



## Testing platforms through fiscal credibility

*A summary of the 2021 platforms of  
the Liberal Party of Canada (LPC),  
Conservative Party of Canada  
(CPC), and New Democratic Party  
of Canada (NDP)*

Institute of Fiscal Studies and Democracy

September 16, 2021

Elections are about choices. To frame positions – and potentially, inform voter choice at the ballot box – political parties define their governing plans and priorities in platforms. For the past three decades, political platforms have been part of election time discussion and debate in Canada. Platforms are relevant for anticipating government behaviour, signalling party priorities, and are an important tool to hold a newly elected government to account.

Platforms can be analyzed and assessed against a number of criteria, from policy relevance to implementation feasibility to credibility. The [fiscal credibility of electoral platforms are another dimension that we, at IFSD, consider of critical importance](#). Using fiscal credibility as a lens, the internal consistency of platform narratives can be tested, by aligning declared priorities to proposed economic and fiscal assumptions, revenues, and expenditures.

Ahead of the 2019 election, [IFSD developed principles and scoring criteria](#) to assess the fiscal credibility of political platforms. The assessments are designed to test for the realism of economic and fiscal assumptions, responsible fiscal management, and transparency. Platforms are political documents and are expected to provide reliable and realistic proposals, making them different than budgets or government documents that have different requirements for accuracy, realism, and transparency.

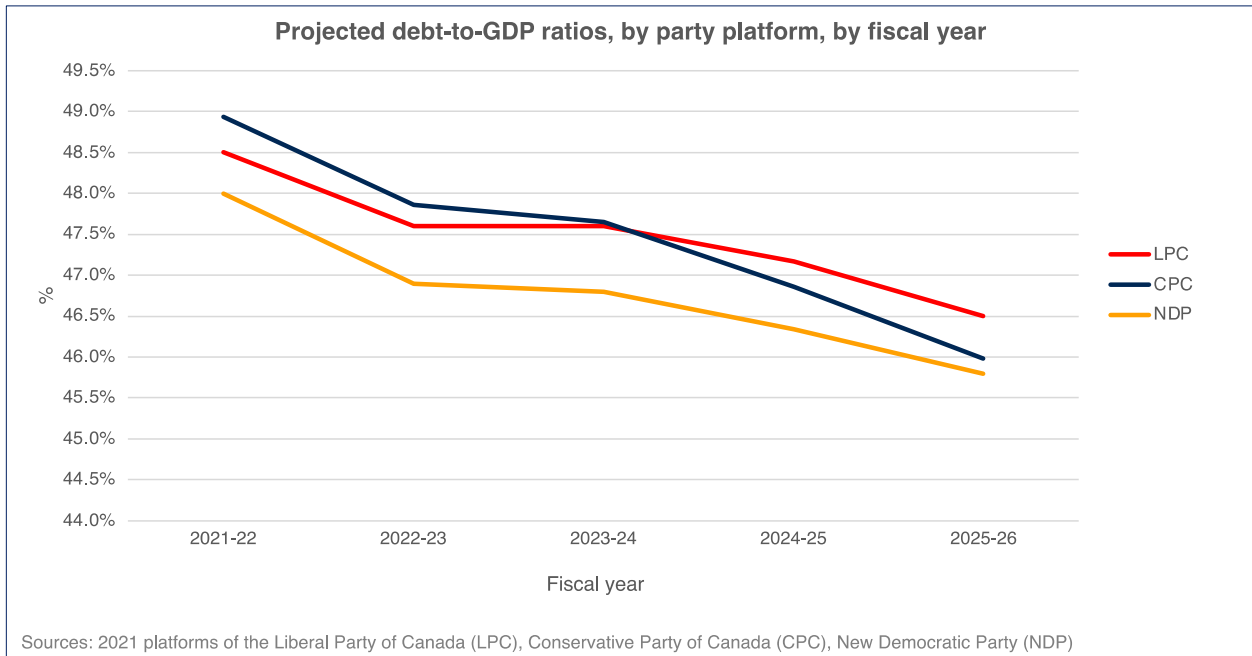
The three part framework assesses:

- 1) Use of realistic and credible economic and fiscal projections:** Platforms are realistic and credible when views of the future are based on assumptions and baselines that are commonly perceived to be reasonable and trustworthy because they reflect a balance of risks, are generated by trustworthy and independent sources.
- 2) Responsible fiscal management:** Platforms demonstrate responsible fiscal management when the costs of policy proposals are managed within clear and accountable budgetary constraints, that promote economic growth and stabilization over the business cycle, with consideration of the long-term sustainability of public finances.
- 3) Transparency:** Platforms are transparent when sufficient information is provided about commitments to assess impacts on the economy, the finances of the Government of Canada, and the well-being of individuals and families.

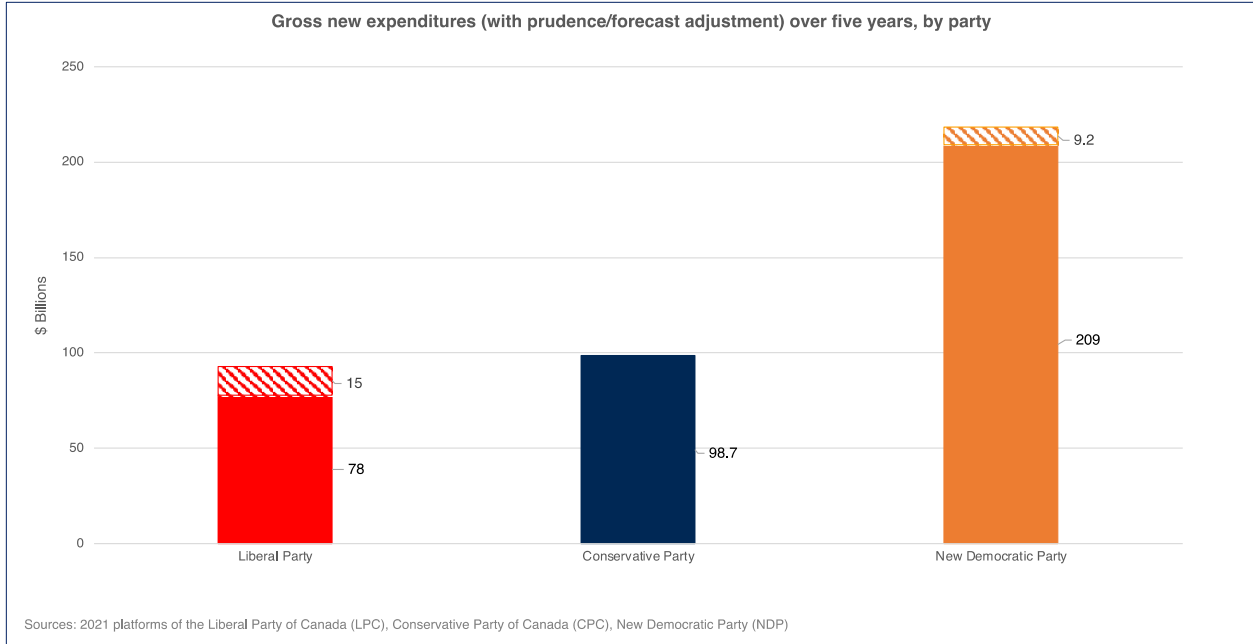
Using this framework, the platforms of the Liberal Party of Canada (LPC), the Conservative Party of Canada (CPC), and the New Democratic Party (NDP) were assessed ahead of Election Day 2021. IFSD assessed the parties' platforms in the order in which they were released and published its findings ([LPC](#), [CPC](#), [NDP](#)) (the individual assessments are appended to this report).

