

Canadian Centre for Policy Alternatives

# ALTERNATIVE FEDERAL BUDGET 2024



## Building Momentum

A budget for now and the future

## **Alternative Federal Budget 2024**

*Building momentum: A federal budget for now and the future*

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## Notes

<sup>1</sup> The views and policies expressed in the Alternative Federal Budget do not necessarily reflect those of the authors or their organizations.

# Introduction

**T**OO OFTEN, we hear the refrain: Canada is broken.

It is often touted by extreme-right politicians and agitators looking to take advantage of several overlapping crises—and to capitalize on our frustration with much more than one government’s failure to effectively battle these challenges.

Since confederation, Canada has never been whole, never perfect. Settlers’ dreams were built on stolen lands and a colonial model that, from the outset, excluded and exploited Indigenous Peoples, women, poor, racialized, gender-diverse and marginalized people.

The struggle for decent work is as old as time. The pursuit of a more equal society has long been the mission of progressives—suffragettes who secured women’s right to vote, workers who went on strike to secure higher wages and a shorter work week, up to the more recent Black Lives Matter and Land Back movements against anti-Black policies and to protect the land from further desecration by oil and gas corporations.

As wildfires raged across the country this summer, thick smoke blanketing Canada, parts of the U.S. and Europe, Canadians vacillated between climate change complacency—“I guess this is our future”—to outrage—“enough is enough.”

This year’s Alternative Federal Budget (AFB) is firmly in the “enough is enough” camp—and we encourage you to join us. Working with policy experts from across Canada, AFB 2024 lays out a vision for a more equitable, just, fair, resilient, inclusive, and sustainable way of being. We’d like to think of Canada as a do-it-yourself project: it is fixable. With the right policy tools and smart investments, we can pass on a Canada that our children and grandchildren can thrive in—a Canada that is a world leader in well-being budgeting, rather than endlessly pursuing GDP growth at the expense of everything else.

The AFB is an exercise in imagination. Our purpose is to expand the collective imagination of what is possible, to instill hope in hard times, and to make crystal clear alternatives to the status quo. And these alternatives aren't just imagined. They are clearly articulated. We've put a price tag on them. And we've found realistic ways to pay for them.

Every government budget tells you about that government's priorities, about what matters to them. What matters to the AFB?

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## Accessible public health care matters

At a time when Canada's cherished public health system is under unbearable stress and strain, what matters to the AFB is strengthening our public health care system and investing in the root causes of illness—to prevent more people from needing medical care. The AFB will ensure that health care dollars are not spent on private, for-profit clinics, which put Canadians at risk of user fees and extra billing. The AFB will provide targeted federal funding to retain nurses, doctors, and other health care workers. The AFB will establish a National Care Economy Commission. The AFB will remove the income restrictions from the Canada Dental Benefit to make it a universal benefit. The AFB will move forward with the *Canada Pharmacare Act*, to provide free coverage for prescribed medicines to everyone in Canada. The AFB will establish the Canada Mental Health Transfer at \$5.3 billion annually over five years. The AFB will also invest \$5.7 billion to support an additional 82 million hours of home care for the nearly 90,000 Canadians waiting to access these services. And the AFB will do so much more, including an entire plan to put health equity at the heart of the system (see the Health Care and Healthy Equity chapters).

---

## Affordable housing matters

The housing market has gone through the roof and even average rents are beyond too many Canadians' ability to pay—and so what matters to the AFB is that everyone in Canada can find an affordable place to live. Federal, provincial and municipal governments have looked the other way for far too long. As the authors in our Affordable Housing and Homelessness chapter write: "This housing crisis has been brewing for decades. Fixing it will require major new public investments for a generation." The AFB will accelerate the rollout of the Federal Lands

Initiative of the National Housing Strategy, which has done little to put federal land into use for affordable housing. The AFB will build one million new non-market and co-op housing units over the next decade. The AFB will also support the community housing sector to acquire existing affordable rental buildings to bring them into the non-profit world. The AFB addresses the intersection between homelessness, mental health, and addiction. And it does so much more to fix the lack of affordable housing options for generations to come (see the Affordable Housing chapter).

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## **Access to \$10-a-day child care matters**

While the federal government has rolled out a plan to reduce child care fees to \$10 a day, far too many families in Canada live in a neighbourhood that simply doesn't have enough spaces. What matters to the AFB is that we expand the number of publicly funded, publicly managed child care spaces—and adequately pay the staff required to service those spaces—in order to ensure that everyone can access affordable, quality child care (see the Child Care chapter).

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## **Food security matters**

In a year in which food prices skyrocketed as grocery chain stores rolled in excess profits, what matters to the AFB is that we reduce overall food insecurity by 50 per cent and reduce severe food insecurity by 33 per cent by 2026 (see the Food Insecurity chapter for more). What matters to the AFB is that we “strategically focus on addressing the interlocked emerging crises that threaten our agriculture and food system”—because accelerating climate change, Russia's war in Ukraine, global supply chain disruptions, and price hikes at grocery chains threaten our ability to ensure nutritious, affordable food is on every household's table. The AFB will remove corporate lobbyists from the policy-making process—they're rigging the game. The AFB will take measures to increase the market share of small- and medium-sized retailers selling local, regional, and domestic agricultural products. The AFB will establish a climate change-focused agriculture extension institution. Reducing agricultural emissions is one of our most complex tasks in reducing greenhouse gas emissions. And the AFB will establish the Foodshed Lands Trust, which will permanently remove agricultural land from private markets and

enable local farmers to produce for local markets in their “foodshed” (see the Agriculture chapter).

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## Poverty reduction matters

The advent of the Canada Emergency Response Benefit (CERB) during the early days of the pandemic led to a reduction of poverty in Canada, but now that CERB no longer exists, poverty is back on the rise. What matters to the AFB is a plan to end poverty. The AFB will immediately retire the CERB and CRB debt and immediately cease pursuing anyone living near or below the low-income measure for repayments. The AFB will initiate a non-taxable Canada Child Benefit End of Poverty Supplement (CCB-EndPov). The CCB-EndPov would provide an additional \$8,500 per year to eligible families with an earned income of less than \$19,000 for the first child. The benefit would provide additional amounts for multiple children and the supplement would reduce at a rate of \$0.50 for every additional dollar of income. This supplement would reduce child poverty from eight per cent in 2023 to 3.6 per cent, according to the Market Basket Measure. Single-parent families, who are mostly women-led and who have extremely high rates of poverty, would see their child poverty rate reduced from 24.3 per cent to 8.4 per cent. The AFB will cancel the 10 per cent increase to Old Age Security (OAS) payments for those 75 years and older, redirecting those funds to lower the age of eligibility for the Guaranteed Income Supplement (GIS) to 60 in order to address seniors’ poverty for those aged 60-65. The AFB would create a new Canada Livable Income. This new program would be available to adults aged 18-64 who cannot access other pillars and who are not students. It would target those living in deep poverty by providing up to \$19,000 for individuals or \$11,000 for couples. This program would be much better targeted at eliminating deep poverty among adults than the Canada Workers Benefit while still providing support to those with working income. The AFB will design and implement the Canada Disability Benefit, which would be accessible to those aged 18 to 64 who are not receiving one of the other three federal income support pillars who are living with disabilities. The benefit will provide \$11,040 per year and would be received in addition to provincial and territorial disability assistance programs. The CDB would fully phase out at \$37,000 in employment income. The AFB measures would lift 369,000 children out of poverty, reduce deep poverty by 33,000 people, lift 84,000 older

Canadians out of poverty, and the AFB's Canada Disability Benefit would lift 647,000 Canadians out of poverty.

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## Decent work matters

What matters to the AFB is that every worker can access decent work. That means clamping down on business models that rely on precarious work and raising wage standards, because workers' pay isn't keeping pace with rampant inflation. It means providing access to training opportunities that could position workers for better jobs. The AFB will follow through on promised *Canada Labour Code* amendments and immediately bring into force amendments to Part III, which establish equal treatment and compensation for employees, including those in precarious work. It will also invest in needed enforcement to contend with the misclassification of workers as self-employed and the exploitation of vulnerable workers in their workplace. This includes a strategy for care workers: the AFB will provide for an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis, so that qualified personal support workers, nurses, occupational and recreational therapists, dietitians, and other workers who contribute to seniors' care can staff existing and new facilities and services in the community. And so much more (see the Decent Work, Seniors' Care, and Employment Insurance chapters).

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## The climate crisis matters

What matters to the AFB is that Canada treats climate change like the red-hot emergency that it is. The AFB will place an immediate moratorium on new fossil fuel extraction and exploration projects and implement a regulatory phase out of oil, natural gas, and coal production for fuel by 2040. Furthermore, the AFB will eliminate all federal subsidies and financial support to the fossil fuel industry by the end of 2024. The AFB makes several major investments to decarbonize key sectors of the Canadian economy, promoting biodiversity and ecosystem recovery, enacting a comprehensive strategy for a green and just transition for Canada's industrial sectors. The AFB will also attach climate-related conditions to funding opportunities available across federal departments, as well as labour and equity conditions, where applicable (see Just

Transition and Environmental and Climate Change chapters). And that's just for starters.

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## Decolonization matters

After more than 150 years of colonization, what matters to the AFB is that Indigenous Peoples are supported in their efforts to rebuild their unique languages, laws, cultures, governments, and economies. The AFB will invest \$77.29 billion over five years to meet base community infrastructure needs, including buildings, ports and wharfs, transportation infrastructure, all-season road access, utilities infrastructure, and connectivity infrastructure. The AFB will invest \$101.84 billion over five years to meet decades-neglected housing needs to address overcrowding, on-reserve migration, unit replacement, new lot servicing, repair needs, and population growth. And the AFB will do much, much more (see First Nations chapter).

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## Gender equality matters

The pandemic has wreaked havoc on many women's personal and work lives. What matters to the AFB is that women and gender-diverse people join in a just recovery. The AFB will allocate \$20 million over the next three years for the development of a new employment equity regime, aligned with the efforts of the Office of the Pay Equity Commissioner and the Office of the Accessibility Commissioner. The AFB will establish a public, universal, single-payer pharmacare plan with a national formulary that includes the full range of sexual and reproductive medicines, commodities, and devices for all (see chapter on Health Care). And the AFB will do much more to ensure the health and well-being of women and gender-diverse people (see Gender Equality chapter).

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## An inclusive society matters

What matters to the AFB is that everyone is welcome in Canada—we can build an inclusive, equitable society. The AFB will amend the definition of harassment and violence in Part II of the *Canada Labour Code* to include racism as a form of workplace violence and harassment. The AFB will create legislation to address online and other forms of hate to counter the

growing number of hate incidents in Canada. The AFB will create an *Anti-Racism Act* that will name and address all forms of systemic racism and hate. This will give a legislative foundation to an independent Anti-Racism Secretariat that reports directly to parliament and has its own budget. The AFB will give permanent resident status for all migrant workers, on arrival, and introduce a comprehensive, inclusive and ongoing immigration status regularization program for all those without status in Canada. The AFB will remove the minimum necessary income criteria for the parent and grandparent sponsorship program; it will remove the numbers cap and end the lottery system. The AFB will increase family-class immigration to 35 per cent of total annual immigration and increase annual targets and intake for refugees and protected persons. The AFB will increase processing resources to reduce, then end the immigration and refugee backlog. (See Racial Equality, Gender Equality, and Immigration chapters for more).

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## **Affordable post-secondary education matters**

What matters to the AFB is that Canada leads the way in making postsecondary education and lifelong learning a core part of our culture—it's good for people and for the economy. The AFB will provide transparent, predictable, and adequate federal cash funding to the provinces and territories, in support of public post-secondary education, through an \$8 billion a year National Post-Secondary Education Transfer, discrete from the Canada Social Transfer, with conditions. The federal government will sign agreements to ensure that the federal funding is in addition to provincial spending for the sector and is used to lower tuition for all students, invest in workforce renewal, and improve access to underserved communities. The AFB will increase and make permanent the pandemic student grant level of \$6,000 and make permanent the larger loan limit. It will also ensure more equitable disbursement, moving toward a 50:50 ratio for the grants and loans model. The AFB will allocate an additional \$500 million a year to expand access to apprenticeships and other forms of skills training. This allocation will build upon existing programs and improve access to these supports.

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## Fair and progressive taxation matters

The AFB will tax extreme wealth by introducing a progressive wealth tax—beginning on net worth over \$10 million—which would bring in \$32 billion in the first year and \$409 billion over 10 years. This tax, which could be paid by fewer than 0.5 per cent of Canada’s richest families, would increase federal tax revenue by almost 10 per cent. The AFB will restore the corporate income tax rate, boosting the federal rate to 20 per cent, from its present rate of 15 per cent, which would generate more than \$11 billion annually. The AFB will raise the inclusion rate for capital gains to 75 per cent, which would bring in more than \$9.5 billion. The AFB will cap corporate pay deductions at \$1 million in total compensation for every employee. Corporate executive salaries hit a new record in 2021. The AFB will limit the dividend tax credit, saving the federal government at least \$1 billion annually. The AFB will implement a windfall profits tax. Canadian corporations made record-high profit margins in 2021. Margins remained elevated throughout 2022. A tax on profits greater than 120 per cent of pre-pandemic margins could, conservatively, bring in well over \$20 billion for 2021 and 2022. The AFB will end the Real Estate Investment Trusts (REIT) tax break for housing. REITs have gained control over a large segment of Canada’s rental housing and tactics to drive out existing renters in order to make more revenue. REITs do not have to pay any corporate income tax. If REITs were taxed like other Canadian corporations, they would pay about \$130 million in annual corporate income tax.

All told, AFB 2024 proves that Canadians really can have nice things— if we make our tax system more progressive and make smart investments in public services, income supports, social and physical infrastructure.

# Affordable housing and homelessness

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## Introduction

For a growing number of Canadians, the housing market is broken. In 2021, an estimated 1.5 million Canadian households lived in core housing need, defined as living in an unsuitable, inadequate, or unaffordable dwelling.<sup>1</sup> The cost of home ownership remains close to all-time highs relative to income. Tight rental markets have given landlords tremendous bargaining power to raise rents sky high. And homelessness is pervasive across the country, from street and park encampments to people getting by in vehicles or by couch surfing.

At its core, Canada's housing market is afflicted by decades of *financialization*—the treatment of housing primarily as an investment, rather than a place to live. As the National Right to Housing Network comments, "From unreasonable rent hikes to evictions and renovations, poor maintenance, displacement of communities, and discrimination, financialization has hugely damaging impacts on the right to housing in Canada, particularly for already-disadvantaged groups such as seniors, low-income tenants, people with disabilities, members of Black communities, immigrants, and many others."<sup>2</sup>

This housing crisis has been brewing for decades. Fixing it will require major new public investments for a generation.

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## Overview

Adequate, affordable housing is a basic human need and a socioeconomic determinant of health, the absence of which results in poorer physical and mental health outcomes. Canada's 2019 National Housing Strategy Act recognized that "housing is essential to the inherent dignity and well-being of the person" and that "the right to housing is a fundamental human right affirmed in international law."<sup>3</sup>

In practice, the National Housing Strategy (NHS) has yet to fully allocate the resources—or leverage critical policy levers—necessary to realize its own rhetoric. The NHS has spurred some new rental housing through low-interest loans (Rental Construction Financing Initiative), has been slowly rolling out a modest amount of new social housing (National Housing Co-Investment Fund), and more recently has supported the purchase of hotels and other facilities to address homelessness (Rapid Housing Initiative). However, its funding profile is dominated by loans to for-profit rental development rather than investments in non-market housing.

Even by its own measurement standards less than one-third of NHS units delivered can be considered affordable. This is in direct opposition to Canada's human rights obligation to devote a "maximum of available resources" and "all appropriate means"<sup>4</sup> to ensure people's right to housing is realized, prioritizing those in greatest need.

### Ramping up non-market housing

A non-profit model inherently reduces costs by cutting out developer profits and targeting rents in new units on a break-even basis, rather than whatever the market will bear. The federal government is ideally poised to address the core challenge: the upfront capital costs of getting new housing built. Once built, the stream of rental income from new housing can repay the initial investment. A ramp-up of the scale we describe below would benefit from a coordinated approach that also meets Canada's climate adaptation and mitigation goals, such as multi-unit buildings at passive house energy efficiency standards with developments close to transit, shops, public services, and other amenities.

### Addressing the intersection between homelessness, mental health, and addictions

Upstream investments across a wide range of housing are necessary to stem the flow of people into homelessness and more precarious housing

situations. A bold plan to build new supply rooted in the belief that housing should be a human right will end homelessness within a decade. This includes a spectrum of housing linked to mental health supports and to treatment and recovery beds.

### **Advancing reconciliation**

Budget 2023 makes a welcomed new investment in urban, rural, and northern Indigenous housing. However, its \$4 billion commitment falls well short of the estimated \$56 billion over 10 years that Canada's own National Housing Council recommended.<sup>5</sup> To address these disparities in housing conditions in urban, rural, and northern settings, Canada requires sustainable investments in permanent housing options at a scale commensurate with need and in alignment with Indigenous rights to self-determination under the United Nations Declaration on the Rights of Indigenous Peoples (see the First Nations chapter).

### **Building transparency into the process**

The NHS aims to put one-third of its investments, with a minimum of 25 per cent, towards serving the unique needs of women and their children. To ensure progress along the way, the capacity and resources of the Office of the Federal Housing Advocate will be strengthened to identify and remedy systemic violations of the right to housing. This advocate will also undertake an independent review and audit of the National Housing Strategy to date.

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## **Actions**

**The AFB will** renovate the National Housing Strategy to ensure that programs genuinely and positively impact those who bear the brunt of Canada's housing and homelessness crisis. The AFB maintains existing NHS planned loans and grants but removes the \$25,000 per unit cap on National Housing Co-Investment Fund grants (implemented in 2022) to ensure more projects with greater affordability can get off the ground.

**The AFB will** continue the Rental Construction Financing Initiative to provide low-interest loans for all rental housing projects because of the additional costs of building housing arising from higher interest rates. This will include loans to for-profit developments that meet (more stringent) affordability criteria. Meanwhile, eligibility criteria for non-profit developers will be eased.

**The AFB will** build one million new non-market and co-op housing units over the next decade. This AFB allocates \$20 billion a year in capital funding to the National Housing Co-investment Fund to build a minimum of 100,000 new units per year (provincial partnerships and public and community-owned land contributions are assumed to contribute another \$10 billion). Capital funds will be used directly to build publicly owned affordable housing, as well as being advanced to non-profit developers as a long-term mortgage (where payments will be recycled back into funding in future years).

**The AFB's housing investments will** be broad-based but with specific targets for Indigenous Peoples, seniors, people with disabilities, immigrant families, lone parents, and people fleeing domestic violence. All units will employ a universal design and a minimum of 10 per cent of new units will be set aside for urban Indigenous households. This also includes substantial new development of supportive and complex care housing that provides wrap-around support for people experiencing homelessness, addictions, and/or mental health challenges.

**The AFB will** accelerate the rollout of the Federal Lands Initiative of the NHS, which to date has done little to put federal land into use for affordable housing. **The AFB** also introduces a \$10 billion Public Land Acquisition Fund, a dedicated multi-year fund to bring additional land into public ownership towards the construction of non-market, affordable rental housing.

**The AFB will** also support the community housing sector to acquire existing affordable rental buildings to bring them into the non-profit world. Building on the British Columbia government's new \$500 million Rental Protection Fund for non-profit housing providers to purchase existing rental buildings, **this AFB will** create a \$20 billion Housing Acquisition Fund to support this goal of maintaining the supply of affordable housing for low- and modest-income households over time. Funds will be provided to non-profit providers as a low-interest mortgage that can be repaid over a 50-year period. This will support the acquisition of up to 60,000 rental units.

**The AFB supports** the creation of a deferrable property surtax on properties worth more than \$1 million to ensure that those who have received windfalls from rising home prices contribute to building the next generation of affordable housing. The surtax would start at a rate of 0.2 per cent on the portion of assessed values between \$1 million and \$1.5 million, 0.5 per cent on values between \$1.5 million and \$2 million, and one per cent on assessed values above \$2 million. For example, a house valued at \$1.2 million would pay \$400 per year while a house valued at

\$2.5 million would pay \$8,500 per year.<sup>6</sup> The surtax would only apply to the top 10 per cent most valuable homes and would be fully deferrable until time of sale for households on fixed incomes. Purpose-built rental properties would be exempt from the surtax.

**This AFB will** end various real estate tax incentives, which only serve to inflate the housing market. This includes new planned incentives such as a Rent-to-Own program and a new Tax Free First Home Savings Account. The AFB will also prevent the further financialization of housing by stopping the preferential tax treatment given to real estate investment trusts (REITS).

**Table 2.1 AFB actions on affordable housing and homelessness**

All figures in \$M

	2024-25	2025-26	2026-27
Capital funding to the National Housing Co-investment Fund (interest costs)	\$580	\$600	\$620
Public Land Acquisition Fund (interest costs)	\$58	\$150	\$248
Housing Acquisition Fund to acquire 60,000 rental units (interest costs)	\$145	\$300	\$465
Introduce a deferrable property surtax on million dollar homes	-\$3,178	-\$3,632	-\$4,086
Cancel the First-Time Home Buyer Incentive	-\$270	-\$270	-\$270
Cancel the Tax-Free First Home Savings Account	-\$465	-\$500	-\$500
Cancel REIT tax treatment	-\$55	-\$57	-\$59

**Note:** Costing in table 2.1 is based on accrual accounting conventions for purchasing assets and largely represent interest costs. The capital funding to the National Housing Co-investment Fund is an asset on the federal balance sheet. Long-term mortgages provided to non-profit housing developers for acquisition of existing housing and developing new housing are also an asset for which we add a budgetary provision for administration and losses. In the case of public land acquisition fund, we only include interest costs but note that developing such lands for housing at higher density would increase the underlying land value, potentially beyond the upfront cost of acquiring it.

## Notes

1 Statistics Canada, "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home," September 21, 2022, <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm>.

2 National Right to Housing Network, "National Housing Council's First Review Panel on Financialization to Move Forward," February 22, 2023, <https://housingrights.ca/national-housing-councils-first-review-panel-on-financialization-to-move-forward/>.

3 Government of Canada, Justice Laws Website, *National Housing Strategy Act S.C. 2019, c. 29, s. 313*, <https://laws-lois.justice.gc.ca/eng/acts/n-11.2/FullText.html>.

4 United Nations, *International Covenant on Economic, Social and Cultural Rights*, <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>.

5 Federal Housing Advocate, "Pre-budget consultations," 2023, <https://www.housingchrc.ca/en/publications/pre-budget-consultations-2023-federal-housing-advocates-recommendations#:~:text=The%20National%20Housing%20Council's%20estimate,to%20housing%20for%20Indigenous%20peoples>.

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# Agriculture

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## Introduction

As Canada emerges from the global COVID-19 pandemic, the war in Ukraine continues, and climate change accelerates, the impacts of these disruptions continue to reverberate throughout our agriculture and food systems.

Multinational agribusinesses claimed hardship and raised prices for customers, but in fact made unprecedented profits during these crises, which they are now investing to further consolidate their market power. Costs of fuel and fertilizer skyrocketed in 2022, exacerbating the rising cost of farming, while gross incomes remained flat due to grain-trading corporations' profits from commodities. The result is that farmers are only keeping a small portion of the value that their farms produce.

Canada's agriculture policies continue to drive a net loss of farmers. As the average age of farmers rises, the total number of farmers drops. With insurmountable barriers to entry and poor prospects for making a dignified living as a farmer, young people are making other choices and Canada is not replenishing its farmer population. Despite travel difficulties during the pandemic, the number of agricultural migrant workers has risen, and the government is looking at automation rather than creating better working conditions to solve mounting labour force challenges.

Land prices continue to rise and are no longer related to the incomes that can be earned from farming. Total farm debt is now over \$138 billion, and Bank of Canada attempts to fight inflation with interest rate hikes are adding even more costs. The financialization of land is accelerating, as investment companies and pension funds buy up land for speculation and maximize the rent they collect from farmers while holding the land.

Climate chaos is making harvests less certain, adding risks that exacerbate rising production costs and price stagnation. One of the few strategies remaining to individual farmers is increasing yields by applying more synthetic fertilizers, which are a major source of greenhouse gas emissions. Farmers are caught between a very sharp rock and an extremely hard place with few options to simultaneously address climate change and income needs.

Local food systems with shorter supply chains and low-input production systems using regenerative and agro-ecological methods are alternatives that address both income and environmental challenges. But these are often limited by lack of appropriate processing and distribution infrastructure along with a risk-management framework that excludes smaller, more diverse farms.

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## Overview

The AFB will strategically focus on addressing the interlocked emerging crises that threaten our agriculture and food system.

Current trends, if unchecked, will see land accumulated by wealthy (and in some provinces foreign-owned) investment corporations and farmed by tenant farmers or migrant workers. Rural communities will dwindle and disappear while large urban centres struggle to provide housing. Canada's agricultural production will focus on a few high-volume, low-priced export commodities. Our food supply will depend on imports of processed food and fresh produce from low-wage, more southern countries that will increasingly face climate stress and water shortages. As governments try to shrink themselves by answering demands for lower corporate taxes, their ability to provide public services and regulate in the public interest falters to a point where many lose trust in our institutions.

There is an urgent need to reset agricultural policy goals from trade and export expansion alone, and develop instead a multi-functional framework focused on the following:

- Increasing inter-generational equity.
- Improving rural quality of life with particular attention to BIPOC, youth, and women.
- Increasing our capacity to grow, process, and distribute food in Canada.

- Maintaining the productive capacity of our farmland by protecting it from urban sprawl, enhancing biodiversity, and accelerating climate mitigation and adaptation measures.

The government has begun to address some of these matters through its Sustainable Agriculture Strategy but a greater vision and a stronger commitment to non-market mechanisms is needed to bring about change. The severity of our problems requires governments to actively engage and work on these problems directly. This means not relying on a suite of subsidies and incentives to induce the private sector to voluntarily change the course it has been on for decades.

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## Actions

**The AFB will** invest in agricultural labour.

**The AFB will** create a framework for a dedicated immigration stream for agricultural workers. Until that is established, it will provide open work permits to all Temporary Foreign Workers. This will allow them to change employers if necessary and grant them all the rights and privileges that Canadian workers have under provincial and territorial labour laws. These measures will result in better wages and working conditions, and more secure and stable employment for farm workers—whether they are Temporary Foreign Workers or residents. This will also improve equity in Canadian society, as many farm workers are BIPOC, women, and/or youth who face systemic discrimination.

To further address agricultural labour shortages, **the AFB will** establish a suite of off-season employment programs and ensure both resident and migrant farm workers are able to benefit from Employment Insurance (see the EI chapter) to provide economic stability during the non-growing season. With year-round income security, more workers will be able to choose agriculture as a long-term employment option.

Investment in improving agricultural labour conditions is also an important strategy for climate adaptation and mitigation. As Canada reduces dependence on fossil fuel-based transportation and machinery, and immigration to Canada becomes more attractive as climate impacts make parts of the world less inhabitable, Canada will need to expand its capacity to provide food security through good jobs in low-emissions, labour-intensive sectors of agriculture.

**The AFB will** establish a Foodshed Lands Trust. A foodshed is an area that produces food that flows towards a centre, analogous to how

watersheds feed rivers and lakes. The Foodshed Lands Trust will address two crises simultaneously: the loss of prime farmland to urban sprawl and the lack of access to land for disadvantaged potential farmers.

The trust will acquire suitable publicly held lands and purchase lands from willing sellers in peri-urban areas to provide long-term leases at affordable rates to individual farmers and communities of farmers who will use low-emissions production methods that protect water quality and biodiversity to produce food for sale in the nearby city. The trust will encourage the development of new local food cultures based on what grows well in the area while supporting communities to grow the foods they need to maintain their food traditions.

Foodshed Lands will be rolled out across Canada, with acreage targets for farmland transfers in each province. These will focus on areas of severe vulnerability to farmland loss due to sprawl and with high barriers to land acquisition by new, young, and BIPOC Canadian farmers. The trust might begin by acquiring the 18,600 acres near Pickering currently held by the federal government (and no longer needed for an airport), and the 4,700-acre Duffins Rouge Agricultural Preserve that is adjacent to Parc Rouge National Park.

**The AFB will** capitalize the Foodshed Lands Trust with \$3 billion to purchase lands with a zero interest loan. The trust will amortize its capitalization through aggregate lease payments from farmers over 30 years.

**The AFB will** remove corporate lobbyists from the policy-making process. Many of the economic problems in Canada's agriculture sector are not due to lack of resources but to policies that strip value from farmers and communities by moving money out of the country through export-focused policies and trade agreements that privilege multinational corporations.

Based on the 2016 Barton report, former Finance Minister Bill Morneau established a set of private-sector policy bodies, called Economic Strategy Tables, led by corporate CEOs to advise the federal government. Their recommendations, invariably calling for deregulation and other self-interested policies, have exacerbated the power imbalance between farmers and multinational corporations. The result is Canada's greater reliance on selling higher volumes of lower-priced commodities while increasing its dependence on imported high-value processed and fresh foods for consumption. This weakens food security and undermines domestic production and marketing capacity. It reduces the return per tonne from crops that farmers produce for export. It also offloads costs

and risks onto the public, farmers, and future generations through accelerated deregulation.

**The AFB will** dismantle the Economic Strategy Tables and establish public interest standards and indicators for regulatory bodies responsible for food and agriculture. It will increase annual core funding for regulatory bodies by 25 per cent to ensure they have long-term assured capacity for effective review and enforcement.

**The AFB will** establish conflict-of-interest prevention training programs for regulatory agency personnel to inoculate them from lobbying efforts by the corporate sector. The AFB will also establish hiring policies and contract language to ensure personnel do not have—and do not develop—financial ties to the regulated parties.

The AFB recognizes that regulators face increasingly complex challenges from the large numbers of products that require oversight, advances in understanding the complexities of risks, and the synergistic effects of climate change. Our regulators need more capacity to keep up their responsibilities for evaluation, monitoring, and enforcement.

**The AFB will** boost the inspection portions of regulatory bodies of the Canadian Grain Commission, the Canadian Food Inspection Agency and the Pest Management Regulatory Agency by 25%.

The AFB recognizes that this front-end investment in public interest regulation will create long-term value for Canadians' health, ecosystems, and a livable future environment. Hand in hand with removing excessive influence of regulated parties, **the AFB will** reverse the trend to defund regulators, rebuilding laboratory and personnel capacity needed to safeguard the health and environment of Canadians, including farmers.

**The AFB will** increase local and regional infrastructure capacity. Rather than encouraging more distance between consumer and producer through online purchasing, the entry of multinational corporations, and the excessive concentration of Canada's retail grocery sector, the AFB will take measures to increase the market share of small- and medium-retailers selling local, regional, and domestic agricultural products.

Lack of processing, storage, transportation, and distribution creates bottlenecks that prevent local food systems from reaching their potential. **The AFB will** provide \$210 million per year to fund multi-year projects that help communities strategically develop their capacity in a coordinated and integrated fashion. This infrastructure development program will support feasibility, technical and business planning studies, and capital funding and training to support building and operating needed infrastructure. Networks and associations of small and

medium enterprises, including private businesses, co-operatives, social enterprises, and community organizations, will be eligible for this funding.

The AFB recognizes that it will take time for local and regional food system capacity to develop and become self-sustaining, and that market conditions will vary across the country. The infrastructure development program will be strategic, aiming to ensure that local and regional farmers and their communities have increased stability, leading to more resilience in the food supply. Once established, these systems will provide local livelihoods that will support vibrant communities of different sizes in many locations.

**The AFB will** establish a climate change-focused agriculture extension institution. Reducing agricultural emissions is one of our most complex tasks in reducing greenhouse gas emissions overall. Agriculture creates carbon dioxide, nitrous oxide, and methane emissions from animal digestion, fertilizer use, and manure handling. Machinery, heating, and electricity also burn fossil fuels and therefore create emissions. Canada has more than 200,000 farms of different types and sizes, located in numerous bioregions across the country with a wide range of conditions; reducing emissions and adapting to climate impacts is becoming harder as global CO<sub>2</sub> levels increase. While farmers do their best, these problems cannot be solved by individual action. Canada needs a dedicated public institution to lead and coordinate emissions reduction, resilience building, climate adaptation, data collection, research, education, and outreach.

**The AFB will** therefore establish a national extension institution modelled after the former Prairie Farm Rehabilitation Administration to connect farmers to expertise in the countryside, provide leadership, and develop knowledge to support farmers in putting low-emissions agriculture into practice. **The AFB will** reallocate \$400 million (\$5 per acre) annually, shifting funds from export-promotion subsidies currently given to high-input industry associations. Ongoing support will be budgeted based on the need for much greater government capacity to provide services to farmers directly, recognizing that future risks and costs can be reduced (compared to business-as-usual projections) through effective climate mitigation and adaptation measures.

### Table 3.1 AFB actions on agriculture

All figures in \$M

	2024-25	2025-26	2026-27
Establish a Foodshed Lands Trust	\$87	\$90	\$93
Increase annual core funding for regulatory bodies by 25%	\$164	\$164	\$164
Increase local and regional agriculture infrastructure capacity	\$210	\$210	\$210
Establish a climate change-focused agriculture extension institution	\$400	\$400	\$400
Funds already in the fiscal framework	-\$400	-\$400	-\$400

# Arts and culture

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## Introduction

Arts and culture are big business, worth 2.3 per cent of real GDP in 2021, according to Statistics Canada.<sup>1</sup> The Conference Board of Canada previously reported the sector was worth 7.4 per cent of GDP, including direct, indirect, and induced contributions.<sup>2</sup> In 2020, cultural exports were worth \$19.4 billion<sup>3</sup> and 685,000 people<sup>4</sup> worked in the sector. Arts and culture are economically important.

Arts and culture are also intrinsically important to Canada. Artistic expressions engage, entertain and educate us, and reflect us to ourselves and the world. They are fundamental tools for social cohesion, intercultural dialogue, health, and more.

At the heart of the sector are professional artists: writers, musicians, performers, designers, visual artists, composers, dancers, editors, singers, storytellers, directors, choreographers, artisans, craftspeople, and more, in every community and in every medium. Artists are embracing digital media. There are more than 202,000 professional artists, roughly one per cent of the total labour force.<sup>5</sup> But artists are the original gig workers. Most work from contract to contract, with income that is low, fluctuating and insecure. Historically, the median individual income of professional artists has been about 44 per cent lower than all Canadian workers.<sup>6</sup>

The AFB 2024 provides concrete measures to improve the lives of professional artists, enabling them to unleash their creativity for the benefit of all.

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## Overview

Artists have characteristics that are not shared with other workers. Most become artists because of their love of the art form; they have specialized training and prepare for many years before becoming a professional. Highly educated and motivated, professional artists may spend a substantial amount of time preparing to earn income, in rehearsal, research, or producing a finished painting, book, musical work, or other creation. They might work for several engagers at the same time, or for none at all. They might sell nothing for long periods and then, suddenly, a great deal. Artists must practise, rehearse or produce works in between contracts to keep their skills current. They spend many hours looking for work. Excellence is no guarantee of marketplace success. Most artists must work at other jobs to survive financially.<sup>7</sup>

Successive governments have provided direct financial support to artists, including through the Canada Council for the Arts and programs of the Department of Canadian Heritage. Other government programs and agencies provide work to artists or help them develop their career, including CBC/SRC, the Book Fund, Arts Presentation Fund, National Arts Training Fund, Telefilm Canada, tax credits for audiovisual production and periodicals, and others. Budget 2023 provided new multi-year funding for Building Communities Through the Arts, the National Arts Centre, Museums and the National Film Board. In 2024, museums that receive government funds will begin to manage their collections in accordance with the principles of the *UN Declaration on the Rights of Indigenous Peoples*.

The CERB program was essential for Canadian artists during the pandemic. The government's post-pandemic emergency response programs have provided essential support for artists and arts organizations that are still trying to regain audiences after the lockdowns. The *Status of the Artist Act* recognizes the unique circumstances of professional artists. The *Copyright Act* provides important rights to creative and interpretive artists, ensuring they may benefit economically from their works and have some degree of control over it.

In recent years, the government has begun to invest in the development of arts and culture in Indigenous, diverse, Black and other racialized communities—and these investments will continue to grow. More than one-half of artists are women. But women and gender-diverse artists face an intersection of challenges. The government remains committed to addressing these in a variety of ways, including specific objectives for the national institutions. While older artists are at the peak

of their creativity, ageism is prevalent and older professionals can be explicitly discriminated against, including by government programs.

Significant challenges remain across the full spectrum of artists. Average earnings of professional artists in five categories (dancers, craftspersons, musicians and singers, other performers, visual artists) are below Canada's poverty line.<sup>8</sup>

While Senator Pat Bovey's *Declaration on the Essential Role of Artists and Creative Expression in Canada Act* passed in the Senate, it failed to obtain a sponsor when tabled in the House of Commons in May 2023. The government will table this *Act* in the next session of parliament. In March 2023, the House of Commons Standing Committee on Canadian Heritage released its report, *Strengthening Status of the Artist in Canada*. In addition to recommending changes to the *Status of the Artist Act*, the committee recommends important policy initiatives to improve the social and economic circumstances of professional artists. The AFB 2024 contains measures that help to accomplish this objective.

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## Actions

**The AFB** amends the *Income Tax Act* to ensure that professional artistic income up to \$10,000 will be eligible for a refundable tax credit of 15 per cent. This credit will be reduced to 7.5 per cent for artists whose total family income exceeds the median of all artists and will be eliminated for artists whose total family income exceeds the median of all workers.<sup>9</sup> This credit creates a powerful incentive for creativity for artists who are struggling to earn a living from their art, including those from Indigenous, Black and other racialized communities, diverse, older and emerging artists. The necessary definitions and controls are provided in *Income Tax Folio—S4-F14-C1, Artists and Writers* and in the *Status of the Artist Act*. When the Canada Liveable Income (CLI) is fully implemented (see Poverty and Income Security chapter), the refundable tax credit will be reviewed.

**The AFB will** help ensure tax fairness for professional artists by allowing artists to back-average their income over four years. Visual artists might prepare works for many years before these are exhibited and sold. Similarly, a writer might spend many years on a script before it is made into a movie and generates income for the writer. But the income that these artists receive will be taxed in the year in which it is received. Depending on residency and total income, they could pay up to 16 per cent more tax than if it were spread evenly over the years during

which the arts and crafts were created.<sup>10</sup> As necessary, regulations will address the amount that artists might have received as tax credits in previous years.

**The AFB provides** an additional \$10 million each year for the Public Lending Right (PLR) program. The PLR provides payments to creators whose works are loaned from public libraries. These additional resources will allow the PLR commission to increase the fees paid to these creators, to expand the list of eligible recipients, and to extend the period of eligibility.

**The AFB provides** an additional \$50 million each year for the Canada Council of the Arts (CCA) to implement relevant programs for Indigenous artists, Black artists, gender-diverse artists, artists with disabilities, older artists, as well as artists from other marginalized communities. The distribution will not be based on the existing CCA model, which favours established artists. It will be designed in close collaboration with each community to ensure it meets specific and diverse needs. This is essential in order to address the continuing inequalities in arts and culture. These programs will include a mentorship program in which the mentor will be paid for the knowledge and skills they willingly transfer to the next generation of artists.

Many artists must work at jobs outside the sector between their artistic contracts. When they do, they and their employer will pay into the Employment Insurance (EI) program. But when they are without any work (either as an artist or the other employment) many cannot collect EI regular benefits, even if they otherwise qualify.<sup>11</sup> The Canada Employment Insurance Commission will develop rules and regulations to bring professional artists fully and equitably into the EI system. Professional artists and engagers will pay premiums and the artists will qualify for regular benefits according to a model based on total income earned (rather than weeks worked) in four-week periods. It is anticipated that this model will be revenue neutral except in extraordinary circumstances, such as a pandemic. It may become a model for extending EI benefits to other self-employed gig workers.

The *Copyright Act* promotes creativity and innovation by protecting the artists whose work is covered. In order to ensure the *Act* accomplishes its objectives in a rapidly changing world, further amendments will be made to support artists. These include: the Resale Right, to ensure that visual artists benefit from the rising value of their works; the expansion of the Private Copying Levy to all technologies used to copy works for private use; a Right of Equitable Remuneration for artists in musical works to ensure that music streaming services pay appropriate fees to

featured and non-featured artists; and expanded rights for audio-visual performers. Importantly, all creative and interpretive artists covered by the *Act* will be provided with effective Moral Rights, which will assist them to protect the integrity of their work, essential as artificial intelligence is increasingly used to make fake and misleading expressions.

**Table 4.1 AFB actions on arts and culture**

All figures in \$M

	2024-25	2025-26	2026-27
Refundable tax credit on professional artistic income	\$37	\$37	\$37
Artists permitted to back-average income over four years for income tax	\$5	\$5	\$5
Public Lending Right Program	\$10	\$10	\$10
Canada Council of the Arts inclusive program funding	\$50	\$50	\$50

## Notes

- 1 Statistics Canada, "Provincial and Territorial Cultural Indicators, 2021," *The Daily*, June 26, 2023. <https://www150.statcan.gc.ca/n1/daily-quotidien/230626/dq230626a-eng.htm>
- 2 Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada's Creative Economy*, Ottawa, July 28, 2008.
- 3 Statistics Canada, "Trade of culture and sport products, 2020," *The Daily*, October 4, 2022, <https://www150.statcan.gc.ca/n1/daily-quotidien/221004/dq221004a-eng.htm>.
- 4 Government of Canada, "Culture Satellite Account," *Canadian Heritage*, May 11, 2023, <https://www.canada.ca/en/canadian-heritage/corporate/publications/general-publications/culture-satellite-account.html>.
- 5 Kelly Hill, "A Statistical Profile of Artists in Canada in 2016," *Hill Strategies Research Inc.*, November 27, 2019. Mr. Hill updates some statistics based on 2021 census data, including the total number of artists.
- 6 Ibid.
- 7 Garry Neil, "Status of the Artist in Canada: An Update on the 30th Anniversary of the UNESCO Recommendation Concerning the Status of the Artist," *Neil Craig Associates*, September 2010.
- 8 Kelly Hill, "A Statistical Profile of Artists in Canada in 2016," *Hill Strategies Research Inc.*, November 27, 2019.
- 9 Kelly Hill, "A Statistical Profile of Artists in Canada in 2016," *Hill Strategies Research Inc.*, November 27, 2019. In the 2016 census, the median family income of artists was \$57,800, and the overall median family income was \$86,500.
- 10 ACTRA, *Submission to the Department of Finance Consultations on Tax Planning Using Private Corporations*, October 2017.
- 11 Garry Neil, "Employment Insurance Special Benefits for Self-Employed People: The Impact on Artists and Cultural Workers," *Cultural Human Resources Council*, April 2010.

