ALTERNATIVE FEDERAL BUDGET 2025

A PLATFORM FOR THE FUTURE, FROM THE GROUND UP

CANADIAN CENTRE FOR POLICY ALTERNATIVES

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Notes

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

Summary

Every year, the Canadian Centre for Policy Alternatives (CCPA) collaborates with experts across Canada to publish the Alternative Federal Budget (AFB). The AFB is an exercise in what's possible—a comprehensive guide to how a federal budget can achieve a vision where everyone in Canada can access the best public services, can get the income support they need to move out of poverty, and can tackle the greatest challenges of our time—such as income inequality, climate change, the cost of living, racism and truth and reconciliation. We also show how the federal government could pay for this transformative change through a suite of progressive taxes. This year's AFB is produced in anticipation of a federal election in 2025. As such, it's written with political party platforms in mind—we hope this serves as inspiration and guidance to all political parties as we move into election mode.

Affordable housing and homelessness

The AFB shows how Canada can handle the crisis in affordable housing and how we can eliminate homelessness by implementing the right measures. At a time when the policy debate focuses mostly on market housing—who can afford to buy their own home—the AFB stretches our imagination, focusing on the non-market side of housing.

The AFB will build one million new non-market and co-op housing units over the next decade. The federal government will provide low-interest, long-amortization loan financing for a minimum of 100,000 non-market homes per year on a cost-recovery basis. The AFB will redesign and expand the Public Land Acquisition Fund, creating a $10 billion dedicated, multi-year fund to bring more private land into public ownership for the construction of non-market, affordable rental housing. The AFB will also strengthen conditions on the Canada Housing Infrastructure Fund to require robust provincial implementation of a renter's bill of rights and an end to exclusionary zoning. (See the Affordable housing and homelessness chapter for more solutions).

Agriculture

Disruption. We're experiencing a lot of it in agriculture: climate disruption, rapidly rising land prices, corporate mergers, supply chain breakdowns, new digital technology, new pandemic threats, just to name a few. As these disruptions play out, there is rising disillusionment and anger among farmers as they experience a loss of control, increased risk and declining returns. The AFB will rebuild economic, environmental and social stability by making Canada's food and agriculture system more resilient. It will fund policies that ensure the current and next generation of Canadian farmers have the capacity to take care of the land so they can feed people now and into the future.

The AFB will establish a set-aside program over 10 years to convert approximately five million acres of land (about five per cent of cropland) currently cropped uneconomically (low yields mean cost of production exceed returns per acre) into wildlife habitat, wetlands, treed land to support biodiversity, carbon sequestration. And the AFB will support local, regional and domestic food production, processing, storage and distribution that is under farmer/consumer control, such as co-operatives, non-profit associations, and locally owned small and medium enterprises. This will ensure greater consumer choice within the grocery store sector while maintaining food dollar circulation within Canadian communities. (See the Agriculture chapter for more solutions).

Arts and culture

Canada's arts and culture sector is experiencing significant challenges, including rising costs, shrinking audiences, changing business models, more competition for restricted public funding, and declining private financial support.

The AFB will expand the Canadian production refundable tax credit program to all sectors to encourage private investment in the production of artistic expressions and Canadian cultural works. The AFB will target measures to support professional artists. The AFB will amend the *Income Tax Act* to ensure that up to $10,000 of professional artistic income 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 it will be eliminated for artists whose total family income exceeds the median of all workers. (See the Arts and culture chapter for more solutions.)

Child care

For the first time in Canada's history, meaningful and measurable progress is resulting in families, and the broader economy, benefitting from the federal government's commitment to high-quality, inclusive $10-a-day child care. But challenges remain. Child care spaces are not being created quickly enough to meet demand.

The AFB will boost the existing Early Learning and Child Care Infrastructure Fund by $15 billion over five years to fund the creation of early learning and child care and school-age child care programs in publicly owned facilities. This will provide new capital funding to provinces and territories once they have developed—and then to spend only on—the implementation of a publicly owned child care expansion model that includes a school-age child care mandate. To attract and retain staff, the AFB will include $10 billion in new Early Learning and Child Care Workforce funds over five years. (See the Child care chapter for more solutions.)

Decent work

The AFB's goal is to set a national agenda to expand workers' access to skills development and training, to facilitate workers' transition into better jobs, and to ensure fair and healthy working conditions for all workers.

The AFB will amend regulations and the Canada Labour Code to ensure the conditions for decent work for everyone. This includes raising the federal minimum wage to a living wage ($21 an hour), investing in training and employment services, and seeking better protections for gig workers. (See the Decent work chapter for more solutions).

Employment Insurance

Repairing the Employment Insurance (EI) system and opening access to more workers is increasingly urgent. EI is the most important automatic economic stabilizer when there are widespread economic shocks and entire communities are reeling. The pandemic showed clearly what happens when EI is not maintained in good running order. EI could—and should—be doing so much more in an era of overlapping emergencies.

The AFB will introduce a new program of *EI Emergency Response Measures,* an innovation that will leverage the EI system to provide more effective and consistent support in cases of emergencies, like floods and wildfires. The program will be triggered by an official federal declaration and the costs of EI enhancements will be attributed to the government's Consolidated Revenue Fund. The AFB will also establish a common pan-Canadian qualifying rule for both regular and special EI benefits. It will lower the qualifying hours to 360 (or 12 weeks when to the claimant's advantage); 360 hours is the equivalent of 12 weeks of 30 hours, approximating the average weekly schedule for payroll employees including overtime. And the AFB will adopt a standard EI benefit rate of 66.6 per cent. There is historical precedent in Canada for replacing two thirds of a claimant's normal earnings. The current 55 per cent rate is a historical low and inadequate. (See the Employment Insurance chapter for more solutions.)

Environment and climate change

The climate crisis has arrived, and the costs for Canada are increasingly difficult to ignore. Droughts, floods, and wildfires are displacing thousands from their homes, disrupting regional economies, and affecting the health and well-being of Canadians across the country. The long-term forecast is significantly more dire. The Alternative Federal Budget seeks to change the current trajectory by decisively moving the economy away from coal, oil, and gas and by investing in a greener future for all. A thoughtful and well-managed transition, even with high up-front costs, will be less costly in the long term than our current half-hearted approach to climate policy.

The AFB will establish a new, interim national greenhouse gas emissions reduction target of 80 per cent below 2005 levels by 2035, which is consistent with Canada's fair share of domestic emissions reductions in a 1.5°C-aligned global pathway. The AFB will place an immediate moratorium on the expansion of fossil fuel production infrastructure and establish a regulatory timeline for the winding down of all fossil fuel production and exports by 2045. The AFB will attach "green strings" to all federal spending, including direct funding, tax incentives, and procurement. And the AFB will ensure the passage of Bill S-243, the *Climate-Aligned Finance Act*, to hold financial institutions accountable for climate action and to align the Canadian financial system with climate commitments. (See Environment and climate change chapter for more solutions.)

First Nations

Economic reconciliation must include policy and legislative transformations to overcome the impacts on First Nations who have been dispossessed of their lands, economies, customs, and cultures. It is about more than revenue sharing and resource development on First Nations lands—it is about addressing longstanding barriers to equitable socio-economic outcomes.

The AFB will invest $3.99 billion over three years to enhance Band Support Funding to meet basic modern governance needs. The AFB will transition from 10-year grant funding under the New Fiscal Relationship to statutory funding for First Nations governments. The AFB will create a framework for $45.9 billion to be invested over three years to meet critical housing needs, address overcrowding, on-reserve migration, unit replacement, new lot servicing, repair needs, and population growth. The AFB will invest $286 million over three years to provide the capital, operations, and maintenance funding to continue eliminating the dozens of remaining long-term drinking water advisories. (See First Nations chapter for more solutions).

Food security

Canada is facing a crisis of food insecurity—the inadequate or insecure access to food due to financial constraints. Approximately 8.7 million people—including 2.1 million children—live in households experiencing food insecurity. Food insecurity is a poverty problem: it reflects household financial hardships in meeting basic needs. This AFB represents a paradigm shift from conventional food charity programs towards evidence-based policies that effectively reduce food insecurity in our country by increasing household income, mitigating corporate control of the food chain, and strengthening Indigenous and racialized food sovereignty.

The AFB will create and strengthen income support programs, spanning the lifespan, and improve employment opportunities and protections to ensure generational fairness in food security. The AFB will pass a *Food Insecurity Reduction Bill* by fall 2025, legislating targets to reduce food insecurity by 50 per cent and eliminate severe food insecurity by 2030. The AFB will lower food costs for Canadians by addressing corporate concentration in food retail. (See Food security chapter for more solutions).

Gender equality

The federal government needs to be "ambitious and feminist" to meet the challenges in the years ahead. The combined impacts of the COVID-19 pandemic, spiralling food and housing costs, the labour force crisis in the care economy, and rising levels of gender-based violence and hate crimes are significantly impacting the health and well-being of marginalized women and gender-diverse people. This is driving the wedge further between Canada's "haves" and "have nots."

The AFB will accelerate the launch and implementation of a new *Employment Equity Act.* The AFB will invest $475 million over three years to develop and implement a new federal Gender-Based Violence Strategy as part of Canada's National Action Plan to End Gender-Based Violence. The AFB will also create an implementation plan that is costed, measurable, and actionable to accelerate the fulfillment of the Missing and Murdered Indigenous Women and Girls (MMIWG) Calls for Justice and create independent accountability mechanisms to track and assess efforts to combat violence against First Nations, Inuit, and Métis women, girls, and Two-Spirit Peoples. (See the Gender equality chapter for more solutions).

Health care

The pandemic resulted in health care worker shortages, precipitating a lack of accessibility for an estimated 6.5 million Canadians without a family doctor and forcing to join long queues in hospital emergency rooms.

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. The AFB will also 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.

The AFB will extend the principle of universality to dental care. This universal dental care program would cover everyone equally, including self-employed or gig workers who have no benefits but have family income over $90,000. The AFB will move forward to implement Bill C-64, the *Pharmacare Act*, and negotiate bilateral agreements with provinces and territories for universal, single-payer coverage of contraception and diabetes medications. This would replace the current approach, which only provides coverage to those who don't already have it. The AFB will establish the Canada Mental Health Transfer, which will ramp up to $6.25 billion a year by 2030 and will amount to 12 per cent of current health care budgets. (See Health Care chapter for more solutions).

Health equity

Health equity occurs when everyone has fair access to, and is enabled and empowered to act on opportunities to reach their full health potential.

Health is not just about sickness or its absence, it is a holistic concept that includes physical, mental, and social well-being. A vision of health equity requires a coherent, whole-of-government commitment to and mechanisms for providing the conditions for all people, all living things, and our planet to be well.

This AFB outlines three steps to achieve this. The first is to articulate an overarching vision that puts all people and the planet at the heart of government decision-making, including budgeting. The second is to identify a plan for implementation and accountability of that equity-centred vision. The third is continued efforts to shift the narrative around health, including how it is understood in social and economic policy, to a broader vision of equitable well-being and its structural determinants. (See Health equity chapter for more solutions).

Immigration

Structural inequities and systemic disadvantages persist in the Canadian immigration and refugee system, despite having a public image as a global leader in refugee resettlement and welcoming immigrants. These disparities are felt most deeply by people at the intersections of diverse identities, particularly those who are Black and otherwise racialized, women and gender-diverse people, 2SLGBTQ+ communities, and people who live with disabilities.

The AFB will deliver broad-based systemic change as well as individual remedies to address urgent needs. The AFB will create a broad and inclusive immigration status regularization program for all. The AFB will establish an independent, third-party racial equity review of the immigration and refugee program. The AFB will immediately end all immigration detention. The AFB will resource IRCC to clear its immigration backlog and speed up new processing. (See Immigration chapter for more solutions).

Incarceration

The Canadian carceral system is expensive, keeps many in cycles of incarceration, and leads to poor health outcomes for those who interact with it. Drawing on the Federal Framework to Reduce Recidivism and international best practices, such as the prison reform roadmap outlined by the United Nations Office on Drugs and Crime, the AFB offers a roadmap to meaningfully and responsibly reduce incarceration by 30 per cent by 2035.

The AFB resolves to address the over-incarceration of racialized and disadvantaged populations. It will focus on addressing the social determinants of incarceration and prioritizing responsive, community-based solutions. The AFB will amend the *Criminal Records and Corrections and Conditional Release Act* to support decarceration. The AFB will reallocate the remainder of budget 2021's investments in the Parole Board of Canada and civil society record suspension support programs, to be invested in implementing the Federal Framework to Reduce Recidivism. The AFB will invest $100 million a year in the Federal Framework to Reduce Recidivism to support decarceration, promote healthier institutions, lessen Canada's unproductive reliance on incarceration, and address the negative consequences of incarceration. (See Incarceration chapter for more solutions).

Income security and poverty

Despite being fundamentally contrary to human rights principles and despite the great wealth and resources in this country, poverty persists in Canada. It is characterized by low income, material deprivation (e.g., not being able to pay for adequate or appropriate food, shelter, medicine, clothes, transportation, etc.), social isolation and exclusion, increased risks of violence and incarceration, and poor educational and health outcomes. It also intersects with various systems of oppression in Canadian public policy and society at large, such as settler colonialism, racism, ableism, sexism, and heteronormativity—impacting people with these overlapping identities in many disproportionate ways. To effectively address all forms of poverty, we must address the underlying inequities that cause and perpetuate it.

The AFB will improve the poverty reduction strategy by targeting a 50 per cent reduction in the Market Basket Measure (MBM) poverty rate by 2027 instead of 2030. It will eliminate poverty by 2031. The AFB would also expand the Poverty Reduction Strategy to target deep poverty, defined as those living at least 75 per cent below the poverty line. The AFB would target a decrease in the number of people in deep poverty by a third by 2027. One of the most significant gaps in income support exists for adults who do not have children and are not yet seniors. To address this issue, the AFB will implement a new Canada Livable Income (CLI) for working-age adults (18-64 years) who are not students. Families with children will not receive the CLI; they will receive the much improved Canada Child Benefit end poverty supplement. The CLI will provide $9,000 per year for singles and $11,000 per year for couples. The AFB will create a new top up to the Canada Child Benefit, called the End Poverty Supplement, which would provide low-income families with children up to an additional $8,500 a child. The AFB will expand the Canada Disability Benefit and substantially boost its benefit level, benefiting 830,000 Canadians with disabilities and lifting 329,000 people out of poverty. (See the Income security and poverty chapter and the Macro and fiscal framework chapter for more details).

Infrastructure, cities and public infrastructure

Investing in infrastructure is key to creating good jobs, fighting climate change and creating more inclusive communities—but governments have forgotten how to build great projects. Governments have hollowed out state capacity by turning to consultants and public-private partnerships. As a result, we've fallen far behind our peer countries and lack the public transit infrastructure that citizens of other countries take for granted.

Let's start with funds first: The AFB will strike revenue-sharing agreements with municipalities, to give them autonomous access to the top two income tax brackets (only affecting those earning $172,714 and up). This would allow municipalities to raise additional revenues by taxing high earners, which the Canada Revenue Agency would administer based on home addresses. The AFB will renew existing fiscal transfers to municipalities, in the form of *Canada-Community Building Fund* agreements, expand it to reflect its decline in purchasing power due to inflation, and tie its annual growth to the economy. This would change its growth rate, currently fixed at two per cent, to instead create an escalator based on nominal GDP growth (or two per cent, whichever is more). The AFB will create a funded mandate for VIA Rail to expand rail service across the country and establish dedicated project offices for high-speed rail connections in priority corridors. Priority corridors include Windsor-Toronto-Montreal-Quebec City, Edmonton-Calgary, and Vancouver-Seattle.

The AFB will create a permanent role for the federal government in supporting the expansion of public transit. This means moving from the current capital-only approach towards supporting both transit capital and operations. This AFB will invest an additional $35.4 billion dollars over 10 years (2025 to 2035) above planned transit spending by accelerating the start date of the forthcoming *Canada Public Transit Fund*. This AFB will also reverse the cuts made to the Rural Transit Solutions program made in budget 2024 and instead expand it, alongside the Active Transportation Fund. (See Infrastructure, cities and public infrastructure chapter for more solutions).

International cooperation

The world order that we have taken for granted over past decades is shifting fast—and not in small ways. Ongoing reverberations from the pandemic, the impacts of the climate crisis, global inflation, armed conflict and hostilities, the rise of authoritarian and anti-democratic forces, and attacks on women's and children's rights are disrupting the global order. We are witnessing the intensification of humanitarian emergencies, and women and girls are bearing the brunt of them. The basic pillars of democracy are being undermined, humanitarian needs are on the rise, hard-won rights are under attack, and we are witnessing the reversal of decades of progress on development, especially for the world's most vulnerable.

The AFB will increase Canada's International Assistance Envelope (IAE) each year over the remaining budget cycles until 2030. the AFB will invest heavily in programming benefiting women and girls, who are disproportionately affected by the polycrisis. The AFB will invest in future generations by committing its fair share to the next phase of Canada's international climate finance. Building on its climate pledge to 2025-26, Canada should invest $15.9 billion over five years, allocating 40 per cent to mitigation, 40 per cent to adaptation and 20 per cent to loss and damage. (See International cooperation chapter for more solutions).

Just transitions and industrial strategy

Canada is on the brink of a series of major transitions that will unfold over the next half century. One of the most obvious and significant changes already underway is the transition to a global net-zero economy. As the effects of climate change intensify and the world gets serious about meeting its emission reduction targets, falling demand for oil and gas will have profound negative consequences for one of Canada's largest industries and the hundreds of thousands of people who depend on it for their livelihoods. On the other hand, surging investment in clean energy, technology and manufacturing will create new economic opportunities for the countries and regions that can successfully implement green industrial strategies.

The AFB will create a new federal Department of Economic Foresight and Strategic Transitions (EFST) with a legislative mandate to develop strategies, roadmaps and policy frameworks for managing major, long-term transitions in the Canadian economy. The AFB will spur the development of a comprehensive, publicly led National Green Industrial Strategy. The AFB will establish a new Public Development Bank, whose goal will be to support $50 billion worth of projects over the coming 10 years. The AFB will impose labour and economic development conditions on all infrastructure projects receiving public funding or financing, including requirements that employers pay a prevailing wage, that they allocate a minimum share of work hours to apprentices and workers from equity-seeking groups, and that they negotiate community benefit agreements before work begins. The AFB will commit $1 billion over 10 years for a Just Transition Benefit to support workers in industries undergoing major transitions, whether due to decarbonization, artificial intelligence, trade disruptions or other forms of labour market adjustment. Anyone facing job loss, reduced wages or diminished work hours as a function of these transitions will be eligible. (See Just transitions and industrial strategy chapter for more solutions).

Post-secondary education

Post-secondary education (PSE) changes lives, sustains communities and strengthens Canada. It does so through teaching and training, science and research, work-integrated learning, and the provision of services to students, staff, and visitors—from libraries and archives to recreation and green spaces. Public funding for PSE has stagnated for decades. To make up for this, universities and colleges have increased revenue from private sources, mostly international student fees. In 2024, the federal government capped the number of international students for at least two years. This spotlights problems with unregulated international student recruitment.

The AFB will cancel federal student loans for graduates working in rural and remote communities. The AFB will provide an additional $3 billion to the nominal amount of money sent through the Canada Social Transfer for PSE, distributed through accountability agreements with the provinces on shared priorities to increase affordability and accessibility, improve quality, and enhance transparency through data-sharing. That amount would grow at five per cent a year. The AFB will provide $300 million, per year for five years, in support of an apprenticeship strategy. (See Post-secondary education chapter for more solutions.)

Public services

Look at any jurisdiction with a healthy, productive, happy population and you will find a strong public service that provides robust programs, ensuring that no one gets left behind. Core to a healthy public service is a workforce that is respected by its employer. While consecutive Canadian governments have paid lip service to their employees, the treatment of these workers tells another story. Today's public service is less and less a desirable work aspiration. Workers don't know if they will be paid properly or on time. Their health benefits, hard won through rounds of collective bargaining, became unreliable in 2023 with the switch to a new provider, on which the government placed no checks and balances. The promise to embrace remote and hybrid work with individual considerations was broken in a harsh and surprising fashion. Their pension plan has been split into two tiers, creating two classes of workers. They work alongside contract workers from temporary help agencies and external providers, always adding to the threat that their own work will be privatized.

This AFB proposes measures to support and strengthen Canada's public service, with a holistic approach. The AFB provides the public service with the capacity to effectively implement proposals presented in other chapters. All supports for the public service will be approached through a Gender-Based Analysis Plus (GBA+) lens, with a focus on decolonization of the public service and an anti-racist lens that seeks to provide remedies for past and current inequities. Among these will include resolutions as described by the Black Class Action and Indigenous Class Action lawsuits. (See the Public services chapter for details).

Racial equality

Indigenous Peoples, Black and racialized people experience historic and ongoing systemic racism and racial discrimination in virtually every aspect of life, opportunities, and outcomes. In recent years, the federal government has increasingly acknowledged the persistence and depth of racial inequalities in Canada—and its responsibility to address systemic racism.

This AFB recommends actions the government must take to dismantle systemic racism and eliminate racial discrimination. 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 include an intentional racial equity framework in the Gender-based Analysis Plus section of the budget, federal poverty reduction efforts, the National Housing Strategy, and the Canada-wide Early Learning and Child Care Plan. 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 attach employment equity measures (via community benefits agreements) to all federal investments to ensure racialized and other under-represented groups have equitable access to new jobs created. The AFB will create a Black Equity Commissioner, backed with appropriate funding and resources, and fully implement recommendations from the Senate Standing Committee on Human Rights report on eliminating systemic anti-Black racism. The AFB will fully fund settlements for the Black class-action ($2.5 billion) and Indigenous class-action lawsuits in the federal public service. (See the Racial equity chapter for more solutions).

Regulation

Regulations are a critical—though often under the radar—function of government. They implement, interpret, and enforce government laws and policies largely away from public scrutiny. The number of regulatory agencies is extensive, covering health, food, drugs, energy, finance, transportation, workplace health and safety, environment, and more. Their stated purpose is to advance the public interest—protecting the health, safety, security, social and economic well-being of Canadians. Corporations view regulations as constraining their ability to maximize profit and shareholder value. When they clash, under the current corporate-government power structure, the public interest is often compromised. AFB 2025 aims to rebalance this power structure to ensure that regulations prioritize the public interest.

The AFB will ensure that regulatory agencies have adequate resources. It will strengthen in-house professional analytical and research expertise to effectively submit and evaluate regulatory proposals. The AFB will ensure that incorporation by reference and regulatory sandbox mechanisms, permitted by regulatory modernization legislation, are subject to public scrutiny and parliamentary approval. They should be used on a limited basis for technical documents only as approved by public interest experts. (See the Regulation chapter for more solutions).

Seniors' care and long-term care

Since the COVID-19 pandemic—and its devastating impacts on elder Canadians and on seniors' care—families, experts and advocates have been vocal and persistent in their calls for a bold transformation across the seniors' care sector. This AFB looks at the state of seniors' care since the onset of the COVID-19 pandemic to assess what has been done, how far the current government has been willing to go to heed the lessons so painfully learned, and what distance remains between where we are, and the care seniors deserve. The AFB will put forward a dedicated, funded, and accountable vision for transforming seniors' care that ensures quality of care, quality of work, and quality of life.

The AFB will provide binding national seniors' care standards as opposed to the ad hoc, province-by-province voluntary approach. The national standards for long-term care must work to uphold the measures of care required for quality of life, not the bare minimum to keep people alive. The AFB will support the capital costs associated with the expansion of beds in high-quality public and non-profit seniors' care facilities. The AFB will expand wage top-ups and improve benefits for seniors' care workers—including 10 paid sick days for staff. The AFB will continue the implementation of an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis in seniors' care, ensuring that qualified staff are available to meet the care needs of seniors within existing facilities and services, and to commit to long-term planning for anticipated future demand. (See the Seniors' care and long-term care chapter for more solutions).

Taxation

Taxes are meant to help spread the benefits of economic prosperity more fairly, but Canada's tax system has become less progressive over time. Those who collect the top one per cent of income in Canada see 23.6 per cent of their income going to taxes, while the average earner has a tax burden of 36.7 per cent. Currently, the 20 richest Canadians have over $214 billion in wealth, equivalent to over 10 per cent of Canada's GDP. This level of wealth concentration tends to give individuals outsized influence. A progressive tax on net wealth over $10 million would redistribute wealth and power, while raising over $32 billion in its first year.

The AFB would implement a wealth tax of one per cent on net wealth over $10 million, two per cent on net wealth over $50 million, and three per cent on net wealth over $100 million. These would be combined with steep exit taxes to prevent the wealthiest from avoiding tax by leaving the country. Note that 99.5 per cent of Canadians would not be affected by this tax. The AFB proposes an increase in the general corporate tax rate to 20 per cent and a new extreme profits tax of five per cent on taxable income over $100 million, on a consolidated basis. This would replace the existing surtax on banks and insurers, using the same threshold and making the top marginal tax rate 25 per cent for corporations in any sector. These changes would raise $22 billion in revenue annually and act as an anti-trust measure. The AFB would treat capital gains like workers' income by assigning a 100 per cent inclusion rate for both, but with an inflationary offset. The AFB will cap corporate pay deductions at $1 million in total compensation per employee. In 2022, the average salary of the top 100 CEOs in Canada hit a record new high of $14.9 million, 246 times the pay of the average worker. The AFB will end tax agreements with known tax havens to disrupt international tax avoidance schemes. The AFB will implement a one-time windfall profits tax on the oil and gas sector. Applying a 15 per cent tax to taxable income over $1 billion in the oil and gas sector in 2022 (like the Canada Recovery Dividend that was applied to the banking sector) could raise more than $4 billion. (See the Taxation chapter for more solutions).

International trade and investment

The neoliberal rules-based international trading order is unravelling and it's not clear what is going to replace it. What is clear is that we can't turn the clock back to an idealized system whose rules reflected a now-defunct transatlantic hegemony. This AFB democratizes and recalibrates Canadian trade policy.

The AFB will introduce a democratic trade policy and negotiations process. The AFB will terminate or suspend the Canada-Israel Free Trade Agreement as a means of pressuring Israel to end its current military campaign in Gaza and to heed its international legal and humanitarian obligations towards Palestinians. The AFB will allocate $2 million to convene a broad civil society advisory group to help the Canadian government develop priorities for the 2026 mandatory review of the Canada-U.S.-Mexico Agreement (CUSMA). The AFB will direct Global Affairs Canada to remove investor-state dispute settlement (ISDS) from existing Canadian trade and investment deals and to take ISDS off the table in current trade negotiations with Mercosur, Indonesia, India, Indonesia, and the Association of Southeast Asian Nations (ASEAN). The AFB will direct federal departments to maximize the value of Canadian goods, services, and labour in federal and provincial public contracts. 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. 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. (See the International trade and investment chapter for more solutions).

Veterans

The reality of Canadian veterans has shifted significantly since the mid-1960s—the last time that the federal government undertook a comprehensive independent review of veterans' benefits and services. This AFB lays out a plan to address these issues and move forward with a renewed, clear vision for creating positive outcomes for Canada's veterans and their loved ones. The AFB will create an in-depth, comprehensive, and independent inquiry to ensure that all veterans and their families receive the care, benefits, and support they need, when and where they need it. This inquiry will culminate in a report that includes tangible and measurable recommendations. The AFB will adopt a preventive approach to service delivery, instead of a reactive one, by registering all (more than 330,000) unregistered veterans using new funding of $2 million a year. The AFB will provide funds for occupational medicine (particularly for veterans without a family doctor), and offer physicians training on military sexual trauma, operational stress injuries, chronic pain, post-traumatic stress disorder, substance use, VAC documentation, etc. (See the Veterans chapter for more solutions).

Macroeconomic and fiscal projections

The 2024 federal budget signalled a return to normalcy after years of crisis, with inflation decreasing rapidly but hindered by high interest rates. After several years of high spending to mitigate the economic impacts of COVID-19, federal deficits have significantly declined. This period of increased expenditure protected various sectors, including other levels of government, households, and the corporate sector, laying the groundwork for robust corporate profits. As a result of AFB measures, economic growth would substantially improve. Instead of seeing slow 3.9 per cent nominal GDP growth in 2026, the AFB strategically invests to improve that to well over five per cent.

The AFB income support measures see net income improvements for 5.5 million families and lifts 790,000 families out of poverty. The poverty reduction impact is largest for those in deep poverty, reducing that count by 65 per cent and single parents, more than halving their rate. (See Macro and fiscal framework for more information).

Introduction

Social movements have their own electoral platform. Will the parties listen?

There's a federal election coming in Canada, in October 2025 or earlier, and before long, political parties will be releasing their platforms. The parties—at least the ones that release their platforms—will bring flashy proposals that outline their vision for what Canada would look like under their governance. These, we're told, are the competing visions for the future of Canada.

But they're not the only vision for this country. Outside the halls of power, regular working people are also struggling to build a future that works for them—with a vision based on justice, equality, and solidarity.

That vision exists, in fragments, in the organizing campaigns and demands from unions, community organizations, migrant justice groups, climate justice organizations, international solidarity NGOs, student associations, and more. Everywhere that people are fighting to improve their society, they have a vision for how to transform Canada for the better.

Those visions, often, don't talk to one another. Student associations have a plan for free, accessible, and well-funded education, while climate organizers build plans to decarbonize the economy, while tenants' groups develop demands to make housing a human right, while unions build plans to improve conditions for Canada's working majority. All these groups are doing powerful and transformative work, but their visions can be siloed.

The Alternative Federal Budget is a place where those siloes break down. It is a place where movements and organizers from dozens of organizations across the country come together to develop a common vision—call it a platform, if you want—for a Canada that works for all Canadians, not for the billionaire class.

This year's AFB comes at a particularly crucial time. Canadians are, by all accounts, fed up with the status quo and ready for change—and, with an election on the horizon, we are in a position to make it.

The choices are stark. Powerful forces are preparing the groundwork to dismantle the state's capacity to respond to the crises of our time. There exists, on one side of this contest, a vision of the future in which private capital is given free rein to impose its will on the population without regulatory constraints that movements won through generations of struggle.

On the other side of this vision is the AFB: a platform for a future where the democratic state takes the lead on planning an economy that works for everyone.

Housing is a human right—let's treat it that way

The cost of housing is the biggest issue that Canadians are concerned about today—and rightly so. In 2021, around 1.5 million Canadians lived in "core housing need," meaning that they lived in unsuitable, inadequate, or deeply unaffordable housing. Homelessness is a major issue in cities across the country, as are the social problems associated with it.

There's a growing consensus among Canada's political class that the solution to this problem is based almost entirely on letting private developers build more private housing. And while it is crucial that we increase overall housing supply, doing so through the private sector alone is insufficient.

Instead, this year's AFB proposes to put not-for-profit housing in the driver's seat—simultaneously tackling both supply shortages and financialization.

This AFB maps out how Canada could build one million new non-market and co-op housing units over the next decade. To do so, the government will provide low-interest, long-term loans to non-market housing builders and put $10 billion per year into ownership positions in such construction.

This AFB also proposes to create a $10 billion fund to bring private land under public ownership for building non-market housing. It proposes to introduce a $3.4 billion Homeless Prevention and Housing Benefit, which would expand on the existing Canada Housing Benefit and provide $600 to $700 per month to people experiencing chronic homelessness.

This AFB also proposes to end various tax incentives to Real Estate Investment Trusts (REITs), the massive financial entities that are increasingly dominating the Canadian housing market and driving costs up for average Canadians. REITs are a key opponent in housing affordability—it's time the federal government takes them on.

Together, these measures—and others outlined in the AFB's housing chapter—represent concrete steps towards housing being fully realized as a human right. The federal government recognized it as such in 2019, but without concrete steps on affordability and access, Canada will fail to uphold its obligations.

We can fix the health care system

The COVID-19 pandemic, which began in 2020, put health care systems across Canada under unprecedented strain, from which they have never recovered. Millions of Canadians don't have access to a family doctor, wait times in hospital emergency rooms are punishingly long, and nearly every component of the health care system faces a severe worker shortage.

Under the Canadian constitution, health care provision is a provincial responsibility, not a federal one. But many provincial governments, led by right-wing ideologues, are responding to the crisis in public health care by creating wider openings for private, for-profit care to take a foothold. Such a program risks hollowing out the public health care system over the long term and creating a two-tiered system—one in which poor and vulnerable Canadians only have access to a resource-starved public system while the wealthy can "skip the line" by going private.

There's still time to prevent this scenario, and this AFB proposes some ways out. Despite provincial administration, the federal government funds significant portions of provincial health programs and has the capacity to impose "strings" on the funding that it doles out to the provinces for health care.

This AFB earmarks significant funds to hire new staff, retain existing staff, and improve working conditions across the health care sector.

In recent years, the federal government has laudably expanded into dental care, but the program is limited by unnecessary income limits. If this AFB were implemented, then it would directly address this by extending the principle of universality to dental care.

Canadians care deeply about their health care system and are profoundly aware of the extent to which it is suffering because of cutbacks and privatization. This AFB begins to sketch a roadmap out of the hole it is in and works to rebuild a world-class public health care system for all Canadians.

We can, and must, act on climate

Every summer, the fires and flooding get worse; every winter, the weather gets more unpredictable; and every year, farmers sound a louder alarm about the security of the food system. In Canada, climate catastrophe is not some far-off hypothetical, it's a lived reality for increasing numbers of people.

The Canadian government continues to pursue an "all of the above" strategy for the climate transition, which means that it has also been pumping money into unicorn tech fixes like carbon capture and storage, as well as non-solutions like carbon offsets, which operate on the assumption of continued fossil fuel production.

The 2025 AFB proposes a different path—one in which the democratic state takes on a leadership role in addressing the climate emergency. It proposes to immediately implement a moratorium on new or expanded fossil fuel infrastructure and create a specific timeline for winding down existing infrastructure. It proposes to ban fossil fuel advertising and to attach "green strings" to all federal spending. It would implement regulations requiring all Canadian financial institutions to create binding plans for progressive decarbonization of their holdings.

Climate change adaptation and mitigation is about infrastructure, and this AFB lays out a roadmap for an ambitious federal infrastructure plan. This includes a $32 billion fund for improvements to the electricity grid, with a focus on interprovincial transmission, to allow for renewable electricity to flow more easily across large areas—including a $5 billion fund specifically for Indigenous communities. It includes $13 billion over five years for home retrofits for energy efficiency, and a $40 billion fund for lower levels of government to implement climate change adaptation plans. It proposes a new $2 billion per year revenue source for VIA Rail, so that the train agency can finally begin a long-desired expansion of passenger rail service in Canada, including high speed rail. It also proposes that the federal government take on a long-term role in helping to fund the operations—not just capital projects—of local public transit.

Together, these measures would mark the beginning of a new period of federal leadership on the climate crisis—one that finally begins to treat the issue with the seriousness that it merits. For too long, Canada has been a climate laggard on the world stage—an outlier, failing to hold up to its already weak commitments to decarbonize. This year's AFB proposes to change that, with an assertive federal government taking on an active planning role in one of the most significant challenges of our time.

We can secure decent working conditions for all

Working conditions in Canada today are under sustained attack on a number of fronts. "Gig work" is taking previously stable, decent jobs and turning them into precarious gamified apps, multinational corporations are increasingly piercing into union-dense sectors to replace good jobs with lower-paid non-union work, and different levels of government continue to attack the working conditions of their own public servants.

This AFB proposes that the federal government take on a more muscular role in asserting labour rights for Canada's working majority. Workers and their unions face powerful opponents—the federal government can and should level the playing field.

This AFB proposes that the federal government amend the Canada Labour Code so that anyone who received remuneration by a company is presumed to be an employee by default and places the onus on the employer to prove that the worker is not an employee, rather than the inverse. This relatively small change would significantly curb companies' efforts to "gigify" their work. It would implement protections for workers in cases of "contract flipping" and speed up bans on discriminating against employees based on employment status.

This AFB also proposes that the federal government implement an ambitious plan to train workers for the industries of the future. It proposes to increase funding for various labour market transfers and Labour Market Development Agreements, which the federal government uses to fund training programs for workers. It proposes to create a dedicated stream for marginalized workers. The AFB will also commit $1 billion over 10 years for a Just Transition Benefit to support workers in industries undergoing major transitions, whether due to decarbonization, artificial intelligence, trade disruptions or other forms of labour market adjustment.

It also proposes labour and economic development conditions for all infrastructure projects receiving public funding or financing, including decent wage standards, requirements for apprentices and workers from equity-seeking groups, and that community benefit agreements are negotiated before work begins. No federal funding should go towards projects that fail to meet strong labour standards.

This AFB also outlines a plan for the federal government to finally fix the Employment Insurance system, which is far too difficult for workers to access. It would create a new EI "emergency response measures" option when climate and other disasters strike and otherwise streamline the process to access benefits.

The federal government can play a significant role in defending workers and ensuring access to good jobs. This AFB lays out some paths towards that goal.

We can pay for it all

The common refrain from opponents regarding ambitious action on any of the myriad issues facing the country is that Canada simply can't afford it. Nonsense.

There is more than enough wealth in Canada to tackle the crises of our time—but the resources in question are being mismanaged and held by private actors to increase their personal wealth, rather than for the common good. The 20 richest Canadians—that's right, 20 individual people—hold over $214 billion in wealth, equivalent to over 10 per cent of Canada's GDP.

This AFB outlines a roadmap for the Canadian state to begin reclaiming those resources and putting them to use.

Canada's tax system, as it currently exists, favours the wealthy. The top one per cent of income earners spend an average of 23.6 per cent of their income on taxes, while the average Canadian overall has a tax burden of 36.7 per cent.

The 2025 AFB proposes to implement a one per cent tax on net wealth over $10 million, growing to two per cent on net wealth over $50 million, and three per cent on net wealth over $100 million. It would also implement steep exit taxes to prevent the wealthiest from avoiding taxes by leaving the country. Such a tax would only affect the richest 0.5 per cent of Canadians and would raise $32 billion in its first year.

The federal government could also close a wide range of tax loopholes that favour the wealthy, such as the capital gains tax break, and reverse previous cuts to corporate taxes. The AFB will cancel all oil and gas subsidies and implement a windfall tax on oil and gas profits. It will cancel international tax agreements with tax havens and disrupt the global tax avoidance industry.

These measures, and many more outlined in this year's AFB, would provide the federal government with more than enough resources to pay for the mountainous tasks ahead of us. They form the basis of the AFB as a platform.

Canada has the resources to address the crises ahead, while also providing a decent life for all its residents and remedying historic injustices, both at home and abroad. This AFB is a roadmap on how to do it, written by the people on the ground.

With change on the horizon, we hope that this can serve as a reminder that a better Canada is indeed possible—but it needs to be built from the ground up.