**While the parties all appear to end up in relatively similar fiscal territory in a five-year period, they arrive in different ways. The parties exposed their differences through their economic and fiscal assumptions, their fiscal management plans, and the transparency of their commitments. These differences are reflected in their scores.**

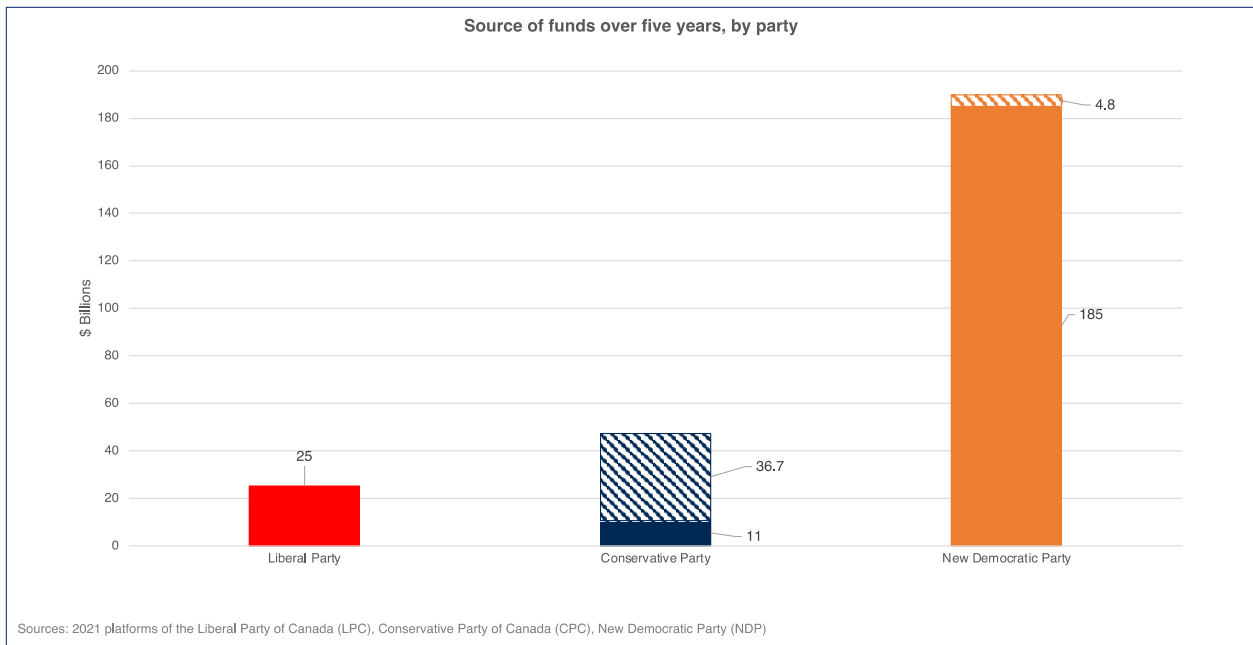
All parties project declining debt-to-GDP ratios. This is an important measure to assess the economy’s capacity to manage debt. Along with fiscal sustainability, debt-to-GDP ratios are used by bond rating agencies to assess sovereign risk. LPC and NDP do so through increased revenues, and CPC through the cancellation of existing programs. The NDP’s lower ratio is a function of its much higher projected revenues.



All parties project new expenditures through various policy and program commitments. LPC and NDP project their new expenditures \$78B and \$209B, respectively with contingencies (shaded in the table below, \$15B (LPC) and \$9B (NDP) for prudence/forecast adjustments). While they present risk adjustments, LPC and NDP lack costings by the Office of the Parliamentary Budget Officer (PBO) for some major measures. CPC presents its expenditures without any prudence or risk adjustments. Their major initiatives, however, were costed by PBO and released by the party.



To fund their expenditures, parties propose drawing on different sources of funds. Sources of funds include taxation, cuts to existing programs, and other revenue measures (e.g., tariffs, fees, sales of assets). Sources of funds for LPC and NDP come through taxation. LPC depends on new taxation measures for its funds (\$25B), while the NDP proposes not only new taxation measures but also new rates for some existing measures (\$185B), and adjustments to the fiscal framework (\$5B). CPC depends on savings by cutting programs, namely the childcare measure, along with others, previously booked in the fiscal framework (\$37B), and closing the tax gap (\$11B).



Following a presentation of what underlies the parties’ fiscal strategies, IFSD presents its scoring of the fiscal credibility of the LPC, CPC, and NDP platforms’ fiscal plans. As depicted in the table below, LPC’s overall score was ‘good.’ The score is attributed to its economic and fiscal planning assumptions, consideration of risk, and feasibility of the implementation of its measures (in fiscal and economic terms).

Party	Overall score	Principle 1	Principle 2	Principle 3
		<i>Realistic economic and fiscal assumptions</i>	<i>Responsible fiscal management</i>	<i>Transparency</i>
LPC	●	●	●	●
CPC	●	●	●	●
NDP	●	●	●	●

Good	●
Pass	●
Fail	●

CPC’s plan scored an overall ‘pass,’ attributed to its baseline economic assumptions and the feasibility of the implementation of its proposed measures. Its score is reduced by its score in responsible fiscal management, given its lack of consideration of risk, no explicit prudence, no medium-term fiscal target, no commitment to long-term fiscal sustainability, and no mention of a medium-term fiscal anchor beyond a long-term balanced budget.

NDP’s plan scored an overall ‘pass,’ attributed to its use baseline economic and fiscal assumptions, the clarity of the presentation of its fiscal planning framework and its ‘policy’ commitment to fiscal sustainability. The results are tempered by weaknesses in fiscal management (i.e., implementation challenges and fiscal sustainability issue) and transparency.

### Principle 1 – The use of realistic and credible economic and fiscal projections

The three platforms scored well on the realism and credibility of their fiscal and economic assumptions by using the Office of the Parliamentary Budget Officer’s (PBO) baseline economic and fiscal forecasts. From this baseline, the LPC platform articulates economic challenges around two policy priorities: 1) the need to address the public health crisis to facilitate the opening of the economy; 2) the need to build back better to address resiliency, sustainability, and equity.

The CPC platform costing projects declining deficit and expenditures into fiscal year 2025-26. The platform commits to investments for jobs and economic growth, but the measures are small relative to the size of the economy and their impacts on the economy are uncertain.

The NDP's fiscal plan projects a slightly declining debt-to-GDP ratio. There is a planned permanent increase in spending and revenues relative to the size of the economy. While there is a policy commitment to fiscal sustainability, the uncertainty surrounding estimates of proposed revenue measures and increasing expenditures would likely challenge the sustainability of the plan.