# Child care

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## Introduction

For the first time in Canada's history, meaningful progress on making licensed child care affordable has been achieved across the country. Federal funds transferred to the provinces and territories under the Canada-wide Early Learning and Child Care Agreements have been used to lower parent fees by approximately 50 per cent over the last year, and several of Canada's provinces and territories now have set fees at \$10 a day or less.

This life-changing impact of parent fee reductions has brought Canada to a pivotal moment on the journey to a high-quality, affordable, and inclusive child care system. Public funding has replaced private funding as the principal source of revenue for licensed child care operators, creating the pathway for significant improvements in government-driven publicly financed quality enhancements. Parent fee reductions have also increased demand for licensed programs, widening the longstanding gap between demand and supply, and exposing access inequity. This has further exposed the failure of governments to expand licensed child care and to retain and recruit qualified early childhood educators to support existing and new programs.

The 2021 federal budget committed \$30 billion over five years (2021-22 to 2025-26) to build the foundation of a primarily not-for-profit and public Canada-wide early learning and child care system.<sup>1</sup> The 2022 federal budget created a \$625 million Early Learning and Child Care Infrastructure Fund to contribute to financing the capital cost of increasing the number of spaces, although the money has not yet flowed.<sup>2</sup>

Two years into construction of the promised system, it is evident that course corrections are required. Increased public funding and policy

measures are needed to ensure that licensed child care providers have the resources to offer quality programs, including sufficient funding to support a more highly qualified and much better compensated workforce. Additionally, an adequately funded and structured federal capital fund is necessary.

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## Overview

In the first year of the new child care program, public funding allowed parent fees to be reduced dramatically. This development had the effect of increasing parents' demand for licensed child care. Families now expect that affordable child care should be available when and where needed. In 2021, however, there were only enough licensed spaces for 29 per cent of children aged 0-12 years.<sup>3</sup> The Canada-wide Early Learning and Child Care Agreements commit governments to 250,000 new licensed spaces by 2025-26 but little progress has been made in expanding the licensed sector. There are several reasons for this.

Almost all federal funds transferred to the provinces and territories for 2021-22 and 2022-23 were allocated to replacing parent fees with public funds. None of the provinces or territories have provided sufficient capital funds to cover the costs of constructing new quality learning environments. In each jurisdiction, governments continue for the most part to use weak approaches to increasing the supply of child care, relying heavily on existing providers to use their over-stretched capacity to expand.

At the same time, too little public funding and far too limited public policy changes have been directed to improving poor working conditions and compensation in the child care sector, which are the root causes of the sector's worsening staff recruitment and retention crisis. Therefore, even if governments were doing more to create licensed spaces, there wouldn't be enough qualified educators to staff them.

In June 2023, the House of Commons voted unanimously to support Bill C-35, *An Act Respecting Early Learning and Child Care in Canada*.<sup>4</sup> The legislation sets out the government's vision, principles, and reporting mechanisms for an early learning and child care system for all. It acknowledges Indigenous rights and jurisdiction, makes permanent the federal commitment to funding, and sets up a National Advisory Council.

The challenge—and the opportunity in Federal Budget 2024—is to build on the parent fee reductions from 2021 and develop what is now a mostly publicly funded system in a way that will allow the realization

of the aspirations set out in Bill C-35. To meet this challenge, additional federal funding must prioritize systemic action in three key areas:

## **1. Compensate educators fairly and improve working conditions**

Although all governments acknowledge the critical shortage of qualified educators, and many have taken some steps to address it, the measures taken to date have been insufficient, particularly given high inflation and the highly competitive labour market.

A recent analysis<sup>5</sup> notes that six provinces and territories now have wage grids of one kind or another<sup>6,7,8,9</sup> in place for early childhood educators, an increase from just two provinces (Quebec and Prince Edward Island) in 2020. While the analysis shows that wage grids are associated with higher minimum wages, educators observe that the current wage grids do not yet consistently and adequately do the following:

- recognize qualifications, experience, and years of service
- provide comprehensive benefits, including pensions
- support paid preparation time, career-laddering opportunities, ongoing professional learning and development, and access to proper resources and funding to enrich children’s learning environments

Low wages, minimal benefits, and poor working conditions continue to plague the child care sector, with many programs operating at less than full capacity because staff positions cannot be filled. Training more educators is not an adequate solution, as graduates often choose to work in higher-paid sectors of the economy.

All levels of government must work together to develop, fund, and implement comprehensive strategies to address this recruitment and retention crisis. The goal must be to properly value the important work of Canada’s educators with competitive wages, comprehensive benefits, and improved working conditions. Structurally, improved staff wages must become part of a centre’s operational budget, not an “add-on” wage enhancement payment. The federal government must increase its annual transfer payments and earmark funds to support concrete and effective strategies as part of the funding agreement action plans.

## **2. Make expanding high-quality, climate-resilient, public, non-profit child care facilities a public responsibility— not a private one**

A recent report highlights the need for public, focused expansion strategies in each provincial/territorial action plan.<sup>10</sup> The report geocodes the more than 750,000 full-time licensed child care spaces for children not yet in kindergarten and finds a substantial shortage of spaces in most of Canada. Overall, nearly 48 per cent of younger children in Canada live in a child care desert, defined as a postal code that has more than three children per licensed child care space. The root of the problem is that governments Canada-wide continue to rely on a privatized, market-based approach, relying on individual providers responding to “requests for proposals” and usually deciding the location and type of program on their own.<sup>11</sup>

Clearly, this longstanding approach has failed to deliver the equitably distributed high-quality programs families need, and it stands in stark contrast to the publicly planned and funded approach commonly used to develop public facilities such as schools, hospitals, and libraries.

Publicly led, planned, and funded expansion strategies are what we need, with sufficient public funding and consistent design standards in place to develop climate-resilient, not-for-profit, and public child care facilities that meet local community needs, along with Indigenous-led programs and facilities.

Effective expansion strategies will also require earmarked capital funding for new builds and retrofits.

As demand for child care has risen with the federally funded fee reduction in 2022 and the post-pandemic return to work, making child care accessible, high-quality, and inclusive will require that federal, provincial, territorial, Indigenous, and municipal governments come together with civil society, child care community partners, and parents to address the shortage of child care coverage in Canada.

## **3. Implement clear, consistent, operational funding models**

Child care funding remains an inconsistent patchwork of parent fee subsidies, wage enhancements, and a variety of grants and payments. Instead, public funds should be used to finance child care programs based on clear and consistent formulas, with geared-to-income parent fees (sliding scale) capped at a maximum of \$10/day. This model is the most effective way to ensure both accountability for public funding and a move away from the stigmatizing and ineffective individual parent fee subsidy model.

Moving forward, the federal government should use its spending power and partnership with the provinces and territories to put in place the following:

- Provincial/territorial operational funding models with accountability mechanisms to confirm that public funds are effectively and efficiently advancing the public goals of equitable access to high-quality, inclusive programs. Provinces and territories should be required to report on their progress regularly and publicly, using clear and consistent common indicators.
- Increases in the levels of public funding in operational funding models to achieve public goals without increasing parent fees. Increased public funding is essential for improving educator compensation and working conditions, which typically account for 80 to 90 per cent of the budget in non-profit child care programs and are key determinants of program quality, including inclusion.

### **First Nations, Métis, and Inuit rights**

Furthermore, all governments must ensure that First Nations, Métis and Inuit rights and jurisdictions are respected throughout the child care system-building transformation, as detailed in both the Indigenous Early Learning and Child Care Frameworks and the Canada-wide Early Learning and Child Care Agreements.

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## **Actions**

Building on existing child care funding commitments, **the AFB will** contribute additional federal funding over the next three years to support four actions to build a publicly managed and publicly funded child care system consistent with the goals and principles of the new federal legislation.

Action one: develop and implement an in-depth, comprehensive, inclusive and Canada-wide workforce strategy to address the current recruitment and retention crisis, so that qualified educators are available and willing to staff existing and new facilities. Specifically, **the AFB will** increase federal transfers to the provinces and territories under the Canada-wide Early Learning and Child Care Agreements by \$7 billion over three years to support full implementation of equitable wage grids, along with improved benefits and working conditions.

Action two: publicly led, equitable expansion of high-quality, climate-resilient public and not-for-profit licensed child care facilities in each province and territory. Specifically, **the AFB will** increase the Early Learning and Child Care Infrastructure Fund by \$10 billion to finance capital expansion costs.

**The AFB will** ensure that new federal transfers to provinces and territories are accountable for achieving the third and fourth actions:

Action three: clear, consistent, and equitable operational funding models with adequate operational public funding of programs and effective accountability mechanisms.

Action four: implement maximum (not average) parent fees of \$10 a day for all families Canada-wide by 2026, with either no fees or geared-to-income fees for lower-income families.

The federal government has made the building of a child care system the centrepiece of its economic program and is spending billions to get results. But the stakes are also high for children, parents, gender and racial equity, and the economy more broadly. The 2024 federal budget must include measures and sufficient resources to ensure that all governments build the new child care system the right way.

**Table 5.1 AFB actions on child care**

All figures in \$M

	2024-25	2025-26	2026-27
Early learning and child care workforce strategy	\$1,000	\$2,000	\$4,000
Boost the early learning and child care infrastructure fund	\$2,000	\$3,000	\$5,000

## Notes

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# Decent work

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## Introduction

Canada's labour market recovery has been marked by a surge in employment and job vacancies. In a tight labour market, governments have been focused on sectors where acute staff shortages are causing pressure, such as in Canada's health care and long-term care systems. But short-term measures are a symptom of the lack of a coordinated federal, provincial, and territorial skills training strategy to deal with immediate labour market pressures—as well as to ensure Canada's future workforce has access to the best skill-building programs in a world that is competing for the best and brightest.

Too many Canadians are getting left behind. They don't have access to training opportunities that could position them for better jobs. And the rise of precarious work requires its own labour market strategy to ensure all workers can access decent work. It's good for people, it's good for the economy and it's a critical component to achieving gender, racial, Indigenous and health equity.

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## Overview

Skills training and access to a full range of lifelong educational opportunities are key to achieving a national decent work agenda. This includes support for precarious workers, women, workers with no postsecondary education, those who completed their high school years ago and require new skills to move into new jobs, and mid-career workers needing support to transition into new positions.

The AFB's goal is to set the terms for Canada to become a leader in training workers for jobs of all kinds, to facilitate their transition into better jobs, and to ensure fair and healthy working conditions.<sup>1,2</sup>

Women, gender-diverse people, Indigenous Peoples, immigrants, migrant workers, disabled people, and racialized people face multiple barriers in Canada's labour market. Even as Canada's labour market is recovering from pandemic shutdowns, that recovery isn't evenly shared. Workers in Canada need measures to deal with pressures like the imperative to implement a just transition in response to the climate crisis, the crisis in the care economy, and precarious work. Canada needs more effective ladders to attain new skills and move into the jobs of the future.

The federal government has made some moves in the right direction. The government's new investment in a Sectoral Workforce Solutions Program provides much needed support for training in some industries, such as health care and the trucking industry. As for the sectoral training program, there remains a glaring oversight: it excludes temporary foreign workers. Not only should temporary foreign workers be included in this training program, they should be extended permanent status rights to ensure greater stability for individuals as well as the industries in which they work.

Canada must also update its federal labour code. The federal government has proceeded at a glacial speed with its promised labour code modernization for federally regulated industries. It promised new provisions that would improve working conditions for those in precarious jobs in the federally regulated sector in previous budgets—but it has not delivered any action.

At the same time, the government has twice delayed bringing into force new regulations that would implement legislative changes already committed to the *Canada Labour Code*. Of particular concern: the equal treatment provisions that would, among other things, prohibit differences in rates of pay based on a worker's employment status (such as temporary or part-time workers) and the hours of work provisions that address breaks and notice of shift changes. These latter provisions were to be extended to additional sectors as part of a second phase of implementation—but workers are still waiting.

The code should provide full successor rights in contract-flipping situations. This practice is common, for example, at airports—often impacting recent immigrants and racialized workers. In the absence of strong prohibitions against contract flipping, companies have a licence to constantly undermine workers' gains in working conditions and union

representation. Companies deny these workers many of the rights of employed workers.

The pandemic proved that Canada urgently needs to reform its Employment Insurance (EI) system. Early in the pandemic, the federal government was forced to create the Canada Emergency Response Benefit (CERB) to replace EI, but that program has since ended. There are many lessons from the CERB that should be taken into account. Research shows that the CERB was more than just an income support—it gave many Canadians the breathing room they needed during the start of the pandemic to pursue new skills.<sup>3</sup> Most who pursued additional training while on CERB benefitted in multiple ways, including landing better paying jobs.

As for EI, spending on the Labour Market Agreements (LMAs) has averaged \$2.5 billion annually, which is intended for training and employment services. The funds come from the EI premiums paid by employers and workers. In its 2023 budget, the federal government added an additional one-time \$625 million in the 2023-24 year. This additional investment should remain a permanent, not a temporary, feature.

LMAs are focused on supporting the delivery of training and employment services. They do not require income support while the worker is engaged in training or skills development. Some provinces include training allowances but not all, and they're minimal and typically income-tested. The federal government must pay more attention to income support for workers in need, otherwise more advantaged workers will be the only ones who can afford to access LMA training. It's also imperative to remove the current bar on receipt of EI benefits when people quit or take a leave to go back to school—there's no reason to leave those workers behind.

Provincial/territorial governments and employers themselves also need to step up and play a bigger role in worker training, and in strengthening provincial employment standards to ensure decent work for all workers.

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## Actions

The AFB will implement the following actions:

**The AFB will** follow through on promised *Canada Labour Code* amendments and immediately bring into force amendments to Part III to establish equal treatment and compensation for employees, including those in precarious work. It will also invest in needed enforcement to

contend with the rampant misclassification of workers as self-employed and exploitation of vulnerable workers in their workplace (see Poverty and Income Security chapter), following the changes in the law made in Budget 2023.

**The AFB will** raise the federal minimum wage to something closer to a living wage (\$21/hour).

**The AFB will** ensure EI training benefits are expanded to more participants—particularly women and gender-diverse people, Indigenous Peoples, immigrants, migrant workers, disabled people, and racialized people. It will also ensure that provinces and territories are held to account by expanding sectoral tables and raising standards with regard to reporting on labour market inequities with regard to training and education.

**The AFB will** enhance the Employment Insurance Training Support Benefit by raising the income replacement rate from 55 per cent to 66.6 per cent, with a minimum floor of \$450 a week, eliminating the one-week waiting period and extending the maximum duration of benefits from four to 16 weeks.

**The AFB will** make permanent the 2023 additional, one-time \$625 million (over two years) investment in for training and employment services through LMAs.

**The AFB will** ensure future expansion of training programs remain in public hands, stemming the privatization of this important means to decent work.

**The AFB will** expand the types of training to include secondary school completion and upgrading, essential literacy and numeracy training, and English or French as a second language instruction. To facilitate the expansion of types of training covered, the list of approved educational institutions will be expanded to include training programs provided by community organizations and unions.

**The AFB will** allocate an additional \$500 million a year, adjusted annually to inflation, to expand access to apprenticeships and other forms of skills training. (see Post-Secondary Education chapter).

**The AFB will** provide an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis (see Seniors' Care chapter).

**The AFB will** create a Just Transition Benefit to support workers undergoing transition. (see Fair and Equitable Transition chapter).

**The AFB will** fund a unified Inclusive Workforce Development Program to promote opportunities for underrepresented groups in the clean economy. (see Fair and Equitable Transition chapter).

**The AFB will** implement a comprehensive review of the Federal Public Service Labour Relations Act (FPSLRA) (see Public Service chapter).

**The AFB will** increase investments to end the health care human resources crisis (see Health Care chapter).

**The AFB will** fund the development and implementation of an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis [in childcare], so that qualified educators are available and willing to staff existing and new facilities (see Childcare chapter).

**The AFB will** amend the Canada Labour Code definition of harassment and violence in Part II of the Canada Labour Code to include racism as a form of workplace violence and harassment (see Racial Equality chapter).

**The AFB will** strengthen the *Federal Employment Equity Act* and attach employment equity measures through Community Benefits Agreement to all federal investment and recovery programs to ensure racialized groups and other under-represented groups have equitable access to any new jobs created. Eliminate the use of 'visible minorities' in the Act (see Racial Equality chapter).

**The AFB will** strengthen labour and accountability rules for climate tax credits (see Taxation chapter).

## Table 6.1 AFB actions on decent work

All figures in \$M

	2024-25	2025-26	2026-27
Enforce new misclassification regulations	\$10	\$10	\$10
Make labour market agreements boost permanent	\$625	\$625	\$625

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# Employment Insurance (EI)

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## Introduction

The need to improve EI benefits and broaden access remains urgent. This is true for both the ‘good times’ when unemployment is low but individuals are hurting, and times of widespread economic shocks—the kind that will come with the next climate crisis, the next pandemic and the next recession.

Even now, environmental and digital transitions are highlighting workers’ unmet needs for income supports, labour adjustment, and continuous learning. The EI program must be pivotal in helping workers meet these challenges.

While Budget 2023 included EI-related announcements, they were not the far-reaching and comprehensive reforms that many Canadians were awaiting.<sup>1</sup>

Advocates anticipated that, at minimum, the government would extend the well-received temporary EI measures in effect during 2020-22 as a bridge until permanent reforms could be introduced. Instead, the 2023 improvements were limited to re-confirming the EI Sickness Benefit extension to 26 weeks, improving an earlier draft of the new EI Board of Appeals, extending EI support for seasonal workers until October 2024, encouraging take-up of EI Work Sharing, and a commitment to strengthen provisions that discourage employee misclassifications.

Employment Insurance is one of our most important safety net programs, funded through premiums paid by both employers and

workers. It is also one of the largest Canada-wide programs, with forecasted expenditures of \$27.5 billion in 2024-25.<sup>2</sup>

Even prior to the pandemic, in 2019-20, more than two million workers relied on EI benefits after layoffs, parental leaves, sick leaves and other covered separations from their jobs.<sup>3</sup>

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## Overview

In recent decades, successive governments have fallen into the bad habit of improvising when there are surges in unemployment due to economic downturns or other shocks. Typically, those governments have temporarily injected public funds—the only option for stabilizing employer and worker premiums when the rules would otherwise dictate premiums rapidly increase.

It is time to move beyond ad hoc, stop-gap measures. For more than three decades, only employers and workers have been contributing to the EI Account. The government must now pay its fair share and do so in a considered and predictable way, as befits a tripartite social insurance system. This will provide business and labour with more predictability in premiums. It will also allow us to begin the work of building a more robust employment insurance system, expanding access and improving benefits.

The AFB will implement a new annual government contribution of 20 per cent to EI program costs. These costs include EI Part I benefits (Regular, Special, Work Sharing, Fishing and an enhanced EI Training Support Benefit), EI Part II Labour Market Agreement transfers to provinces and territories, and administrative costs.

Employers and employees will continue to share the remaining program costs through premium contributions on a 1.4 to 1 basis. An adjusted rate will apply to self-employed workers for coverage under a new '*Special Benefits Plus*' package, including an enhanced Training Support Benefit.

The new 20 per cent contribution from government will support the AFB actions that follow.

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## Actions

In 2024, the AFB will proceed with the promised reform of Employment Insurance:<sup>4</sup>

- Expanding access.
- Improving benefits.

**The AFB will** establish a common qualifying rule of the lesser of 360 hours or 12 weeks in all regions. This will apply to both regular and special EI benefits. The minimum benefit period will be 14 weeks. EI qualifying hours are based on a 35 hour week whereas the average for payroll employees is only 30.9 hours.<sup>5</sup> It's even lower for service occupations, affecting large numbers of women and racialized workers.

**The AFB will** extend the EI benefit period to up to 50 weeks in all regions. The additional five weeks for eligible seasonal claimants will be retained. In 2019-20, prior to the 50 week maximum during Covid, about 1/3 (32.8%) of claimants exhausted EI Regular Benefits before finding work.<sup>6</sup>

**The AFB will** replace the current rule that requires an EI disqualification when an employer reports an 'invalid' job separation. This means a total loss of income for those leaving work to attend training or school. This is also true for workers, especially vulnerable, low paid workers, who may be leaving exploitative conditions, harassment or even wrongfully dismissed. It will instead substitute a disentitlement period of three weeks. There is historical precedence in Canada for limiting the sanction to a short disentitlement period. This is also the practice today in other countries.<sup>7</sup>

**The AFB will** adjust the current qualifying rule which requires a work separation of seven days without pay and without work. This rule has a negative impact on EI access for workers with precarious schedules, especially women and racialized workers. It creates absurdities such as temporarily laid-off employees being denied benefits because they held onto an employer-issued cellphone.

**The AFB will** eliminate the 50-week limit on combined special benefits and regular benefits, extending the reference and benefit period to 104 weeks. The 50-week limit means workers who face a layoff before or after a parental or caregiving leave, women in particular, may be denied EI benefits. Not only has the Social Security Tribunal found this limitation to be in breach of the equality provisions of the Charter of Rights and Freedoms,<sup>8</sup> this measure is necessary if Canada's EI system is to meet its broad economic and social objectives, including income maintenance during temporary separations from work be they parental leaves or layoffs. We have seen the sorry consequences in countries like the US where this is not done.

**The AFB will** extend EI coverage to workers employed through the Temporary Foreign Worker Program, including the Seasonal Agricultural Worker stream, beginning with the immediate and full restoration of special benefit coverage.

**The AFB will** require a presumption of 'employee' status, with mandatory coverage for EI. The ABC test will be adopted to determine if a worker is genuinely an independent contractor.<sup>9,10</sup> Grappling with the widespread misclassification of workers is the first order of business, even as we consider the best ways of providing income maintenance for those who are genuinely self-employed, especially those who most closely resemble payroll employees as well as gig workers engaged with large platform companies. To begin with, self-employed workers will have coverage under a new '*Special Benefits Plus*' package, including an enhanced Training Support Benefit.

**The AFB will** adopt a standard EI benefit rate of 66.6 per cent. At one time Canada's UI system replaced two thirds of a claimant's normal earnings; the need for a reasonable rate is no less today. Indeed, the current 55 per cent rate is a historical low. With inflation it is increasingly difficult to survive on barely half your former income.

**The AFB will** implement an individual EI benefit floor of \$450 weekly. During the pandemic, the temporary EI minimum rate proved of enormous benefit to some of the lowest paid and most precariously employed workers. With this, we make EI more relevant to the working poor—many of whom are women, racialized, Indigenous, and adults with disabilities. This ensures those workers stay out of deep poverty and are not forced into cheap labour jobs just to survive.

**The AFB will** increase 2024 EI Maximum Insurable Earnings (MIE) to \$91,000, mirroring Quebec's 2023 MIE for the QPIP parental benefit program.<sup>11</sup> This will provide additional EI Account net revenues. The MIE increase will also trigger a 2024 Maximum Benefit Rate of \$963. Workers with average and above-average earnings over the current \$61,500 MIE receive less than 55 per cent of their previous earnings when they become unemployed or require special benefits. The 2023 EI Actuarial Report forecasted almost half of all claimants (47.2 per cent) would have earnings above the MIE in 2023.<sup>12</sup> Many have indicated a willingness to pay more into EI if more of their earnings are covered as insurable employment if they become unemployed or require special benefits.

**The AFB will** adjust 'Working While on Claim' rules to allow workers to keep the first \$100 before triggering an EI benefit clawback. Current requirements discourage workers from taking temporary employment and

disadvantage those working multiple part time jobs, especially lower paid workers and women.

**The AFB will** allow workers to start receiving EI benefits sooner by discontinuing the allocation of separation payments such as severance and vacation pay. This was one of the improvements in benefit calculations used during the pandemic which also simplified the processing by Service Canada.

Other AFB measures related to the redesign of the EI Training Benefit are covered in the 'Decent Work' chapter. This is in addition to EI-funded Labour Market Agreement transfers to the provinces and territories for both training and employment supports.

**Table 7.1 AFB actions on Employment Insurance**

All figures in \$M

	2024-25	2025-26	2026-27
Lower benefit threshold to lesser of 360 hours or 12 weeks	\$1,080	\$1,080	\$1,080
Introduce a 50-week maximum duration in all regions	\$216	\$216	\$216
Substitute EI disqualification for 'invalid' job separation with three-week disentitlement period	\$1,835	\$1,835	\$1,835
Adjust rule requiring 7 consecutive days without pay or work	\$10	\$10	\$10
Extend the 50-week limit to 104 weeks on combined special benefits and regular benefits	\$15	\$15	\$15
Extend EI to temporary foreign workers who pay into it	\$18	\$18	\$18
Raise the standard benefit rate to 66-2/3%	\$3,478	\$3,478	\$3,478
Implement an individual benefit floor of \$450 weekly	\$717	\$717	\$717
Raise the maximum insurable earnings to \$91 000	-\$4,519	-\$4,876	-\$5,233
Raise the maximum EI benefit to \$963/week	\$3,981	\$4,295	\$4,610
Allow workers to keep first \$100 in "working while on claim" amounts before clawbacks begin	\$325	\$325	\$325
Discontinue allocation of separation payments to front end of EI claim	\$835	\$835	\$835

## Notes

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# Environment and climate change

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## Introduction

As the international community continues to advance its efforts to address the global climate crisis, it is becoming increasingly critical for Canada to act as a global climate leader. The Government of Canada must ensure its investments and actions meet or exceed the ambition being set by our global peers, both to contribute our fair share of the global climate effort and to ensure Canada's long term prosperity in a low-carbon global economy. Such investments will be amply repaid, with environmental, economic, and health benefits.

Canada has seen substantial progress on climate policy in recent years. Federal funding announcements in the 2023 Budget and at the UN Convention on Biological Diversity COP15 in Montreal were welcome commitments to climate mitigation and adaptation. However, Canada will need to effectively use such existing funding and make further complementary investments in order to meet its 2030 and 2050 targets.

Massive public investments are required to steer Canada's economy toward net-zero.<sup>1</sup> A truly ambitious Canadian climate agenda must challenge the vested interests in fossil fuel industries and embed climate, biodiversity and environmental justice goals across government. Ultimately, this approach will lead to transformative progress in advancing environmental, economic, and social prosperity for all peoples in Canada from coast to coast to coast.

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## Overview

### Green public spending

Addressing the twin climate and biodiversity crises and achieving progressive change will require integrating climate and nature across government fiscal policy, budgeting, & spending decisions. A whole-of-government approach to aligning public spending with Canada's climate targets and biodiversity commitments is critical to ensure that allocations are leveraged as effectively as possible and that funding recipients advance environmental, social and economic objectives.

Application of ambitious climate and biodiversity conditions on funding would strengthen the country's net-zero and nature-positive governance by helping to mainstream priorities across programs and departments, including large federal mechanisms. Failure to apply conditions could result in inefficient spending (e.g., on unproven or costly solutions), creating opportunity costs and entrenching fossil fuel interests.

### Long-term security and affordability

As rising interest rates threaten to drive the Canadian economy into recession, replacing volatile fossil fuel energy—a major cause of recent inflation—with more stable, secure renewables would not only directly reduce domestic greenhouse gas emissions but would also improve both energy affordability and resiliency to external shocks like, natural disasters. Amid the long list of climate commitments in Budget 2023, a number of expenditures are more clearly “fossil-friendly” in nature which risk delaying the changes we need to make by entrenching new fossil fuel infrastructure.<sup>2</sup>

### Climate change mitigation

Canada has made increasingly ambitious global commitments and important budget and policy actions on climate mitigation, leading to the suite of actions included in the 2022 emissions reduction plan (ERP). Budget 2023 signalled a turning point for climate action and funding, notably in the clean electricity sector. However, funding solutions still fall short of experts' recommendations to effectively address the climate crisis and reach the Paris Agreement goals. While the IPCC estimates that around 2.5 per cent of GDP must be invested annually in the energy system to limit warming to 1.5 degrees Celsius,<sup>3</sup> Canadian federal climate mitigation spendings only account for 0.5 per cent of GDP.<sup>4</sup>

On the nature of the solutions, the IPCC clearly states that net emission reductions in the energy system will come from solar and

wind penetration, while fossil carbon capture and storage comes last. In terms of infrastructure, key solutions include more efficient buildings and vehicles, as well as public and active transportation.

### **Climate adaptation**

In addition to Canada's climate mitigation efforts, the federal government should continue to prioritize adaptation planning to respond to future climate change-related disasters and build a more resilient society. The federal government announced a National Adaptation Strategy in November 2022 building on research efforts to understand impacts of climate change, but allocates only \$1.6 billion in new future funding over several years. While the broad pillars of the strategy make sense, Canada must enact a renewed financial commitment for adaptive infrastructure.

### **Biodiversity framework**

In light of the historic agreement signed at the Kunming-Montreal Global Biodiversity Framework (KMGBF) in December 2022, a coherent plan to increase the level of financial resources flowing to nature-positive outcomes from all sources is required. As outlined by the Green Budget Coalition in their Recommendations for Budget 2024,<sup>5</sup> a 2030 Biodiversity Strategy Financing Plan for Canada should be guided by best practices in conservation, restoration, freshwater and oceans management, negative impact reduction, and data collection. In particular, the achievement of Canada's Biodiversity Strategy will require a new approach for funding and supporting Indigenous communities' articulation, implementation, and stewardship of land and water use visions and plans over time.

### **AFB plan for climate action**

Having established this context, the AFB plan for climate action commits to engage all levels of government in a process of transforming Canada's economy to enable a post-carbon future. The AFB makes several major investments and commitments to facilitate Canada's climate strategy, including ending fossil fuel production by 2040, decarbonizing key sectors of the Canadian economy, promoting biodiversity and ecosystem recovery, enacting a comprehensive strategy for a green and just transition for Canada's industrial sectors (see Fair and Equitable Transition Chapter), aligning the financial sector with climate targets (see Regulation chapter), facilitating a green renewal of municipal infrastructure (see Infrastructure and Cities Chapter), and supporting forms of agriculture that are low-emission and more resilient to the changing climate (see Agriculture Chapter).

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## Actions

### Conditional green public investments

**The AFB will** implement climate and biodiversity conditions for federal funding and procurement to ensure that all levels of Canadian government are compliant with the national climate change strategy. An effective response to the climate crisis must involve coordinated action across all levels of Canadian government (see Fair and Equitable Transition chapter).

**The AFB will** attach climate-related conditions to funding opportunities available across federal departments, as well as labour and equity conditions where applicable (see Fair and Equitable Transition chapter). As a condition for receiving funds from the federal government, provinces, territories, and municipalities must develop a net-zero target and emissions reduction plan that meets or exceeds the federal target for 2030. Funding recipients under the climate and biodiversity conditions must adhere to requirements for transparency and accountability. The climate and biodiversity conditions extend to project selection. The federal government will prioritize projects with the greatest emissions reduction potential.

### Phasing out high-carbon investments

**The AFB will** place an immediate moratorium on new fossil fuel extraction and exploration projects and implement a regulatory phase-out of oil, natural gas, and coal production for fuel by 2040. Furthermore, **the AFB will** eliminate all federal subsidies and financial support to the fossil fuel industry by the end of 2024. Continued financial support of the fossil fuel industry by all levels of government in Canada is a direct contravention of Canada's climate responsibilities. **The AFB commits** to transparent accounting and elimination of all forms of federal financial support to the industry, including tax measures, royalty reductions, loans, guarantees, grants, equity, and funding for research and development (see Tax chapter).

**The AFB will** cancel the Investment Tax Credit for Carbon Capture, Utilization, and Storage and redirect the proposed spending of about \$9.1 billion<sup>6,7</sup> to climate initiatives compatible with a fossil-fuel-free economy by 2050. While carbon capture, utilization, and storage (CCUS) technologies will play a role in the transition to a post-carbon-emitting economy, many climate science and policy experts<sup>8</sup> have warned against over-reliance on CCUS because it is based on long-term fossil fuel production. To the extent that CCUS will play a role in decarbonizing the

Canadian economy, the costs should be borne by industry and not by the public.

### **Climate mitigation through decarbonization of key sectors**

**The AFB will** commit an investment of \$15 billion over five years to achieve the decarbonization of Canada's electricity sector by 2035. Budget 2023 saw unprecedented support for clean electricity infrastructure. This down-payment was crucial for kick-starting this transformation of Canada's electricity system, but the vast majority of the new funding is corporate subsidies rather than direct public investment. To achieve decarbonization of the electricity sector by 2035, **the AFB invests** \$10 billion over five years in direct public investments to expand zero-emissions electricity production, improve infrastructure that transmits and stores clean energy, and promote best practices in clean electricity planning and governance. **The AFB will** direct an additional \$4.8 billion toward zero-emission energy programs designed to benefit Indigenous communities, Northern and remote communities, low-income Canadians, and other vulnerable groups.

**This AFB will** commit to an investment of \$12.5 billion over five years to jumpstart a national renovation wave that accomplishes the deep decarbonization of buildings and residential homes by 2050. Buildings and residential homes account for approximately 13 per cent of Canada's greenhouse gas emissions. To meet Canada's emission reduction goals, it will be necessary to address the carbon-emissions impact of 600,000 homes and over 30 million square metres of commercial space by 2040. Property owners must invest over \$20 billion annually to accomplish a 90 per cent reduction in building-based emissions by 2050. **The AFB will** provide \$10 billion annually to cover 50-75 per cent of the additional costs of climate retrofitting of residential homes, with an additional \$2 billion per year allocated to no-cost renovations for low-income households and social housing. A further \$540 million a year will be allocated for building retrofits and energy efficiency top-ups in Indigenous communities (see the First Nations chapter).

**This AFB will** commit to taking further action to decarbonize the transportation sector by increasing the cost of high-emissions vehicles and making zero-emissions vehicles more affordable and accessible.

**This AFB will** quickly move forward with a Clean Car Standard. These regulations will effectively ban the sale of gasoline-powered cars in 2035 by requiring that an escalating percentage of new cars sold be zero-emission vehicles and by issuing fines to automakers that don't shift their business plans to align with a net-zero future.

**The AFB will** replace the current federal incentive program for EV purchases with a revenue-neutral fee-bate system that charges a fee on more polluting vehicles and uses the revenue to pay for EV subsidies.

### **Climate adaptation**

**The AFB will** invest an additional \$10 billion per year over the next five years to implement the National Adaptation Strategy. The Natural Infrastructure Fund should be expanded to provide watershed-level planning and design to target key ecosystem services such as climate regulation, water filtration, and stormwater management to enhance local resilience to erratic storm events in addition to protection and restoration planning that is already underway. Adaptation funding directed to regional, provincial, territorial and local governments should be made conditional on them having an adaptation plan in place, in order for the funding to support the immediate and longer term implementation of their plans.

### **Indigenous-led biodiversity conservation and restoration**

**The AFB will** establish sufficient permanent funding for Indigenous-led conservation efforts and move forward with genuine nation-to-nation models of co-governance of protected lands that respect the rights of Indigenous Peoples laid out in UNDRIP (see First Nations chapter).

**The AFB will** direct an additional \$500 million over seven years towards establishing the Canada Target 2 Restoration Fund to restore degraded terrestrial habitat that is not included within the Nature Smart Climate Solutions Fund or the 2 Billion Tree program. **The AFB will** also provide \$5 billion over five years towards the remediation of old fossil fuel sites, wells and tailings ponds, with priority to areas where resource development has adversely affected Indigenous peoples' rights and title. Because this clean-up is the responsibility of the oil and gas industry, an offsetting tax will be placed on the industry so that this funding does not become another subsidy.

**Table 8.1 AFB actions on environment and climate change**

All figures in \$M

	2024-25	2025-26	2026-27
Eliminate federal fossil fuel subsidies and support	-\$471	-\$471	-\$471
Cancel new CCUS tax credit	-\$366	-\$842	-\$1,591
Decarbonization of Canada's electricity sector by 2035	\$3,000	\$3,000	\$3,000
Expand zero-emissions electricity production	\$2,000	\$2,000	\$2,000
Invest in zero-emissions energy programs for Indigenous, Northern and remote communities	\$960	\$960	\$960
Decarbonize Canada's building and residential sectors by 2050	\$2,500	\$2,500	\$2,500
Climate retrofit program	\$10,000	\$10,000	\$10,000
No-cost renovations for low-income households and social housing	\$2,000	\$2,000	\$2,000
National Adaptation Strategy	\$10,000	\$10,000	\$10,000
Canada Target 2 Restoration Fund	\$71	\$71	\$71
Remediation of old fossil fuel sites, wells and tailings ponds	\$1,000	\$1,000	\$1,000

## Notes

1 Canadian Centre for Policy Alternatives, *Spending What it Takes: Transformational climate investments for long-term prosperity in Canada*, February, 2023, <https://policyalternatives.ca/publications/reports/spending-what-it-takes>.

2 Ibid.

3 Intergovernmental Panel on Climate Change (IPCC), *Special Report: Global Warming of 1.5°C Summary for Policymakers*, 2019, <https://www.ipcc.ch/sr15/chapter/spm/>.

4 Canadian Centre for Policy Alternatives, *Spending What it Takes: Transformational climate investments for long-term prosperity in Canada*, February 2023, <https://policyalternatives.ca/publications/reports/spending-what-it-takes>.

5 Green Budget Coalition, "Preliminary Recommendations for Budget 2024," June, 2023.

6 Government of Canada, *Budget 2023, Chapter 3 Made-In-Canada Plan: Affordable Energy, Good Jobs, and a Growing Clean Economy*, February, 2023.

7 Department of Finance Canada, *Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable*, 2022.

8 International Institute for Sustainable Development, *Why Carbon Capture and Storage Is Not a Net-Zero Solution for Canada's Oil and Gas Sector*, February 2023.

# Fair and equitable transition

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## Introduction

Canada's transition from a fossil fuel-dominated economy to one that produces net-zero emissions will entail significant changes for industry and workers alike. Getting the transition right—this is, ensuring that the shift away from fossil fuel production and consumption makes workers and the economy better off—is essential not only for meeting Canada's climate commitments but also for ensuring Canadians' prosperity and winning buy-in for the kinds of far-reaching policies that decarbonization requires.

The labour movement (and increasingly by social justice and environmental advocates) has long championed the idea of a “just transition” to a cleaner economy as a framework for minimizing the costs of economic shifts while maximizing their benefits.<sup>1</sup> A just transition is one in which workers and communities shape their own futures with the support of inclusive social programs and public investment in economic alternatives. That's true whether the transition is driven by climate considerations or by other factors, such as biodiversity protection or technological change.

Central to achieving a robust and lasting just transition—one that seizes the opportunities presented by the global clean economy—is a green industrial policy. Without a plan to create good, green jobs in the communities that need them most, worker-focused just transition policies will ultimately fall short. It is not sufficient for the state to cushion the blow

of sectoral or regional downturns without also ensuring there are new opportunities available in future-oriented industries.

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## Overview

The federal government has made significant strides in developing both a just transition plan and a clean industrial strategy over the past year.

In February 2023, the government released a Sustainable Jobs Plan that laid out ten action items for supporting workers in a clean economy.<sup>2</sup> Most of the items in the plan were previously announced and budgeted for, but the plan nevertheless represents the government's first comprehensive effort at developing a workforce development strategy for the net-zero economy.

One of the key action items laid out in the plan is a *Sustainable Jobs Act*. The act was tabled in June 2023 and delivers on the government's 2019 promise to introduce just transition legislation. If it passes, Bill C-50 would create a set of institutions to oversee the government's sustainable jobs agenda, including an external advisory body of labour and other stakeholders.<sup>3</sup>

On the industrial side, Budget 2023 included \$62 billion over the next decade in new investments in the clean economy, mainly in the form of tax subsidies for private investors. Notably, funding is conditional on meeting certain labour criteria and hiring a certain share of apprentices. This explicit linking of workforce development with clean economic growth is an important example of a just transition in practice.

However, for all this apparent progress, there are serious issues with the government's current approach. Canada cannot achieve an inclusive green economy without addressing these fundamental concerns.

### **Failure to tackle fossil fuel production and commit to greener alternatives**

Emissions from the production and consumption of fossil fuels accounts for the vast majority of Canada's (and the world's) greenhouse gas emissions. The oil and gas extraction industry alone—just getting the fuel out of the ground—accounts for more than a quarter of Canadian emissions. Achieving net-zero emissions thus necessitates a substantial reduction in the total amount of oil and gas produced (see Environment and Climate Change chapter).

Yet the Canadian government remains stubbornly committed to supporting the indefinite extraction of oil and gas. The government

continues to approve new extraction projects, while both Budget 2023 and the Sustainable Jobs Plan support lifelines for the fossil fuel industry such as carbon capture and storage (CCUS) technology.<sup>4</sup> This approach is ultimately incompatible with global efforts to combat the climate crisis— even if CCUS were economical, which it is not, all of the fuel we export gets burned somewhere anyway.<sup>5</sup> To make matters worse, doubling down on the fossil fuel industry makes the Canadian economy increasingly vulnerable to declining global demand for dirty fuels while starving alternative industries of capital.<sup>6</sup>

To accelerate decarbonization and minimize the risks of stranded assets, industrial policy must focus on industries that have a future in a net-zero world. Canada is well-positioned to compete in many of these sectors, including renewable energy generation, steel and aluminum production, critical mineral mining, sustainable forestry and agriculture, battery manufacturing, digital green services and zero-emission vehicle manufacturing.<sup>7</sup> These industries come with their own risks, such as the environmental costs associated with forestry and mining, but they are nevertheless essential industries in a net-zero carbon economy. Canada needs a clear and comprehensive vision for how it will grow greener industries without compromising on the well-being of workers or the environment.

### **Dependence on private sector leadership**

The federal government's general approach to clean economic development is to incentivize or "de-risk" private investment and only step in with direct public investment in limited ways on specific projects.<sup>8</sup> This ideological commitment to market-based measures is both inappropriate and insufficient given the scale of the net-zero transition.

Among other issues, there is tremendous uncertainty about how willing the private sector will be to invest sufficient capital to decarbonize the economy on the timeline demanded by the climate crisis.<sup>9</sup> The private sector may never step up to fund vital projects in the national interest if they are not obviously profitable, regardless of the subsidies on offer. Conversely, subsidies may pad the profit margins of investments that would have been made anyway, wasting money that could have been better spent on public initiatives.