Affordable housing and homelessness

Introduction

In 2021, an estimated 1.5 million Canadian households lived in core housing need, defined as living in an unsuitable, inadequate, or unaffordable dwelling.[1] The cost of home ownership remains close to all-time highs, relative to income. Tight rental markets have made competition for rentals fierce and given landlords tremendous bargaining power to raise rents. When long-tenured tenants are evicted or need to move, they face huge rent increases or simply can't find a home that they can afford in their community. Other renters and newcomers are excluded from living in many communities to begin with, due to sky-high rents. Homelessness is pervasive across the country, from street and park encampments to people getting by in vehicles or by couch surfing.

Canada's housing system is afflicted by a severe housing shortage: decades of building far too few non-market homes and too little housing supply overall. This has laid the groundwork for the financialization of housing, which is increasingly treated more as a lucrative investment than as a place to live. As the National Right to Housing Network notes: "From unreasonable rent hikes to evictions and renovictions, 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."[2]

This housing crisis has been brewing for decades and intensifying in recent years. Fixing it will require a range of major new public policy reforms and investments for a generation.

Overview

Adequate, affordable housing is a basic human need and a socioeconomic determinant of health. 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."

In practice, federal housing policy has yet to fully allocate the necessary resources or utilize critical policy levers. The National Housing Strategy has spurred some new rental housing through low-interest loans (Apartment Loan Construction Program), has been slowly rolling out a modest amount of new social housing (Affordable Housing Fund) and, during the pandemic, supported the purchase of hotels and other facilities to address homelessness (Rapid Housing Initiative). This strategy was supplemented in spring 2024 by a renewed federal housing plan called *Solving the Housing Crisis: Canada's Housing Plan*. The renewed plan represents a step forward and puts housing policy squarely on the federal agenda, but much more is needed. The promised renter's bill of rights needs to be fleshed out and robustly enacted. Far too little money is flowing to building dedicated non-market housing and deeper reforms are needed to end exclusionary zoning policies ubiquitous in our cities.

Canada has the human rights obligation to devote a "maximum of available resources" and "all appropriate means" to ensure the right to housing is realized, prioritizing those in greatest need.

Ramping up non-market housing: A non-profit model of housing development reduces costs by cutting out developer profits and setting rents in new units on a break-even basis, rather than whatever the market will bear. Amid high interest rates and construction costs, the federal government is ideally suited to address a 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. Federal loan financing for non-market housing can be combined with capital grant funding to achieve lower, more affordable break-even rents for these homes. A build out of non-market housing at the scale we describe below would benefit from a coordinated approach that meets Canada's climate goals.

Addressing the intersection between homelessness, mental health and addictions: Investments across a wide range of housing are necessary to stem the flow of people into homelessness and precarious housing situations. Along with a new homelessness prevention and housing benefit, a bold plan to build new homes is needed to end homelessness within a decade. This includes a spectrum of housing linked to mental health supports and to treatment and recovery beds.

Advancing reconciliation: Starting in 2024-25, the federal government is making new investments in urban, rural, and northern Indigenous housing. However, its $4.3 billion commitment falls short of the $56 billion over 10 years that Canada's own National Housing Council recommended.[3] 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 (UNDRIP).

Building transparency into the process: The National Housing Strategy 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 must be strengthened to identify and remedy systemic violations of the right to housing. The advocate will be given resources and access required to undertake an independent review and audit of the National Housing Strategy.

Actions

The AFB will build one million new non-market and co-op housing units over the next decade. The federal government will provide low-interest, long-amortization loan financing for a minimum of 100,000 non-market homes per year on a cost-recovery basis. This up front capital financing will be used to directly build publicly owned affordable housing, as well as being advanced to non-profit developers as a long-term mortgage. The AFB will take the bold step of having the federal government purchase up to a third of an eligible building to reduce the amount that needs to be mortgage financed. Lower mortgage payments mean more affordable rents. The AFB would provide up to $10 billion a year to partly purchase these new non-market rental buildings, making them more affordable.

The AFB will negotiate with the provinces to contribute another $5 billion. Additional affordability in rents can be achieved through public land contributions, cross-subsidies with market-rate units, eliminating mandated parking minimums, and upzoning for non-market housing.

AFB housing investments will be broad-based, recognizing that investing in non-market housing can help uphold the right to housing for people who are disproportionately affected by the housing crisis or otherwise marginalized, including Indigenous Peoples, people with disabilities, racialized and immigrant families, women and gender-diverse people, seniors, veterans, lone parents, and people fleeing domestic violence. All units will employ a universal design and ensure the creation of larger family-sized homes for intergenerational households and families that include disabled people. These investments can also help support, in partnership with provinces, the creation of supportive and complex care housing that provides wraparound support for people experiencing homelessness, addictions and/or mental health challenges.

The AFB will introduce a $3.4 billion Homeless Prevention and Housing Benefit modelled after a program proposed by the Canadian Alliance to End Homelessness, which would represent a significant expansion of the existing Canada Housing Benefit. The new benefit will provide cash assistance of $600 to $700 per month to an estimated 50,000 households experiencing chronic homelessness and another 385,000 households at risk of homelessness.[4]

The AFB will redesign and expand the Public Land Acquisition Fund, creating a $10 billion dedicated, multi-year fund to bring more private land into public ownership for the construction of non-market, affordable rental housing. This contrasts with the federal government's plans to provide only $500 million. The AFB will purchase land from other levels of government rather than bringing additional land into public ownership. The AFB will also put in place a moratorium on selling off publicly owned land that could be used to meet important social needs like dedicated affordable housing.

The AFB will expand the Canada Rental Protection Fund to provide $4 billion in grant funding to support the community housing sector to acquire existing affordable rental buildings, bringing them into the non-profit world and preserving affordability. This is an increase from the federal program's current $470 million in grant funding and would approximately match (on a per capita scale) the British Columbia government's $500 million Rental Protection Fund. Non-profit providers will finance the purchases largely through low-interest mortgages that can be repaid over 50 years. The grant funding will help keep rents low and meet maintenance and investment needs. Provinces will be expected to provide matching funds to help acquire up to 32,000 rental units.

The AFB will continue the Apartment Construction Loan Program to provide low-interest loans for all rental housing projects to help increase the availability of rental housing and raise ultra-low vacancy rates that favour landlords. The application process for the program will be simplified to reduce the administrative burden and speed up approvals. The program will continue to include purpose-built market rental housing, but non-profit developers will have their applications prioritized and expedited. The AFB will commit to increasing the program's recently raised cap of $55 billion to meet demand and enable rental housing creation.

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 value between $1 million and $1.5 million, 0.5 per cent on value between $1.5 million and $2 million, and one per cent on assessed value 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.[5] The surtax would be fully deferrable until time of sale and purpose-built rental properties would be exempt.

The AFB will strengthen conditions on the Canada Housing Infrastructure Fund to require robust provincial implementation of a renter's bill of rights and an end to exclusionary zoning. First, a renter's bill of rights must be rooted in the legislated right to housing, including security of tenure measures such as rent control and stronger funding support for tenants to organize to push back on predatory landlords. The $15 million federal Tenant Protection Fund is a step in the right direction and will be strengthened by a requirement for matching provincial funds. Second, provinces will be required to reform zoning to allow non-market housing up to six stories (or double the prevailing density in an area, whichever is higher), as well as allowing low-rise, purpose-built rental housing in the vast detached house zones of our cities.[6]

This AFB will end various real estate incentives, including the Tax-Free First Home Savings Account, which only serve to inflate the housing market. The AFB will also stop the preferential tax treatment given to real estate investment trusts (REITs). Representing progress in this area, the Canada Mortgage and Housing Corporation recently discontinued its flawed First-Time Home Buyer Incentive and Rent-to-Own programs, in line with previous AFB recommendations.

Table 1.1 / AFB actions on affordable housing and homelessness

All figures in $M

	2025-26	2026-27	2027-28
Purchase up to a third of eligible purpose-built rentals to reduce the debt financing cost—only interest cost of $10 billion a year included in this line	$320	$660	$990
Fund Homelessness Prevention and Housing Benefit	$3,400	$3,400	$3,400
Invest in Public Land Acquisition Fund—only interest cost of up to $10 billion a year included in this line	$64	$165	$330
Invest in Canada Rental Protection Fund	$1,500	$2,000	$500
Introduce a deferrable property surtax on million-dollar homes	-$3,178	-$3,632	-$4,086
Cancel the Tax-Free First Home Savings Account	-$595	-$725	-$855
Cancel REIT tax treatement	-$57	-$59	-$61

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", *The Daily,* Sept 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*", Feb 22, 2023, https://housingrights.ca/national-housing-councils-first-review-panel-on-financialization-to-move-forwar/.

3 Federal Housing Advocate," Pre-budget consultations". 2023, https://www.housingchrc.ca/en/publications/pre-budget-consultations-2023-federal-housing-advocates-recommendations.

4 Steve Pomeroy, *Responding to a new wave of homelessness: proposal for a homelessness prevention and housing benefit*, Canadian Alliance to End Homelessness, 2023, https://caeh.ca/wp-content/uploads/Homelessness-Prevention-and-Housing-Benefit-Policy-Whitepaper-CAEH.pdf.

5 Paul Kershaw, "Wealth and the Problem of Housing Inequity across Generations: A Solutions Lab," *Vancouver, BC: Generation Squeeze Lab, 2021*, https://d3n8a8pro7vhmx.cloudfront.net/gensqueeze/pages/6403/attachments/original/1639772589/GenSqueeze_Nov26.dat?1639772589.

6 Alex Hemingway, "Time to scale up: next steps for non-market housing in BC" *Policy Note*, May 7, 2023, https://www.policynote.ca/scale-up/.

Agriculture

Introduction

Disruption. We're experiencing a lot of it in agriculture: climate disruption, rapidly rising land prices, corporate mergers, supply chain breakdowns, new digital technology, new pandemic threats, just to name a few. As these disruptions play out, there is rising disillusionment and anger among farmers as they experience a loss of control, increased risk and declining returns.

And yet Canada continues to support agricultural policies focused on increasing exports. There is little concern for mounting environmental impacts or our increasing reliance on imported food. Farm debt continues to grow—now at $146 billion[1]—while the sector's ever-larger corporations supply farm inputs for higher prices and pay a minimum for farm products. These economic facts accelerate the intergenerational transfer crisis by making it harder for youth, women, BIPOC, and new Canadian farmers to enter farming.

In 2024, the federal agency, Policy Horizons Canada, identified 35 potential disruptions that could lead to policy failure and missed opportunities.[2] Biodiversity loss/ecosystems collapse and the inability of Canadians to meet their basic needs—including food—are among the most likely and highest impact of these disruptions. The agency urges leaders to prepare for future disruptions through resilient, sustainable policy.

As hunger continues unabated globally, and food security worsens among Canadians, it is harder to maintain the belief that our agriculture system must accelerate along the same path to feed the world.

Overview

The AFB will rebuild economic, environmental and social stability by making Canada's food and agriculture system more resilient. It will fund policies that ensure the current and next generation of Canadian farmers have the capacity to take care of the land so they can feed people now and into the future.

One of the key drivers of harmful disruptions is the financialization of our food system. Investment companies are purchasing farmland as a financial asset to maximize rent and for speculation. Passive investors can make money from farming without risk, as they collect rent before the crop is planted. Asset management companies also drive competition between sectors, pushing food processors and retailers to increase their profits by cutting costs: driving down the share of food prices that goes to workers and farmers while raising prices for consumers.[3]

If approved, the anticipated merger of Bunge and Viterra, which is opposed by most Prairie farm groups, would give it such market dominance that it could reduce Prairie farmers' income by over $700 million annually. Beef producers already face a market in which just two giant foreign companies, JBS and Cargill, control over 95 per cent of federal meat-packing capacity.

Farmers might try to make up for lower commodity and higher land prices by increasing their yields—often by increasing their use of nitrogen fertilizer, which contributes a high proportion of agriculture-based greenhouse gas emissions. Farmers who wish to reduce their nitrous oxide emissions might try non-fertilizer supplements to increase yields, but since these products are not efficacy-tested, they might be paying for something that doesn't work. Gaining productive acres by draining wetlands and clearing trees releases sequestered carbon and increases both drought and flood risks. Anticipated subsidies for "sustainable aviation fuel" (SAF) biodiesels are likely to drive conversion of biodiversity-rich pastures and other marginal lands to input-intensive oilseed cropping.

While digital technologies purport to be the efficient solution to emissions reductions and climate change on farms, increasing dependence on a few commodity crops also positions Canadian agriculture to be less resilient to the worsening effects of climate change. The rise of digital technology in farming allows farm scale to expand, but raises issues of data privacy and farmer autonomy as more decisions are made through opaque algorithms. Digitization also generates massive quantities of data that farmland investment companies, input companies, and commodity traders use to hone their ability to pull more profit from the land and its farmers. The efficiency of these data tools leaves less of agricultural surplus for farmers, workers, consumers and the land itself.

Digitization, along with automation, is seen by some as an answer to farm labour shortages. Yet Canada's population is growing faster than our employment rate. The "shortage" of labour is better explained by the financial sector's constant pressure to reduce workers' and farmers' share of the economic pie. Corporate managers know that financial sector investors seek the most profitable opportunities, and to access and keep these investments, they trim costs in an economy-wide competition. Keeping labour costs low—whether through low wages, speed-ups, "just-in-time" hiring, or automation—allows a higher share of revenue to flow to profits. Keeping returns to farmers low is a cost-cutting measure for companies buying food ingredients, but it also induces farmers to offload some of their production costs onto themselves through their own unpaid labour, and/or underpaid employees. Canadian agriculture also increasingly relies on the Temporary Foreign Worker program, which denies full rights to these workers (see the Immigration chapter). Canada's food system should not depend on such exploitation. Rather, legislation, programs, institutions and supports can ensure agricultural jobs with dignity for both foreign and domestic farm workers.

The concentration of power amongst input, transportation, trading, and processing corporations is leveraged to raise input prices and depress the prices that farmers receive for their products. Despite recent changes strengthening the *Competition Act,* it is still inadequate to counter the market power of the globally dominant agriculture corporations that farmers in Canada must deal with. To provide fairness, the government must regulate these corporations in the public interest. Public interest regulation would provide transparency and prevent offloading of environmental, health and labour costs.

Our domestic, local and regional food systems and their infrastructure have withered under inadequate past federal budgets. During the COVID-19 pandemic, there was a surge in consumers buying directly from farmers. Canadians understand that long supply chains are fragile, and that supporting local farmers supports long-term food security. In 2024, Canadians rose up against profiteering by the large grocery retailers and turned to smaller independent, locally owned, cooperative and farm-based food sources. There is a clear desire and demand for a more localized food system to support community prosperity, as well as to shorten and strengthen supply chains. Lack of infrastructure and capacity to support sustainable employment are limiting factors that need to be addressed.

The rapidly intensifying climate emergency is the most pervasive disruption that agriculture faces. Global temperatures rose alarmingly in 2023. Year to year, even week to week, farming conditions are less predictable. The implications for our food supply, and for social unrest, are severe. We are beyond needing to tweak programs to make marginal changes to our greenhouse gas (GHG) emissions economy-wide. In agriculture, we need robust institutional support—including income support—for farmers to adopt less GHG-intensive methods. Farmers must also see other sectors doing their fair share to mitigate GHG emissions.

As climate change impacts become more severe, farmers must have dependable and timely access to recovery support when their farms are affected. To reduce the costs and production impacts, farmers need robust climate adaptation tools and support. Policy makers must also recognize that climate impacts don't simply add to farmers' troubles, but multiply them as they interact with policy and market challenges. A serious and effective climate adaptation and mitigation strategy is necessary to prevent the massive interlocking disruption of biodiversity collapse and a food security crisis.

Actions

The AFB will curtail the financialization of farmland, including eliminating farmland investment fund eligibility for RRSP funds and other farmland real estate investment tax incentives.

The AFB will develop a non-market farmland acquisition program in the peri-urban areas of every province to ensure Class 1 and 2 farmland is available for food production at rental/lease rates aligned with the land's food production value. The fund will buy $3 billion worth of farmland annually. This will promote long-term food security and rural livelihoods and will prevent our best farmland from becoming urban sprawl or highways. Forward-thinking municipalities protect their drinking water sources through watershed protection. **The AFB will** protect the long-term agricultural value of our municipalities' "foodshed" lands. Farmers who produce food for sale in the nearby city with low-emission production methods that protect water quality and biodiversity will be provided secure tenure on these lands.

The AFB will establish a set-aside program over 10 years to support farmers to convert approximately five million acres of land (about five per cent of cropland) currently cropped uneconomically (low yields mean cost of production exceed returns per acre) into wildlife habitat, wetlands, treed land to support biodiversity, carbon sequestration. The mosaic effect of dispersed small areas of habitat within agricultural areas will also provide production benefits, such as increased pollinator and pest predator populations. Suitable areas will be identified using satellite imagery and agronomic information. Farmers with eligible land would be offered $50 per acre per year to convert and maintain it in the set-aside program.

The AFB will shift eligibility for digital agriculture research and development funding in the Sustainable Canadian Agricultural Partnership away from private sector recipients and, instead, fund public and co-operative sector institutions to promote local digital agriculture applications/platforms that meet public-interest privacy, transparency and data democracy criteria.

The AFB will create a framework for a dedicated immigration stream for agricultural workers and grant them all the rights and privileges that Canadian workers have under provincial and territorial labour laws (see the Immigration chapter). The AFB will also establish a suite of off-season employment programs and ensure both resident and migrant farm workers benefit from Employment Insurance for their economic stability during the non-growing season (see the Employment Insurance chapter).

The AFB will eliminate funding and subsidies for sustainable aviation fuel programs. This will prevent valuable food production land from being diverted into unsustainable fuel production. To address long-distance transportation, the AFB will redirect dollars subsidizing oil and gas production to fund inter-city public transit, passenger rail and other zero-emission transport infrastructure (see the Taxation and Infrastructure chapters).

The AFB will increase funding to regulatory agencies, including the Canadian Grain Commission, the Canadian Food Inspection Agency, the Pest Management Regulatory Agency, by 25 per cent to expand their capacity to effectively regulate in the public interest.

The AFB will reinstate mandatory independent, multi-site, multi-year efficacy testing for non-fertilizer supplements to be implemented by the CFIA. The program would require about six staff, with a cost of approximately $2 million per year.

The AFB will implement windfall taxes for corporations in the agriculture/agrifood chain to check these often-monopolistic companies' use of their market power to take advantage of farmers and consumers (see the Taxation chapter).

The AFB will support local, regional and domestic food production, processing, storage and distribution that is under farmer/consumer control, such as co-operatives, non-profit associations, and locally owned small and medium enterprises. This will ensure greater consumer choice within the grocery store sector while maintaining food dollar circulation within Canadian communities.

The AFB will establish the Canadian Farm Resilience Agency (CFRA), modelled after the former Prairie Farm Rehabilitation Administration.[4] This new national climate change-focused agriculture extension institution will support farmers' efforts to mitigate climate disruption by leading and coordinating emissions reduction, resilience building, climate adaptation, data collection, research, education, and outreach. It will connect farmers to expertise that will enable them to jointly develop knowledge needed to support putting low-emissions agriculture into practice. With a decentralized structure, 1,500 agrologists who live locally and are independent of input sector influence will provide trustworthy advice to improve resilience. CFRA-supported change will significantly reduce losses from climate impacts and, thus, reduce the annual cost of Business Risk Management programs. This will be funded by shifting funds out of export-promotion subsidies currently provided to high-input industry associations.

The AFB will support access to occupational health and safety measures needed by farm workers exposed to heat, smoke, and unseasonably cold temperatures while in the fields and greenhouses. The AFB will create a climate adaptation support program for eligible farm employers by providing rebates on heat-related safety equipment, compensation for additional costs incurred due to rescheduling work days to benefit from cooler weather conditions and increasing rest periods, and for costs related to measures such as providing shade and cooling stations and improving ventilation in greenhouses. **The AFB will** cost share a hazard pay wage top-up for farm workers when their work exposes them to severe and unavoidable climate hazards, such as extreme heat, wildfire smoke, or dangerous evacuations. **The AFB will** also cover disaster relief pay through expedited Employment Insurance (EI) to replace income lost when the farm is rendered inoperational due to natural disasters (see the EI Emergency Response Benefit in the Employment Insurance chapter).

The AFB will support Canada's horticulture sector through the CFRA and by targeted programming for infrastructure adaptation. Fruit and vegetable production for fresh consumption and processing is critical for Canada's food security, shortening supply chains and increasing agricultural biodiversity. Horticulture is particularly vulnerable to climate disruption, so mitigation and adaptation efforts will significantly reduce costs, increase revenues and make the sector more resilient.

Table 2.1 / AFB actions on agriculture

All figures in $M

	2025-26	2026-27	2027-28
Establish a Foodshed Lands Trust	$96	$198	$297
Convert 5% of uneconomical farmland to wildlife habitats	$11	$22	$34
Eliminate subsidies for sustainable aviation fuel	-$10	-$10	-$10
Increase annual core funding for regulatory bodies by 25%	$159	$156	$156
Mandatory independent, multi-site, multi-year efficacy testing for non-fertilizer supplement	$2	$2	$2
Support more local food production, processing, storage and distribution	$210	$210	$210
Establish the Canadian Farm Resilience Agency	$400	$400	$400
Funds already in the fiscal framework	-$400	-$400	-$400
Climate adaptation farm workers supports	$50	$50	$50
Horticulture infrastructure adaptation	$100	$100	

Notes

1 Statistics Canada, "Labour Force Survey", May 2024.

2 Policy Horizons Canada, *Disruptions on the Horizon 2024*, 2024, https://horizons.service.canada.ca/en/2024/disruptions/Disruptions_on_the_Horizon_2024_report.pdf.

3 Alex Purdye, *Canadian Grocery Profitability: Inflation, Wages and Financialization*, Broadbent Institute, September 3, 2023, https://www.broadbentinstitute.ca/grocery-financialization.

4 National Farmers Union, "*The Canadian Farm Resilience Agency (CFRA)*", 2024, https://www.nfu.ca/wp-content/uploads/2022/12/CFRA-two-page-summary-2nd-Edn-2024-EN.pdf.

Arts and culture

Introduction

Artistic expressions engage, entertain and educate us. They reflect us to ourselves and to the world. They are tools for social cohesion, intercultural dialogue, health and more. Arts and culture are also big business. The Conference Board of Canada previously reported the sector was worth 7.4 per cent of GDP, including direct, indirect, and induced contributions.[1] In 2021, cultural exports were worth $18.3 billion[2] and 685,000 people[3] worked in arts and culture.

But the sector is experiencing significant challenges in 2024. These include rising costs, shrinking audiences, changing business models, more competition for restricted public funding, and declining private financial support.

Overview

Important institutions across the country are facing significant challenges. The Toronto International Film Festival and Contact Photography Festival lost lead sponsors. Well-established events and venues shuttered or scaled back, including Montreal's Just for Laughs Festival, Toronto's Hot Docs, and Fringe Festivals in Toronto, Edmonton and Vancouver. The Regina Folk Festival, Vancouver Folk Festival, Victoria's Blue Bridge

Repertory Theatre and Toronto's Open Studio printmaking centre are struggling. Many other smaller events and venues in every corner of Canada closed. Artscape, which provides live/workspace for Toronto visual artists, is in receivership.

There are multiple reasons for these challenges: producers, publishers and individual artists are facing rising costs and falling revenues. Audiences have not returned after the pandemic. Digital technologies continue to fundamentally reshape business models. Sponsorships and philanthropic donations are disappearing. AI is a significant threat to performers, writers and other creatives.

In March 2024, the Canadian Association of Professional Theatres reported that in the live performing arts field:[4]

- Average operating expenses increased by 35-41 per cent from 2019.
- National audience participation is 46 per cent below 2019 levels.
- Philanthropic donations are down 45 per cent.
- Government funding has not kept pace with the sector's growth.

The 2024 federal budget allocation of $31 million over two years to the Canada Arts Presentation Fund is welcome, but only a stop gap measure.

The emergence of streaming services has completely upended the traditional business model. According to the International Federation of the Phonographic Industry (IFPI),[5] global music industry revenues declined from 1999 to 2014. They began to rise, and finally surpassed 1999 revenues, only in 2021. Streamers now account for 67.3 per cent of total revenue. In the past, revenues came from the sale of the album. The musician's tour promoted album sales. Music is now streamed digitally, generating little revenue for artists. Today, it's the tour that generates revenue. While global streaming services pay royalties, emerging artists and session musicians receive pennies. Even before the pandemic, small, local music venues throughout Canada—incubators for the next generation of local talent—began to disappear. Budget 2024 provided $32 million over two years to the Canada Music Fund, which isn't enough. Under the recently adopted *Online Streaming Act*, the CRTC imposed a requirement on foreign streamers to contribute five per cent of their annual gross Canadian revenues to Canadian content productions. As this applies to Spotify and other music streaming services, urgently needed new resources will soon begin to flow to Canadian music.

The situation in film, television and digital media is complex. As audiences have embraced the mostly foreign streaming services, revenues of traditional broadcasters are declining. There have been significant cuts at the CBC. As CTV, Corus and Global lost revenues, they applied to the CRTC for a reduction in obligations to program Canadian content, particularly programs of national interest.

In 2022-23, Canada's film and television production reached an all-time high of $12.19 billion. Foreign service production was $6.86 billion, a significant increase over the past five years. Total Canadian feature film and broadcaster in-house production in 2022-23 was $1.66 billion, slightly more than five years earlier. Canadian television production increased over the last five years to reach $3.62 billion.[6]

But these positive numbers hide worrying trends. Since 2017, the revenues of Canadian broadcasters have shrunk, resulting in a 30 per cent decline in their contributions to broadcasting funds that, alongside government programs, subsidize Canadian TV drama, documentaries, local expression, news programming, and music.[7] The U.S. industry is also changing. Movie cinemas have smaller audiences and the major studios are in decline. The 2023 strikes by scriptwriters and actors meant fewer service productions in Canada. And the streaming services are facing headwinds. Netflix recently announced it would cut over 100 shows.[8] The big-spending golden age of producing movies and television by streamers is over. Services like Netflix, Disney+, and Amazon Prime Video are cutting back production, raising prices and piling on advertisements.[9]

Budget 2024 provided $100 million over two years to Telefilm Canada. The CRTC *Online Streaming Act* decision will require foreign film/television streamers to contribute five per cent of their gross Canadian revenues annually to the production of Canadian film, television and digital media content. Under the *Online News Act*, Google has agreed to pay $100 million annually (indexed to inflation) to Canadian news services. These actions should stabilize opportunities for Canadian content producers in the near term.

According to a July 2022 report, book publisher revenue was 3.3 per cent lower than in 2019.

Actions

The AFB will expand the refundable tax credit programs to all sectors to encourage private investment in the production of artistic expressions and cultural works.

Canada currently provides refundable, labour-based tax credits primarily through the Film or Video Production Tax Credit and the Film and Video Production Services Tax Credit. Provinces provide complementary credits for producers of films and television programs, or similar incentives. Québec offers a refundable tax credit for producers of live performances and Ontario provides a refundable tax credit for book publishers.

The AFB will provide a 30 per cent refundable tax credit to producers of all forms of Canadian artistic expressions and cultural works. The credit is based on eligible labour expenses, including salaries, wages, fees, per diems, and other compensation. Payments to artists and other creative talent are included. The credit will be provided to eligible Canadian producers of film, television, digital media, animation, live performances, books, magazines, visual arts, crafts and other forms of artistic expressions and cultural works.

The federal government will work with the provinces to ensure the tax credit programs are complementary and effective in encouraging private sector investments in all arts and culture.

The AFB will provide an additional $100 million each year to the Canada Council for the Arts (CCA). Considering the crisis in arts and culture, the Canada Council for the Arts will be exempted from the *Refocusing Government Spending Program*, which would cut $7.3 million in funding in 2025-26 alone. The AFB will provide these new funds to the CCA to enable it to:

- Implement relevant programs for Indigenous artists, Black artists, gender-diverse artists, artists with disabilities, older artists, as well as artists from other marginalized and equity-deserving communities.
- Provide additional operating grants for arts service organizations, which are essential to having a healthy and vibrant sector.

The distribution of these funds 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 the specific and diverse needs. This is necessary 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.

The AFB will target measures to support professional artists. 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.[10] 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 is around 44 per cent lower than all Canadian workers.[11]

The AFB will amend the *Income Tax Act* to ensure that up to $10,000 of professional artistic income 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 it will be eliminated for artists whose total family income exceeds the median of all workers.[12] This credit creates a powerful creativity incentive 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. A writer might spend many years on a script before it is made into a movie and generates income. But the income these artists receive will be taxed in the year 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 it was created.[13]

Many artists and related cultural workers 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 other employment), many cannot collect EI regular benefits, even if they otherwise qualify.[14] 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 this model will be revenue neutral except in extraordinary circumstances, such as a pandemic.

Table 3.1 / AFB actions on arts and culture

All figures in $M

	2025-26	2026-27	2027-28
Expand the Canadian Film or Video Production Tax Credit to all arts sectors and boost the refund rate to 30%	$554	$554	$554
Increase funding to the the Canada Council of the Arts for inclusive program funding	$100	$100	$100
Artists liveable income tax credit	$37	$37	$37
Artists permitted to back-average income over four years for income tax	$5	$5	$5

Notes

1 Conference Board of Canada, "Valuing Culture: Measuring and Understanding Canada's Creative Economy", July 28, 2008.

2 Canada Council for the Arts, "Trade of Culture and Sport Products (TCSP)", 2024, https://canadacouncil.ca/research/research-library/2023/10/trade-of-culture-and-sport-products.

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11 Ibid.

12 Kelly Hill, 2019. In the 2016 census, the median family income of artists was $57,800, and the overall median family income was $86,500.

13 ACTRA,*"Submission to the Department of Finance Consultations on Tax Planning Using Private Corporations"*, October 2017.

14 Garry Neil, *Employment Insurance Benefits for Self-Employed People*, Cultural Human Resources Council, April 2010, https://www.culturalhrc.ca/sites/default/files/research/CHRC-EI-report-self-employed-en.pdf.

Child care

Introduction

For the first time in Canada's history, meaningful and measurable progress is resulting in families, and the broader economy, benefitting from the federal government's commitment to high-quality, inclusive $10-a-day child care. The implementation of the distinctions-based approach detailed in the Indigenous Early Learning and Child Care Framework is also progressing, backed by federal funds.[1]

However, child care spaces are not being created quickly enough to meet demand.

In an effort to create new spaces more rapidly, some are calling for more public funding and support of for-profit child care centres. That would be going backwards. The reason all current federal child care agreements emphasize public and not-for-profit expansion is because decades of research in Canada and internationally highlights the relative instability, lower quality, and higher cost of for-profit child care.

The solution to improving access to $10-a-day child care is faster public and not-for-profit expansion, with additional focus on publicly owned facilities. The 2025 federal budget must include new funding and clear mechanisms to incentivize provinces and territories to (a) compensate the child care workforce fairly so that it can grow, and (b) expand child care in publicly owned facilities alongside ongoing efforts to expand child care in non-profit and Indigenous-owned facilities.

Overview

All of the reasons for an affordable Canada-wide child care system put forward in every federal budget since 2021 remain true: giving every child the best start in life, saving every family thousands of dollars in fees, helping more moms return to the workforce—therefore helping our economy to reach its full potential—and ensuring the next generation of parents don't have to choose between having a family or a career.

While federal investments since 2021 have greatly reduced child care fees,[2] the goal should be for these fees to be set and capped everywhere at no more than $10 a day (vs. settling for an *average* of $10 a day, which is an inequitable approach whereby many families still pay too much).

Furthermore, as the federal 2024 budget acknowledged, "there still aren't enough child care spaces."[3]

The three biggest barriers to more high-quality child care spaces are:

1. Shortages of qualified staff due to low wages, minimal benefits and poor working conditions in the child care sector;
2. The lack of a public child care expansion model similar to that used for schools and hospitals and a failure by governments to effectively support community-based not-for-profit expansion; and
3. Inadequate levels of public operating funding in most provinces and territories.

Child care wages and benefits

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, particularly for early childhood educators.

When it comes to improving wages, wage grids have been identified as best practice[4] and many in the sector have been calling for them.[5] Effective wage grids set competitive, equitable, standardized wage rates that increase with qualifications/certifications, years of experience and scope of practice.

Just over half of the provinces and territories have already developed child care wage grids.[6,7] However, in addition to other issues, the wages in many jurisdictions are still too low overall. The remaining provinces and territories have not yet developed a wage grid or have not yet made a commitment to do so.[8]

When it comes to improving pensions and benefits, public sector plans should be the benchmark. However, only four provinces have any kind of child care pension or benefits plans and, of these, only Nova Scotia and Quebec are in line with public sector defined-benefit plans.[9]

While wages and benefits are only one part of the solution to the workforce crisis, they're a foundational part. If provinces and territories continue to undercompensate child care workers, Canada will never meet its expansion and quality goals because there won't be enough qualified educators.

In its 2024 budget, the federal government states that it has made fair wages for educators a cornerstone of its child care plan and is pushing provinces and territories to create early learning and child care workforce strategies, raise wages, and create robust child care pension regimes.

The 2025 budget should include new funding and clear mechanisms to push for these outcomes in every province and territory.

Expansion model

One of the biggest sources of tension in child care, here in Canada and around the world, is how much of the system should be financed, planned, and operated by public entities, not-for-profits, or for-profits.

This topic is discussed in detail elsewhere[10] but, in short, the evidence in Canada and internationally makes the argument for much more public involvement—a leadership role—in child care expansion, and a minimal involvement of for-profit centres.

Reflecting this evidence, all Canada-wide child care agreements prioritize the expansion of licensed public and not-for-profit spaces (six of the agreements also speak to the expansion of family/home-based spaces).[11]

The problem is that, first, not-for-profits are structurally limited in their capacity to drive expansion[12] and, second, provinces and territories have not yet developed the planning, funding, and administrative frameworks—akin to those for schools and hospitals—necessary to drive the expansion of publicly owned child care. Similarly, governments have failed to take sufficient measures to encourage and support the rapid expansion of community-based non-profit spaces.

In response, some voices have been calling for enabling more for-profit expansion. The business models—including ready access to private capital—employed by these interest groups can lead to more rapid creation of new spaces, especially when public funding is available to make their operations more profitable and their real estate holdings more valuable.

But the answer to insufficient access to $10-a-day child care should not be more public funds spent on private profits, producing inherently less stable and lower quality for-profit programs.[13] Rather, the answer should be faster non-profit and public child care expansion.

To this end, the federal 2024 budget introduced measures to accelerate public and non-profit spaces through $1 billion in low-cost loans, as well as some relatively small grant and capacity building funds. However, what the community-based, non-profit operators need to expand is meaningfully different from what public entities (e.g. municipalities, school boards, colleges, universities) need to effectively expand. Even with support, it is a tall order to ask volunteer-governed non-profits to develop, finance, and manage multi-year expansion projects—and it is not how we expand schools, health care, or any other core public service.

As such, and in parallel with efforts to support community-based, non-profit expansion, the 2025 federal budget should include new funding that is conditional on the provinces and territories developing their own publicly owned child care expansion models, like each has for its schools and hospitals, focusing exclusively on publicly owned facilities (but not precluding not-for-profit operators in those facilities), and taking advantage of planning synergies with new housing and schools on public land.

Provincial/territorial publicly owned child care expansion models must also include plans for rapid expansion of school-age child care. Existing elementary schools can be adapted and used for before- and after-school programming quickly and inexpensively, relative to expansion for younger children.[14]

Overall, and as a condition for access to federal funds, provinces and territories must ensure their own operating funding models are adequate to keep high-quality child care programs open.

Actions

The AFB will include $10 billion in new Early Learning and Child Care Workforce funds over five years, transferable to provinces and territories if/once they have developed—and then to spend only on—a Child Care Wage Grid and Child Care Pension and Benefits Plan.

To qualify for this new federal funding:

- Wage grids must have wage rates based on a publicly available compensation philosophy/strategy with a transparent benchmarking methodology.
- Pension and benefits plans must align with the jurisdiction's public sector plans.
- Provinces and territories must provide evidence that their child care operating funding model is sufficient to keep high-quality programs open.

The AFB will boost the existing Early Learning and Child Care Infrastructure Fund by $15 billion over five years to fund the creation of early learning and child care and school-age child care programs in publicly owned facilities. This will provide new capital funding to provinces and territories once they have developed—and then to spend only on—the implementation of a publicly owned child care expansion model that includes a school-age child care mandate.

To qualify for this new funding provinces and territories must:

- First develop a publicly owned child care expansion model that sets out a planning and administrative framework to ensure the rapid expansion of high-quality child care in publicly owned facilities (reflecting models of publicly owned schools and hospitals).
- Develop an associated school-age child care mandate that, in collaboration with public education sector unions, enables and mandates the adaptation and use of enough existing elementary school classrooms to fully meet families' needs for before- and after-school child care.
- Provinces and territories must provide evidence that their child care operating funding model is sufficient to keep high-quality programs open.

Table 4.1 / AFB actions on child care

All figures in $M

	2025-26	2026-27	2027-28
Early learning and child care workforce wage grids, pension and benefits plans	$3,000	$4,000	$2,000
Public child care expansion	$2,000	$3,000	$4,000

Notes

1 For example, see: *IELCC in BC: 2022-2023 Annual Report*, B.C. Aboriginal Child Care Society, 2023.

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Decent work

Introduction

The AFB's goal is to set a national agenda to expand workers' access to skills development and training, to facilitate workers' transition into better jobs, and to ensure fair and healthy working conditions for all workers.

Record-setting immigration figures and slowing economic recovery point to the need for robust investments in—and expansion of—skills training programs. In addition to training programs, working people need labour standards reform to ensure they do not continue to fall behind. Although the economic slowdown created by interest rate hikes has not been as severe as some feared, the softening labour market has been felt particularly by young workers, who saw youth unemployment and underemployment rates jump in the last year.[1]

As we prepare for interest rates to ease and to integrate hundreds of thousands of new workers into the labour force, it is critical that labour standards and training programs reduce inequalities, not reproduce them.

Overview

Ensuring access to decent work in Canada hinges on expanding access to training and workforce development opportunities funded through federal funding streams, as well as by raising basic labour standards for all workers through federal reforms. This year's AFB outlines proposals along these lines:

Continue *Canada Labour Code* upgrades and strengthen enforcement

Upgrades to the *Canada Labour Code* are critical to raise the floor for workers in federally regulated industries, both unionized and non-unionized. The *Canada Labour Code* has been strengthened in several ways in recent years. The passage of federal anti-scab legislation is a historic step forward that protects the right to strike and collectively bargain. However, some amendments are still required to strengthen reforms and eliminate ambiguity, and delays to regulations have left many workers waiting for code amendments to take effect.