## **Principle 2 – Responsible fiscal management**

Scores for responsible fiscal management varied among the three parties' platforms, with the LPC scoring above both the CPC and NDP. All three platforms propose spending increases, with the LPC and NDP projecting spending increases into 2025-26. CPC spending is front-end-loaded and projected to decline. LPC projects new expenditures to total \$78B, with \$25B in revenues, and a \$32B deficit in 2025-26. As in the other platforms, a declining debt-to-GDP ratio is projected. The fiscal plan remains sustainable over the long-term, with a tacit provision for risk (\$15B forecast adjustment to address unforeseen risks, the fiscal rule of declining debt-to-GDP), as well as proposed strategic policy review to improve alignment of government expenditures to priorities.

In its plan, CPC projects net expenditures declining from a peak of roughly \$30B in 2021-22 to -\$0.7 in 2025-26. Platform commitments have an estimated total cost of approximately \$51B over five years. The deficit is projected to decrease from \$168B to approximately \$25B over the same period, which reflects in part, the \$27B in savings from the cancellation of the childcare program announced in Budget 2021. There is a lack of consideration of fiscal risk in the CPC plan. In particular, the 6% increase to the Canada Health Transfer (CHT) may require significant reductions to other spending measures or increases in revenue measures to maintain long-term fiscal sustainability.

The NDP proposes roughly \$215B in new spending (including a \$9B contingency fund), with gross revenues of approximately \$185B (net revenues to the fiscal framework of \$166B) over the next five years. Some revenue measures, such as the proposed wealth tax, have higher degrees of uncertainty. The platform costing includes provisions for risk with room for revenue forecast errors, as well as a contingency fund to address uncertainties related to new spending proposals. While the overall fiscal framework proposes a declining debt-to-GDP ratio, permanent spending from major national measures, e.g., pharmacare, dental care, a universal livable basic income for people with disabilities and seniors, etc., likely make the long-term fiscal structure unsustainable.

### Principle 3 – Transparency

Transparency scores were similar for LPC and CPC, with NDP scoring the lowest, with roughly half the score of the other two parties. LPC and CPC commitments are relatively straightforward with respect to implementation, cost, and impacts.

For LPC, there are two risks that merit consideration. First, the revenue generating proposal to close the tax gap, will require better articulation as it is both new and a significant contributor to projected revenues. Second, while the climate change strategy includes funding for economic transition, additional fiscal pressures in this policy commitment are likely. Another consideration is that some major measures, e.g., the Guaranteed Income Supplement (GIS), proposed by LPC, were not costed by PBO.

The CPC's signature health care measure, i.e., Canada Health Transfer (CHT), was asserted to be \$60B over 10 years, which IFSD estimates to be closer to \$36B over the same period. The CPC's Personal Low Carbon Savings Account was not costed by PBO, and risks being more complex to implement and administer, with additional cost burdens. Both CPC and LPC platforms present information that is sufficient to consider potential impacts of measures on Canadians, and differences with the status quo and proposals from other parties.

The NDP, however, proposed few, if any indicators on the expected impact of their proposed revenue and expenditure measures on the economy as a whole, on specific sectors (e.g., oil and gas), and on capital markets (e.g., wealth tax, capital gains inclusion). The platform commitments are ambitious and complex, with some major measures not costed by PBO. Implementation of these commitments are resource intensive and are dependent on collaborations with other orders of government and may be unrealistic within the proposed timeframes.

In future elections, it would be unfortunate for parties to not have their key measures costed by the PBO.

### Conclusion

LPC, CPC, NDP all present platforms with declining debt-to-GDP ratios and declining spending, but the nuances of the parties' plans impact their fiscal credibility score.\* LPC presents a plan with consideration of risk and limited fiscal exposure in its straightforward commitments. CPC's similarly straightforward plan, proposes a reduction in spending with a significant gap in consideration of fiscal management and risk. NDP's plan proposes measures to significantly expand the role of the state. While there is consideration of economic and fiscal risk, their plan has a significant gap in transparency given its limited consideration of the implementation and impact of its proposals.

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\* Should the costed platforms of other parties become available by close of business on Friday, September 17, 2021, IFSD will produce their assessments and will endeavour to update this note.



As voters cast their ballots, they may wish to consider the fiscal credibility of the parties' platforms. Platforms can play prominent roles in setting both policy direction and budget trajectories for governments. From the perspective of fiscal credibility, parties with the narrowest gaps between their political narratives and their economic and fiscal plans offer the most coherent approach for voters.



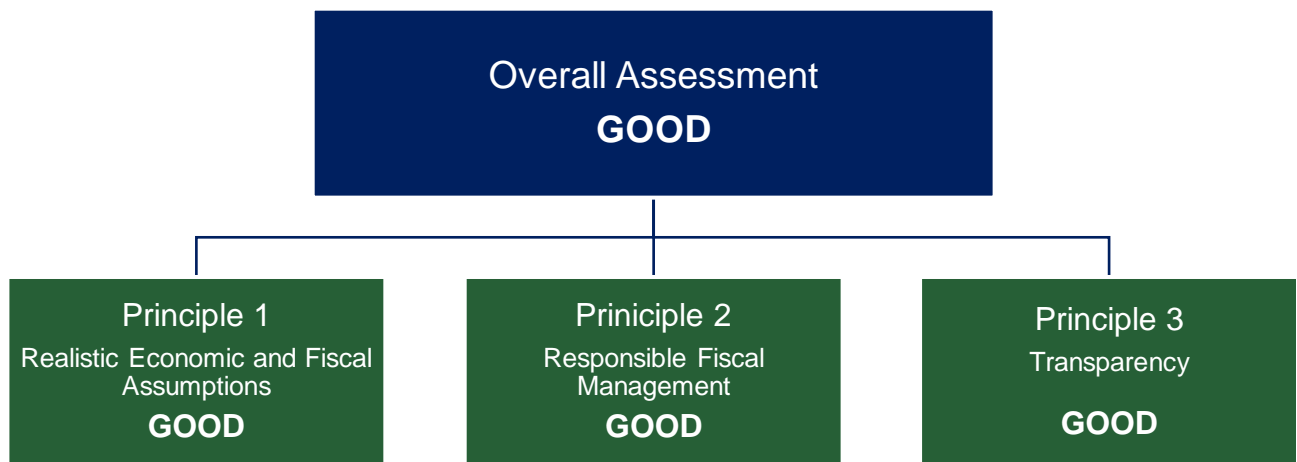


**APPENDIX – Liberal Party of Canada (LPC) 2021 platform assessment**

## IFSD Fiscal Credibility Assessment Liberal Party of Canada Platform 2021

*IFSD finds that the Liberal Party Platform 2021 merits an overall rating of ‘good,’ with ratings of ‘good’ across the three assessment principles (realistic economic and fiscal assumptions, responsible fiscal management, and transparency).*

*Note: The Office of the Parliamentary Budget Officer’s (PBO) cost estimation is expected to be undertaken on the most significant and complex measures in the platform. IFSD’s score may be revised if PBO’s costing on the most significant measures is not presented prior to the end of the campaign.*



### Summary

The Liberal Party of Canada released its 2021 platform, “Forward. For Everyone.” on September 1, 2021. The platform includes a variety of measures clustered into six themes: fighting COVID-19, housing, health care, economic resilience, climate/green future, and reconciliation.