By shifting responsibility for clean investment to the private sector, the public also forgoes the benefits that come with owning that infrastructure, such as a demonstrable financial return on investment. Ironically, however, by "de-risking" private investments the public is still on the hook should these projects ultimately fail.

To drive rapid industrial change in the public interest, the Canadian federal government must play a larger and more direct role in managing the net-zero transition.

### **Insufficient measures to promote equity and inclusion**

The government increasingly recognizes the importance of diversifying the workforce. Not only is it the right thing to do, but we also need to attract far more workers to green industries to build, maintain and operate the clean economy. Yet Canada's social and economic policies are not promoting equity and inclusion in the workforce in a meaningful way.

Retraining programs for displaced workers are important, for example, but they cannot be narrowly tailored to current energy workers—who are more likely to be high-income white men—to the exclusion of other members of affected communities—who are more likely to be women, racialized, Indigenous or otherwise marginalized.<sup>10</sup> On the job creation front, public funding cannot only be conditional on wages and apprenticeships, but also on ensuring a diversity of new hires.

To build a more inclusive workforce, labour policies must explicitly address the barriers facing equity-seeking groups while providing more generous funding to inclusive social programs.

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## **Actions**

To accelerate Canada's transition away from fossil fuels while building a prosperous, sustainable and inclusive economy—one that can thrive in a net-zero world—the AFB takes the following actions.

**The AFB will** expand the mandate of the proposed Sustainable Jobs Secretariat and rename it to the Economic Transition and Sustainable Jobs Secretariat. In addition to its responsibility for workforce development policy, this expanded institution will oversee Canada's industrial transition away from fossil fuels and into greener alternatives. Bridging economic diversification considerations with inclusive, workforce development priorities will allow the federal government to deliver more cohesive policy in both areas. To build the capacity necessary to deliver on this larger mandate, the secretariat will be funded with an additional \$250 million over five years. The AFB will ensure this expanded mandate is reflected in the final version of the *Sustainable Jobs Act*.

**The AFB will** reorganize the federal government's Regional Energy and Resource Tables under the purview of the Economic Transition and Sustainable Jobs Secretariat. While the tables' mandate to develop

regional economic roadmaps will continue, the AFB will require those strategies to include and explicitly plan for regional emission-reduction targets in line with national targets. The tables will also adopt a more participatory and transparent engagement approach that sees labour unions, Indigenous governments and community groups playing active roles alongside provincial/territorial governments and industry.

**The AFB will** fund a comprehensive, government-led National Green Industrial Strategy to be developed by the new Economic Transition and Sustainable Jobs Secretariat. In contrast to the hands-off, goal-agnostic approach the federal government is employing today, the new strategy will position the state as the primary coordinator of—and as a major direct investor in—clean economic development.

The federal government will determine specific priorities based on inputs from the refreshed regional tables, but may include renewable electricity, green manufacturing, zero-emission mobility and agriculture (see Environment, Infrastructure and Agriculture chapters for more details). Crucially, the strategy will work backwards from the goal of net-zero by 2050 to align current investments with long-term viability in the global clean economy, as modeled by the Canadian Energy Regulator.<sup>11</sup> The strategy will plug the gaps and ensure compatibility between the various roadmaps developed by the regional tables. The federal government will fund the secretariat with \$60 million over three years specifically for this task.

**The AFB will** invest in economic diversification projects in communities undergoing transition. As part of the AFB's reformation of the Canada Infrastructure Bank into the new Public Climate Bank (see Infrastructure and Cities chapter), it will allocate \$15 billion specifically for regions moving away from emissions-intensive and/or environmentally-destructive industries, such as fossil fuel extraction, toward cleaner alternatives—including but not limited to renewable electricity, green manufacturing, sustainable resource development and green public services.

**The AFB will** also make funds available to help industries transition toward cleaner practices, such as electric arc furnaces for steel production. It will prioritize projects that are publicly-owned, economically self-sufficient over the long term, and create local jobs and other spinoff benefits. These proactive investments will enable workers to move into new industries before the old ones have fully wound down, which smooths the transition and reduces the need for social support in those communities.

**The AFB will** apply rigorous labour and equity conditions on all federal infrastructure and transition spending, whether through the new Public Climate Bank, existing green investment tax credits or other funding and financing programs. While Budget 2023 introduced some prevailing wage and apprenticeship conditions, those conditions did not apply to all funding streams or to all workers (e.g., they cover construction but not operations).

**The AFB will** ensure that all publicly-funded projects pay a prevailing wage at every stage and that a minimum share of hours are worked by apprentices and by workers from historically excluded groups. These blanket conditions do not replace the need for community benefit agreements, which the AFB will continue to require for individual projects (see Infrastructure and Cities chapter).

**The AFB will** create a Just Transition Benefit to support workers in transitioning industries. This compensatory benefit will be available to any worker who loses a job directly or indirectly due to environmental policies, such as the fossil fuel phase-out (see Environment and Climate Change chapter) or efforts to protect and promote biodiversity. It is flexible by design, and can be used as income support, as an early-retirement incentive, as a training credit, as relocation support, or for other purposes, depending on each worker's transition needs. The benefit is indexed to inflation, stacks with employment insurance, and will be available for as long as necessary while those workers seek re-training and/or re-employment in alternative industries. The AFB allocates \$1 billion over 10 years for this new program, which will be overseen by the Economic Transition and Sustainable Jobs Secretariat.

**The AFB will** fund a unified Inclusive Workforce Development Program to promote opportunities for underrepresented groups in the clean economy. This new program will consolidate and expand on a number of federal initiatives that have or will soon wind down, including the Sectoral Workforce Solutions Program and Community Workforce Development Program. While those programs have been relatively successful, they are insufficiently funded to drive recruitment and training on the scale required by the clean economy. This new program will receive \$4 billion over four years with a target of supporting the training of 100,000 new workers per year, including 50,000 workers specifically from equity-seeking groups.

## Table 9.1 AFB actions on a fair and equitable transition

All figures in \$M

	2024-25	2025-26	2026-27
Establish the permanent Economic Transition Secretariat	\$50	\$50	\$50
Implement the new National Green Industrial Strategy	\$20	\$20	\$20
Create a Just Transition Benefit to support workers and communities in transition	\$100	\$100	\$100
Fund the new Inclusive Workforce Development Program	\$1,000	\$1,000	\$1,000

### Notes

- 1 Hadrian Mertins-Kirkwood, [Making Decarbonization Work for Workers: Policies for a Just Transition to a Zero-Carbon Economy in Canada](#), Canadian Centre for Policy Alternatives & Adapting Canadian Work and Workplaces to Respond to Climate Change, January 2018.
- 2 Government of Canada, [Sustainable Jobs Plan](#), February 2023.
- 3 Minister of Natural Resources, [An Act Respecting Accountability, Transparency and Engagement to Support the Creation of Sustainable Jobs for Workers and Economic Growth in a Net-Zero Economy](#), Bill C-50, First Reading, June 2023.
- 4 Angela Carter & Laura Cameron, [Why Carbon Capture and Storage Is Not a Net-Zero Solution for Canada's Oil and Gas Sector](#), International Institute for Sustainable Development, February 2023.
- 5 Marc Lee, [Extracted Carbon: Re-examining Canada's contribution to climate change through fossil fuel exports](#), Canadian Centre for Policy Alternatives, Parkland Institute & Corporate Mapping Project, March 2020.
- 6 Nichole Dusyk et al., [Setting the Pace: The Economic Case for Managing the Decline of Oil and Gas Production in Canada](#), International Institute for Sustainable Development, June 2023.
- 7 Hadrian Mertins-Kirkwood & Noah Kathen, [Bet Big: A Citizen's Guide to Green Industrial Policy in Canada](#), Canadian Centre for Policy Alternatives, October 2022.
- 8 Department of Finance, *Budget 2023—A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*, Government of Canada, March 2023, p. 74.
- 9 Hadrian Mertins-Kirkwood, Marc Lee & Caroline Brouillette, ["Budget 2023: a risky bet on cleaner capitalism,"](#) *The Monitor*, June 1, 2023.
- 10 Hadrian Mertins-Kirkwood & Zaeesh Deshpande, [Who Is Included in a Just Transition? Considering Social Equity in Canada's Shift to a Zero-Carbon Economy](#), Canadian Centre for Policy Alternatives & Adapting Canadian Work and Workplaces to Respond to Climate Change, August 2019.
- 11 Canada Energy Regulator, [Canada's Energy Future 2023](#), Government of Canada, June 2023.

# First Nations

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## Introduction

On June 21, 2023, Canada released its *Action Plan for Implementing the United Nations Declaration on the Rights of Indigenous Peoples*. The action plan contains 181 measures to achieve the objectives of the UN declaration, ensuring federal laws are consistent with the UN declaration.

The Alternative Federal Budget, operating in alignment with the UN declaration, ensures investments toward First Nations' priorities address chronic socio-economic gaps and ensures First Nations and their governments lead the way in developing alternatives to existing laws and policies that undermine their inherent and treaty rights, title, and jurisdiction.

The legal and moral imperative to make these investments is clear. They are economically sound. Partnership with First Nations reduces adversarial legal processes and allows Canada to meet its fiduciary obligations to Indigenous Peoples.

Prioritizing these investments demonstrates real progress in our shared journey toward truth, healing, and reconciliation. Rebuilding First Nations by increasing governance capacity as well as creating and supporting Indigenous-led institutions, is the path to nation-to-nation relationships.

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## Overview

Despite over 150 years of colonization, First Nations are steadfast in reclaiming their unique languages, laws, cultures, governments, and economies. Just as Canada has developed into a modern society, with

a complex system of intergovernmental relations, First Nations must be acknowledged as innovators that meaningfully contribute to Canada's prosperity.

In 2016, the National Indigenous Economic Development Board reported that the economic gap between Indigenous Peoples and non-Indigenous people costs the Canadian economy \$27.7 billion annually.<sup>1</sup> This return on investment would significantly improve the lives of more than one million First Nations.

The investments identified in this chapter represent the first of many steps toward First Nations' economic self-reliance and contribute to the social determinants of health. Time and again, investments in First Nations' well-being that support social, economic, political, and environmental factors have been demonstrated as critical to our wellness.

The COVID-19 pandemic exposed critical insights into the health effects of access to safe drinking water, overcrowded housing, educational outcomes, and many more. As the world addresses climate change, First Nations must be safeguarded against future environmental disasters and supported in their climate mitigation and adaptation leadership. More than eight in 10 Canadians support creating additional Indigenous protected and conserved areas in Canada to protect more lands and sea, as per a recent Nanos Research poll.<sup>2</sup> The Alternative Federal Budget's meaningful investments would close persistent socio-economic gaps and support First Nations' climate leadership.

## **Lands and governance**

Existing federal approaches to First Nations' rights to self-determination require a significant overhaul, especially with respect to accessing lands. The Alternative Federal Budget supports interim and transformational access to lands in order to provide critical resources that are necessary for First Nations to govern their lands.

At present, more than 636 First Nations governments that are attempting to govern effectively are undermined by chronic underfunding. First Nations are not able to develop a skilled First Nations' public service without competitive salaries or necessary technology. First Nations governance funding is just over three per cent of total expenditures, while most municipal, provincial, and territorial governments spend 10-15 per cent to provide services to their citizens. Transitioning from siloed federal funding towards a statutory transfer to First Nations governments would support First Nations' cultural, economic, environmental, and political goals through actions and institutions of their own design. The

2024 Alternative Federal Budget's meaningful investments results in immediate support for First Nation governments.

Article 26 (2) of the *United Nations Declaration on the Rights of Indigenous Peoples*: Indigenous [P]eoples have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired.

## Infrastructure

Adequate infrastructure is essential to First Nations' economic prosperity. Roads, utilities, digital connectivity, public utilities, and housing are foundational for opportunity, growth and wealth generation. Significant and sustained commitments are required to bring First Nations' infrastructure on par with the rest of Canada. The Assembly of First Nations, in co-development with Indigenous Services Canada (ISC), compiled a first of its kind, comprehensive cost estimate identifying the infrastructure investment needs of First Nations in Canada. The *Closing the Infrastructure Gap by 2030* report is a fully substantiated cost report, which draws from a significant pool of data from the Assembly of First Nations' technical studies, First Nations' engagement reports, decades worth of archived information from ISC, and industry-leading experts.

The report identified an estimated cost of \$349.2 billion and supports the Indigenous Services Canada Minister Patty Hajdu's mandate to close the infrastructure gap.

By conservative estimates, these investments will create more than 150,000 jobs per year and will reflect billions in Canadian GDP growth.

The Centre for Spatial Economics (C4SE) and the Broadbent Institute have estimated that 9.4 jobs are generated for every million dollars spent on infrastructure and the value of GDP generated per dollar of public infrastructure spending lies between \$2.46 and \$3.83. Many of the jobs generated by closing the infrastructure gap will be in rural and remote areas and will create economic opportunities for both First Nations and non-First Nations people alike.<sup>3</sup>

## Climate leadership

The most effective way to create resilience and combat the growing global environmental crisis, climate change, and biodiversity loss is to recognize the critical leadership role of First Nations in climate conservation and environmental action. The First Nations' connections—culturally, spiritually, and socially—to the land and waters increase the impacts on First Nations' exposure and sensitivity to climate change, but

are also a unique source of strength, understanding, and resilience. As climate leaders, First Nations are active drivers of positive change.

The Assembly of First Nations *2023 National Climate Strategy* identifies the following priorities to support First Nations' climate leadership:<sup>4</sup>

1. Recognize, respect, and position First Nations' jurisdiction and inherent right to self-determination as central to national climate governance.
2. Address capacity needs to support First Nations as climate leaders.
3. Ensure First Nations' self-sufficiency in food, water, and energy.
4. Prioritize First Nations' knowledge systems, health, language, culture, and spirituality.
5. Close the natural and built infrastructure gap.
6. Ensure First Nations are equipped to respond to all emergencies.
7. Leverage the First Nations climate lens to reform legislation, policy, and programs.

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## Actions

**The AFB will** invest \$25 million over five years, enabling and advancing nation-to-nation discussions on First Nations land rights and self-determination.<sup>5</sup>

**The AFB will** invest \$23 million over five years to improve and facilitate the additions-to-reserves policy (ATR) by addressing the backlog of more than 1,300 pending ATR applications and funding the ongoing review, redesign, assessment, and oversight of the ATR policy and processes.

**The AFB will** invest \$7.6 billion over five years to meet the base needs of financial, administrative, and political governance, including:

- \$4.6 billion for band support funding;
- \$1.4 billion for band employee benefits;
- \$964 million for professional and institutional development; and
- \$581 million for tribal council funding.

**The AFB will** invest \$77.29 billion over five years to meet base community infrastructure needs, including buildings, ports and wharves, transportation infrastructure, all-season road access, utilities infrastructure, and connectivity infrastructure.

**The AFB will** invest \$101.84 billion over five years to meet decades of neglected housing needs to address overcrowding, on-reserve migration, unit replacement, new lot servicing, repair needs, and population growth.

**The AFB will** invest \$9.54 billion over five years for education infrastructure, planning, design, and new construction of schools and teacherages.

**The AFB will** invest \$25 million over five years to establish a First Nations Climate Institute for the development and implementation of First Nations-led strategies for climate and related environmental initiatives.

**The AFB will** invest \$325 million over five years to create a national network of First Nations climate and emergency coordinators at the community and regional level to conduct resilience and self-sufficiency planning for future catastrophes.

**The AFB will** invest \$1.5 billion over five years to support First Nations' conservation efforts and climate resiliency, including establishment and maintenance of Indigenous protected and conserved areas and guardian programs as well as the exploration of ecosystem services and nature-based climate solutions.

**The AFB will** invest \$644 million over five years to protect species at risk and freshwater ecosystems in a manner that respects First Nations' rights and responsibilities.

**Table 10.1 AFB actions on First Nations**

All figures in \$M

	2024-25	2025-26	2026-27
Enable and advance nation-to-nation discussions on First Nations land rights and self-determination	\$5	\$5	\$5
Extend and enhance the additions-to-reserves programs	\$5	\$5	\$5
Enhance band support funding	\$920	\$920	\$920
Enhance band employee benefits	\$280	\$280	\$280
Enhance professional and institutional development	\$193	\$193	\$193
Enhance tribal council funding	\$116	\$116	\$116
Infrastructure operations and maintenance	\$1,520	\$2,400	\$3,320
Infrastructure interest cost on no-interest loan	\$16	\$41	\$79
Infrastructure transfers to support non-income generating capital investments	\$2,144	\$3,376	\$4,680
Ending drinking water advisories operations and maintenance	\$30	\$50	\$60
Ending drinking water advisories transfers to support non-income generating capital investments	\$20	\$30	\$40
All-season roads access operations and maintenance	\$450	\$710	\$980
All-season roads access transfers to support non-income generating capital investments	\$2,060	\$3,240	\$4,490
Connectivity transfers to support non-income generating capital investments	\$370	\$580	\$800
Accessibility transfers to support non-income generating capital investments	\$110	\$180	\$250
Housing operations and maintenance	\$1,890	\$2,450	\$3,030
Housing interest cost on no-interest loan	\$216	\$576	\$1,100
Housing transfers to support non-income generating capital investments	\$642	\$1,011	\$1,402
Education operations and maintenance	\$330	\$510	\$710
Education transfers to support non-income generating capital investments	\$560	\$890	\$1,230
Establish the First Nations Climate Institute	\$10	\$10	\$10
Create a national network of First Nations climate and emergency coordinators	\$65	\$65	\$65
Support First Nations conservation efforts and climate resiliency	\$300	\$300	\$300
Protect species and risk and freshwater ecosystems	\$129	\$129	\$129

## Notes

<sup>1</sup> 2020-2023 Strategic Plan, The National Indigenous Economic Development Board, <http://naedb-cndea.com/reports/EN%20-%20DRAFT%20STRATEGIC%20PLAN%202020-2023.pdf>.

<sup>2</sup> <https://nanos.co/wp-content/uploads/2022/10/2022-2220-CPAWS-Survey-Populated-Report-FINAL-UPDATED-With-tabulations.pdf>.

<sup>3</sup> Centre for Spatial Economics, September 2015, *The Economic Benefits of Public Infrastructure Spending in Ontario by the Centre for Spatial Economics for the Broadbent Institute*, <https://www.iuolocal793.org/wp-content/uploads/2015/09/Broadbent-Study.pdf>.

<sup>4</sup> Report forthcoming.

<sup>5</sup> This will require, among other things, an expansion of and recommitment to the Nation Rebuilding Program to ensure that adequate funding is made available to First Nations and their local representative organizations to support dialogue and capacity development to engage in community-based, broader regional and national discussions.

# Food security

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## Introduction

As of 2021, approximately one in five people in Canada were living in a household experiencing food insecurity.<sup>1</sup> This means 6.9 million people worrying about running out of food, having a limited food selection, compromising in quality or quantity of food consumed, and/or reducing their food intake or disrupting their eating patterns—all because of a lack of money for food.<sup>2</sup>

This number doesn't include people living on reserves or in institutions, or in households in extremely remote areas with very low population density—all populations known to be disproportionately impacted by poverty. We also know this number is rising.<sup>3</sup> This harrowing amount of deprivation of something that is a basic need is totally unacceptable in a country as rich as ours. We must do better.

In Canada, food insecurity is an issue of income inadequacy.<sup>4</sup> At least 52 per cent of all households living with food insecurity in Canada receive employment or self-employment income as their main source of income.<sup>5</sup> Workers are struggling to meet their basic needs because they have inadequate income due to a precarious labour market that pays lower wages, offers fewer protections and benefits, and has unpredictable work hours and wages. Additionally, three in five households that receive social assistance as their main source of income live with food insecurity<sup>6</sup> because of the grossly inadequate social assistance rates found in all the provinces and territories. Food insecurity is also an issue of equity in Canada because it disproportionately impacts Indigenous and racialized people, recent immigrants, and people with disabilities.

The presence of food insecurity also indicates a vast array of additional deprivations experienced by many people living on low

incomes in Canada. Every day, people experiencing food insecurity are also forced to make other difficult choices between spending on housing, clothing, medications, and transportation.<sup>7</sup> Food insecurity results in poorer health and higher annual household and public health care costs due to recurring chronic physical and mental health issues, higher need for constant or long-term care, higher hospitalization rates, and premature deaths.<sup>8,9,10,11</sup>

In 1976, Canada ratified the United Nations International Covenant on Economic, Social and Cultural Rights, committing to ensure that all its people enjoy the right to an adequate standard of living, including the right to adequate food. This year's AFB will take radical and ambitious steps to fulfill these rights by addressing the root causes of food insecurity in Canada.

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## Overview

Canada has consistently monitored household food insecurity for two decades now, though gaps persist in available data. In 2019, the federal government adopted the Food Policy for Canada, committing to improving food-related health outcomes, particularly among people living with food insecurity.<sup>12</sup> The policy envisions that "all people in Canada are able to access a sufficient amount of safe, nutritious, and culturally diverse food."<sup>13</sup> The time is overdue to turn evidence and policy commitments into results.

Research shows that food insecurity in Canada can be significantly reduced through robust policies targeting low-income individuals and families. The Canada Child Benefit reduced food insecurity rates among very low-income families with children by 25 per cent from 2015 to 2018.<sup>14</sup> The Guaranteed Income Supplement reduced food insecurity rates among seniors by 35 per cent from 2007 to 2013.<sup>15</sup>

Indigenous Peoples experience disproportionately higher rates of food insecurity in Canada. First Nations people who live on reserves are more than twice as likely to live in a household experiencing food insecurity.<sup>16</sup> One in three Indigenous Peoples living away from home, including in urban settings, lives in a household experiencing food insecurity, compared to one in six non-Indigenous people.<sup>17</sup> Nearly half of all people in Nunavut, one in four in the Northwest Territories, and one in seven in the Yukon, live in food-insecure households.<sup>18,19</sup>

Food insecurity among Indigenous communities in northern Canada, in the territories, and on Indigenous reserves is deeply rooted

in colonialism, anti-Indigenous racism, systemic discrimination, and intergenerational trauma.<sup>20,21</sup> Canada entered into, but has not honoured, nation-to-nation agreements with Indigenous Peoples, with shared responsibilities to care for the lands, waters, and air based on Indigenous knowledge systems.<sup>22,23</sup> A number of things compromise traditional food systems and separate Indigenous Peoples from ecosystems that are central to their spiritual and cultural relationships and practices: mining; agriculture; industrial, housing, road, and hydro developments; forestry; and land appropriations.<sup>24,25</sup> Addressing food insecurity requires addressing these root causes, in large part by honouring and supporting Indigenous food sovereignty.<sup>26,27</sup>

Black people are three times more likely to live with food insecurity than white people in Canada.<sup>28</sup> Food insecurity among Black communities is deeply rooted in anti-Black racism, systemic discrimination, and lasting impacts of enslavement.<sup>29</sup> Black people experience higher rates of racial discrimination in the education and labour sectors, two key spaces for building financial stability.<sup>30</sup> Black seniors are twice as likely as white seniors to be food insecure and often have fewer private retirement plans.<sup>31,32</sup> Food insecurity among Black people is also tightly linked to other key social determinants of health, like housing; Black people are more likely to rent their homes and face increased financial precarity. These factors compromise their capacity to afford nourishing, culturally appropriate food.<sup>33,34</sup>

As of 2021, one in four (or 1.8 million) children under age 18 lived in a household experiencing food insecurity. Two-thirds of these children lived in households experiencing moderate or severe food insecurity. Like most food programs, school food programs cannot address the root causes and serious health outcomes of household food insecurity in Canada. They must not be seen as a replacement for the structural interventions needed to address food insecurity among children and their families, such as income support programs like the Canada Child Benefit. However, school food programs can enhance the health and well-being of children—including children living in households experiencing poverty and food insecurity.

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## Actions

**The AFB will** reduce overall food insecurity by 50 per cent and reduce severe food insecurity by 33 per cent by 2026. This will entail passing a food insecurity reduction bill by Fall 2024, with ambitious targets to

reduce overall food insecurity by 50 per cent and reduce severe food insecurity by 33 per cent by 2026, relative to 2021 levels. This means that by 2026, Canada will have 3.5 million fewer persons living in households experiencing food insecurity and 493,000 fewer persons living in households experiencing severe food insecurity.

Effective food insecurity reductions in Canada must be equitable. So, in addition to the national level, the targets mentioned above will apply to all socio-demographic groups disproportionately impacted by food insecurity. This includes Indigenous, Black, racialized, disabled, and 2SLGBTQ+ people; female-led one parent families; and working-age single adults.<sup>35,36,37</sup> The Canadian Income Survey, Canada's main source of food insecurity data, will collect data that allows for disaggregation by equity-related socio-demographic variables to facilitate tracking of progress among equity-deserving groups, including those mentioned above.

**The AFB will** address the root causes of household food insecurity in Canada by creating and reinforcing four pillars of income support. **The AFB will** introduce the new Canada Child Benefit "end poverty supplement" to further reduce food insecurity among families with children who live in particularly deep poverty. **The AFB will** commit funding for the Canada Disability Benefit and to create the Canada Livable Income to provide income support to people with disabilities and low-income working-age people (those aged 18 to 64), respectively. Both benefits will be modelled on the Guaranteed Income Supplement and indexed to inflation to ensure they provide adequate payments. Canada Disability Benefit and Canada Livable Income payments will be calibrated to better target individuals and families living with severe food insecurity (for more details, see the Income and Poverty chapter).

**The AFB will** address the root causes of Indigenous food insecurity by supporting Indigenous food sovereignty. In 2021, Canada ratified the United Nations Declaration on the Rights of Indigenous Peoples, pledging to respect, protect, and fulfill Indigenous Peoples' right to self-determination, which includes Indigenous food sovereignty. Accordingly, **the AFB will** create an Indigenous Food Sovereignty Program, with an initial commitment of \$200 million over two years. This will go towards supporting co-creation of more specific Indigenous Food Sovereignty Frameworks, with self-selecting groups of First Nations, Metis, and Inuit. The frameworks will propose land reform and redistribution parameters using as baselines the original agreements between Indigenous groups and the Crown upon Canada's colonization of Indigenous Peoples. The frameworks will also specify which designated Crown lands can be allocated for exclusive hunting, fishing, and gathering reserves for

Indigenous communities in Canada. Many Indigenous communities are already working to address food insecurity, including the Inuit Tapiriit Kanatami's Inuit Nunangat Food Security Strategy.<sup>38</sup> Such initiatives will be further enhanced through the Indigenous Food Sovereignty Program.

**The AFB will** provide an additional \$100 million over five years to support the adaptation and integration of Indigenous knowledge systems into existing federal laws relating to food and land systems. This will include consultations with Indigenous Peoples from coast to coast to coast.

Because food insecurity is a key social determinant of health among Indigenous Peoples, **the AFB will** commit a \$100-million additional top-up over three years to the Local Food Infrastructure Fund. Twenty per cent of this funding will go towards strengthening Indigenous food systems to help address Indigenous food, dietary, nutrition, and health needs. Canada will continue to promote Indigenous-led reconciliation, healing, and trust, rebuilding with Indigenous Peoples. It will continue to promote integration of Indigenous knowledge systems and worldviews around conservation, protection, and management of the lands, waters, and air.

**The AFB will** commit \$500 million over five years to enhance Nutrition North Canada's ongoing work and new responsibilities around promoting Indigenous food sovereignty in Canada. This funding will support additional human, technical, material, and financial resources that Nutrition North Canada requires to fulfil its mandate. To enhance Indigenous food systems and food sovereignty, 40 per cent of this funding will go towards supporting Indigenous initiatives or programs around hunting, fishing, gathering, and harvesting.

**The AFB will** address the root causes of food insecurity in Black communities through Black-led food insecurity interventions. **The AFB will** provide \$50 million over two years to co-develop a Black-led National Action Plan to Address Food Insecurity in Black Communities. The plan will include coordinated strategies on how to reach the food security targets mentioned earlier in this chapter, based on current Black-led food security interventions. Black-led and Black-serving organizations and communities are already doing great work in promoting Black food sovereignty and culturally appropriate food security initiatives. Harnessing the diverse strengths of these initiatives in a coordinated and well-funded national action plan will significantly reduce food insecurity among Black communities in Canada.

**The AFB will** commit \$50 million over five years to undertake Black-led research around Black food security issues and interventions in Canada. Although Black-led and Black-serving community food security

organizations in Canada are largely initiated, funded, and managed by Black communities themselves, little is known about their characteristics and impacts. Harnessing knowledge of these efforts can inform learning and scaling to better address Black food insecurity in Canada.

**The AFB will** commit \$50 million over two years to the Supporting Black Canadian Communities Initiative to empower Black-led and Black-serving community organizations working to address anti-Black racism and enhance Black inclusion. **The AFB will** also create and fund a food insecurity add-on to the initiative, allocating \$50 million over two years to it. The initiative will support Black-led and Black-serving community food security organizations to strengthen Black food systems and address food insecurity in Black communities. Organizations that benefit from the initiative will document how their program models can be scaled and sustained as part of the National Action Plan to Address Food Insecurity in Black Communities mentioned above. The Minister of Families, Children and Social Development and the Minister of Employment and Social Development Canada will explore opportunities to empower Black-led and Black-serving community organizations that would not benefit from the initiative.

**The AFB will** support children's health and well-being by creating Canada's first National School Nutritious Meal Program. In late 2022, the federal government conducted public consultations around building a national school food policy.<sup>39</sup> **The AFB will** build on this process and provide \$1 billion over five years to establish and roll out a universal, cost-shared National School Nutritious Meal Program, which will be a key element of the evolving Food Policy for Canada. The meal program will complement the existing network of diverse school food programs by contributing to provincial, territorial, First Nation, Métis, and Inuit partners to fund school food programs across Canada.

Additionally, the federal government will immediately commence discussions with Indigenous leaders to negotiate agreements for the creation and/or enhancement of permanent independent distinctions-based First Nation, Métis, and Inuit school meal programs. Finally, the federal government will work with relevant government departments and stakeholders to develop a dedicated school food infrastructure fund to enhance food production and preparation equipment and facilities to serve healthy food in adequate volumes.

**Table 11.1 AFB actions on food security**

All figures in \$M

	2024-25	2025-26	2026-27
Indigenous Food Sovereignty Program	\$100	\$100	
Adaptation & integration of Indigenous knowledge into food/land systems-related laws	\$20	\$20	\$20
Local Food Infrastructure Fund	\$33	\$33	\$33
Support for Nutrition North Canada	\$100	\$100	\$100
National Action Plan to Address Food Insecurity in Black Communities	\$25	\$25	
Research and interventions into Black food (in)security issues	\$10	\$10	\$10
Supporting Black Canadian Communities Initiative	\$25	\$25	
Supporting Black Canadian Communities Initiative—Food security add-on	\$25	\$25	
National school food program	\$200	\$200	\$200

## Notes

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# Gender equality

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## Introduction

Now, more than ever, we need the federal government to be ambitious and feminist—and we need a strong gender justice movement to hold it accountable.<sup>1</sup> The combined impacts of the COVID-19 pandemic, spiralling food and housing costs, and rising levels of gender-based violence are creating lasting damage for marginalized women and gender-diverse people.

Recent federal budgets have delivered important gains, including historic investments in child care, the first-ever *National Action Plan to End Gender-Based Violence*, and the *Federal 2SLGBTQI+ Action Plan*. Decisive action is now needed in the form of concrete implementation and monitoring plans, sustained and increasing resourcing, and coordinated action across all levels of government to achieve systemic change.

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## Overview

The COVID-19 pandemic's devastating impact revealed the fragile state of care in Canada and its importance to the economy, families, and the community. The pandemic also exposed the link between the wages, job security, and working conditions of care workers and the quality of care—with tragic results. Even today, with job vacancies across the care economy at record-high levels, wages remain comparatively low, especially for the lowest-paid and most precarious workers putting in long, gruelling hours. Lack of access to care is compounding existing systemic inequities experienced most acutely by marginalized

communities, including Indigenous Peoples, racialized groups, and people with disabilities.<sup>2</sup> Meanwhile, governments are turning to staffing agencies and gig platforms to meet demand, which is further undermining the working conditions and compromising the rights of care workers (see chapters on child care, seniors' care, health care, and immigration). The 2023 budget directed no investment to Canada's care economy while targeting billions to male-majority industrial sectors. Communities are still waiting for bold action to address the roots of the care crisis.

Communities are also still waiting for a comprehensive and fully resourced *National Action Plan to Eliminate Gender-Based Violence* that facilitates and oversees the actions of all governments. For a decade, survivors, advocates, and frontline workers called for such a plan, working tirelessly as gender-based violence surged,<sup>3</sup> in the context of the pandemic and beyond.<sup>4</sup> Then, in November 2022, Canada's first ever *National Action Plan to Eliminate Gender-Based Violence*<sup>5</sup> was finally released with little fanfare. Not long after that, in January 2023, the International Labour Organization's Violence and Harassment Convention (C-190) was ratified, thanks to the efforts of the labour movement.<sup>6</sup> But critical questions remain about how the federal government will ensure the provision of high-quality supports and services across jurisdictions, including Indigenous communities,<sup>7</sup> and how it will combat the rising tide of gender-based violence—most notably against 2SLGBTQI+ groups, people with disabilities, and sex workers.

More than \$600 million was promised in the 2021 budget to support new programming over five years, including \$539.3 million (announced in 2022) to work with provinces and territories to help implement the National Action Plan.<sup>8</sup> But no funding appears to have been allocated for federal implementation of the National Action Plan or for the plan itself. The plan itself provides only a vague shopping list of potential actions, the details of which are to be hashed out through new bilateral agreements with each province and territory. Key recommendations and national-level actions are missing and there is no mention of independent oversight or sustainable long-term investment. Implementation plans and "more targets and indicators" are to follow.

Likewise, Indigenous women's groups have decried the government's lack of progress in responding to the *Calls for Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls*.<sup>9</sup> An amount of \$2.2 billion was set aside in the 2021 budget to "accelerate" work on a *National Action Plan*<sup>10</sup> but funding commitments are proceeding very slowly.<sup>11</sup> Without a measurable, costed plan in place, Indigenous women and girls remain at great risk of ongoing violence and trauma.<sup>12</sup>

Action is also needed to uphold sexual and reproductive rights at home and abroad, in the face of extremist attacks on gender equality and 2SLGBTQI+ rights, and widespread disinformation campaigns. This includes guaranteeing access to high-quality, scientifically accurate, and comprehensive sexuality education for all children and young people across the country.<sup>13</sup> Access to information is fundamental to the realization of a wide set of rights relating to sexuality, gender, reproduction, economic security, and bodily autonomy.<sup>14</sup> The 2023 budget announcement of a three-year, \$36-million extension of the Sexual and Reproductive Health Fund was an important acknowledgement that many people continue to face significant barriers in accessing needed health care, including abortion. This fund needs to be made permanent with sufficient funding to fill critical gaps in service. The current negotiations for a national pharmacare program, including a national formulary, is another key opportunity to uphold reproductive and sexual health/rights by providing universal free access to contraceptive supplies and gender-affirming care.<sup>15</sup> The government of British Columbia's move to make prescription contraception free has set the bar for the whole country.<sup>16</sup>

Direct funding to women's organizations is another effective means of improving the quality of women's lives and advancing gender justice.<sup>17,18</sup> The current government has significantly increased funding to women's rights and equality-seeking organizations over several years. This includes funding for time-limited projects and capacity-building under the Women's Program; the Gender-Based Violence Program; and the Equality for Sex, Sexual Orientation, Gender Identity, and Expression Program. It also includes \$300 million in emergency financial aid for shelters and anti-violence organizations during the pandemic. More recently, \$160 million in new project funding for the Women's Program was made available in the 2023 budget, the result of a concerted campaign on the part of feminist organizations.<sup>19,20</sup> In August 2022 the federal government announced the first-ever Federal 2SLGBTQI+ Action Plan, pledging \$100 million over five years to develop and implement the plan—with 75 per cent of funds going directly to 2SLGBTQI+ organizations via project and capacity-building grants.<sup>21,22</sup>

Hundreds of organizations have benefited from current financial support. They are rebuilding organizational capacity after years of scraping by, responding to pressing community needs, and working to advance and sustain gender equality. Others have resources for the first time, uplifting their communities at a time of far-right agitation and increased anti-2SLGBTQI+ hate. Moving forward, adequate and sustained

funding is essential to carry out this vital work at levels that reflect the scale of the challenge.

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## Actions

**The AFB will** move forward several key areas that are essential to the health and well-being of women and gender-diverse people.

**The AFB will** establish a National Care Economy Commission (\$30 million over three years), as recommended by the Standing Committee on the Status of Women<sup>23</sup> and pursuant to Canada's obligations as a member of the Global Alliance for Care.<sup>24</sup> The commission will use an intersectional framework to examine paid and unpaid care work in Canada and to develop a National Strategy and Action Plan for expanding the stock and quality of publicly managed non-profit care.<sup>25</sup> The Strategy for Care will embrace the International Labour Organization's 5R framework for decent care work<sup>26</sup> and ensure a whole-of-government approach that prioritizes care for groups who have historically been failed by care systems. It will support the development and coordination of sector-specific and evidence-based standards for high-quality service in different fields (e.g., child care, gender-based violence, seniors' care) as well as sector-specific labour force strategies and immigration reforms. Its goal will be to improve working conditions and rates of pay among these undervalued, largely female, and racialized workforces, prioritizing public and non-profit delivery.<sup>27</sup>

**The AFB will** introduce a robust and well-resourced *Employment Equity Act*. The Task Force on the *Employment Equity Act* Review<sup>28</sup> has completed its review but it has not yet been released—delaying promised reforms by potentially years. **The AFB will** allocate \$20 million over the next three years for the development of a new employment equity regime, aligned with the efforts of the Office of the Pay Equity Commissioner and the Office of the Accessibility Commissioner. It will ensure that it has the resourcing necessary to support and enforce implementation, including regular independent public reviews.

**The AFB will** move forward with the implementation of a fully resourced National Action Plan to combat all forms of violence against women and gender diverse-people, in collaboration with survivors, frontline workers, and equality-seeking organizations. The plan will include clear goals and targets for reducing violence; an effective administrative focal point for developing, implementing, and evaluating the National Action Plan; an independent mechanism for monitoring

and publicly reporting on progress and lessons learned; escalating investments in prevention and wraparound support for survivors, provided via well-resourced community service organizations; and strategies for reforming legal and justice systems. An additional \$600 million will be invested over the next four years for the development and implementation of the national and federal components of the National Action Plan.

**The AFB will** similarly take action to create a fully-resourced implementation plan and related accountability mechanisms to combat all forms of violence against First Nations, Inuit, and Métis women, girls, and Two-Spirit people—under the guidance and oversight of Indigenous women’s organizations and grassroots groups representing Indigenous women and their families across the country.

**The AFB will** take action to implement International Labour Organization Convention C-190 on violence and harassment in the world of work, with \$20 million per year in funding. This process will embrace a comprehensive definition of employees (for example, it will include interns) and violence (for example, it will include racial harassment), to apply in all situations arising in the course of work, linked with work, or arising out of work, including homes as workplaces and experiences of third-party violence (for example, from customers). **The AFB will** also expand access to domestic violence leave to a minimum of 10 paid days and 10 unpaid days in federally regulated sectors (at a cost of \$5 million per year) and ensure that there are targeted measures to counter anti-2SLGBTQI+ hate in the National Action Plan on Combating Hate.<sup>29</sup>

**The AFB will** establish a public, universal, single-payer pharmacare plan with a national formulary that includes the full range of sexual and reproductive medicines, commodities, and devices for all (see chapter on health care). **The AFB will** also make permanent the new National Sexual and Reproductive Health Survey (currently under development) and Sexual and Reproductive Health Fund (extended to 2027 in the 2023 budget), at \$15 million per year for the latter, to continually address gaps in access to abortion care and systemic barriers to sexual, reproductive, and gender-affirming health care.

**The AFB will** develop and launch a national five-year strategy in support of the standardization and equitable access to high-quality, evidence-based, comprehensive sexuality education across Canada and a corresponding training program for professional sexual health educators.<sup>30</sup> Such an initiative would empower young people and raise the bar on the quality of education, emphasizing the impacts of

colonialism, racism, ableism, homophobia, transphobia, sexism, etc., on the social determinants of health (\$4 million per year for five years).

**The AFB will** make permanent funding for women’s and gender equity organizations under the Women’s Program (at \$100 million per year), including those working at a national level on advocacy, research, education, policy analysis, and legal reform to advance the rights of women and gender-diverse people. **The AFB will** also make permanent the 2SLGBTQI+ Capacity Building Fund (at \$25 million per year) and take action to address gaps in the new 2SLGBTQI+ Action Plan, including a whole-of-government implementation plan.<sup>31,32</sup> **The AFB will** commit to providing multi-year, flexible funding to organizations that will fully cover administrative/core costs to enhance their financial security and program impacts.<sup>33</sup> It will also explore options for the establishment of endowment funds as a long-term, sustainable source of funding for gender equity organizations and the 2SLGBTQI+ community.

**Table 12.1 AFB actions on gender equality**

All figures in \$M

	2024-25	2025-26	2026-27
Establish a National Care Economy Commission	\$10	\$10	\$10
Strengthen the Employment Equity Act	\$7	\$7	\$7
Develop and implement national and federal components of the National Action Plan	\$150	\$150	\$150
Implement ILO Convention C190 on violence and harassment at work	\$20	\$20	\$20
Expand access to domestic violence leave to 10 paid days and 10 unpaid days in federally regulated sectors	\$5	\$5	\$5
Boost the Reproductive Health Fund to \$15 million and make it permanent	\$3	\$3	\$3
Create a comprehensive sexuality education strategy	\$4	\$4	\$4
Improve support for women's and gender equity organizations under the women's program	\$100	\$100	\$100
Improve and extend funding for the 2SLGBTQ+ Capacity Building Fund	\$25	\$25	\$25
Funds already in the fiscal framework	-\$8	-\$8	-\$8

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# Health care

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## Introduction

Canadians are proud of our public health care system, a responsibility shared among all levels of government. But polls show confidence in the ability to access care is declining. In the face of long waits in emergency rooms and for medically necessary procedures, Canadians are turning to private, for-profit care in increasing numbers.<sup>1</sup>

The crisis in health care, arguably exacerbated by the failure of policymakers to address well-known problems around health human resources, is being exploited by for-profit private clinics, investors, and their government allies.