The latest round of amendments addresses employee misclassification. Bill C-69, the Budget Implementation Bill, amends sections I to III of the *Canada Labour Code* to:

- Ensure that a worker who is paid remuneration is presumed to be an employee unless the contrary is proved by an employer.
- Place the onus onto employers to provide evidence in cases where an employer alleges that a worker is not their employee.
- Prohibit any employer from treating an employee as if they were not an employee.

These amendments to the *Canada Labour Code* are an important step forward in addressing misclassification, particularly in the federally regulated trucking sector, but additional amendments are needed to eliminate any ambiguity around misclassification. Particularly, a clear ABC[2] test to identify workers as employees should be added to the code to guide regulators investigating cases of misclassification.

In addition to amendments to eliminate ambiguity around misclassification, the AFB will invest in inspection and enforcement—this will create a credible deterrent for employers and ensure these labour code changes are implemented.

The AFB will also improve on recent code amendments that prohibit differential pay, and protect successor rights in contract flipping.

The federal government passed amendments in 2021 that prohibit differential pay based on employment status (such as temporary or part-time workers). However, regulations to bring the law into effect have not yet been delivered despite being promised for spring 2024. The AFB will deliver regulations to prevent differential pay based on employment status before budget 2025.

Contract flipping has become an issue for workers at many Canadian airports. It refers to when an employer (such as an airport) "flips" a contract for a specific service (such as cleaning) from one sub-contracting company to the next every few years, forcing workers to reapply for their jobs, often with worse wages and benefits.

The federal government amended the labour code in 2018 that ensures workers whose contract is passed from one company to another are deemed as continuously employed—which is known as "successor rights." This prevents companies from reducing pay by flipping aspects of work between contractors. While this is an important step, this continuity was not extended to collective agreements, meaning unionized workers must reorganize and restart collective bargaining every time a new contractor takes over. The AFB will amend Part I of the code to implement full successor rights for unionized and non-unionized workers.

Reinstate the $625 million top-up to labour market transfers

The federal government invests approximately $3 billion annually in training and employment through Labour Market Transfer Agreements with provinces. The two components of this transfer are the Labour Market Development Agreements (LMDA), which provide $2.1 billion, funded through worker and employer EI premiums, and the Workforce Development Agreements (WDA), which provide around $900 million, funded through consolidated revenue.

The federal government provided a $625 million top-up to LMDA/WDA funding in budget 2023 for the 2023-24 fiscal year, however, this funding expired in 2024-25 bringing transfer levels back to pre-2017 levels.[3] The expiry of this funding is forcing many training programs to wind down, leaving workers without ladders to better employment. The 2024 budget also cut funding for the WDA from $922 million to $722 million, reducing training program funding for workers who are not eligible for EI.

The AFB will permanently reinstate the $625 million increase to labour market transfers, in consultation with provinces and training organizations on what funding they need.

Reducing barriers to training

Programming funded through the LMDA (the largest of the two funding streams, at $2.1 billion annually) is restricted to workers currently accessing EI or workers who have made sufficient EI contributions over the last five to 10 years.[4] These restrictions leave workers who are currently employed and young workers or other marginalized workers without sufficient work hours, left with the scraps of federal training and workforce development funding. The need to rapidly adapt to a changing world of work and economic precarity for a growing proportion of Canadians make opening up employment and training programs more important than ever.

The federal government should pay greater attention to training allowances or other income supports for workers seeking training. Currently, some provinces provide training allowances, but they are income-tested, which tends to disproportionately harm women seeking training. With the right supports, workers can pursue new skills and make the jump to better work.[5] For more on this, see the Employment Insurance chapter.

Data collection on gig-work

Statistics Canada reported in March 2024 that 871,000 workers in Canada worked in the gig economy in the fourth quarter of 2022, indicating that the sector is becoming a significant model for work in Canada.[6] The expansion of gig work is causing provincial governments to begin efforts to regulate the sector, but they are doing so with insufficient data about the size of the sector at the provincial level and its demographics. The AFB will provide additional funding to Statistics Canada to add permanent questions to the monthly labour force survey on gig work.

Roundtable on AI, technology, and work

Artificial intelligence technology (AI), as well as other forms of technology and data use, continue to enter Canadian workplaces, with significant implications for the workers' privacy and working conditions. The 2024 federal budget committed $50 million for the Sectoral Workforce Solutions Program to help retrain workers in sectors disrupted by AI, as well as $5.1 million to strengthen enforcement of the *Artificial Intelligence and Data Act*. These are welcome investments to support workers in disrupted sectors, but more engagement is needed to understand how worker privacy needs to be protected as AI systems are integrated into workplaces.

The AFB will provide an additional $5 million to convene a roundtable composed of labour, community, and industry representatives that reports to the Office of the AI and Data Commissioner on workplace privacy and AI.

Actions

The AFB will add an ABC test to the *Canada Labour Code* to address misclassification. It will also invest in needed enforcement to create a credible deterrent against misclassification.

The AFB will deliver regulations to prevent differential pay based on employment status before budget 2025.

The AFB will amend Part I of the code to implement full successor rights for unionized and non-unionized workers in cases of contract flipping.

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

The AFB will reinstate the 2023, one-time $625 million investment in training and employment services through LMDAs and make it permanent.

The AFB will ensure training benefits are expanded to more participants—particularly low-income workers, women and gender-diverse people, Indigenous Peoples, immigrants, migrant workers, disabled people, and racialized people. This includes removing restrictions on LMDA programming, expanding WDA funding, and working with provinces on income support for workers seeking training.

The AFB will establish tri-partite structures at both the federal and provincial/territorial levels as a condition of LMDA/WDA transfers to provide oversight on spending and programming as well as act as a forum for improvements to LMDA/WDA training programs that includes labour and training organizations.

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

The AFB will expand the types of training funded by labour market transfers 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 make $2 million available to Statistics Canada to ask permanent questions on the Labour Force Survey on gig work.

The AFB will make $5 million available to convene a roundtable composed of labour, community, and industry representatives on workplace privacy and AI that reports to the Office of the AI and Data Commissioner.

Table 5.1 / AFB actions on decent work

All figures in $M

	2025-26	2026-27	2027-28
Enforce new misclassification regulations	$10	$10	$10
Make permanent the Labour Market Transfer boost	$625	$625	$625
Add permanent new gig-work questions to the Labour Force Survey	$2	$2	$2
Convene a roundtable on workplace privacy and AI	$5		

Notes

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Employment Insurance

Introduction

The big reforms in Employment Insurance (EI) are yet to come—measures that would open up access to tens of thousands and deliver on the promise of "EI for the 21st Century."[1] Canada still struggles with historically low EI beneficiary rates—hovering around 40 per cent of unemployed people. Fully 83 per cent of the unemployed received regular unemployment benefits in 1989. By 1998, following a number of anti-worker reforms, it was half that level, at only 42 per cent—roughly where it stands today.[2]

EI is a critical social insurance program, financed by premiums from workers and employers with forecast expenditures of $28.96 billion[3] in 2025. It is the primary source of income replacement when workers lose jobs, face temporary layoffs, are separated from employment while on leave for parenting or caregiving, or have to take time off work due to sickness or injury. It funds the training and employment services delivered by provinces and territories through labour market agreements with the federal government.[4]

Since the 2024 budget, there has been only limited action on EI improvements: the expansion of EI sick benefits to 26 weeks and the five-week extension for seasonal employment regions.

This does not suffice to deliver better benefits to more workers.

Overview

Repairing the EI system and opening access to more workers is increasingly urgent.

EI is the most important automatic economic stabilizer when there are widespread economic shocks and entire communities are reeling. The pandemic showed clearly what happens when EI is not maintained in good running order.

EI could and should be doing so much more in an era of overlapping emergencies. We need an EI program that does its job better than it does now—and is better positioned for climate change and disaster preparedness, be it floods, fires or pandemics, as well as challenging labour market conditions, such as the accelerated use of casual and temporary positions, robotization and AI, and the changing place of migrant workers in our labour force.

Taking note of the guidance provided by the Inter-provincial EI Working Group and other regional and national organizations,[5] the 2025 AFB will begin the serious work of repairing our EI system.

In better keeping with a tripartite social insurance system, the AFB will make a new annual government 'fair share' 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) as well as administration and EI Part II Labour Market Agreement transfers to provinces and territories. 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 'fair share' contribution from government will provide business and labour with more predictability in premiums and help support the AFB actions that follow, expanding access to EI and improving benefits.

Actions

The AFB will introduce a new program of *EI Emergency Response Measures,* an innovation that will leverage the EI system to provide more effective and consistent support in cases of emergencies. The program will be triggered by an official federal declaration and the costs of EI enhancements attributed to the government's Consolidated Revenue Fund.

The need for such measures was first anticipated as an Employment Insurance Disaster Assistance Benefit in the government's pre-pandemic 2019 platform,[6] reinforced in a 2023 House of Commons Standing Committee on Finance recommendation to reform and improve the Employment Insurance program, to address issues exposed during the pandemic.[7] It is critical that Canada now move to an automatic and predictable response to natural disasters and climate-related emergencies, which are happening with more frequency.

The pandemic highlighted the huge price of neglecting EI, our key automatic economic stabilizer. We must be better prepared, with codified EI measures for floods, hurricanes, wildfires, ice storms and the like, as well as pandemics affecting us country-wide. These measures will relax standard EI eligibility requirements, and workers in affected regions will be automatically credited with additional EI hours and allowed a longer reach-back period for accumulating hours, thereby expanding access to more workers and extending the duration of their benefits. It will also waive the standard waiting period to ensure EI benefits are payable for the first week of job loss.

Other emergency measures will mimic those used during the 2023 wildfires (waiving the normal rules for declaring other income deducted from EI benefits, mandating employers to expedite ROEs to all temporary foreign workers with special Service Canada supports for such workers, and promoting use of an EI Work-sharing Emergency Special Measure, which facilitates and fast-tracks applications).[8]

The AFB will establish a common pan-Canadian qualifying rule for both regular and special EI benefits. It will lower the qualifying hours to 360 (or 12 weeks when to the claimant's advantage); 360 hours is the equivalent of 12 weeks of 30 hours, approximating the average weekly schedule for payroll employees, including overtime.[9] Service jobs, the most numerous in today's labour market, offer even fewer hours, affecting large numbers of women and racialized workers. For example, workers in accommodation and food services have schedules that average only 22 hours.

The AFB will extend the maximum benefit period to 50 weeks in all regions while retaining the additional five weeks for eligible seasonal claimants. More than one out of three workers (35.9 per cent in 2022-23) exhaust their regular EI benefits (varying between 14 and 45 weeks) before they are re-employed.[10]

The AFB will expand EI coverage to workers employed through the Temporary Foreign Worker Program, including the Seasonal Agricultural Worker stream, all of whom already pay EI premiums. This will begin with the immediate restoration of special benefit coverage, as was the case before 2013,[11] with access to regular benefits to follow. The discrimination and inequities in access must come to an end.

The AFB will eliminate the 50-week limit on combined parental special benefits and regular benefits, extending the reference and benefit period to 104 weeks. The current 50-week limit means workers facing a layoff before or after a parental leave, women in particular, may be denied EI benefits. The Social Security Tribunal found this limitation to be in breach of the equality provisions of the Charter of Rights and Freedoms.[12] To meet its broad economic and social objectives, EI must provide income replacement in these situations or go the sorry route of countries, like the U.S., where this is not done.

The AFB will adopt a standard EI benefit rate of 66.6 per cent. There is historical precedent in Canada for replacing two thirds of a claimant's normal earnings. The current 55 per cent rate is a historical low and inadequate. In addition, the AFB will implement an EI benefit floor of $450 weekly, to be increased over time as maximum insurable earnings and the maximum benefit are adjusted. A minimum benefit ensures EI is more relevant to the working poor—many of whom are women, racialized, Indigenous, and adults with disabilities who are otherwise forced into cheap labour jobs just to survive.

The AFB will increase 2025 EI Maximum Insurable Earnings (MIE) to $94,000 which mirrors Quebec's 2024 MIE for the QPIP parental benefit program.[13] This provides additional EI account net revenues. The MIE increase will also trigger a 2025 maximum benefit rate of $994. Workers with earnings above EI's current $63,200 MIE receive less than 55 per cent of their normal earnings when they become unemployed or require special benefits. The *EI Actuarial Report* forecasted approximately half of all claimants (47.2 per cent) would have earnings above the MIE in 2024.[14]

The AFB will replace the total disqualification when an employer reports an 'invalid' job separation and substitute a disentitlement period of three weeks. Currently, workers who leave work to attend training or school are denied EI. This is also true for workers, especially vulnerable, low-paid workers who may be leaving exploitative conditions or have been subject to harassment or wrongful dismissal. In the past, Canada limited the sanction to a short disentitlement period. This is also the case today in other countries.

The AFB will adjust the current qualifying rule, which requires a work separation of seven days without pay and without work. This has a negative impact on EI access for workers with precarious schedules, especially women and racialized workers.

The AFB will adjust the 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 discontinue treating separation, severance and vacation payments as earnings for EI purposes, allowing workers to start receiving EI benefits sooner. This improvement in benefit calculations was applied during the pandemic and also simplified the processing by Service Canada.

Table 6.1 / AFB actions on Employment Insurance

All figures in $M

	2025-26	2026-27	2027-28
Introduce the EI emergency response measures	$20	$20	$20
Lower benefit threshold to lesser of 360 hours or 12 weeks	$1,080	$1,029	$994
Introduce a 50-week maximum duration in all regions	$603	$574	$555
Allow parental and regular EI to be combined to a 104-week maximum	$15	$15	$15
Raise the standard benefit rate to 66-2/3%	$3,071	$2,924	$2,827
Implement an individual benefit floor of $450 weekly	$561	$534	$516
Raise the maximum insurable earnings to $94,000	-$6,740	-$6,881	-$7,019
Raise the maximum EI benefit to $994/week	$1,618	$1,541	$1,490
Substitute EI disqualification for 'invalid' job separation with three-week disentitlement period	$1,897	$1,807	$1,747
Adjust rule requiring seven consecutive days without pay or work	$10	$10	$10
Extend special EI to temporary foreign workers who pay into it	$36	$36	$36
Allow workers to keep first $100 in "working while on claim" amounts before clawbacks begin	$593	$564	$545
Discontinue allocation of separation payments to front end of EI claim	$835	$795	$769

Notes

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Environment and climate change

Introduction

The climate crisis has arrived, and the costs for Canada are increasingly difficult to ignore. Droughts, floods, and wildfires are displacing thousands from their homes, disrupting regional economies, and affecting the health and well-being of Canadians across the country.

The long-term forecast is significantly more dire. Studies now suggest that, without serious action to reduce the greenhouse gas emissions driving global climate change, Canada will face climate damages of a trillion dollars per year by the end of this century.[1] The urgency of mitigating and adapting to climate change is now indisputable.

Canada is starting to move in the right direction on climate policy. Our greenhouse gas emissions are starting to fall from the peak they hit in the early 2000s.[2] But our emissions are still not on track to meet our domestic climate targets or the more ambitious targets outlined by climate scientists. We are simply not moving fast enough to reduce fossil fuel consumption or production and scale up alternatives for a clean and inclusive economy.

To make matters worse, we are lagging behind much of the rest of the world. Canada ranks 62nd out of 67 countries—earning a "very low" performance rating—in the latest Climate Change Performance Index.[3] Canada also earns a "highly insufficient" rating from Climate Action Tracker.[4] As a rich country with a large historical responsibility for climate change, we are not doing nearly enough to solve the problem.

The Alternative Federal Budget seeks to change the current trajectory by decisively moving the economy away from coal, oil, and gas and by investing in a greener future for all. A thoughtful and well-managed transition, even with high up-front costs, will be less costly in the long term than our current half-hearted approach to climate policy.

Overview

The federal government's prevailing climate policy agenda is described in its *2030 Emissions Reduction Plan*, published in 2022. Over the past year, the government has mainly focused on implementing outstanding promises from that plan rather than announcing any bold new measures.

Notably, in December 2023, the government established a 100 per cent zero-emissions vehicle sales target by 2035, as recommended in the 2024 Alternative Federal Budget. This policy will accelerate the transition away from internal combustion engines in light-duty vehicles (i.e., personal cars and trucks).

Two other important regulations are still in the works. First, the proposed oil and gas sector emissions cap will require the fossil fuel extraction industry, currently responsible for almost a third of Canada's overall emissions, to cut pollution levels.[5] Second, forthcoming clean electricity regulations will require utilities companies to phase out unabated fossil fuel burning and invest in renewable alternatives.

Both sets of regulations could be game changers for Canada's climate ambitions, but only if they are stringent enough to drive meaningful industrial changes. The fossil fuel industry is lobbying to introduce loopholes and delays into the regulations, which could seriously undermine their effectiveness. Final publication of both regulations is expected in late 2024 or early 2025.

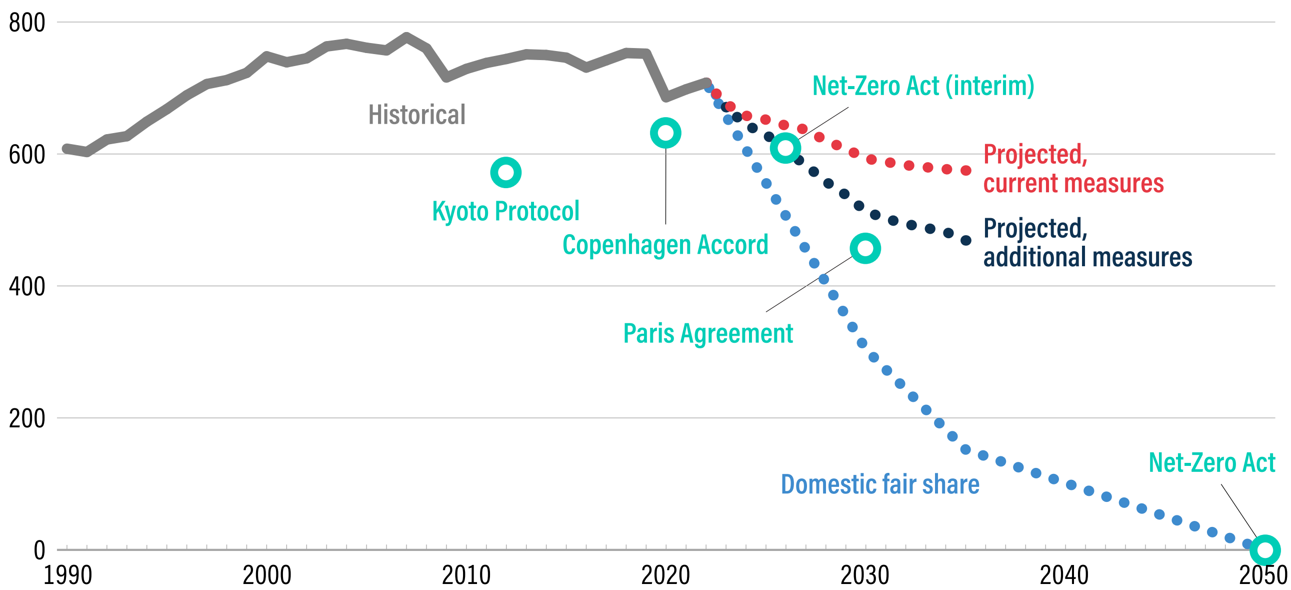
Regardless of whether these policies proceed, there are major outstanding issues at play in Canada's fight against climate change. Canada will not be able to decarbonize without confronting the following obstacles.

Lack of policy ambition

Canada's per capita emissions are higher than those of our peers, and they are falling more slowly. Both Germany and the United Kingdom, for example, have cut emissions in half since 1990 while Canada's emissions have gone up 16 per cent over the same period.[6]

Figure 7.1 / Historical and projected greenhouse gas emissions vs. national climate targets

Greenhouse gas emissions in MT CO_2e



Our long-term target of net-zero emissions by 2050 is generally in line with the Paris Agreement target of no more than two degrees of global warming above pre-industrial levels, but our medium-term targets are much less ambitious. Even if Canada achieves a 40 per cent reduction below 2005 levels by 2030, which we have committed to but are not on track to do, that still falls short of our fair share (see Figure 7.1).

Governments in Canada—despite various pronouncements of the "climate emergency"—are simply not treating climate change as the crisis that it is.

Continued support for fossil fuel production

At its core, climate change is an issue of fossil fuel combustion.[7] Yet the Canadian government continues to pursue an "all of the above" climate policy that attempts to square emissions reductions in some sectors with the continued production of fossil fuels for export.

Ongoing support for the fossil fuel sector includes direct and indirect subsidies, favourable taxation regimes, regulatory loopholes, and public investment in fossil fuel infrastructure. Despite implementing half measures to reduce emissions from the sector, the federal government has made no indication that it will tackle oil and gas production levels.

Insufficient spending on decarbonization

The federal government estimates that decarbonizing the Canadian economy will require a total investment of $100-125 billion per year over the next few decades.[8] Currently, the federal government is spending around $20 billion per year on climate action.[9]

Some portion of that $100 billion/year shortfall is the responsibility of the private sector and of lower levels of government. Indeed, of all the public money spent on climate action in Canada since 2016, the federal government has contributed 80 per cent of the total.[10] Nevertheless, more money is needed from all sources and it falls to the federal government to make up the gap through a combination of direct spending and mobilizing spending from other sectors of the economy.

Dependence on negative emissions

"Net" zero emissions is technically the correct target, but the temptation of negative emissions is poisoning the climate policy debate. Carbon capture technology, carbon offsets, and natural carbon sinks are all policy tools that work on paper but, in practice, are being leveraged to perpetuate the production and consumption of fossil fuels.[11] By leaving the door open to their use, the federal government is permitting industrial emitters to avoid or delay absolute emissions reductions. Dependence on negative emissions technologies also exacerbates the risk of stranded assets in the economy.

Inadequate preparation for climate impacts

Extreme weather events driven by a warming planet are already causing massive destruction in Canada, with the worst effects falling disproportionately on marginalized communities. Even in a best-case scenario where global emissions fall in the near term, Canada will still be forced to deal with the elevated costs of natural disasters forever. In the more likely scenario of a gradual decline in emissions, extreme weather events will continue to get more intense and more costly for decades to come.

At the same time, climate change is having catastrophic consequences for the planet's biodiversity. We need to both conserve the natural world that we have now and make a concerted effort to restore some of what has been lost.

As the world moves to aggressively mitigate the worst effects of climate change, we cannot lose sight of the climate impacts that we have already locked in.

Actions

The AFB will establish a new, interim national greenhouse gas emissions reduction target of 80 per cent below 2005 levels by 2035, which is consistent with Canada's fair share of domestic emissions reductions in a 1.5°C–aligned global pathway.[12] Crucially, this domestic reduction is not, in itself, sufficient for Canada. It must be complemented by a significantly greater investment in international emissions reductions through increased climate finance (see the International cooperation chapter).

The AFB will place an immediate moratorium on the expansion of fossil fuel production infrastructure and establish a regulatory timeline for the winding down of all fossil fuel production and exports by 2045. A clear regulatory timeline will empower workers, communities, and investors to plan for the managed decline of the industry and to proactively transition into cleaner alternatives. The moratorium and production timeline will not replace the oil and gas sector emissions cap, which is still necessary for driving efficiency improvements in the industry during this 20-year wind-down period.

The AFB will ensure the swift passage of Bill C-372, the *Fossil Fuel Advertising Act*, to prohibit the advertising of fossil fuel products and greenwashing campaigns by fossil fuel companies.

The AFB will attach "green strings" to all federal spending, including direct funding, tax incentives, and procurement. Applying climate and biodiversity conditions to federal spending will ensure that public money is not used to perpetuate the production or consumption of fossil fuels in a manner inconsistent with Canada's emission reduction targets.

The AFB will ensure the passage of Bill S-243, the *Climate-Aligned Finance Act*, to hold financial institutions accountable for climate action and to align the Canadian financial system with climate commitments. The AFB will also establish regulations that require all financial institutions to develop, adhere to, and report on credible climate plans aligned with the Paris Agreement goal of limiting warming to 1.5 degrees Celsius.[13] Canadian financial institutions are among the biggest backers of the fossil fuel industry in the world, and this is undermining domestic and global efforts to decarbonize.[14]

The AFB will commit an additional $32 billion over five years to accelerate the decarbonization and expansion of the national electricity grid. Of that sum, $20 billion will be invested directly in electricity generation and transmission infrastructure, with a focus on interprovincial interties, $7 billion will be invested in smart grids and demand-side management programs to improve the efficiency of the electricity system, and the remaining $5 billion will fund Indigenous-led clean energy projects, with a focus on building new energy infrastructure in rural and remote communities (see the First Nations chapter).

The AFB will commit $13 billion over five years to accelerate energy efficiency retrofitting in residential and commercial buildings. Of that sum, $7 billion will fund no-cost energy efficiency retrofits for low-income households, $2 billion will fund renovations for multi-unit residential buildings, and an additional $4 billion will fund residential energy efficiency retrofits specifically in Indigenous communities.

The AFB will introduce a revenue-neutral feebate system for new vehicle purchases. The feebate system will replace the Incentives for Zero-Emission Vehicles (iZEV) program, which is slated to expire in March 2025. The feebate system will charge a premium on internal combustion engine vehicles, based on their emissions intensity, and redirect all revenues toward consumer incentives for zero-emission vehicle purchases.

The AFB will commit $40 billion over five years to implement the National Adaptation Strategy.[15] The majority of this funding will be distributed to lower levels of government, conditional on them having robust climate adaptation strategies in place. While costly up front, every dollar spent on proactive climate adaptation today will save the economy $13–15 in avoided future costs.[16]

The AFB will commit $10 billion over five years for nature conservation and biodiversity restoration, including for Indigenous-led conservation and stewardship programs.

The AFB will commit $5 billion over five years toward the remediation of old fossil fuel infrastructure, such as wells and tailings ponds. A portion of that funding will be used to establish a federal Reclamation Trust, which will buy up oil wells and other infrastructure where owners have failed to set aside adequate funds for cleanup.[17] The trust will use revenues from the infrastructure it acquires to pay for additional cleanup costs.

Climate action is a top priority for the Alternative Federal Budget, and many additional climate-related actions can be found in other chapters.

The AFB will eliminate all outstanding fossil fuel subsidies, introduce a windfall tax on oil and gas company profits, introduce a border carbon adjustment mechanism for high-carbon imports, and ensure investment tax credits are not used to perpetuate fossil fuel production (see the Taxation chapter).

The AFB will invest in public transit, passenger rail, and electric vehicle charging infrastructure (see the Infrastructure, cities and public transit chapter).

The AFB will develop a National Green Industrial Strategy and ensure a just transition for workers to a cleaner economy (see the Just transitions and Industrial strategy chapter).

The AFB will increase Canada's international climate finance spending (see the International cooperation chapter).

The AFB will mandate Global Affairs Canada to negotiate climate carve-outs into Canada's international trade and investment agreements (see the International trade chapter).

The AFB will invest in apprenticeships and related skills training to ensure there is a sufficient workforce for the good, green jobs of the future (see the Decent work chapter).

Table 7.1 / AFB actions on environment and climate change

All figures in $M

	2025-26	2026-27	2027-28
Decarbonize electricity generation and transmission	$4,000	$4,000	$4,000
Invest in smart grids and electricity demand management	$1,400	$1,400	$1,400
Fund no-cost energy efficiency retrofits for low-income households	$1,400	$1,400	$1,400
Fund renovations of multi-unit residential buildings	$400	$400	$400
Fund residential energy retrofits in Indigenous communities	$800	$800	$800
National Adaptation Strategy	$8,000	$8,000	$8,000
Nature conservation and biodiversity restoration	$2,000	$2,000	$2,000
Remediation of old fossil fuel sites, wells and tailings ponds	$1,000	$1,000	$1,000

Notes

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First Nations

Introduction

Any discussion of First Nations' budget priorities must be predicated on Canada's legal and fiduciary obligations, which require that the investments be made. Canada has also committed to take "necessary steps" and "effective measures" to meet the objectives of the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDA).[1] These include providing immediate and long-term funding to enable First Nations to achieve the human rights standards enshrined in the articles of the U.N. Declaration and upholding First Nations' inherent, treaty, and constitutional[2] rights as well as title and jurisdiction.

"Economic reconciliation" recognizes the financial and economic elements of overcoming past harms and affirming these rights; they are prerequisites to closing socio-economic gaps so that First Nations can enjoy the same standards of living as non-Indigenous Canadians. These foundational elements are not only essential but inseparable from the need to reform Canada's laws and policies to be consistent with the U.N. Declaration. First Nations and their governments need dedicated supports to develop alternatives to the existing structures that undermine their rights, title, and jurisdiction.

The foundational elements or prerequisites to economic reconciliation are addressed under three broad headings: *lands, governance and infrastructure*.

Overview

Economic reconciliation must include the policy and legislative transformation needed to overcome the impacts on First Nations that have been dispossessed of their lands, economies, customs, and cultures. It is about more than revenue sharing and resource development on First Nations lands. It is about addressing longstanding barriers to equitable socio-economic outcomes.

First, First Nations require access to and control over their lands, which are the basis for infrastructure and resource development, governance, and the exercise of self-determination. Second, First Nations require better governance supports to ensure capacity to engage and manage development projects on their lands. Third, First Nations' health and prosperity depend on access to safe housing and home ownership, as well as integration with the physical economy through all-season roads and with the global, digital economy through high-speed broadband and cellular infrastructure.

Any effort to address these prerequisites must occur in parallel to the more familiar elements of economic reconciliation,[3] which include:

- **Procurement:** Increasing awareness and readiness of First Nations businesses for procurement opportunities, and meeting Canada's commitment to ensure a minimum of five per cent of the total value of contracts are held by Indigenous businesses.

- **Access to capital:** Putting mechanisms into place that ensure First Nations' access to affordable debt and equity financing for their business, resource, or infrastructure development projects, including loan guarantees or other interest rate subsidies, and a First Nations Infrastructure Bank that is sufficiently capitalized to finally close the infrastructure gap.

- **Capacity development:** Creating funding, internships, scholarships, and other incentives to increase First Nations' participation in business training and certification.

- **Wealth sharing**: Increasing equity positions and involvement of First Nations in resource development, and supporting growth of traditional economies and participation in environmental stewardship.

On June 21, 2023, Canada released its action plan for implementing the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDA). Budget investments must be made to support First Nations-led implementation of each APM and all federal government departments should report regularly on their implementation efforts for each action plan measure (APM). Some key APMs include the following:

- APMs 3 and 5 on the resolution and co-developed reform of Specific Claims and Additions to Reserve (ATR) policies and processes (*lands*).
- APMs 23 and 24 to repeal the Comprehensive Land Claim Policy (CLCP) and the Inherent Right to Self-Government Policy (IRSG), and co-develop alternative approaches to implement the right to self-determination, which requires funding for First Nations-driven engagement and policy development at local, regional, and national levels (*lands*).
- APM 1 on a new fiscal relationship to provide sufficient, predictable, and flexible funding in support of closing socio-economic gaps and advancing self-determination (*governance*).
- APM 15, to close infrastructure gaps on First Nations reserves (*infrastructure*).

Lands

Enhanced funding for Additions to Reserve (ATR) and other means for First Nations to regain access and control over their lands will help Canada to fulfil its legal obligations to First Nations. It will also assist First Nations in expanding housing stock to address longstanding crises and to overcome social, cultural, economic, and spiritual disparities. With increased land and resource access, communities will be better placed to pursue economic opportunities and generate own-source revenue. This will enable First Nations businesses and institutions to contribute to closing infrastructure and labour productivity gaps.

Specific claims

Research Funding

Funding for the research and development of specific claims was renewed through the 2023 Fall Economic Statement until 2026 at $12 million per year. This amount does not meet First Nations' actual needs. The ongoing shortfall impedes access to justice for First Nations seeking to resolve specific claims. A conservative needs-based estimate is that $25–30 million is required annually.

Policy reform
First Nations need policy reform on specific claims. Short-term investments of at least $5 million per year will support their engagement on reform. This includes transitioning control of the specific claims policy away from the Department of Crown–Indigenous Relations and Northern Affairs (CIRNAC) to an Independent Centre for the Resolution of Specific Claims.

Additions to Reserve (ATR)
Through treaties and agreements, Canada is obligated to provide reserve lands to First Nations. The ATR policy is a crucial tool for meeting these obligations. It is the only policy mechanism that can convert fee simple lands to reserve lands.

Renew funding envelope: Federal Budget 2021 provided $43 million over three years to Indigenous Services Canada (ISC) and CIRNAC to address the significant backlog of ATR proposals and to provide engagement funding for re-design of the ATR policy. That funding ended in 2024–25, but the job is far from finished. Enhancement and renewal of ATR funding will account for inflation, address oversubscription of engagement funding, process existing ATR proposals in a timely manner, and support ATR policy re-design.

**Comprehensive Land Claims Policy (CLCP)
& Inherent Right to Self-Government Policy (IRSG)**
Negotiation tables: The current commitment set out in Budget 2024 ($96.5 million over two years) is insufficient to support rights-based discussions with all interested First Nations.

First Nations-led implementation of APMs 23 and 24: Dedicated funding is needed to repeal the CLCP and IRSG and then to engage with First Nations to clarify existing approaches to rights-based negotiations and articulate new processes.

Governance

The harms of colonization include a systematic undermining of the structures, traditions, and capacities that are foundational to First Nations' self-governance and determination. At present, First Nations' governance supports are provided primarily through Band Support Funding (BSF), which must be immediately and significantly enhanced.

Enhanced BSF will enable First Nations to enact good governance and provide adequate services to their citizens no matter where they reside. It is also essential to ensuring First Nations can accelerate the return of their lands, protect and manage those lands, and oversee the resource and infrastructure development projects needed to improve socio-economic outcomes.

The funding allocation formula for BSF is more than 30 years old. It was inadequate from the outset for supporting the core governance functions recognized at that time. It has not been escalated to keep pace with population growth and price inflation. It has not been adjusted to account for modern governance needs and functions (for example, the many essential functions relating to information management and information technology).

A 2023 AFOA Canada report on modernizing Indigenous governance and capacity programs identified that the first and immediate step to modernizing Indigenous governance is to increase BSF.[4] This is critical for attracting and retaining qualified professionals with competitive salaries, thus ensuring financial stability and long-term planning. First Nations can then shift toward stable, non-proposal-driven funding that empowers communities and fosters proactive investment in capacity development and strategic governance initiatives.

AFOA Canada finds that current funding is inadequate to the actual level of need across the 10 governance categories recognized by ISC, and that there are seven additional (and almost entirely unfunded) categories that should be added to reflect contemporary needs. It is regularly estimated that only about 30 per cent of financial governance needs are met by ISC funding, which means an immediate tripling of BSF funding is warranted.

Enhanced BSF funding will lead to real progress on implementing the new fiscal relationship called for in APM 1 that provides sufficient, predictable and flexible funding in support of closing socio-economic gaps and advancing self-determination. At the same time, Canada must also commit to work with First Nations to establish a pathway whereby they could graduate out from 10-year grant funding and into statutory funding.

Infrastructure

While the infrastructure gap in First Nations is multi-causal, it can be reduced essentially to a lack of political will. The last major federal infrastructure investment for buildings and utilities was in 1994–1996, and for transportation-related infrastructure in 1980.

Investments are needed for community infrastructure, all-season roads, digital connectivity, housing, and the elimination of drinking water advisories. Deficits in these areas impede First Nations economies, self-governance, land use, prosperity, and health.

Alongside enhanced Band Support Funding, investments in First Nations infrastructure will shrink these gaps. All-season roads and high-speed internet will enable First Nations businesses and workers to integrate themselves into domestic and global economies and to access increasingly digitized programs in education, skills training, and other certifications. Appropriate infrastructure will also create jobs directly on construction of assets, and indirectly, such as by bolstering tourism through increased physical connectivity.

With Canada's ageing population, more workers leave the labour force each year than there are new ones to fill vacancies. Fortunately, the First Nations population is younger and growing faster than the overall Canadian population. There are significant fiscal and economic gains to be realized by closing gaps in First Nations labour productivity, employment income, and employment rates. Such efforts would alleviate Canada's historic labour shortage and stagnating labour productivity, raise Gross Domestic Product (GDP),[5] and bolster government finances.

Closing the employment income and rate gaps would reduce the poverty rate gap between Indigenous and non-Indigenous populations. With more than 150,000 fewer persons living on low income and the additional revenues collected through employment income, the estimated net fiscal impact across government budgets is an increase of $6.7 billion.

Decisive action is desperately needed. Again, the solution comes down to political will. In April 2024, the Assembly of First Nations released two comprehensive reports co-developed with ISC specifically to support the ministry to meet its mandate to close the infrastructure gap by 2030. The reports estimated the costs to close the gap[6] and articulated a prioritization and implementation plan[7] for doing so. The required investment would have been spread over seven years, beginning in 2023. But recent investments have been grossly inadequate, and the original seven-year estimate now serves as a conservative minimum. ISC has reiterated its commitment to closing the gap while acknowledging that, due to a lack of decisive action, the costs have already grown to exceed $400 billion.

Infrastructure investments are urgently needed, but they're not exclusively under federal jurisdiction. It involves funding from all three

Table 8.1 / Breakdown of housing capital expenditure by source

$billions

	Proportion of investment	2025-26	2026-27	2027-28
Federal social transfers—new	44%	$3.6	$5.6	$7.8
Federal social transfers—existing sources	5%	$0.4	$0.6	$0.9
Monetization	20%	$1.6	$2.6	$3.5
Provincial and territorial social transfers	11%	$0.9	$1.4	$1.9
Government loan programming	10%	$0.8	$1.3	$1.8
Debt financing	5%	$0.4	$0.6	$0.9
First Nations own-source revenue	5%	$0.4	$0.6	$0.9

levels of government, as well as debt financing. Table 8.1 shows how the $38.5 billion in housing capital infrastructure would be funded.

In 2025-26, the federal contribution to new housing capital would involve new federal transfers of $3.6 billion, $800 million in federal loans, and $400 million in private debt financing that would be insured by the federal government. First Nations would access $400 million in social transfers from major housing programs that already exist. The remainder of the support would come from the provinces, private monetization, and First Nations governments.

Actions

The AFB will invest $78 million over three years[8] for First Nations to research Specific Claims.

The AFB will invest $15 million over three years to support First Nations' engagement on Specific Claims policy reform. This includes transitioning the control of the policy to an Independent Centre for the Resolution of Specific Claims.

The AFB will invest $53 million over three years to renew and enhance current Additions to Reserve (ATR) funding to support ongoing engagement and co-development on ATR policy re-design and to address the backlog of existing ATR proposals.

The AFB will invest $40 million over two[9] years to support all interested First Nations to participate in rights-based negotiation tables.

The AFB will invest $18 million over three years to support First Nations-led implementation of *United Nations Declaration on the Rights of Indigenous Peoples Act* Action Plan Measures 23 and 24, to repeal and develop alternatives to the Comprehensive Lands Claims and Inherent Rights Policies.