The Institute of Fiscal Studies and Democracy (IFSD) assesses the fiscal credibility of election platforms of the major parties according to three principles:

- 1) Use of realistic and credible economic and fiscal projections;
- 2) Responsible fiscal management;
- 3) Transparency.

The principles and scoring criteria are detailed in [IFSD’s platform assessment](#) framework, originally developed ahead of the 2019 federal election.



These assessments are designed to test for coherence between policy proposals and fiscal and economic plans, as well as the realism of assumptions. Platforms are political documents and are expected to provide reliable and realistic proposals, making them different than budgets or government documents that have different requirements for accuracy, realism, and transparency.

IFSD finds that the Liberal Party Platform merits an overall “good” rating, attributed to its economic and fiscal planning assumptions, consideration of risk, and feasibility of the implementation of its measures (in fiscal and economic terms). The overall score is 15.5/18 across the three principles.

Using the Office of the Parliamentary Budget Officer’s (PBO) baseline economic and fiscal forecasts, the Liberal Party Platform articulates economic challenges around two policy priorities: 1) the need to address the public health crisis to facilitate the opening of the economy; 2) the need to *build back better* to address resiliency, sustainability, and equity.

To address the policy priorities, the Liberal Party Platform proposes several new spending measures, at a cost of approximately \$78B over five years, with proposals to raise \$25B in additional revenues. Together, with a \$15B provision for unexpected risks, the plan generates a fiscal deficit of \$32B in 2025-26, with a declining debt-to-GDP ratio. Despite the increase to the deficit, the fiscal plan remains sustainable over the long-term.




While there is no explicit discussion of long-term fiscal and economic risks in the platform, there are tacit provisions (e.g. the \$15B forecast adjustment to address unforeseen risks, the fiscal rule of declining debt-to-GDP), as well as a proposed strategic policy review to improve the alignment of government expenditures to priorities, that implicitly guide fiscal and economic plans.

The implementation of most proposed measures is expected to be straightforward. Information in the platform is sufficient to consider potential impacts of measures on Canadians, and differences with the status quo and proposals from other parties.

There are two risks that merit consideration. First, the revenue generating proposal to close the tax gap, will require better articulation as it is both new and a significant contributor to projected revenues. Second, while the climate change strategy includes funding for economic transition, additional fiscal pressures in this policy commitment are likely.

## Principle 1: Realistic and Credible Economic and Fiscal Assumptions

*Election platforms are deemed to be based on a realistic view of the future if efforts are made to use assumptions and baseline (status quo) economic and fiscal projections that are commonly perceived to be reasonable and trustworthy (because they reflect a balance of risks) and are generated by trustworthy and independent sources.*

Overall Score	Score by sub-principle	
	1.1 Platform uses the latest PBO baseline economic and fiscal forecast	 <span style="border: 1px solid black; padding: 2px 5px;">2</span>
	1.2 Platform articulates economic challenges	 <span style="border: 1px solid black; padding: 2px 5px;">1.5</span>
	1.3 Platform articulates fiscal challenges	 <span style="border: 1px solid black; padding: 2px 5px;">1</span>
<b>4.5/6</b>		

*1.1 Platform uses the latest PBO baseline economic and fiscal forecasts.*

### Liberal Party Platform score: 2/2

- The platform uses the Office of the Parliamentary Budget Officer’s (PBO) baseline economic and fiscal forecasts.

*1.2 Platform articulates economic challenges.*

### Liberal Party Platform score: 1.5/2




- The Liberal Party Platform articulates economic challenges around two policy priorities: 1) the need to address the public health crisis to facilitate the opening of the economy; 2) the need to *build back better* to address resiliency, sustainability, and equity.
- Fundamental economic challenges such as low productivity growth and competitiveness are not explicitly addressed in the platform.

*1.3 Platform articulates fiscal challenges.*

### Liberal Party Platform score: 1/2

- The Liberal Party Platform makes the case that the federal government went into and will emerge from the pandemic in a strong fiscal position. The position is substantiated by a AAA credit rating, and a relatively low debt-to-GDP ratio (among G7 economies).

- The large increase in federal deficits were deemed necessary to support households and businesses during the lockdown and are expected to mitigate long-term economic scarring.
- There is no discussion of longer-term fiscal risks that could jeopardize fiscal sustainability in the platform. However, the planning framework does incorporate a \$15B forecast adjustment over the next three years to address risks.

Principle 2: Responsible Fiscal Management		
<i>Election platforms are deemed to be responsible in fiscal management if the combined impact of costing of policy proposals are managed within clear and accountable budgetary constraints that promote economic growth and stabilization over the business cycle and longer-term sustainability of public finances in the face of aging demographics.</i>		
Overall Score		Score by sub-principle
5.5/6	2.1 Platform commitments are consistent with a defensible medium-term fiscal strategy and framework.	 1.5
	2.2 Platform's commitments maintain long-term fiscal sustainability.	 2
	2.3 The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors.	 2

2.1 Platform commitments are consistent with a defensible medium-term fiscal strategy and framework.

**Liberal Party Platform Score: 1.5/2**

- The Liberal Party Platform's proposed approach to fiscal management is based on three principles: 1) a budget constraint fiscal rule (declining debt-to-GDP ratio; a declining annual budgetary deficit); 2) readiness to address further pandemic-related economic and health challenges; 3) a commitment to undertake a strategic policy review of government programs to improve allocative efficiency (i.e., alignment of spending to priorities) of government spending.
- The platform proposes \$78 billion in new spending and anticipates generating an additional \$25 billion in revenues over the next five years. Together, with a \$15 billion provision for unexpected risks, the proposed expenditures and expected revenues would generate a fiscal deficit of \$32 billion, or 1.1 per cent of GDP, in 2025-26 (\$7 billion higher than the PBO's baseline forecast).
- The debt-to-GDP ratio is projected to decline slightly every year, remaining below Budget 2021's ratio.
- From a fiscal perspective, measures to increase revenues have a relatively low risk in terms of revenue return, with exception to the tax gap measure which has a higher risk (and the platform's highest dependence for revenue generation).

2.2 Platform’s commitments maintain long-term fiscal sustainability.




**Liberal Party Platform Score: 2/2**

- The Liberal Party Platform has an implicit (not explicit) commitment to fiscal sustainability.
- Recent analysis by [IFSD](#) and the [PBO](#) indicate that federal finances are sustainable in the long run, with fiscal room of about 0.8% of GDP.
- The declining budgetary deficit and debt-to-GDP ratio would ensure that long-term fiscal sustainability is maintained.
- Extrapolating the Liberal Party Platform’s revenue and spending commitments over the long-term (using current assumptions), the fiscal structure remains sustainable, meaning that the debt-to GDP ratio would not rise.

2.3 The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors.

**Liberal Party Platform Score: 2/2**

- The Liberal Party Platform allocates a \$15B forecast adjustment for risk provision over the first three years, for unforeseen events. This represents approximately, one third of the value of the proposed new measures.