As health minister Jean-Yves Duclos stated in his annual report on the *Canada Health Act*, "Universal, accessible, and publicly funded health care is a point of pride for Canadians, and protecting it is a priority for our government. Collectively, we have made the choice to leave no one behind and deny no one necessary care, regardless of their ability to pay."<sup>2</sup>

Canadians must be protected from privatization. We must take action to improve health care outcomes, solve the health human resources crisis, and establish new universal programs for mental health, dental care, and prescription drug coverage.

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## Overview

The pandemic has taken a terrible toll on the health care system. Many care providers are frustrated and burnt out, driving them to change

careers, take early retirement, or leave the public system to work for higher-paid private agencies.

In the aftermath, patients can't always get the care they need. Operating rooms sit empty for want of staff, and people die in waiting rooms while overstretched health care workers scramble to triage those seeking urgent care.

The public's frustration and diminishing confidence has emboldened efforts by some provincial governments to promote further privatization of medically necessary services. This has created the greatest threat to health care in several generations. Across Canada, provinces are using public health care dollars to fund publicly insured services performed in for-profit private clinics.

The Canadian Health Coalition, a national organization comprising frontline health care workers' unions, community groups, and public health experts, has recommended that the federal government work with the provinces and territories to increase federal funding through the Canada Health Transfer to create accountable funding while improving outcomes for people across Canada through new public health care programs such as dental care and pharmacare.<sup>3</sup>

The 2023 budget announced \$198 billion over 10 years, including \$46 billion in new Canada Health Transfer funding and \$25 billion over 10 years through bilateral agreements with the provinces and territories.<sup>4</sup> But concerns remain that the increase to the Canada Health Transfer and the bilateral agreements may not improve care if they are without conditions and accountability. For example, Canada Health Transfer funding from the federal government to the provinces and territories does not actually have to be spent on health care.<sup>5</sup> As a result, the federal government promised in the 2023 budget to "ensure that new federal investments are used in addition to provincial spending, and that provinces and territories do not divert away health care funding of their own."<sup>6</sup>

### **Enforcement of the *Canada Health Act* to protect patients**

The health minister's annual report on the *Canada Health Act* cited eight provinces contravening the *Act* and withheld \$82 million in respect of patient charges levied during 2020-21 for medically necessary services that should be accessible to patients at no cost.<sup>7</sup>

Beyond paying for insured services out-of-pocket, patients may face efforts by medical care providers to "upsell" them on more expensive, more profitable, and uninsured services.

### **The health care workforce crisis**

Despite the influx of billions of dollars from Ottawa, and the promise to make supporting health care workers a priority, provinces mostly failed to address nursing shortages, save for some positive steps taken in Nova Scotia and British Columbia. The latter became the first province in Canada to adopt minimum nurse-patient ratios.<sup>8</sup>

The problem also extends to other health care professions, where caregivers increasingly leave the public system to work in private agencies that provide better pay and working conditions. This tightens the shortage of workers in public hospitals, forcing governments to contract staff from for-profit private agencies at increased cost.

### **Wasteful spending on for-profit private health care delivery**

Relying on for-profit private care increases the costs borne by public health care budgets. For example, the cost of a carpal tunnel surgery averaged \$908 in the private sector in Quebec compared to \$495 in the public sector; a short colonoscopy cost \$739 in the private sector compared to \$290 in a public health care setting.<sup>9</sup> A CBC study found that “knee replacement surgery in a public hospital, paid by the province, costs about \$10,000. The same surgery in a private clinic can reportedly cost patients up to \$28,000.”<sup>10</sup>

### **Promoting the universality of health care services**

A Health Canada study found that the notion of universality has wide public support, noting, “Participants were asked to name the best and worst things about the Canadian health care system. The best things mentioned always included the concept of universality.”<sup>11</sup> The 2023 budget reaffirmed this view, stating, “Canadians are proud of our universal publicly funded health care system. No matter how much money you make, or where you were born, or what your parents do, you will receive the care you need.”<sup>12</sup>

But many essential health care services—such as services around mental health, substance use, oral and dental care, and pharmacare—are not provided under our public health care system.

### **Mental health, suicide prevention, and substance use**

About a third of people in Canada will experience a mental illness or substance use disorder.<sup>13,14</sup> And yet one-third of Canadians aged 15 or older who reported needing mental health care said their needs were not fully met.<sup>15</sup> People can't get the mental health care they need because it is either not available or not covered by provincial health insurance.

Millions of Canadians do not have a family doctor. When a person in crisis is treated in a hospital setting, they are often discharged without adequate services in the community to support their recovery. Services like counselling and psychotherapy, case management, peer support, and substance use treatments are not part of provincial health insurance plans and therefore must be accessed through limited employer or private insurance plans, or paid for out of pocket.

Canada is launching a three-digit (988) suicide and mental health crisis helpline in November 2023. This helpline will save lives and offer referral pathways to mental health supports offered in a caller's community. We must ensure adequate investment in 988's infrastructure, staffing, and funding for community providers delivering mental health and crisis supports and programs.

### **Dental care and universality**

Proper dental care is an essential part of everyone's health, but it has been excluded from our public health care system. About one-third of Canadians have no dental insurance.<sup>16</sup> Even for people who do have dental coverage, regions with lower-income communities and Indigenous communities, including remote communities, have limited access to dental care providers, and many still struggle with co-pays and yearly limits.

In 2022 the interim Canada Dental Benefit was enacted for children under 12. It has already helped more than 240,000 children receive the dental care they need. The 2023 budget announced \$13 billion over five years, starting in 2023-24, and \$4.4 billion ongoing to Health Canada to implement the Canadian Dental Care Plan. The plan will provide dental coverage for uninsured Canadians with annual family income of less than \$90,000, with no co-pays for those with family incomes under \$70,000.

### **A public and universal pharmacare program**

The latest research looking at pharmaceutical drug use during the pandemic shows immense disparity in access to medicines in Canada. If you are an immigrant or racialized person, you are much more likely to report that the pandemic affected your prescription drug coverage.<sup>17</sup>

Prescription medicine is nothing short of medically necessary and should be covered for everyone, whether you are inside a hospital or not. When the *Canada Health Act* is brought forward, it should commit to public universal coverage. As the health minister said, "Under the *Canada Health Act*, it is made clear that no Canadian should be paying out of pocket for medically necessary services."<sup>18</sup>

## Investing where health begins

Health begins where we are born, grow, live, work, and age.<sup>19</sup> It is influenced by these social determinants more than by access to medical care.

We can help slow the flow of sickness into our clinics and hospitals by investing more urgently in the social supports that promote health (see Health Equity chapter).

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## Actions

**The AFB will** ensure that health care dollars are not spent on private, for-profit clinics, which put Canadians at risk of user fees and extra billing and waste public dollars on excessive profit-taking.

**The AFB will** enforce the principles and conditions of the *Canada Health Act*, beginning with funding more robust monitoring and sanctioning capacity by Health Canada to ensure Canadians are not faced with extra billing, user fees, and diminished access to health care as provinces move to for-profit care providers.

**The AFB will** provide targeted federal funding to shore up the retention of nurses, doctors, and other health care workers. This will include funding to implement minimum nurse–patient ratios, create tailored mental health programming, incentivize work in the public system over costly private agencies, create professional development opportunities, and implement violence-prevention infrastructure in health care settings.

**The AFB will** extend the principle of universality to dental care. This universal dental care program would cover everyone equally, including the self-employed or gig workers who have no benefits, but have a family income of over \$90,000. **The AFB will launch** the Canadian Dental Care Plan with full implementation by 2025, providing universal coverage to everyone in Canada.

In keeping with recommendations from migrant rights advocates, **the AFB will** extend the Interim Federal Health Program to temporary foreign workers while the provinces work to change provincial legislation on health care coverage (see Immigration chapter for more details).

Part of the immigration application review and decision-making process involves Immigration, Refugees, and Citizenship Canada decision-makers determining whether an individual might reasonably be expected to cause excessive demand on health or social services in Canada.<sup>20</sup> This “excessive demand” provision is discriminatory towards

people with disabilities and individuals with severe illnesses. The Standing Committee on Citizenship and Immigration has recommended the repeal of the “excessive demand” provision since December 2017.<sup>21</sup>

**The AFB will** repeal this provision (see Immigration chapter for more details).

**The AFB will** move forward with the *Canada Pharmacare Act*, to provide free coverage for prescribed medicines to everyone in Canada, funded with \$3.5 billion for essential medicines as recommended by the 2019 government-appointed Advisory Council on the Implementation of National Pharmacare, led by Dr. Eric Hoskins.<sup>22</sup>

**The AFB will** establish the Canada Mental Health Transfer at \$5.3 billion annually over five years amounting to 12 per cent of current health care budgets. This new transfer would have 50 per cent of funding earmarked for community mental health and substance use health care providers. This funding will help alleviate the strain currently placed on emergency departments and better prepare the medical care and community care systems to respond to the anticipated demand for mental health and crisis supports and programs following the launch of the 988 suicide and mental health crisis helpline.

**The AFB will** increase investments to end the health care human resources crisis, providing \$3.2 billion over five years to the provinces and territories for the hiring of 7,500 new family doctors, nurses, and nurse practitioners. In addition, as promised, the AFB will train up to 50,000 new personal support workers and fund their guaranteed minimum wage of at least \$25 per hour.

**This AFB will** introduce and pass the *Safe Long-Term Care Act* by 2025, which must enforce national standards as well as ensure patients receive at least four hours of direct care daily. Additionally, **the AFB will** provide funding to promote publicly owned and non-profit long-term care facilities while phasing out for-profit investors (see Seniors’ Care chapter).

**Table 13.1 AFB actions on health care**

All figures in \$M

	2024-25	2025-26	2026-27
More robust monitoring of violations of the Canada Health Act	\$50	\$50	\$50
Extend the Canada Dental Benefit to all families, without income restriction	\$488	\$783	\$848
Interim federal health program for temporary foreign workers	\$30		
Implement a national pharmacare program	\$5,210	\$10,717	\$11,101
Hire 7,500 new family doctors, nurses and nurse practitioners	\$250	\$550	\$1,000
Train 50,000 personal support workers	\$250	\$250	\$0
Ensuring personal support workers are paid \$25/hr	\$333	\$342	\$350
Create the new Canada Mental Health Transfer	\$2,000	\$2,500	\$3,000
Mental health spending already in the fiscal framework	-\$1,425	-\$1,425	-\$1,425

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# Health equity

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## Introduction

*Health equity* means that all people have fair access to, and can act on, opportunities to reach their full health potential. Health, from this perspective, is about collective physical, mental, and social well-being and not just sickness or its absence in individuals. Health equity means that people are not disadvantaged by social, economic, political, and environmental conditions, including how those conditions intersect with social identities based on factors such as ability, age, gender, race, sexuality, and social status.<sup>1</sup>

Equitable access to high-quality, publicly funded and delivered, universal medical care is an essential component of health equity. Yet, it is insufficient. Who gets sick in the first place is strongly shaped by the conditions in which we are born, grow, live, work, and age; including the integrity of our natural environment. These social and ecological determinants of health are not distributed nor experienced equally, reflecting the inequitable distribution of power and resources that are built into our capitalist economic system.<sup>2</sup> In short, equity and health equity are one and the same.

Health equity demands a bold, coherent, public-driven vision that extends beyond medical and health care, transcends government silos, and maintains a *critical* stance that views health inequities as ethically indefensible and that speaks truth to the power structures that perpetuate them.<sup>3</sup> Here we focus on the role of the federal government in that vision.

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## Overview

The COVID-19 pandemic made very clear the imperative of the social determinants of health.<sup>4</sup> Yet, while “health” appears over 180 times in the 2023 federal budget, it overwhelmingly refers to the health care system and it disproportionately pertains to physical aspects of health, which is incomplete. The single reference to “health equity” is in the context of an Indigenous-specific funding stream to enhance equitable access to quality and culturally safe health care services.<sup>5</sup> While this is an important investment, it is incremental with respect to the health equity implications of ongoing colonial structures and other intersecting systems of oppression, such as classism, racism, and sexism.

The past year has seen massive federal investments in health care. In February 2023, an additional 10-year, \$46.2 billion funding deal between the federal and provincial/territorial governments was announced. This is intended to relieve strain on emergency rooms, paediatric hospitals, surgical wait times, and health care workers.<sup>6</sup> Yet the federal government only attached funding conditions to 58 per cent of the new money, raising questions about the extent to which it will be directed to a public-driven vision of improving medical care quality and equitable access for all Canadians.<sup>7</sup>

Stemming from the 2022 supply and confidence agreement between the federal Liberal and New Democratic parties, budget 2023 included a large investment in dental care (\$13 billion over five years, starting in 2023-24, plus \$4.4 billion ongoing). This historic funding is described as allowing millions of Canadians to access dental care who previously could not and it helps to redress the omission of dental care from our public health care system.<sup>8</sup> However, and although the new program is still evolving, it appears that it will be a publicly *funded* initiative, with *delivery* remaining mostly in the private sector. It is based on a means-tested rather than universal model. To the extent that the new plan does not restructure the private, for-profit elements of dental care, we must remain concerned about ongoing inequities.

### **Weak investment in social and ecological determinants of health perpetuates a downstream orientation**

Recent federal budgets have included investments in social determinants of health, such as the Canada-wide early learning and child care system. This initiative signifies an important commitment to early child development, gender equity, and a robust care economy—all of which significantly contribute to population well-being and health equity.<sup>9</sup> But

this investment, and indeed investment in social determinants of health in general, continues to be dwarfed by health care spending, which is inconsistent with the significance of social determinants for population health and health equity.<sup>10</sup> A mechanism is needed to rebalance budgets so that they align with what is known about the social and ecological determinants of population well-being and health equity, which largely lie outside of the health care system.

Budget 2023 was weak with respect to social and ecological determinants of well-being and health equity.<sup>11</sup> For example, it was remarkably silent on affordable housing, where it continued to focus on tax-free savings mechanisms for home buyers with no substantive attention to regulations to protect tenant families nor to address the problem of financialization and profiteering, which drive growing housing insecurity. As well, while budget 2023 included a large investment (\$80 billion) in a transition to a lower-carbon economy, much of those funds take the form of a tax break to incentivize private investment. What is needed, in line with a mission-oriented approach,<sup>12</sup> is a bold, public-led vision to protect and respect our natural environment in a way that promotes environmental justice<sup>13</sup> and ensures that no one is left behind in terms of the social foundations that people need to be well.<sup>14</sup>

### **A bold, cross-cutting vision for population well-being and health equity**

The weaknesses of budget 2023 in addressing upstream causes of health inequities reflect the lack of a bold, coherent, cross-cutting vision to guide budgeting and policy so that (health) equity is at the centre. A potential such vision exists, in the form of Canada's Quality of Life framework. First announced in budget 2021, the framework explicitly recognizes the significant drawbacks of relying on blunt economic measures of societal success such as Gross Domestic Product (GDP). Those drawbacks include widening inequities and ecological destruction (i.e., social and ecological determinants of health). The Quality of Life framework includes five domains deemed important to quality of life — prosperity, health, environment, society, and good governance — with cross-cutting lenses: fairness and inclusion, and sustainability.<sup>15</sup>

While the framework has been applied to three federal budgets (2021, 2022, 2023) in the form of an impact statement, and investments have been made to support data and measurement, so far it is not guiding budgeting and policy in a way that meaningfully addresses (health) inequity and its root causes in structures of capitalism, colonialism, white supremacy, and patriarchy. Drawing from budget 2023, one good

illustration is the grocery rebate intended as a form of “targeted inflation relief.” An alternative, which would be more consistent with the vision offered by the Quality of Life framework, would be to make permanent the important income supports from the COVID-19 pandemic, which were shown to reduce poverty rates and empower communities,<sup>16</sup> coupled with stronger regulation of large grocery chains that set food prices in the first place and are profiting from inflation.<sup>17</sup>

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## Actions

Underpinned by a health equity perspective, including its social justice values, critical orientation, and scholarly evidence base, the AFB will implement the following actions:

**The AFB will** advance progressive, publicly led, equity-oriented policy in all domains of social and ecological determinants of health (see Affordable housing and homelessness; Agriculture; Arts and culture; Child care; Decent work; Employment Insurance; Environment and climate change; Fair and equitable transition; First Nations; Food security; Gender equality; Health care; Health equity; Immigration; Income and poverty; Infrastructure, cities and transit; International development; International trade and investment; Post-secondary education; Prisons; Public services; Racial equality; Regulation; Seniors’ care; and Taxation chapters).

**The AFB will** work to strengthen the visibility and impact of the federal Quality of Life initiative and framework as follows:

**The AFB will** commit \$3 million per year to support independent, advocacy-oriented NGOs to play a watchdog role with respect to tracking the Quality of Life initiative and reinforcing accountability to its stated commitment to fairness and sustainability.

**The AFB will** commit \$3 million per year to CIHR and SSHRC to fund joint, critically oriented, interdisciplinary, and academic-community partnered research to support the evaluation and implementation of the Quality of Life framework; and to consider legislative mechanisms, including those from other jurisdictions (e.g., the Sustainability of Future Generations legislation and corresponding Commissioner in Wales, UK).

**The AFB will** commit \$3 million per year to place academic researchers with expertise in health equity and the political economy of health, coupled with members of communities most negatively affected by our current extractive and exploitative systems, within the federal government to study and make recommendations concerning inter-

departmental mechanisms, processes, and activities through the lenses of *policy incoherence* and *failure-demand* (i.e., our tendency to direct public spending towards reacting to immediate, avoidable problems, rather than promoting the well-being of all people and the planet).<sup>18</sup>

**The AFB will** commit \$2 million per year to create and sustain a citizens' assembly focused on *narrative change*—shifting the dominant narrative around the role of government away from incrementalism and risk management. Instead, it will look towards strong government leadership with a bold, publicly led and equity-centred vision for an economy and a society that works for everyone (i.e., a “third way,” which moves beyond the false dichotomy of capitalism or socialism).

**The AFB will** commit \$1.5 million to create a cross-ministerial committee in the federal government that is tasked with narrative change within government, to work with the citizens' assembly noted above.

Towards advancing a much more holistic, upstream, and collective version of *health*, **the AFB will** work to strengthen and re-orient key federal legislative and funding mechanisms as follows:

**The AFB will** commit \$5 million in 2024, plus \$10 million annually starting in 2025, to fund an independent, high-profile commission with a strong public mandate to review and substantially revise the *Canada Health Transfer* so that it strongly and explicitly steps outside of the health care system to embrace social and ecological determinants of health and align with the social justice values and critical upstream orientation of a health equity stance. Some key considerations include:

- Leadership by communities most negatively affected by our current extractive and exploitative systems, whose work must be resourced in an ongoing manner at a level that is adequate to the task.
- Anchor the process in a holistic and collective vision of health that is based on an ethic of care and reciprocity and that goes far beyond the (misnamed) “health” sector, with legislation and budgeting to match.
  - For example, affordable housing and protected ecosystems would be recognized as imperative to population well-being and health equity and would be legislated and resourced accordingly within the new “health” transfer.
- Carve out health (medical) care as one part of the new “health” transfer, and identify mechanisms to prevent ‘failure demand’ where spending on health care overwhelms spending on other policy domains that are more important to keeping all people healthy in the first place.

- One example is the ratio of social and education spending relative to medical spending (the SE/M ratio), which provides a way to track progress in annual budgets towards spending on the building blocks for a healthy society, such as decent earnings, homes, child care, and a healthy environment (see also Health Care chapter).
- Another example is mandating a “health equity analysis”<sup>19</sup> for Memoranda to Cabinet, with explicit attention to identifying horizontal policy initiatives (where two or more departments work together to achieve objectives) and a corresponding accountability framework, built in.
- Revive the universalism of the post-WWII Keynesian period, which has been significantly eroded, and the strong but neglected principles (rights-based, public, comprehensive) that underpin the current *Canada Health Act* but do so in a way that meaningfully integrates the significant and more recent knowledge of equity (as distinct from equality) and its roots in intersecting structures of capitalism, colonialism, white supremacy, and patriarchy.
- Contend with the complexities of Canadian federalism and the imperative of equal and meaningful relations with Indigenous forms of governance.
- Connect with, and draw inspiration from the growing momentum around a well-being economy and its heterodox or progressive economics underpinnings, both internationally<sup>20</sup> and in Canada.<sup>21</sup>
- Engage the broader public and all progressive political parties (not just the sitting government) in a large-scale decoupling of health from medical care, which is required to support a bold, coherent, upstream, and public vision of well-being for all people and our planet.

**Table 14.1 AFB actions on health equity**

All figures in \$M

	2024-25	2025-26	2026-27
Assess Quality of Life Framework through watchdog NGOs	\$3	\$3	\$3
CIHR/SSHRC funding for evaluation and implementation of Quality of Life Framework	\$3	\$3	\$3
Healthy equity/political economy of health academic-government partnership	\$3	\$3	\$3
Citizens' assembly on narrative change	\$2	\$2	\$2
Cross-ministerial committee on narrative change	\$1.5		
Commission to revise the Canada Health Transfer	\$5	\$10	\$10

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# Immigration

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## Introduction

Despite its self-image to the contrary, Canada's immigration and refugee system has persistent and ever-deepening inequities and contradictions rooted in historic and systemic racism and discrimination. The greatest disadvantages are felt by people at the intersections of diverse identities, particularly who are Black and otherwise racialized, women and gender-diverse people, LGBTQQIA+, and people who live with disabilities.

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## Overview

### Humanitarian obligations

The expansion of the Canada-U.S. Safe Third Country Agreement (STCA) in early 2023 prevents entry for many who seek to enter Canada to make a refugee claim. The migrants Canada sends back to the U.S. are at risk of arbitrary detention and deportation to countries where they would face persecution and possibly death. The Supreme Court of Canada has since acknowledged that “refugees sent back to the U.S. face real risks of rights violations” and has directed the federal court to determine whether the STCA breaches gender equality rights under the charter.<sup>1</sup>

Canada has only limited, and sometimes non-existent, responses to humanitarian crises around the world—particularly in countries with majority racialized and Muslim populations. Canada's response to the humanitarian crisis in Ukraine, in contrast, exemplifies how countries should respond to people seeking safety. The federal government facilitated travel, allowed entry to displaced people, provided work

permits or extensions to existing permits, and granted access to housing, health care, education and services.

Refugee claimants in communities across Canada face a shelter and housing crisis, and a generalized lack of information, support and services. The federal government bars claimants, as well as other temporary residents and people without immigration status, from accessing federally funded immigrant and refugee settlements services and supports.

### **Immigration status**

More than half a million people in Canada are without immigration status—some for many years; and often due to structural barriers in the immigration and refugee system.<sup>2</sup> The federal immigration system denies people without immigration status basic rights to housing, health and education—who are more likely to face discrimination, abuse and exploitation.

The Minister of Immigration was directed in December 2021 to find ways to regularize the status of undocumented workers.<sup>3</sup> A regularization program must be broad-based<sup>4</sup> to allow everyone without immigration status in Canada to gain full legal resident status, and live in dignity and without fear. As of the time of writing, no program has been introduced, despite migrant-led organizing and support from communities across Canada.<sup>5</sup>

### **Temporary migration**

For more than a decade, Canada has brought in more people as temporary residents—primarily migrant workers and migrant students—than as permanent residents. In 2022 Canada admitted 437,180 permanent immigrants compared to 607,782 non-permanent residents.<sup>6</sup>

Migrant workers in low-wage work, and seasonal agricultural workers, are excluded from permanent resident (PR) programs. The government typically denies them the right to unionize and bargain collectively, and the workers cannot change employers in certain programs.

Canada has recruited large numbers of migrant students for several years. Few of them will qualify for PR because of the immigration program's systemic barriers and exclusions. Migrant students face widespread abuse and exploitation by recruiters, educational institutions and employers—and have little recourse to assert their rights.<sup>7</sup>

Migrant workers and students, and others with temporary and precarious immigration status are not allowed access to federally-funded programs and services, despite contributing financially to Canada's GDP,

and contributing in other ways to their communities. They face reprisals and potential deportation if they complain about exploitation or abuse.

### **Independent systemic racism review**

Immigration, Refugees and Citizenship Canada (IRCC) has admitted that colonialism and historic racist policies impact the immigration system—particularly for Indigenous, Black and other racialized peoples. IRCC's efforts are primarily focused on HR practices and efforts to identify bias in policy development and decision-making, as well as starting to collect disaggregated data. IRCC must continue these efforts.

Important as they are, these moves will not dismantle deeply entrenched systemic racism and discrimination at the foundations of the immigration and refugee system—which are evident in policies and practices such as:

- Passport privilege and visa apartheid that disproportionately exclude and disadvantage people from African countries, and other countries with primarily racialized populations.
- Indefinite immigration detention for administrative reasons, including the detention of children.
- Safe Third Country Agreement, which together with passport privilege and visa apartheid disproportionately excludes Black and racialized asylum seekers.
- Continued failure to regularize the immigration status of seasonal agricultural workers, other migrant workers, and migrant students while profiting from their low-paid labour and involuntary resource transfer (through exorbitant tuition fees).
- Use of data analytics and AI in immigration processing, with resultant disproportionately negative results for Black and racialized applicants.
- Excluding migrant workers, students, refugee claimants, citizens, and undocumented people from federally-funded immigrant settlement services and language training programs.
- Major backlog and long processing times for immigration and family sponsorship applications, which mostly impact racialized immigrants and refugees who have already been waiting for years to get permanent residence to reunite with family and/or to visit, work, or study in Canada.

- Rules around minimum necessary income, medical, and criminal inadmissibility that bar racialized and other vulnerable populations from seeking or keeping their permanent residence.
- Implementation of extraordinary measures by all orders of government in response to the humanitarian crisis in Ukraine, while the response is muted or less comprehensive to humanitarian crises in countries with primarily racialized populations such as Afghanistan, Sudan, Ethiopia, Yemen, Palestine and Haiti.

### **Immigration detention**

Between 2015 and 2020, the Canada Border Services Agency held an average of 8,000 refugee claimants and migrants in immigration detention each year in Canada. The government orders these migrants detained primarily due to the belief they won't return for a hearing, or because they lack identity documents. They are denied freedom of movement for administrative reasons. In 2020, the CBSA detained 136 children.<sup>8</sup>

Canada's immigration detention practices are rife with human rights violations—with maximum-security prisons, solitary confinement, lack of access to legal counsel, and lack of mental health and health supports and basic supplies. The government holds many detainees in provincial prisons, where they face abusive conditions.<sup>9</sup>

### **Criminal inadmissibility**

Criminal inadmissibility provisions in immigration law and regulations—that is, restrictions on entry for people with criminal records—can result in migrants who are convicted of crimes losing their permanent resident status and being deported, in addition to completing the imposed sentence, a form of double-punishment. Black and racialized people are over-policed and criminalized, and are more likely to be negatively impacted by the criminal inadmissibility barrier.

A considerable number of people facing removal orders on the basis of criminality came to Canada as children, and were involved in Canada's child welfare system as children and youth. While they were involved in the child welfare system, the state had a legal obligation to provide them with the care, guidance, and other services generally expected of parents, including a responsibility to seek Canadian citizenship on their behalf. The state failed to meet its obligations, and these people are now facing deportation.<sup>10</sup>

## Processing times

Immigration processing for family sponsorship takes a long time—up to 45 months or longer for migrants from some countries. Parents and grandparents' sponsorship is subject to systemic disadvantages such as minimum income criteria and a bar on sponsorship by those on social assistance.

Despite the increase in overall immigration targets to 550,000 by 2025, the allocation for family reunification and for refugees and protected persons remains a small fraction of overall targets.<sup>11</sup> Parents and grandparents' target for 2025 is only 48,000. Wait times will only grow longer, and long separation has a significant detrimental impact on families.

## Immigrant settlement and integration

IRCC's interpretation of Section 91 of the Immigration and Refugee Protection Act (IRPA) sanctions community organizations for providing free immigration and refugee assistance. This has a disproportionately negative impact on people with little or no resources to pay for private immigration and refugee services.

IRCC funding for settlement services continues to lag far behind real costs and growing demand. Canada's planned expansion of the immigration program has not been accompanied by a matching investment to strengthen and expand the immigrant and refugee serving sector. Sector organizations continue to lose workers at a tremendous rate to government and private sector employers due to comparably low wages and benefits. Immigrant and refugee serving sector workers are primarily racialized women, many with an immigrant or refugee background.

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## Actions

**The AFB will** rescind the Canada-U.S. Safe Third Country Agreement.

**The AFB will** establish an independent review of the immigration and refugee system with representation and input from affected individuals and communities, including people without immigration status, that will identify and address systemic racism, discrimination and inequities, including:

- The Seasonal Agricultural Worker Program, all migrant worker and migrant student programs.

- Immigration and refugee legislation, regulations and practices.
- All bilateral agreements that impact on the immigration and refugee system.

**The AFB will** give permanent resident status for all migrant workers on arrival and introduce a comprehensive, inclusive and ongoing immigration status regularization program for all those without status in Canada. The program will be open and accessible, and will not deny immigration status on the basis of official language ability, income level, work or study experience in Canada and health status. The program will make all pilot programs permanent, including programs for domestic violence survivors, caregivers, vulnerable workers, and undeclared family members, while relaxing the rules for the agri-worker pilot program and expanding it to other workers and sectors.

**The AFB will** ensure that Canada will sign and ratify the *International Convention on the Protection of the Rights of All Migrant Workers and their Families*.

**The AFB will**, in the matter of criminal inadmissibility of any foreign national who came to Canada as a child and spent any period of their childhood in Canada's child welfare system.

- Immediately suspend the enforcement of any removal orders against them.
- Immediately reinstate their permanent resident status.
- Provide them with a path to citizenship.

**The AFB will** remove criminal inadmissibility double-punishment provisions in IRPA.

**The AFB will** end all immigration detention and pursue community-based alternatives to detention; end the use of tracking bracelets as a mandatory condition of alternatives to detention; and end the practice of holding detainees in provincial jails.

**The AFB will** allow access to federally funded immigrant settlement services and language training to all who need it.

**The AFB will** exempt non-profit organizations and their employees from sanctions for providing free immigration services to their clients, as per IRCC's interpretation of Section 91 of the Immigration and Refugee Protection Act (IRPA).

**The AFB will** remove the minimum necessary income criteria for the parent and grandparent sponsorship program, remove the numbers cap, and end the lottery system and process every application instead.

**The AFB will** increase family-class immigration to 35 per cent of total annual immigration and increase annual targets and intake for refugees and protected persons.

**The AFB will** increase processing resources to reduce, then end the immigration and refugee backlog.

**The AFB will** reset the economic immigration program to be consistent with real labour market needs and work deemed to be essential during pandemic closures, open economic immigration selection to all occupations and all skills, including, but not limited to, all work in the food supply chain, health care, and long-term care—jobs that are currently filled year after year by temporary migrant workers.

**The AFB will** eliminate citizenship fees, as promised by the federal government, and eliminate the requirement for up-front proof of official language knowledge thus removing systemic barriers that have a disproportionate negative impact on low-income people and particularly Black and racialized women.

**The AFB will** immediately remove all immigration status barriers and residency period barriers to accessing income supports and benefits, including the Canada Child Benefit, Old Age Security, Guaranteed Income Supplement, and Employment Insurance (see the Poverty and Income Security and Employment Insurance chapters).

**The AFB will** provide an additional \$20 million a year to the immigrant- and refugee-serving sector to enable organizations to meet real costs, respond to inflation, and pay decent wages—a major consideration for racialized women who are employed in the sector's lowest-paying frontline jobs.

**Table 15.1 AFB actions on immigration**

All figures in \$M

	2024-25	2025-26	2026-27
Establish an independent review of the immigration and refugee system	\$3		
Open access to immigrant settlement services and language training for all who need it	\$5	\$5	\$5
End the immigration and refugee backlogs	\$123	\$160	\$180
Eliminate all citizenship fees	\$75	\$100	\$100
Increase funding to client-serving organizations in the immigration and refugee supporting sectors	\$20	\$20	\$20

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# Income and poverty

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## Introduction

Poverty is a policy choice and a violation of human rights.<sup>1</sup> It undermines the fundamental rights and freedoms that every individual is entitled to under international law. Canada has ratified the Universal Declaration of Human Rights, which states that “everyone has the right to a standard of living adequate for the health and wellbeing of [themselves] and [their] family,” while the International Covenant on Economic, Social and Cultural Rights legally binds Canada to implement the right to an adequate standard of living. This includes access to food, clothing, housing, health and mental health care, and social services.

Poverty, in part, is the inability to meet these basic necessities. Poverty limits people’s access to education, employment, and other opportunities. The effects of poverty include impaired health and mental health, lower educational and occupational attainment, higher likelihood to be involved in risky behaviours, and an elevated risk of premature mortality.

Poverty disproportionately affects groups marginalized by colonialism, racism, ableism, sexism, and other forms of systemic oppression which lead to further rights violations, such as discrimination, exclusion, and exploitation. People experiencing the intersection of poverty with race, Indigeneity, disability, gender, sexual orientation, and other socially devalued characteristics and identities experience triple jeopardy. First, they are subjected to higher poverty rates. Second, they experience the stigmatization of poverty. Third, they experience discrimination that is based on race, Indigeneity, disability, gender, sexual orientation, and/or other characteristics and identities.

The federal government has made repeated commitments to address all forms of poverty, including the 1989 unanimous resolution to end child

poverty by the year 2000 and the implementation of the United Nations' 2030 Agenda for Sustainable Development.<sup>2</sup> The first Sustainable Development Goal is to “end poverty in all its forms everywhere,” which the federal government also adopted through its 2018 *Canada Poverty Reduction Strategy*.

Despite these legal obligations and commitments, poverty persists throughout the country.

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## Overview

During the first year of the COVID-19 health pandemic, Canada saw historic reductions in poverty rates across all jurisdictions, ages, and most socio-demographic groups. Often, when the economy contracts, poverty rates increase. However, in 2020, when large parts of the economy shut down in response to the pandemic, the federal government stepped in, spending more than \$102 billion on direct transfers to families and individuals. These temporary transfers included the quick implementation of new programs like the Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB), as well as one-time top ups to all major federal income programs (like the Canada Child Benefit and the Disability Tax Credit).

Although these temporary measures were not designed to be poverty-reduction programs, they did reduce poverty rates across the country. Combined, they contributed to a 40 per cent decrease in the national poverty rate from 2019 to 2020 (according to Statistics Canada's Market Basket Measure) and led the federal government to exceed its 2030 goal of cutting poverty in half a decade early.<sup>3</sup>

Rather than celebrating these historic outcomes, sustaining progress, and continuing momentum towards eliminating poverty, the government let all these income security measures expire. Many people with low income have been pushed further into poverty by record increases in inflation rates on basic needs, and by having to repay CERB payments received in good faith and used for their intended purpose but later deemed ineligible. There was a concerning uptick in poverty rates in 2021,<sup>4</sup> and they were projected to reach pre-pandemic levels by 2022.<sup>5</sup>

The 2023 budget did not include new commitments to sustain poverty reduction. The only new income security program was the temporary extension of the GST rebate, marketed as a “Grocery Rebate,” which provided a one-time payment of up to \$467 for eligible families, \$234 for singles, and \$225 for seniors.

However, the 2023 budget did invest \$53 million—in addition to the \$260 million committed in 2020—to pursue individuals for CERB repayments. Statistics Canada data showed that low-income people, women, Indigenous and racialized people, and young workers were more likely to receive CERB. Now the federal government is disproportionately targeting these groups in its aggressive pursuit of repayment. The process, which resulted in a record \$3.7 billion in repayments in the first quarter of 2023 alone, is harsh and deeply stressful for low-income people.

### **Canadian Poverty Reduction Strategy**

The federal poverty reduction strategy, “Opportunity for All,” strives to achieve dignity, inclusion, and resilience for all. The strategy identifies human rights and intersectional gender frameworks as tools to identify and remove systemic barriers to well-being, and says that those living in poverty must be included in the strategy’s implementation.

But the strategy lacks new programs or budget investments, and it’s unclear how a sustained reduction in poverty will be reached by 2030. The strategy’s official measure of poverty only considers the aspect of material deprivation (i.e., whether someone can meet their basic needs) across the provinces. The survey data used to calculate that measure (Canadian Income Survey, or CIS) only uses a small sample that’s subject to error and excludes several marginalized groups. These include First Nations living on reserve in the provinces; rural and remote communities;<sup>6</sup> and people living in congregate settings.

Statistics Canada’s Low Income Measure (LIM) would be a better measure to use. The LIM is a relative measure of income poverty that sets the threshold as 50 per cent of median income; anyone who falls below that is living in poverty. When the LIM is calculated using income tax data, it captures most of the population. The LIM is also more closely related to social and health outcomes, and it allows for international comparisons.

Poverty is a dynamic experience that includes more than income poverty. Looking also at well-being indicators, or indicators of social deprivation, can give us a fuller picture of the experiences of poverty and how far we need to go to reach inclusion for all. International human rights frameworks can be used in the construction of such indicators, as has been done with the Multiple Overlapping Deprivation Analysis for the European Union (EU-MODA), which seeks to identify the extent and nature of multidimensional deprivation experienced by children across EU countries.<sup>7</sup>

The Canadian Poverty Reduction Strategy could be made more effective by doing the following:

- Using the Census Family Low Income Measure, After Tax (CFLIM-AT) calculated with annual tax filer data (which is much more representative than the Canadian Income Survey) to measure progress.
- Resetting the time frame for a 50 per cent reduction in poverty from 2030 to 2026.
- Committing to halve the number of people who live in deep poverty (more than 50 per cent below the poverty line) by 2026.
- Creating a plan to eliminate poverty by 2030.
- Committing to reducing poverty by 50 per cent for subgroups below the national average applied to marginalized groups, including First Nations, Inuit, and Métis Peoples; Black and other racialized groups; immigrants; people with disabilities; and lone-parent families (particularly female-led lone-parent families).
- Including indicators that measure social inclusion and well-being.

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## Actions

### Four pillars of income security: A new system to eradicate poverty

Two of the four pillars set out below (the Canada Child Benefit for children and families, and Old Age Security and Guaranteed Income Supplement for seniors) already exist and function relatively well, with some important areas for improvement. The AFB will create the third pillar, a benefit for working aged individuals. The fourth pillar is the much-awaited federal benefit for people with disabilities, which recently had its legislation receive royal assent. Individuals and families would access one pillar at a time, depending on their life stage and disability status.

#### Pillar 1: Benefits for children

The Canada Child Benefit (CCB) for children significantly reduced poverty rates for families with children when the program was first introduced in 2016, and again with the benefit's additional uptake in 2017. But research shows that the CCB has been losing its power to lift children and their families out of poverty since then.<sup>8,9</sup> The benefit is just not large enough to reach families in deep poverty. For example, the after-tax average poverty

gap<sup>10</sup> for a lone parent with two children (the largest of all family types in 2020) was \$14,825. It's no surprise that the poverty rate for children growing up in low-income, lone-parent households (which are mostly female-led) was nearly 27 per cent compared to the national average of 13.5 per cent.<sup>11</sup>

**The AFB will** initiate the non-taxable Canada Child Benefit End of Poverty Supplement (CCB-EndPov). The CCB-EndPov would provide an additional \$8,500 per year for the first child to eligible families with an earned income of less than \$19,000. Additional amounts would be provided for multiple children and the supplement would reduce at a rate of \$0.50 for every additional dollar of income. This supplement would have a dramatic effect on the rates of child poverty, reducing it from 11.4 per cent to 6.3 per cent with 369,000 fewer children in poverty, according to the Market Basket Measure (MBM) in 2024.<sup>12</sup> Lone-parent families, who are mostly female-led and who have extremely high rates of poverty, would see their MBM poverty rate reduced from 26.3 per cent to 12.9 per cent in 2024.<sup>13</sup>

## Pillar 2: Benefits for seniors

The poverty rate for people 65 years and older has been cut nearly in half since the mid-1970s.<sup>14</sup> Still, about one in 18 seniors lived with poverty<sup>15</sup> and one in 12 seniors lived with food insecurity in 2021.<sup>16</sup> The largest share of federal government transfers to individuals in 2023-24 will go to seniors (\$75.9 billion). This includes the Guaranteed Income Supplement (GIS) for eligible low-income seniors and Old Age Security (OAS), including the 10 per cent increase that kicked in as of July 2022, which is providing additional benefits of more than \$800 to full pensioners in the first year. However, most of the seniors who receive OAS don't live in poverty, making this a costly and poorly targeted program that could be better used to reduce poverty.

The poverty rate for people between the ages of 60 and 65 is particularly high. People in this age range may be off work due to injuries or because they are caring for someone who can no longer work. While those aged 60 and up can choose to receive the Canada Pension Plan (CPP), this flexibility is not available for the GIS. **The AFB will** therefore provide a 10 per cent increase to GIS for those 75 years and older but will cancel the OAS boost for that group and redirect those funds to lower the age of eligibility for the GIS to age 60. Reducing the age of eligibility for GIS lifts 84,000 people out of poverty (MBM).<sup>17</sup>

### **Pillar 3: Benefits for working-age adults**

There are very few income supports for working-age adults (people aged 18 to 64) if they do not have children or are unattached/living alone.

Although the CCB and GIS have lowered the number of people in the children's and seniors' age groups living in poverty, there are still nearly three million working-age adults who continue to suffer the harsh effects of poverty. The largest benefit for this age group is the Canada Workers Benefit (CWB), which provides a maximum amount of \$1,515 per month to single individuals with an income less than \$24,925 (in 2024). Earned employment income is a requirement to receive the CWB, which means that those with the lowest—or no—incomes are left out.

**The AFB will** introduce a new Canada Livable Income (CLI) to target adults in deep poverty. This new program would be available to adults aged 18 to 64 who cannot access other pillars, and who are not students. It would target those living in deep poverty by providing up to \$9,000 for individuals or \$11,000 for couples. Clawbacks against earned income would commence on the first dollar at the rate of 50 cents per dollar. This program would lift 391,000 adults out of deep poverty (defined as 75% below the CF-LIM) cutting the deep poverty rate by 69%.<sup>18</sup>

### **Pillar 4: Benefits for people with disabilities**

People with disabilities are twice as likely to live in poverty.<sup>19</sup> On average, 67 per cent of working-age, unattached individuals and couples with no children receiving provincial social assistance are receiving it through a disability stream.<sup>20</sup> Provincial social assistance is a program of disability support in most provinces. The narrow definition of disability used means that many people with disabilities do not qualify for programs such as the federal disability tax credit which, as a non-refundable tax credit, only benefits those who pay income tax, leaving out many with no or low incomes.