The AFB will invest $3.99 billion over three years[10] to enhance Band Support Funding to meet basic modern governance needs.

The AFB will transition from 10-year grant funding under the New Fiscal Relationship to statutory funding for First Nations governments. It commits to providing the necessary capacity and funding support for First Nations to participate in engagement, negotiation, and co-development on a statutory funding framework.

The AFB will create the framework for investing $11.93 billion over three years to begin replacing Canada's winter road network with all-season alternatives built to a gravel road standard. This includes all requisite highway structures, networks, bridges, and tunnels to meet the needs of the 67 First Nations reliant on ice roads. This will include federal transfers of $2.1 billion for maintenance and new federal transfers of $4.3 billion funding capital.

The AFB will create the framework for investing $45.9 billion over three years for meeting critical housing needs, addressing overcrowding, on-reserve migration, unit replacement, new lot servicing, repair needs, and population growth. This will include federal transfers of $7.4 billion for maintenance and new federal transfers of $17 billion funding capital.

The AFB will create the framework for investing $1.75 billion for connectivity infrastructure capital funding to ensure every First Nation can meet the minimum broadband and cellular standards outlined in Canada's *Federal Connectivity Strategy, High-speed Access for All*, including a fibre backbone to the internet, last mile fibre-to-the-home, and FTE or 5G mobility services. This will include new federal transfers of $770 million funding capital.

The AFB will invest $286 million over three years to provide the capital, operations, and maintenance funding to continue eliminating the 31 remaining long-term drinking water advisories.

The AFB will invest $20 billion over three years to begin addressing other base community infrastructure needs, including buildings, ports and wharfs, utilities, and transportation infrastructure. This will include federal transfers of $7.2 billion for maintenance and new federal transfers of $5.6 billion funding capital.

Table 8.2 / AFB actions on First Nations

All figures in $M

	2025-26	2026-27	2027-28
Support First Nations to research their specific claims	$26	$26	$26
Support First Nations' engagement on specific claims policy reform	$5	$5	$5
Enhance additions-to-reserve funding	$18	$18	$18
Support all interested First Nations to participate in negotiation tables	$20	$20	
Develop alternatives to the comprehensive lands claims and inherent rights policies	$6	$6	$6
Enhance band support funding to meet basic, modern governance needs	$1,330	$1,330	$1,330
Fund all-season roads access operations and maintenance	$450	$710	$980
Build out Canada's all-season road network (new federal transfers)	$906	$1,426	$1,976
Fund housing operations and maintenance	$1,890	$2,450	$3,030
Fund housing: new federal social transfers	$3,564	$5,610	$7,779
Build out connectivity/internet connections (new federal transfers)	$163	$255	$352
Eliminate remaining long-term drinking water advisories	$95	$95	$95
Fund infrastructure operations and maintenance	$1,520	$2,400	$3,320
Fund infrastructure capital (new federal transfers)	$1,179	$1,857	$2,574

Notes

1 United Nations, Declaration on the Rights on Indigenous Peoples, 2007, https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf and https://laws-lois.justice.gc.ca/eng/acts/u-2.2/.

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3 National Indigenous Economic Development Board, *Economic Reconciliation: Growing Canada's Economy,* March 2024, http://www.naedb-cndea.com/en/economic-reconciliation-growing-canadas-economy/.

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6 Assembly of First Nations, *Closing the Infrastructure Gap by 2030: A Collaborative and Comprehensive Cost Estimate Identifying the Infrastructure Investment Needs of First Nations in Canada*, 2023.

7 Ibid.

8 An $18 million enhancement to the $12 million identified for 2025–2026 in the 2023 Fall Economic Statement, and a new needs-based commitment of $30 million per year for the remaining two years.

9 This is in addition to the Budget 2024 investment of $96.5 million over two years for this purpose, which although welcome was inadequate to meet the needs of all interested First Nations.

10 Current funding for First Nation governance amounts to just over three per cent of expenditures, whereas most governmental organizations operate in the 10–15 per cent range. It is regularly estimated that only about 30 per cent of First Nations financial governance needs are met by ISC funding, therefore an immediate tripling of BSF funding is warranted.

Food security

Introduction

Canada is facing a crisis of food insecurity—the inadequate or insecure access to food due to financial constraints. Approximately 8.7 million people—including 2.1 million children—live in households experiencing food insecurity.[1] About one in four people live in households experiencing severe food insecurity—defined as extensive compromises on food, including reduced food intake.[2] These numbers do not even include people in the territories, on reserves, in institutions, in extremely remote areas with relatively few people, and the unhoused—populations known to be disproportionately impacted by food insecurity.[3] This is totally unacceptable.

Food insecurity is a poverty problem: it reflects household financial hardships in meeting basic needs.[4] Poverty rates are surging up and the cost of living continues to outpace household income.[5,6] Many people are forced to choose between equally essential necessities, like food and rent.[7] Corporate control of the food chain is exacerbating these difficulties by prioritizing profit and offloading food production costs onto households. Due to systematic weakening of their food systems, Indigenous Peoples and racialized people continue to face problems accessing food that meets their dietary needs and traditional, cultural, spiritual preferences.[8,9]

Overview

This AFB represents a paradigm shift from conventional food charity programs towards evidence-based policies that effectively reduce food insecurity in our country through increasing household income, mitigating corporate control of the food chain, and strengthening Indigenous and racialized food sovereignty.

Food insecurity affects every aspect of people's lives: Food insecurity creates illness, breaks down relationships, and makes it difficult for people to find jobs or keep working.[10] Food is the first thing people cut from their budget to prioritize other basic needs, such as paying their rent or mortgage, or buying prescription medication.

- Three in 10 renters and one in six homeowners with a mortgage experience food insecurity, in contrast to one in 12 homeowners who do not have a mortgage.[11]
- Nearly half of adults struggling to follow their prescriptions due to cost lived in households that experience food insecurity.[12]

Food insecurity is an income problem: Insufficient or unstable income underpins the many challenges households experiencing food insecurity face in meeting their basic needs. We know this because:

- Three in five households facing food insecurity rely mainly on employment income, a sign that having a job is inadequate for them to meet their basic needs.[13]
- Seven in 10 households that rely mainly on social assistance experience food insecurity, largely due to meagre provincial/territorial social assistance rates.[14]
- One in three single adults (18-64 years) living alone or with roommates experience food insecurity as many of them rely on one income for their basic necessities.[15]

Food insecurity is an equity issue: Food insecurity disproportionately impacts some populations:

- Compared to 22 per cent of non-Indigenous people, approximately 37 per cent of Indigenous Peoples who do not live on reserves live in households that experience food insecurity. For Indigenous Peoples living on reserves, the rates are even higher.[16]

- About 27 per cent of racialized people live in households that experience food insecurity compared to 20 per cent of people who are neither racialized nor Indigenous. The food insecurity rate for Black people goes up to 40 per cent.[17]
- In 2022, 30 per cent of families whose main income earner had a disability experienced food insecurity, relative to 18 per cent of families whose main income earner did not have a disability.[18]

Corporate control of the food chain is exacerbating food insecurity: A few corporations whose main goal is profit-making control most aspects of Canada's food chain.[19] Such corporate concentration has been driving the costs of agricultural inputs and food production higher, leaving many farmers in debt and pricing out more democratic alternatives—including co-operatives and farmer-to-consumer networks.[20,21] Food production and retailing costs, including the costs of supply chain shocks, are offloaded onto consumers through higher food prices and reductions in the quantity and quality of food without corresponding reductions in price—also known as shrinkflation and skimpflation, respectively.[22,23]

In Indigenous and Black communities, food insecurity is a food systems issue: For millennia, Indigenous Peoples have been the custodians of the lands, waters, and air on which Canada is today located.[24] The federal government has not fully honoured its nation-to-nation commitments to share responsibilities with Indigenous Peoples to care for these resources.[25] Market-oriented development activities—mining; agriculture; industrial, housing, road, and hydro developments; forestry; land appropriations, etc.—systematically disrupt Indigenous traditional food systems and separate Indigenous Peoples from ecosystems central to their spiritual and cultural relationships and practices.[26] Existing measures to reduce food costs in Northern regions—such as Nutrition North Canada—subsidize food retail monopolies while Indigenous-led traditional food programs remain underfunded.[27]

From the beginning of Black settlement in Canada, Black people have faced anti-Black racism embedded in food, agriculture, and other related policies and institutions.[28] They have faced inequitable access to food and agricultural production capital.[29] Many Black people were settled on unproductive land and without title deeds, limiting their ability to obtain loans to improve food and agricultural production.[30] Many cannot afford to buy land because of limited income and socio-economic disadvantages stemming from racial discrimination in the education and labour sectors—sectors critical for enhancing financial access and building financial stability.[31] Black voices are under-represented while food and agriculture policies systematically neglect Black experiences.[32,33]

Despite facing adversities, Indigenous and Black communities across Canada are resilient, self-determined, and have a long history of implementing their own food programs and systems, often with little to no external funding.[34,35] Many of these efforts create the basis for food sovereignty.[36,37]

Actions

The AFB will pass a *Food Insecurity Reduction Bill* by fall 2025, legislating targets to reduce food insecurity by 50 per cent and eliminate severe food insecurity by 2030. Setting these ambitious targets will ensure accountability and effective targeting of interventions. The bill will set 2021 as the base year and 2030 as the end year for the targets, in line with the federal Poverty Reduction Strategy and Sustainable Development Goals. By 2030, Canada will have three million fewer people experiencing food insecurity and no one experiencing severe food insecurity.

The AFB will establish a time-bound working group to identify and recommend to the federal government policies and programs for meeting the set food insecurity reduction targets. This working group will be composed of people with lived experience of food insecurity and experts from the food security sector and related fields.

For equitable results, **the AFB will** focus attention on populations disproportionately impacted by food insecurity. Statistics Canada will report on the progress towards meeting the set targets using data disaggregated by demographic variables that identify different populations (also see the Racial Equality chapter).

The AFB will create and strengthen income support programs spanning the lifespan and improve employment opportunities and protections to ensure generational fairness in food security. Policies that provide households living on low income with a stable, consistent income supplement to meet their basic needs and manage budget shocks can effectively reduce food insecurity.[38,39] Evaluative research demonstrates, for example, that enhancements to the Canada Child Benefit (CCB) and Guaranteed Income Supplement (GIS) programs have significantly reduced food insecurity rates among, respectively, low-income families with children and seniors.[40,41]

The AFB will build on these positive lessons and provide the following income supports to households and population groups affected by food insecurity:

- A CCB End of Poverty Supplement to provide 307,400 low-income families with children with more money to meet the cost of raising children.
- A Canada Livable Income to help 435,000 adults (18-64) meet necessities, like food.
- GIS enhancements to ensure 47,000 seniors have adequate income to afford their food and other necessities.
- Higher Canada Student Grants levels will help ease pressure on the students' budgets and help them meet necessities, like food.
- All measures together will improve incomes for 5.5 million Canadians.

(For more specific details about these programs, see the Income security and poverty, Employment Insurance, Decent work, and Post-secondary education chapters.)

- **The AFB will** lower food costs for Canadians by addressing corporate concentration in food retail.
- **The AFB will** strengthen the ability of the Competition Bureau Canada to prevent and dissolve mergers in food retail and break up monopolies like those in Northern communities.
- The AFB will provide $100 million for three years, starting in 2025-26, to strengthen local transformative and holistic approaches. This funding will provide start-up and scale-up support to non-profit and co-operative food retailers and public markets in the form of loans, grants, training, retail space, and other related opportunities to enhance their competition capacity in the food chain.
- The AFB will commit $50 million over three years, beginning in 2025, towards research to better understand and mitigate corporate control of the food chain, especially in rural and Northern Canada. The research will also focus on ways to strengthen the work of non-profit and co-operative food retailers as well as public markets.
- The AFB will reserve 30 per cent of the funding announced in federal budget 2024 for the National School Food Program for local food

procurement. This funding will help support local suppliers to build more affordable non-corporate food systems.

The AFB will honour and strengthen Indigenous food sovereignty.

- **The AFB will** commit $100 million over two years, beginning in 2025, to develop an *Indigenous Food Sovereignty Program* (IFSP) in partnership with Indigenous Peoples across Canada. The IFSP will cover food sovereignty aspects, such as land reform and redistribution and designation of Crown lands for exclusive hunting, fishing, and gathering reserves for Indigenous communities. The IFSP will also support each or self-selecting group(s) of First Nations, Métis, and Inuit to create their own Indigenous food sovereignty programs.
- The AFB will provide $100 million in additional funding to the Local Food Infrastructure Fund (LFIF) over three years, starting in 2025. Twenty per cent of this funding will go to initiatives to meet the needs of Indigenous communities and strengthen Indigenous food in terms of the federal and Indigenous community/group-specific IFSPs.
- The AFB will provide an additional $100 million over five years, beginning in 2025, to work with Indigenous Peoples to adapt and integrate Indigenous knowledge systems into existing federal laws and policies around food and land systems.
- The AFB will provide $50 million over five years, beginning in 2025, to continue supporting Indigenous-led reconciliation, healing, and trust rebuilding with Indigenous Peoples. This work will include integrating Indigenous knowledge systems and worldviews around conservation, protection, and management of natural resources in Canada.
- The AFB will commit $500 million over five years, beginning in 2025, to work with Indigenous Peoples to reform Nutrition North Canada (NNC) into a food security vehicle that responds to Indigenous contextual dynamics and priorities. Forty per cent of the funding will be reserved for food sovereignty initiatives specified in federal and Indigenous community/group specific IFSPs. The federal government and Indigenous communities will work together to ensure that this funding is controlled and administered by Indigenous communities, consistent with specific IFSPs. The stakeholders will also co-create mandatory measures to ensure grocery stores that receive food subsidy money under NNC use this money to provide affordable food.

The AFB will honour and strengthen Black food sovereignty.

- **The AFB will** provide $100 million over two years, starting in 2025, to develop a *Federal Black Food Sovereignty Plan* (FBFSP), learning from the process involved in creating the Toronto Black Food Sovereignty Plan. The FBFSP will include detailed aspects related to supporting existing and new community-based Black food sovereignty programs.
- The AFB will provide $200 million over five years, beginning in 2025, to support the federal, provincial/territorial, and municipal governments and B3 (Black-led, Black-serving, Black-mandated) organizations to enhance access to land for Black food sovereignty programs. This funding will support existing and new Black-led community land sharing and community land trust models, Black food markets, Black food business initiatives, cultural food festivals, and other related programs.
- The AFB will commit $100 million additional funding towards the LFIF over three years, starting in 2025. Twenty per cent of this funding will be reserved for programs that address the needs of Black communities and strengthen food systems that address the food, dietary, nutrition, and health needs of Black people.
- The AFB will commit $50 million over five years starting in 2025 to support Black-led research around Black food insecurity and food sovereignty programs in Canada. Many B3 organizations are implementing food programs that are rarely documented due to a lack of research capacity and funding. Harnessing knowledge of these programs can inform learning and scaling to address food insecurity in Black communities.

Table 9.1 / AFB actions on food security

All figures in $M

	2025-26	2026-27	2027-28
Support non-profit and co-operative food retailers and public markets	$33	$33	$33
Mitigate corporate control of Northern and rural food chains	$17	$17	$17
Fund Indigenous Food Sovereignty Program	$50	$50	
Additional funding to the Local Food Infrastructure Fund	$33	$33	$33
Integrate Indigenous knowledge into food/land systems-related laws	$20	$20	$20
Fund Indigenous-led reconciliation, healing, and trust rebuilding	$10	$10	$10
Reform Nutrition North Canada into a food security vehicle	$100	$100	$100
Develop a Federal Black Food Sovereignty Plan (FBFSP)	$50	$50	
Enhance access to land for Black food sovereignty programs	$40	$40	$40
Invest in Local Food Infrastructure Fund - Black communities add-on	$33	$33	$33
Support Black-led research on food insecurity and food sovereignty	$10	$10	$10

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Gender equality

Introduction

The federal government needs to be "ambitious and feminist"[1] to meet the challenges in the years ahead. The combined impacts of the COVID-19 pandemic, spiralling food and housing costs,[2] the labour force crisis in the care economy,[3] and rising levels of gender-based violence[4] and hate crimes[5] are significantly impacting the health and well-being of marginalized women and gender-diverse people. This is driving the wedge further between Canada's "haves" and "have nots."

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.[6] Important new federal programs for dental care and pharmacare are being rolled out, which will benefit millions of low-income people and make contraceptives free to all. Budget 2024 announced the creation of a Sectoral Table on the Care Economy—as recommended by the AFB in past years. But other areas of the government's feminist agenda have stalled or are lacking the necessary resources. AFB 2025's policy program is designed to help push essential reforms across the finish line.

Overview

In November 2022, with little fanfare, Canada's first ever National Action Plan to End Gender-Based Violence[7] was released. Since that time, the federal government has negotiated 13 bilateral agreements with the provinces and territories "to supplement and enhance services and supports within their jurisdictions to prevent gender-based violence and support survivors."[8] It has also passed new legislation to strengthen gun control, improve judicial education (Keira's Law),[9] and counter online harms (including information that incites violence or hatred, technology-facilitated gender-based violence, and the non-consensual distribution of images).[10]

Budget 2024 committed $273.6 million over six years for Canada's Action Plan on Combatting Hate, allocating $15 million in support of the 2SLGBTQI+ community.[11] It also announced funding for the long-awaited Red Dress Alert system that will inform the public when an Indigenous woman or girl goes missing.[12] Budget 2024 renewed funding for legal advisory and education services for victims of workplace sexual harassment, part of the government's efforts to implement the provisions of the International Labour Organization's Convention 190 on violence and harassment at work, ratified in January 2023 and now in force.[13]

While these investments are very welcome, critical questions remain about how the federal government will ensure the provision of high-quality supports and services across jurisdictions, including Indigenous communities. We are still waiting for a comprehensive National Action Plan to End Gender-Based Violence that facilitates, coordinates, and oversees the actions of all governments.[14] The bilateral agreements that have been concluded vary considerably in the level of program detail provided and commitment to public reporting and evaluation. Moreover, key details on the federal contribution to the National Action Plan are missing. There is no mention of independent oversight, specific action items, or sustainable long-term investment.

Indigenous women's groups have similarly decried the government's lack of progress in responding to the 231 Calls for Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls.[15] Budget 2021 set aside $2.2 billion to "accelerate" work on a Missing and Murdered Indigenous Women, Girls, and 2SLGBTQQIA+ People National Action Plan[16] but the development and roll-out of programming is proceeding at an agonizingly slow pace. Three years later, Canada still does not have an implementation plan that is costed and measurable. Without a commitment to transparency and accountability, as the Native Women's Association of Canada writes in its 2022-23 progress report, it is difficult, if not impossible, to identify and assess what is being done.[17,18] In the meantime, the federal government's inaction contributes to making Indigenous women and gender-diverse people less safe, particularly for

Indigenous women in federal prisons and children and youth caught up in the child welfare system (see the Incarceration chapter).

The biggest gender equality win this past year was the introduction of legislation setting out the framework for a national pharmacare plan and a commitment to provide free coverage of diabetes medication and birth control through a single-payer system, contingent on provincial and territorial agreement.[19] Budget 2024 allocated $1.5 billion for this first phase. With this announcement, the federal government has moved to fill a critical gap in our public health care system and uphold the right of people to choose if and when to have children through the contraception of their choice—regardless of who they are, where they live, their age or disability status, or their income.[20] The government of British Columbia's move to make prescription contraception free has set the bar for the rest of the country.[21] The goal now is to quickly pass Bill C-64 and implement a truly universal and inclusive system where no one falls through the cracks.

Action is also needed to uphold sexual and reproductive health and rights (SRHR) in the face of extremist attacks on gender equality, attacks on 2SLGBTQI+ rights, and widespread disinformation campaigns. This includes guaranteeing access to high-quality, scientifically accurate, and comprehensive sexuality education to all children and young people across the country.[22] Such an initiative would empower young people to make informed decisions about their health and combat the damaging impact of disinformation on their daily lives. Budget 2023's announcement of a three-year, $36-million extension of the Sexual and Reproductive Health Fund was an important acknowledgement that many continue to face significant barriers in accessing needed health care, including abortion and gender-affirming care. This fund needs to be made permanent with sufficient funding to fill critical gaps in service.

SRHR organizations and others working to advance gender equality and women's rights have made significant progress in recent years, notably playing a pivotal role in supporting communities in need during the worst of the pandemic. Hundreds benefitted from increased federal financial support, rebuilding organizational capacity after years of scraping by, developing policies and programming tailored to community needs and realities, and advancing work on fundamental issues such as Employment Equity[23] and immigration reform. These gains are now at risk even as demand for service has continued to grow.[24]

With the winding down of pandemic-era programs and Canada's Strategy to Prevent and Address Gender-Based Violence, grants and contributions from Women and Gender Equality (WAGE) Canada are set to decline sharply starting in 2024–25. Organizations supported through the Women's Program will experience the steepest declines. Project funding is forecast to fall by a factor of 10, from a high of $210.7 million in 2022–23 to $18.9 million in 2026–27, back to the level recorded during the Harper years. Planned funding under the Federal 2SLGBTQI+ Action Plan partially offsets massive cuts to the Women's Program. Nonetheless, WAGE's total budget is expected to fall by more than 25 per cent, from $323.2 million in 2023–24 to $240 million by 2026–27. As the focus shifts beyond the pandemic, it is imperative to secure flexible, multi-year funding for women's rights and gender equality organizations.[25] A well-managed Gender Justice Sustainability Fund, built by and for the gender justice community, would help to carry out this vital work at levels that reflect the scale of the challenge.

Actions

The AFB will accelerate the launch and implementation of a new *Employment Equity Act.* After a considerable delay, the *Report of the Employment Equity Act Review Task Force* (Blackett Report)[26] has been released and is being circulated for comment. **The AFB will** allocate $20 million over the next three years for the speedy development of a new employment equity regime (including the creation of two new equity groups: Black people and 2SLGBTQI+ people), aligned with the efforts of the Office of the Pay Equity Commissioner and Office of the Accessibility Commissioner. Going forward, the Employment Equity Commissioner will be provided with the resources necessary to support and enforce implementation, including regular independent public reviews and sustained funding for the development of the disaggregated data needed to support these initiatives (see the Racial equality chapter).

The AFB will also commit $30 million over three years to the operation of the Sectoral Table on the Care Economy, pursuant to Canada's obligations as a member of the Global Alliance for Care.[27] The sectoral table has been tasked with developing recommendations to better support the care economy.[28] As such, it should embrace the International Labour Organization's 5R framework for decent care work[29] and ensure a whole-of-government approach that prioritizes care for groups that have historically been failed by care systems and the system's undervalued workforces made up largely of women and racialized people[30] (see the Child care, Seniors' care, and Health care chapters). To this end, **The AFB**

will modernize and strengthen social protections for workers, such as Employment Insurance, to reflect current and future labour realities (see the Employment Insurance chapter) and ensure migrant care workers have decent work by expanding the new care worker pilots to include undocumented care workers excluded under the old rules[31] (see the Immigration chapter).

The AFB will invest $475 million over three years to develop and implement a new federal Gender-Based Violence Strategy as part of Canada's National Action Plan to End Gender-Based Violence. These funds will support the development of an independent mechanism for monitoring and publicly reporting on progress and lessons learned from the National Action Plan. They will also support sustained investments in prevention and wraparound support for survivors, provided via well-resourced community service organizations, and strategies for reforming Canada's justice, carceral, and immigration systems. Additional monies will be earmarked under the National Housing Strategy to renew the Women and Children's Shelter and Transitional Housing Initiative ($325 million over three years) to support new builds and renovations, with a further $120 million over three years to stabilize existing operations.

The AFB will also create an implementation plan that is costed, measurable, and actionable to accelerate the fulfillment of the MMIWG Calls for Justice and create independent accountability mechanisms to track and assess efforts to combat violence against First Nations, Inuit, and Métis women, girls, and Two-Spirit Peoples. This will take place 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 support the development and implementation of International Labour Organization Convention C-190 on violence and harassment in the world of work, with $20 million a year in funding. This process will embrace a comprehensive definition of employees (e.g., interns) and violence (e.g., racial harassment), to apply in all situations that occur in the course of, linked with, or arising out of work. This includes homes as workplaces and experiences of third-party violence (e.g., from customers), which are gaps in existing legislation and regulations. **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 commit additional funds for measures to counter anti-2SLGBTQI+ hate and gendered digital hate, violence, and harassment in all its forms.[32]

The AFB will move forward to implement Bill C-64 for single-payer coverage of contraception and diabetes medications (see the Health care chapter). **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 budget 2023), 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 also develop and launch a national five-year strategy in support of the standardization of and equitable access to quality, evidence-based, comprehensive sexuality education across Canada ($4 million per year). This will include a corresponding training program for professional sexual health educators.[33]

The AFB will endow a Gender Justice Sustainability Fund in the amount of $500 million to support the work of women's rights and gender equality organizations, 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. Such a fund would provide stable, predictable core funding to women's and gender justice organizations in their work to advance equality and achieve the realization of human rights across Canadian society.

The AFB will also take action to address gaps in the new Federal 2SLGBTQI+ Action Plan in consultation with the 2SLGBTQI+ community, including a whole-of-government implementation plan with commensurate funding.

Table 10.1 / AFB actions on gender equality

All figures in $M

	2025-26	2026-27	2027-28
Strengthen the Employment Equity Act	$7	$7	$7
Fund operation of a Sectoral Table on the Care Economy	$10	$10	$10
Develop and implement a new federal Gender-Based Violence (GBV) strategy	$158	$158	$158
Renew the Women and Children’s Shelter and Transitional Housing Initiative	$108	$108	$108
Stabilize operations at women’s and children’s shelters	$40	$40	$40
Create an implementation plan to accelerate the Missing and Murdered Indigenous Women and Girls calls to action	$5		
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
Make permanent the new National Sexual and Reproductive Health Survey	$15	$15	$15
Create a comprehensive sexuality education strategy	$4	$4	$4
Endow a Gender Justice Sustainability Fund	$500		

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Health care

Introduction

The pandemic resulted in worker shortages, precipitating a lack of accessibility to health care for an estimated 6.5 million Canadians without a family doctor[1] and forced to join long queues in hospital emergency rooms.

The Alternative Federal Budget (AFB) has called for increased funding by the federal government to provinces and territories through the Canada Health Transfer (CHT) to support public health care priorities that comply with the criteria and conditions of the *Canada Health Act* (CHA), and to stem the diversion of public health dollars to private, for-profit providers that erode the public health system and expose patients to fraud.

The AFB has simultaneously called for an expansion of Medicare to include new programs outside the CHT, such as pharmacare, dental care, mental health care, and safe long-term care.

In this chapter, we'll consider the different fiscal and legislative approaches of four federal health care policy and spending programs since 2021:

- Increases to the Canada Health Transfer (CHT)
- Working Together bilateral agreements
- The Canadian Dental Care Program
- Pharmacare

We put forward actions that the AFB will take to ensure that funding is adequate and accountable and complies with the principles of the *Canada Health Act*.

Overview

Federal-provincial wrangling

Central to every discussion about health care funding is the respective roles and cost-sharing between the federal and provincial/territorial governments (PTs). Provinces argue that health care is their responsibility, and some premiers guard their independence to set out policies and programs judiciously.

However, when it comes to funding, premiers have high expectations for federal funding—without strings attached.[2] The problem with unconditional grants to the provinces is there are few accountability measures. Federal dollars intended for health care could be spent by the provinces in any way they wish.

The *Canada Health Act* and the Canada Health Transfer

The Canada Health Transfer, or CHT, is the largest major federal transfer to provinces and territories and requires PTs to adhere to the five criteria and two conditions of the *Canada Health Act* (CHA). In 2024-25, $52 billion will be distributed to provinces and territories, based on population, through the CHT.[3]

The aim of the Act, as described by Health Canada, is to ensure that all eligible residents of Canadian provinces and territories have reasonable access to medically necessary hospital, physician, and surgical-dental services that require a hospital setting, on a pre-paid basis, without charges related to the provision of insured health services.[4]

Despite the premiers' demands that CHT funding increase without strings attached, provinces and territories must meet the criteria and conditions of the *Canada Health Act* to be eligible for federal funding through the CHT.

Each province has enacted legislation to ensure compliance with the CHA to be eligible to receive the Canada Health Transfer.[5] For example, British Columbia has the *Medicare Protection Act, 1996*, whose purpose is to preserve a publicly managed and fiscally sustainable health care system for British Columbia, in which access to necessary medical care is based on need and not an individual's ability to pay.[6]

If Health Canada determines that the PTs are not in compliance, federal funding in the amount equivalent to the impact of the prohibited practices can be withheld.[7]

Accountability concerns over transfers

If the *Canada Health Act* spells out *how* health money is to be spent (i.e. observing the principles and conditions of the CHA), the Act falls short in describing *where* the money should be spent.

This was chief among concerns expressed by the federal government in 2022. Intergovernmental Affairs Minister Dominic LeBlanc lamented that provinces were demanding more assistance for health care systems while making tax refunds and running budget surpluses.[8]

An analysis of the position paper by the Council of the Federation revealed the provinces' position coming into the negotiations was a plan to spend zero dollars of the increased federal transfers on higher health care spending.[9]

To break the logjam, the Canadian Health Coalition and others advocated for a "grand bargain" that would see increased CHT funding in exchange for bilateral agreements that allowed the federal government greater accountability for federal health transfers.[10]

Increases to the Canada Health Transfer (CHT)

The ballots had just been tallied when premiers called for more federal funding. "Premiers reiterate their call on the federal government to immediately increase its share of health care costs from 22% to 35% of total health care spending and to maintain this contribution level over time with a minimum annual escalator of 5%," said the September 23, 2021, letter addressed to Prime Minister Trudeau.[11]

The AFB supports an increase to the CHT but seeks greater transparency and accountability for public health dollars to ensure that they support public health care in compliance with the *Canada Health Act* and transfer payments are used for their intended health care purposes, and not directed to other provincial budget priorities.

In early 2023, the prime minister met with premiers in Ottawa for a summit on health care. Outside the meeting, in the bitter cold, health care activists and front-line workers held a rally on Parliament Hill demanding an end to increased private, for-profit delivery of health care services, and progress on national, universal pharmacare.

On February 7, 2023, the prime minister announced a package of increased and new federal transfers to the provinces and territories for health care, including $46.2 billion in new funding. However, only a portion of the funding would come through the Canada Health Transfer.[12] The government promised a $2 billion top-up to the CHT and a five per cent CHT guarantee for the next five years, which will be provided through annual top-up payments as required. This is projected to provide an additional $17.3 billion over 10 years in new support. Provinces will be required to sustain universally accessible physician and hospital services, as outlined under the CHA, but are free to allocate the funding anywhere within their budgets, leaving federal concerns outlined by Intergovernmental Affairs Minister Leblanc discussed earlier unaddressed.

Working Together bilateral agreements outside of the Canada Health Transfer

Federal funding to provinces for health care need not be only through the Canada Health Transfer. Transfers can also be made through bilateral agreements.

Accompanying the Canada Health Transfer increases was $26.7 billion for new bilateral agreements for federal health priorities, including improved access to primary care, support for health care workers and clearing up surgical and diagnostic backlogs, substance abuse and mental health care, and better data and health care systems.

In order to qualify for funding through the Working Together bilateral agreements, the federal government requires provinces to develop action plans to describe how they will use federal funds, identify and measure targets, and report annually on their progress.

Provinces have increasingly accepted the conditions and have signed agreements to receive the funding. The funding for both the CHT increases and the Working Together bilateral agreements required no separate measures, save for passing the legislation enacting the 2022 federal budget, which was guaranteed through the Liberal-NDP cooperation agreement.

This bilateral agreement approach is also envisioned for the new pharmacare program.

The Canadian Dental Care Program

Replacing the interim Canadian Dental Benefit instituted in 2022 and ending in June 2024, budget 2023 provided $13 billion over five years, starting in 2023-24, and $4.4 billion ongoing, to Health Canada to implement the new Canadian Dental Care Plan (the CDCP).

The CDCP is a novel approach for a federal health care program, modelled on the Non-Insured Health Benefits (NIHB) Program, which provides eligible First Nations and Inuit clients with coverage for a range of health benefits that are not covered through other social programs, private insurance plans, or provincial or territorial health insurance.[13]

First, like the NIHB, the CDCP is a federally funded and administered health insurance program not requiring the CHT or bilateral agreements (although there is some effort at coordination where the CDP overlaps with provincial programs, such as those receiving income or disability supports). The program is delivered through a private insurance company, Sun Life, under contract with the federal government—a rarity in Canadian health care policy.[14]

Second, the CDCP is not a universal program because Canadians must pass “means test” to be eligible for government coverage. It’s a fill-the-gaps approach available to applicants who do not have private insurance and who have a household income less than $90,000 per year.

Third, the CDCP did not require legislation and is defined entirely by the enacting legislation for budget 2023. This was also the case for increases to the CHT and bilateral agreements, but differs from the pharmacare program.

Pharmacare

After lengthy, and sometimes tense negotiations between the Liberals and the NDP, the *Pharmacare Act* was introduced in the House of Commons on February 29, 2024. According to the legislation, the program will cover the incremental cost increases to provincial and territorial governments for universal, single-payer coverage of contraception, diabetes medication and related products.

Unlike the previously discussed health care initiatives, pharmacare required separate legislation as well as funding provided through the federal budget. Budget 2024 provided $1.5 billion over five years, starting in 2024-25, to Health Canada to support the launch of the National Pharmacare Plan.

But pharmacare requires bilateral agreements to be negotiated between the federal and PT governments. It will also provide universal coverage, as described by the *Canada Health Act*; therefore, there is no means test for eligibility, which distinguishes it from the Canadian Dental Care Program.

Perhaps its most contentious aspect is how existing provincial and private insurance drug plans are handled by the legislation.

Pre-existing provincial and territorial coverage for prescription medicine in the two groups of drugs will be increased to meet the federally determined formulary. The additional cost to the PTs will be

Table 11.1 / Health care summary

	Governed by Canada Health Act	Governed by fed-PT bilateral deals	Required budget and legislation	Patient eligibility is means-tested (not universal)
Increases to the Canada Health Transfer (CHT)	Yes	No	No	No
Working Together bilateral agreements	No	Yes	No	No
The Canadian Dental Care Program	No	No	No	Yes
Pharmacare	No	Yes	Yes	No

borne by the federal government, following the establishment of bilateral agreements.

Where patients have overlapping private insurance coverage, they will neither be denied public coverage (as they are in the CDCP), nor will they be prohibited from having private insurance.

According to the health minister, pharmacare will allow patients the ability to choose between public or private coverage.[15]

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 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, **the AFB will** train up to 50,000 new personal support workers and fund their guaranteed minimum wage of at least $25 per hour (see the Seniors' care chapter).

The AFB will extend the principle of universality to dental care. This universal dental care program would cover everyone equally, including self-employed or gig workers who have no benefits but have family income over $90,000. The AFB will implement a fourth phase to the CDCP in 2026, which removes the income restriction.

The AFB will move forward to implement Bill C-64, the *Pharmacare Act*, and negotiate bilateral agreements with provinces and territories for universal, single-payer coverage of contraception and diabetes medications. This would replace the present approach, that only provides coverage to those who don't already have it.

The AFB will establish the Canada Mental Health Transfer, which will ramp up to $6.25 billion a year by 2030 and will amount to 12 per cent of current health care budgets. This new transfer will 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 introduce and pass the *Safe Long-Term Care Act* by 2025, which must enforce national standards and ensure patients receive at least four hours of direct care daily (see Seniors' care chapter).

The AFB will provide interest-free loans to construct publicly owned and non-profit long-term care facilities (see Seniors' care chapter).

Table 11.2 / AFB actions on health care

All figures in $M

	2025-26	2026-27	2027-28
More robust monitoring of violations of the Canada Health Act	$50	$50	$50
Hire 7,500 new family doctors, nurses and nurse practitioners	$250	$550	$1,000
Train 50,000 personal support workers	$250	$250	$0
Eliminate the Canadian Dental Care Plan income restriction in 2026	$363	$1,450	$1,479
Create the new Canada Mental Health Transfer	$2,000	$2,500	$3,500

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Health equity

Introduction

Health equity occurs when everyone has fair access to, and is enabled and empowered to act on, opportunities to reach their full health potential. Health is not just about sickness or its absence, it is a holistic concept that includes physical, mental, and social well-being.[1]

The word health leads many people to think about access to medical care. While this is important, it is incomplete. Who gets sick is fundamentally shaped by unequal distributions of economic, political, cultural, and social power and, hence, unequal access to the material goods and social infrastructure necessary to sustain a high quality of life.[2,3] Health inequities—systemic, avoidable, and unfair health differences—are "…not in any sense a 'natural' phenomenon but [rather] the result of a toxic combination of poor social policies and programmes, unfair economic arrangements, and bad politics."[4] Due to systemic oppression, health inequities disproportionately affect certain populations, including Black, Indigenous Peoples, and other racialized people.

Building on some of Canada's foundations in equality—such as universal public services and supports—this chapter lays out the AFB's vision for equity, grounded in fairness for all people, including future generations, to have the foundations to thrive.

Overview

A vision of health equity requires a coherent, whole-of-government commitment to and mechanisms for providing the conditions for all people, all living things, and our planet to be well. This AFB outlines three steps to achieve this. The first is to articulate an overarching vision that puts all people and the planet at the heart of government decision-making, including budgeting. The second is to identify a plan for implementation and accountability of that equity-centred vision. The third is continued efforts to shift the narrative around health, including how it is understood in social and economic policy, to a broader vision of equitable well-being and its structural determinants.

An overarching vision of an equity-centred political economy

Health inequities are fundamentally rooted in the current political economic system of neoliberal capitalism, its ideological underpinnings, and the policies and practices it supports.

In an aggressive pursuit of the capitalist vision of protecting and accumulating private wealth through exploitive relationships, neoliberal capitalism advances certain types of economic and social policies. These include deregulation (permitting companies to pursue profit in ways that are unencumbered by accountability for things like environmental stewardship); austerity and privatization of public services, which erodes their quality and viability; and trade liberalization, which promotes global diffusion of health-damaging products (e.g., ultra-processed foods) and processes such as growing precarity of labour markets,[5] all of which strongly affect health in highly inequitable ways.