Principle 3: Transparency		
<i>A transparent platform provides enough information about its policy measures to support its claims in terms of their impacts on the economy, the finances of the Government and the wellbeing of individuals and families</i>		
Overall Score	Score by sub-principle	
5.5/6	3.1 Platform provides economic and fiscal outlook for five years (2021-26) with details on key indicators, which incorporate the proposed policy measures.	 2
	3.2 Platform provides sufficient detail on its proposed policy measures	 2
	3.3 Platform provides a clear implementation plan for key policy measures	 1.5

3.1 Platform provides economic and fiscal outlooks for five years (2021-26) with details on key indicators, which incorporate the proposed policy measures.

**Liberal Party Platform score: 2/2**

- The proposed measures are presented with associated costs and expected impacts for substantive revenue and expenditure commitments.

- The economic context is presented through the lens of the COVID-19 pandemic including on-going risks, with associated fiscal prudence and a plan for recovery.
- The net economic impact of the proposed policy measures in the platform would be relatively small, given the size of the economy, with negligible feedback effects from these measures on the Liberal Party Platform’s fiscal plans.
- The platform provides qualitative information on how the proposed measures would impact different demographics.

### *3.2 Platform provides sufficient detail on its proposed policy measures*

#### **Liberal Party Platform score: 2/2**

- The platform provides sufficient detail on the nature of proposed measures, including their goals and their expected impacts on Canadians.
- There is sufficient information to allow voters to consider potential differences with the status quo and proposals from other parties.
- The PBO’s cost estimation is expected to be undertaken on the most significant and complex measures with full utilization of allocated resources. [*Note: This score may be revised downward if PBO costing on the most significant measures is not presented prior to the end of the campaign*].

### *3.3 Platform provides a clear implementation plan for key policy measures*

#### **Liberal Party Platform score: 1.5/2**

- The Liberal Party Platform spending measures, in general, are relatively straightforward to implement and do not appear to pose significant downside fiscal risk.
- Plans to work through both established and new organizational entities such as the First Nations Infrastructure Institute, Canada Advanced Research Projects Agency, and the Council of Economic Advisors, suggest some commitment to evidence-based policy implementation.
- Most measures do not appear to require major new program development, complex machinery changes or the (re)negotiating of federal-provincial agreements.
- Many measures are *up-to* allocations or transfers that do not have significant fiscal risk to implementation.
- On the revenue side, closing the tax gap, will need to be better articulated as it is both new and a significant contributor to projected revenues.
- While the climate change strategy includes funding for economic transition, it is likely that there will be additional fiscal pressures in this policy commitment.

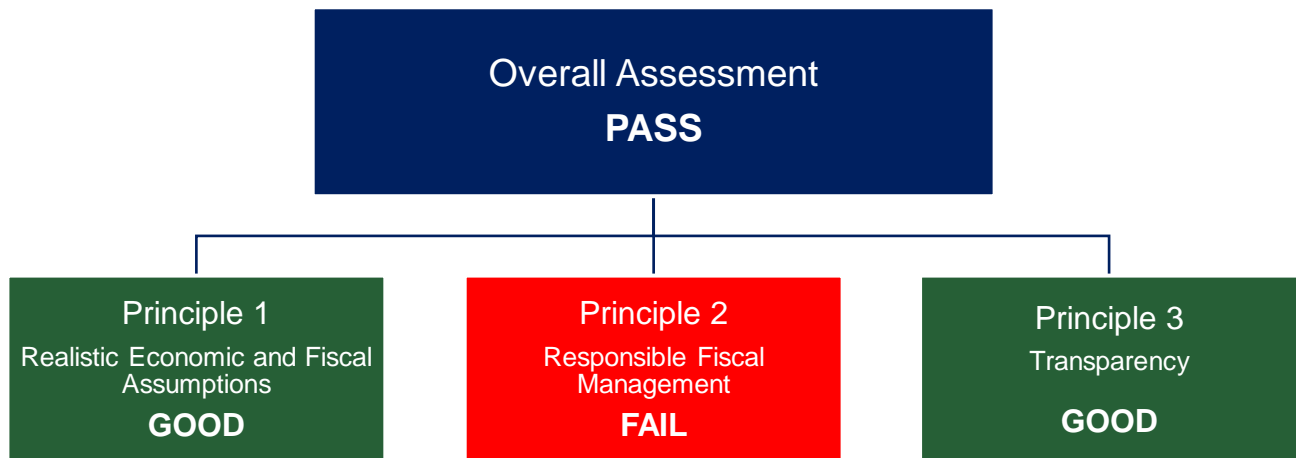


**APPENDIX – Conservative Party of Canada (CPC) 2021 platform assessment**



## IFSD Fiscal Credibility Assessment Conservative Party of Canada Platform 2021

*IFSD finds that the Conservative Party of Canada's Platform 2021 merits an overall rating of 'pass,' with ratings of 'good' across two of the three assessment principles (realistic economic and fiscal assumptions and transparency) and a 'fail' on one principle (responsible fiscal management).*



### Summary

The Conservative Party of Canada released the costing of its 2021 platform, "Secure the Future: Canada's Recovery Plan," on September 8, 2021. The platform commitments emphasize securing economic growth and jobs, the country, mental health, and accountability. Commitments proposed in the platform are intended to support individuals, businesses, and promote growth through innovation, workforce participation, and economic diversification.

The Institute of Fiscal Studies and Democracy (IFSD) assesses the fiscal credibility of election platforms of the major parties according to three principles:

- 1) Use of realistic and credible economic and fiscal projections;
- 2) Responsible fiscal management;
- 3) Transparency.

The principles and scoring criteria are detailed in [IFSD's platform assessment](#) framework, originally developed ahead of the 2019 federal election.



These assessments are designed to test for coherence between policy proposals and fiscal and economic plans, as well as the realism of assumptions. Platforms are political documents and are expected to provide reliable and realistic proposals, making them different than budgets or government documents that have different requirements for accuracy, realism, and transparency.

IFSD finds that the Conservative Party Platform Costing merits an overall 'pass,' attributed to its 'good' baseline economic assumptions and the feasibility of the implementation of its proposed measures. **Its score is reduced by its failing score in responsible fiscal management, given its lack of consideration of risk, no explicit prudence, no medium-term fiscal target, no commitment to long-term fiscal sustainability, and no mention of a medium-term fiscal anchor beyond a long-term balanced budget.** In particular, the 6% increase to the Canada Health Transfer (CHT) may require significant reductions to other spending measures or increases in revenue measures to maintain fiscal sustainability.

The overall score is 11.5/18 across the three principles.





Using the Office of the Parliamentary Budget Officer's (PBO) baseline fiscal and economic forecasts, the Conservative Party's Platform Costing projects declining deficit and expenditures into fiscal year 2025-26. The platform commits to investments for jobs and economic growth, despite assuming economic growth beyond the PBO's baseline economic forecast.