People with disabilities have been waiting far too long for an income support program to afford additional costs often associated with having a disability, to be lifted out of poverty, and to be able to live a life in dignity consistent with their inherent human rights.

Bill C-22, *The Canada Disability Benefit Act*, received royal assent in June 2023. The legislation does require the Market Basket Measure and higher costs associated with having disabilities to be taken into account in determining benefit amounts, but it does not require the benefit amount to be adequate to meet these thresholds. Other things it may take into account are the challenges people with disabilities may face in earning an income from work, the intersectional needs of disadvantaged

groups, and Canada's international human rights obligations, but it's unclear how these will be adequately addressed in the act's regulations.

**The AFB will** therefore design and implement the Canada Disability Benefit, making it accessible to those aged 18 to 64 who are not receiving one of the other three federal income support pillars and who are living with disabilities. The benefit will provide \$11,040 per year to be received in addition to provincial/territorial disability assistance programs. Earned income will not be an eligibility requirement, but the rate of the benefit will reduce for those working at a rate of \$0.50 per dollar in earned income above \$15,000/year. The CDB would fully phase out at \$37,000 in employment income.

### Ensuring no one falls through gaps

Each benefit program in the four pillars will be designed as refundable tax credits, meaning they will not be counted as earned income. This will ensure they do not reduce other means-tested benefits delivered through the personal income tax system. Rather, these new pillars will work together with other supports to ensure people, including those in deep poverty, are lifted out.

### Removing eligibility barriers for immigration status

People without permanent immigration status have disproportionately higher rates of poverty. They lack labour and human rights protections and are very vulnerable to exploitation in their workplaces (see the chapter on immigration). Without immigration status, they are not eligible for federal or provincial/territorial income benefits. The COVID-19 pandemic illustrated the deep plight for those vulnerable workers who were forced to continue working in high-risk settings (in public-facing jobs or crowded factories and warehouses) resulting in outbreaks and deaths.

During the first year of the pandemic, the poverty rate of non-permanent residents was 42 per cent (according to the Census Market Basket Measure) and their poverty gap was 56 per cent below the Low Income Measure. This is compared to that of immigrants, who had a poverty rate of 9 per cent and a poverty gap of 35 per cent.<sup>21</sup> The dramatically higher poverty rate and larger poverty gap were due in part to the lack of access to income supports and emergency pandemic benefits.

**The AFB will** therefore ensure that immigration status is not a barrier to accessing income supports through the personal tax system. **The AFB will** also repeal s.122.6(e) of the *Income Tax Act*, which ties eligibility for the Canada Child Benefit to immigration status.

## CERB amnesty

The Canada Emergency Response Benefit (CERB) was designed and implemented very quickly. Communications were confusing and details difficult to follow, but the main messaging from the federal government was for people to apply for CERB because the government had their back and would not leave anyone behind.

Many people with low incomes who applied for CERB ended up having other benefits clawed back (such as social and disability assistance in most provinces and territories, rent supplements, and federal tax credits). Many people on social assistance *had to* apply for CERB, regardless of eligibility. This is because social assistance legislation mandates that those seeking it must first pursue any income that may be available to them, and case workers enforced that rule by insisting their clients apply for CERB.

For the past nearly three years the federal government has been going through a post-eligibility verification process to determine if those who received CERB were in fact eligible for it. Documentation that would be accepted for income tax purposes is not being accepted to determine CERB eligibility (e.g., handwritten receipts for cash payments).

Some policy and legislative changes have been made to address issues with those who were self-employed, seniors, or students. **The AFB will** immediately retire the CERB and Canada Recovery Benefit debt, and immediately cease pursuing anyone living near or below the Low Income Measure for repayments.

## Cash transfers for non-tax filers

Efforts to expand eligibility for benefits and increase tax filing through programs such as automatic tax filing and community-based legal clinics are important poverty-reduction measures. However, some people experiencing systemic marginalization would still face barriers to accessing the benefits they're entitled to if those benefits were only delivered through the tax system.

The Auditor General found that federal departments overestimate access to benefits and recommended developing a comprehensive action plan to reach people who are not accessing benefits.<sup>22</sup> **The AFB will** therefore implement an alternative direct cash transfer system to ensure income benefits reach those who need them most (i.e., most often those without a permanent address, those without citizenship status, and those who work in informal or cash-based economies). The federal government must look to other jurisdictions for best practices to deliver cash benefits, whether through prepaid reloadable credit cards or electronic transfers.

Community organizations should be relied upon to provide these cash transfers because they are the most likely to be able to reach these populations.

### **Provincial and territorial social assistance programs**

The cumulative effect of the income security measures the AFB is proposing here would be the federal government essentially taking over the income component of provincial/territorial social assistance. Provincial and territorial social assistance programs would remain for their administrative function of accessing various supports, like those for individuals and families who have changes to their situation in between tax filing seasons (e.g., women fleeing domestic violence).

The federal government will work with the provinces and territories to re-invest any savings they see into administration of social assistance and wraparound supports, such as employment and training help. **The AFB will** require the development of minimum standards for income benefits and social services funded through the Canada Social Transfer. These minimum standards must include binding conditions stipulating that income supplements are not deducted from social assistance.

**Table 16.1 AFB actions on income and poverty**

All figures in \$M

	2024-25	2025-26	2026-27
Create the new Canada Child Benefit End of Poverty Supplement	\$5,893	\$6,482	\$6,806
Reduce GIS eligibility age from 65 to 60 years	\$2,445	\$2,690	\$2,824
Cancel the OAS boost for those aged 75 and older	-\$2,667	-\$2,934	-\$3,080
Boost GIS by 10% for those 75 and older	\$1,375	\$1,375	\$1,375
Create the Canada Livable Income for those 18-64	\$4,284	\$4,498	\$4,723
Create a Canada Disability Benefit	\$1,863	\$4,000	\$7,554
Cancel the Disability Tax Credit	-\$1,142	-\$1,142	-\$1,142
Allow refugee children access to the Canada Child Benefit	\$160	\$160	\$160
Allow federal benefits to be distributed outside the tax system	\$100	\$100	\$100

## Notes

1 Sid Frankel, "Poverty as a human rights violation," in John Packer and Alex Neve (Eds) 2019/2021, *Canadian Yearbook of Human Rights*, University of Ottawa, Human Rights Research and Education Centre: 2023, [https://www.uottawa.ca/research-innovation/sites/g/files/bhrsksd326/files/2023-03/CanadianYearbookOfHumanRights\\_uOttawa\\_Vol3\\_2019-2021.pdf](https://www.uottawa.ca/research-innovation/sites/g/files/bhrsksd326/files/2023-03/CanadianYearbookOfHumanRights_uOttawa_Vol3_2019-2021.pdf).

2 United Nations, "Transforming our world: the 2030 Agenda for Sustainable Development," 2015, <https://sdgs.un.org/publications/transforming-our-world-2030-agenda-sustainable-development-17981>.

3 Statistics Canada, "Table 11-10-0135-01 Low income statistics by age, sex and economic family type," May 2, 2022, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110013501>.

4 Ibid.

5 The 2022 data has not been released yet.

6 Preliminary poverty measures are available for Northwest Territories and Yukon but are still being developed for Nunavut.

7 Yekaterina Chzhen, Chris de Neubourg, Ilze Plavgo and Marlous de Milliano, "Child poverty in the European Union: The Multiple Overlapping Deprivation Analysis Approach (EU-MODA)," *Child Indicators Research*, 2016.

8 Campaign 2000, "Pandemic Lessons: Ending Child and Family Poverty is Possible," 2022, <https://campaign2000.ca/pandemic-lessons-ending-child-and-family-poverty-is-possible/>.

9 Campaign 2000, "No One Left Behind: Strategies for an Inclusive Recovery," 2021, <https://campaign2000.ca/no-one-left-behind-strategies-for-an-inclusive-recovery/>.

10 This is the amount that a family's income falls below the Census Family Low Income Measure, After Tax measure.

11 SPSD/M and author's calculations. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 30.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the authors.

12 Ibid

13 Ibid

14 Statistics Canada, "Table 11-10-0135-01 Low income statistics by age, sex and economic family type," 2021, <https://doi.org/10.25318/1110013501-eng>.

15 Statistics Canada. "Table 11-10-0135-01 Low income statistics by age, sex and economic family type" 2021, <https://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=1110013501&selectedNodes=2D4,3D1,3D6,4D1,4D2&checkedLevels=0D1&refPeriods=20210101,20210101&dimensionLayouts=layout2,layout3,layout2,layout2&vectorDisplay=false>.

- 16** Statistics Canada, "Table 13-10-0834-01 Food insecurity by economic family type," 2021, <https://doi.org/10.25318/1310083401-eng>.
- 17** SPSPD/M and author's calculations. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 30.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the authors.
- 18** SPSPD/M and author's calculations. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 30.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the authors.
- 19** Disability Without Poverty and Campaign 2000, "Disability Poverty in Canada: A 2023 Report Card," 2023, [https://www.disabilitywithoutpoverty.ca/wp-content/uploads/2023/06/DWP-Report-Card-23-FINAL\\_compressed.pdf](https://www.disabilitywithoutpoverty.ca/wp-content/uploads/2023/06/DWP-Report-Card-23-FINAL_compressed.pdf).
- 20** Maytree Foundation, *Social Assistance Summaries*, 2022, <https://maytree.com/social-assistance-summaries/>.
- 21** Statistics Canada. "Table 98-10-0116-01 Individual Market Basket Measure poverty status by immigration status and demographic characteristics: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts", 2020, <https://www150.statcan.gc.ca/t1/tbl1/en/cv/recreate.action?pid=9810011601&selectedNodeIds=4D1,5D11,6D6,6D7&checkedLevels=0D1,1D1,2D1&refPeriods=20210101,20210101&dimensionLayouts=layout2,layout2,layout2,layout2,layout3,layout2,layout2&vectorDisplay=false>.
- 22** Office of the Auditor General of Canada, "Report 1: Access to Benefits for Hard-to-Reach Populations. Reports of the Auditor General of Canada to the Parliament of Canada," May 1, 2022, [https://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_202205\\_01\\_e\\_44033.html](https://www.oag-bvg.gc.ca/internet/English/parl_oag_202205_01_e_44033.html). (Budget 2023 commits to these consultations.)

# Infrastructure, cities and transit

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## Introduction

Investing in infrastructure is a key tool to decarbonizing the transport sector, increasing resilience to the impacts of climate change, while delivering a more inclusive economy and fostering greater social equity.

Canada's infrastructure funding programs are now in a state of renewal. This renewal presents a historic opportunity to tackle car dependency through fostering better urban planning and investing in making alternative, sustainable modes of transportation—like transit, walking and cycling—convenient and attractive. This renewal is an opportunity for the federal government to create a real partnership with municipalities to unlock more housing supply and curb urban sprawl.

As owners of 60 per cent of Canada's infrastructure, and as crucial decision makers on land use and mobility policy, municipalities have a crucial role to play in the fight against climate change and the rising cost of housing.<sup>1</sup>

For decades, successive federal and provincial governments have 'downloaded' their responsibilities to tackle these crucial issues onto municipalities without giving local governments the fiscal resources to handle them. The result has been transit systems heavily reliant on fare revenues and uniquely vulnerable to economic shocks like the pandemic. It has also meant a dwindling social housing stock, growing homelessness, decaying services and vulnerability to climate-related natural disasters.

It is time for this to change. Tackling these problems will require a partnership between all orders of government that connects federal dollars with results on the ground in communities across the country.

Not all infrastructure funding flows through other orders of government. Canada's federal government can no longer abdicate its own unique responsibility for providing world-class, modern, frequent and high-speed inter-city passenger rail service. High quality passenger rail infrastructure is already taken as a given in many of our peer countries, and Canadians deserve no less.

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## Overview

Climate change adaptation urgently requires multi-level government support and collaboration in order to address this important issue. In many respects, cities are on the front lines of the climate emergency, and the need for adaptation measures within cities will only grow in the future. To date, Canada has announced \$1.6 billion to implement the National Adaptation Strategy (NAS) and while this was certainly a positive step, the federal government must provide more support.

The federal government must negotiate next-generation, long-term infrastructure funding agreements with provinces and municipalities following the sunset of the Investing in Canada Infrastructure Program (ICIP). In this program, the federal government set itself a goal of increasing the mode share of public and active transportation by 25 per cent, contributing to a targeted overall reduction of carbon emissions by 10 megatonnes. The mode share for sustainable transportation in Canada is now far lower than when this program began in 2018. The federal government has not publicly reported whether its national GHG reduction target has been met, or included any targets related to achieving climate outcomes from infrastructure investments in the *2030 Emissions Reduction Plan*.

This program has been plagued by an inability to get dollars out the door, with long delays between announced funding and results in communities.<sup>2</sup> It has also not significantly improved public transit service levels because transit systems are not allowed to utilise public transit funding to run additional service, but only procure and build capital assets. This creates a bias towards rail projects in major cities while leaving improvements in bus service at the curb—which has consequences for both regional and social equity.<sup>3</sup> The result of funding capital assets without a commensurate increase in operating funding

has meant that while the capacity to run additional transit service has increased, actual service output has not.<sup>4</sup> This has led to the Toronto Transit Commission (TTC) having 551 buses, 81 streetcars and 40 subway trains that could be in service, but are instead sitting idle.<sup>5</sup>

The federal government's ever-present neglect of public passenger rail in Canada has led it to propose to privatize the most transformative expansion project in decades—the Quebec City-Windsor High Frequency Rail project. If Canada wants to make progress on reducing emissions, we must make travel around our communities and our country without a car or a plane a viable option. Further privatization will only degrade service quality and affordability and take us further from that goal.

Infrastructure privatization is at the heart of the failed Canada Infrastructure Bank (CIB). The CIB currently leverages a small amount of public seed money to attract investment in infrastructure from the private sector and other levels of government. This model has proven unsuccessful: the CIB has consistently failed to attract the enormous private capital it promised.

It is also unnecessarily expensive. Private investors demand returns between seven and eight per cent, while publicly funded infrastructure only needs to return interest costs. International evidence indicates that the public-private partnership (P3) model is one of the key factors at the root of cost inflation for infrastructure projects, in particular in public transit.<sup>6</sup>

AFB 2024 lays out a clear vision for a mission-based approach to transportation infrastructure funding, aimed at achieving:

- A doubling of urban public transit ridership by 2035.
- A tripling of the share of all trips done by active transportation (walking, cycling) by 2035.
- A 2035 ban on all domestic flights between urban centres with a high-speed rail connection, and tasking VIA Rail with developing plans for connecting Toronto-Ottawa-Montreal-Quebec City, Edmonton-Calgary and opening exploratory discussions with Amtrak and the US Government to connect Vancouver and Seattle with high-speed rail.

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## Actions

AFB 2024 highlights how creating stable, reliable sources of infrastructure funding with new federal standards can simultaneously drive multiple outcomes ranging from sustainability, inclusivity, climate resiliency, and

affordability. To increase the transparency of infrastructure funding and to ensure it flows better to meet community needs, the AFB plans to include municipalities as direct governmental partners in tri-lateral infrastructure funding agreements with provinces.

**The AFB will** dedicate the equivalent of one per cent of existing GST revenue towards permanently increased infrastructure investment (worth \$11 billion annually). Legislated programs—like the Canada Community Building Fund and VIA Rail’s new mandate—can deliver their best results when recipients can rely on predictable and dependable revenues to build out long-term expansion plans. Legislated program investments will be backed up by a dedicated tax revenue source to maximize this benefit and reduce uncertainty for project proponents.

This dedicated revenue source will support investments including:

- Permanently doubling the Canada Community Building Fund (formerly known as the Gas Tax Fund), which goes directly to support municipal infrastructure priorities. Cost: \$2.4 billion (annually).
- Establishing a core public transit funding stream that makes the federal government’s emerging role in funding public transit operations permanent. This funding is flexible for both capital and operations and delivered alongside the Community Building Fund directly to local governments with transit systems by amending existing administrative agreements with provinces. All bus procurements funded under this program are required to be zero-emission. Cost: \$2 billion (annually).
- Renewing 10-year program funding for the Investing in Canada Infrastructure Plan program streams: Green Infrastructure, Community Culture and Recreation Infrastructure, and Rural and Northern Infrastructure. Cost: \$1.5 billion (annually).
- Increase funding for the Disaster Mitigation and Adaptation Fund (DMAF) to increase the resilience of communities that are impacted by natural disasters triggered by climate change and implement the National Adaptation Strategy. Cost: \$1 billion (annually).
- A dedicated revenue stream and mandate for VIA Rail. VIA Rail’s neglect is at the heart of privatization proposals for expansion projects. The alternative is to bolster our national passenger rail service with a legislated mandate of its own, give it borrowing authority, and legislate a permanent revenue stream for capital expansion and operating subsidies. Cost: \$2 billion (annually).

- Increase the funding profile of the Active Transportation Fund and expand project funding eligibility to include the deployment of municipal bikeshare and electric bikeshare systems that are publicly owned by and integrated into transit networks. Cost: \$500 million (annually).
- Enhance and expand the Rural Transit Solutions program by adding an inter-city transit funding stream and expanding eligible costs to include operating funding. This locally driven initiative would empower municipal and Indigenous governments to partner with each other or higher-order public transit agencies, such as VIA Rail, B.C. Transit, Ontario Northland, EXO and others, or create their own public transit service providers to provide public, intercity bus services. Cost: \$250 million (annually).

### Transformative investments in public transportation

**The AFB will** accelerate the launch of the Permanent Public Transit funding program from 2024 to 2026. This program will contain three major funding streams: one focused on major capital projects—like subways, light rail, and bus rapid transit. A second focused on a core, reliable, permanent funding stream for transit operating costs, state-of-good-repair, technology enhancements and bus fleet renewal, including electric bus procurement. A third focused on post-pandemic recovery and incenting cost-efficient long-term growth through a per-ride operating subsidy of \$1 for each additional ride above 2019 ridership levels.

- **Public Transit: Major Projects Stream (\$4.5 billion total per year, including existing \$3b/year existing permanent transit fund allocations).** Existing project requirements—like Indigenous consultations, accessibility standards, and community benefit agreements—will be renewed and enhanced in this next generation program. Additionally, all major capital projects funded by the major projects stream will be required to include ‘supportive policies agreements’ that align with federal land-use guidelines.<sup>7</sup> Business cases for major capital projects would have to include plans to:
  - Integrate the project with enhanced active transportation and bus network connections to enhance first and last-mile connections to major transit station areas and facilitate ridership growth through the ‘network effect’

- Share up to 50 per cent of total project costs between the province and municipality or regional transit authority, with no P3 involvement
- Leverage the transit investment to create more affordable housing units through:
  - The provision of non-market housing near transit;
  - The preservation of existing affordable housing in the context of land-value uplift, with rent stabilization and anti-displacement strategies;
  - Increasing housing density near transit improvements through zoning reform within the framework of creating, walkable, transit-oriented, complete communities, including eliminating minimum parking requirements.
- **Public Transit: Per-Rider Performance Subsidy (\$1.15 billion over four years).** This operating subsidy to transit systems will be tied to the core funding stream as a performance-based incentive to stimulate ridership-enhancing investments in service and operating speeds to foster post-pandemic ridership recovery and incenting cost-efficient long-term growth. Through a per-ride subsidy of \$1 for each additional ride above 2019 ridership levels, (pegged to inflation) this will provide a strong incentive for transit systems to adapt to post-pandemic travel patterns in a manner that attracts new riders; turbocharge service expansion to help Canada meet its climate targets; and ensure operating subsidies have an efficient pass-through to service increases rather than increased costs.

**This AFB will** transform the Canada Infrastructure Bank (CIB) into the new Public Climate Bank to focus on publicly owned and operated infrastructure. It will redirect the remaining funds of the CIB's original \$35 billion allocation to projects that advance climate resilience and reduce carbon emissions. The new Public Climate Bank will provide low-cost loans to municipalities, Indigenous governments, public utilities and other public bodies to scale up important, transformative infrastructure projects that are in the public interest. This would include investments in low-carbon infrastructure in fossil-fuel-dependent communities to help those regions rapidly transition away from their dependence on coal, oil, and natural gas production (see Fair and Equitable Transition chapter). The Canada Growth Fund will also be folded into the Public Climate Bank and eliminate financing to false climate solutions, including carbon capture and storage (CCUS) and fossil hydrogen. Instead, it will focus on activities

such as financing and loan guarantees for the buildout of zero-emission vehicle charging infrastructure (See Environment and Climate Change Chapter).

**This AFB will** establish a new National Community Development Agency to help provide expertise on urban issues, particularly to municipalities with few in-house resources. Coordinating with the Federation of Canadian Municipalities, other federal departments, provinces and cities this new centre of excellence will work with municipalities to help them develop strategies to advance community development, sustainable urban mobility and climate adaptation plans. Additionally their mandate will include:

- Delivering guidance on application processes for federal programs and funding and performing outreach activities to help small and rural communities have an even footing with major cities in competitive infrastructure grant programs.
- Developing standards for Community Benefit Agreements (CBA) to be negotiated as part of infrastructure project investments.
- Create federal guidance on transit-oriented development best practice, and land use guidelines for eligibility under the public transit major projects stream.
- Ensuring that federally owned assets, including land, buildings, and fleets, are leveraged to advance community development and climate adaptation goals. Cost: \$15 million annually.

Table 17.1 **AFB actions on infrastructure, cities and transit**

All figures in \$M

	2024-25	2025-26	2026-27
Permanently double the Canada Community Building Fund	\$2,400	\$2,500	\$2,500
New, permanent Public Transit Fund: core stream	\$2,000	\$2,000	\$2,000
Renew core Investing in Canada Infrastructure Plan funding streams	\$1,500	\$1,500	\$1,500
Expand Disaster Mitigation and Adaptation Fund	\$1,000	\$1,000	\$1,000
Legislate and fund mandate for VIA Rail	\$2,000	\$2,000	\$2,000
Active Transportation Fund	\$500	\$500	\$500
Rural Transit Solutions program enhancements and expansion	\$250	\$250	\$250
Boost Public Transit Fund: major projects	\$4,500	\$4,500	\$4,500
Planned Public Transit Fund allocations			-\$3,000
Public Transit: Per-rider performance subsidy	\$192	\$384	\$600
New National Community Development Agency	\$15	\$15	\$15

## Notes

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# International development

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## Introduction

The world is reeling from a polycrisis, a complex and interconnected set of crises that have emerged and intensified over the past few years, which significantly challenge and threaten global stability and well-being.

These crises stem from the COVID-19 pandemic, recurring extreme climate events, and domestic civil contestations and cross-border conflicts, including the Russian invasion of Ukraine. With steep increases in costs of living, social and economic inequalities are deepening in Canada and around the world. Globally, hunger is currently on the rise for the first time in decades.<sup>1</sup>

Canada has expressed its commitment to achieving the United Nations Sustainable Development Goals (SDGs) by 2030, taking a strong position in support of gender equality and human rights. Prime Minister Justin Trudeau accepted the UN's invitation to co-chair the SDG Advocates Group. But delivering on its commitments in a world in turmoil depends on Canada's policy coherence, investing its fair share, and responding to growing needs.

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## Overview

### The need for policy coherence

With the release of the Indo-Pacific Strategy<sup>2</sup> and ongoing conversations about a Canada-Africa Economic Cooperation Strategy (CA-ECS),<sup>3</sup> the

need for an updated foreign policy is more pressing than ever. The Indo-Pacific Strategy is a solid step in the right direction in terms of clarity and predictability, both domestically and globally, on Canada's foreign policy priorities. The \$2.3 billion over five years committed to this strategy was also welcomed. The aim of the CA-ECS is to outline the challenges that the people of Africa are facing, as well as the opportunities for partnerships and collaboration with industry, government, and civil society. It does not promise to be as comprehensive in scope or ambition as Canada's strategy for the Indo-Pacific.

Besides these regional strategies, the government has promised to release a feminist foreign policy. It clearly made this commitment in the Minister of Foreign Affairs' 2021 mandate letter.<sup>4</sup> Despite significant consultations and engagement with a range of partners, this policy has still not been released, leaving Canadians, and the world, to wonder if it will ever come to light. The Feminist International Assistance Policy is a robust policy that clearly demonstrates the government's direction and priority. For example, it directed the government's significant investments in women's rights and feminist organizations and movements, as well as sexual and reproductive health and rights. We should expect strong coherence between the Feminist International Assistance Policy and Canada's broader feminist foreign policy.

There is also more Canada could and should do to show leadership on human rights. To bolster its bid for a seat on the United Nations Human Rights Council, Canada must take concrete actions and make significant investments in support of civil society and human rights. As the space in which civil society actors can respond is shrinking through restrictions on access and on freedom of the press, we witness crackdowns on protesters and human rights defenders. It is more crucial than ever that Canada demonstrates it stands on the side of human rights and their defenders.

### **Substantial, predictable, and effective international assistance investments**

Overall, it is difficult to comprehend that Canada is allocating fewer resources towards improving the global situation, given the current state of the world. Lowering the international assistance envelope restricts the resources that can be used to solve the world's greatest humanitarian and development problems. It also sends a two-fold message to partners and allies both in the Global South and the Global North. To the Global South, it says that they are only partners when it is convenient for Canada. To

the Global North, it says that Canada is not a predictable, reliable ally on which they can count.

Although the 2022-23 budget did see an increase in the international assistance envelope, reaching \$8.15 billion, last year's budget (2023-24) proved to be a step backwards, with a commitment of only \$6.8 billion. This represented a 15 per cent drop at a time when needs are higher than they have been in a long time. It has had concrete consequences, with many initiatives, such as the *Charlevoix Declaration*<sup>5</sup> falling by the wayside.

Coupled with the substantial decrease to the international assistance envelope, there are recurrent issues in recent federal budgets that show a lack of transparency and predictability. Not only is there opacity in precisely how much is being allocated and where the funds are coming from, but Canadians are left guessing as to how much is to be expected past the end of the current fiscal year. Clarity on how much the government intends to commit for multiple years would go a long way in reinforcing planning, strategy-making, and trust.

Increased investment in global cooperation means increased investment in a safer and more prosperous future for Canadians and the world, with fewer conflicts, more trading partners for Canadian businesses, and more robust and stable democracies. Besides being the principled path to take, investing in development contributes to global growth, stability, and justice. It is the right, and the smart, thing to do.

### **Addressing Canada's climate impacts**

The \$5.3 billion climate envelope moves in the right direction for climate mitigation and adaptation efforts. However, there are additional steps required to truly make a significant, net-positive impact on climate and biodiversity.

The first step is to transition the Canadian economy more rapidly away from fossil fuels and into a green economy. Given that climate change and the environment is both a domestic and international issue with cross-sectoral implications, including in migration, food security and hunger, and conflict, this issue must be addressed holistically. When viewed as a collective issue, nations of the world, especially the biggest historical polluters, can tackle the matter effectively.

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## **Actions**

Building on the existing roadmaps set out in previous budgets, policy documents, and international agreements, and informed by recent

research and empirical findings, the AFB is poised to implement a set of strategic actions in four key areas, catalyzing Canada's shift towards addressing the polycrisis and building a sustainable future world. To effectively realize the UN's Sustainable Development Goals, the AFB will actively pursue the following measures.

**The AFB will** commit adequate resources to overhauling Canada's foreign policy with the aim of making it truly feminist. Foreign policy will also be comprehensive and detailed in its regional engagements.

**The AFB will** commit to facilitating an open consultative process to finalize and publish the long-awaited feminist foreign policy and institutionalize its periodic review to ensure that the policy stays fit-for-purpose. The consultative process should ensure coherence and complementarity between the feminist foreign policy, regional policy documents outlining Canada's engagement with the Indo-Pacific region and the African continent, and the Feminist International Assistance Policy. **The AFB will** produce a comprehensive document detailing Canada's cross-sectoral engagement with Africa by September 2024.

In ensuring policy coherence across all pillars of Canada's foreign engagements, **the AFB will** match investments in military power with funding that supports threat deterrents, conflict prevention, and poverty alleviation. This one-for-one policy, which matches every military dollar with a dollar for human development, will be aligned with the goal to increase Official Development Assistance by 2030 while serving as a longer-term compass for Canada's feminist foreign policy. **The AFB will** also stop providing military equipment to governments that engage in human rights violations.

**The AFB will** establish an inter-ministerial committee to facilitate coordination of the government's many ambitions and dialogue with civil society at all levels of government. By reporting directly to the prime minister through the Privy Council, clarity and transparency will be brought to topics integrating the humanitarian-development-peacebuilding nexus and aid flows, among others. The committee will be co-chaired by various civil society groups, including Indigenous and diaspora organizations. This will contribute to the construction of a robust foundation for a whole-of-society approach to policy-making.

**The AFB will** outline a plan to increase Canada's international assistance envelope each year over the remaining budget cycles until 2030; to increase the transparency and predictability of its international assistance funding; and, in line with the government's own commitment to year-on-year increase, to realize the Sustainable Development Goals. This approach aligns with the government's commitment to

Open Government Partnership calls for establishing clear and shared understandings of funding baselines, timelines, and increases.

**The AFB will** include in the multi-year projections the proportion of direct allocation to country partners in assistance programs. Government ministries will move away from opaque funding announcements of repurposed allocations and instead opt for predictability and transparency. If announcements are made, they will explicitly state if the funding is truly new money or from what pool of funds it comes from.

In line with its Grand Bargain Commitments,<sup>6</sup> **the AFB will** move to provide 25 per cent of humanitarian assistance directly to local responders by 2027-28. In a similar fashion, the AFB will increase localization initiatives for development and peacebuilding programs and prioritize building trust with local partners by investing in them for longer-term programming. This includes reducing the reporting burden and increasing the government's "risk appetite" for local organizations.

To achieve better results, **the AFB will** commit \$10 million to improve coordination within Global Affairs Canada and ensure better collaboration between development, humanitarian, and peacebuilding divisions. This commitment entails modifying existing policies, practices, and procedures to better integrate a triple-nexus approach.

**The AFB will** promote civic space and democracy by providing specific funding to support human rights and democracy, especially those in the Global South, prioritizing those that work towards the promotion of women and marginalized groups. In line with the Women's Voice and Leadership Program, the government will commit \$195 million dollars over five years (2024–2025 to 2029–2030) to support and protect human rights defenders, civic space, and democracy, and to support activists exiled in Canada to continue their work. **The AFB will** also commit to taking a clear stance on issues of human rights and democracy and be outspoken about countries and institutions that violate them, doing so in an objective and principled fashion.

**The AFB will** leverage its \$5.3 billion climate finance envelope to support bold reforms within multilateral development banks and financial institutions, expand access to climate finance to government and non-government actors in global majority countries, and develop operational models to adequately address the risks of loss and damage.

**The AFB will** contribute its fair share of new, additional, and adequate finance to the Loss and Damage Fund, scale up accessible grant support, and implement its operationalization, as outlined during the Conference of the Parties.<sup>7</sup> Canada will continue to stress the importance of a rights-based approach to climate action in international forums, building on

examples of nation-to-nation collaboration with Indigenous Peoples in Canada. Innovative ways to contribute, including debt for loss and damage swaps, should also be heavily considered.

**The AFB will** also commit resources to enhance synergies between climate change and biodiversity agendas. This will include diverting funds from public programs that support large-scale polluters domestically and internationally (see the Environment and Climate Change and Fair and Equitable Transition chapters).

**Table 18.1 AFB actions on international development**

All figures in \$M

	2024-25	2025-26	2026-27
Finalize, publish and institutionalize Feminist Foreign Policy	\$5	\$5	
Detail Canada's cross-sectoral engagement with Africa	\$2		
Annual increases above the 2023 \$6.88 bil International Assistance Envelope	\$1,040	\$2,080	\$3,120
Improve collaboration between development, humanitarian and peacebuilding divisions	\$10	\$10	
Support and protect human rights defenders, civic space and democracy	\$39	\$39	\$39

## Notes

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# International trade and investment

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## Introduction

Canadian trade policy in 2023 is pulled in different directions by geopolitics, ideology, and powerful sectoral lobbies. Entrenched neoliberal orthodoxy and regulatory capture by fossil fuel, pharmaceutical, and mining interests hamper efforts to make trade truly more inclusive. At the World Trade Organization and in bilateral trade negotiations, Canada promotes a corporate agenda that is out of step with the needs of working people and our planet.

Overlapping shocks to global patterns of capital accumulation—from the COVID-19 pandemic, war in Ukraine, U.S.–China tensions, climate change, high inflation, etc.—have jolted governments into taking a stronger role in the economy. But efforts to re-shore manufacturing must cement international cooperation, not U.S. hegemonic interests. Done right, a fair and equitable global transition would advance the fundamental rights and freedoms of workers and principles of decent work, including the right to collective bargaining and the freedom to unionize.

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## Overview

The 2024 AFB recalibrates Canada's trade policy in support of a fair and equitable global transition and more peaceful international economic relations. It rejects imperialism and colonialism while empowering

workers and others sidelined or exploited by unsustainable, corporate-dominated global value chains. At its heart, this year's AFB promotes a feminist trade policy in the service of life, not profit.

### **Investor-state dispute settlement**

The international system of private justice known as investor-state dispute settlement (ISDS) is going through a credibility crisis. In July, the European Union announced it was leaving the Energy Charter Treaty, the world's largest and most-litigated investment treaty, because it "is not in line with the EU's investment policy and law and with the EU's energy and climate goals."<sup>1</sup> The Intergovernmental Panel on Climate Change is worried that the prevalence of ISDS threatens the global response to the climate emergency.<sup>2</sup> In 2015, Victoria Tauli-Corpuz, former Special Rapporteur on the Rights of Indigenous Peoples, found that ISDS has "significant potential to undermine the protection of [Indigenous Peoples'] land rights and the strongly associated cultural rights."<sup>3</sup>

ISDS lets foreign investors bypass domestic courts to sue countries, sometimes for billions or even tens of billions of dollars, when the decision of a government, court, or other public body negatively affects their investment or future profits. U.S. investor Ruby River Capital is suing Canada for an astounding \$20 billion (USD) under the ISDS provisions of the North American Free Trade Agreement (NAFTA) because Quebec said no to a proposed liquid natural gas facility and pipeline that would have increased Canada's greenhouse gas emissions and impinged on the cultural rights of the Innu First Nation.

The Trudeau government agreed to remove ISDS from the Canada-United States-Mexico Agreement that replaced NAFTA in July 2020. Deputy Prime Minister Chrystia Freeland claimed this move "strengthened our government's right to regulate in the public interest, to protect public health and the environment."<sup>4</sup> Yet Canada continues to negotiate new treaties that include ISDS with the aim of strengthening the legal hand of Canadian investors and firms abroad when faced with public or governmental opposition to their projects, especially in the extractives sector.

### **Culture and trade**

Since the 1980s, Canada has sought to exempt the cultural sector from liberalization in Canadian trade and investment agreements. Multilaterally, Canada campaigned for the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005 Convention). But

over the past 20 years, Canada's success in achieving a strong cultural exemption in new trade deals has been mixed.

The Canada–European Union Comprehensive Economic and Trade Agreement endorses the principles of the 2005 Convention and provides comprehensive exemptions for cultural industries from all relevant chapters. However, there is no cultural exemption in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, where Canada has merely taken reservations for non-conforming measures.

While the Canada–U.S.–Mexico Agreement improved upon the NAFTA cultural industry exemption, the definition of culture in the new treaty is limited and outdated. As virtually all cultural expressions are now digital, relevant agreements need to be negotiated or updated to preserve cultural sovereignty in the digital age.

### **Inclusive trade**

Canada's inclusive trade agenda is not living up to its potential to be a progressive alternative to neoliberal dogma. In general, it is interested in how to encourage more varied groups of businesses (e.g., women-owned, "minority"-owned, Indigenous-owned) to engage in international trade. Inclusive trade does not problematize the structural inequalities that the rules-based international trading order sustains—and which transnational firms exploit to generate profits.

Strong intellectual property rights for Big Pharma and Big Tech in new trade deals wall off knowledge and compromise privacy. Restrictions on food and health policy space and the liberalization of services, including public services, disempower and increase costs for low-income groups, making life difficult. These facts fundamentally undermine the government's claims to be forging a feminist foreign policy.

### *Gender*

Following the lead of Latin American countries, Canada now regularly integrates gender-based provisions in its trade and investment agreements, but they are rarely enforceable. Most, though not all, new trade deals undergo a gender-based analysis plus (GBA+) that is unique to Canada but which is over-reliant on problematic economic modelling. While these efforts set important precedents, entrepreneurial bias in Canada's gender and trade agenda limits its potential to make a difference in the lives of women in Canada or in Canada's trading-partner countries.<sup>5</sup>

### *Labour*

Over the past three years, the U.S. has used a Rapid Response Labour Mechanism (RRLM) in the Canada–U.S.–Mexico Agreement more than 10 times to target intransigent employers in Mexico. Canada requested its first RRLM investigation only this year to contest alleged labour violations at the global automotive supplier Fränkische. The case resulted in workers voting in June to join the democratic Sindicato Independiente Nacional De Trabajadores Y Trabajadoras De La Industria Automotriz (SINTTIA) union. Despite the positive track record of this novel labour enforcement tool, Canadian officials are reluctant to include a similar process in potential trade agreements with the Association of Southeast Asian Nations (ASEAN), Indonesia, or the United Kingdom. Unlike other jurisdictions, notably the United States, Canada does not currently provide dedicated and assured labour market support for trade-impacted workers. This is an even greater oversight in a period of transition from carbon-intensive to cleaner forms of production, power generation, and transportation.

### *Indigenous Peoples*

Canada has expanded and strengthened the exceptions it seeks in trade and investment treaties for government measures taken in compliance with Canada's legal obligations with respect to Indigenous rights and title. At the same time, Indigenous Peoples have no standing in trade and investment disputes involving their rightful jurisdictions. The Indigenous Peoples Economic and Trade Cooperation Arrangement, which Canada has endorsed, promises to promote international trade and investment policies that increase Indigenous participation in trade, enhance trade between Indigenous Peoples, and further Indigenous "worldviews regarding the sustainable management of natural resources in order to advance economic development." However, the arrangement has few legal teeth. Nowhere does it acknowledge the ways in which international trade and investment policies can impinge on Indigenous Peoples' rights by privileging foreign investors operating on Indigenous lands and waters.

### *Disability*

As more frequent users of health services and medications, people with disabilities are disproportionately impacted by provisions in Canadian trade agreements that increase drug prices by extending patent terms or that foster the private, for-profit delivery of public services. Canada would not have agreed to the patent term restoration clauses in the Canada–EU Comprehensive Economic and Trade Agreement and the Canada–U.S.–

Mexico Agreement had the federal government's negotiating mandate been informed by a proper disability impact assessment.

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## Actions

Canadian trade policy should strive to be independent; accommodating of the economic development objectives of other countries; aligned with the United Nations Declaration on the Rights of Indigenous Peoples and with principles of sustainable development; and subservient to the achievement and enjoyment of human rights, labour rights, and international environmental law and climate commitments.

**The AFB will** direct Global Affairs Canada to phase out investor-state dispute settlement (ISDS) wherever it exists in Canadian trade and investment deals and to take ISDS off the table in current trade negotiations with Mercosur, Indonesia, India, Indonesia, Ecuador, and the Association of Southeast Asian Nations (ASEAN). The department will create a team within the trade negotiations branch dedicated to removing ISDS from Canada's network of free trade and investment treaties. The team's mandate will include entering negotiations with the European Union with the aim of removing the planned investment court system (a type of ISDS) from the Canada-EU Comprehensive Economic and Trade Agreement. Canada will request a side-letter with the United Kingdom disapplying ISDS in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership as countries ratify the U.K.'s accession to the treaty.

**The AFB will** shift the focus of procurement reforms announced in the 2023 budget from *reciprocal* to *social* procurement. The government will find ways to maximize the value of Canadian goods, services, and labour in federal and provincial public contracts. This will include the creation of set-aside programs in which at least five per cent of federal contracts are reserved for women-owned businesses, at least five per cent for so-called minority-owned businesses, and between five and 10 per cent for Indigenous-owned businesses. Wherever possible under Canada's trade agreements, federal transfers for provincial infrastructure, such as roads and urban transit, will come with Buy Canadian conditions and other social and environmental criteria attached. Suppliers that cannot meet mandatory due diligence reporting requirements related to human and labour rights in their supply chains will be excluded from federal procurement opportunities.

**The AFB will** enhance the government's inclusive trade agenda by making strong language on worker rights (including migrant workers), the rights of Indigenous Peoples, human rights (including 2SLGBTQ+ rights), gender, and disability permanent, binding, and non-negotiable features of all Canadian trade agreements. Global Affairs Canada will establish transparent and inclusive consultative bodies to facilitate bottom-up monitoring and enforcement of these treaty provisions—in Canada and in trading-partner countries—through state-to-state dispute settlement, similar to how the rapid-response labour mechanism functions in the Canada–U.S.–Mexico Agreement.

**The AFB will** expand on improvements to Canada's labour provisions in the Canada–U.S.–Mexico Agreement by ensuring all future trade agreements: 1) expand the application of the Rapid Response Labour Mechanism (RRLM) to more sectors, including agriculture; 2) include the rights of migrant workers as a priority for protection; and 3) ensure that any RRLM applies to a wide range of prohibited activities, specifically gender violence and harassment, child labour laws, health and safety violations, and other minimum standards of work. Funding will be provided to organizations representing women workers and to other civil society organizations to ensure that workers, particularly marginalized workers like women, Indigenous Peoples, gender-diverse people, racialized workers, and others, are aware of their rights.

**The AFB will** introduce a federal trade adjustment program for workers who face job loss, reduced wages, or diminished work hours resulting from increased imports, trade disputes, or other trade-related matters. The program will operate in tandem with the AFB's proposed Fair and Equitable Transition Benefit (see chapters on fair and equitable transition and industrial strategy) to ensure that all workers impacted by economic transitions receive robust social support.

**The AFB will** instruct Global Affairs Canada to develop a disability lens for international trade policy and trade agreements in close partnership with people with disabilities and the civil society organizations that represent them. People with disabilities, particularly women and gender-diverse people with disabilities, are invisible in Canada's trade policy.