Indeed, neoliberal capitalism is fundamentally incompatible with health equity,[6] yet the paradigm persists, in part due to hegemonic narratives around the economy, such as the simplistic notion that taxation, government spending, and government deficits are harmful.[7] These narratives are propped up by broader tropes, where the economy is portrayed as a value-neutral and highly technical domain of experts, which obscures the inherent unfairness of the current system.[8]

An overarching vision for health equity requires surfacing and challenging hegemonic narratives about the economy and advancing alternatives. One alternative is a well-being economy, which is an economy designed to serve all people—including present and future generations—and the planet, rather than the other way around. It is an economic system that embeds long-term thinking to ensure that every person is sufficiently supported in ways that promote human flourishing and are in harmony with our natural environment. Instead of wasting valuable time and limited resources fixing societal and environmental damage caused by economies focused on growth, regardless of cost, a well-being economy delivers good lives the first time around.[9]

The federal government has engaged with the idea of a well-being economy. In budget 2021, the federal government introduced a Quality of Life framework.[10] The framework is explicitly grounded in "beyond GDP" thinking and recognizes the "inequalities in our society and gaps in our social safety net" that the COVID-19 pandemic revealed. Envisioned as a way to "build back better" from the pandemic, the framework centres five domains that were developed through broad consultation: prosperity (including income, employment and job quality, skills, and economic security and deprivation); health; environment; society; and good governance. Two lenses crosscut the five domains: fairness and inclusion, and sustainability and resilience. Reflecting tensions that we discuss elsewhere in this chapter, the "health" domain mainly concerns medical care, and thus social determinants of health are reflected across the other framework domains.

The Quality of Life framework offers an overarching vision for health equity.[11] While previous federal budgets included funds to Statistics Canada for measuring and collecting data on the framework domains, and the framework has been applied to subsequent budgets in the form of impact statements,[12] it is important to find ways to ensure that the framework's holistic and equity-oriented vision materializes in public policy, including spending decisions. Indeed, this is consistent with the framework's stated goals to inform policy decision-making.

Leveraging the Quality of Life framework towards an equity-oriented well-being economy is consistent with the federal government's stated commitment to equity, such as budget 2024's prominent focus on generational fairness. The government's generational framing opens the door to important shifts in thinking about equity that reflect consequences of neoliberal capitalism. For example, with the financialization of housing, many older Canadians have seen their wealth grow substantially because of rising home values, while younger people struggle with income levels that have fallen far behind rising home and rental prices. The growing financial vulnerability experienced by young people is linked to poor health and well-being, including declining mental health and hope for the future.[13,14]

A plan for implementation and accountability of an equity-centred well-being economy vision

Structures and mechanisms are needed to translate the equity-centred, well-being economy vision into public policy, including budgeting.

To support implementation and accountability, this AFB proposes new federal Quality of Life legislation to create a Quality of Life commissioner within the office of the auditor general, along with dedicated staff. While the Quality of Life commissioner will have a "watchdog" role (similar to Canada's commissioner of the environment and sustainable development), it will also have an advocacy role. This is modelled on Wales' *Well-being of Future Generations* legislation and commissioner, whose role is to provide advice and support to government and public bodies in taking a longer-term and coherent view on decisions, and whose "soft power" has been significant in terms of advancing equity-oriented social and environmental policy.[15]

For the Quality of Life commissioner and office to advance an equity-centred well-being economy vision, its work must substantially and consistently embed an anti-racist and anti-oppressive stance. This is required to illuminate and ensure meaningful engagement with the (usually hidden) inequities of power, which reflect intersecting systems of oppression—capitalism, colonialism, white supremacy, etc.—and constitute the root causes of health inequities. To do so, the office will be directly supported in its work by a newly created citizens' assembly on equity-centred Quality of Life that is comprised of: 1) communities most negatively affected by health inequities under neoliberal economic and social policy, including Black, Indigenous and other racialized peoples, 2SLGBTQ+ people, migrant workers, etc., whose experiences must drive the equity-centred vision; 2) critically oriented academic scholars engaged in articulating an alternative, equity-centred political economy; and 3) those with deep expertise in well-being measurement and policy in government settings (e.g., existing Quality of Life framework staff).

The public health sector, which transcends government, academic, and civil society, will be empowered to play a leadership role as a convener of the citizens' assembly on equity-centred Quality of Life. Doing so is consistent with public health's stated focus on upstream determinants of health equity[16] and it offers the public health sector, which is frequently misunderstood and under-valued, an opportunity to occupy a more visible and constructive role in this space. Public health leadership will also serve to re-invigorate important historical milestones in the field, such as the 50-year anniversary of the 1974 Lalonde report, which defined pillars of contemporary public health,[17] but to do so in a way that engages much more deeply with the profound challenges to health equity that we face today.[18]

The Quality of Life commissioner, office, and citizens' assembly will encompass all federal policy, including stronger federal leadership to ensure that federal transfers to provinces and territories are used in a way that supports an equity-centred well-being economic vision. Using the example of substance use to illustrate, this structure and mechanisms would support decriminalization, which is a federal responsibility under the *Controlled Drugs and Substances Act*, as well as a requirement that provincial/territorial programs funded through federal health transfers include robust harm reduction initiatives, based on the unambiguously essential role of both initiatives for health equity.[19]

More generally, the Quality of Life commissioner, office, and citizens' assembly will provide a common vision to unite the many specific equity-centred recommendations in this AFB, as well as cross-cutting AFB themes, such as 1) a robust public sector, 2) a strong regulatory environment that acts in the public interest, and 3) thoughtful attention to implementation of specific programs so that they support and empower, rather than exclude or demean, those that they are intended to help. Moreover, the Quality of Life commissioner, office, and citizens' assembly will provide a platform for shifting the role and perception of governments, from a neoliberal version of incremental risk management to what Mariana Mazzucato[20] calls a mission economy: a re-imagining of the role and capacity of government within the economy and society to embrace and advance a bold and coherent vision of public purpose. Overall, the Quality of Life commissioner, office, and citizens' assembly will provide a cross-cutting mechanism to support equity-centred policy coherence, such that policies are united by the common goal of equitable well-being for all people and the planet, rather than undermining each other. In the Canadian context of federalism, this will also require a commitment to developing, perhaps through first ministers' conferences, more constructive approaches to federal/provincial/territorial relations.

Efforts to shift the narrative around health

The vision and mechanisms described above offer a coherent way to work towards health equity. However, the word health remains an important challenge to their realization. Because of the immense cultural and institutional power of the medical sector, there is a very strong tendency to equate health with medical care, such that the very presence of the word health automatically triggers attention to solutions within the medical care sector, including ministries of health. The result is growing spending on medical care, while spending in other policy domains—which constitute the social determinants of health—remains low and, in some cases, is declining, to the detriment of population health.[21] While it is essential to adequately fund a high-quality health care system, the goal of improved health outcomes demands that we work to de-couple health from medical care to permit much greater investment in the broader social and economic policies that support equitable well-being.

Creating broader awareness and understanding of these dominant, medical-care-centred narratives and spending patterns is an important step in supporting a vision of equity-centred well-being. One way to enhance awareness and understanding is by asking governments to assess investments in social determinants of health (e.g., social supports and education) relative to investments in medical care, and to track the resulting ratio over time. This ratio can serve as a guidepost for recalibrating public investments to advance health equity and to signal whether governments' budgeting is consistent with health science evidence that supports greater investments in the building blocks for a healthy society: the social determinants of health.[22] The Canadian Institute for Health Information (CIHI), as part of its mandate "to deliver comparable and actionable information to accelerate improvements in health care, health system performance and population health" is well situated—in collaboration with the Public Health Agency of Canada—to compile this data and feature the ratio as part of its annual reporting. The ratio should be included as part of the reporting under the Quality of Life framework.

Actions

The AFB will create and staff a new federal Quality of Life commissioner and office that is devoted to monitoring, implementing, and actively supporting an equity-centred Quality of Life vision. This includes keeping the "evergreen" Quality of Life framework current and making sure that the framework is influencing decision making within departments and at the cabinet/treasury table: $8 million per year for three years.

The AFB will support public health sector organizations, which transcend public, academic, and civil society communities, to play a leadership role in convening a citizens' assembly on equity-centred Quality of Life, which will directly support the Quality of Life commissioner and office: $3 million per year for three years.

The AFB will commit $1 million per year for three years to create a cross-ministerial committee that is tasked with socializing and making the case for the equity-centred Quality of Life vision and supporting narrative change within government.

The AFB will commit $2 million per year for three years to support the Canadian Institute for Health Information, in collaboration with the Public Health Agency of Canada, to develop infrastructure to gather and report data on the social to medical public spending ratio as part of annual reporting.

Table 12.1 / AFB actions on health equity

All figures in $M

	2025-26	2026-27	2027-28
Create a Quality of Life Commissioner	$8	$8	$8
Fund a citizens’ assembly on equity-centred quality of life	$3	$3	$3
Fund a cross-ministerial committee on quality of life vision	$1	$1	$1
Fund new annual reporting on social to medical public expenditures	$2	$2	$2

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Immigration

Introduction

Structural inequities and systemic disadvantages persist in the Canadian immigration and refugee system, despite having a public image as a global leader in refugee resettlement and welcoming immigrants. These disparities are felt most deeply by people at the intersections of diverse identities, particularly those who are Black and otherwise racialized, women and gender-diverse people, 2SLGBTQ+, and people who live with disabilities. The AFB will deliver broad-based systemic change as well as individual remedies to address urgent needs.

Overview

Over the last year, public attitudes in Canada have shifted significantly against immigration, including among recent immigrants. Public opinion has also demonstrated the longstanding conflicted and contradictory attitudes towards immigration among all sectors in Canada. Amid deepening housing and food unaffordability, politicians and the private sector have cited immigration as the salvation to economic woes, while at the same time wrongly blaming immigrants themselves for crises in housing unaffordability, the high cost of living and growing unemployment.

In many aspects of our immigration system Canada's continues to be inactive or regressive.

Humanitarian obligations

A growing number of people are arriving in Canada in search of safety from war, persecution and the impacts of global climate change. While the federal government has recently made significant investments to enable refugee claimants to access shelter, housing, health care and other supports, these efforts are sporadic, short-term, and inconsistent. Refugee claimants continue to fall through cracks. Many of the recent arrivals are women of African origin, and other racialized people.

Refugee claimants also face long delays in the refugee claim process, including a long wait before they receive a work permit. The Canadian Council for Refugees has recommended five actions the federal government can take to reduce delays, remove inconsistencies, and ensure refugee claimants get the timely support they need,[1] which the AFB would implement.

The Supreme Court of Canada has acknowledged the risk for refugees sent back to the U.S. However, in March 2023 the Canada-U.S. Safe Third Country Agreement (STCA) was updated to enact even tougher immigration policy, including shutting down “irregular” arrivals at land border crossings, ignoring the concerns of the courts.

Canada continues to have a piecemeal response to humanitarian crises around the world, with a marked difference in responses to countries with majority racialized and Muslim populations, most recently highlighted in the complex and ineffective policy for supporting Palestinian refugees. As well, there are significant discrepancies and racial inequities in the reception of refugees and refugee claimants in Canada.

In Canada, humanitarian and compassionate applications continue to be processed at a slow rate. Those without permanent immigration status, including refugee claimants, continue to struggle with access to income support, housing, and health care.

Immigration status

The number of people without immigration status or with precarious immigration status has grown to over an estimated half a million people.[2] Those without status are denied access to basic rights, income supports, housing, and health care. They experience considerable threats to their health and well-being and face barriers in education and access to social services in general.[3] They are more vulnerable to abuse and exploitation and live in fear of detention and deportation.

In 2021, the Minister of Immigration announced a review to develop a regularization program to provide permanent residence status for undocumented migrants.[4] Three years later, no program has been announced and undocumented migrants continue to face vulnerability and abuse in workplaces throughout Canada, despite broad multi-sectoral support[5] and support from immigrant communities.[6]

Temporary migration

Immigration policy continued the trend of bringing more temporary residents to Canada than permanent residents. As of 2024, there were reportedly 2.5 million temporary residents, representing a significant increase from one million temporary residents in 2021.[7]

Most notably, 42 per cent were international students, brought to Canada primarily to access post-secondary education. International students face enormous barriers to safety and security in Canada, including unsafe housing, exorbitant student fees, lack of access to supports in income, food insecurity, increases in rates of suicide, significant mental health impacts. They are unfairly blamed for the housing crisis and lack of employment for "Canadians".

Migrant workers face precarity related directly to their closed work permits, including abuse in employment and an inability to assert legal rights because of the reality that it would cause loss of immigration status.

Racism in immigration

Immigration, Refugees and Citizenship Canada (IRCC) has admitted that colonialism and historic racist policies impact the immigration system—particularly for Indigenous Peoples, Black and other racialized people. While IRCC has worked towards identifying bias in both policy development and decision-making, its own decisions—systemic and individual—still reveal deep and embedded structural racism within our immigration system, including:

- Massive policy changes to the study permit program that primarily target South Asian communities that acquiesced to the xenophobic and racist views of Canadians.
- Passport privilege and visa apartheid that disproportionately exclude and disadvantage people from African countries and other countries with primarily racialized populations.
- Continued failure to regularize the immigration status of seasonal agricultural workers, other migrant workers, and migrant students, most of whom are Black and Brown, 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.
- The failure to re-open the Parent-Grandparent Sponsorship program since 2020, shutting out family reunification for Asian and South Asian communities (the largest users of the program). Further, the program is modelled on the exclusionary 'nuclear' family structure, which effectively excludes other family structures and relationships that are prevalent in the lived realities of many racialized and non-European communities.
- A differential response to humanitarian crises around the world, with a marked difference in responses to countries with majority racialized and Muslim populations, most recently highlighted in the complex and ineffective policy for supporting Palestinian refugees.

Immigration detention

Canada continues to allow for indefinite immigration detention and detention of children. Multiple provincial jurisdictions have indicated that they will no longer support immigration detention in provincial jails. The federal government then announced its intention to hold some immigration detainees in federal jails. 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 support and basic supplies. Black people are over-represented among those incarcerated in immigration detention.[8] Immigration detention is an administrative measure—those subject to the measure should not be treated as criminals, nor should they be held in facilities designed for people who have been convicted of a crime.

Criminal inadmissibility

Statistics confirm that Indigenous, Black, and racialized people are over-represented in Canada's criminal justice system, leading to greater rates of criminal convictions and higher sentences. For all non-citizens in Canada, these convictions can trigger loss of immigration status, in some cases without appeal rights. Criminal inadmissibility disproportionately captures Black and racialized people for loss of immigration status. Furthermore, a number of people caught by criminal inadmissibility came to Canada as children and did not obtain citizenship, through no fault of their own. In some cases, child welfare systems across Canada failed to obtain that Canadian citizenship. Proposed federal legislation is working towards addressing recourse for children in care but will not address the larger issues with criminal inadmissibility.[9]

Processing times

In October 2023, the auditor general noted that immigration processing times remain backlogged. The auditor general noted that while digital systems changes were made by IRCC to increase accessibility, many groups, like refugee claimants, are still making paper applications because of accessibility issues. Processing delays have deep impacts on applicants, particularly those with precarious immigration status and those who are low-income.

Settlement services

While there has been an increase in federal funding for settlement services, funds continue to lag behind in real costs, higher inflation and growing demand. Canada's planned expansion of higher immigration numbers has not been balanced out with a commensurate investment to strengthen and expand the immigrant and refugee serving sector. Settlement 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.

IRCC continues to threaten sanctions against community organizations if their paid staff provide immigration and refugee assistance as part of their free services. The department does so by citing a section of the immigration act intended to weed out unregistered, paid immigration consultants. This has a disproportionately negative impact on people with little or no resources to pay for private immigration and refugee services. Racialized people, particularly racialized women, are over-represented among those who are low-income, cannot afford to pay a lawyer or registered immigration consultant, and thus are most in need of free community services.

Actions

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

The AFB will establish a National Plan for Asylum with Dignity, as proposed by the Canadian Council for Refugees,[10] that would:

- Establish a refugee claimants reception centre.
- Provide sustained funding for shelter and housing for claimants.

The AFB will create a broad and inclusive immigration status regularization program for all.

The AFB will establish an independent, third party racial equity review of the immigration and refugee program.

The AFB will immediately end all immigration detention.

The AFB will resource IRCC to clear its immigration backlog and speed up new processing.

The AFB will re-open the Parent Grandparent Sponsorship program to new applications, with no minimum necessary income requirement to allow reunification for low- and middle-income applicants and applicants who are new to Canada.

The AFB will reform criminal inadmissibility legislation to allow for greater humanitarian and compassionate consideration, appeals, and an immediate pathway to citizenship for any foreign national who came to Canada as a child and spent any period of their childhood in Canada's child welfare system.

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

The AFB will expand settlement services eligibility criteria for all temporary residents, including refugee claimants, international students, migrant workers and people without immigration status.

The AFB will end IRPA Section-91-related threats and sanctions to community organizations providing free immigration and refugee services to clients.

Table 13.1 / AFB actions on immigration

All figures in $M

	2025-26	2026-27	2027-28
Build and operate refugee claimants' reception centres in seven major cities	$70	$21	$21
Provide sustained funding for shelter and housing for claimants	$150	$150	$150
Establish an independent review of the immigration and refugee system	$3		
Clear the backlogs and speed processing at Immigration, Refugees and Citizenship Canada	$100	$100	$75
Re-open the intake period for the parent, grandparent sponsorship program	$20	$20	$20
Expand settlement services eligibility criteria to all temporary residents	$5	$5	$5

Notes

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Incarceration

Introduction

The Canadian carceral system is expensive, keeps many in cycles of incarceration, and leads to poor health outcomes for those who interact with it. Incarcerated people in Canada are disproportionately suffering from mental health concerns and substance use issues. Indigenous Peoples are overrepresented, especially in prisons designated for women, where more than half the population is Indigenous.

Administering federal incarceration costs an average of about $3 billion per year.[1] The estimated annual cost to incarcerate *one person* in a Canadian prison designated for men is $120,000. This increases to approximately $200,000 per year per person for federal prisons designated for women.[2] Canada has a relatively small federal population of incarcerated people—approximately 13,000 people in 53 prisons (six designated for women and 47 designated for men) across the country. These are operated by the Correctional Service of Canada. There are also approximately 9,000 federally sentenced individuals living on parole.

Canada's federal prison system has among the highest ratio of staff per incarcerated person across developed countries.[3] Base salaries for correctional officers working in prisons begin at $72,500, on average.[4]

Overview

A harmful system that punishes disadvantage

People who undergo incarceration 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.[5] Post-sentence outcomes for them have long been dismal, as incarceration creates many socio-economic disadvantages. Adverse impacts compound as people are kept in conditions that produce chronic health conditions. Long-term incarceration in Canada reduces individual life expectancy by 20 years compared to the general population.[6]

More than half of federally incarcerated people are also victims and survivors of physical and/or sexual violence. Although approximately 80 per cent of federally sentenced people have substance use issues,[7] integrated substance use treatment is not provided in prison.[8]

One of the costliest areas of incarceration, and one that is seldom accounted for, is the impact of incarceration on mental health. Being incarcerated is traumatic. Prison's harsh, violent, and unstable living conditions only exacerbate pre-existing conditions.

Canada's ongoing need to reconcile relations with Indigenous Peoples, our persistent opioid crisis, our housing crisis, our mental health crisis—these are all overlapping factors fuelling the expansive use of incarceration. Using incarceration has become a catch-all, bandage response to social problems in this country. This "solution" only worsens the problems it is supposed to be addressing.

Incarceration should be reserved for those who pose serious risks

Incarceration fractures families and weakens community resilience by preventing economic participation. Families and communities of incarcerated people become directly financially responsible for their incarcerated loved ones, who are prevented from earning income directly while incarcerated. Long periods of economic stagnancy widen the poverty gap in Canadian communities that experience higher than average levels of incarceration. This system produces generational poverty and inequality. It disavows budget 2024's claims of building a strong economy and opportunity for every generation.

Upon release, formerly incarcerated people—and their social networks—are left with the aftermath of intersecting impacts of trauma, untreated substance use issues, and economic precarity. With all the harms it produces, incarceration should only be used as a last resort. The

United Nations Office on Drugs and Crime[9] recognizes that incarceration has a "detrimental social impact" and mass incarceration produces a "deep social transformation in families and communities." It has called on nations to account for the actual funds spent on the upkeep of each incarcerated person (usually significantly higher than a person sentenced to community-based alternatives) *and* the indirect costs: social, economic, and health costs that are "difficult to measure, but which are immense and long-term."[10]

The Federal Framework to Reduce Recidivism

Many efforts to address known problems in the carceral system have been advanced, including the *Reduction of Recidivism Framework Act*, which received royal assent on June 29, 2021. The act directs the federal government to develop the Federal Framework to Reduce Recidivism and advance the following measures:[11]

- Implement evidence-based programs aimed at reducing recidivism.
- Promote the reintegration of people who have been incarcerated back into the community through access to adequate and ongoing resources as well as employment opportunities.
- Support faith-based and communal initiatives that aim to rehabilitate people who have been incarcerated.
- Implement international best practices related to the reduction of recidivism.
- Evaluate and improve risk assessment instruments and procedures to address racial and cultural biases.

The Federal Framework to Reduce Recidivism identifies five pillars central to breaking cycles of incarceration:

- Housing
- Employment
- Health
- Education
- Positive support networks

In November 2023, the Federal Framework to Reduce Recidivism implementation plan was released but there was no investment in budget 2024 to actually implement the framework. Budget 2024's priorities[12] instead expand Canada's reliance on incarceration by creating new offences and aggravating factors related to car theft and by investing $325 million to expand the use of federal prisons to incarcerate individuals for immigration purposes (see the Immigration chapter).

The costs of incarceration do not end when a person is released

To actualize access to the five pillars in the Federal Framework to Reduce Recidivism, Canada can advance criminal record reform, so that people who have completed their sentences are not permanently excluded from good jobs and safe housing.

Canada's current criminal record legislation significantly adds to the burgeoning bill Canadians pay for incarceration. Long after people's sentences end and they are trying to live good lives, restrictive criminal record legislation in Canada prevents them from gaining and maintaining employment and safe housing, among other things. These barriers undermine the government's commitments to resolving the housing crisis, to creating an economy that works for all, and to creating a fair chance for every generation.

One in nine Canadians has a criminal record.[13] That translates to 4.3 million people who are directly impacted, and we can add at least eight million more (a conservative estimate) people who are impacted as family members and dependents of people with criminal records. The pathway to a free and automatic spent record regime (where an individual's criminal record is suspended automatically after they complete their sentence, rather than their having to apply for a suspension) has been outlined in Bill S-212: *An Act to amend the Criminal Records Act, to make consequential amendments to other Acts and to repeal a regulation*. The Fresh Start Coalition, an association of more than 80 organizations and individuals working to advance criminal record reform also put forward a pre-budget submission[14] demonstrating that a free and automatic spent record process aligns with the Federal Framework to Reduce Recidivism and would save Canadians a minimum of $25 million over the next five years.[15]

Prioritizing criminal record reform was a timely and much-needed government action yet is absent from budget 2024.

Actions

Drawing on the Federal Framework to Reduce Recidivism and international best practices, such as the prison reform roadmap outlined by the United Nations Office on Drugs and Crime,[16] the AFB offers a roadmap to meaningfully and responsibly reduce incarceration by 30 per cent by 2035.

The AFB also resolves to address the over-incarceration of racialized and disadvantaged populations. It will focus on addressing the social determinants of incarceration and prioritizing responsive, community-based solutions.[17]

The AFB will amend the *Criminal Records and Corrections and Conditional Release Act* to support decarceration. The AFB will reallocate the remainder of budget 2021's investments in the Parole Board of Canada and civil society record suspension support programs to be invested in implementing the Federal Framework to Reduce Recidivism.

The AFB will invest $100 million a year in the Federal Framework to Reduce Recidivism to support decarceration, promote healthier institutions, lessen Canada's unproductive reliance on incarceration, and address the negative consequences of incarceration.

The AFB will amend the *Corrections and Conditional Release Act* to create a mechanism to allow the Correctional Service of Canada to authorize the discharge of individuals from custody *at the point of readiness*, which could be prior to the fixed parole eligibility and statutory release dates determined at the time of sentencing. This is an essential step to begin shifting Canada's catch-all use of incarceration to a more limited and appropriate use of incarceration. It will allow the timely discharge of Indigenous Peoples and others whose needs are not being served by the conditions of prison.

The AFB will amend the *Criminal Records Act* and implement a free and automatic spent record process, turning to the model outlined in Bill S-212 and supported by the Fresh Start Coalition. This will ensure that Canadians who have completed their sentences and who are trying to live good lives are not permanently excluded from good jobs and safe housing by having criminal records. This amendment will save Canadians $25 million over the next five years.[18]

The AFB will reallocate the $325 million currently invested in introducing immigration detention into federal prisons and invest these dollars instead to work with the provinces to redesign Canada's approach to immigration (see the Immigration chapter). This will ensure that people on immigration holds are treated fairly.

While access to justice is a pressing issue in Canada, expanding the capacity of the courts will only increase the amount of people who move through them. It is time to revisit how the law is administered instead. **The AFB will** reallocate $30 million of an invested $50.2 million over five years towards decarceration instead of new judicial positions. It will invest in:

- Programming that helps people who have been charged with criminal offences to move into substance use treatment, mental health treatment, and transformative justice programming.
- Creating a commission to advance access to justice by examining how Canada can redistribute legal authorities and decision-making powers that are currently over concentrated in judges.

The AFB will use the funds remaining from its 2024 investment of $28 million over two years to implement evidence-based responses with community-based sector experts to:

- Introduce integrated substance use treatment aligned with the standards of community-based models and deepen partnerships and pathways for community-based access to equivalent programs.
- Introduce access to post-traumatic stress disorder psychotherapies for incarcerated individuals and people on parole.
- Transform the policy framework and mental health service model in federal prisons into a model that is measurably consistent with Canadian and World Health Organization standards of care.
- Introduce vocational development assessments into intake and planning processes.
- Diversify and expand access to meaningful vocational opportunities by partnering with community-based employment counselling/development programs.[19]

The AFB will support training and bridging initiatives to:

- Support training opportunities to transform correctional security positions into rehabilitative and supportive roles, and where possible, community-based positions.
- Develop and institute trauma-informed training for people in frontline correctional security positions.

The AFB will support research into policy solutions toward decarceration, specifically developing viable alternatives that would increase the application of 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 (e.g., Corrections and Conditional Release Act Section 81 and 84 releases, conditional sentencing, and conditional community release).

The AFB will develop and implement an efficient metric to consistently measure recidivism.

The AFB will, over the next five years, re-allocate $126 million of budget 2023's $212 million investment in essential goods and services within federal prisons to invest in partnerships with non-government organizations to deepen capacity for:

- Legislated community-based alternatives to incarceration, especially *Corrections and Conditional Release Act* Section 81 and 84 releases and Indigenous models of self-determined justice.
- Post-incarceration release supports across the five pillars of the Federal Framework to Reduce Recidivism.
- Upstream prevention to support families and children impacted by incarceration.

The AFB will conduct an external impact evaluation of Canada's decarceration strategy to:

- Centre the experiences of impacted populations and ensure the framework meaningfully responds to systemic discrimination.
- Deepen evidence-based practice and ensure that carceral institutions are measured and evaluated according to standard practice in the social sector.
- Continually identify and move people into Indigenous justice systems, community-based alternatives to incarceration, substance use treatment, and transformative justice programming.

Table 14.1 / AFB actions on incarceration

All figures in $M

	2025-26	2026-27	2027-28
Fund the Federal Framework to Reduce Recidivism	$100	$100	$100
Funds that are already in the fiscal framework (budget 2021, reforming Canada's pardons process)	-$20		
Implement a free and automatic spent record process	-$5	-$5	-$5
Assist people charged with criminal offences to move into health treatment and justice programming	$10	$10	$10
Funds that are already in the fiscal framework (budget 2024, more judges for faster access to justice)	-$10	-$10	-$10
Introduce rehabilitative addictions treatment aligned with the standards of community-based models	$14	$14	
Funds that are already in the fiscal framework (budget 2024, cracking down on auto theft)	-$14	-$14	
Support trauma-informed training to translate correctional positions into rehabilitative roles	$10	$10	$10
Develop viable alternatives to incarceration	$7	$7	$7
Develop and implement an efficient metric to consistently measure recidivism	$5	$5	$5
Fund partnerships with non-government organizations for alternatives to incarceration (Indigenous, post-release, halfway houses and upstream interventions)	$20	$20	$20
Funds that are already in the fiscal framework (supporting essential goods and services within federal correctional facilities, from budget 2023)	-$42	-$42	-$42
Conduct an evaluation of Canada's decarceration strategy	$2	$2	

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Income security and poverty

Introduction

Despite being fundamentally contrary to human rights principles and despite the great wealth and resources in this country, poverty persists in Canada. It is characterized by low income, material deprivation (e.g., not being able to pay for adequate or appropriate food, shelter, medicine, clothes, transportation, etc.), social isolation and exclusion, increased risks of violence and incarceration, and poor educational and health outcomes. It also intersects with various systems of oppression in Canadian public policy and society at large, such as settler colonialism, racism, ableism, sexism, and heteronormativity—impacting people with these overlapping identities in many disproportionate ways. To effectively address all forms of poverty, we must address the underlying inequities that cause and perpetuate it.

Despite the multi-dimensional nature of poverty, it is typically measured and defined by income. Unfortunately, many people above the low-income threshold (i.e., those not counted as living in poverty in our statistical reports) still experience food insecurity, housing insecurity, and other treaty and human rights violations. Income may not be the best measure of how many people are experiencing poverty, but it is a critical determinant—one we can address through better policies. As such, income is the focus of this chapter.

Overview

The COVID-19 pandemic demonstrated that significant poverty reduction is possible even under extreme economic disruptions. The federal Poverty Reduction Strategy (PRS) targets a 50 per cent reduction in poverty by 2030 (from 2015 levels), but emergency pandemic supports showed these goals could be achieved immediately. In 2020, despite the worst unemployment since the 1930s, the Market Basket Measure (MBM), Canada's official poverty line, dropped to 6.4 per cent. To put that in perspective, the PRS goal for 2030 is a 7.3 per cent poverty rate.[1]

Emergency pandemic benefits demonstrated the critical role of income supports in maintaining housing and mitigating food insecurity, particularly when paired with rent freezes and bans on evictions. Additionally, surveys of pandemic recipients indicated that many more people were struggling to cover the costs of shelter, food, and other essentials than those counted in poverty statistics.[2] Some recipients noted a marked improvement in their stress levels by having this (albeit temporary) form of a guaranteed income, suggesting deeper issues of precarious and low-wage working conditions.[3]

However, the impact of the pandemic supports varied across different demographics. Many of those in greatest need of income security were ineligible for pandemic benefits, including people whose income was too low, people receiving social assistance, and people with precarious immigration status. This points to the fact that emergency benefits were not intended as a poverty reduction measure. Yet child poverty rates, according to the MBM, dropped by nearly three-quarters in 2020 compared to 2015, while poverty among seniors more than halved. Adult poverty saw a notable reduction. Unfortunately, poverty rates rocketed back up in subsequent years following expiry of pandemic benefits. The situation for seniors is particularly bad: their poverty rate, as measured by the Low-Income Measure After-Tax (LIM-AT), increased to 15.4 per cent, higher than the 2015 level, although the MBM rate didn't increase by quite as much.[4]

These outcomes highlight a critical insight: the current federal PRS lacks ambition.

Actions

Accelerate the ambitions for poverty reduction

The AFB will improve the PRS by targeting a 50 per cent reduction in the MBM poverty rate by 2027 instead of 2030. It will eliminate poverty by 2031. **The AFB will** extend MBM poverty rate reduction targets to subgroups to ensure that each sees a reduction of 50 per cent by 2027 from their 2015 base. These subgroups would include historically marginalized groups such as: First Nations, Inuit and Métis Peoples, racialized groups, newcomers, people with disabilities, 2SLGBTQ+ people, women and gender-diverse people, and lone-parent families.

The AFB would also expand the PRS to reduce deep poverty, defined as those living at least 50 per cent below their respective household poverty line. The goal should be to lift people over the low-income threshold and to significantly reduce the severity of poverty. The AFB would target a decrease in the number of people in deep poverty by a third by 2027.

Ensure four pillars of income support

Canada has been slowly building a system of cradle-to-grave income security, although that system is far from finished. It began with the first pillar of extensive support for seniors through Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). The creation of the Canada Child Benefit improved support for many households with children, the second pillar. There remain few supports, however, for low-income adults besides grossly inadequate provincial and territorial social assistance programs, a missing third pillar. The main program for adults is the Canada Workers Benefit (CWB), whose benefit amounts have been repeatedly increased since 2015. However, its basic flaw has never been addressed: one has to make money to receive it. Adults in the deepest poverty don't make money and, as such, the CWB doesn't help them.

Budget 2024 introduced the new Canada Disability Benefit, but it is woefully inadequate. By revising this investment and its administration to align with disability advocates' recommendations, it could become a fourth critical income pillar and achieve its goal of lifting people with disabilities out of poverty.

Pillar 1: Seniors

Seniors' poverty rates are lower than the other demographic groups, but they have been among the most stubborn. This is because, in part, measures to target seniors' poverty haven't been as ambitious as measures for other age groups. One of the largest changes from the past several federal budgets has been a 10 per cent boost of OAS for those aged 75 and older. Most of those receiving OAS are already above the poverty line. As well, those who experience lower income and poverty in their working lives die sooner and are less likely to even live to 75 to experience the OAS boost.[5]

The AFB will cancel the 10 per cent, or $875 a year, boost to OAS for those aged 75 and over and will implement a $875 a year boost in GIS, starting immediately, at age 65. This will ensure that those who lived with low income during their working years will become more insulated from poverty in their retirement years.

Pillar 2: Children

The Canada Child Benefit (CCB) represented a significant enhancement in supporting families with children. However, child poverty is far from eliminated. To strengthen the second pillar of income support, **the AFB will** introduce the End Poverty Supplement (CCB-EndPov) to the CCB and expand eligibility to all children residing in Canada.

The CCB-EndPov will offer up to $8,500 annually for the first child in a census family earning less than $19,000, with scaled reductions for additional children, irrespective of age. For example, in addition to the standard CCB of $7,787 in 2025 for a single child under age six, the End Poverty Supplement would boost the CCB payment to $16,287 ($8,500 + $7,787) for a family earning less than $19,000 a year. This initiative will substantially improve household financial stability.

In part to offset the cost of the End Poverty Supplement and to combat income inequality, **the AFB will** more quickly scale back CCB benefits in the final phase out stage. The final CCB phase out starts for families earning over $79,093 in 2025. **The AFB will** accomplish this by increasing the clawback rates by a quarter in this final phase. This adjustment targets the top 20 per cent of families, redirecting public funds from those with the highest income to households where it could make the difference between living in poverty or financial stability. This approach is consistent with our human rights obligations to devote maximum available resources to uphold people's right to an adequate standard of living, targeting investments and generating revenue in ways that are effective and equitable.[6]

Pillar 3: Adults

One of the most significant gaps in income support exists for adults who do not have children and are not yet seniors. The main federal support for this group is the Canada Workers Benefit (CWB), but it only reaches those who already make at least $3,000 a year. Although one in six households experiencing food insecurity rely on wages, salaries, or self-employment as their primary source of income,[7] most adults in deep poverty aren't working, so the CWB can't help them. The other major source of income support is provincial and territorial social assistance, which is an invasive and difficult benefit to obtain—and is grossly inadequate to even approach the poverty line.

Adults also receive the smaller GST rebate and the Canada Carbon Rebate, both of which don't require other income in order to receive them but, if cut, would impact low-income households.

To address this issue, **the AFB will** implement a new Canada Livable Income (CLI) for working-age adults (18-64 years) who are not students (similar to the student exclusion in the CWB). Families with children will not receive the CLI; they will receive the much improved Canada Child Benefit end poverty supplement. This will provide a much needed safety net for this demographic, ensuring they have access to basic necessities.

The CLI is a new benefit of $9,000 per year for singles and $11,000 per year for couples. The benefit would see a clawback that would start immediately at a rate of 50 cents per dollar of earned income. This means that as individuals start earning income, the benefit will gradually decrease.

A second phase of the CLI would provide an additional $1,460 per adult, adjusted for family size. This second phase would start to claw back for family incomes over $24,824 at the lower rate of five per cent. The smaller value of the second phase but with a longer phase out would aid those with incomes at or above the poverty line.

The CLI will replace the CWB—the CLI provides more support and doesn't require working income.

Pillar 4: People with disabilities

The introduction in budget 2024 of the nascent Canada Disability Benefit (CDB) of $2,400 per year is an important step. Unfortunately, the CDB, as proposed, provides only 11 per cent of what OAS and GIS do. The CDB aspires to reach the OAS/GIS level of support, which totalled $21,346 in 2024.[8] Also, the proposed CDB has a minimal impact on poverty, lifting only 25,000 working-age individuals out of poverty.[9] As a result, provincial social assistance will remain the primary income support program for most low-income Canadians with disabilities.

The 2024 budget defines CDB eligibility through the Disability Tax Credit (DTC) certificate. This should only be a starting point for eligibility.

The AFB will rapidly expand the federal definition of disability to include broader definitions, like those from private insurance and provincial social assistance. A DTC certificate is harder to obtain for certain types of disabilities, such as mental illness. Through the definition expansion, **the AFB will** do better to include disabilities that have been excluded from the DTC process.

Many who would benefit from the CDB do not have the DTC certificate because that certificate is only useful for people without enough tax credits to eliminate income taxes owing. However, other publicly delivered disability support programs have already vetted people with disabilities, specifically the Canada Pension Plan Disability (CPP-D) benefit and provincial social assistance disability streams. There is no need to force people with disabilities through the DTC application process after having gone through these other processes. Therefore, **the AFB will** immediately expand eligibility for the CDB to people with DTC certificates or people who are receiving the CPP-D benefits or are receiving a disability stream of provincial social assistance. **The AFB will** also examine the possibility of long-term receipt of worker compensation or private disability insurance as proof of disability for the purposes of the CDB.

Disability benefits are often characterized by their haphazard and splintered nature. A federal benefit must work towards integrating with provincial social assistance. The basic design of the CDB needs improvement. Currently, it provides $2,400 a year up to individual income of $23,000 or couple income of $32,500 and then claws back at 20 cents on the dollar. The benefit should rise from $2,400 a year to $9,000. The CDB is currently an application-based benefit that could be readily clawed back by provincial governments. **The AFB will** convert it to an automatic refundable credit, which the provinces don't claw back.

By expanding the program and substantially boosting the benefit level, 830,000 Canadians with disabilities will benefit, lifting 329,000 people out of poverty.[10]

Supporting people with disabilities can't just be about income supports; it must also be about opportunities to work. The Opportunities Fund has been a long-running ad hoc program that supports skills and career development as well as pre-employment and employability supports. It should be a permanent program. Currently set to end in 2026-27, **the AFB will** make it permanent, with a budget of $65 million a year.

Fill the cracks in income supports

While the AFB will implement the critical changes above to income supports, if people can't access them, poverty persists. People living with low income are still falling through the cracks. **The AFB will** make additional changes to ensure those cracks are filled.

