in new funding, including \$1 billion for an innovative Climate Fund which will also help achieve Canada's clean air goals, and \$860 million to protect Canada's rich inheritance of land, waters and biodiversity.

In April 2005, the Government released a comprehensive plan for honouring Canada's Kyoto commitments. Climate change is a global challenge that requires international leadership and commitment and in late 2005, Canada will host in Montreal, the 11th Conference of the Parties to the United Nations Framework Convention on Climate Change. This conference aims to find ways to accelerate the progress toward Kyoto targets and start to build an even more effective, inclusive global approach to climate change.

The Government will continue to work with consumers, environmentalists and other governments to develop further its integrated approach to sustainable development, climate change and environmental protection. It will build on the strong legal framework for sustainability already established by Parliament. These laws help protect species at risk and protect human life, health and environment from the risks associated with toxic substances.

Highlights

- Launched a new national Climate Change Plan for respecting Canada's international commitments under the Kyoto Protocol.
- \$1 billion for a Climate Fund to reduce greenhouse gas emissions in Canada.
- \$225 million to expand the successful EnerGuide for Houses Retrofit Incentive program for Canadians. An additional \$170 million over five years to retrofit an extra 750,000 homes was proposed in October 2005.
- \$4 billion over 10 years to clean up contaminated sites across the country, many of which are located in the North.
- \$269 million to improve the ecological health and the physical infrastructure of Canada's National Parks.
- Announced measures to establish protected marine areas on all three coasts.
- \$85 million for an Invasive Species Strategy that will focus on enhanced preventative measures and an additional \$100 million to address mountain pine beetle infestations.
- \$40 million to continue to restore the health of the Great Lakes Basin, and \$28 million to preserve the health of Canada's oceans and ocean ecosystems.
- \$90 million to conduct health risk assessments and research, which will help protect Canadians from potentially harmful exposure to toxins.
- Proposes to invest \$50 million to expand the Renewable Power Production Incentive.

A Role of Pride and Influence in the World

Canada has a proud history in world affairs and Canadians want their country to play an important role on the world stage. On April 19, 2005, the Government launched *Canada's International Policy Statement — A Role of Pride and Influence in the World*, which highlights the links between security, development and commerce.

The statement stresses the need for Canada to invest in its defence and security, international commitments and foreign aid to support a more effective international role. It includes a commitment to enhance Canada's economic relationships with established partners in North America and in Europe as well as Japan, and to deepen partnerships with new economic powerhouses, such as China, India and Brazil.

Internationally, Canada is demonstrating leadership in combatting HIV/AIDS in the developing world, encouraging debt relief in the poorest of countries, contributing to support democratic elections in the Ukraine and Iraq, and helping to rebuild South and Southeast Asia after the December 2004 tsunami and October 2005 earthquake.

As part of United Nations reform, Canada has actively supported the Peacebuilding Commission, a Human Rights Council and the Responsibility to Protect initiative. This Canadian initiative seeks to hold governments accountable for how they treat their people, and to intervene if necessary to prevent a humanitarian catastrophe.

Canada is also making important contributions by combining its diplomacy, defence and development efforts to secure and rebuild countries such as Afghanistan, Sudan and Haiti.

To facilitate trade and investment and protect Canada's commercial interests, the Government has pursued trade and investment and science and technology agreements with India, Japan, Korea and the European Union, furthered trade liberalization at the World Trade Organization and opened new consulates in the United States. Canada has also agreed to pursue a strategic partnership with China.

Highlights

- In Budget 2005, nearly \$13 billion over five years was committed for the Canadian Forces — the largest funding increase in 20 years — to expand the force by 5,000 regular and 3,000 reserve personnel, support operations and invest in new equipment.
- \$3.4 billion in new international assistance over the next five years, which will help fulfill the Government's pledge to double international assistance by 2010-11 from its 2001-02 level. This includes doubling aid to Africa by 2008-09 from its 2003-04 level.
- \$342 million for international trust funds to combat diseases that afflict poor countries and \$206 million in new debt relief for the world's poorest countries.
- \$425 million in assistance to countries devastated by the December 2004 tsunami and \$57 million to Pakistan for recovery following the October 8, 2005, earthquake.
- Expanded engagement in the stabilization efforts in Darfur, Sudan, including up to \$198 million for humanitarian aid and support for the African Union Mission in that country.
- Continued Canada's commitment to security and reconstruction in Afghanistan, playing a leading role in the NATO-led International Security Assistance Force in Kabul and deploying a provincial reconstruction team to Kandahar.
- Deployed 550 military and police personnel and six helicopters to Haiti as part of the United Nations efforts to help bring stability to that country.
- Launched the Security and Prosperity Partnership of North America with Mexico and the United States and reached a Strategic Partnership with China.