**The AFB will** establish a permanent Indigenous advisory committee to take part in all Canadian trade negotiations, ensuring that there is gender and regional balance among committee members. **The AFB will** also commit \$60 million over five years to enhance First Nations' capacity to engage and participate in Canadian international trade delegations and in trade negotiations.

**The AFB will** direct Global Affairs Canada to ensure that trade and investment treaties include a comprehensive cultural exemption with a definition that ensures all cultural expressions are covered. Multilaterally, Canada will work with the 151 other parties to UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions to ensure its principles and objectives are included in all future trade and investment agreements, including those covering the digital economy.

## Table 19.1 AFB actions on international trade and investment

All figures in \$M

	2024-25	2025-26	2026-27
Establish a federal trade adjustment program for impacted workers	\$56	\$62	\$68
Establish a permanent Indigenous Trade Advisory Committee	\$12	\$12	\$12

### Notes

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# Post-secondary education

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## Introduction

Post-secondary education contributes to economic, social, cultural, and political development. When delivered equitably, access to education contributes to social mobility, increased social cohesion and economic competitiveness.<sup>1</sup> Yet Canada is steadily eroding its public system as university and college budgets become more reliant on private sources of funding—namely, increasingly high tuition fees, especially from international students. Public funding now makes up less than half of university revenues. Students, post-secondary education workers, and communities are feeling the impact of the considerable strain.

Workers in post-secondary institutions have engaged in an unprecedented number of job actions over the past years, as those workers feel the negative effects of corporatization of public post-secondary institutions. They commonly cite issues such as precarity, high workloads, slow progress towards equity, diversity and inclusion, and concerns about governance.

While education falls to the jurisdiction of provinces and territories, the federal government has an important role to play in ensuring that post-secondary education in Canada remains high-quality, accessible and public. Similar to federal leadership on early childhood education, the Government must use the policy and funding levers at its disposal to secure public post-secondary education into the future. Building a more sustainable financial foundation for Canada's universities and colleges will require three main initiatives, seriously tackling the affordability issue,

investing in research, and working with the provinces on a long-term stable funding plan.

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## Overview

Since 2017-18, universities have been collecting the majority of their revenues through private sources of funding, primarily in the form of tuition fees paid by students and their families.<sup>2</sup> Canada's public education system is surviving on the exploitation of international students and a highly precarious workforce.

The last federal infusion to the Canada Social Transfer—which supports provincial investments in childcare, social services, and post-secondary education—was in 2008-09, and fell far short of making up for previous federal cuts.<sup>3,4</sup> Since this infusion, which was notionally for post-secondary education, provincial funding for operating grants has been stagnant—provinces actually decreased funding by 1.8 per cent between 2009-10 and 2020-21 (in constant dollars). Between 2001-02 and 2020-21, the proportion of operating revenue provided by governments decreased from 61.7 per cent to 47.3 per cent. Tuition revenue increased by 75 per cent over the same period.<sup>5</sup>

## Affordability

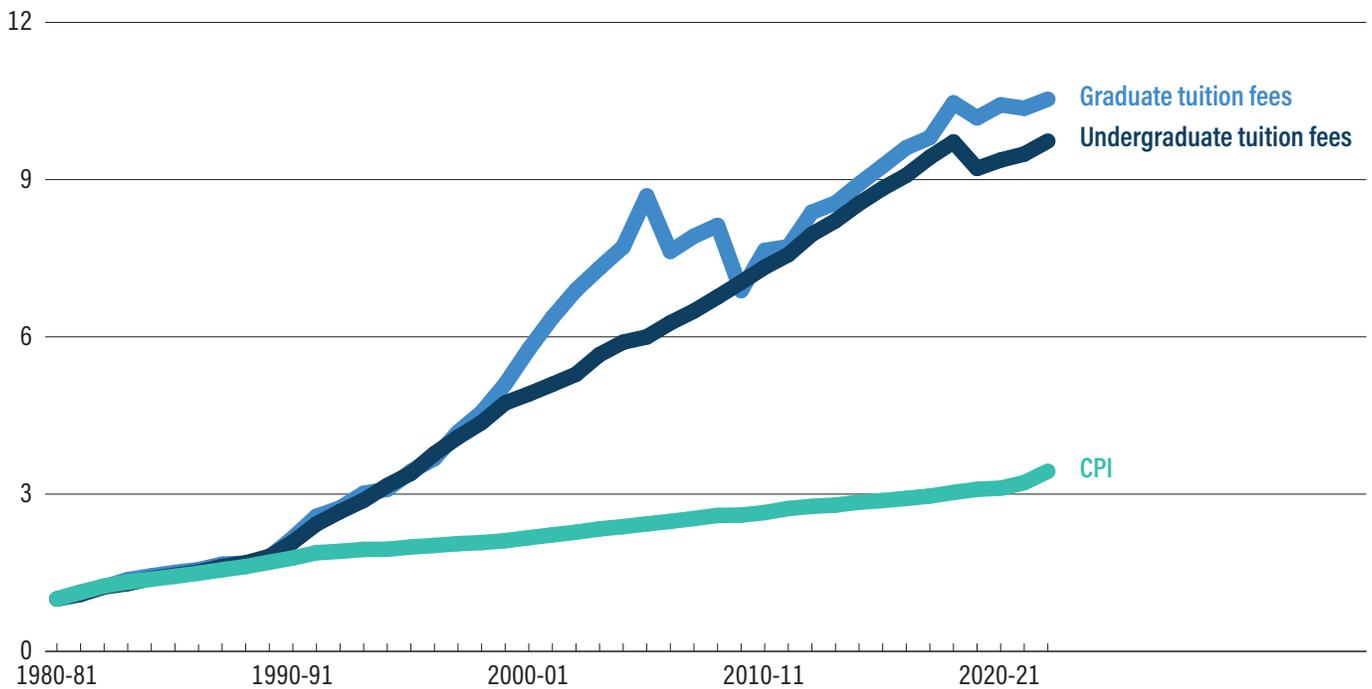
Universities have increased tuition costs significantly faster than the pace of cost increases for other goods—including housing, transportation, and shelter. Households are spending a much higher proportion of their income on post-secondary education, with lower income households bearing these increases to a greater extent.

Between 2000 and 2020 and adjusted for inflation, universities increased the average undergraduate tuition by 115 per cent and the average graduate tuition by 89 per cent.<sup>6</sup> The institutions also continued to widen the fee gap between international and Canadian students. In 2022-23, the average university increased international undergraduate student tuition by eight per cent in just one year—making those students pay 429 per cent more than domestic undergraduate students.<sup>7</sup>

Student debt continues to grow, totalling just below \$39 billion.<sup>8</sup> This impacts individuals and families with the burden of repayment amid an affordability crisis and prevents others from accessing post-secondary education altogether.

Figure 20.1 **Indexed average weighted fees for full-time Canadian students and Consumer Price Index (CPI)**

Index 1980-81=1



Increasing numbers of students face food insecurity, filling local food banks from coast to coast<sup>9,10</sup> and living in crowded housing amid high prices and low supply.<sup>11</sup>

In recognition of the financial strain on students, the federal government permanently eliminated interest on federal student loans in the 2023 budget. The elimination of interest on loans was an important win with the goal of helping students pay down their debt more quickly. The government did temporarily expand loan limits and increase grants from \$3,000 to \$4,200, a drop from \$6,000 during the pandemic. The federal government must do more to assist students, contain costs and improve access to education.

### Investment in skilled trades

The Canadian Apprenticeship Forum reports that companies will need to hire an average of 75,000 new apprentices per year in the next five years to meet demand for skilled trades.<sup>12</sup> COVID-19 impacted Canada's apprenticeship systems, which need investments to increase access

to vocational education, training and apprenticeship opportunities—especially in Red Seal Trades.

## Research

The monumental scientific and research advances needed to confront local, national, and global challenges are not possible without publicly funded research. Yet, the five years of increases to basic research committed in Budget 2018 were not renewed, although they were less than 60 per cent of what was recommended at the time by the government’s own blue-ribbon panel.

The government appointed a new advisory panel in 2023 to make further recommendations on the federal research support system. The Report of the Advisory Panel on the Federal Research Support System, released a week before budget 2023, highlights the need for significant investment in publicly funded research and in fostering the talent pipeline by reducing the affordability burden on graduate students, postdoctoral fellows, and early career researchers.

Without an injection of money into the science, research and innovation ecosystem and support for Canada’s current and future researchers, the panel warns that Canada will not be able to compete globally, exacerbating brain drain and retention and hindering Canada’s research and innovation potential.<sup>13</sup>

## Core public funding

Unlike shared priorities supported by federal transfers such as health care, childcare, housing, or public transit, there is no federal legislation, framework, plan, or strategy for post-secondary education in Canada.

The AFB has long advocated for the establishment of pan-Canadian principles for post-secondary education, as currently exist in health care. The AFB would implement the Canada Post-secondary Education Act to enforce strong standards for post-secondary education across Canada. Its principles should include public administration, comprehensiveness, and accessibility. The principles agreed upon for the multilateral framework agreement on early childhood education are inspiring for post-secondary education as well: high-quality, accessible, affordable, flexible, and inclusive.

Data collection and sharing should also be agreed upon as currently there is a paucity of national data to measure progress on affordability, access or even the size of the post-secondary education workforce. For example, there is no national data set on college tuition, the full academic

workforce, provincial student loan data, or student demographic data beyond gender.

Ottawa and the provinces must make a new commitment and partnership to ensure that Canada's public post-secondary systems are quality, affordable, and accessible.

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## Actions

Universities and colleges play a vitally important role in Canadian society. They are tasked with no less than preserving, sharing, and advancing knowledge. This crucial mission can only be achieved with the following actions:

**The AFB will** provide transparent, predictable, and adequate federal cash funding to the provinces and territories in support of public post-secondary education, through a National Post-Secondary Education Transfer, discrete from the Canada Social Transfer, with agreed conditions established through federal legislation or multilateral or bilateral agreements.

Under the AFB, this transfer will start at \$8 billion per year. It will also match the escalator in the health transfer of nominal GDP growth with a floor of three per cent per year. Agreements will be signed to ensure that the federal funding is in addition to provincial spending for the sector, and is used to lower tuition for all students, invest in workforce renewal (including providing fair wages and reducing precarity among academic staff) and improve access to underserved communities.

The transfer is an important step in working towards undoing the system's dependence on international student fees, reducing the fee gap between international and domestic students, and eventually making a nation-wide transition to a universal and tuition-free post-secondary system.

**The AFB will** commit \$30 million annually to better regulate international student recruitment. It will also stipulate that the government act to implement improved immigration pathways to permanent residency for international students, thus helping them access government services including equitable access to health care.

**The AFB will** increase and make permanent the pandemic student grant level of \$6,000 and make permanent the larger loan limit. It will also reweight the program. Currently, every \$1 in grants that the federal government disburses, students take on \$2 in loans that must be

repaid. A more equitable disbursement in the short run would be for the government to move toward a 50:50 ratio for the grants and loans model.

Echoing the recommendations of the Report of the Advisory Panel on the Federal Research Support System, **the AFB will** increase funding for the research agencies core grant programming by at least ten percent annually for five years, or \$400 million per year. This will bolster Canada's research ecosystem and provide better paid opportunities for graduate students, postdoctoral students and early career researchers.

**The AFB will** increase the number and value of graduate student scholarships and postdoctoral fellowships by \$185 million in 2024-25 and an additional \$55 million per year thereafter, as well as index scholarships and fellowships to inflation going forward. This will help address over 20 years of stagnant support.

**The AFB will** invest \$25 million per year towards concrete commitments to improve equity, diversity and inclusion, renewing Equity, Diversity and Inclusion Institutional Capacity Building grants, the Dimensions program, and repeating the Survey of Post-Secondary Faculty and Researchers.

**The AFB will** allocate an additional \$500 million a year, adjusted annually to inflation, to expand access to apprenticeships and other forms of skills training. This allocation will build upon existing programs and improve access to these supports. This includes the expansion of funding channels for apprenticeships and skills training beyond the Employment Insurance (EI) system to expand eligibility to those who do not qualify for EI are unable to access enough funds for training in the trades and additional targeted incentives to increase opportunities for groups including women and gender-diverse people, Indigenous workers, youth, workers with disabilities, newcomers to Canada and racialized people.

The AFB also proposes to implement and make permanent the union-led advisory table announced in Budget 2022, to provide advice to the government on skills development and the changing labour market.

Amplifying calls from national Indigenous organizations, **the AFB will** commit \$2 billion over three years to Indigenous post-secondary education taking a distinctions-based approach. The funding will support First Nations, Inuit, and Métis-led post-secondary education models and curricula and Indigenous students wanting to pursue tertiary education. This includes additional investments in students currently funded through the Post-Secondary Student Support Program (PSSSP), those that are eligible but unfunded by PSSSP, and reflects increased costs due to higher tuition and compulsory fees and inflation.

Finally, to address the data gaps related to post-secondary education, **the AFB will** commit \$50 million over three years to support improved data collection on topics such as student experience, mental health, housing, international student demographics, tuition fees, student debt, outcomes, and recruitment, as well as information on the post-secondary education workforce.

This AFB commitment includes funding for the expansion of the University and College Academic Staff System (UCASS) Survey to capture equity data beyond gender, data on contract academic staff, and data from the college sector to help fill information gaps that currently limit our understanding of equity, diversity, and inclusion in the academic workforce.

**Table 20.1 AFB actions on post-secondary education**

All figures in \$M

	2024-25	2025-26	2026-27
Establish the new national Post-Secondary Education Transfer	\$3,000	\$3,129	\$3,257
Improve regulation of international student recruitment	\$30	\$30	\$30
Permanent Canada Student Grant level of \$6,000	\$1,476	\$1,476	\$1,476
Increase funding for research agencies core grant programming by 10%	\$400	\$400	\$400
Increase number & value of graduate scholarships and postdoctoral fellowships	\$185	\$240	\$295
Index scholarships and fellowships to inflation	\$60	\$122	\$185
Improve equity, diversity and inclusion	\$25	\$25	\$25
Expand access to apprenticeships and other forms of skills training	\$500	\$515	\$530
Increase funding for Indigenous post-secondary education	\$667	\$667	\$667
Improve data collection	\$17	\$17	\$17

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# Prisons

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## Introduction

The 2023 budget invests \$171 million over the next three years for the Correctional Service of Canada (CSC) to support health and safety in federal prisons, to support remote work for prison employees and remote court appearances, and to stabilize core operations. It invests an additional \$212 million over five years in essential goods and services that go into federal prisons.

These investments give more to an already expansive and expensive system of federal incarceration. It costs approximately \$3 billion/year to administer federal incarceration in Canada.<sup>1</sup> Canada's small but stable population of federally incarcerated people is approximately 13,000. There are another approximate 9,000 individuals under federal sentence in the community on parole at any given time, so this population averages 22,000 in total.<sup>2</sup> On average, the estimated annual cost to incarcerate one person in a prison designated for men in Canada is \$120,000. That cost increases to approximately \$200,000/year to incarcerate one person in a federal prison designated for women.<sup>3,4</sup>

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## Overview

### Costly, unproductive incarceration

The United Nations Office on Drugs and Crime recognizes that incarceration has a “detrimental social impact” and that mass incarceration “produces a deep social transformation in families and communities.”<sup>5</sup> Citing the high costs of imprisonment, the Office calls nations to account for both “actual funds spent on the upkeep of each

prisoner, which [are] usually significantly higher than what is spent on a person sentenced to non-custodial sanctions, but also of the indirect costs, such as the social, economic and healthcare related costs, which are difficult to measure, but which are immense and long-term.”<sup>6</sup> While the federal budget accounts for the direct costs of incarceration, it does not account for those long-term, indirect social and economic costs.

Most of the people who become incarcerated in Canada can be described as having intersecting social disadvantages, rather than as presenting actual social risks.<sup>7</sup> Canada’s prison population draws primarily and disproportionately from racialized people. Indigenous people comprise less than five per cent of the national population, but more than 30 per cent of the federal prison population overall, and 50 per cent of federally sentenced women and gender-diverse people. Most federally incarcerated people have previous experiences of victimization, experiencing physical and/or sexual assault. Most also suffer from mental health issues and substance use issues. People who experience incarceration also face alarming deficiencies of educational and vocational training: the average educational completion level among federally sentenced people at the time of sentencing is Grade 8.<sup>8</sup>

Most individuals rate as presenting a minimal to medium public safety risk when they go through intake into federal prison. There are overall elevations in security ratings associated with Indigenous individuals; the classification of Indigenous and racialized people as higher-risk is more a product of implicit bias in risk-assessment tools than the actual presence of risk.<sup>9</sup>

Because it fractures family and community and prevents individuals from meaningful economic productivity and participation, incarceration should always be used as a last resort. Incarceration affects productivity and economic participation in two ways: 1) incarcerated people are interrupted from earning income directly while incarcerated; 2) there is a lack of meaningful vocational/educational training opportunities in prisons. Long periods of economic stagnancy widen the poverty gap for communities disproportionately experiencing incarceration. Moreover, incarceration financially burdens the families and communities of incarcerated people, who become financially responsible for their incarcerated loved ones. Being interrupted from earning income while incarcerated maintains poverty throughout a person’s life and produces generational cycles of poverty and criminalization.

Prison environments prioritize security over the self-development and self-improvement of incarcerated people. For this reason, Canadian prisons have long been recognized by ombuds offices and in research

findings as harmful environments that exacerbate the social conditions that lead to incarceration in the first place. The adverse effects of incarceration compound. Incarcerated people experience higher instances of chronic physical health conditions to such an extent that long-term incarceration in Canada reduces life expectancy by 20 years (compared to the general population).<sup>10</sup>

One of the costliest areas of incarceration which is seldom accounted for are the impacts of incarceration on mental health. Being removed from one's family and community and placed in a prison, which is a volatile, harsh, and unstable social environment, significantly affects mental health. Upon release, formerly incarcerated people—and their social networks—are left in an aftermath of trauma, economic precarity, and untreated substance use disorders. And although approximately 80 per cent of federally sentenced people have substance use issues,<sup>11</sup> integrated therapy for them is not provided in prison.<sup>12</sup>

Not only do federal prisons fail to address the causes of adverse impacts related to incarceration; the current practices in prisons actually work *against* the system's mandate, which is to contribute to public safety through the timely and successful reintegration of people in prison back into society as law-abiding citizens.<sup>13</sup>

### **Budgetary priorities do not translate to results**

The 2023 budget's investments do align with the Correctional Service of Canada's priorities. The 2022-23 Correctional Service of Canada Departmental Plan focuses on mental health and structured intervention units as key priorities.<sup>14</sup> However, the measures supported by the 2023 budget will not meaningfully address the issues they seek to address.

For example, the Correctional Service defines its expected result as "efficient, effective mental health services to offenders that encourage individual responsibility, promote healthy reintegration and contribute to safe communities."<sup>15</sup> Moreover, it commits to ensuring its mental health service delivery model is consistent with World Health Organization care guidelines. But those guidelines are centred on a holistic approach to health and client participation in health processes, including health care literacy—all areas of persistent concern for ombuds offices that monitor federal prisons in Canada. Unlike therapeutic care in the community, mental health service providers in prisons are either employed or contracted by the Correctional Service, and they are expected to maintain transparency with the Correctional Service. This creates confidentiality issues, where information shared during "treatment" may be integrated into security decisions. Therapeutic staff are also trained to lay

disciplinary charges. The conflation of punishment and therapy serves to harm imprisoned people, as it would anyone.

Research into medium- and long-term mental and physical health outcomes for people who have experienced incarceration suggests that incarceration produces, rather than resolves, mental health issues.<sup>16</sup>

### **Cost catalyst: Structured intervention units**

More than \$1.9 billion dollars in the Correctional Service's 2022-23 operating budget were dedicated to actions that it listed under priority areas of mental health and structured intervention units.<sup>17</sup> This is a huge financial undertaking with limited efficacy beyond population management.

The Correctional Service defines structured intervention units (SIUs) as a "new and transformative correctional model."<sup>18</sup> SIUs are essentially isolation areas, largely implemented in the same physical cell space formerly designated for administrative segregation (broadly known as solitary confinement). What this means is that people can still legally be kept alone in small cells for 20 hours per day.

The stated dual mandate of SIUs is to, first, isolate someone from the general prison population while, second, addressing their mental health needs and providing meaningful social contact, but SIUs fail to meet the second part of that mandate.<sup>19</sup> People with pre-existing mental health considerations are disproportionately placed in SIUs.<sup>20</sup> Evidence indicates that mental health deteriorates after placement in an SIU,<sup>21</sup> especially with longer placements. More than 40 per cent of all SIU admissions in 2022 were imposed on Indigenous individuals, and over 74 per cent of admissions in prisons designated for women were imposed on Indigenous individuals.<sup>22</sup> The average timeframes people were kept in SIUs in 2021-22 were between 19 and 26 days.<sup>23</sup>

SIUs only invest in the tail-end of cumulative social problems. They worsen the problems that are already plaguing Canadian prisons.

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## **Actions**

### **Evidence-based practice and decarceration: The way forward for public safety**

Rather than investing further in failed models, **the AFB will** invest \$243 million in a five-year framework to reduce incarceration by 30 per cent by 2035. The framework will draw on international best practices, such as the

prison reform roadmap outlined by the United Nations Office on Drugs and Crime,<sup>24</sup> and Canadian-specific social science evidence.

The framework will meaningfully and responsibly address Canada's over-incarceration of racialized and disadvantaged populations by focusing on persistent social determinants of incarceration. It will prioritize up-stream, responsive solutions that address the prevalent rates of unresolved mental health and substance use issues, as well as deficiencies in vocational training.

This will create stronger, safer institutions that return incarcerated people to the community earlier by investing in partnerships with community-based providers. Addressing substance use disorders, mental health issues, and employment training invests in the rehabilitative mandate of the correctional system, significantly reducing SIU admissions. This will in turn reduce the longest-term, most costly elements of the federal prison system: complex adverse mental health outcomes. The framework will also include new metrics to gather data about medium- and long-term outcomes of incarceration, including measurements of recidivism.

Over time, the framework will shift resources from prisons to building community capacity. The Office of the Correctional Investigator continues to cite Canada's federal prison system as having some of the highest ratios of staff to incarcerated people across developed countries. To ensure there is sufficient social and economic infrastructure in place to decarcerate without displacing or destabilizing Canada's large penal sector, **the AFB will** invest in training and bridging opportunities that transform security staff positions into socially supportive positions. **The AFB will** also invest in community-based organizations to deepen ground-level capacity for alternatives to incarceration.

### **Decarceration for public safety: A five-year framework**

**The AFB will** invest \$93 million over the next three years to implement evidence-based responses that address the root causes of incarceration, focusing on service delivery through partnerships with community-based sector experts to:

- Introduce integrated substance use disorder treatment aligned with the standards of community-based models, deepening partnerships with community-based substance use disorder treatment programs (\$23 million).
- Make available post-traumatic stress disorder psychotherapies for individuals under sentence in prisons and on parole (\$28 million).

- Translate the policy framework and mental health service model in federal prisons into one that is measurably consistent with Canadian and World Health Organization standards of care (\$16 million).
- Introduce vocational development assessments into intake and correctional planning processes (\$6 million).
- Diversify and expand meaningful vocational opportunities by partnering with community-based employment counselling/development programs<sup>25</sup> (\$20 million).

**The AFB will** invest \$29 million over the next three years to support training and bridging initiatives for existing security staff to:

- Create training opportunities that transform prison security positions into rehabilitative and supportive roles and, where possible, community-based positions (\$23 million).
- Develop and institute trauma-informed training for people in frontline security positions (\$6 million).

**The AFB will** invest \$20 million over the next three years to support research into policy solutions for decarceration, specifically developing viable alternatives that would:

- Release individuals from custody at the point of readiness, rather than at fixed dates determined at the time of sentencing.
- Apply community-based alternatives to incarceration, rooted in:
  - Transformative justice models,
  - Diversion programs,
  - National scaling of First Nations courts and Indigenous models of justice alternatives,
  - Existing but underutilized community-based sentencing alternatives to incarceration, such as *Corrections and Conditional Release Act* Section 81 and 84 releases, conditional sentencing, and conditional community release.

**The AFB will** invest \$16 million over the next three years to develop an effective metric to measure recidivism.

**The AFB will** invest \$13 million over the next three years to fund non-government organizations to expand capacity in community residential facilities (“halfway houses”).

A portion of the above programs will be funded by reallocations of the \$171 million allocated in the 2023 budget for supporting federal prisons.

Over the next five years, **the AFB will** also re-allocate \$72 million of the 2023 budget's additional \$212-million, five-year investment in essential goods and services within federal prisons to the actions below.

**The AFB will** invest \$60 million into partnerships with non-government organizations to deepen capacity for:

- Community-based alternatives to incarceration, especially *Corrections and Conditional Release Act* Section 81 releases and Indigenous models of self-determined justice.
- Post-incarceration release supports in priority areas.
- Increased community residential facility (halfway house) capacity.
- Upstream prevention to support children and families impacted by cycles of social marginalization and criminalization.

**The AFB will** invest \$12 million over the next five years to conduct an external impact evaluation of Canada's decarceration strategy, to:

- Centre the experiences of impacted populations and stakeholder groups.
- Ensure the framework meaningfully responds to the systemic discrimination that underpins processes of criminalization.
- Deepen evidence-based practice and ensure prisons are evaluated in alignment with standard practice in the social sciences.
- Ensure that policy frameworks have the capacity to meaningfully achieve the purpose of the correctional system.

**Table 21.1 AFB actions on prisons**

All figures in \$M

	2024-25	2025-26	2026-27
Implement responses in penitentiary environments to address the root causes of incarceration	\$31	\$31	\$31
Training and bridging initiatives for existing security staff	\$10	\$10	\$10
Develop viable alternatives to incarceration	\$7	\$7	\$7
Develop and implement an efficient metric to consistently measure recidivism	\$5	\$5	\$5
Expand capacity in halfway houses	\$4	\$4	\$4
Funds already in the fiscal framework (supporting federal correctional institutions, from Budget 2023)	-\$70	-\$16	
Partnerships with non-government organizations for alternatives to incarceration (Indigenous, post-release, halfway houses and upstream interventions)	\$20	\$20	\$20
Conduct an evaluation of Canada's decarceration strategy	\$2	\$2	\$2
Funds already in the fiscal framework (supporting essential goods and services within federal correctional facilities, from Budget 2023)	-\$10	-\$42	-\$42

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# Public services

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## Introduction

The federal public service is the institution that makes the government work. Public service workers implement government priorities—including finances, defence, taxes to fund operations, benefits for Canadians of all ages, economic development, natural resources stewardship, climate mitigation and much more. Without its operational capacity, the government would just be a group of elected people talking—equivalent to trying to build a house without any tools or materials. If the institution is going to work, then it must be healthy. This chapter recommends important actions that the government should take to improve the health of public service.

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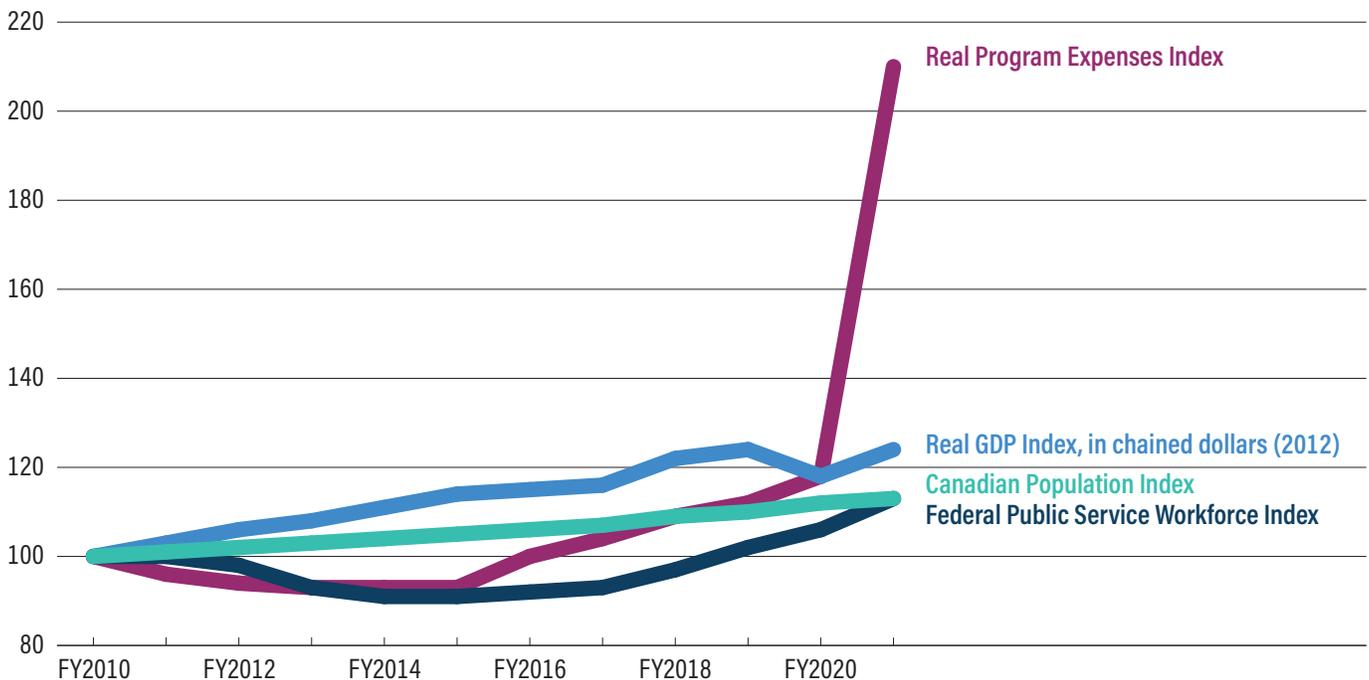
## Overview

A healthy public service is a place where people want to work—where all jobs are decent jobs. It pays its employees a decent wage and it pays them on time and accurately. It is a model employer that prioritizes rectifying systemic inequities and harmful workplace cultures and prevents them from occurring in the first place. It encourages innovation and upward advancement within its own ranks and provides the resources for workers to do so. It embraces taking on the work that is necessary to achieve employment equity. It has a holistic, government-wide strategy to staff and resource all programs so that workers have the tools and capacity to do the best job possible for Canadians.

For now, however, the federal public service in Canada is struggling. In the recent Public Service Employee Survey, 23 per cent of those

**Figure 22.1 Trends in the economy, the Canadian population, real federal program expenses, and the size of the federal public service, 2010-21**

Index 2010=100



**Sources:** Office of the Chief Human Resources Officer, Treasury Board of Canada Secretariat; Statistics Canada; and Department of Finance Canada

surveyed—just over 43,500 workers—reported having experienced pay problems in the last year, seven years after the Phoenix pay system was introduced. A full 65 per cent indicated they have experienced some level of stress around whether or not their pay is accurate, and the consequences if it is not.

Class action lawsuits have been launched by employees against the federal government, claiming ongoing systemic discrimination. Government officials regularly contract out government work. And we’ve clearly seen in the last year that the federal government has no strategic staffing plan. As a result, many departments and programs are understaffed and vacancies are left unfilled.

### **The size of the public service**

The size of the public service, on a per capita basis, is now at the same level that it was before the draconian Harper cuts and remains significantly below 1980s and 1990s levels. As clearly demonstrated since the onset of the COVID-19 pandemic, Canadians and provincial, territorial and municipal governments are regularly calling for greater

federal intervention. Even corporations are looking to the government for programs and supports to create stability in supply chains, trade corridors and so on. Public service workers do this work.

The Canadian population has grown and it will grow more because of increased immigration. The AFB believes that the size of the public service ought to be determined by citizen requirements and not by ideological assumptions that are most often divorced from reality. More Canadians mean that more service delivery is necessary, and more service delivery requires more workers for the provision of immigration services, Employment Insurance, veteran's benefits, pay administration, and IT services, just to name a few.

Despite this increase in work, the 2023 federal budget announced cuts, promising a three per cent reduction in departmental and agency spending by a cumulative \$7 billion between 2024-25 and 2026-27, with \$2.4 billion ongoing savings from 2028-29 onwards. Crown corporations are expected to cut another \$1.4 billion over the same period of time. In addition, the budget announced unidentified spending cuts of \$6.4 billion of "unallocated" spending.

### **Consulting and contracting out**

The 2023 federal budget also promised to reduce spending on consulting, professional services, and travel by 15 per cent, reducing spending by \$7.1 billion over five years. This is a small portion of existing consulting services, which have grown to more than 36 per cent of what the government spends on its public service workforce.<sup>1</sup> The budget further indicates that most of this reduction will be in "management consulting services" but fails to indicate how it will increase capacity in departments to continue this work.

Additionally, this cut doesn't address the exorbitant amount of contracting out of non-management work. Private contractors are paid far more than the salary costs of public sector employees to do work such as cleaning, food preparation, general labour, skilled trade work, data entry, administrative services, facility maintenance, call centre work, processing ATIPs, case management. This costs the government more while providing poorer services.<sup>2</sup> And while the contracting companies may be making more money, individual workers in these contracts are usually making low wages, have few benefits and little job security.

Past AFBs have called for decreases in contracting out and consulting, but the 15 per cent decrease proposed by the government is likely not enough. Consulting and contracting out services undermine the health of the public service. It prevents governments from evolving the capabilities

they need to transform our economy for the common good and accelerate a green transition. Consulting services are often too non-specific and general, while the workers doing the work already know what needs to be done and, if not, they should be trained so that they do. Consultants become the default and hollow out the public services that they are supposed to complement.<sup>3</sup>

There is no more poignant example than the disastrous Phoenix pay system. If public service workers had been allowed to lead and guide the Phoenix pay exercise instead of the cascading levels of contractors, a pay system that after seven years retains a backlog of 222,000<sup>4</sup> pay issues with financial implications would not have been created. The most recent Public Service Employee Survey (PSES) shows that public service workers are still experiencing significant issues and the stress that goes along with such economic insecurity.<sup>5</sup> They are concerned that any changes in their job within the government will lead to further pay discrepancies. This level of stress and uncertainty is not reflective of a healthy workforce.

The German public service has eliminated significant contracting out and has created value (financial and innovative) by forming its own in-house consulting firm for instances when public service-based expertise is required by other government entities.<sup>6</sup> This approach would allow the Government of Canada to build the capacity to handle issues such as the internal analysis of workplace toxicity and harassment at the Department of National Defence. Department officials contracted McKinsey to do this work because, to paraphrase what the minister said in committee testimony at the Government Operations Committee of the House of Commons, she didn't trust anyone within her department to do such analysis, knowing that the entire department was suspect.<sup>7</sup> Instead of existing in silos, a holistic approach to government management with in-house expertise would solve this gap. Proposals have also been made to create temporary in-house help within the Canadian federal public service, akin to the typist pools of old, which would significantly reduce the use of temporary help agency services by the federal government, as recommended by the Human Resources committee of the House of Commons several years ago.<sup>8</sup>

### **Whistleblowing legislation reform**

The health of the public service is also compromised by existing whistleblowing legislation that is designed to punish workers who whistleblow and, overall, to discourage whistleblowing. Canada currently has an embarrassing record on whistleblowing legislation, making

international news.<sup>9</sup> Legislation before the House of Commons seeks to make a small, but important, change by extending what meagre protections currently exist for contract workers.<sup>10</sup> An internal review is underway to amend this legislation and give it teeth, but the review committee can only make recommendations to the government. While we question the need for yet another review while not acting on previous reviews, the AFB would accept the committee recommendations and would amend the legislation to reflect the improvements.<sup>11</sup>

### **Reform of the *Public Services Relations Act***

The Federal Public Service Labour Relations Act (FPSLRA) is the labour legislation that governs this sector. The FPSLRA unjustifiably restricts access to collective bargaining, and it hinders free and fair collective bargaining for those federal public sector workers to whom that access is provided, creating unacceptable delays in bargaining and in the grievance process that are and out of step with other labour legislation across jurisdictions. As is often said, justice delayed is justice denied—and federal public sector workers are regularly denied justice under this Act.

This AFB would conduct a comprehensive review of the FPSLRA, with an eye to making amendments that eliminate the discrepancies in legislation and provide federal public service workers with measures and protections that are afforded to other workers. Furthermore, this legislation does not say that workers must be paid properly—an omission that has far-reaching implications in light of the Phoenix pay disaster.

### **Artificial Intelligence and automated decision-making**

AI and automated decision-making are being adopted in almost all federal departments to a greater or lesser extent. Although this transformation can sometimes have positive effects for both workers and Canadians, if not carefully regulated it can also have negative effects.

In other jurisdictions, AI decision-making is riddled with instances of unfairly denied benefits and lack of citizen recourse.<sup>12,13,14</sup>

Typically, the introduction of AI in federal public services is accompanied by equivalent cuts in federal public sector personnel. Although proponents argue that it leads to better jobs, it almost always cuts jobs too, especially when introduced by governments with an austerity agenda.

Moreover, it's very difficult to appeal findings of an algorithm, especially if there is limited capacity for human intervention. A worrisome example, Bill C-47, the *Budget Implementation Act*, makes changes to the *Customs Act* that will permit the replacement of border officers with

kiosks or similar automation. This gives reason to expect scenarios of discrimination as well as security breaches at borders.

Treasury Board's *Directive on Automated Decision Making* can be a tool to promote transparency, accountability, and fair and inclusive treatment of members of the public, as well as public service workers. Departments entertaining AI solutions must conform to its requirements, however. The government must ensure that departments and agencies that deviate from the directive's requirements are subject to the most serious penalties possible under the *Financial Administration Act*.<sup>15</sup>

The directive opens opportunities for unions that are impacted by AI to be consulted early in the process. Departments and agencies must not squander this opportunity to ensure that automation strategies are informed by the workers who do the work.

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## Actions

**The AFB will** implement a legislated analytical process to objectively determine the adequacy of public service staffing levels. Analysis must prioritize the populations that are being served and the needs of those populations. This should be determined by transparent consultation with all stakeholders.

**The AFB will** create an independent and non-profit consultation body in the federal public service to provide services that are currently provided by contracted private consultants. Outside contractors will not be engaged unless this body determines that it does not have the skills to complete the work. In situations where the body comes to this conclusion, it will immediately take steps to create those skills internally.

**This AFB will** implement a comprehensive review of the FPSLRA, with an eye to making amendments that eliminate the discrepancies in legislation and provide federal public service workers with measures and protections afforded to other workers. It also recommends including language that ensures that the government pay workers properly and on time.

**The AFB will** ensure that the recommendations of the current internal review of the *Public Service Disclosure Protection Act* (PSDPA) be adopted and that the Act be amended accordingly.

**The AFB will** create resources within the Treasury Board to communicate all steps in the automated decision-making proposal process to all stakeholders or stakeholder representation groups as early as possible and in strict accordance with the terms of the directive.

**The AFB will** fully fund settlements for the Black class action (\$2.5 billion) and the Indigenous class action (\$25 million) suits. It will establish an equitable representation policy for executive and management positions to address the under-representation of Indigenous, Black and other racialized federal employees in these positions, and it will address all forms of oppression within the federal public service, making anti-oppression and discrimination training mandatory for all employees and managers.

**The AFB will** support the decolonization of the federal public service. The colonial practices that are embedded within the structure of the federal public service make the already challenging goal of reconciliation even harder to achieve. The AFB will take tangible steps to deconstruct these practices with initiatives that include: hiring more Indigenous workers and decision-makers, giving prominence to traditional Indigenous languages as a staffing requirement over colonial languages, requiring all public servants learn about Indigenous issues, regardless of their function, creating an Indigenous centre for learning staffed by Indigenous employees, decentralizing decision-making and creating funding mechanisms that give full authority to Indigenous communities.

**The AFB will** provide sufficient funding to recruit, train and retain enough compensation advisors to reconcile all public service pay problems within a year and prevent problems moving forward, prioritizing ensuring that employees are compensated for pay discrepancies before pursuing overpayment recoveries. The AFB will ensure that funding is sufficient to pay all of its employees accurately and on time.

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## Notes

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2 Public Service Alliance of Canada (PSAC), Union of National Defence Employees (UNDE), “In the interest of safety and security: The case for ending the privatization of Department of National Defence services,” October, 2020.

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# Racial equality

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## Introduction

Indigenous, Black, and racialized communities have always been among the most marginalized in Canada. Structural racism, deeply rooted in Canada's settler-colonial origins and the enslavement of African peoples, produced laws and policies to restrict the social, economic, and cultural rights of these groups, and continues to exclude them from full participation in Canadian society. Despite the enactment of the *Canadian Charter of Rights and Freedoms* in 1982, systemic racism persists in Canadian society.

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## Overview

In January 2018, the Government of Canada officially recognized the United Nations Decade for People of African Descent (2015-24) and committed to specific actions to address recommendations by the UN's Working Group of Experts on People of African Descent in its 2017 report on its mission to Canada with respect to anti-Black racism.<sup>1</sup> The decade is drawing to a close and Canada has yet to address the recommendations intended to combat all forms of racism, racial discrimination, xenophobia, Afrophobia, and related intolerance in the country's institutions, policies, laws, and programs. It's a missed opportunity as a nation, and it can be interpreted as a lack of belonging for people of African descent.

Systemic racism and racial discrimination continue to impact all life outcomes for Indigenous, Black, and racialized people in Canada. They are disproportionately experienced by people at the intersection of multiple identities, including race, gender and gender identity, sexual

orientation, ability, faith, income, and citizenship status. Poverty rates continue to be disproportionately higher. Housing inequality is still present. Over-surveillance and over-incarceration in policing, corrections, child welfare, and immigration detention persist. There is a significant lack of access to justice. Health outcomes are worse. Labour market outcomes are poorer in terms of hiring, promotion, and retention. There are persistent wage gaps along with over-representation in low-wage and precarious work.

In addition, these same communities are facing hate incidents and crimes across the country, including anti-Indigenous, anti-Black, anti-Asian, and Islamophobic racism.

Governments in Canada have long refused to collect consistent race-based disaggregated data. This lack of data, particularly comparable data, makes it almost impossible to measure the true impact of systemic racism on all life outcomes for racialized people.

All levels of government must act to address the compounded impact of racism and other forms of discrimination on those with intersecting identities, for example Indigenous, Black and other racialized women, immigrants, those identifying as 2SLGBTQ+, and people with disabilities. These groups have persistently poorer outcomes than their counterparts in accessing health care, employment opportunities, and basic services and entitlements.