The AFB will ensure that a person's immigration status is not a barrier to accessing income security programs from the income tax system. For example, the AFB will remove a person's immigration status as a reason for denying CCB benefits by repealing s.122.6(e) of the *Income Tax Act*.

Income taxes are the entry point for the receipt of almost all income supports in Canada. However, not all Canadians regularly file income taxes, particularly those living in low income who could receive backdated income supports. Volunteer-run tax filing clinics only operate during tax season. However, people who haven't filed taxes regularly should be provided with support year-round. **The AFB will** enhance the Community Volunteer Income Tax Program (CVITP) pilot program to expand free tax-filing assistance year-round. It will do this by adding another $5.9 million to double the program size to $11.8 million starting in 2025-26.[11]

Currently, most of the largest income supports are only available upon tax filing, which is not always possible for everyone in need. This system can inadvertently exclude some of the most vulnerable populations. To address this, **the AFB will** pilot a $100-million-a-year program for alternative direct cash transfers.

This system will ensure income benefits reach people who need them most, including people without a permanent address, people without citizenship status, and people who work in informal or cash-based economies. **The AFB will** look to other jurisdictions for best practices to deliver these benefits. This could be through prepaid reloadable credit cards or electronic transfers, providing a more accessible and flexible method of distribution.

Community organizations, which often have direct contact and established trust with these populations, should be relied upon to provide these cash transfers. By leveraging the reach and capabilities of these organizations, we can ensure support is provided to people who need it most, effectively bridging the gap in Canada's current income support system.

Finally, the tax system is built around an outdated model of benefit timeliness. Most benefits only change when tax filing occurs. The Canada Emergency Response Benefit (CERB) has shown that the Canada Revenue Agency (CRA) can respond incredibly quickly in an emergency. That approach should be embedded in the tax system too. **The AFB will** implement a one-month benefit guarantee, where the CRA endeavours to deliver federal benefits to people within a month of a major life change—be it the onset of illness, disability, a family change and so on.

The AFB will also ensure the CRA utilizes the various data points it has to proactively alert Canadians that they may be eligible for income supports.

The AFB's four-pillar approach will result in 696,000 people rising above the poverty line, dropping the MBM poverty rate by two percentage points.[12] As a result, 307,000 children, 344,000 adults and 46,000 seniors will be lifted out of poverty. A total of 3.6 million Canadians would experience a net benefit.

Table 15.1 / AFB actions on income security and poverty

All figures in $M

	2025-26	2026-27	2027-28
Create the new Canada Child Benefit End of Poverty Supplement	$5,585	$5,702	$5,816
Phase out CCB for richest households	-$1,323	-$1,351	-$1,378
Cancel the OAS boost of $875 a year for those aged 75 and older	-$2,883	-$2,944	-$3,002
Boost GIS by $875 starting at age 65	$2,738	$2,795	$2,851
Create the Canada Livable Income of $9,000 a year for those 18-64	$6,795	$6,938	$7,076
Replace the Canada Workers Benefit with the new Canada Liveable Income	-$4,569	-$4,664	-$4,758
Substantially improve the Canada Disability Benefit	$5,880	$6,004	$6,124
Funds that are already in the fiscal framework for the Canada Disability Benefit	-$854	-$1,184	-$1,285
Make permanent the Opportunities Fund for people with disabilities		$65	$65
Allow refugee children access to the Canada Child Benefit	$160	$163	$167
Expand the Community Volunteer Income Tax Program to provide free tax-filing assistance year-round	$6	$6	$6
Allow federal benefits to be distributed outside the tax system	$100	$100	$100

Notes

1 Statistics Canada, "Table 11-10-0135-01 Low income statistics by age, sex and economic family type", April 26, 2024, https://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=1110013501&selectedNodeIds=2D1,2D2,2D3,2D4,3D1,3D6,4D2&checkedLevels=0D1&refPeriods=20150101,20220101&dimensionLayouts=layout2,layout2,layout2,layout2,layout3&vectorDisplay=false .

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9 David Thurton, "Canada Disability Benefit won't lift 'hundreds of thousands' out of poverty, new numbers confirm", *CBC News*, June 7, 2024, https://www.cbc.ca/news/politics/canada-disability-benefit-poverty-1.7228322.

10 This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 30.1 glass box. 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 author.

11 Canada Revenue Agency, "The Canada Revenue Agency Continues to Invest in Free Tax Clinics," *Government of Canada,* November 2023, https://www.canada.ca/en/revenue-agency/news/2023/11/the-canada-revenue-agency-continues-to-invest-in-free-tax-clinics.html.

12 This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 30.1 glass box. 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 author.

Infrastructure, cities and public transit

Introduction

Canadians are struggling with the cost of living, and one of the largest household expenses is transportation. When governments fail to invest in public transit, those costs don't disappear—they are pushed onto people. Buses don't show up on time. Passengers spend longer times waiting. Things break. Canadians end up paying the cost in the form of lost time, lost wages, lost opportunities, higher transportation costs, higher carbon emissions and a worse quality of life.

For decades, successive federal and provincial governments have downloaded responsibilities to tackle crucial issues like social housing, poverty reduction and tackling climate change onto municipalities without giving local governments the fiscal resources to handle them. The result has been decaying local services that have simply not kept pace with record population growth—and left local governments, and front-line infrastructure and services, uniquely vulnerable to shocks.

Investing in infrastructure is key to creating good jobs, fighting climate change and creating more inclusive communities—but governments have forgotten how to build great projects, and made the mistake of choosing to mothball national institutions like VIA Rail. Governments have hollowed out state capacity by turning to consultants and public-private-partnerships. As a result, we've fallen far behind our peer countries and lack the public transit infrastructure that citizens of other countries take for granted.

Overview

Canadian transportation sector emissions haven't shrunk since 2005, and in 2022 saw a greater increase than any other sector—including oil and gas.[1] Canada is nearly 40 per cent below the Organization for Economic Cooperation and Development (OECD) average for public transit utilization (ridership per capita) in urban areas with transit service.[2] Passenger rail ridership is even worse. Over decades, Canada has invested far less than other G7 countries in our passenger rail network. This has resulted in the average Canadian taking an intercity rail trip only once every 10 years, while the average German takes 25 intercity rail trips a year.[3]

Canada has no plan to catch up with peer countries. While the federal government has zero-emissions vehicle (ZEV) adoption targets, the federal government has no targets to increase public and active transportation use. This AFB aims to bring a more balanced approach.

The actions in this AFB highlight a priority on building a future with less traffic and where access to sustainable transportation options isn't limited by income. This AFB's comprehensive plan to transform urban and intercity mobility in Canada will give people the freedom to travel without the expense of owning and operating a car.

A recent report by Environmental Defence and Équiterre has found that with the right investments, Canada can double public transit ridership by 2035 and cut carbon emissions by 65 million tonnes.[4]

The federal government's latest plan, which it bills as "The largest public transit investment in Canadian history,"[5] largely extends existing funding that would have sunset.[6] Much bolder action is necessary.

Why public transit needs operating funding

The most effective way of encouraging more people to use public transit and grow ridership is to ensure that service is convenient, frequent and reliable.[7] Public transit service levels are extremely important—cities that have buses and trains running for more total scheduled hours have much higher ridership than those that don't.

Right now, cities aren't allowed to use federal transit funding to operate increased service levels. This hurts efforts to increase ridership and displace car travel, which is public transit's most powerful method of reducing carbon emissions.

While investing in capital projects like building new transit lines or purchasing electric buses can contribute to reducing emissions, the effectiveness of these investments depends on the availability and quality of transit services. Without adequate operational funding, transit agencies will struggle to fully utilize the capacity of newly built or expanded transit infrastructure.[8] Underutilized infrastructure not only represents a missed opportunity to reduce emissions but also results in an inefficient use of public resources.

Currently, municipalities pay for more than 75 per cent of public transit operating costs while collecting less than 10 per cent of overall tax revenues.[9] In most cases, municipalities are required to have balanced operating budgets every year. But municipalities in Canada do not have access to revenue tools like those available in other countries, like sales, income or payroll taxes to pay for public transit services. They are reliant on user fees (like transit fares) and property taxes.

But property taxes don't work like other taxes, where the tax rates are fixed, and revenues automatically increase every year due to growth in the economy. In fact, when property values increase (all else being equal), the property tax rate automatically falls so that cities don't see increased revenue.[10] Cities must have budget debates each year about new tax rates just to keep up with inflation. This situation has meant that cities pass higher transit operating costs onto riders through fares and defer crucial service expansion or maintenance.

The Canada Infrastructure Bank

Turning transit over to consultants and the private sector is not the solution. As Canadians have learned with the disaster of Ottawa's Light Rail Transit system, the public-private-partnership (P3) model simply does not work. In fact, rather than delivering its promise of saving money, its use has been strongly linked to rapidly escalating public transit construction costs, particularly in countries with little public sector expertise or transit-building know-how.[11]

Shifting towards building up public sector expertise and state capacity to build major infrastructure projects is crucial to making efficient use of public money. Nowhere is this clearer than with Canada's failed infrastructure bank, whose business model is primarily premised on infrastructure privatization. Canada's Parliamentary Transport Committee has recommended its abolition,[12] and this AFB will follow this advice.

Charging infrastructure

Canada has an ambitious plan to require car companies to shift towards selling 100 per cent zero emission vehicles in Canada by 2035. But, with provinces primarily being in the driver's seat of building out charging infrastructure, only Quebec and British Columbia are fully prepared to make this transition. Many other provinces are falling behind.

While Canada has an application-based federal program for charging infrastructure, its investments are ad-hoc, and investments are inherently limited to where applications are coming from—which are often the places that are already furthest along.[13] While there has been growth in private investment, it hasn't been growing fast enough.

Canada needs to treat building EV infrastructure across the country as a national priority and incorporate it into the traditional model of cost-sharing infrastructure agreements with provinces and territories, where the federal government co-funds comprehensive charging network plans that meet federal standards.

By working with provinces and power utilities on network plans, the federal government can expedite grid connections and permits, which currently present a significant bottleneck in the growth of public charging ports.

Actions

The AFB will strike revenue-sharing agreements with municipalities, to give them autonomous access to the top two income tax brackets (only affecting those earning $172,714 and up). This would allow municipalities to raise additional revenues by taxing high earners, which the Canada Revenue Agency would administer based on home addresses.

Municipalities would have autonomy over tax rates. Examples of the possible revenue generation of this measure are as follows.

- An additional one per cent income tax for those in the fourth bracket (earning between $172,714 and $246,053) would raise:
  - $24.1 million in Vancouver
  - $34.5 million in Calgary

    - $67.3 million in Toronto
    - $36.1 million in Montreal
- An additional one per cent income tax for those in the fifth bracket (earning $246,053 and over) would raise:
    - $48.2 million in Vancouver
    - $67.1 million in Calgary
    - $141.2 million in Toronto
    - $71 million in Montreal

The AFB will renew existing fiscal transfers to municipalities, in the form of *Canada-Community Building Fund* agreements, expand it to reflect its decline in purchasing power due to inflation, and tie its annual growth to the economy. This would change its growth rate, currently fixed at two per cent, to instead create an escalator based on nominal GDP growth (or two per cent, whichever is more). The federal government will transfer additional revenues cities levy from access to income taxes through this existing program.

The AFB will abolish the Canada Infrastructure Bank (CIB) and ensure that federal infrastructure funding only goes to publicly managed infrastructure projects. All currently existing CIB projects, loans and contracts will be honoured, with responsibility for them transferred to the Business Development Bank of Canada. Housing, Infrastructure and Communities Canada will establish new project eligibility criteria for federal infrastructure funding that will reduce the eligible federal cost-share from 40 per cent to zero per cent for any proposed privatization or public-private partnership (PPP) project. This will include (but is not limited to) privatization or PPP projects related to roads, public transit, public utilities including water or wastewater, and airports.

The AFB will create a funded mandate for VIA Rail to expand rail service across the country and establish dedicated project offices for high-speed rail connections in priority corridors. Priority corridors include Windsor-Toronto-Montreal-Quebec City, Edmonton-Calgary, and Vancouver-Seattle. This funded mandate will include a $2 billion per year revenue source, pegged to inflation, that VIA Rail will have the authority to bank and borrow against. VIA Rail's new mandate will transfer accountability directly to parliament rather than the Minister of Transportation. The AFB will transfer the accumulated surplus of unspent public money from the abolished Canada Infrastructure Bank to VIA Rail, so they can begin building expansion projects immediately.[14]

The AFB will create a new national electric vehicle charging infrastructure program that will partner with provinces, territories, and power utilities to cost share the build out of a national network of electric vehicle charging stations. This would fund provincial charging network plans that meet national standards for coverage, reliability and charger plug standardization. To become eligible for funding, provinces would also have to adopt EV-ready building code standards to ensure that all new housing units containing parking spaces are required to have Level 2 chargers in every parking space.

The AFB will create a permanent role for the federal government in supporting the expansion of public transit. This means moving from the current capital-only approach towards supporting both transit capital and operations. This will ensure that federal transit funding won't simply be restricted to building subways, light rail, and bus procurement, but instead also include funding for hiring drivers, increasing service frequency and hours, and proper maintenance.

This AFB will invest an additional $35.4 billion dollars over 11 years (2025 to 2035) above planned transit spending by accelerating the start date of the forthcoming *Canada Public Transit Fund*, and expanding its role to include transit operations funding, which is crucial to growing ridership and reducing carbon emissions.

Operations funding will be included in a reliable, predictable baseline funding stream, similar to the Canada-Community Building Fund, which goes directly to all municipalities with transit systems to fund routine procurement, maintenance and direct service frequency enhancements. To encourage cities to deploy faster transit, bonus operating funding payments will be delivered to cities based on the number of kilometres of dedicated transit priority (including bus, streetcar) lanes. To encourage efficiency, an incremental component of this funding stream will be tied directly to ridership growth. Cities would also be allowed to use operating funding to reduce the cost of transit fares.

This new program will also require that all federal funding supports the deployment of zero-emission buses with new procurement requirements, while compensating public transit systems for the additional cost.

This new program will also negotiate city-region agreements with major cities to fund major public and active transportation expansion plans in a coordinated manner that aligns with housing supply, affordability and climate targets. This plan-based, rather than project-based, approach to funding will require cities to agree to minimum conditions designed to protect the erosion of affordability for housing stock and plan for increased densification and housing supply near frequent transit.

City-region agreements will also require cities to align transit and housing growth plans to mode shift and vehicle kilometre reduction (VKT) targets, with the federal government setting minimum expectations for what can be delivered based on city size, local circumstances, and the amount of federal funding. These local targets will add up to an overall national target to double public transit ridership by 2035.

This AFB will reverse the cuts made to the Rural Transit Solutions program made in budget 2024 and instead expand it, alongside the Active Transportation Fund. This additional funding will support the expansion of the eligibility criteria for funding under these programs to include operating costs under the Rural Transit Solutions program and funding for publicly managed municipal bike-share programs under the Active Transportation Fund. The Zero-Emissions Transit Fund will be incorporated into the Canada Public Transit Fund as additional support for municipalities to meet rising minimum zero-emission bus procurement targets.

Table 16.1 / AFB actions on infrastructure, cities and public transit

All figures in $M

	2025-26	2026-27	2027-28
Change the Canada Community-Building Fund growth rate to economic growth	$46	$99	$201
Abolish the Canada Infrastructure Bank (CIB)	-$13,852		
Transfer accumulated surplus from CIB to VIA Rail	$13,852		
Legislate and fund mandate for VIA Rail	$2,000	$2,040	$2,081
Fund National Electric Vehicle Charging Infrastructure Program	$800	$800	$800
Invest in a permanent Public Transit Fund (2025-35)	$4,709	$5,348	$5,826
Invest in Planned Public Transit Fund allocations		-$3,000	-$3,000
Invest in application-based programs: Rural transit solutions	$250	$250	$250
Invest in application-based programs: Active Transportation Fund	$500	$500	$500

Notes

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International cooperation

Introduction

The world order that we have taken for granted over past decades is shifting fast—and not in small ways. Ongoing reverberations from the pandemic, the impacts of the climate crisis, global inflation, armed conflict and hostilities, the rise of authoritarian and anti-democratic forces, and attacks on women's and children's rights are disrupting the global order. We are witnessing the intensification of humanitarian emergencies, and women and girls are bearing the brunt of them. The basic pillars of democracy are being undermined, humanitarian needs are on the rise, hard-won rights are under attack, and we are witnessing the reversal of decades of progress on development, especially for the world's most vulnerable.

As we approach 2025, Canada stands at a pivotal moment in its history. It has long presented itself internationally as having a commitment to human rights, social justice, peace, global stability and prosperity, and global cooperation. With the world facing unprecedented challenges—from climate change to geopolitical tensions—Canada's leadership is more crucial than ever.

Overview

Canada's legacy of global leadership

When Canada has stepped up to deliver values-based leadership internationally, including through international assistance, it has led to demonstrable impacts. Canada should do this because it's the right thing to do—but it's also the smart thing to do.

Central to this leadership is the recognition that investing in women and girls is not only a moral imperative but also a strategic necessity for fostering global stability and prosperity. Studies show that women's empowerment leads to increased economic prosperity, social stability, and overall societal well-being.[1] By championing these issues, Canada not only fosters a more just world but also strengthens its global reputation as a progressive force dedicated to a future where every woman and girl can thrive. Canada's leadership on these critical issues will inspire other G7 and G20 nations to follow suit.

Showing up in 2025 means that Canada must contribute meaningfully to global replenishments (e.g. UN's International Development Association), to climate finance, to Official Development Assistance (ODA), and take firm steps towards redressing global economic injustices. It must also lead with action as president of the G7, a role it will assume at the 2025 G7 Summit in Kananaskis, Alberta.

Substantial, predictable, and effective international assistance investments

Despite the government promising an increase to the International Assistance Envelope (IAE) every year until 2030[2] to achieve the Sustainable Development Goals (SDGs), Canada has fallen short in its contributions in the past few years and is generally positioned behind its G7 peers on ODA. Even when they do increase the envelope, it does not adequately respond to global needs of poverty reduction, but rather plays into geopolitical priorities. In fact, outside of COVID-19 related assistance to ODA recipient countries and loans to Ukraine, there has been little increase in the last few years. Canada has the moral imperative to contribute its fair share and the resources to engage more actively in global development. The world needs global cooperation now, and Canada's continued lacklustre participation is unacceptable.

Although it is underperforming in its ODA contributions, Canada has been leaning into alternative ways of financing development, including working with the private sector through blended finance initiatives. In budget 2024, a new phase of the International Assistance Innovation

Program (IAIP) was announced and welcomed by many organizations in the international cooperation community. The focus will be on small, high-impact transactions that support businesses and entrepreneurs. Additionally, the government will aim to utilize FinDev's global mandate and expertise to attract private investment for projects that are not commercially viable independently. While leveraging the private sector for increased funding toward development is positive, ODA remains a crucial funding stream to achieve development goals, especially in lower-income countries.

More engagement in global cooperation equates to increased investment in a safer and more prosperous future for Canadians and the world. It means 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.

Need for transparency and accountability in budget

There is a lack of clarity in how much money the government is allocating and where the funds are coming from. Parties who are interested in Canada's foreign engagement—and who rely on accurate information to make decisions that affect millions of people, including tens of thousands of Canadians—are left guessing. This information is not just nice to have, but is indispensable for organizations in Canada, as well as for our global partners. Clarity on how much the government intends to commit for multiple years would go a long way in reinforcing planning, strategy making, and trust.

Addressing Canada's climate impacts

The urgency to address the escalating climate crisis is more pressing than ever, as it continues to reverse development progress significantly, especially in many lower-income countries. Over 600 million people currently live in areas where extreme heat and food insecurity are making life increasingly untenable.[3] We are at a pivotal moment: the decisions we make now will shape the future health and prosperity of humanity and countless species. Without a substantial increase in high-quality public climate finance, effective climate action is impossible, which will lead to catastrophic outcomes for billions of people now and in the future.

Climate change is both a domestic and an international issue with cross-sectoral implications, including in migration, food security and hunger, and conflict. For this reason, this issue must be addressed holistically. The $5.3 billion climate envelope, over five years from 2021 to 2026, moves the needle in the right direction for climate mitigation and adaptation efforts. However, Canada must be ready to significantly increase its commitment, when renewal will take place, in order to truly make a significant, net-positive impact on climate and biodiversity. Nonetheless, the first step remains to transition the Canadian economy more rapidly away from fossil fuels and toward a green economy.

Actions

Building on the 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 key areas, catalyzing Canada's shift towards addressing the polycrisis and building a sustainable future world. Canada should make vital, strategic investments to protect and further the significant progress made on global health, gender equality, and education, and advance the climate agenda—while ensuring they cannot be rolled back in years to come. And, at a time when women's rights are threatened globally, we should do so in a way that builds on Canada's legacy of putting gender equality at the centre of its international assistance.

The AFB will increase Canada's International Assistance Envelope (IAE) each year over the remaining budget cycles until 2030 and increase the transparency and predictability of its international assistance funding, in line with the government's own commitment to year-on-year increase. 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.

On the path to yearly increases in the IAE, **the AFB will** invest heavily in programming benefiting women and girls, who are disproportionately affected by the polycrisis. **The AFB will** spearhead a multi-year commitment to targeted nutrition programs to address the millions of women and girls who go to bed hungry, undernourished and malnourished. **The AFB will** champion increased funding for girls' education, particularly in conflict and crisis zones, and double down on the impacts driven by the Charlevoix Education Initiative, with a five-year commitment to support girls' education. Education is the key to empowering girls and breaking the cycle of poverty. **The AFB will** continue to advocate for comprehensive women's health care services by properly financing key programs and ensuring all women have the resources and agency to control their bodies and futures. Central to this is women's health and access to sexual and reproductive rights as fundamental human rights.

The AFB will commit that international assistance to Ukraine will be supplementary to stable or growing assistance to the rest of the world. To ensure this is achieved, it will launch an Eastern Europe Assistance Tracker with the goal of tracking foreign aid that responds to the war and the resulting crisis in Ukraine.

The AFB will include the following transparency measures in every annual budget going forward:

- The budgeted and estimated actual IAE for the previous fiscal year.
- The IAE budgeted for the upcoming fiscal year.
- The budgeted IAE for the next five years.
- Basic allocation of the IAE by main program areas, implementing departments, and to country partners for the upcoming and previous fiscal years.[4]

Moreover, **the AFB 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.

The AFB will commit resources to execute an in-depth review and audit of the International Assistance Innovation Program, to identify effective means of achieving development goals and ways in which it can implement this program in a more inclusive manner for individuals and organizations. While both blended finance and traditional ODA have their place in the modern development ecosystem, **the AFB will** ensure that the government's efforts to employ blended finance will not come at the expense of contributions to ODA.[5]

The AFB will produce a comprehensive document detailing Canada's cross-sectoral engagement with Africa by June 2025. This document outlining Canada's approach to Africa should be coherent with other strategies, including the Feminist International Assistance Policy and the Indo-Pacific Strategy. It should also centre local partners in its approach.

To respond to increasingly complex and protracted crises, the AFB will provide an additional $50 million over two years, beginning in 2025-26, to Global Affairs Canada to enhance Canada's ability to increase synergies and joint programming between development, humanitarian, and peace and security divisions. In the process, it will modify existing policies, practices, and procedures to implement the Recommendation on the Humanitarian-Development-Peace Nexus[6] adopted by the OECD Development Assistance Committee (DAC) and endorsed by Canada in 2019.

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 and 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 invest in future generations by committing its fair share to the next phase of Canada's international climate finance. Building on its climate pledge to 2025-26, Canada should invest $15.9 billion over five years, allocating 40 per cent to mitigation, 40 per cent to adaptation and 20 per cent to loss and damage. Within this framework, it will commit to funding 20 per cent of Canada's climate finance pledge through civil society organizations, leveraging their ability to strengthen locally led adaptation, climate justice advocacy and capacity building, as well as loss and damage actions. **The AFB will** ensure that robust commitments for gender equality are part and parcel of any climate finance package on adaptation and prioritize partnering with women's rights organizations and feminist movements. It will leverage its experience from the Partnering for Climate initiative to enhance mutual learning, partnership and solidarity building amongst Indigenous Peoples in the Global North and South. Additionally, it will explore participatory governance and grant making for co-designing future programs.

The AFB will prioritize synergies between climate change and biodiversity agendas, while also ensuring new and additional biodiversity-principal purpose financing outside of climate finance to implement the Kunming-Montreal Global Biodiversity Framework agreement. This will include diverting funds from public programs that support large-scale polluters domestically and internationally.

Table 17.1 / AFB actions on international cooperation

All figures in $M

	2025-26	2026-27	2027-28
Increase Canada's International Assistance Envelope	$1,400	$2,800	$4,200
Enhance Canada's ability to work together between development, humanitarian, and peace and security divisions	$25	$25	
Facilitate coordination between government and civil society	$5	$5	$5
Fund climate adaptation	$424	$1,272	$1,272
Fund climate mitigation	$424	$1,272	$1,272
Fund climate loss and damage	$212	$636	$636

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International trade

Introduction

The neoliberal rules-based international trading order is unravelling and it’s not clear what is going to replace it. What is clear is that we can’t turn the clock back to an idealized system whose rules reflected a now-defunct transatlantic hegemony. Geo-economic competition, the turn from free trade to productivism, and the accelerating green energy transition present a new and complex set of problems. So far, the Canadian government seems blasé, if not in denial, about the full implications of these developments for Canada’s economy and trade relations.

The government’s emphasis on trade diversification is incoherent if it merely aims to find new markets for the relatively low-value, often high-carbon or otherwise ecologically harmful products (e.g., oil, gas, coal, meat) that dominate Canadian exports. Canada’s support for investor-state dispute settlement, an anti-democratic relic of the hyper-globalization period, threatens climate action and puts us out of step with international allies. Canada should develop a worker- and climate-focused trade policy that reinforces domestic industrial strategy and fosters egalitarian international relations.

Overview

International trade policy varies little between Conservative and Liberal governments. In part this reflects ideological unity between the parties, deference to corporate lobbyists, and a lack of any real parliamentary involvement in trade policy development.

"Inclusive" trade provisions introduced by the Trudeau government related to gender, Indigenous Peoples, and labour are a modest step in the right direction, but these provisions are not adequately enforceable. The relatively strong labour protections in the renegotiated NAFTA (now CUSMA) are a positive exception to be built on in current and future trade deals.

As in past years, the AFB democratizes and recalibrates Canadian trade policy to make it compatible with just transitions, the expansion of the care economy, and an internationalist foreign policy. New to the AFB this year are urgent actions with respect to Canada-Israel trade relations, ongoing trade negotiations with Ecuador, and the looming review of the Canada-U.S.-Mexico Agreement (CUSMA).

Canada-Israel trade relations

In March 2024, the International Federation for Human Rights and 195 civil society organizations called on the European Union to suspend the EU-Israel free trade deal "without delay" in response to human rights violations committed by the state of Israel in Gaza and the West Bank following Hamas' bloody attack of October 7, 2023.[1] Israeli military operations had killed more than 38,000 people, according to Palestinian health officials.[2]

Gaza's social infrastructure, including vital hospitals and universities, has been all but destroyed by intensive bombing. Mass starvation in Gaza loomed as the summer approached.[3] The International Criminal Court is considering evidence from South Africa that "acts and omissions" by the Israeli state in Gaza are genocidal in character.[4] ICC prosecutor Karim Khan has requested arrest warrants for key Israeli government and Hamas leaders based on allegations they have committed war crimes and crimes against humanity.

Even before Israel's latest military incursion into the Occupied Palestinian Territories (OPT), there were reasonable grounds for Canada to suspend normal trade relations with Israel to pressure the government to end its military occupation and dismantle apartheid policies that violate international law. Canada's free trade deal with Israel itself violates international law by categorizing trade from the OPT as originating in

Israel, which "erases the Palestinian identity of OPT trade, and provides a material incentive and economic reward to Israel's ongoing settlement activity."[5]

Investor-state dispute settlement

Investor-state dispute settlement (ISDS) continues to come under intense scrutiny globally. On May 3, 2024, European Union member countries unanimously agreed to withdraw the EU from the Energy Charter Treaty (ECT), a plurilateral investment treaty whose ISDS process is frequently used by fossil fuel companies to challenge government climate measures. A European Commission official said in July 2023 that remaining a contracting party to the ECT "is not in line with…the EU's energy and climate goals."[6]

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 expected profits. In 2023, U.S. investor Ruby River Capital sued Canada for billions under the ISDS provisions of the former North American Free Trade Agreement (NAFTA) after Quebec said no to a proposed liquid natural gas facility and pipeline that would have increased Canada's greenhouse gas emissions and upset the cultural rights of Innu First Nations.[7]

The Intergovernmental Panel on Climate Change says the prevalence of such ISDS cases threatens the global response to the climate emergency.[8] In 2015, the 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."[9] In 2023, another United Nations report found that ISDS poses "catastrophic" risks to the achievement of human rights.[10]

Canada agreed to remove ISDS from the renegotiated NAFTA, as doing so "strengthened our government's right to regulate in the public interest, to protect public health and the environment."[11] Yet Canada continues to negotiate new treaties that include ISDS, primarily to strengthen the hand of Canadian mining firms abroad when faced with public or governmental opposition to their projects.[12] Canadian firms were behind 20 of 57 recent ISDS cases related to critical minerals.[13]

Canada-Ecuador trade negotiations

Much of Ecuador has been under a state of emergency for more than half a year as part of a government campaign against organized crime. In January 2024, President Daniel Noboa declared this campaign an “internal armed conflict,” an assertion that “appears to lack legal basis,” according to Human Rights Watch.[14] In a letter to President Noboa, the organization documented an upswing in human rights violations since January, including arbitrary arrests, “many cases of ill-treatment in prisons which may in some cases amount to torture,” and extrajudicial killings.

Before and throughout the current state of emergency, the Noboa government has proven all too willing to trample Indigenous and civil rights in support of mining investors in the country. On March 19, Ecuadorian human rights organizations alleged police used rubber bullets and tear gas to quell protests against a Canadian mining project in Ecuador’s central Cotopaxi province, with at least 15 people injured and more than 70 charged with terrorism.[15]

In June 2024, the Noboa government misleadingly claimed to be closely consulting Indigenous groups about ongoing trade negotiations with Canada.[16] While the Noboa and Trudeau governments have highlighted the addition of language on gender, Indigenous Peoples and other “inclusive” trade elements, the planned free trade deal is clearly aimed at facilitating the entry of more Canadian mining investment in Ecuador and locking in economic reforms that will benefit powerful Ecuadorian business interests.

A previous Ecuadorian government terminated the Canada–Ecuador Foreign Investment Protection Agreement in 2018 as part of a broad withdrawal from the global ISDS regime. The Noboa government would like to bring ISDS back to Ecuador and sees the Canada negotiations as one way to do this. However, the Ecuadorian people resoundingly rejected ISDS in a national referendum in April 2024. This should settle the matter for Canadian and Ecuadorian trade negotiators.

The 2026 CUSMA review

Canada, the United States and Mexico are two years away from a mandatory review of the CUSMA. The Canadian government and large business associations appear to believe that Canada should seek a smooth rollover of the agreement rather than risk a high-profile renegotiation with Washington.[17] This scenario is unlikely given comments from the United States Trade Representative that, “The whole point [of the review] is to maintain a certain level of discomfort.”[18]

Though a partial renegotiation of CUSMA is not without risks, there will be opportunities to improve worker- and climate-focused aspects of the agreement in close consultation with civil society in all three countries. Other aspects of the agreement could be improved under the right circumstances and with sufficient political will. Examples include the agreement's digital trade, gender and inclusive trade provisions, cultural policy protections, and dispute settlement mechanisms.

Actions

The AFB will introduce a democratic trade policy and negotiations process. Currently, trade policy is developed largely behind closed doors by Global Affairs Canada officials in consultation with the trade minister's office, with little input from MPs, civil society or the public. Parliament must have the ability to shape how the government approaches trade policy and negotiations. MPs should have access to negotiating texts and the ability to amend agreements before trade deals go to a vote in the House of Commons. The government should consult openly with civil society experts, provincial governments, and the public while formulating trade policy—not through opaque and poorly advertised online consultations.

The AFB will terminate or suspend the Canada-Israel Free Trade Agreement as a means of pressuring Israel to end its current military campaign in Gaza and to heed its international legal and humanitarian obligations towards Palestinians. As written, the free trade deal legitimizes Israel's economic control over its self-declared customs zone, which includes the Occupied Palestinian Territories. This undermines Canada's policy in support of a two-state solution under which illegal Israel settlements would be eventually returned to the state of Palestine.

The AFB will withdraw Canada from free trade negotiations with Ecuador. The agreement is estimated to provide meagre real trade benefits—in the low millions of dollars—for each country but could have serious human rights impacts by empowering Canadian mining companies over the interests of mining-affected communities. The security situation in Ecuador and disregard for human rights by the Noboa government make a mockery of the very concept of "inclusive" trade.

The AFB will allocate $2 million to convene a broad civil society advisory group to help the Canadian government develop priorities for the 2026 mandatory review of the Canada-U.S.-Mexico Agreement (CUSMA). Part of this money will go toward covering travel costs for meetings for non-governmental groups and translation of all discussions into French and English. This group also will be tasked with helping to develop

Canadian positions in the reviews of the CUSMA labour and environment chapters.

The AFB will direct Canada's mission to the World Trade Organization to support a May 2024 African Group proposal to review the WTO agreements to ensure both major industrialized and industrializing countries can safely use green industrial policies like those adopted by the U.S. and Europe to support domestic green energy, electric vehicle, and semiconductor manufacturing. The proposal states that "trade rules should create an enabling environment for developing countries to undertake measures to promote structural transformation and industrial development."[19] Canada will also support a climate peace clause at the WTO and in its current free trade agreements that would block countries from challenging any measures aimed at rapidly lowering carbon emissions.

The AFB will direct Global Affairs Canada to remove investor-state dispute settlement (ISDS) from existing Canadian trade and investment deals and to take ISDS off the table in current trade negotiations with Mercosur, Indonesia, India, Indonesia, and the Association of Southeast Asian Nations (ASEAN). Canada will immediately request a side letter with the new United Kingdom government, disapplying ISDS in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as a condition of Canada's ratifying the U.K.'s accession to the treaty.

The AFB will direct federal departments to maximize the value of Canadian goods, services, and labour in federal and provincial public contracts. 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 and provincial procurements funded with federal transfers.

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 CUSMA.

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 the UNESCO 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 18.1 / AFB actions on international trade

All figures in $M

	2025-26	2026-27	2027-28
Convene a broad civil society advisory group to help develop priorities for the 2026 mandatory review of CUSMA	$2		

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Just transitions and industrial strategy

Introduction

Canada is on the brink of a series of major transitions that will unfold over the next half century.

One of the most obvious and significant changes already underway is the transition to a global net-zero economy. As the effects of climate change intensify and the world gets serious about meeting its emission reduction targets, falling demand for oil and gas will have profound negative consequences for one of Canada's largest industries and the hundreds of thousands of people who depend on it for their livelihoods. On the other hand, surging investment in clean energy, technology and manufacturing will create new economic opportunities for the countries and regions that can successfully implement green industrial strategies.

A new wave of generative artificial intelligence has spurred the latest gold rush in the technology industry. While the short-term consequences of AI on the economy are often overstated, the long-term consequences of near-human-level intelligence will be massively disruptive across a wide variety of industries. Within a decade, experts expect 30 to 60 per cent of the work currently done by humans to be exposed to AI.[1] Whether artificial intelligence is ultimately a public good, however, will be decided by regulation, workforce development policies and thoughtful industrial policies that take advantage of the economic benefits of AI.

Demographic changes loom large over Canada and many of its peers in the developed world. Our capitalist economic system depends on a growing supply of workers and consumers, yet birth rates continue to fall, and public opinion is souring on immigration. Moreover, as the baby boomer generation retires and ages, essential public services such as health care are under growing strain.

Many more disruptions are on the horizon, in areas ranging from biotechnology to wealth concentration to violent conflict.[2] Planning for long-term challenges is not easy in a political environment that values short-term returns. Yet it is essential that Canada pursue bold, just, and future-oriented strategies for confronting and managing these major transitions.

Overview

Over the past year, the federal government has only made modest progress in addressing some of these long-term issues.

Bill C-50, the long-awaited *Sustainable Jobs Act*, is now law.[3] It will create new institutions for overseeing the federal government's sustainable jobs agenda. In principle, this framework will ensure workers' voices are heard in transition planning processes moving forward, though the legislation does not commit the government to taking any specific actions to support workers in the transition away from fossil fuels.

After the announcement of a suite of major investment tax credits in budget 2023, the latest federal budget included only modest new spending on clean industry, such as the introduction of subsidies for electric vehicle supply chain investments. A major gap still looms between the money being spent on decarbonization and the amount necessary to achieve a net-zero economy (see the Environment and climate change chapter).

Bill C-27, the *Artificial Intelligence and Data Act* is working its way through the parliamentary process.[4] While the bill would put in place some safeguards around how "high-impact" AI systems are used, it is focused mainly on issues such as data privacy, bias and malicious use. There is no consideration of the labour impacts of AI in the bill as written, either in terms of job disruption or degrading working conditions due to AI-based surveillance and evaluation.

The federal government announced $2.4 billion in AI-related investments in budget 2024, mainly to help Canadian researchers and start-ups commercialize. The new funding builds on the 2017 Pan-Canadian Artificial Intelligence Strategy, which is similarly focused on business applications. While undoubtedly an industrial policy, it is unclear whether these corporate subsidies will produce any direct public benefit.

Budget 2024 also introduced a sectoral table on the care economy, which is a partial acknowledgement of the need to plan for coming demographic changes, but it is unduly narrow in scope.

Ultimately, making more substantial progress in strategic sectors will require major changes in the federal government's approach to managing long-term economic transitions. The following key obstacles must be overcome.

Lack of a coherent vision for the future

The federal government has hesitated to articulate a clear economic vision. Nowhere is this more evident than on climate policy, where the federal government has simultaneously committed to achieving net-zero greenhouse gas emissions by mid-century while remaining a major oil and gas producer. While it may be possible to square that circle in the short term, mainly through efficiency improvements, it is an incoherent long-term strategy that will end in either climate failure or costly stranded assets.

A green industrial strategy is a comprehensive plan and roadmap for transitioning the economy away from the production and consumption of fossil fuels and into cleaner alternative industries. Despite advancing various sectoral plans, such as for critical minerals and green buildings, the federal government does not have a comprehensive national strategy in place.[5]

Deference to private sector leadership

The largest economies in the world—the United States, China and the European Union—have all made decisive turns in recent years toward state-led industrial policies. While the specifics differ, in each case governments have laid out clear economic goals and leveraged the full capacity of government to advance their economic missions.[6]

Canada, in contrast, is trapped in an outdated model of market primacy that cedes leadership over key industries to the private sector. While corporate subsidies, tax incentives and the like may have a role to play as part of a broader industrial strategy, undue dependence on the market introduces major risks. For example, there is no guarantee that private investors will commit to projects of public import, regardless of the incentives on offer and, even if they do, there's no guarantee that the public will actually benefit from private, profit-seeking investments.