Estimated expenditures for platform commitments are front-end loaded, with net expenditures declining from a peak of roughly \$30B in 2021-22 to -\$0.7 in 2025-26. Platform commitments have an estimated total cost of approximately \$51B over five years. The deficit is projected to decrease from \$168B to approximately \$25B over the same period, which reflects in part, the \$27B in savings from the cancellation of the childcare program announced in Budget 2021.

The implementation of most proposed measures is expected to be straightforward, with exceptions such as, the Personal Low Carbon Savings Account. Information in the platform is sufficient to consider potential impacts of measures on Canadians, and differences with the status quo and proposals from other parties.

## Principle 1: Realistic and Credible Economic and Fiscal Assumptions

*Election platforms are deemed to be based on a realistic view of the future if efforts are made to use assumptions and baseline (status quo) economic and fiscal projections that are commonly perceived to be reasonable and trustworthy (because they reflect a balance of risks) and are generated by trustworthy and independent sources.*

Overall Score	Score by sub-principle	
	4/6	1.1 Platform uses the latest PBO baseline economic and fiscal forecast
1.2 Platform articulates economic challenges		 
1.3 Platform articulates fiscal challenges		 

*1.1 Platform uses the latest PBO baseline economic and fiscal forecasts.*

### Conservative Party Platform score: 2/2

- The platform uses the PBO's baseline economic and fiscal forecasts. Many spending and revenue measures have been costed by the PBO.

*1.2 Platform articulates economic challenges.*







### Conservative Party Platform score: 1/2

- Increased fiscal stimulus over the next few years is estimated to increase output, employment, and productivity. A boost to economic performance is expected, notably through jobs and output growth. The projected increase in productivity is modest.
- Economic multipliers are provided for several deficit financed measures.
- The news release accompanying the platform costing provides some misleading information about Canada's economic and fiscal situation and outlook. This information is not consistent with the PBO baseline projections for growth or the platform's proposals to increase budgetary deficits over the next five years.

*1.3 Platform articulates fiscal challenges.*

### Conservative Party Platform score: 1/2

- The Conservative Party's Platform strategy is to strengthen economic growth and reduce budgetary deficits gradually over the long-term. There is a long-term commitment to restore budgetary balance, but it is beyond the medium-term planning period and the next political cycle.
- The long-term commitment to balance the budget is not expressed in consideration of fiscal sustainability. Achieving a balanced budget in a single year is not the same as stabilizing debt to income over the long-term. Financial markets will be more concerned with fiscal sustainability than balanced budgets.
- High budgetary deficits are raised as a policy concern. Yet, the platform proposes to increase budgetary deficits, without addressing planning risks (e.g., higher than expected interest rates).

Principle 2: Responsible Fiscal Management	
<i>Election platforms are deemed to be responsible in fiscal management if the combined impact of costing of policy proposals are managed within clear and accountable budgetary constraints that promote economic growth and stabilization over the business cycle and longer-term sustainability of public finances in the face of aging demographics.</i>	
Overall Score	Score by sub-principle
2.5/6	2.1 Platform commitments are consistent with a defensible medium-term fiscal strategy and framework.  
	2.2 Platform's commitments maintain long-term fiscal sustainability.  
	2.3 The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors.  

2.1 Platform commitments are consistent with a defensible medium-term fiscal strategy and framework.

### Conservative Party Platform Score: 1/2

- The Conservative Party Platform's proposed fiscal framework shows a declining deficit over time, with the intent of balancing the budget in ten years, beyond the next political cycle. All spending increases are front-end loaded in the first three of five fiscal years.
- Approximately \$51B in spending is proposed in the Conservative Party's Platform. The budgetary deficit is projected to decline to the PBO's baseline level mainly because of savings of approximately \$27B (these savings are attributed to the cancellation of the childcare programme announced in Budget 2021, as well as revenue generation by reducing the fiscal gap through further investment in the Canada Revenue Agency, which is subject to significant uncertainty according to the PBO).

- Other than the stated objective of balancing the budget in ten years, there is no fiscal anchor or fiscal target in the medium-term.

*2.2 Platform’s commitments maintain long-term fiscal sustainability.*




**Conservative Party Platform Score: 0.5/2**

- The Conservative Party’s Platform shows a declining deficit over the medium-term. However, the new CHT escalator of at least 6%, if ongoing, would put the long-term balanced budget target and long-term fiscal sustainability at significant risk. Achieving fiscal balance in one year does not guarantee that the balance will be maintained over time.
- The 6% increase to the CHT may require significant reductions to other spending measures or increases in revenue measures to maintain fiscal sustainability.

*2.3 The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors.*

**Conservative Party Platform Score: 1/2**

- The Conservative Party Platform’s fiscal framework does not include provisions for COVID-19 related risks or a prudence factor for unforeseen events.
- The platform increases the budgetary deficit in 2021-22 and 2022-23 through stimulus-style measures. These measures are substantiated as an attempt to stimulate the economy, rather than a risk provision for unforeseen events.

<b>Principle 3: Transparency</b>	
<i>A transparent platform provides enough information about its policy measures to support its claims in terms of their impacts on the economy, the finances of the Government and the wellbeing of individuals and families</i>	
<b>Overall Score</b>	<b>Score by sub-principle</b>
<b>5/6</b>	3.1 Platform provides economic and fiscal outlook for five years (2021-26) with details on key indicators, which incorporate the proposed policy measures.  <span style="background-color: #808000; color: white; padding: 2px 5px;">1.5</span>
	3.2 Platform provides sufficient detail on its proposed policy measures  <span style="background-color: #808000; color: white; padding: 2px 5px;">2</span>
	3.3 Platform provides a clear implementation plan for key policy measures  <span style="background-color: #808000; color: white; padding: 2px 5px;">1.5</span>

*3.1 Platform provides economic and fiscal outlooks for five years (2021-26) with details on key indicators, which incorporate the proposed policy measures.*

**Conservative Party Platform score: 1.5/2**

- The Conservative Party Platform relies exclusively on the PBO’s fiscal and economic projections for the entire medium-term planning horizon. Proposed measures are presented with associated costs and expected impacts for substantive revenue and expenditure commitments.
- In terms of presentation, the costing document does not include discrete revenue and expenditure lines or debt levels.
- The platform provides information on how the proposed measures would impact households, regions, and economic sectors.

*3.2 Platform provides sufficient detail on its proposed policy measures*

**Conservative Party Platform score: 2/2**

- The platform provides sufficient detail on the nature of proposed measures, including their goals and their expected impacts on Canadians.
- PBO cost estimation has been undertaken on most measures providing assurance as to impartiality on their fiscal impacts.
- There is sufficient information to allow voters to consider potential differences with the status quo and proposals from other parties.