Security

The most fundamental duty of government is to ensure the safety and security of its citizens. Canada's first comprehensive statement on national security, *Securing an Open Society: Canada's National Security Policy*, released in April 2004, is an integrated strategy and action plan to address current and future threats.

Canada's National Security Policy focuses on three core national security interests, which are to protect Canada and Canadians at home and abroad, ensure Canada is not a base for threats to the country's allies, and contribute to international security.

Key new investments and measures detailed in the policy include enhancing Canada's marine security and intelligence capabilities; modernizing the national fingerprint system; strengthening Canada's capacity to predict and prevent cyber threats; and implementing a biometrically enabled passport.

The new position of National Security Advisor to the Prime Minister has been established to improve the coordination and integration of security efforts among government departments.

A new department of Public Safety and Emergency Preparedness has been created to coordinate security and intelligence, policing and enforcement, corrections and crime prevention, border services, immigration enforcement and emergency management.

The Public Health Agency of Canada has been established to ensure that the public health needs of Canadians are met. The agency works with partners to prepare for potential health emergencies and provides the infrastructure to respond to health crises.

Highlights

- Since 2001, Canada has invested over \$9 billion dollars in measures to protect Canadians.
- Created a new Cabinet Committee on Security, Public Health and Emergencies.
- Established the Integrated Threat Assessment Centre to improve intelligence gathering on potential threats to Canada.
- Expanded the Free and Secure Trade program to speed up the flow of low-risk travel at seven new high-volume commercial crossings along the Canada-U.S. land border.
- Launched in March 2005, the Security and Prosperity Partnership of North America with the United States and Mexico.
- Established a pandemic plan, which has been recognized as an international model by the World Health Organization, and held the first-ever international ministerial-level conference on planning for a possible pandemic.
- Announced \$24 million for the creation of a national antiviral stockpile for use against an influenza pandemic.
- Committed \$34 million over five years for development and testing of a prototype (mock) vaccine for an influenza pandemic. This will improve domestic production capacity and shorten the time later required to produce a vaccine in an actual pandemic.

Accountable Government

The Government has been changing the way it works, the way it accounts to Canadians and the way it serves them.

This has meant changes to how Parliament works, changes in the way the Government monitors and controls its expenditures, and changes in the way the Government is accountable to Canadians.

To make Canada's institutions more responsive to Canadians, the Government has introduced a series of parliamentary reforms. These include the prior review of appointments, more free votes for members of the government caucus, and the more frequent referral of bills to standing committees after first reading, so that members of Parliament may better represent their constituents and help shape and debate national policies.

A series of reforms have also been implemented to ensure better management of public funds and that any mismanagement is detected early. These measures include:

- the strengthening of financial management and controls in the public sector;
- the strengthening of Crown corporation governance;
- the introduction of legislation to protect "whistleblowers";
- proactive disclosure to Parliament and to Canadians;
- greatly improved training and higher standards and qualifications for managers; and
- improvements to how the Government reports to Parliament.

Measures to strengthen public sector management have been an integral part of the Government's response to the Auditor General's report on the sponsorship program. From the beginning, the Government's objective has been to get to the bottom of what happened in a completely open and transparent manner and to take all appropriate action.

In order to uncover all the facts, the Government created an independent Commission of Inquiry, chaired by Justice John Gomery. The Commission has now reported the findings of its inquiry. The Government looks forward to the Commission's second and final report, to be released in February 2006, which will provide recommendations to the Government to help ensure the highest level of effectiveness in public sector management.

Highlights

- Cancelled the sponsorship program and created the Gomery Commission to get to the bottom of what happened.
- Put in place new rules and ethical guidelines for all public office holders, including the prime minister, ministers, and parliamentary secretaries.
- Established an independent Ethics Commissioner for members of the House of Commons and public office holders and a Senate Ethics Officer.
- Established the Office of the Comptroller General to strengthen financial management in the public sector and introduced a new Internal Audit policy to enhance control and oversight.
- Introduced legislation to protect public servants who disclose wrongdoing.
- Enhanced transparency of Government operations by, for example, disclosing on a quarterly basis information on travel and hospitality expenses and all contracts over \$10,000.
- Created greater role for Parliament in holding the Government to account in areas such as appointments to key public sector positions, including chairs and CEOs of Crown corporations and agencies.