Private investors are also prone to investing in projects that are profitable in the short-term, such as natural gas plants, rather than projects with high upfront costs and long-term benefits, such as interconnected clean electricity grids or green manufacturing processes. The public sector must play a greater role in getting essential infrastructure and industrial projects off the ground, especially as persistently high inflation stunts private investment in riskier forward-looking projects.

Inadequate support for transitions already underway

Major transitions are already underway in the Canadian economy. For example, the coal industry is actively winding down in response to climate policies, leaving thousands of workers and dozens of communities uncertain about their future. The automotive industry is also in the midst of an ambitious transition to battery-electric vehicles that is creating challenges for workers who are facing delays in assembly plant changeovers, as well as job displacement in the component parts supply chain.

The federal government is already failing to provide adequate support in these and other industries. The current Employment Insurance system is coming up short (see the Employment Insurance chapter), and not enough money is being spent to upskill, retool and relocate workers for jobs in emerging industries.

We need to get these transitions right, because far greater impacts are on the horizon. As oil and gas production declines, whether due to more ambitious domestic policies or falling global demand, hundreds of thousands of jobs will be put at risk across the country. As artificial intelligence enters the mainstream, the number of workers displaced could be orders of magnitude larger.

Actions

The AFB will create a new federal Department of Economic Foresight and Strategic Transitions (EFST), with a legislative mandate to develop strategies, roadmaps and policy frameworks for managing major, long-term transitions in the Canadian economy—i.e., with timelines of greater than 10 years. The AFB provides an initial budget of $250 million over five years to establish the department.

A growing number of countries are institutionalizing long-term planning functions within government, such as the Welsh Future Generations Commissions, Finnish Committee for the Future and Hungarian Ombudsman for Future Generations. For its part, Canada has a government think tank called Policy Horizons that provides future-oriented advice. Canada also has oversight bodies, such as the Office of the Auditor General, which hold the government to account for short-sighted policy making. Yet none of these institutions has a direct policy-making mandate, which limits their potential effectiveness.

In contrast, EFST will be led by a minister—the "Minister for the Future", informally—with a mandate to facilitate integrated strategic planning across federal departments and to enforce a long-term orientation in all federal policy making. To that end, some existing federal functions will be reorganized underneath EFST, including Policy Horizons and the Regional Energy and Resource Tables. It will also play a key oversight role for the Sector Council Program (see below) by helping to situate policy supports for workers and industries into the broader national context.

The department will be grounded in principles of sustainability, equity and economic well-being. It will engage in systemic public participation to ensure Canada's long-term plans align with a democratic vision for Canada's future.

The AFB will spur the development of a comprehensive, publicly led National Green Industrial Strategy. Work will be led by the new Department of Economic Foresight and Strategic Transitions and will be grounded in consultations with labour unions, Indigenous groups, industry and all levels of government.

The strategy will work backward from the goal of a net-zero economy by 2050 to provide a clear, economy-wide roadmap for decarbonization—a pathway that clarifies the country's economic mission for the next three decades. While the specifics of the plan will be determined through consultation, it will include timelines for the regulatory wind-down of fossil fuel production (see the Environment and climate change chapter) and the scaling up of clean alternatives in areas such as manufacturing, agriculture and digital services. The strategy will reconcile and plug the gaps between the various sectoral strategies published by the federal government over the past decade. It will also include a comprehensive national skills assessment for understanding the risks and opportunities facing workers in transition.

The AFB will re-establish Canada's Sector Council Program to convene strategic conversations between labour, industry and government in key economic sectors, such as the energy, health care and technology industries. Better social dialogue will support productivity and innovation in sectors undergoing major transitions, as the federal government recently acknowledged with the creation of a sectoral table on the care economy. The sector council program will be re-launched with funding reallocated from the Sectoral Workplace Solutions Program, which has a related mandate but lacks a coordinated planning function.

The AFB will establish a new Public Development Bank whose goal will be to support $50 billion worth of projects over the coming 10 years. The bank will help accelerate economic diversification efforts in regions undergoing major transitions, such as the communities affected by the wind-down of oil and gas production. Financing delivered through the bank will help those communities scale up publicly owned industrial alternatives—including, but not limited to, renewable electricity, green manufacturing, sustainable resource development and green public services.

The AFB will impose labour and economic development conditions on all infrastructure projects receiving public funding or financing, including requirements that employers pay a prevailing wage, that they allocate a minimum share of work hours to apprentices and workers from equity-seeking groups, and that they negotiate community benefit agreements before work begins. These conditions will apply in tandem with climate and biodiversity conditions (see the Environment and climate change chapter) to ensure public money is only being used to support sustainable, inclusive projects.

The AFB will commit $1 billion over 10 years for a Just Transition Benefit to support workers in industries undergoing major transitions, whether due to decarbonization, artificial intelligence, trade disruptions or other forms of labour market adjustment. Anyone facing job loss, reduced wages or diminished work hours as a function of these transitions will be eligible. The benefit is flexible by design and offered in addition to Employment Insurance. It 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 AFB will commit $5 billion over five years to create an Inclusive Workforce Development Program to promote opportunities for underrepresented groups in growth industries. Previous federal initiatives in this area, such as the Community Workforce Development Program, have been well intentioned but insufficient in scale. The Inclusive

Table 19.1 / AFB actions on just transitions and industrial strategy

All figures in $M

	2025-26	2026-27	2027-28
Create a new federal Department of Economic Foresight and Strategic Transitions	$50	$50	$50
Create a Just Transition Benefit	$100	$100	$100
Fund the new Inclusive Workforce Development Program	$1,000	$1,000	$1,000

Workforce Development Program will set a target of training 100,000 workers per year for key professions in strategic industries, including at least 50,000 workers per year from equity-seeking groups.

Notes

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2 Avalyne Diotte, Kali Galanis, Rami Sarakbi & Kristel Van der Elst, *Disruptions on the Horizon*, Policy Horizons Canada, April 2024.

3 Minister of Energy and Natural Resources, *Bill C-50: An Act respecting accountability, transparency and engagement to support the creation of sustainable jobs for workers and economic growth in a net-zero economy*, 1st sess., 44th Parl., 2023.

4 Minister of Innovation, Science and Industry, *Bill C-27: An Act to enact the Consumer Privacy Protection Act, the Personal Information and Data Protection Tribunal Act and the Artificial Intelligence and Data Act and to make consequential and related amendments to other Acts*, 1st sess., 44th Parl., 2023.

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Post-secondary education

Introduction

Post-secondary education (PSE) changes lives, sustains communities and strengthens Canada. It does so through teaching and training, science and research, work-integrated learning, and the provision of services to students, staff, and visitors—from libraries and archives to recreation and green spaces.

Public funding for PSE has stagnated for decades. To make up for this, universities and colleges have increased revenue from private sources, mostly international student fees. In 2024, the federal government capped the number of international students for at least two years. This spotlights problems with unregulated international student recruitment.

The federal government needs to step up its leadership on PSE. It needs to work with the provinces and territories to ensure high-quality, affordable, and accessible PSE no matter where one lives in Canada.

Overview

The average undergraduate tuition for Canadian students at universities, the only post-secondary institutions where tuition data is available nationally, reached an all-time high in 2023.[1] Quebec grabbed headlines by raising out-of-province fees for students attending English universities by a stunning 212 per cent. While this hike is being challenged in the courts as unconstitutional,[2] higher out-of-province student fees are becoming increasingly common at institutions. Five other provinces have institutions charging higher out-of-province fees.[3,4]

International undergraduate students paid, on average, $38,081 in 2023—an increase of 38 per cent in the last five years, compared to nine per cent for domestic students.[5]

Students are feeling the squeeze. Stories abound of crowded housing, high demand at food banks and students exhausted from working many hours while studying full-time (see the Food security chapter). The federal government has taken some steps to address the rising costs of education by removing interest on student and apprenticeship loans and making improvements to the Canada Student Loans Program. Budget 2024 cancelled debt for some graduates working in rural and remote communities, increased the shelter allowance and extended the Canada Student Grant maximum amount for full-time students to $4,200, for example. This maximum student grant amount is up from the $3,000 amount pre-pandemic, but down from the $6,000 granted during the pandemic. The increase to $4,200 was offered only for one more year, and this amount covers less than 60 per cent of average undergraduate tuition.

More must be done to make education affordable, through a permanent increase to grant amounts, cancelling debt for more students, and addressing the systemic issues driving tuition increases for local, out-of-province, and international students.

The cost of education varies, as does provincial spending on PSE. Provincial funding for universities and colleges as a share of revenue has eroded in many provinces. Meanwhile, the number of students has grown by 26 per cent in the same period.

The federal government transfers funds to the provinces for PSE through the Canada Social Transfer (CST). The last top-up to base funding for the CST was in 2008, following the 2007 federal budget, in which the government announced that it would increase the CST by $800 million with the objective of strengthening PSE. The notional share of the CST for PSE rose from 25 per cent of the transfer to 30.7 per cent.[6] Under these assumptions, the federal transfer through the CST to PSE totalled $5.03 billion in 2023-24.[7] University and college expenditures in 2023 totalled over $50 billion.[8]

The post-secondary education system has not recovered from the cuts, an estimated $2.29 billion, made when the federal government created the Canada Health and Social Transfer in 1996. On a per student

Table 20.1 / Provincial funding of post-secondary institutions as a share of total revenue

	2006-07	2021-22	Change	Student growth
Canada	**45.5%**	**38.9%**	**-7%**	**26%**
Newfoundland and Labrador	54.4%	56.8%	2%	-3%
Prince Edward Island	38.8%	34.3%	-4%	36%
Nova Scotia	31.5%	34.1%	3%	11%
New Brunswick	39.9%	45.2%	5%	-9%
Quebec	58.1%	60.7%	3%	19%
Ontario	38.3%	25.2%	-13%	40%
Manitoba	48.1%	42.9%	-5%	34%
Saskatchewan	50.1%	48.2%	-2%	28%
Alberta	48.1%	41.8%	-6%	16%
British Columbia	45.1%	37.1%	-8%	18%

basis, federal cash contributions to post-secondary education have fallen by 39 per cent in real terms since then. To keep pace with inflation and enrolment, the PSE cash transfer would need to exceed current contributions by at least $3 billion, with an escalator in line with that provided to the Canada Health Transfer (CHT), which is five per cent for the next five years.

Closing data gaps on education in Canada is critical to measure affordability, accessibility, and quality. The federal government has long promised to expand the University and College Academic Staff survey to include colleges, contract and part-time staff and demographic data beyond gender. A pilot is underway this year, and must be funded, to ensure an accurate picture of the health of the academic workforce. There are also huge gaps to close on student and apprenticeship data, including tracking college tuition, apprenticeship pathways, learning outcomes from work and apprenticeship placements and more. The federal government should use its spending power to support more robust and harmonized data collection through its participation in the Canadian Education Statistics Council and the Canadian Apprenticeship Forum.

The government has been tracking apprenticeships, and there is a need to increase the uptake, completion rates and types of apprenticeships offered. Currently, only 46 per cent of apprentices reach completion.[9] There is a need to increase wraparound support for apprenticeships navigating in-class training and work placement. As well, public funding for apprenticeships should incentivize employers to maintain apprentices through multiple tiers to assist in increasing completion rates. Work must also be done to ensure the portability of apprenticeship training.

To improve apprenticeship training, Canada should sign on to the International Labour Organization Quality Apprenticeships Recommendation, 2023.

Budget 2024 made significant commitments to science and research, increasing the number and value of graduate student scholarships, fellowships, and funds for the granting agencies. With rising costs of research, fair wages needed to recruit and retain graduate students, and Canada's relative underperformance in investments in science compared to other countries, the federal government must continue to grow its fundamental science efforts.

The spring 2025 federal budget will be tabled almost 10 years after the Truth and Reconciliation Commission. The PSE educational gap between Indigenous and non-Indigenous students has widened in the last few years.[10] The federal government must significantly step up its support for Indigenous learners and honour an inherent and treaty right to education that is in accordance with First Nations, Inuit and Métis cultures, values, traditions and languages to support holistic lifelong learning.

Actions

The AFB will raise the maximum grant amount from $4,200 to $6,000 and lower the income thresholds for accessing grants.

The AFB will cancel federal student loans for graduates working in rural and remote communities. This will expand access to learners from these regions who are less likely to attend PSE than urban youth.[11]

The AFB will provide an additional $3 billion to the nominal amount of money sent through the Canada Social Transfer for PSE, distributed through accountability agreements with the provinces on shared priorities to increase affordability and accessibility, improve quality, and enhance transparency through data sharing. That amount would grow at five per cent a year.

Shared priorities must include an academic workforce strategy. Precarious work and underemployment are currently fixtures in PSE institutions. At least one out of three academic staff are on contract, compensated only for teaching. This erodes Canada's research and science capacity.[12]

Almost one in four full-time academic staff in Canada are 60 years or older. Assistant professor is the rank at which early career researchers are hired, yet the number of these positions declined by almost 20 per cent in the last decade, eroding the pipeline for workforce renewal. There is also a demographic spike of younger people on the horizon. The number of 18-year-olds is about to increase nationally by 20 per cent in the next five years.[13] Over 40 per cent of 18-24 year-old Canadians participate in post-secondary education. There is an urgent need to ensure academic staff renewal.

The AFB will provide $50 million the first year and $5 million per year afterwards to improve data collection on post-secondary education.

The AFB will provide $300 million, per year for five years, in support of an apprenticeship strategy. It will increase funding and conditionality for employers, as well as enhance training portability and funding for wraparound supports for apprenticeships, possibly through an expansion of the role of ApprenticeSearch.[14]

The AFB will increase funding for fundamental science to achieve a minimum 60 per cent success rate in its funding competitions.

Both the value and the number of grants awarded for investigator-led research must continue to increase. Most researchers in Canada work in the social sciences and humanities.[15] Since 2013, for SSHRC Insight grants, the success rate has averaged 38.2 per cent. CIHR's Project Grant program funded less than 20 per cent of applications this past year. NSERC Discovery Grant program had a 58 per cent success rate in 2023, down from 67 per cent, in 2019. The New Frontiers in Research Fund Exploration program for interdisciplinary science has had an average success rate of 23 per cent since its inception in 2018.[16] Unfunded research means good ideas are left unexplored—ideas that would contribute to our collective knowledge and know-how.

The AFB will double funding in the Post-Secondary Student Support Program and the University and College Entrance Preparation Program to help close the gap on educational attainment and meet inherent and treaty rights obligations.

Table 20.2 / AFB actions on post-secondary education

All figures in $M

	2025-26	2026-27	2027-28
Raise the Canada Student Grant level to $6,000 and lower the income thresholds	$3,752	$3,831	$3,907
Funds that are already in fiscal framewok for Canada Student Grant improvement	-$1,072		
Cancel student loans for graduates working in rural and remote communities	$40	$56	$73
Increase funding for post-secondary educaiton sent through the Canada Social Transfer	$3,000	$3,150	$3,308
Improve data collection	$50	$5	$5
Fund apprenticeship strategy	$300	$300	$300
Increase funding so at least 60 per cent of research proposals are funded	$1,734	$1,770	$1,806
Double funding for Post-Secondary Student Support Program (PSSSP)	$516	$516	$516
Funds that are already in the fiscal framework for PSSSP in budget 2024	-$81	-$82	

Notes

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Public services

Introduction

Look at any jurisdiction with a healthy, productive, happy population and you will find a strong public service that provides robust programs, ensuring that no one gets left behind. Canada has often been touted as an example of such a public service, and such a population. Recently, however, measures of a successful population, and of a healthy public service, have declined. The Canadian population has grown and aged. The expectations on the public service by both individuals and organizations have grown with it. The public service needs to be able to meet those expectations. While we've seen an increase in the size of the public service, it does not yet approach where it was in the 1980s and 1990s.

Core to a healthy public service is a workforce that is respected by its employer. While consecutive Canadian governments have paid lip service to their employees, the treatment of these workers tells another story.

Overview

Today's public service is less and less a desirable work aspiration. Workers don't know if they will be paid properly or on time. Their health benefits, hard won through rounds of collective bargaining, became unreliable in 2023 with the switch to a new provider, on which the government placed no checks and balances. The promise to embrace remote and hybrid work with individual considerations was broken in a harsh and surprising fashion. Their pension plan has been split into two tiers, creating two classes of workers. They work alongside contract workers from temporary help agencies and external providers, always adding to the threat that their own work will be privatized. Regardless of the rhetoric in the media about a ballooning workforce, they know that there are numerous vacancies across the system, leaving individuals to take on more work to fill the gaps. They see private sector funding for work nearly identical to their work, but no corresponding investments in the public sector. Racism and marginalization are endemic. And pay equity for these workers, long fought for and anticipated, has been delayed and deprioritized. Throughout, public service workers, and the people who depend on their services, have been threatened with billions of dollars' worth of cuts that would have a devastating impact on the size of the workforce and their capacity to provide services.

In the lead up to the 2025 federal election, public service workers will be concerned about a repeat of the mid-2000s and the devastating cuts imposed under the former Conservative government's Deficit Reduction Action Plan, from which the country is still recovering. The two-tier pension plan is one such hangover that needs to be rectified.

Public sector jobs are key to a strong economy. They are reliable economic drivers,[1] providing stability and diversification to the communities in which they are located. Public sector jobs provide more equitable employment to workers from groups that are otherwise marginalized.[2]

This Alternative Federal Budget (AFB) proposes measures to support and strengthen Canada's public service, with a holistic approach. The AFB provides the public service with the capacity to effectively implement proposals presented in other chapters. All supports for the public service will be approached through a Gender-Based Analysis Plus (GBA+) lens, with a focus on decolonization of the public service and an anti-racist lens that seeks to provide remedies for past and current inequities. Among these will include resolutions as described by the Black Class Action and Indigenous Class Action lawsuits.

Good jobs and staffing needs

The government does not yet have a whole-of-government staffing analysis or plan. Work and staffing are done in silos. Two consecutive budgets have discussed reductions in public service expenditures, which would surely lead to staffing cuts.

When departments need to increase staffing in certain areas, they often look to contracting out instead of internal solutions. An entire industry[3] is taking advantage of this vulnerability to become a second tier of the public service in a for-profit world. While past budgets have implied the government will reduce contracting out, particularly on management consulting, there have been no obvious reinvestments in public services to indicate work will be brought in house. The government could realize significant savings while it improves the quality of work by conducting a whole-of-government return of contracted work into the public service.

It is incumbent upon the government to set an example for other employers.

Phoenix

Since the implementation of the disastrous Phoenix pay system, not a pay period has passed without errors; over 410,000 files remain open.[4] The government continues to pursue overpayments made to workers while deprioritizing underpayments. There is not enough staff to handle the workload. New workers are hired, but it can take two years to acquire adequate training and experience to handle complex cases. Retention continues to be a problem.

While attempts are being made to move to a new system, without knowing what went wrong, the same mistakes could be made.

Pensions

In 2012, the federal government made legislative changes to the *Public Services Superannuation Act* (PSSA) that resulted in an unfair, two-tiered pension scheme for public sector workers. Workers hired after January 1, 2013 must work five years longer to retire with a full pension than those hired the day before. This mean-spirited change, touted as a cost-saving mechanism, was never needed. The pension plan was fully funded and viable at the time and has remained so ever since. In 2019, the pension plan reached a non-permissible surplus of 113 per cent. The government at the time made changes to permit a surplus up to 125 per cent. Analysis of currently available data indicates that this level will be reached or surpassed at the tabling of the next report of the chief actuary, expected in the autumn of 2024. At this point, the government will need to make a decision about that surplus. A further increase to the permissible amount is untenable and would surely raise questions from the Parliamentary Budget Officer.

Legally, the government must immediately implement an employer contribution holiday. But this surplus was recognized as a result of employee contributions and they must benefit from any resolution.

Pay equity

The *Pay Equity Act, 2021* requires all federally regulated employers to create pay equity plans by September of 2024.[5] Many employers will not meet this deadline; the government itself has applied for an additional three years' extension. The Treasury Board funding and resourcing model for pay equity was too little too late. The team was established long after the act came into force and it continues to lack effective access to resources it needs—e.g. IT support, data support. The Pay Equity Commission, charged with overseeing the process, is sorely understaffed. It is incumbent on the government to lead the way using best practices as an employer.

Remote work and telework

Necessity is the mother of invention, the saying goes. During the pandemic, it was necessary to find new ways to work, and Canada's public service workers did just that. They pivoted to remote working in short order, providing exemplary services in the most trying of circumstances. Those new ways, for many, were also better ways. We now know that flexible remote work arrangements make work more inclusive, provide better work-life balance, and result in no reduction in productivity. In fact, not only do Statistics Canada productivity data show positive productivity growth in federal government services, but the government's own documentation reveals an increasing number of departmental targets met since the implementation of telework. When we learn how to do things in a better way, society is best served by embracing that change. The federal government has the responsibility to demonstrate best practices in all endeavours, including as an employer.

Canada Life

On July 1, 2023, the federal government transferred the administration of the Public Service Health Care Plan (PSHCP) from Sun Life to Canada Life for over 1.5 million current and former public service workers and their families. Almost immediately, plan members began dealing with significant issues, including the interruption of their benefits, the inability to contact the insurer, long delays and arbitrary and wrongful denial of claims.

Some members had to make the difficult decision to stop their medical treatments because they could not afford to pay out of pocket and wait for the eventual reimbursement by Canada Life. An apology from Canada Life or the federal government is not enough to redress the harm already caused, as well as the harm members continue to experience.

A thorough study of the issue by the Government Operations Committee of the House of Commons resulted in a unanimous report telling Canadians what bargaining agents already knew—the transition was botched, and the government must do better.

Health benefits

While the Public Service Health Care Plan's administration was transitioned to Canada Life, the employer changed the coverage amounts and benefits offered for some services. Making these two changes at once was a shortsighted move that resulted in significant confusion for plan members who struggled to understand the new coverage and found Canada Life could not keep up with the overwhelming flood of inquiries to Canada Life. While there were some equity wins in these benefit changes, such as coverage for gender-affirming care, other areas of the plan were cut to keep the plan cost-neutral for the employer. Some of these cuts, including reductions in physiotherapy coverage, have resulted in hardship for some plan members who have long relied on these services to manage chronic medical conditions. The change in coverage represented an opportunity to expand the services and to improve equity, especially for historically marginalized groups, such as the 2SLGBTQ+ community, whose health needs are not always understood or properly addressed. Trading off coverage for one group against another does not advance equity; it risks sowing division between different groups of workers.

Actions

Good jobs and staffing needs

The AFB will conduct a full analysis of staffing needs across the system, working with bargaining agents to provide a holistic staffing plan.

The AFB will create an in-house temp agency and management service similar to that used by the German public service.

The AFB will enact recommendation five of the 2019 HUMA report on Precarious Work,[6] which calls on the government to stop using temporary help agency workers and to incentivize the creation of indeterminate jobs in-house.

The AFB will bring in house most government services that are currently contracted out.

Phoenix

The AFB will launch a public inquiry into the Phoenix pay disaster.

The AFB will provide pay incentives to increase both recruitment and retention of pay centre employees.

The AFB will provide impacted public sector workers with damages until problems are solved and they are made whole.

Pensions

The AFB will reverse the changes made to the PSSA that created a two-tier pension scheme and will return all public service employees to one system.

The AFB will provide an employee contribution holiday until the surplus is resolved.

Meanwhile, the Public Sector Pension Investment Board (PSPIB) has made investments that are antithetical to the values of a progressive public service. Their investments in Real Estate Investment Trusts (REITs) have frequently come to the attention of the public for unethical and inhumane practices, whether in long-term care centres or low-rent apartment buildings.

The AFB will make necessary changes to the PSPIB act and related processes to provide a framework for ethical investing that includes consultations with all bargaining agent representatives for workers covered by the PSSA.

Pay equity

The AFB will work with the Pay Equity Commissioner and bargaining agents for employees impacted by the *Pay Equity Act* to determine and fund appropriate staffing for the commissioner, both in pursuit of the initial plans, and in the long-term maintenance of the system.

Remote work and telework

The AFB will work with the bargaining agents of the public service to develop best practices for remote work, providing employees with individualized plans and flexibility.

Canada Life

The AFB will act upon the recommendations of the Standing Committee on Government Operations and Estimates (OGGO) report on Canada Life[7] from June of 2024 which include, among others, that the Government of Canada improve the monitoring of the performance of the plan administrator and that those who have suffered financial loss because of Canada Life's unjustified delays or denials of claims are fully compensated for these losses.

Health benefits

The AFB will increase the envelope of coverage for the Public Service Health Care Plan to ensure that quality services are available to all, including care for chronic conditions and gender-affirming care.

The AFB will consult with bargaining agents before any future changes to the PSHCP are implemented to ensure that plan members' interests are adequately protected in any future changes to the plan.

Table 21.1 / AFB actions on public services

All figures in $M

	2025-26	2026-27	2027-28
Fund an inquiry into the Phoenix pay disaster	$3		

Notes

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4 Treasury Board Secretariat, "Public Service Pay Centre Dashboard", *Government of Canada*, May 2024, https://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/services-paye-pay-services/centre-presse-media-centre/mise-a-jour-update-eng.html.

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Racial equality

Introduction

Indigenous Peoples, Black and racialized people experience historic and ongoing systemic racism and racial discrimination in virtually every aspect of life, opportunities, and outcomes. In recent years, the federal government has increasingly acknowledged the persistence and depth of racial inequalities in Canada—and its responsibility to address systemic racism.

The government has introduced some measures and invested in some initiatives. This chapter recommends actions the government must take to dismantle systemic racism and eliminate racial discrimination.

Overview

Systemic racism and racial discrimination violate human rights and harm individuals and communities. The *Canadian Charter of Rights and Freedoms* and the *Canadian Human Rights Act* obligate Canada to eliminate racial discrimination.

Canada has also made international commitments to eliminate racial discrimination through the signing and endorsing of international human rights conventions and declarations. These include the International Convention on the Elimination of All Forms of Racial Discrimination, the United Nations Declaration on the Rights of Indigenous Peoples, and the United Nations International Decade for People of African Descent.

Anti-racism legislation

Although the Federal Anti-Racism Secretariat is tasked with combatting systemic racism and racial discrimination, it does not have the legislative power or tools to effectively carry out that mandate. Domestic anti-racism legislation would do much to provide a strong basis and clear direction to act on these obligations and provide a legislative foundation for the secretariat. The AFB also questions the secretariat being housed in the Department of Canadian Heritage, which has a vastly different mandate: to foster and promote Canadian identity and values, cultural development, and heritage.

Legislation is necessary to support efforts for a whole-of-government approach, including making the commitment to racial equity explicit in Gender-based Analysis Plus budgeting and dismantling systemic racism. Legislation would support initiatives such as the anti-racism framework announced in the recently released federal anti-racism strategy.[1] The differential impacts felt by people at the intersections of race and gender, as well as other demographic factors, is evident in numerous Statistics Canada reports based on census data and the Canadian Social Survey. They also demonstrate the necessity of collecting disaggregated data to help identify trends and support the development of targeted public policies that can benefit all Canadians (targeted universalism).

Disaggregated data

Disaggregated data has helped to identify racial inequalities and document trends in areas such as income inequality, rates of criminal incarceration and immigration detention, health outcomes, environmental racism, equitable representation in federal public service jobs, and investment in services.

The deepest impacts of systemic racism and racial discrimination in all aspects of life, life outcomes, and life chances are felt by Indigenous, Black, and racialized women in Canada. These impacts 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. These groups have persistently poorer outcomes than their counterparts in accessing health care, employment opportunities, earnings,[2] and basic services and entitlements. Home ownership rates are lower among Black and Latin American people, limiting their ability to build capital for themselves and future generations.[3]

Racism and discrimination

Racialized people are more likely to face discrimination, particularly at work, school, in experiences with housing, and in their public activities. Canadian-born Black people face disproportionately high levels of racism. They are more likely to face scrutiny, particularly from police, and they are more likely to experience criminalization. Racialized people are also more likely to face discrimination that is largely motivated by race or ethnicity, and this is especially true for racialized women.[4]

Antisemitism and racism are on the rise, including Islamophobic, anti-Muslim, anti-Arab, and anti-Palestinian racism. Black and racialized community groups have noted that Black and racialized people have less trust and lower comfort levels with police, which makes them less likely to report racism and hate to them. The result is that these communities are significantly undercounted or missing in police-reported hate crimes data.

Racial disparities are also evident in Canada's response to international humanitarian crises, in both international aid and immigration/refugee measures. These disparities are evident across the entire immigration and refugee system and must be addressed through an independent inquiry (see the Immigration chapter).

Canada recently enacted landmark legislation to counter environmental racism.[5] The law mandates the development of a national strategy to address environmental racism, including remedies for communities faced with polluting industries and environmental hazards being situated near them. This is a longstanding practice that has disproportionately impacted Indigenous and Black communities.

Systemic anti-Black racism

In December 2023, the Senate Standing Committee on Human Rights re-affirmed the March 2023 findings of the Treasury Board of Canada Secretariat, that discrimination and systemic anti-Black racism occurred at the Canadian Human Rights Commission (CHRC).[6] Black federal public service employees and Black and racialized complainants to the CHRC were impacted by anti-Black racism and racism. The committee has made 11 recommendations to combat anti-Black racism and bring about systemic change, including by appointing a Black Equity Commissioner.

The federal *Employment Equity Act* covers the workforce under federal jurisdiction and expanded scope of the Federal Contractors Program. Although this represents a small number of all workplaces and workers in Canada, the full implementation of the act has the potential to exert a positive influence over other jurisdictions. Professor Adelle Blackett was appointed to review the act. The review was recently completed, and a final report submitted to the Minister of Labour.[7] Professor Blackett's report contains thoughtful and comprehensive recommendations that can move Canada closer to dismantling systemic anti-Black racism and racism and establishing substantive equality.

The federal government has spent almost $8 million fighting a class-action lawsuit brought by Black public service employees.[8] The lawsuit accuses the federal government of failing to hire or promote Black people for decades. Meanwhile, an audit conducted by the Public Service Commission in 2021 found that Black people had the worst hiring outcomes among all racialized groups.[9] The federal government also continues to push back against a systemic racism lawsuit brought by Indigenous workers at Indian Oil and Gas Canada.

Actions

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 include an intentional racial equity framework in the Gender-based Analysis Plus section of the budget, federal poverty reduction efforts, the National Housing Strategy, and the Canada-wide Early Learning and Child Care Plan. Poverty reduction targets would also apply to racialized groups separately (see the Income security and poverty chapter).

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, as with Indigenous-owned businesses.

The AFB will develop a national strategy to address and mitigate the impacts of environmental racism.

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 fully implement all recommendations from the federal *Employment Equity Act* review. The review included recommendations on data justice, rethinking equity groups under the *Employment Equity Act* framework, strengthening implementation of the act, reactivating meaningful consultations, and rethinking and strengthening regulatory oversight.

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 attach employment equity measures (via community benefits agreements) to all federal investments to ensure racialized and other under-represented groups have equitable access to new jobs created.

The AFB will create a Black Equity Commissioner backed with appropriate funding and resources, and fully implement recommendations from the Senate Standing Committee on Human Rights report on eliminating systemic anti-Black racism.

The AFB will fully fund settlements for the Black class-action ($2.5 billion) and Indigenous class-action lawsuits in the federal public service.

Table 22.1 / AFB actions on racial equality

All figures in $M

	2025-26	2026-27	2027-28
Create an Anti-Racism Secretariat and national action plan to combat racism	$5	$100	$125
Create a Black Equity Commissioner position	$5	$50	$50

Notes

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Regulation

Introduction

Regulations[1] are a critical—though often under the radar—function of government. They implement, interpret, and enforce government laws and policies largely away from public scrutiny. The number of regulatory agencies is extensive, covering health, food, drugs, energy, finance, transportation, workplace health and safety, environment, and more.

Their stated purpose is to advance the public interest[2]—protecting the health, safety, security, social and economic well-being of Canadians. Corporations view regulations as constraining their ability to maximize profit and shareholder value. When they clash, under the current corporate-government power structure,[3] the public interest is often compromised.

AFB 2025 aims to rebalance this power structure to ensure that regulations prioritize the public interest.

Overview

Over the last four decades, the private sector has lobbied relentlessly,[4] assisted by government enablers, to reduce or eliminate regulations that adversely affect profits. From the Mulroney government to the present, regulatory reform has prioritized making business regulations responsive to private sector needs and aligned with U.S. administrative practice benchmarks.

In 2012, the Harper government implemented the *Cabinet Directive on Regulatory Management*. Its centrepiece was the "one-for-one" rule mandating that regulatory agencies offset each proposed new or amended regulation by removing at least one existing regulation. The multi-party bias in favour of light-touch business rules has had catastrophic consequences in Canada.[5] The Trudeau government's 2018 C*abinet Directive on Regulation*,[6] and subsequent reforms, left the Harper-era policy basically unchanged.

Years of austerity produced a vicious cycle whereby strained resources in most regulatory agencies led to increased pressure to offload regulatory responsibility to companies—allowing them to self-regulate. This deficiency in government was rationalized with euphemisms such as "smart," "responsive," or more recently, "agile," regulation that mask deregulatory intent.

Risk assessment and cost-benefit practices generally replaced the precautionary principle[7] in assessing safety regulations. Deference replaced necessary tension between the regulator and regulated industry, allowing the latter greater ability to block, delay, dilute, or reverse regulations.

Safety oversight regulatory frameworks, called Safety Management Systems (SMS)—introduced in the transportation, food, and energy sectors—did not, as claimed, represent an addition to but, rather, became a substitute for direct regulation. They are a form of blame shifting,[8] whereby the regulator outsources responsibility for operationalizing and implementing regulations to industry, providing government cover from its responsibility in the event of failures.

Recurring annual regulatory modernization bills, first introduced[9] in 2019, continue the federal deregulatory trajectory. Their practice responds positively to business claims that burdensome regulations are reducing competitiveness, productivity, and economic growth, and that businesses should be granted power to review and vet regulations.

The latest regulatory modernization bill grants federal regulatory agencies the power to set up regulatory sandboxes and introduce *incorporation by reference* mechanisms (IBR). They effectively remove regulatory process from parliamentary oversight, thereby increasing the ability of corporate lobbyists to influence government regulators behind closed doors.

Regulatory sandboxes[10] allow companies to try out different regulatory approaches that aren't fully compliant with existing regulations. For example, Health Canada has been moving forward with a regulatory sandbox enabling companies to avoid existing regulations for approval of newly introduced health care products.[11] Budget 2024 introduced amendments the *Red Tape Reduction Act* to broaden the use of regulatory sandboxes across government.

IBR permits federal regulators[12] to simply refer to another document created outside the standard regulatory framework with the same force as the original regulations, with no need to amend them each time the document is updated. For example, the National Farmers Union[13] discovered the federal government's seed regulatory modernization[14] process is considering moving large sections of regulations pertaining to seeds and plant innovation into incorporation by reference in response to demands from the corporate seed lobby.[15]

Canada has among the highest drug prices[16] in the world—third highest among OECD countries. It is largely the result of user fees introduced in the mid-1990s. Cost recovery creates a conflict of interest within regulatory agencies that has enabled pharmaceutical companies to speed up the review process, thereby weakening the regulator's health and safety mandate.[17]

Mutual recognition agreements,[18] interprovincially and internationally, have been implemented or are under consideration. They can involve recognizing the regulations, standards or labour credentials of other jurisdictions as equivalent to those of the regulating jurisdiction on specific products or services. While mutual recognition may facilitate trade, it can also pose risks, including the degradation of democratic choice. Mutual recognition may also render higher standards in participating jurisdictions more expensive and, therefore, unpopular among domestic producers. A case in point is European farmers protesting EU environmental and animal welfare rules.[19]

The Treasury Board president has been engaging with its counterpart in the U.S. on enhancing bilateral trade[20] via reduced regulatory red tape, including the establishment of mutual recognition agreements. Since 2017, Canada has included regulatory cooperation and/or good regulatory practices chapters in new trade agreements that lock in business-friendly, light-touch regulatory policy. Under the Canada-U.S.-Mexico Agreement, countries can be taken to state-to-state dispute settlement for adopting precautionary regulatory policies.

Globally, Canadian financial institutions are among the largest financiers[21] of fossil fuels. Their net-zero 2050 emissions pledges largely amount to greenwashing.[22] The Office of the Superintendent of Financial Institutions lacks the regulatory ability to assess the credibility of financial institutions' climate commitments and impose additional capital requirements on those whose assets are at greater risk of becoming stranded[23] as result of the transition to a lower fossil fuels economy.

Artificial Intelligence [AI] can be extremely positive for Canada. However, its use must be properly regulated to maximize positive use and eliminate potential negative effects. Bill C-27, *The Artificial Intelligence and Data Act* (AIDA),[24] is a step toward regulating AI use, but it must be improved.

Actions

The AFB will make changes to the *Cabinet Directive on Regulation*,[25] notably eliminating the one-for-one rule and prioritizing the precautionary principle over competitiveness considerations when making decisions affecting health, safety, and the environment.

The AFB will ensure that incorporation by reference and regulatory sandbox mechanisms, permitted by regulatory modernization legislation, are subject to public scrutiny and parliamentary approval. They should be used on a limited basis for technical documents only as approved by public interest experts.

The AFB will ensure that regulatory agencies have adequate resources. It will strengthen in-house professional analytical and research expertise to effectively submit and evaluate regulatory proposals. It will evaluate company risk assessments and conduct independent systemic risk assessments. It will ensure safety oversight regimes have the necessary surveillance and enforcement capacity. It will ensure regulatory resources are paid out of general tax revenue rather than through cost recovery. It will ensure regulated industries are taxed appropriately to prevent them offloading costs of regulating their products and services onto working people.

The AFB will provide the necessary regulatory oversight power to the Office of the Superintendent of Financial Institutions (OSFI) to ensure the credibility of financial institutions' climate plans and enable it to impose larger capital requirements on financial institutions' potentially stranded assets.

The AFB will support the *Fossil Fuel Non-Proliferation Treaty*,[26] which has been endorsed by 12 nations, the European parliament, 108 subnational governments, including the province of Quebec and several municipalities. Signatories have agreed to create new rules of international cooperation that would help meet the goals of the Paris agreement by stopping and phasing out fossil fuels production and ensuring a just transition for most impacted workers and the most vulnerable countries and regions.