*3.3 Platform provides a clear implementation plan for key policy measures*

**Conservative Party Platform score: 1.5/2**

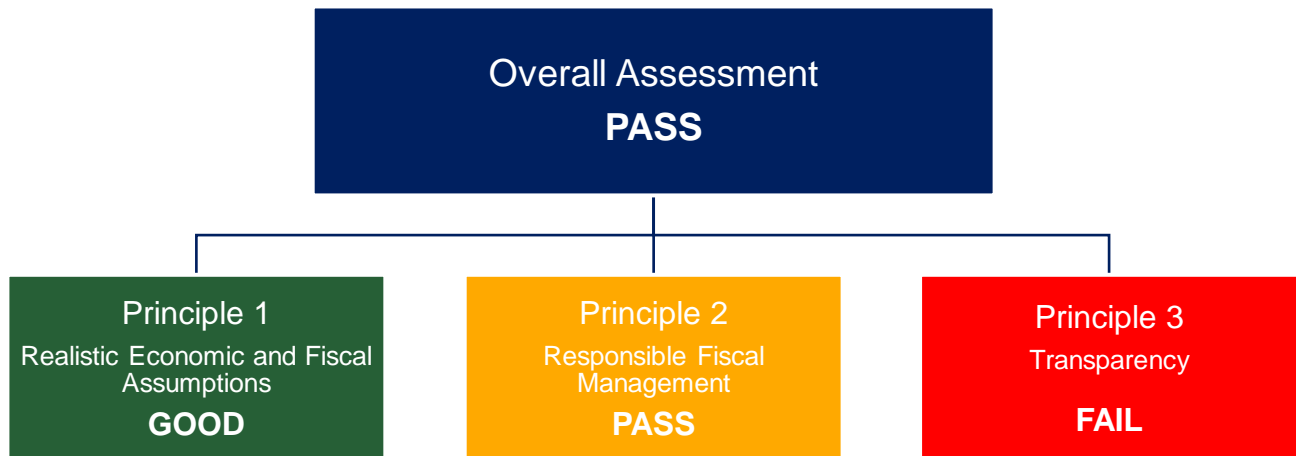
- The Conservative Party Platform’s spending measures, in general, are clearly defined and relatively straightforward to implement and do not appear to pose significant downside fiscal risk, within the medium-term forecast.
- Many measures include specific approaches to implementation and have time-limited fiscal profiles.
- Most of the commitments do not appear to require major new program development, complex machinery changes or the (re)negotiating of federal-provincial agreements.
- On the revenue side, closing the *tax gap*, will need to be better articulated as it is both new and a significant contributor to projected revenues.
- On the policy side, the climate change strategy aims to achieve lower targets than other federal parties and relies less on market mechanisms with the proposal to create a government administered, Personal Low Carbon Savings Account.



**APPENDIX – New Democratic Party (NDP) 2021 platform assessment**

## IFSD Fiscal Credibility Assessment New Democratic Party Platform 2021

*IFSD finds that the New Democratic Party (NDP) Platform 2021 merits a rating of 'pass,' with ratings of 'good' for realistic economic and fiscal assumptions, a 'pass' for responsible fiscal management, and a 'fail' on transparency.*



### Summary

The New Democratic Party (NDP) released the fiscal plan on September 11, 2021, associated to its 2021 platform, “Ready for Better: New Democrats’ Commitments to You.” The platform proposes an expanded role for the state to address several policy issues identified by the party, including, childcare, health care, basic income supports, affordable housing, First Nations reconciliation, and climate change. To pay for these spending increases, significant revenues are raised through increased taxation on wealthier individuals and corporations. While the proposed higher revenues offset most of the spending increases, there is an increase in budgetary deficits over the medium-term.

The Institute of Fiscal Studies and Democracy (IFSD) assesses the fiscal credibility of election platforms of the major parties according to three principles:

- 1) Use of realistic and credible economic and fiscal projections;
- 2) Responsible fiscal management;
- 3) Transparency.

The principles and scoring criteria are detailed in [IFSD’s platform assessment](#) framework, originally developed ahead of the 2019 federal election.



These assessments are designed to test for coherence between policy proposals and fiscal and economic plans, as well as the realism of assumptions. Platforms are political documents and are expected to provide reliable and realistic proposals, making them different than budgets or government documents that have different requirements for accuracy, realism, and transparency.




IFSD finds that the NDP platform and fiscal plan merit an overall ‘pass,’ attributed largely to its use of the Parliamentary Budget Officer’s (PBO) baseline economic and fiscal assumptions, the clarity of the presentation of its fiscal planning framework and its ‘policy’ commitment to fiscal sustainability. The results are tempered by weaknesses in fiscal management (i.e., implementation challenges and fiscal sustainability issue) and transparency.

The overall score is 10/18 across the three principles.

The NDP’s proposed measures would significantly expand the role of the state. There is a planned permanent increase in spending and revenues relative to the size of the economy. Using the PBO’s baseline fiscal and economic forecasts, the NDP’s fiscal plan projects a slightly declining debt-to-GDP ratio. While there is a policy commitment to fiscal sustainability, the uncertainty surrounding estimates of proposed revenue measures and increasing expenditures would likely challenge the sustainability of the plan.

Roughly \$215B in new spending (including a \$9B contingency fund) is proposed in the platform, with gross revenues of approximately \$185B (net revenues to the fiscal framework of \$166B) over the next five years. Some revenue measures, such as the proposed wealth tax, have higher degrees of uncertainty. The platform costing includes provisions for risk with room for revenue forecast errors, as well as a contingency fund to address uncertainties related to new spending proposals. While the overall fiscal framework proposes a declining debt-to-GDP ratio, permanent spending from major national measures, e.g., pharmacare, dental care, a universal livable basic income for people with disabilities and seniors, etc., likely make the long-term fiscal structure unsustainable.

The platform’s revenue and expenditure considerations, along with a contingency, are clearly presented. However, given the scope and scale of the proposed revenue measures of \$185B (\$166B net) over five years, there are few, if any, indicators on the expected impact of these measures on the economy as a whole, on specific sectors (e.g. oil and gas), and on capital markets (e.g. wealth tax, capital gains inclusion). The platform commitments are ambitious and complex. Implementation of these commitments are resource intensive and are dependent on collaborations with other orders of government, and may be unrealistic within the proposed timeframes.

Principle 1: Realistic and Credible Economic and Fiscal Assumptions		
<i>Election platforms are deemed to be based on a realistic view of the future if efforts are made to use assumptions and baseline (status quo) economic and fiscal projections that are commonly perceived to be reasonable and trustworthy (because they reflect a balance of risks) and are generated by trustworthy and independent sources.</i>		
Overall Score		Score by sub-principle
4/6	1.1 Platform uses the latest PBO baseline economic and fiscal forecast	 1.5
	1.2 Platform articulates economic challenges	 1
	1.3 Platform articulates fiscal challenges	 1.5

1.1 Platform uses the latest PBO baseline economic and fiscal forecasts.

**NDP Party Platform score: 1.5/2**

- The platform uses the latest PBO baseline economic and fiscal forecasts.
- Many of the proposed *revenue* measures have been costed by the PBO. Very few *spending* measures have been costed by the PBO.

1.2 Platform articulates economic challenges.




**NDP Party Platform score: 1/2**

- The platform’s economic strategy is based on the need for additional fiscal supports to address continued uncertainty around the economic recovery. There is also a larger proposed public sector role to address what the NDP identifies as long-standing issues related to income disparities, social inequities, and environmental sustainability. The party’s premise for improving the well-being and opportunity for more citizens is to create a stronger and more balanced foundation for economic growth.
- Only some of the economic implications of such an approach are considered in the fiscal plan. The platform strategy focusses on the benefits of new spending proposals and not the implications of higher taxes on investment and growth. From an economic competitiveness vantage point, the implicit assumption is that negative implications from the relative large increase in proposed taxation is offset by improvements in social infrastructure.