While the previous budget made certain investments, Canada still lacks the policies and legislation to address and dismantle systemic racism.

In March 2023, the Treasury Board of Canada Secretariat found that the Canadian Human Rights Commission discriminated against its own Black and racialized employees. Black employees at the commission said they faced systemic anti-Black racism, sexism, and systemic discrimination, and that they were excluded from career and training opportunities and shut out of formal and informal networks. The federal government has a long way to go as an employer to address systemic racism and discrimination across all its operations and activities (see chapter on public services).

The Canadian Human Rights Commission also decides which cases proceed to the Canadian Human Rights Tribunal. The commission's own data shows that it had dismissed race-based claims at a higher rate<sup>2</sup> than any other human rights complaints.

Canada's Anti-Racism Strategy expired in 2022. Systemic racism and racism have not been eliminated in Canada, and there is no new commitment to continue the work of dismantling racism. A legislative

foundation for the Anti-Racism Secretariat is necessary to give the government's anti-racism commitment weight, authority, transparency, and ongoing dedicated resources.

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## Actions

**The AFB will** amend the definition of harassment and violence in Part II of the *Canada Labour Code* to include racism as a form of workplace violence and harassment.

**The AFB will** create legislation to address online and other forms of hate to counter the growing number of hate incidents in Canada.

**The AFB will** create an *Anti-Racism Act* that will name and address all forms of systemic racism and hate. This will give a legislative foundation to an independent Anti-Racism Secretariat that reports directly to parliament and has its own budget.

**The AFB will** create a National Action Plan with metrics to accompany the national Anti-Racism Strategy. The plan will have concrete strategies with actionable goals, measurable targets, timetables, and resource-allocations for each strategy. It will be used to fund community-based efforts across Canada to address all forms of racism and hate.

**The AFB will** include an intentional racial equity framework in the Gender-based Analysis Plus budget, federal poverty reduction efforts, the National Housing Strategy, and the Canada-wide Early Learning and Child Care Plan.

**The AFB will** mandate a racial equity framework for all reviews, including reviews of COVID-19 relief spending, funding programs by federal government departments, and specific action plans on eliminating racial disparities and inequalities in Indigenous, Black, and racialized communities in the targeted areas.

**The AFB will** maximize the budgeted commitment to the collection of disaggregated data by mandating its collection on the basis of race and other socio-demographic identities in the following key areas: the labour market, economic inequality and poverty; the criminal justice system and access to justice; child welfare; environmental racism; health and mental health; housing; social and cultural benefits; education; refugee protection, interdiction, and immigration (including recruitment of migrant workers); citizenship legislation and policy; and media, social media, and mass communications.

**The AFB will** mandate intersectional data collection and include a clause on racial equity with disaggregated data collection in health

funding transfers to provinces and territories. Disaggregated and intersectional data will also be collected across all relevant Sustainable Development Goals.

**The AFB will** collect data and report on the percentage and dollar values of federal funding to racialized-led and -focused organizations and federal contracts to racialized-owned businesses.

**The AFB will** collect data and report on the diversity of senior management and boards within the federal government and in federally regulated organizations.

**The AFB will** strengthen the *Federal Employment Equity Act* and attach employment equity measures (via community benefits agreements) to all federal investment and recovery programs to ensure racialized and other under-represented groups have equitable access to new jobs created.

**The AFB will** eliminate the use of the term “visible minorities” from the *Federal Employment Equity Act*.

**The AFB will** fully fund settlements for the Black Class Action (\$2.5 billion) and the Indigenous Class Action (\$25 million) in the federal public service.

**The AFB will** strengthen the implementation of the *Employment Equity Act* across all positions to address the under-representation of Indigenous, Black, and other racialized federal employees—particularly in executive and management positions.

**The AFB will** address all forms of oppression within the federal public service in consultation and collaboration with Indigenous, Black, and racialized employees. It will make anti-oppression, anti-racism, and anti-discrimination training mandatory for all public service employees and managers.

**The AFB will** take action on and report on the progress of the recommendations made by the United Nations Working Group of Experts on People of African Descent mission to Canada.

**The AFB will** build on lessons learned from the Black Entrepreneurship Program (introduced in the 2021 budget) and dismantle systemic barriers to entrepreneurship (e.g., access to capital, financing, business networks, technical assistance, and coaching) and make ongoing investments in Indigenous, Black, and racialized entrepreneurs. This will include developing Treasury Board Policy on equity in low dollar value contracts and setting equity targets for organizations receiving funding or contracts from the federal government.

## Table 23.1 AFB actions on racial equality

All figures in \$M

	2024-25	2025-26	2026-27
Create an Anti-Racism Secretariat and national action plan to combat racism	\$5	\$100	\$125
Collection of disaggregated data	\$20	\$20	\$20

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### Notes

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# Regulation

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## Introduction

Regulatory capture is a term to describe when corporations co-opt or regulatory agencies and subvert the public interest to benefit the private interests of the regulated industries.<sup>1</sup> It has affected multiple sectors including transportation, pharmaceuticals, food, nuclear, fossil fuels, environment, construction, trade, and investment.

In industries where regulatory capture has occurred, companies can shape regulations governing their operations—block or delay new regulations and exert pressure to remove or dilute existing regulations, which they frame as “red tape” that makes them less competitive.<sup>2</sup> Lobbyists set political agendas in private meetings with cabinet ministers, committee chairs, and senior bureaucrats, among other lobbying activities.<sup>3</sup>

Besides reviewing the overall regulatory regime, this chapter will profile rail transportation 10 years after the Lac-Mégantic oil train disaster; and the climate impact of fossil fuels production and financing.

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## Overview

Governments have eroded resources for most regulatory agencies over the last four decades, forcing regulators to depend on corporations to develop and manage their safety oversight regimes—in effect, self-regulation. This process has hollowed out enforcement and accountability provisions.

The “revolving door” is a common feature of regulatory capture.<sup>4</sup> It involves the movement of senior employees between regulatory agencies

and regulated industries, often enabling the interests of the latter. Conflict of interest laws, lobbying regulations<sup>5</sup> and whistleblower protections<sup>6</sup> strongly favour corporate interests.

Under the latest *Annual Regulatory Modernization Bill*,<sup>7</sup> the government is proposing granting federal regulatory organizations the power to set up *regulatory sandboxes* as well as *incorporation by reference* documents. These initiatives are framed in terms of how to reduce the burden of regulation on companies and government, rather than how to ensure regulations protect public health, safety, and the environment.

Incorporation by reference<sup>8</sup> (IBR) means that instead of putting all the wording of a regulation in the text of a regulation, it would simply refer to another document created outside the standard regulatory process. Changing regulations via IBR documents is faster, less transparent, and less rigorous than changing actual regulations. For example, the federal government's Seed Regulatory Modernization process currently underway is considering proposals to move large areas of seed regulation into IBR,<sup>9</sup> something that the corporate seed lobby<sup>10</sup> has been calling for since at least 2018.

The government will likely use regulatory sandboxes, which allow companies to try out different regulatory approaches, to justify a shift to more corporate self-regulation.

### **Case 1: Ten years after Lac-Mégantic the window for another disaster remains open**

The Lac-Mégantic disaster was the consequence of four decades of deregulation, privatization, tax cuts, and austerity—all of which systematically eroded transportation safety protections. It was a perfect storm of corporate negligence and regulatory failure.

As volumes of oil by rail skyrocketed, resources within the regulatory agency remained frozen. The railway/petroleum lobby successfully argued that additional safety regulations proposed to address the danger were unnecessary. They also successfully argued that the rules should be changed to allow trains carrying dangerous goods to operate with a single crew member.

Montreal, Maine & Atlantic [MMA]—a company with a poor safety record, on a poorly maintained track, the first to operate under the new single operator rule—was hauling huge volumes through Lac-Mégantic in tank cars. Both Canadian and US transportation safety boards had warned against carrying dangerous goods in those cars.

In the aftermath of the disaster, three front-line workers were criminally charged and acquitted. No corporate executives, owners, directors, or senior public servants have been held legally liable.

The still-flawed safety oversight regime— Safety Management Systems [SMS]<sup>11</sup>—has continuously been on the Transportation Safety Board’s (TSB) Watchlist since the list was created to highlight “issues posing the greatest risk to Canada’s transportation system.”

The number of uncontrolled rail movements has risen significantly between 2010 and 2022. The TSB 2022 Watchlist concluded that unplanned/uncontrolled movement of rail equipment continue to “create high-risk situations that may have catastrophic consequences.”<sup>12</sup>

Companies have not yet implemented effective work-rest requirements for workers, in accordance with sound science. *Fatigue* remains on the TSB Watchlist as posing a safety risk to operations.<sup>13</sup>

The Auditor General’s 2021 report on rail safety concluded that safety management systems expressed serious focus on checking off the regulatory boxes: not whether they were effective in reducing the risk of accidents.<sup>14</sup>

## **Case 2: Fossil Fuels and the climate crisis**

The latest projections show Canada will almost certainly fail to meet its own target to reduce greenhouse gas emissions by 40 to 45 per cent by 2030.<sup>15</sup> The Environmental Commissioner in the Auditor General’s office, has criticized the government’s record as a litany of broken promises: “*We have been repeatedly ringing the alarm bells. Now, these bells are almost deafening.*”<sup>16</sup>

Although solar power investment globally is set to outstrip spending on oil production investment in 2023.<sup>17</sup> Total investment by the petroleum industry on low-emissions sources of energy is less than five per cent of the total spent on fossil fuel development. The government has provided huge subsidies for unproven carbon capture and storage technology which is ineffective in reducing carbon emissions and only serves to delay the transition away from fossil fuels.<sup>18</sup>

Nor has the federal government been able to effectively regulate financial institutions’ investments in the fossil fuels industry in accordance with its climate commitments.

Since 2016 renewable energy has taken seven per cent of a total \$2.5 trillion in bank loans and bond underwriting for energy activities.<sup>19</sup> The Big Five Canadian banks all made the list of top 20 funders globally after investing more than \$1 trillion in fossil fuel companies since 2016.

Canada's largest banks have committed to voluntarily align their investments and lending with the United Nations net zero emissions target as part of the Net-Zero Banking Alliance.<sup>20</sup> However their net-zero pledges are highly suspect, bordering on greenwashing,<sup>21</sup> and therefore require strict government regulations.

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## Actions

The AFB takes the following measures aimed at confronting regulatory capture and ensuring public health, safety, and the environment takes precedence over profit.

**The AFB will** restore resources to regulatory agencies. Strengthen in-house professional analytical and research expertise to effectively submit and evaluate regulatory proposals; evaluate company risk assessments and conduct independent systemic risk assessments. Ensure safety oversight regimes have the necessary surveillance and enforcement capacity.

**The AFB will** ensure regulatory resources are paid out of general tax revenue rather than through cost recovery under which company priorities often supplant safety.

**The AFB will** ensure that regulatory agencies have the necessary resources to carry out their roles and responsibilities including using the transparent and publicly accessible Canada Gazette process for all proposed regulatory changes to ensure that Incorporation by reference and regulatory sandbox mechanisms will only be allowed on a case-by-case basis for purely technical documents.

**The AFB will** curb the "revolving door" by measures including training for those coming from industry on their duties as guardians of the public interest and a cooling-off period limiting their movement back to industry or lobbying.

**The AFB will** reform civil and criminal liability regimes to hold politicians, senior officials, company executives, directors, and owners to a higher standard of accountability, including legal liability, for decisions that endanger public health, safety, and the environment.

**The AFB will** make changes to the government's regulatory policy, the *Cabinet Directive on Regulation*, notably eliminating the one-for-one rule and prioritizing the precautionary principle over competitiveness considerations when making decisions about health, safety, and the environment.<sup>22</sup>

**The AFB will** ensure regulations are consistent with legislation, as described by former Department of Justice General Counsel Edgar Schmidt,<sup>23</sup> by establishing a regulatory oversight committee.

**The AFB will** provide financial and other forms of support to public interest groups, municipalities, etc., to enable broad-based citizen engagement in the legislative and regulatory process (\$10 million a year). Mechanisms for public participation in regulatory processes, including notice and comment requirements, the Let's Talk Federal Regulations platform, and rights of third-party appeal, need to be significantly strengthened.<sup>24</sup>

**The AFB will** strengthen access-to-information laws to require lobbyists to make public more information about their activities and other company information currently shielded from public access by "commercial confidentiality" regulations.

**The AFB will** ensure that international bodies charged with harmonizing regulations across political jurisdictions, are accountable to parliamentary and public scrutiny to ensure they are not simply forums for behind-the-scenes deregulation.

**The AFB will** ensure that regulatory agencies are not conflicted by dual mandates of economic/promotion and safety protection, and do not report to ministers with dual mandates, as exists in the transportation and nuclear sectors. Regulators should become stand-alone agencies that report directly to parliament.

**The AFB will** implement robust whistleblower protections under an independent office, enshrined in legislation.

Canada's major pension funds continue to invest heavily in fossil fuels. Recent incremental reductions are far from what is needed to end their investments in fossil fuels. While most have voluntarily made net-zero emissions commitments, they are variable and vague. The AFB will establish a net-zero standard and amend the Income Tax Act to introduce a Net-Zero rule requiring pension funds to demonstrate net-zero alignment in order to maintain full tax-exempt status.<sup>25</sup>

**The AFB will** support Senator Galvez's Climate Aligned Finance Act<sup>26</sup> (S-243)—which seeks to hold financial institutions accountable for investments that increase climate risk. It is still stalled in the Senate. Require the federal supervisor, the Office of the Superintendent of Financial Institutions (OSFI), to mandate climate targets and make adequate capital requirements (buffers) among banks proportional to the climate risks that exist in their businesses and in the broader economy. If enacted, it would be an important step toward phasing out fossil fuel production in Canada in line with International Energy Agency and UN-IPCC warnings.

**Table 24.1 AFB actions on regulation**

All figures in \$M

	2024-25	2025-26	2026-27
Better resource regulatory agencies	\$330	\$330	\$330
Regulators paid from general revenues instead of cost recovery from industry	\$260	\$260	\$260
Provide financial support for citizen engagement in regulatory processes	\$10	\$10	\$10

## Notes

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# Seniors' care

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## Introduction

Since the devastating reports that emerged during the COVID-19 pandemic, much has been said, written, and promised about seniors' care in Canada. Funding, however, has been slow to follow—and action even slower still. Without a thoughtful, timely balance of both funding and action, the transformation desperately sought by seniors and their families, practitioners, advocates, and scholars will remain more aspiration than reality.

What has been achieved at the federal level is nonetheless notable. The 2023 AFB called for the implementation of *enforceable* national standards “aligned with expert consensus on what needs to be done: regulated hours of direct care, improved staffing ratios, a national staffing strategy, increased pay and stability for staff, investments in home care and community-based services.”<sup>1</sup> Most significant is the development of national standards for the physical infrastructure of care facilities and the delivery of care at those facilities in January 2022 and 2023, respectively. The Health Standards Organization standards aim to guide the consistency of care, ensure quality of life and dignity for residents, and ensure the well-being of staff; the Canadian Standards Association standards provide guidance on the safe operations of facilities, with a considerable focus on infection prevention and control. Budget 2021 earmarked \$3 billion to support provinces in implementing these new standards of care.

Amid growing awareness of the crisis in the health care workforce, efforts to reduce the precarity faced by seniors' care workers through wage top-ups and retirement funding schemes have the potential to generate positive intersectional impacts.

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## Overview

Many challenges remain. Among them, the most deeply embedded inequities in the seniors' care system that are reproduced by neoliberal capitalism: continuing to place profit before people.

The federal government's approach has been incremental and wary of overstepping on provincial jurisdiction. Its efforts, while necessary, are far from sufficient—leaving the impression of hesitant, piecemeal improvements rather than systemic transformation. The new national standards are entirely voluntary (several provincial legislatures are currently debating whether to adopt them) and lack tangible enforcement measures. The much-lauded bilateral health agreements recently negotiated between Ottawa and the provinces may encourage investing in seniors' care but they offer few specifics.<sup>2</sup> While the agreements acknowledge and move towards several crucial actions called for by advocates and past AFBs (for example, providing wage top-ups for personal support workers and gestures towards “supporting a resilient healthcare workforce”),<sup>3</sup> these measures fall short on accountability, enforcement, dedicated or earmarked funding, and the actual dollar amounts committed. Meanwhile, there has been no pushback from the federal government on the increasing shift of public funding to privatized delivery of seniors' care, despite the large body of evidence—tragically reaffirmed by the pandemic—that private, for-profit care is detrimental to seniors and the workers who care for them.

Rather than striving to enshrine and enforce evidence-based best practices, the federal approach has been to slightly raise the bar to a new minimum. For many seniors' care workers, already among the most precariously employed and most impacted by the pandemic, the promise of wage top-ups and retirement schemes are a drop in the barrel—all but cancelled out by increases in inflation and cost of living. Without wide scale improvements to working conditions, there will be few incentives for workers to enter or remain in the field, perpetuating staffing shortages that hamper quality care.

While some of these co-ordinated, systemic policies may be forthcoming in the long-awaited *Long-Term Care Act*, the federal government has so far given few hints as to the content or mechanisms of that legislation—or when Canadians can expect to see it introduced.

### Enforcing standards of care

A national co-ordinating body is needed to guide the implementation and enforcement of the standards of care, as opposed to the current

ad hoc, voluntary, province-by-province approach. While it is too late to include this caveat in the federal–provincial health agreement (short of renegotiating the entire deal), it is possible to tie future, dedicated funds to the adoption of and adherence to the national standards of care.

### **Creating a national seniors' care workforce staffing strategy**

A vast body of evidence shows that increased staffing of direct care workers results in fewer negative health outcomes for residents. The COVID-19 pandemic delivered a painful lesson in the consequences of a care workforce that is overstretched and under-resourced. The ripple effects on staff have been exponentially magnified in the aftermath (as such) of the pandemic. They materialize as continued illness, burnout, early retirement, and defection to higher-paid, more secure, or less damaging professions. The combined effect is a decimation of the sector's workforce. At the end of 2021, there were more than 35,000 vacant jobs in seniors' care—a drastic increase of approximately 10,000 from the beginning of that year.<sup>4</sup>

The Canadian Association for Long-term Care has highlighted the extent of the staffing crisis in seniors' care, and the compounded challenges Canada will need to address to ensure that new and upgraded facilities can be adequately staffed:

Throughout the pandemic, provincial governments in Canada have addressed their own shortages by developing recruitment and retention incentives, however these risk moving the problem either from one health care sector to another, or from one province to another rather than expanding the capacity and pool of staff. [...] A pan-Canadian approach is needed to ensure the framework is in place to improve health human resources capacity.<sup>5</sup>

While a national staffing strategy for seniors' care should coordinate and collaborate with a wider strategy for health care workers on common challenges, the establishment of a sector-specific strategy will recognize the distinctive nature and needs of seniors' care.

### **Collecting and co-ordinating decision-making data**

Although the federal-provincial health agreement reached in February 2023 commits to the creation of a "Centre of Excellence" to compile and analyze health worker data, such an initiative should be coordinated with a Canada-wide workforce strategy with specific focus on the seniors' care sector. In addressing the overwhelming crisis in retention and recruitment across health care fields, such information is necessary to identify areas

of greatest need; to align staffing initiatives to local, regional, and national contexts; and, crucially, to understand the challenges faced by current, potential, and former seniors' care workers. Indicators of workers' well-being should be used alongside surveys of working conditions and staffing levels.

### **Rebuilding the conditions of work to transform the conditions of care**

Another hard-earned lesson of the pandemic was the cost of precarious, casual, and part-time work for staff in the seniors' care sector, with as many as 22 per cent of long-term care staff employed at multiple facilities.<sup>6</sup>

During the pandemic, this precarity had life-or-death consequences as "movement of staff between multiple work sites, insufficient paid sick days and inadequate replacement of sick workers [...] became active factors in virus transmission. [...] long-term care workers were asked to risk their health, their lives and the well-being of their families while being denied employment security and an adequate living wage."<sup>7</sup> However, single-site restrictions designed to prevent or reduce viral outbreaks left many workers struggling financially.<sup>8</sup> The example of British Columbia, where staff were raised to full-time equivalents to compensate for the single-site restriction, led to better outcomes for residents and fewer outbreaks, and it improved the financial, physical, and mental well-being of workers.

The federal government has a generational opportunity to guide and support provinces in building a seniors' care sector that offers secure, permanent, good-paying jobs and, importantly, in building out interconnected community supports for seniors and people living with disabilities. Moreover, given the demographic composition of the people who work in seniors' care, home care, and community support, such an investment would have a significant impact in reducing economic inequalities for women, BIPOC, and new Canadians. In turn, residents stand to benefit from deeper, less rushed engagement with staff, and to have their needs met with dignity and compassion.

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## **Actions**

Taking these themes—based on decades of research as well as Canada's recent tragic experiences with COVID-19—as foundational, **the AFB will** implement the following actions to transform the delivery of seniors' care

in Canada. These actions will weave together the incremental initiatives already set in motion to create a cohesive, co-ordinated, pan-Canadian strategy for seniors' care.

Following the announcement of the Health Standards Organization standards, seniors' care expert (and contributor to the development of those standards) Professor Carole Estabrooks cautioned that, "Until there's a co-ordinated, national-provincial health workforce strategy that includes long-term care, it's going to be difficult to dig ourselves out of this really profound global emergency we're in, with respect of the workforce."<sup>9</sup>

**The AFB will** provide for an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis, so that qualified personal support workers, nurses, occupational and recreational therapists, dieticians, and other workers who contribute to seniors' care are available and willing to staff existing and new facilities and services in the community.

Accordingly, **the AFB will** allocate \$25 million annually to establish a national agency to co-ordinate funding, workforce, and standards among the three levels of government with responsibility for eldercare services. These monies will be in addition to the previously committed funding for the implementation of the national standards. **The AFB will** commit a further \$10 million over three years for workforce data collection.

**The AFB will** invest in converting part-time, casual, and temporary positions into full-time roles wherever appropriate. **The AFB will** commit \$1.2 billion annually to reducing job precarity and retaining experienced workers in seniors' care.

Additionally, **the AFB will** commit to building robust, high-quality home care services by expanding the wage top-ups offered to personal support workers in the February 2023 health accord as part of wider efforts to reduce precarity among health care workers in home care (this includes those who provide essential daily care services for seniors as well as for people with disabilities). This measure is estimated at approximately \$1 billion annually; including home care workers would increase the top-up from \$1.7 billion to \$2.7 billion over five years.

**The AFB reiterates** an investment of \$5.7 billion to support an additional 82 million hours of home care for the nearly 90,000 Canadians waiting to access these services. This is an increase of \$500 million from the 2023 AFB to account for inflation.

**Table 25.1 AFB actions on seniors' care**

All figures in \$M

	2024-25	2025-26	2026-27
National workforce & standards agency	\$25	\$25	\$25
Workforce data collection & analysis	\$4	\$3	\$3
Transform part-time & casual roles	\$1,200	\$1,320	\$1,450
Personal support workers and home care wage top-ups	\$540	\$540	\$540
Fund additional 82 million hours of home care services	\$5,700	\$5,770	\$6,980

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# Taxation

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## Overview

Canada's economy is full of mixed signals and the recovery is very uneven. Inflation has come down but food prices have continued to climb to their highest rates in four decades.<sup>1</sup> Unemployment is at record lows while wages still lag inflation.<sup>2,3</sup> The lowest 20 per cent of income earners have seen the highest relative wage gains over pre-pandemic levels but poverty has dramatically worsened.<sup>4,5</sup> This uncertainty is compounded by the ongoing climate crisis. Fairer taxation can support public investment toward a post-carbon economy while also reducing poverty and helping provide more robust public services. Further, fiscal policies—both spending and taxation—would have been better suited to reducing inflation in a just manner rather than the reflexive and ill-advised rate hikes from the Bank of Canada. During the pandemic, the federal government spent record amounts supporting Canadians through the financial upheaval. Pandemic-induced economic instability allowed corporations with pricing power to hike profit margins and claim an outsized share of those financial resources.<sup>6</sup> The predictable result was record corporate profits.<sup>7,8</sup> The AFB would implement tax measures to reduce extreme wealth concentration, reduce tax dodging, improve corporate accountability, strengthen climate action, support housing for all, and help make life more affordable.

### Reduce extreme wealth concentration

In 2021, as more than half a million Canadians slipped below the poverty line, Canada's 50 richest families added over \$30 billion to their wealth.<sup>9</sup> That year, Canadian corporations paid out a record \$269 billion in dividends, which overwhelmingly go to the wealthiest families.<sup>10,11</sup> The

ultra-wealthy leverage their assets to wield an undemocratic amount of political, cultural, and economic influence. The right tax measures will help to put that money back into public hands where it can benefit everyone.

### **Eliminate loopholes**

Large corporations and wealthy individuals can use aggressive tax planning to avoid paying taxes. This planning operates at the boundary of tax laws. A lack of penalties for illegitimate use of tax mechanisms means those who can afford expensive accountants and lawyers have an incentive to bend the law as far as it will go and test what tax planning the CRA will ignore. Fortunately, the government is finally moving forward with a promised update to the General Anti-Avoidance Rule, better known as GAAR, which is intended to catch illegitimate uses of tax mechanisms. However, the government also provides some loopholes that ought to be eliminated since they deprive the public of tax revenue without providing any clear public benefit. Despite reaping record profits in recent years, the exploitation of loopholes has pushed the effective corporate tax rate to a record low.<sup>12,13</sup> These loopholes cost the public money and worsen inequality. They also create a complex and onerous review process for the CRA, which can make it more difficult to separate legitimate from illegitimate tax planning.

### **Support climate action**

The Canadian government is using the tax system to deliver a lot of its effort on climate adaptation and mitigation. Most obvious is the carbon tax, which is the focal point of the federal government's climate plan. However, the 2022 and 2023 federal budgets included tens of billions in tax credits as incentives for corporate investment in emissions-reducing technologies. While there is a role for tax credits as part of Canada's effort to achieve a net zero economy, the over-emphasis on this specific tool, rather than direct public investment in a just transition, is worrisome (see the Environment and Climate Change chapter).

### **Invest in transparency and compliance**

The current government has failed to meaningfully increase the CRA's funding, despite promises to do so.<sup>14</sup> The public loses tens of billions every year due to non-compliance.<sup>15</sup> But even these huge losses pale in comparison to the legally sanctioned avoidance that is facilitated by a lack of transparency and the failure to update our tax laws.<sup>16</sup> We need to invest in the CRA to develop the tools and skills to deal with tax

avoidance, as well as the task of assessing eligibility for tax credits being offered as part of Canada's climate response.

### **Make life more affordable**

In 2022, Canadians experienced the highest inflation in a generation. While the rate of inflation has come down significantly, price levels are likely to remain elevated. Investment in greater public services, such as housing or universal pharmacare, would help reduce the growing affordability crisis. Tax measures can support these investments and help reduce inflationary pressures.

### **Support housing for all**

Home ownership is becoming a wedge that divides those who can benefit from rising home prices and those who suffer from an out-of-reach housing market. The federal government is doing too little to make housing—whether home ownership or rental units—affordable for all. In fact, some of what it is doing makes the problem worse.

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## **Actions**

**The AFB will** tax extreme wealth. An annual wealth tax would help to reduce the excessive power of the wealthy. It would also generate an incredible amount of revenue for the public. A progressive tax beginning on net worth over \$10 million would bring in \$32 billion in the first year, and \$409 billion over 10 years.<sup>17</sup> In other words, this tax, which could be paid by fewer than 0.5 per cent of Canada's richest families, would increase federal tax revenue by almost 10 per cent.

**The AFB will** restore the corporate income tax rate. Canadian governments have cut corporate income tax rates for decades. The reasoning has always been that this will lead to more investment, more innovation, and more jobs. The cuts have cost hundreds of billions of dollars without delivering the supposed benefits.<sup>18</sup> Boosting the federal rate to 20 per cent, from its present rate of 15 per cent, which is still low by historical standards, would generate more than \$11 billion annually.<sup>19</sup>

**The AFB will** implement a minimum tax on book profits. Book profits are what corporations report to their shareholders. They differ from the profits that corporations declare to tax authorities. Corporations are able to use a wide range of strategies to avoid paying billions of dollars in taxes.<sup>20</sup> Those strategies include aggressive tax planning that exploits tax laws in unintended ways. A minimum tax on book profits puts a floor on

corporate tax avoidance, which is one of the reasons the United States included such a tax in the *Inflation Reduction Act* (IRA). A minimum tax on 2022 book profits for companies with pre-tax book profits greater than \$1 billion—the same threshold as the IRA—would bring in almost \$7 billion in revenue.<sup>21</sup>

**The AFB will** implement a minimum tax on foreign profits. The OECD plan to address tax avoidance by transnational corporations is inadequate to address the problem.<sup>22</sup> Canada should implement a minimum tax of 25 per cent on foreign profits to make up for the shortcomings of the OECD plan. Such a tax could generate \$20 billion or more.<sup>23</sup>

**The AFB will** raise the inclusion rate for capital gains. Every dollar of workers' pay gets taxed but only half of capital gains—the income from buying and selling financial assets—gets taxed. Over half of this income goes to the richest one per cent.<sup>24</sup> The preferential treatment of financial activity widens the wealth gap and costs the federal government over \$20 billion annually.<sup>25</sup> The Parliamentary Budget Officer (PBO) estimates that raising the inclusion rate to 75 per cent would bring in more than \$9.5 billion.<sup>26</sup>

**The AFB will** cap corporate pay deductions at \$1 million in total compensation for every employee. Corporate executive salaries hit a new record in 2021.<sup>27</sup> This followed a year when corporate boards rigged pay rules to ensure executives would receive bonuses.<sup>28</sup> Unlike the United States, which caps executive pay deduction at \$1 million, Canadian corporations can claim the full amount of executive pay as an operating expense. Canada should impose a cap, just like the U.S.

**The AFB will** limit the dividend tax credit, which was intended to compensate shareholders for the income tax that corporations pay. However, because corporations are increasingly avoiding their tax responsibilities, the credit is misapplied. Further, half of benefits go to the top one per cent.<sup>29</sup> Limiting this to the tax actually paid would save the federal government at least \$1 billion annually; eliminating it entirely would save over \$6 billion.<sup>30</sup>

**The AFB will** limit loss carry-overs to their level from 2006 of 10 years. When a corporation records a loss it can carry that loss backward or forward to reduce its taxes in profitable years. They applies to both capital and non-capital losses. This costs the government about \$11 billion per year. There is no annual limit to the application of these loss carryovers. That means a corporation can eliminate 100 per cent of their taxes in a given year using offsetting losses from a decade ago or more. The AFB will limit the carry-forward period to 10 years for corporate non-capital

losses as it existed prior to 2006. It also will allow corporate capital losses to be carried forward only 10 years not indefinitely.

**The AFB will** end tax agreements with known tax havens to disrupt the international tax avoidance schemes that cost the Canadian public billions of dollars.<sup>31</sup> Canada has numerous tax agreements with countries that are known to facilitate tax avoidance. These agreements primarily benefit large corporations and wealthy elites that are able to exploit the low tax rates and extreme secrecy provided by these jurisdictions.

**The AFB will** provide the CRA with the resources required to monitor and regulate the charitable sector in a way that ensures tax-exempted dollars benefit the public, while protecting against possible individual harms and damaging labor force implications resulting from recent regulatory changes. The changes introduced in the 2022 federal budget that allow charities, including foundations, to provide grants to non-charities have seen a slow path to implementation, with the CRA yet to release their final policy guidelines on the subject. This new regulatory regime provides access to philanthropic dollars for grassroots groups that had previously been structurally excluded from the sector—an important move, especially for under-resourced groups that might lack the finances or professional connections to navigate the cumbersome process of applying for charitable status. However, some of the broader implications of these changes require closer monitoring. Content in the newly revised CRA Charities Directorate's T3010 Form points to some troubling possibilities, as it makes clear the ability for charities to provide funding to for-profits to deliver education and health care programs. Other jurisdictions with similar regulatory allowances show a common practice of large, for-profit corporations receiving tax-exempted dollars. From a labour standpoint, in a sector that already has an employment precarity issue, the tax implications for individuals receiving gifts, and how the new legislation interacts with employment status, are areas of concern. Although these regulatory changes have been described as the most significant the charitable sector has seen in decades, the CRA does not appear to have the requisite resources to monitor unintended harms. Additional CRA staff to first provide proactive support to charities and would-be grantees to help them navigate these new regulations, reducing the possibilities of abuse or unintended harms, is a critical investment. The CRA also requires specific capacity to analyze the impacts of this regime in relation to employment, taxation, and privatization. The AFB will provide \$25 million a year to help charities in that regard.

**The AFB will** implement a border carbon tariff and tax all carbon emissions. Currently, the emissions from the oil and gas sector are not

subject to the carbon tax, despite producing 26 per cent of Canada's emissions. This exclusion was intended to keep Canadian oil and gas internationally competitive. However, it has undermined the country's ability to meet its emission reduction goals. Carbon pricing should be applied to all emissions from large emitters, combined with carbon tariffs on imports from countries not pricing emissions and rebates on Canadian exports to those countries. This would make Canadian industry more competitive and increase the federal government's revenues by approximately \$3 billion annually.

**The AFB will** strengthen labour and accountability rules for climate tax credits. Some of the climate tax credits being offered to corporations include an incentive to meet labour standards. Companies that meet the standards are able to claim a higher credit. However, this incentive should be turned into a requirement to prevent some companies from choosing to sacrifice a portion of the credit so they can pay lower wages. The government also needs to expand the jobs covered by the labour requirement. Additionally, in order to ensure the measures are effective, the government needs to provide public information on the amount of investment that is actually made by companies claiming the credit.

**The AFB will** properly fund the Canada Revenue Agency (CRA). The PBO estimates a payback of \$4-5 for every extra dollar invested in the CRA.<sup>32</sup> Increasing the budget of the CRA would allow workers to investigate the complex international schemes devised for corporations and wealth tax avoiders. The CRA should also be empowered to hold responsible the accounting and law firms that are implicated in devising and implementing tax avoidance schemes.<sup>33</sup> Therefore, the AFB will invest an extra \$2 billion over three years in the agency.

**The AFB will** prioritize tax avoidance by the wealthy. Instead of focusing on the biggest tax dodgers, the government is using the CRA to go after recipients of the Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB).<sup>34</sup> Meanwhile, some of Canada's largest corporations collected Canada Emergency Wage Subsidy (CEWS) while making hundreds of billions in profits and paying little in taxes.<sup>35</sup> Therefore, the AFB will shift the spending from budget 2023 on catching low-income CERB recipients to auditing CEWS recipients.

**The AFB will** require public, country-by-country reporting of corporate financial information. The federal government has almost finalized the creation of a public registry of beneficial ownership. This will help reduce money laundering, tax dodging, and other financial crimes.<sup>36</sup> Now we need similar urgency to publicly disclose the country-by-country financial information of large transnational corporations. This information

will help tax authorities around the world that are struggling to ensure transnational corporate tax compliance.

**The AFB will** implement a windfall profits tax. Canadian corporations made record-high profit margins in 2021.<sup>37</sup> Margins remained elevated throughout 2022.<sup>38</sup> Certain sectors saw particularly large increases in their profits.<sup>39</sup> Record corporate profits were primarily the product of record government spending. Government investment in housing, health care, climate action, and other essential areas invariably leads to higher corporate profits. A windfall profit tax does not just return public funds to public hands, it also reduces the incentive for companies to exercise their pricing power and hike profit margins. Such a tax should still be retroactively applied to pandemic profits, but it should also be kept on the books as a counterpart to ongoing and future funding by the federal government. A tax on profits greater than 120 per cent of pre-pandemic margins could, conservatively, bring in well over \$20 billion for 2021 and 2022.

**The AFB will** implement automatic tax filing. The government has made some very small steps forward on automatic tax filing. However, it needs to move much more quickly.<sup>40</sup> Tax filing for most Canadians is overly onerous and costly. This can be the barrier that prevents many low-income and vulnerable people from filing. That results in them losing out on benefits. Automatic tax filing would eliminate this unnecessary task for most of us and ensure that public money gets to the marginalized people who need it most. Those needs are becoming more pronounced with rising living costs, which means automatic tax filing is more important than ever.

**The AFB will** end the REIT privilege for housing. Real Estate Investment Trusts (REITs) have gained control over a large segment of Canada's rental housing. REITs use a variety of tactics to drive out existing renters in order to make more revenue. REITs do not have to pay any corporate income tax—instead, the tax liability is passed on to investors. However, when investors have REITs in a tax sheltered account, like a RRSP, no one pays any taxes. This tax preference helps them aggressively expand, which reduces housing affordability. ACORN Canada is calling for the federal government to eliminate this exemption or at least tie it to supplying affordable housing. If REITs were taxed like other Canadian corporations, they would pay about \$130 million in annual corporate income tax (see the Affordable Housing chapter).

**The AFB will** eliminate the First Home Savings Account. Eliminating this ill-advised measure would save the federal government \$465 million<sup>41</sup> (for more details on this and other tax measures related to housing, see the Housing chapter).

## Table 26.1 AFB actions on taxation

All figures in \$M

	2024-25	2025-26	2026-27
Wealth tax (net of the million dollar windfall home tax)	-\$28,822	-\$28,368	-\$27,914
Increase corporate income taxes from 15% to 20%	-\$11,000	-\$11,451	-\$11,898
Minimum tax on book profits	-\$7,000	-\$7,287	-\$7,571
Minimum tax on foreign profits	-\$19,300	-\$20,091	-\$20,875
Increase inclusion rate on personal and corporate capital gains	-\$9,500	-\$9,890	-\$10,275
Limit corporate deductibility for executives making over \$1 million	-\$500	-\$500	-\$500
Limit the dividend tax credit to actual corporate taxes paid	-\$1,000	-\$1,041	-\$1,082
Limit corporate loss carry-overs to 10 years (capital and non-farm non-capital)	-\$1,000	-\$800	-\$800
Aid charities in navigating new regulatory changes	\$25	\$25	
Apply carbon tax to large emitters & implement carbon border tax	-\$3,000	-\$3,000	-\$3,000
Invest in CRA investigations, auditing, and enforcement	\$667	\$667	\$667
Revenue from increased investigations	-\$2,667	-\$2,667	-\$2,667
Implement a windfall profits tax	-\$1,000	-\$2,000	-\$2,000
Introduce automatic tax filing	\$100	\$0	\$0

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# Macroeconomic and fiscal projections

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## Introduction

In the summer of 2023, inflation came back within the federal government's guidelines of between one per cent and three per cent. Unfortunately, only a week before this data was released, the Bank of Canada again raised its overnight rate. This drop to sub three per cent inflation had been predicted months earlier, based mostly on base effects and wasn't a surprise to the Bank of Canada.<sup>1</sup> This signals that the bank may not be operating on the one to three per cent range but, rather, it may want to see the inflation rate at or below two per cent before rates decrease. More increases may well be in order if the headline rate remains at roughly three per cent, which is the forecast for the fall of 2023.

Rate hikes now will have no impact on inflation in the near term since the lag times for impact are tremendous. The full impact of rate hikes aren't for 11 quarters—almost three years—with 75 per cent of the impact hitting within nine quarters or more than two years, according to the bank's own research.<sup>2</sup> Changes in the summer of 2023 won't have an impact until 2025. There are clearly prices that need controlling, like high housing prices, but higher interest rates are a poor mechanism, particularly when lags are so long. Having mortgage holders and renters

pay so much more in interest that their slashed spending elsewhere causes a recession is certainly not the best route.

The cost of living is hardly the only concern for Canadians. While poverty rates plummeted during the pandemic economic shutdowns due to massive temporary federal income supports, they are now rising. Climate change is alternatively burning our forest and then flooding our rivers. Long-term care and health care remain of great concern, with ERs closing and staffing shortages endangering patients. Historic underinvestment in First Nations' communities on reserves have created some of the lowest income places in Canada. These issues aren't something the market will resolve; they are unavoidably public problems that governments have been attempting to manage, but the scale is far too small.

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## Overview

The simplistic logic of the “government as a household” that needs to only spend as much as it raises from taxes every year is erroneous and often used to block critical investments. In reality, the federal government isn't like a household, but it is like a member of one. The other members are provincial governments, individuals and the corporate sector. Each one trades with the others and every transaction has two sides: a deficit and a surplus. If you're receiving money, you're on the surplus side; if you're paying it, you're on the deficit side. In this way, every deficit in one sector exactly equals any surplus in another sector. Simply looking at one member of the household—say, the federal government's deficit—completely ignores that another sector got that money as a surplus. We can't tell if a deficit was good or bad unless we know who was on the other side of the transaction and how that money was spent. A federal deficit creating a surplus among households may seem positive unless it is all due to tax cuts for the rich.

On a technical perspective, this is called the financial flow accounts. They are presented in Figure 27.1 and show which sectors were in deficit and which sectors received those deficits as surpluses. The sum of all deficits and surpluses in a given quarter is always zero, since all money ends up somewhere.

During the pandemic economic shutdown, the federal government ran a substantial deficit, but this money went somewhere and created a corresponding surplus initially among individuals—due to programs like the Canada Emergency Response Benefit (CERB) and the Canada

Recovery Benefit (CRB). It also created a surplus in the corporate sector through the larger CEWS program, which had far fewer strings attached than worker programs. Here a federal deficit created surpluses that ended up in shareholder payouts and executive bonuses, which isn't the best use of a deficit.

In 2021, as the CERB and CRB programs were rapidly wound down, the surplus for households dropped substantially and the federal deficit started to shrink.

The federal deficit was also caused by massive new pandemic transfers to the provinces. Provincial transfers for health care, long-term care, municipal transit, child care and schools meant that provincial deficits didn't change much over the pandemic.