1.3 Platform articulates fiscal challenges.

**NDP Party Platform score: 1.5/2**

- The platform’s fiscal plan assumes that there remains significant fiscal room to increase taxes, (as long as the focus is on higher income and wealthy people and large corporations) and federal debt (in nominal terms) over the medium-term.
- There is an implicit recognition that it is important for the federal deficit and debt-to-GDP ratio to trend downwards after the large increases in 2020-21 to address the pandemic. There is a policy commitment to do regular fiscal sustainability analyses, presumably related to the uncertainty surrounding significant structural policy changes.
- The fiscal strategy necessitates a strengthening in intergovernmental relations given the concurrent jurisdictional responsibilities in policy areas related to childcare, health, and income assistance.

<b>Principle 2: Responsible Fiscal Management</b>	
<i>Election platforms are deemed to be responsible in fiscal management if the combined impact of costing of policy proposals are managed within clear and accountable budgetary constraints that promote economic growth and stabilization over the business cycle and longer-term sustainability of public finances in the face of aging demographics.</i>	
Overall Score	Score by sub-principle
<b>3.5/6</b>	2.1 Platform commitments are consistent with a defensible medium-term fiscal strategy and framework.  <span style="background-color: #808000; color: white; padding: 2px 5px;">1</span>
	2.2 Platform’s commitments maintain long-term fiscal sustainability.  <span style="background-color: #808000; color: white; padding: 2px 5px;">0.5</span>
	2.3 The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors.  <span style="background-color: #808000; color: white; padding: 2px 5px;">2</span>

2.1 Platform commitments are consistent with a defensible medium-term fiscal strategy and framework.

**NDP Party Platform Score: 1/2**

- The medium-term fiscal strategy in the NDP Platform is based on a slightly declining debt-to-GDP ratio in the medium-term and a commitment to undertake an annual sustainability analysis and potential fiscal adjustments if necessary.
- The strategy does not have a strong medium term fiscal anchor or target.

- The platform costing document states that, “*our fiscal approach would not significantly impact Canada’s projected debt-to-GDP ratio, meaning our long-run finances would remain fiscally sustainable.*” A slightly declining debt-to-GDP ratio in the medium-term does not guarantee long-term fiscal sustainability.
- The platform proposes roughly \$215B in new spending (including a \$9B contingency fund), with plans to generate an additional \$185B (\$166B net) in revenues over the next five years. Some revenue measures, such as the proposed wealth tax, have higher degrees of uncertainty. To this end, the platform reduces the anticipated revenues by 10% to account for the uncertain revenue generation.
- Overall, the plan will result in an annual average increase to the budgetary deficit of approximately \$9B over the next five years.

### *2.3 Platform’s commitments maintain long-term fiscal sustainability.*







#### **NDP Party Platform Score: 0.5/2**

- The platform’s fiscal framework shows a slightly declining debt-to-GDP ratio. The challenge is the likely long-term unsustainability of the proposed fiscal structure.
- The significant increase in permanent spending through programs such as national pharmacare, a national dental care program, and a guaranteed basic livable income for people with disabilities and seniors would likely increase the spending-to-GDP ratio over time, as they are subject to demographic pressures, making the fiscal structure unsustainable.

### *2.3 The fiscal planning framework contains adequate provisions for unforeseen events and/or forecasting errors.*

#### **NDP Party Platform Score: 2/2**

- The NDP fiscal plan includes two provisions to manage risk. First, estimated revenues from new taxes are reduced by 10% to account for errors in the revenue generation forecast. Second, a contingency fund, equal to 5% of expected revenues, is established to manage other unforeseen COVID-19 related costs.

Principle 3: Transparency		
<i>A transparent platform provides enough information about its policy measures to support its claims in terms of their impacts on the economy, the finances of the Government and the wellbeing of individuals and families</i>		
Overall Score		Score by sub-principle
2.5/6	3.1 Platform provides economic and fiscal outlook for five years (2021-26) with details on key indicators, which incorporate the proposed policy measures.	 
	3.2 Platform provides sufficient detail on its proposed policy measures	 
	3.3 Platform provides a clear implementation plan for key policy measures	 

*3.1 Platform provides economic and fiscal outlooks for five years (2021-26) with details on key indicators, which incorporate the proposed policy measures.*

#### **NDP Platform score: 1/2**

- The costed platform uses the PBO’s economic and fiscal baseline. The platform proposes significant increases in new revenue and spending which would impact the national economy and the finances of the Government of Canada.
- The platform’s revenue and expenditure considerations, along with a contingency, are clearly presented.
- Given the scope and scale of the proposed revenue measures of \$185B (\$166B net) over five years, there are few, if any, indicators on the expected impact of these measures on the economy as a whole, on specific sectors (e.g. oil and gas sector), and on capital markets (e.g. wealth tax, capital gains inclusion).
- The spending measures of over \$215B (with the contingency fund), over five years are clearly articulated. There are few indicators, however, on the performance impact (e.g., outcomes, multipliers) of the measures.

*3.2 Platform provides sufficient detail on its proposed policy measures.*

#### **NDP Platform score: 1/2**

- The platform includes many measures to be implemented over the course of a five-year period.
- The platform provides high level descriptions of many of the proposed revenue and expenditures measures.
- Some consideration of economic and fiscal risks are included through the use of a contingency fund. However, there is little consideration of the difficulties of

achieving such significant changes to the tax system and program spending in a relatively short period of time.

- The detailed financial information in the fiscal plan is not matched in the high-level narrative of the core platform document.
- While the NDP had virtually all *revenue* measures costed by the PBO, pharmacare and the mental health program were the only substantial *spending* measures that were costed. Significant measures such as dental care and a universal basic livable income for people with disabilities and seniors were not costed by the PBO.
- The fiscal plan was released 9 days before Election Day, after advance polls were open, and after the leaders' debates.

*3.3 Platform provides a clear implementation plan for key policy measures.*

### **NDP Platform score: 0.5/2**

- On the revenue side, the platform proposes a significant transformation of federal tax policy through multiple measures. With some measures, such as a change in the capital gains inclusion rate, the *administration* is expected to be relatively straightforward. However, with other measures, such as a new wealth tax, the implementation (and on-going yield) would have to contend with behavioural responses from taxpayers as well as administrative complexity.
- On the expenditure side, the platform proposes the simultaneous implementation of multiple large and complex measures, many of which entail significant federal-provincial dimensions (e.g., pharmacare, dental care, guaranteed basic income, infrastructure). There is no discussion on the very significant implementation challenges and risks associated with the delivery of such a large mandate.
- The realities of governing require that policy, operational, and fiscal considerations be addressed in concert with existing institutional arrangements. The scale and scope of the transformation being proposed by the NDP in their platform, requires a sophisticated implementation strategy to build confidence in its commitments. Such a strategy is lacking in the NDP's platform documents.