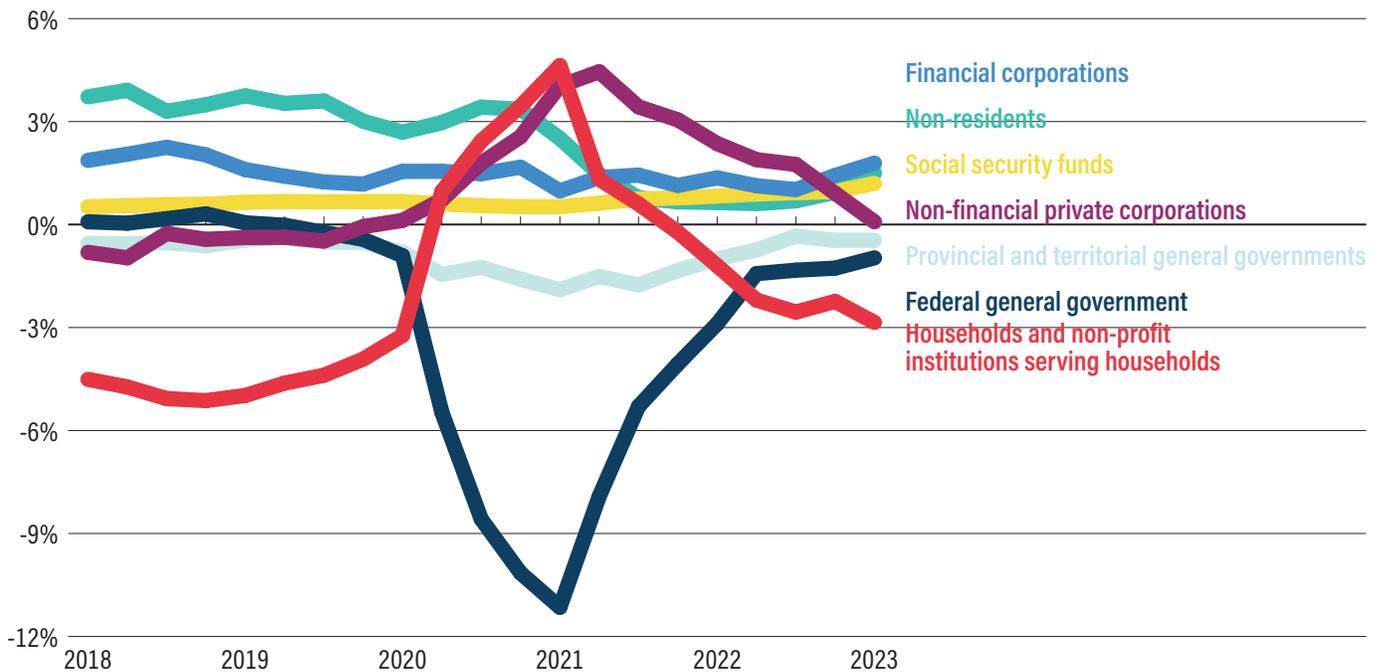
This was also the period when inflation took off. On the one hand, the historic surplus enjoyed by non-residents (i.e. people outside of Canada because we imported more than we exported) dropped during the pandemic because people couldn't shop due to economic shutdowns and then continued to drop after the re-opening, due to supply chain issues. On the other hand, corporate profits, i.e. surpluses in the corporate sector, went through the roof as they pushed households into a deficit situation but also captured those supply chain issues with higher prices.

Effective surtaxes on excess corporate profits for exactly this type of reason could have made federal deficits smaller while capping corporate surpluses, but there weren't any in place at the time (see the Taxation chapter). In more recent quarters, corporate surpluses have petered out as inflation has come back down, hopefully ending this period of rapid price increases, which were effectively captured by corporate profits.

In the most recent quarters, federal deficits have been much smaller, but smaller federal deficits means smaller surpluses elsewhere. Households have been driven back into a deep deficit situation since 2021. The financial sector is now picking up more of the federal deficit as a surplus—it didn't enjoy the same surplus as the non-financial corporate sector did during the pandemic. Also, non-residents are upping their capture of federal deficits.

Federal deficits, per se, aren't good or bad—they are only one side of a transaction. To properly evaluate the utility of a deficit, we need to understand which sector is on the other side gaining a surplus and what that surplus went towards. It's misrepresentative to say, out of the gate, that federal deficits are bad and federal surpluses are good because it fails to understand the rest of the economy and the role that the federal government plays in it.

Figure 27.1 Deficits and surpluses across sectors



**Note:** Flows are calculated as a four quarter rolling sum. Non-financial government enterprises, local general government and First Nations governments excluded, as they tend to have small flows.

**Source:** Table 36-10-0578-01, 36-10-0103-01 and author's calculations

## Economic projections: the base case

The Alternative Federal Budget (AFB) relies on the most recent Finance Canada projections on the state of the economy and federal finances, in this case, the 2023 federal budget. This represents the base case upon which the AFB is added, as shown below.

In the base case, at best there is no real GDP growth in 2024 and at worst there is a recession. It all depends on the timing of the no-growth scenario next year and how it is allocated across quarters. So far in 2023, we've seen almost no real GDP growth, excluding the January figures. Finance Canada also projects that inflation will be entirely vanquished by 2024, coming in at only 0.6 per cent for the year. The inflation in Table 27.1 is GDP inflation, or changes in all prices, not just for goods and services sold to consumers, but nonetheless, it is quite low.

Growth into 2025 remains low, showing the protracted impact of high interest rates on economic growth for years to come. Throughout the projection horizon, the deficit is falling. Debt service charges are rising, due to higher interest rates, but the debt-service-to-GDP is falling

**Table 27.1 Base case (Finance Canada)**

Macroeconomic indicators	2024	2025	2026	2027
Nominal GDP (mil)	\$2,810,000	\$2,911,000	\$3,036,000	\$3,161,000
Real GDP growth	0.3%	1.5%	2.3%	2.2%
GDP inflation	0.6%	2.0%	1.9%	1.9%
Nominal GDP growth	0.9%	3.6%	4.3%	4.1%
<b>Employment</b>				
Participation rate	65.7%	65.4%	65.4%	65.4%
Labour force (000s)	21,319	21,519	21,820	22,125
Employed (000s)	20,082	20,185	20,511	20,864
Employment rate	61.9%	61.3%	61.5%	61.7%
Unemployed (000s)	1,237	1,334	1,309	1,261
Unemployment rate	5.8%	6.2%	6.0%	5.7%
<b>Budgetary transactions (mil)</b>				
Revenues	\$456,800	\$478,500	\$498,400	\$521,800
Program spending	\$453,000	\$467,500	\$478,700	\$489,200
Debt service	\$43,900	\$46,000	\$46,600	\$48,300
Budget balance (surplus/deficit)	-\$40,100	-\$35,000	-\$26,900	-\$15,700
Closing debt (accumulated deficit)	\$1,220,800	\$1,255,800	\$1,282,700	\$1,298,400
<b>Budgetary indicators as a percentage of GDP</b>				
Revenues/GDP	16.3%	16.4%	16.4%	16.5%
Program spending/GDP	16.1%	16.1%	15.8%	15.5%
Budgetary balance/GDP	-1.4%	-1.2%	-0.9%	-0.5%
Debt service/GDP	1.6%	1.6%	1.5%	1.5%
Debt/GDP	43.4%	43.1%	42.2%	41.1%

**Source:** Tables A1.1, A1.5 of the 2023 federal budget and author's calculations

nonetheless. In the aggregate, the debt-to-GDP ratio has fallen rapidly from its peak of 48 per cent in 2020. Generous pandemic supports allowed for a rapid economic recovery. It also rapidly drove down the relative debt back to where it stood in 2002.

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## Economic projections: the AFB impact

The aggregate impact of all AFB chapters, which is cost out in Table 27.4, are summarized in Table 27.2. This shows all changes in both revenues and expenditures placed atop the base case estimates of Finance Canada

**Table 27.2 AFB plan**

	2023-24	2024-25	2025-26	2026-27
Nominal GDP	\$2,810,000	\$2,984,000	\$3,134,000	\$3,285,000
Nominal GDP growth	0.9%	6.2%	5.0%	4.8%
<b>Revenues (mil)</b>				
Base case	\$456,800	\$478,500	\$498,400	\$521,800
Net AFB revenue measures		\$95,200	\$98,800	\$104,900
Additional tax revenue due to higher GDP		\$12,000	\$16,100	\$20,300
Total	\$456,800	\$585,700	\$613,300	\$647,000
<b>Program spending (mil)</b>				
Base case	\$453,000	\$467,500	\$478,700	\$489,200
Net AFB program measures		\$115,000	\$134,700	\$153,400
Total	\$453,000	\$582,500	\$613,400	\$642,600
Debt service	\$43,900	\$46,200	\$47,400	\$50,100
Budget balance (surplus/deficit)	-\$40,100	-\$43,000	-\$47,500	-\$45,700
Closing debt (accumulated deficit)	\$1,220,800	\$1,263,800	\$1,311,300	\$1,357,000
<b>Budgetary indicators as a percentage of GDP</b>				
Revenue/GDP	16.3%	19.6%	19.6%	19.7%
Program spending/GDP	16.1%	19.5%	19.6%	19.6%
Budgetary balance/GDP	-1.4%	-1.4%	-1.5%	-1.4%
Debt service/GDP	1.6%	1.5%	1.5%	1.5%
Debt/GDP	43.4%	42.4%	41.8%	41.3%

**Source:** Tables A1.1, A1.5 of the 2023 federal budget, AFB measures from Table 27.4 and author's calculations

above. The net impact of AFB measures on GDP, employment and income taxes paid are also estimated using Statistics Canada Input/Output total multipliers.<sup>3</sup>

Instead of middling nominal growth in 2024-25, the AFB substantially increases GDP growth in that year, accomplishing critical tasks, such as building out the national affordable child care plan, addressing climate change and making substantive progress on the infrastructure gap in First Nations communities. Higher nominal GDP growth continues in the second and third years of the AFB projection horizon.

The higher GDP is driven by a larger federal deficit, which creates larger private sector surpluses. Those surpluses in the pockets of Canadians and businesses drive more money through the economy, picking up growth in the process.

**Table 27.3 AFB employment impact**

	2024	2025	2026	2027
AFB jobs created or maintained (000s)		699	885	1,087
Population (000s)	32,449	32,903	33,364	33,831
Participation rate	65.7%	67.0%	67.5%	68.0%
Labour force (000s)	21,319	22,045	22,521	23,005
Employed (000s)	20,082	20,884	21,395	21,952
Employment rate	61.9%	63.5%	64.1%	64.9%
Unemployed (000s)	1,237	1,161	1,125	1,053
Unemployment rate	5.8%	5.3%	5.0%	4.6%

**Source:** Statistics Canada, [Table 36-10-0594-01 Input-output multipliers, detail level](#), AFB measures from Table 276.4 and author's calculations

The AFB plans for a substantially larger role for the federal government in managing critical areas. It would increase federal program expenditures to GDP to almost 20 per cent, from their present level of 16 per cent. However, the AFB would offset this new spending with new revenue in two forms: first, through higher taxes for wealthy Canadians and corporations and, second, through higher employment levels that would result in more income taxes paid. The result is that federal revenues to GDP under the AFB would also rise to just under 20 per cent, from their present level of 16 per cent.

The debt servicing costs are higher and incorporate Finance Canada's projections on higher interest rates generally. However, the economy is also larger as the AFB invests in growth. The net result is that the debt-servicing-to-GDP ratio remains the same in the base case as the AFB case, with higher debt costs being easier to manage because we've got a more active economy.

The deficit remains stable, at roughly \$45 billion a year—1.5 per cent of GDP. Meanwhile, the path for the debt-to-GDP ratio remains almost identical to the Finance Canada base case. While the debt is higher under the AFB, so is economic growth and the two offset each other. There are different paths to a lower debt-to-GDP ratio: one that tackles crises head on, driving economic growth in the process, and one that remains content with band-aid solutions to massive issues. The AFB chooses the former.

The AFB drives economic growth in addressing the defining issues of our time—like climate change, the health care crisis and housing costs—but that also creates jobs in the process. The Finance Canada base case sees unemployment climb to 6.2 per cent in 2024-25, from its 2023 level in the low five per cent range. Unemployment prior to the pandemic was

in the high five per cent range, illustrating that a strong job market is possible without inflationary pressures.

The AFB doesn't see employment as a problem—it's a necessary part of the role of the federal government to provide job opportunities and keep the job market tight. As such, the AFB creates just over a million more jobs by the third year, pushing the unemployment rate to under five per cent.

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## Targeted poverty reduction in the AFB<sup>4</sup>

This section focuses on total poverty rates, with little analysis of sub-populations besides age. Broad averages obscure much higher poverty rates that can be found in various sub-groups. For instance, racialized and Indigenous Canadians face higher poverty rates than the general average and white Canadians face lower rates. Certain areas of the country, like First Nations communities, face unthinkable levels of poverty in a rich country like Canada and yet they are explicitly excluded from national poverty statistics in most data sources.

In many cases, understanding and tracking poverty across various subgroups requires better data disaggregation than what is currently available. Statistics Canada has recently made important strides with the expansion of the Canada Income Survey to the territories and the inclusion of a racialized flag in the Labour Force Survey. Unfortunately, this better disaggregated data hasn't filtered down to Statistics Canada's tax modelling software SPSD/M, limiting the amount of sub-population poverty impacts, particularly on racialized, Indigenous, and disability populations that can be estimated in the AFB. Hopefully, future iterations of the software can provide better differentiation of sub-populations to better understand the impact of the AFB on poverty rates.

The key AFB poverty fighting tools line up with its four pillars of income support: for families with children, for older Canadians, for those with disabilities and for working age adults without children (see the "Poverty and income security" chapter). The poverty impact of each major AFB measure will be examined, as will the net poverty impacts of the entire AFB. The impacts of the main measures are shown in Table 27.4.

It's important to point out that in order to obtain any of these supports, federal taxes must be filed. Not everyone files their taxes, leading to missed benefits in populations like recent immigrants, those who are insecurely housed, and Indigenous Peoples. The "Poverty and income security" chapter will do a trial of delivering federal income benefits

**Table 27.4 CF-LIM poverty impact of selected AFB income supports (2024)**

AFB support program	Impact on deep poverty	Impact on all below poverty line
Total counts before AFB interventions	636,500	6,239,800
Canada Liveable Income	-366,200	-3,000
Canada Child Benefit—End poverty supplement	-33,300	-566,000
Change Guaranteed Income Supplement eligibility down from 65 to 60	-32,900	47,100
Canada Disability Benefit		-647,900 (MBM)

**Source:** SPSPD/M 30.0 and author's calculations. See the "Poverty and income security" chapter. The Canada Disability Benefit is only estimated using the Market Basket Measure and deep poverty calculations aren't made here. Deep poverty is defined as having income more than 75 per cent below the after tax CF-LIM line.

through trusted third parties to better deliver these important supports to those who are entitled to them but aren't receiving them.

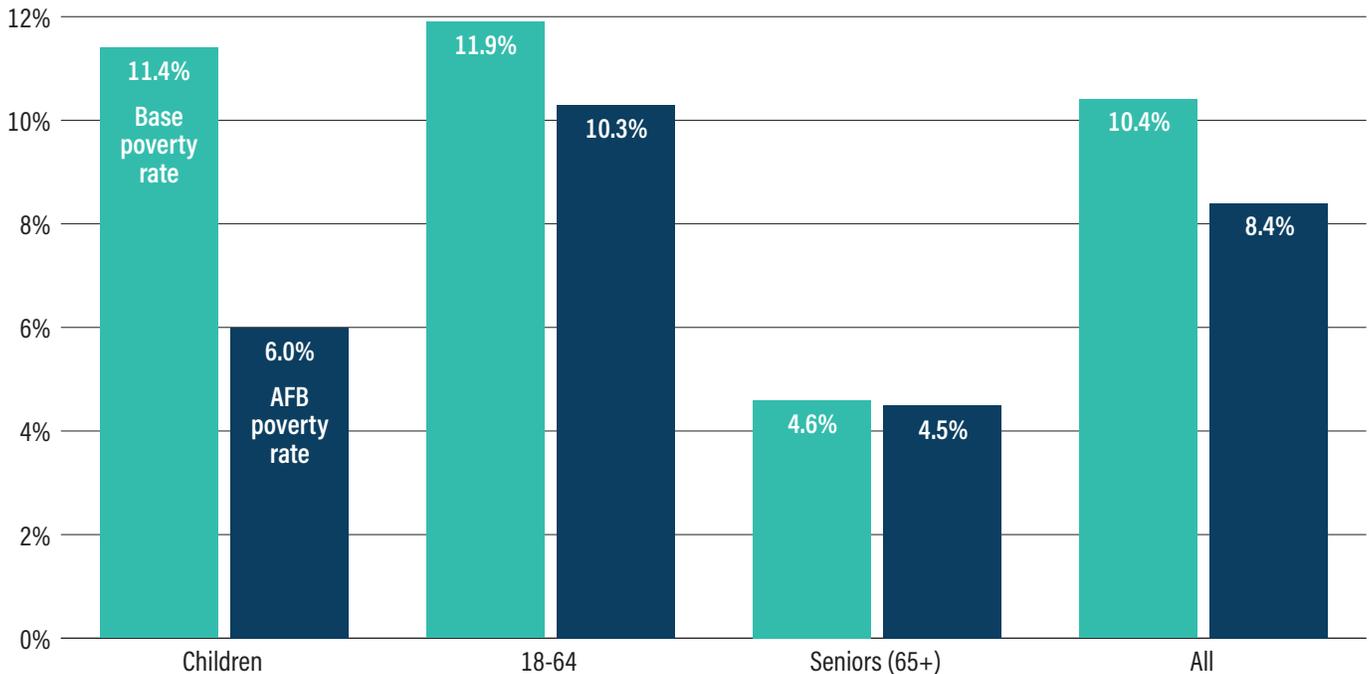
Let's start with the Canada Liveable Income (CLI), which is the AFB measure to support working-age adults without children, who, essentially, have access to no other federal supports, particularly in the absence of employment income. The CLI is targeted to reduce deep poverty, which is defined as having income 75 per cent or more below the after-tax CF-LIM line. Unfortunately in Canada, there are 637,000 Canadians who are living in deep poverty, almost all of them of working age.

The CLI has almost no impact on poverty rates. Given its focus on deep poverty, it only lifts 24,000 people above the MBM line or 3,000 people above the CF-LIM. But it lifts 391,000 people out of deep poverty, reducing deep poverty in Canada by 69 per cent.

The Canada Child Benefit End Poverty Supplement (CCB-EndPov) is a top up to families that are already receiving the Canada Child Benefit (CCB). It provides up to \$8,500 more a child to lower-income families. Overall, the new supplement reduces the number of Canadians in poverty by 632,000 (MBM) or 566,000 (CF-LIM). It helps more than children, since poverty is evaluated at the family level, with everyone counting as low income if a family is below the income threshold. Since the CCB-EndPov is focused on children, it has a particular impact on child poverty—lifting 369,000 children out of poverty according to the MBM (348,000 CF-LIM). It also has a limited impact on deep poverty, reducing it by 33,000 people.

High poverty rates afflict older adults in their early 60s because they aren't yet old enough to receive seniors' benefits but their ability to work, particularly in physical labour jobs, can be limited. As such, the AFB would make the Guaranteed Income Supplement (GIS) available to those aged 60 to 64 in order to better support low-income older workers in that age range. Providing this further support lifts 84,000 older Canadians

Figure 27.2 AFB impact on poverty rates 2024 (MBM)



Source: SPSD/M 30.0 and author's calculations

out of poverty according to the MBM (47,000 CF-LIM). This reduces the poverty rate for those 60 to 64 from 10.5 per cent to eight per cent MBM (15.9 per cent to 14.3 per cent CF-LIM). It also has the effect of reducing deep poverty by 33,000 people – 65 per cent, since those 60 to 64 have few other supports outside of social assistance.

The Canada Disability Benefit has been much discussed, but the AFB would put meat on the bones of this plan, with a real strategy for implementation and actual support values. The AFB's CDB would do a lot of the heavy lifting on poverty reduction since Canadians with disabilities live with much higher poverty rates. The CDB would lift 647,000 Canadians out of poverty.<sup>5</sup>

Overall, Figure 27.2 illustrates the net impact of the above changes and of all the tax/transfer changes in the AFB, including those that increase taxes in some areas. The AFB manages to lift 1.4 million people above the MBM line. This includes a million working-age adults and 389,000 children. The count of those in deep poverty is reduced by 400,000 people or 63 per cent. Broadly, the MBM poverty rate declines in 2024 from 10.4 per cent to 6.7 per cent, illustrating the potential impact of key AFB programs on poverty rates and on Canadians living in deep poverty.

As noted above, it's not currently possible to calculate the poverty impacts on racialized or Indigenous families. These families are more likely to experience poverty, so they are more likely to benefit from the poverty reduction measures in the AFB. Housing affordability measures or measures in sectors that predominantly employ racialized workers (like higher wages in health care or agriculture) will also aid such families in getting closer to the Canadian income average.

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## Gender analysis

As part of the AFB's regular reporting, we continue to track aggregate impact of AFB policies by gender. The approach used is to determine how much of a particular program goes to helping men vs. women.

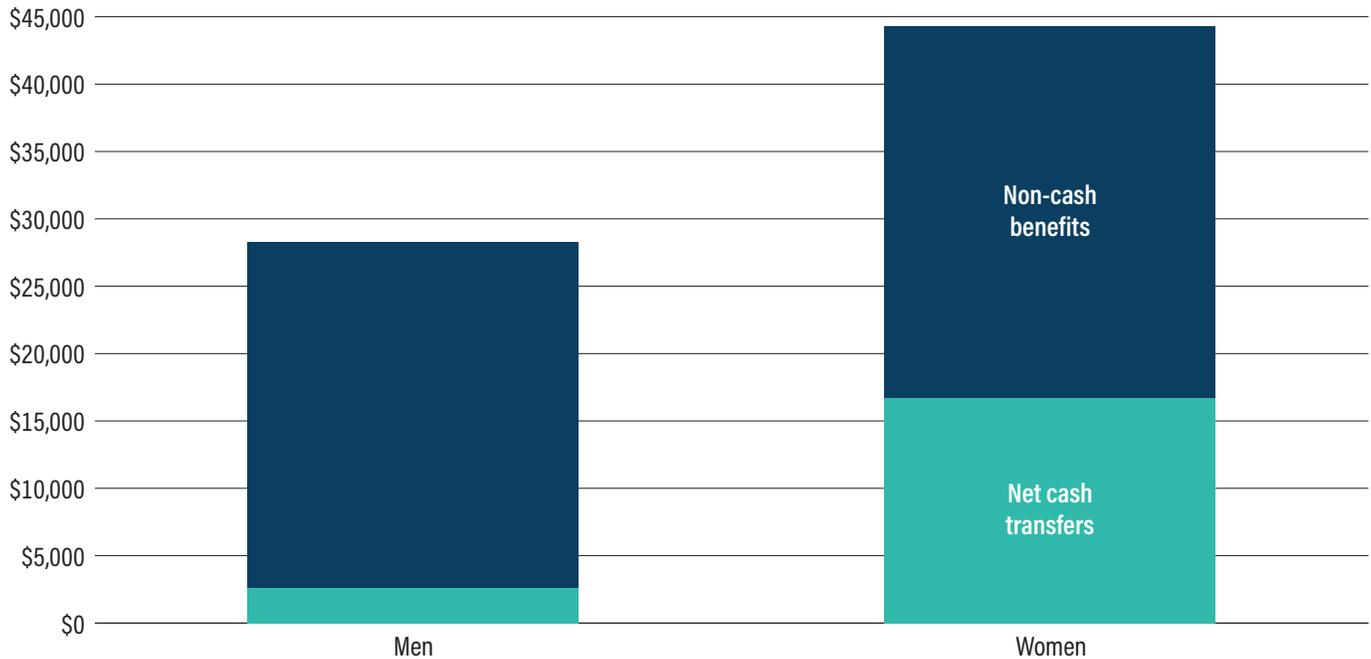
Many AFB measures don't benefit an identifiable individual. For instance, expanding zero-emissions electricity production or supporting active transportation infrastructure aren't for the benefit of a particular gender and therefore aren't included in the calculations behind Figure 27.3. But many programs do have identifiable populations. For example, investments in First Nations communities aid those living there, of which there are more women than men. Alternatively, aid for incarcerated people helps more men than women. Taxes and transfer changes can also be attributed to gender, with men paying more in new taxes, net of transfers, due to AFB changes for things like dividend taxation, because men are more likely to hold financial assets.

If we look at net cash transfers under the AFB plan (i.e. cash transfers net of tax changes) men see a small net benefit of \$2.6 billion a year, on average, while women receive an additional \$16.7 billion in net new transfers. The AFB's changes in dividend and capital gains taxation fall more heavily on men. In contrast, the majority of the new CCB end poverty supplement is paid to women, due, in large part, to their capacity as mothers. Both men and women benefit from a decline in post-secondary tuition.

Now we turn to non-cash benefits, which is spending on programs that don't result in individual cash changes but are programs with an intended target population. Many non-cash benefits will be of benefit to a particular population for which there is a gender breakdown. In this category, the distribution between genders is more even, with \$25.6 billion in net new benefits flowing to men and \$27.5 billion of net new benefits flowing to women, on average, a year from AFB non-cash measures. For example, higher wages in health care benefits women

### Figure 27.3 AFB benefits by gender

Annual average over the AFB's three-year time frame, \$ millions



Source: SPSPD/M 30.0 and author's calculations

while support for agriculture would benefit more men, given the gender employment breakdowns in those industries. Therefore, for new non-cash benefits in the AFB, 52 per cent of flows to women and 48 per cent flows to men.

Combining both cash and non-cash benefits in all AFB programs where gender attribution is possible, we find that 39 per cent of net new benefits flow to men and 61 per cent of them flow to women. Broadly speaking, the AFB is what a gender-sensitive budget should look like.

Analyzing the aggregate impact of a budget in terms of poverty or on certain populations, like men vs. women, should be an important part of every government's budget process. Recent federal budgets have come a long way in estimating their gender impact, although they provide less analysis of the impact on poverty or on other vulnerable subgroups. The AFB illustrates what's possible in terms of these types of analysis as a template for governments to follow in their own budget processes.

This analysis also illustrates the substantial strides that a federal government could make on poverty reduction and the elimination of deep poverty. The AFB shows that the federal government can aggressively

tackle the defining issues of our day and that the higher growth that that generates will keep our relative debt in check.

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## Notes

- 1 See chart 19, Bank of Canada, April 2023, *Monetary Policy Report*.
- 2 See table 1, Tony Chernis and Corinne Luu, 2018, *Disaggregating Household Sensitivity to Monetary Policy by Expenditure Category, 2018-32*, Bank of Canada.
- 3 Statistics Canada. [Table 36-10-0594-01 Input-output multipliers, detail level](#)
- 4 Estimates in this section of poverty rates, poverty rate changes, deep poverty are the result of glass box calculations in 2024 based on Statistics Canada's Social Policy Simulation Database and Model 30.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the authors.
- 5 Unfortunately, due to methodological complications, an estimate of the impact on CF-LIM poverty and deep poverty aren't available.

**Table 27.5 AFB actions**

All figures in \$M

	2024-25	2025-26	2026-27
<b>Affordable housing and homelessness</b>			
Capital funding to the National Housing Co-investment Fund (interest costs)	\$580	\$600	\$620
Public Land Acquisition Fund (interest costs)	\$58	\$150	\$248
Housing Acquisition Fund to acquire 60,000 rental units (interest costs)	\$145	\$300	\$465
Introduce a deferrable property surtax on million dollar homes	-\$3,178	-\$3,632	-\$4,086
Cancel the First-Time Home Buyer Incentive	-\$270	-\$270	-\$270
Cancel the Tax-Free First Home Savings Account	-\$465	-\$500	-\$500
Cancel REIT tax treatment	-\$55	-\$57	-\$59
<b>Agriculture</b>			
Establish a Foodshed Lands Trust	\$87	\$90	\$93
Increase annual core funding for regulatory bodies by 25%	\$164	\$164	\$164
Increase local and regional agriculture infrastructure capacity	\$210	\$210	\$210
Establish a climate change-focused agriculture extension institution	\$400	\$400	\$400
Funds already in the fiscal framework	-\$400	-\$400	-\$400
<b>Arts and culture</b>			
Refundable tax credit on professional artistic income	\$37	\$37	\$37
Artists permitted to back-average income over four years for income tax	\$5	\$5	\$5
Public Lending Right Program	\$10	\$10	\$10
Canada Council of the Arts inclusive program funding	\$50	\$50	\$50
<b>Child care</b>			
Early learning and child care workforce strategy	\$1,000	\$2,000	\$4,000
Boost the early learning and child care infrastructure fund	\$2,000	\$3,000	\$5,000
<b>Decent work</b>			
Enforce new misclassification regulations	\$10	\$10	\$10
Make labour market agreements boost permanent	\$625	\$625	\$625

	2024-25	2025-26	2026-27
<b>Employment Insurance</b>			
Lower benefit threshold to lesser of 360 hours or 12 weeks	\$1,080	\$1,080	\$1,080
Introduce a 50-week maximum duration in all regions	\$216	\$216	\$216
Substitute EI disqualification for 'invalid' job separation with three-week disentitlement period	\$1,835	\$1,835	\$1,835
Adjust rule requiring 7 consecutive days without pay or work	\$10	\$10	\$10
Extend the 50-week limit to 104 weeks on combined special benefits and regular benefits	\$15	\$15	\$15
Extend EI to temporary foreign workers who pay into it	\$18	\$18	\$18
Raise the standard benefit rate to 66-2/3%	\$3,478	\$3,478	\$3,478
Implement an individual benefit floor of \$450 weekly	\$717	\$717	\$717
Raise the maximum insurable earnings to \$91 000	-\$4,519	-\$4,876	-\$5,233
Raise the maximum EI benefit to \$963/week	\$3,981	\$4,295	\$4,610
Allow workers to keep first \$100 in "working while on claim" amounts before clawbacks begin	\$325	\$325	\$325
Discontinue allocation of separation payments to front end of EI claim	\$835	\$835	\$835
<b>Environment and climate change</b>			
Eliminate federal fossil fuel subsidies and support	-\$471	-\$471	-\$471
Cancel new CCUS tax credit	-\$366	-\$842	-\$1,591
Decarbonization of Canada's electricity sector by 2035	\$3,000	\$3,000	\$3,000
Expand zero-emissions electricity production	\$2,000	\$2,000	\$2,000
Invest in zero-emissions energy programs for Indigenous, Northern and remote communities	\$960	\$960	\$960
Decarbonize Canada's building and residential sectors by 2050	\$2,500	\$2,500	\$2,500
Climate retrofit program	\$10,000	\$10,000	\$10,000
No-cost renovations for low-income households and social housing	\$2,000	\$2,000	\$2,000
National Adaptation Strategy	\$10,000	\$10,000	\$10,000
Canada Target 2 Restoration Fund	\$71	\$71	\$71
Remediation of old fossil fuel sites, wells and tailings ponds	\$1,000	\$1,000	\$1,000
<b>Fair and equitable transition</b>			
Establish the permanent Economic Transition Secretariat	\$50	\$50	\$50
Implement the new National Green Industrial Strategy	\$20	\$20	\$20
Create a Just Transition Benefit to support workers and communities in transition	\$100	\$100	\$100
Fund the new Inclusive Workforce Development Program	\$1,000	\$1,000	\$1,000

	2024-25	2025-26	2026-27
<b>First Nations</b>			
Enable and advance nation-to-nation discussions on First Nations land rights and self-determination	\$5	\$5	\$5
Extend and enhance the additions-to-reserves programs	\$5	\$5	\$5
Enhance band support funding	\$920	\$920	\$920
Enhance band employee benefits	\$280	\$280	\$280
Enhance professional and institutional development	\$193	\$193	\$193
Enhance tribal council funding	\$116	\$116	\$116
Infrastructure operations and maintenance	\$1,520	\$2,400	\$3,320
Infrastructure interest cost on no-interest loan	\$16	\$41	\$79
Infrastructure transfers to support non-income generating capital investments	\$2,144	\$3,376	\$4,680
Ending drinking water advisories operations and maintenance	\$30	\$50	\$60
Ending drinking water advisories transfers to support non-income generating capital investments	\$20	\$30	\$40
All-season roads access operations and maintenance	\$450	\$710	\$980
All-season roads access transfers to support non-income generating capital investments	\$2,060	\$3,240	\$4,490
Connectivity transfers to support non-income generating capital investments	\$370	\$580	\$800
Accessibility transfers to support non-income generating capital investments	\$110	\$180	\$250
Housing operations and maintenance	\$1,890	\$2,450	\$3,030
Housing interest cost on no-interest loan	\$216	\$576	\$1,100
Housing transfers to support non-income generating capital investments	\$642	\$1,011	\$1,402
Education operations and maintenance	\$330	\$510	\$710
Education transfers to support non-income generating capital investments	\$560	\$890	\$1,230
Establish the First Nations Climate Institute	\$10	\$10	\$10
Create a national network of First Nations climate and emergency coordinators	\$65	\$65	\$65
Support First Nations conservation efforts and climate resiliency	\$300	\$300	\$300
Protect species and risk and freshwater ecosystems	\$129	\$129	\$129
<b>Food security</b>			
Indigenous Food Sovereignty Program	\$100	\$100	
Adaptation & integration of Indigenous knowledge into food/land systems-related laws	\$20	\$20	\$20
Local Food Infrastructure Fund	\$33	\$33	\$33
Support for Nutrition North Canada	\$100	\$100	\$100
National Action Plan to Address Food Insecurity in Black Communities	\$25	\$25	
Research and interventions into Black food (in)security issues	\$10	\$10	\$10
Supporting Black Canadian Communities Initiative	\$25	\$25	
Supporting Black Canadian Communities Initiative—Food security add-on	\$25	\$25	
National school food program	\$200	\$200	\$200

	2024-25	2025-26	2026-27
<b>Gender equality</b>			
Establish a National Care Economy Commission	\$10	\$10	\$10
Strengthen the <i>Employment Equity Act</i>	\$7	\$7	\$7
Develop and implement national and federal components of the National Action Plan	\$150	\$150	\$150
Implement ILO Convention C190 on violence and harassment at work	\$20	\$20	\$20
Expand access to domestic violence leave to 10 paid days and 10 unpaid days in federally regulated sectors	\$5	\$5	\$5
Boost the Reproductive Health Fund to \$15 million and make it permanent	\$3	\$3	\$3
Create a comprehensive sexuality education strategy	\$4	\$4	\$4
Improve support for women's and gender equity organizations under the women's program	\$100	\$100	\$100
Improve and extend funding for the 2SLGBTQ+ Capacity Building Fund	\$25	\$25	\$25
Funds already in the fiscal framework	-\$8	-\$8	-\$8
<b>Health care</b>			
More robust monitoring of violations of the <i>Canada Health Act</i>	\$50	\$50	\$50
Extend the Canada Dental Benefit to all families, without income restriction	\$488	\$783	\$848
Interim federal health program for temporary foreign workers	\$30		
Implement a national pharmacare program	\$5,210	\$10,717	\$11,101
Hire 7,500 new family doctors, nurses and nurse practitioners	\$250	\$550	\$1,000
Train 50,000 personal support workers	\$250	\$250	\$0
Ensuring personal support workers are paid \$25/hr	\$333	\$342	\$350
Create the new Canada Mental Health Transfer	\$2,000	\$2,500	\$3,000
Mental health spending already in the fiscal framework	-\$1,425	-\$1,425	-\$1,425
<b>Health equity</b>			
Assess Quality of Life Framework through watchdog NGOs	\$3	\$3	\$3
CIHR/SSHRC funding for evaluation and implementation of Quality of Life Framework	\$3	\$3	\$3
Healthy equity/political economy of health academic-government partnership	\$3	\$3	\$3
Citizens' assembly on narrative change	\$2	\$2	\$2
Cross-ministerial committee on narrative change	\$1.5		
Commission to revise the Canada Health Transfer	\$5	\$10	\$10
<b>Immigration</b>			
Establish an independent review of the immigration and refugee system	\$3		
Open access to immigrant settlement services and language training for all who need it	\$5	\$5	\$5
End the immigration and refugee backlogs	\$123	\$160	\$180
Eliminate all citizenship fees	\$75	\$100	\$100
Increase funding to client-serving organizations in the immigration and refugee supporting sectors	\$20	\$20	\$20

	2024-25	2025-26	2026-27
<b>Income and poverty</b>			
Create the new Canada Child Benefit End of Poverty Supplement	\$5,893	\$6,482	\$6,806
Reduce GIS eligibility age from 65 to 60 years	\$2,445	\$2,690	\$2,824
Cancel the OAS boost for those aged 75 and older	-\$2,667	-\$2,934	-\$3,080
Boost GIS by 10% for those 75 and older	\$1,375	\$1,375	\$1,375
Create the Canada Livable Income for those 18-64	\$4,284	\$4,498	\$4,723
Create a Canada Disability Benefit	\$1,863	\$4,000	\$7,554
Cancel the Disability Tax Credit	-\$1,142	-\$1,142	-\$1,142
Allow refugee children access to the Canada Child Benefit	\$160	\$160	\$160
Allow federal benefits to be distributed outside the tax system	\$100	\$100	\$100
<b>Infrastructure, cities and transit</b>			
Permanently double the Canada Community Building Fund	\$2,400	\$2,500	\$2,500
New, permanent Public Transit Fund: core stream	\$2,000	\$2,000	\$2,000
Renew core Investing in Canada Infrastructure Plan funding streams	\$1,500	\$1,500	\$1,500
Expand Disaster Mitigation and Adaptation Fund	\$1,000	\$1,000	\$1,000
Legislate and fund mandate for VIA Rail	\$2,000	\$2,000	\$2,000
Active Transportation Fund	\$500	\$500	\$500
Rural Transit Solutions program enhancements and expansion	\$250	\$250	\$250
Boost Public Transit Fund: major projects	\$4,500	\$4,500	\$4,500
Planned Public Transit Fund allocations			-\$3,000
Public Transit: Per-rider performance subsidy	\$192	\$384	\$600
New National Community Development Agency	\$15	\$15	\$15
<b>International development</b>			
Finalize, publish and institutionalize <i>Feminist Foreign Policy</i>	\$5	\$5	
Detail Canada's cross-sectoral engagement with Africa	\$2		
Annual increases above the 2023 \$6.88 bil International Assistance Envelope	\$1,040	\$2,080	\$3,120
Improve collaboration between development, humanitarian and peacebuilding divisions	\$10	\$10	
Support and protect human rights defenders, civic space and democracy	\$39	\$39	\$39
<b>International trade and investment</b>			
Establish a federal trade adjustment program for impacted workers	\$56	\$62	\$68
Establish a permanent Indigenous Trade Advisory Committee	\$12	\$12	\$12
<b>Post-secondary education</b>			
Establish the new national Post-Secondary Education Transfer	\$3,000	\$3,129	\$3,257
Improve regulation of international student recruitment	\$30	\$30	\$30
Permanent Canada Student Grant level of \$6,000	\$1,476	\$1,476	\$1,476
Increase funding for research agencies core grant programming by 10%	\$400	\$400	\$400
Increase number & value of graduate scholarships and postdoctoral fellowships	\$185	\$240	\$295
Index scholarships and fellowships to inflation	\$60	\$122	\$185

	2024-25	2025-26	2026-27
Improve equity, diversity and inclusion	\$25	\$25	\$25
Expand access to apprenticeships and other forms of skills training	\$500	\$515	\$530
Increase funding for Indigenous post-secondary education	\$667	\$667	\$667
Improve data collection	\$17	\$17	\$17
<b>Prisons</b>			
Implement responses in penitentiary environments to address the root causes of incarceration	\$31	\$31	\$31
Training and bridging initiatives for existing security staff	\$10	\$10	\$10
Develop viable alternatives to incarceration	\$7	\$7	\$7
Develop and implement an efficient metric to consistently measure recidivism	\$5	\$5	\$5
Expand capacity in halfway houses	\$4	\$4	\$4
Funds already in the fiscal framework (supporting federal correctional institutions, from Budget 2023)	-\$70	-\$16	
Partnerships with non-government organizations for alternatives to incarceration (Indigenous, post-release, halfway houses and upstream interventions)	\$20	\$20	\$20
Conduct an evaluation of Canada's decarceration strategy	\$2	\$2	\$2
Funds already in the fiscal framework (supporting essential goods and services within federal correctional facilities, from Budget 2023)	-\$10	-\$42	-\$42
<b>Racial equality</b>			
Create an Anti-Racism Secretariat and national action plan to combat racism	\$5	\$100	\$125
Collection of disaggregated data	\$20	\$20	\$20
<b>Regulation</b>			
Better resource regulatory agencies	\$330	\$330	\$330
Regulators paid from general revenues instead of cost recovery from industry	\$260	\$260	\$260
Provide financial support for citizen engagement in regulatory processes	\$10	\$10	\$10
<b>Seniors' care</b>			
National workforce & standards agency	\$25	\$25	\$25
Workforce data collection & analysis	\$4	\$3	\$3
Transform part-time & casual roles	\$1,200	\$1,320	\$1,450
Personal support workers and home care wage top-ups	\$540	\$540	\$540
Fund additional 82 million hours of home care services	\$5,700	\$5,770	\$6,980

	2024-25	2025-26	2026-27
<b>Taxation</b>			
Wealth tax (net of the million dollar windfall home tax)	-\$28,822	-\$28,368	-\$27,914
Increase corporate income taxes from 15% to 20%	-\$11,000	-\$11,451	-\$11,898
Minimum tax on book profits	-\$7,000	-\$7,287	-\$7,571
Minimum tax on foreign profits	-\$19,300	-\$20,091	-\$20,875
Increase inclusion rate on personal and corporate capital gains	-\$9,500	-\$9,890	-\$10,275
Limit corporate deductibility for executives making over \$1 million	-\$500	-\$500	-\$500
Limit the dividend tax credit to actual corporate taxes paid	-\$1,000	-\$1,041	-\$1,082
Limit corporate loss carry-overs to 10 years (capital and non-farm non-capital)	-\$1,000	-\$800	-\$800
Aid charities in navigating new regulatory changes	\$25	\$25	
Apply carbon tax to large emitters & implement carbon border tax	-\$3,000	-\$3,000	-\$3,000
Invest in CRA investigations, auditing, and enforcement	\$667	\$667	\$667
Revenue from increased investigations	-\$2,667	-\$2,667	-\$2,667
Implement a windfall profits tax	-\$1,000	-\$2,000	-\$2,000
Introduce automatic tax filing	\$100	\$0	\$0
<b>Total AFB expenditure changes</b>	<b>\$115,034</b>	<b>\$134,668</b>	<b>\$153,354</b>
<b>Total AFB revenue changes</b>	<b>-\$95,213</b>	<b>-\$98,842</b>	<b>-\$104,891</b>
<b>Total AFB net expenditures</b>	<b>\$19,821</b>	<b>\$35,826</b>	<b>\$48,463</b>