The AFB will support the *Climate Aligned Finance Act.*[27] Bill S-243 would require plans from banks and pension funds to reduce the climate-related emissions[28] from their loan and investment portfolios, in line with the Paris Agreement. It would increase the power of the Office of the Superintendent of Financial Institutions to oversee and ensure their plans are credible. It would also require loans in fossil fuel and other high-emissions sectors to be considered high risk, requiring more capital and higher interest rate to obtain a loan.

The AFB will pass Bill C-372, which would put a ban on fossil fuel advertising[29] that denies its impact on planetary warming. Punishment for offences could include imprisonment. Bill C-372 would strengthen the recent amendment to the *Federal Competition Act*'s deceptive marketing provisions, requiring environmental claims to be based on credible research.

The AFB will ensure health- and food-related regulatory resources are paid out of general tax revenue rather than cost recovery. It will oppose proposed changes to the Patented Medicine Prices Review Board,[30] which would ensure that drugs remain overpriced, making a universal pharmacare plan with first dollar coverage much less likely. It will create an oversight body free of financial ties to the pharmaceutical industry.

The AFB will limit types of mutual recognition between provinces and countries. They should always take place on a case-by-case basis and only where—with labour and public input—it is clear and there are no downside risks. The AFB will encourage provinces to show regulatory leadership by strengthening environmental and public health rules within their jurisdiction and requiring interprovincial and international imports to meet those standards.

The AFB will review whistleblower protection laws in 37 countries. The International Bar Association[31] ranked Canada as having among the weakest laws, posing severe dangers[32] to citizens' health and safety. Parliament recently passed private member Bill C290,[33] an *Act to Amend the Public Servants Disclosure Protection Act* (PSDPA). It is a step in the right direction. However, it lacks key elements due, in part, to the requirement that a private member's bill must be limited to measures that do not require additional funding.

The AFB will support the Centre for Free Expression's[34] recommendations to further strengthen whistleblower protections, making regulations more resistant to corporate capture and enabling enforcement of regulations in the public interest.

The AFB will support major changes to the access to information regime[35] [ATIP]—most importantly, a reduction in the scope of cabinet secrecy, which is among the worst in the OECD. It will also require departments to forfeit their ability to invoke certain exemptions if they're late responding to an ATIP request. It will reduce the scope of "confidential and business information," as defined in the regulations—a pretext for avoiding public scrutiny. The funding of the information commissioner should be the responsibility of parliament. The commissioner should have the ability to issue a federal court order.

The AFB will ensure that Bill C-27's application is expanded beyond the federally regulated private sector to include government itself and crown corporations. It must work with provinces and territories to ensure they have the necessary AI regulation and legislation. C-27 must prohibit AI-related systems conduct that may be harmful to individuals, NGOs, unions, associations, etc.

The AFB will create a new autonomous federal AI agency[36] with an AI commissioner to address AI issues, conduct research, and oversee AI regulation. The current AI advisory committee must be expanded beyond academics and business representatives to include community representatives and unions. AI regulation must include provisions[37] that protect against discrimination and racism, protect privacy and against hidden monitoring in the workplace and the community. AI use must have continuous oversight and allow for guaranteed AI-related job retraining.

The AFB will ensure that academics and community representatives do not have financial ties to industry.

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.

The AFB will ensure mechanisms for public participation in regulatory processes, including ensuring that notice and comment requirements, rights of third-party appeal, are strengthened.

Table 23.1 / AFB actions on regulation

All figures in $M

	2025-26	2026-27	2027-28
Better resource regulatory agencies	$347	$355	$362
Regulators paid from general revenues instead of cost recovery from industry	$832	$849	$866
Create a new federal AI agency	$10	$5	$5
Provide financial support for citizen engagement in regulatory processes	$10	$10	$10

Notes

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Seniors' care

Introduction

For a political document with such an ambitious, dramatic title as *Fairness for Every Generation*, the 2024 federal budget fell decidedly short on meeting the challenges faced by *any* generation. For seniors, this means missed opportunities—demonstrated most explicitly in the scaled-down, diluted, and narrow versions of pharmacare and dental care that have been offered to Canadians instead of the universal coverage for which many advocated and which could have generated transformative impacts for seniors and other people along the age spectrum. These two programs had the potential to serve as landmark legislation, signalling the beginning of a radical rethinking of well-being and its connection to overall prosperity.

After three years of waiting, the promised *Safe Long-term Care Act* is perhaps now being anticipated with the same trepidation. The passionate pledges by federal and provincial governments to turn the tragic lessons of the COVID-19 pandemic into the fuel for better systems of care have failed to deliver anything resembling systemic change, relying instead on incremental, largely superficial reforms that merely paper over the cracks. As we approach a likely federal election, the winds of political change have also shifted provincially, nationally, and globally, making the political will necessary to achieve meaningful transformation that much more difficult to muster.

It is into this same old new ambivalence that the Alternative Federal Budget wades. The AFB believes that, as a nation, we cannot continue to put off the necessary work to secure the health and social care services we need now and in the future. This chapter of the AFB looks at the state of seniors' care since the onset of the COVID-19 pandemic to assess what has been done, how far the current government has been willing to go to heed the lessons so painfully learned, and what distance remains between where we are, and the care seniors deserve.

Overview

Since the COVID-19 pandemic—and its devastating impacts on elder Canadians and on seniors' care—families, experts and advocates have been vocal and persistent in their calls for a bold transformation across the seniors' care sector. As demonstrated in previous alternative federal budgets, such transformation can address both the legacy of COVID-19 and the entrenched gaps and limitations that defined the status quo ante for decades. It can do so based on a clear evidentiary consensus and examples of international best practice. It is possible to put the well-being of seniors, caregivers, and staff ahead of profits and above partisan politics. But it is only possible if this vision of care is prioritized within the pages of federal and provincial budgets, with dedicated funds, defined actions, and clear accountabilities.

And while there have been significant gestures from the federal government—through previous budgets, proposed legislation, and bilateral funding agreements—indicating that this call for transformation has at least been heard, the result continues to be patchy, fragmented, and incomplete. Many half-measures do not, alas, add up to a whole.

Over the course of its current term, the government introduced key initiatives that have the potential to catalyze positive change within seniors' care:

- National standards: Budget 2021 earmarked $3 billion to support provinces in implementing these new standards, which were introduced in December 2022 and January 2023.
- Personal Support Worker Wage Support: Through the *Working Together to Improve Health Care for Canadians*, the government committed $1.7 billion over five years to support hourly wage increases for personal support workers and related professions.
- Creating the national caregivers' strategy and sectoral table, and a caregiver pilot program.

- Funding *Aging with Dignity* bilateral agreements—$5.4 billion through provinces to improve access to home care, community care, or long-term care facilities.
- Introduction of a pharmacare bill (C-64) to cover select medications and supplies pertaining to diabetes and contraception. Of the 3.7 million Canadians living with diabetes, approximately half are seniors over the age of 65.
- The creation of a National Dental Care program, which was first rolled out to seniors aged 70 and over and extended in 2024 to those over 65.
- Increases to OAS for those over age 75, announced in 2022.
- Efforts to expand international recruitment of health care workers and seniors' care staff.

However, despite more than three years of promises,[1] the *Safe Long-term Care Act* has yet to be tabled and there is little expectation that effective enforcement or accountability measures will be included. Bilateral agreements with provinces held few conditions over the ways in which funds ought to be used, nor were they tied to adoption of the national care standards by provinces. And while it is important to acknowledge the progress achieved on many of the actions called for by advocates and past alternative budgets—providing wage top-ups for personal support workers and gestures towards supporting a resilient health care workforce[2]—these measures fall short on accountability, enforcement, dedicated or earmarked funding, and in terms of the dollar amounts committed. The provinces have failed to take up the funding offered. There continues to be little effective pushback from the federal government on the increasing shift of public funding to privatized delivery of seniors' care, despite the large body of evidence that private, for-profit provision is detrimental to seniors and the workers who care for them.

With budget 2025, anticipated to be the last or second-last of this government's term before the next election, the choices made in this budget will be pivotal. The direction chosen—whether it's to build upon and fully realize the potential of these initiatives, to continue with the piecemeal, patchwork approach, or to move further towards privatization, underinvestment, and neglect—will define the scope of possibility for improving seniors' care for years to come.

Actions

The AFB will put forward a dedicated, funded, and accountable vision for transforming seniors' care that ensures quality of care, quality of work, and quality of life. One roadmap for this transformation is laid out in the work of the Royal Society of Canada working group[3,4] and other research by its expert panelists:[5]

- **Transforming how seniors' care services are delivered:** Through funding envelopes earmarked for publicly owned and delivered services that are aligned with best practices, prioritizing interconnected care in the home, in the community, and in home-like facilities.
- **Transforming how seniors' care services are funded:** Through funding with conditions and accountability, tied to national standards and evidence-based practices of quality care—not the bare minimum.
- **Transforming how the seniors' care workforce is valued and remunerated:** Through increased compensation, recruitment and retention initiatives, and workplace supports for seniors' care workers, and by implementing recommendations to provide financial and emotional relief for unpaid caregivers.

The AFB will provide binding national seniors' care standards as opposed to the ad hoc, province-by-province voluntary approach. The national standards for long-term care must work to uphold the measures of care required for quality of life, not the bare minimum to keep people alive. Crucially, these standards must be tied to federal funding and they must be enforceable, even as several provinces have legislated protections that shield care homes from liability or moved even further away from legislated, evidence-based, minimum staffing and hours of care. Building on previous AFB commitments, **the AFB will** establish a national co-ordinating body to guide the implementation and enforcement of the standards tied to the *Safe Long-term Care Act*.

The AFB will build on recommendations arising from the National Caregivers' Strategy and Sectoral Table on the care economy to develop, implement, and fund a wide range of supports for unpaid caregivers, including: training and mentorship, mental health resources, respite care, and other financial supports. These initiatives aim to reach the 2.5 million caregivers[6] who have identified unmet support needs.

As many scholars and advocates have noted, caregiving as unpaid labour is a significant equity concern, as 64 per cent of unpaid caregivers are women. More than 20 per cent of caregivers provide weekly hours of care equivalent to a part-time job—20 hours or more. While the creation of the Canada Caregiver Credit has somewhat streamlined and simplified the process by replacing three previous programs, this benefit could be further amplified by transforming the credit from non-refundable to refundable, impacting up to 440,000 families and 310,000 of those providing care to infirm adults. This change would provide up to $1,071 for each claimant family at an approximate cost of $470 million annually.[7]

Despite the effort to reduce the substantial gap between need and capacity through bilateral funding agreements targeting home care and long-term care access, many seniors continue to have unmet care needs. **The AFB will** invest in expanding home care and facility-based long-term care to ensure that care can be provided to everyone who needs it, where it is needed most. Given the overwhelming evidence pointing to the detrimental impacts, costs, and inefficiencies of profit-based care, this investment will be directed to public and non-profit care providers. In addition to the bilateral agreements already in place, **the AFB will** invest $4 billion per year to fund additional hours of home care and the creation of public long-term care spaces that are fully aligned with the new standards.

The AFB will support the capital costs associated with the expansion of beds in high-quality public and non-profit seniors' care facilities. It will also develop an explicit expansion strategy in each province and territory, coordinated with the ongoing staffing strategy work of Health Workforce Canada.

The AFB will expand wage top-ups and improve benefits for seniors' care workers—including 10 paid sick days for staff. As of January 2022, over 150,000 health care workers had been infected with COVID-19,[8] with a high probability that many cases were acquired in health care and seniors' care settings. COVID-19 has not disappeared, and it is not the only illness that presents a risk to workers and their patients and residents in these settings. Yet many of the workers in seniors' care who provide the most direct care are also among the most precariously employed, and many are still fighting for paid, flexible sick time to reduce the health risks to themselves, their residents, and their families.

The AFB will continue the implementation of an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis in seniors' care, ensuring that qualified staff are available to meet the care needs of seniors within existing facilities and services, and to commit to long-term planning for anticipated future demand. This will take the form of an ongoing funding commitment to Health Workforce Canada (HWC) dedicated to immediate and long-term recruitment and retention among personal support workers/ health care aides, nurses, therapists, and support staff in the seniors' care sector. As HWC develops and builds on recommendations arising from the Sectoral Table on Caregivers, this funding will also contribute to improved supports for paid and unpaid care.

Table 24.1 / AFB actions on seniors’ care

All figures in $M

	2025-26	2026-27	2027-28
Establish a national co-ordinating body to implement and enforce the new Safe Long-term Care Act	$25	$25	$25
Develop new unpaid caregiver supports arising from the National Caregivers’ Strategy and Sectoral Table	$100	$100	$100
Convert the Canada Caregiver Credit to a refundable tax credit	$470	$480	$489
Fund additional hours of home care and new public long-term care spaces	$4,000	$4,000	$4,000
Provide $10 billion in interest-free loans to expand public and non-profit seniors care facility	$64	$132	$264
Fund personal support workers and home care wage top-ups	$500	$500	$500
Funds that are already in the fiscal framework, wage increases for personal support workers and related professions	-$340	-$340	-$340
Fund Health Workforce Canada recommendations	$50	$50	$50

Notes

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Veterans

Introduction

The reality of Canadian veterans has shifted significantly since the mid-1960s—the last time that the federal government undertook a comprehensive independent review of veterans' benefits and services.

The foundation of Veterans Affairs Canada (VAC) programs and services that provide care and support to ill and injured veterans and their families is still based on programs established to meet the needs of aging World War II and Korean War veterans. As of 2021, they represented just over 6,000 of VAC's more than 135,000 clients. The demographics have drastically changed.

Decades of patchwork legislation and bandage solutions have left modern veterans to navigate a complex maze of benefit frameworks that often fail to meet their needs. For example, veterans with similar injuries are compensated differently based on where and when they served. The current system has also led to a lack of equitable outcomes for veteran subpopulations (women and gender-diverse people, 2SLGBTQ+ people, racialized people, Indigenous Peoples, francophones, etc.) and it has failed to address the disproportionate number of homeless veterans.

This chapter lays out the AFB's plan to address these issues and move forward with a renewed, clear vision for creating positive outcomes for Canada's veterans and their loved ones.

Overview

Holding an inquiry into programs and services

Since the implementation of the New Veterans Charter in 2006, there have been dozens of legislative changes, new benefits, and "enhancements" to programs and services for veterans. Several new layers of regulations, policies, and eligibility criteria have led to duplication, complexity, confusion, frustration, and feelings of institutional betrayal. In a 2020 report,[1] the veterans ombudsman called for a national conversation to identify a clear vision and clear outcomes for Canada's veterans and their families.

It is time for an independent inquiry for accountability by VAC to veterans. This will ensure that the needs of ill and injured veterans, their families, and the larger, diverse community of veterans are meaningfully met.

Adopting a needs-based approach to veterans' health and well-being

Canadians owe a duty of care to veterans and the current system is not meeting their needs. There are continued issues in transitioning to the civilian medical system and difficulty accessing medical professionals who are trained in caring for veterans. Integral to these care needs are physicians who are trained to deal with military sexual trauma, operational stress injuries, chronic pain, post-traumatic stress disorder, and moral injuries, among others.

The 2024 budget included $9.3 million over five years to fund telemedicine for veterans. While telemedicine can meet the needs of some veterans, for many it is ineffective. In a study of telehealth experiences of Canadian veterans,[2] some of the participants reported that it was impractical, particularly when physical testing or examination was required. Treatment via telemedicine is less effective for substance use problems, chronic pain, women's health, and other issues. Veterans felt rushed, were concerned about limited privacy in their homes, had difficulty concentrating, had to deal with long wait times, found only limited accommodations for hearing and visual impairments, and experienced miscommunications that led to errors.

VAC should implement an approach that provides physicians with the tools and financial resources they require to provide in-person care.

Reducing backlogs by investing in VAC staff

The issues identified so far are compounded by a perpetual unwillingness to properly fund staffing to address backlogs, wait times, and overburdened case manager workloads. As a result, while some progress has been made in the last few years, VAC still does not meet most of its service targets, with decisions often taking significantly longer than anticipated. For example, only 31 per cent of veterans waiting for a review on a previous decision on the disability benefits program had their hearing ready 21 weeks from their first contact with the Bureau of Pension Advocates.[3] At the same time, the ratio of veterans to case managers has reached 31:1 and some case managers have as many as 50 veterans in their caseloads.

Investments in staff resources must be made to ensure that issues are dealt with in a reasonable amount of time.

Relying less on privatization to improve the rehabilitation program

In 2021, VAC issued a contract valued at $560 million over an initial five-and-a-half-year term to Partners in Canadian Rehabilitation Services (PCVRS), a private venture between Lifemark Health Group (owned by Loblaw Companies Limited) and WCG International, to administer VAC's rehabilitation program (previously administered by Medavie Blue Cross). The Union of Veterans' Affairs Employees (UVAE) condemned the lack of consultation and information, and expressed concerns that the contract would not provide quality services to veterans.[4] The union also calculated that the contract would cost 25 per cent more than it would to provide the same services by the public service.

Veterans have also been critical of the decision. One veteran told the *Ottawa Citizen* that privatization has led to traumatizing experiences: "I was treated not so much like a veteran or a client, but more as someone to get in, get paid and then push out the door."[5] Providers released an open letter laying out numerous red flags about the arrangement, including Lifemark's failure to consider the complex nature of the client population and failures to mention trauma or post-trauma stress disorder in documents sent to practitioners.[6]

A Standing Committee on Veterans Affairs study[7] outlined several issues with the new rehabilitation program: a risk of disengagement on the part of professionals with long experience working with veterans; a lack of oversight (PCVRS is responsible for its own performance evaluation); and lack of information provided to case managers, veterans, and providers.

In short, this contract is providing lower-quality service than an experienced public service could provide, and at a higher cost.

Ensuring equity for women veterans

On June 12, 2024, the Standing Committee on Veterans Affairs released the report, *Invisible No More. The Experiences of Canadian Women Veterans*. The report included 42 recommendations[8] focusing on areas that will make a significant impact on outcomes for women[9] veterans, including research, addressing specific medical and health needs, recognition and commemoration, and removing barriers to services and support.

There is a tendency in military and veteran systems, including in health care, to not see gender. The consequences of this are systemic biases, research gaps, and increased rates of injury and illness resulting in unnecessarily high rates of medical releases for women (potentially as many as 47 per cent of women's releases from the military are medical[10]). This gender invisibility also creates barriers in women veterans' access to VAC benefits and programs.

A consistent and transparent application of Sex and Gender Equity in Research (SAGER), Sex and Gender-based Analysis (SGBA), and Gender-Based Analysis Plus (GBA+) lenses within VAC is imperative to fully analyze and assess the impacts of its programs on gender and diversity, and to ensure equitable outcomes and change.[11]

The specific impacts of military service on the physical and mental health and well-being of women veterans must be acknowledged and addressed within the Canadian Armed Forces and through compensation and support services from VAC. For instance, VAC has committed to updating its tools and guidelines for assessing disability benefits and to applying a GBA+ lens. While some work is being done, the implementation of this initiative is still "pending."

Addressing veterans' homelessness

Veterans are two to three times more likely to experience homelessness than the general population, with the estimated number of unhoused veterans in Canada being somewhere between 2,400 to more than 10,000.[12] A study from the Max Bell School of Public Policy at McGill University found that while Infrastructure Canada's Veteran Homelessness Program was a step in the right direction, there were notable gaps. The study found that there was too much shouldering of responsibility onto veteran serving organizations (VSOs), which already face capacity constraints, and an unclear prioritization of funding, lack of focus on prevention, and insufficient investment in solutions to data challenges.

Women veterans are particularly affected—they represent 30 per cent of veterans experiencing homelessness and their experiences of homelessness also differ from those of men. For example, women are more likely to have dependents, to have experienced intimate partner violence, and to have experienced military sexual trauma (MST). In fact, women veterans who have experienced MST are 4.4 times more likely to be homeless. The services currently available from VAC and homeless shelters cater to single men and do not meet the needs of women and gender-diverse individuals.

Investments in staff and administration as well as investments directly to veterans must be made to address these gaps. Those investments must take into consideration gender-specific factors.

Actions

The AFB will create an in-depth, comprehensive, and independent inquiry to ensure that all veterans and their families receive the care, benefits, and support they need, when and where they need it. This inquiry will culminate in a report that includes tangible and measurable recommendations.

The AFB will adopt a preventive approach to service delivery, instead of a reactive one, by registering all (more than 330,000) unregistered veterans, using new funding of $2 million a year. VAC has taken a limited approach to service delivery that focuses on those who actively seek out their services. Registering all veterans with VAC would enable a better understanding of the veteran population and facilitate the design of targeted benefits.[13]

The AFB will provide funds for occupational medicine (particularly for veterans without a family doctor), and offer physicians training on military sexual trauma, operational stress injuries, chronic pain, post-traumatic stress disorder, substance use, VAC documentation, etc.

The AFB will fund mandatory in-person, in-depth training sessions on trauma- and violence-informed best practices for all VAC personnel.

The AFB will not renew the private contract with Partners in Canadian Rehabilitation Services. It will move the administration of the Veterans Affairs Rehabilitation Program to the public service.

The AFB will increase funding for more indeterminate staff and case managers.

The AFB will provide funding to consolidate and enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs (including programming to target risk factors for homelessness). Funding will be used to increase the number of case managers, enable data collection on risk factors, and provide pre-release counselling along with a transition curriculum that includes career transition services, community reintegration, and mental health literacy.

The AFB will fund and implement a structured, long-term research program on servicewomen and women veterans, as well as women-specific research that is multi-departmental and includes the RCMP, CAF, and VAC.

The AFB will expedite the update of the Entitlement Eligibility Guidelines and the Table of Disabilities regarding medical conditions that affect women, and apply a transparent SAGER, SGBA, and GBA+ process to remove gender biases.

The AFB will onboard veteran-serving organizations onto homeless management information systems to better capture data on veterans experiencing homelessness and provide them services.

The AFB will establish a housing certificate program that will provide individualized rent supplements to veterans experiencing homelessness.

The AFB will direct the Canada Mortgage and Housing Corporation to develop veteran-specific streams of National Housing Strategy funds for housing projects and to provide capital through low-interest and forgivable loans (see the Affordable Housing and Homelessness chapter). This will include women-specific housing that includes support for dependants.

Table 25.1 / AFB actions on veterans

All figures in $M

	2025-26	2026-27	2027-28
Fund an independent inquiry to ensure that all veterans receive the support they need	$5	$5	
Register all (over 330,000) unregistered veterans	$2	$2	$2
Provide physician training on veterans specific issues	$5	$5	
Provide in-depth training on trauma- and violence-informed practices for Veterans Affairs Canada (VAC) personnel	$13	$13	
Move the Partners in Canadian Veterans Rehabilitation Services (PCVRS) program in house	-$25	-$25	-$25
Hire more case managers and staff to clear backlogs		$45	$45
Enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs	$59	$60	$61
Implement a long-term research program regarding service women and women veterans	$5	$5	$5
Onboard veteran-serving organizations onto Homeless Management Information Systems (HMIS) to better capture data on veterans experiencing homelessness	$3		
Provide individualized rent supplements to veterans experiencing homelessness	$152	$156	$159

Notes

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Taxation

Introduction

Taxes are meant to help spread the benefits of economic prosperity more fairly, but Canada's tax system has become less progressive over time. Those who collect the top one per cent of income in Canada see 23.6 per cent of their income going to taxes, while the average earner has a tax burden of 36.7 per cent.[1]

Canada's tax system is not fair. Since 2021, Canadian corporations have raked in record levels of profits—about twice the profit levels experienced in the decade before the pandemic.[2] The gains in corporate profits stand in stark contrast to Canada's rising rate of poverty post-pandemic,[3] and amidst continued concerns that an affordability crisis is hitting middle- and low-income earners. Recent high inflation was partially fuelled by corporate price increases, which padded profit margins[4] to funnel more money to Canada's wealthiest individuals. In 2021, for example, this led to increasing inequality and the top one per cent taking more than 10 per cent of total income.[5]

The Canadian one percenters who benefit most from this unequal system are predominantly men: 73.9 per cent collecting the top one per cent and 84.8 per cent collecting the top 0.01 per cent of income in Canada in 2021 were men.[6] Meanwhile, many racialized groups are overrepresented at the bottom of the income distribution.[7]

As inequality continues to rise, there is an urgent need for public investment in just transitions and affordable housing. The richest Canadians and large corporations can contribute more to serve the public good and address these crises. The AFB would implement new tax measures that target the wealthiest individuals and largest corporations to redistribute wealth, promote gender and racial equality, mitigate corporate power, and support these urgent public investments.

Overview

Reducing inequality

The COVID-19 pandemic highlighted vast injustices in the Canadian economy. While low-income Canadians were laid off and faced a rising cost of living, the assets of the wealthiest Canadians exploded in value. From the start of the pandemic through to June 2024, the 20 wealthiest Canadians saw their wealth increase by 51 per cent ($72.8 billion).[8]

In these troubling times, large corporations were able to receive government subsidies, such as the Canada Emergency Wage Subsidy, while laying off workers and increasing prices. This led to higher profits, huge executive bonuses and dividends, and drastic increases to shareholder wealth.

The AFB would implement tax changes to ensure wealth that is socially created is socially distributed, and to discourage increased corporate consolidation.

Corporate transparency and tax compliance

Corporations can currently take advantage of a wide range of loopholes, credits, and deductions to avoid taxes. Many of these instruments were put in place to incentivize investment, but their continued expansion has failed to achieve this goal.[9]

Although the General Anti-Avoidance Rule has been strengthened, it is still weak, and there are still many loopholes that need closing. While Canada has made progress on international tax evasion through the *Global Minimum Tax Act* (part of the OECD/G20 domestic tax base erosion and profit shifting project), that framework has been significantly eroded since its initial proposal.

The AFB would close loopholes in the global minimum tax framework and shift focus at the international level to the United Nations Convention on International Tax Cooperation. This process has the potential to be more democratic and inclusive than the OECD/G20 process. The Canada Revenue Agency must also be adequately funded so that it is able to effectively audit large corporations and recommend policy changes to address new tax planning strategies.

Combatting the climate crisis

After a record-setting wildfire season in 2023, addressing the climate crisis has never been more urgent (see the Environment and Climate change chapter).[10] Canada needs to urgently invest in clean energy and technology while winding down fossil fuel production. However, the fossil fuel sector currently pays a lower price on carbon emissions than Canadians and other sectors. It also benefits disproportionately from several tax exemptions, deductions, and credits. For example, among non-financial industries in 2022, the fossil fuel sector saw 3.4 per cent of depreciation but 21.2 per cent of excess capital cost allowances.[11] At the same time, emissions in the sector are still higher than they were in 2005.

The AFB would end all subsidies that disproportionately benefit the fossil fuel sector and ensure any future tax credits are tied to strict conditions around labour standards and emissions reduction.

Housing is a human right

Canada's housing stock is increasingly being purchased not by people looking for a place to live but by investors. These include financialized corporations, such as real estate investment trusts (REITs), but also well-off individuals purchasing investment homes.[12] About a quarter of residential properties in Ontario and British Columbia are owned by investors.[13] This extra demand has contributed to inflating housing prices, rising rents, and people being unable to afford their homes. Rates of unsheltered homelessness increased by 88 per cent from 2018 to the pandemic years of 2020-22.[14]

The AFB would end the tax favourability of REITs and discourage speculating on properties without living in them (see the Affordable housing and homelessness chapter).

Actions

The AFB will tax extreme wealth. Since wealth tends to grow faster than the economy,[15] wealth and power can become more concentrated in the hands of a few. Currently, the 20 richest Canadians have over $214 billion in wealth, equivalent to over 10 per cent of Canada's GDP.[16] This level of wealth concentration tends to give individuals outsized influence. A progressive tax on net wealth over $10 million would redistribute wealth and power, while raising over $32 billion in its first year.[17] The AFB would implement a wealth tax of one per cent on net wealth over $10 million, two per cent on net wealth over $50 million, and three per cent on net wealth over $100 million. These would be combined with steep exit taxes to prevent the wealthiest from avoiding tax by leaving the country. Note that 99.5 per cent of Canadians would not be affected by this tax.

The AFB will make the corporate income tax system more progressive. The federal corporate income tax rate was cut from 22 per cent to 15 per cent between 2007 and 2012, with the promise to "support investment, job creation and growth."[18] Despite these cuts, business investment in 2023 was lower than it was in 2012.[19] Corporate income tax cuts could have been used to increase investment and productivity but were actually used to increase shareholder wealth without spurring investment.[20] Corporate consolidation has also increased firms' price-setting power, one of the driving factors of the recent bout of inflation. The AFB proposes an increase in the general corporate tax rate to 20 per cent and a new extreme profits tax of five per cent on taxable income over $100 million, on a consolidated basis. This would replace the existing surtax on banks and insurers, using the same threshold and making the top marginal tax rate 25 per cent for corporations in any sector. These changes would raise $22 billion in revenue annually and act as an anti-trust measure.[21]

The AFB will implement a minimum tax on book profits (these are profits that corporations report to their shareholders that are typically larger than taxable profits because of a wide range of tax avoidance and evasion strategies). A book profits tax of 21 per cent on companies with profits of more than $1 billion would bring in over $5.1 billion in revenue per year.

The AFB will strengthen the minimum tax on foreign profits. The government has passed the *Global Minimum Tax Act* (GMTA) in line with the OECD Pillar Two plan to address tax avoidance by transnational companies.[22] However, the OECD plan has been seriously weakened by corporate lobbying and is now insufficient to address the problem.[23] The 15 per cent rate is too low and loopholes for refundable tax credits and real economic activity allow the effective minimum tax rate to fall even lower. The carve out for real economic activity encourages multinational enterprises to shift production to low-tax jurisdictions. Canada should champion an increase in the minimum tax to 21 per cent and close these loopholes. Given the shortcomings of the OECD process, Canada should advocate for these changes through the developing United Nations Framework on International Taxation.[24] Net of revenue already being collected through the GMTA and the Digital Services Tax, the EU Tax

Observatory estimates that a strengthened global corporate minimum tax could generate $15 billion per year in Canada.[25]

The AFB will close the capital gains tax loophole. Budget 2024 increased the inclusion rate on capital gains from 50 per cent to 66.7 per cent for corporations, trusts, and individuals with over $250,000 in capital gains. This is a much-needed step in the right direction but still allows investors to pay less tax on their income than workers. This loophole disproportionately benefits the wealthiest: over half of capital gains accrue to those with the highest one per cent of income.[26] The AFB would treat capital gains like workers' income by assigning a 100 per cent inclusion rate for both. However, the capital purchase price would be adjusted for inflation.[27] This measure would discourage short-term trading on stocks, which account for most taxable capital gains.

The AFB will cap corporate pay deductions at $1 million in total compensation for every employee. Currently, corporations can deduct all executive pay from their taxable income, no matter how high it is. This incentivizes paying executives exorbitant amounts that are deducted from taxable corporate income. In 2022, the average salary of the top 100 CEOs in Canada hit a record new high of $14.9 million, 246 times the pay of the average worker.[28]

The AFB will limit the dividend tax credit to prevent shareholders from receiving credit for taxes that corporations did not pay. This credit was intended to prevent "double taxation," but as corporations rarely pay the full statutory tax rate,[29] it overcompensates wealthy dividend recipients. Limiting this credit to actual corporate income taxes paid could raise $1 billion per year.

The AFB will limit loss carryovers to 10 years. Corporations can carry losses forward or backward to reduce their tax payable in profitable years. This applies to both capital and non-capital losses and costs the government about $14 billion per year.[30] Currently, losses can be carried forward indefinitely, although this was not always the case. The AFB will return to a carry-forward period that is limited to 10 years for corporate capital and non-capital losses. Corporations will no longer be able to use losses from decades ago to reduce their current income tax payable to zero. This was federal policy for non-capital losses prior to 2006. Returning to it could raise $1 billion in the first year.

The AFB will end tax agreements with known tax havens to disrupt international tax avoidance schemes. Canada has numerous tax agreements with countries that are known to facilitate tax avoidance, costing the Canadian public billions of dollars per year.[31] These agreements primarily benefit large corporations and wealthy elites who can exploit the low tax rates and extreme secrecy these jurisdictions offer. Ending these agreements is supported by 92 per cent of Canadians.[32]

The AFB will provide the Canada Revenue Agency (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 labour force implications resulting from recent regulatory changes. In December 2023, the CRA released its final policy guidelines on making grants to non-qualified donees. This new regulatory regime provides access to philanthropic dollars for grassroots groups that had previously been structurally excluded from the sector. This was 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, the newly revised CRA Charities Directorate's T3010 Form points to some troubling possibilities. It makes clear the ability for charities to provide funding to for-profit organizations 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. 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 from a labour standpoint. It is critical to invest in additional CRA staff to provide proactive support to charities and would-be grantees to help them navigate these new regulations, reducing the possibilities of abuse or unintended harms. 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 this regard.

The AFB will implement a one-time windfall profits tax on the oil and gas sector. More than 96 per cent of the dollars from increased oil and gas prices during the pandemic went to higher profits rather than to increasing workers' wages.[33] These profits were not due to new innovations in oil and gas extraction and production. They were due to changes in commodity prices brought on by global forces, as well as collusion.[34] The oil and gas sector has benefited from billions of dollars in tax credits and public subsidies and should return some of these windfall profits to the public purse to help fund a just transition. Applying a 15 per cent tax to taxable income over $1 billion in the oil and gas sector in 2022 (like the Canada Recovery Dividend that was applied to the banking sector) could raise more than $4 billion.[35]

The AFB will eliminate loopholes in the carbon emission pricing system. Under the current large-emitter pricing system, the oil and gas sector pays significantly lower taxes on carbon than average Canadians,[36] despite producing 31 per cent of Canada's emissions.[37] This amounts to a big subsidy to oil and gas, an industry that experienced one of the largest increases in profits during the pandemic[38] and which has yet to significantly reduce its emissions.[39] To be effective, carbon pricing must be applied to all emissions. To keep Canadian industry competitive with countries who do not price emissions, Canada can impose carbon tariffs on imports from those countries and rebates on Canadian exports to those countries. This could raise approximately $3 billion annually.

The AFB will strengthen labour and community benefit conditions for climate tax credits. Tax credits like clean technology and carbon capture provide higher credits for companies that pay sufficient wages. This incentive should be turned into a requirement, and its labour standards should be broader. Public money should be funding a just transition, not supporting profiteering from bad jobs (see the Just transitions chapter). The government should also expand the jobs covered by the labour requirement to include people who are under-represented in the labour market.[40] Access to these credits should be conditional on establishing community benefit agreements to ensure that new investments meet the needs of local communities (see the Infrastructure and cities chapter).

The AFB will eliminate all subsidies for the fossil fuel sector. The current framework for eliminating "inefficient" fossil fuel subsidies has many loopholes and does not make clear which specific subsidies will be ended.[41] In addition to subsidies that specifically target the fossil fuel sector, subsidies like the capital cost allowance disproportionately benefit capital-intensive sectors like fossil fuels.[42] According to the International Institute for Sustainable Development and the OECD, Canadian subsidies to the fossil fuel sector increased in 2022 to $4.4 billion.[43] Federal subsidies that can be readily eliminated amount to $1.8 billion a year.[44]

The AFB will fund the Canada Revenue Agency (CRA) to crack down on tax avoidance by the wealthy. The Parliamentary Budget Officer estimates a payback of four to five dollars for every extra dollar invested in business compliance.[45] Increasing the CRA's budget would allow it to investigate the complex international schemes devised for corporations and wealthy tax avoiders. The AFB will invest an extra $2 billion over three years in the agency. It will also cancel all remaining Canada Emergency Response Benefit debts for low-income recipients and redistribute these resources to address tax avoidance by corporations and the wealthy.[46]

The AFB will require public, country-by-country reporting of corporate financial information. The federal government has made progress on financial transparency by establishing a beneficial ownership registry.[47] This will help reduce money laundering, tax dodging, and other financial crimes.[48] The next step is to publicly disclose country-by-country financial information of large transnational corporations. This will help tax authorities around the world to ensure transnational corporate tax compliance.

The AFB will implement automatic tax filing. People with low income generally benefit the most from filing their tax returns, but they are the least likely to file them.[49] Filing taxes can be costly and time-consuming, which can prevent people from accessing benefits they need. The federal government failed to deliver on its 2023 promise to pilot a new automatic tax filing program and pushed it to summer 2024.[50] Many countries around the world already have automatic tax filing programs for people with lower income. Canada must follow their lead and implement it as soon as possible, which could deliver an additional $1.6 billion in benefits to Canadians each year.[51]

The AFB will close the REIT tax loophole. Since 1996, real estate investment trusts (REITs) have gained control over 200,000 purpose-built rental units.[52] These trusts are not subject to corporate income tax, incentivizing real estate investment. REITs are more likely to acquire existing stock than to build new housing stock that could help address the housing affordability crisis. There is no reason to continue to allow REITs to receive favourable tax treatment. Eliminating this loophole would bring in more than $55 million per year in net revenue (see the Affordable housing chapter).

The AFB will extend the underused housing tax to apply to Canadian owners of housing—not just foreign nationals. The underused housing tax discourages housing speculation by imposing a one per cent tax on properties left vacant, but it currently only applies to foreign owners. Jurisdictions like Vancouver have implemented similar taxes that apply to all residents and have seen significant reductions in vacant housing.[53,54] Housing should be a human right, not an investment asset. Extending the tax to all owners would raise an additional $167 million per year.

The AFB will eliminate the First Home Savings Account**.** Eliminating this ill-advised measure would save the federal government $595 million[55] (for more details on this and other tax measures related to housing, see the Affordable housing and homelessness chapter).

Table 26.1 / AFB actions on taxation

All figures in $M

	2025-26	2026-27	2027-28
Wealth tax (net of the million dollar windfall home tax)	-$28,822	-$29,968	-$31,194
Increase corporate income taxes from 15% to 20% and add a 5% surtax on excess profits	-$22,220	-$23,153	-$24,126
Minimum tax on book profits	-$5,160	-$5,377	-$5,603
Minimum tax on foreign profits	-$15,000	-$15,630	-$16,286
Fully count capital gains as income, with an offset for inflation	-$2,485	-$276	-$2,698
Limit corporate deductibility for executives making over $1 million	-$200	-$200	-$200
Limit the dividend tax credit to actual corporate taxes paid	-$1,000	-$1,042	-$1,086
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	$25
Fund one-time windfall profits tax on oil and gas sector (spread over four years)	-$1,000	-$1,000	-$1,000
Apply carbon tax to large emitters and implement carbon border tax	-$3,000	-$3,000	-$3,000
Eliminate subsidies for oil and gas, and create enforceable conditions for climate tax credits	-$1,834	-$1,834	-$1,834
Invest in CRA investigations, auditing, and enforcement	$667	$667	$667
Revenue from increased investigations	-$2,667	-$2,667	-$2,667
Introduce automatic tax filing	$100	$10	$10
Extend underused housing tax to residents	-$167	-$176	-$189

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Macroeconomic and fiscal framework

Deficit and surpluses: two sides of the same coin

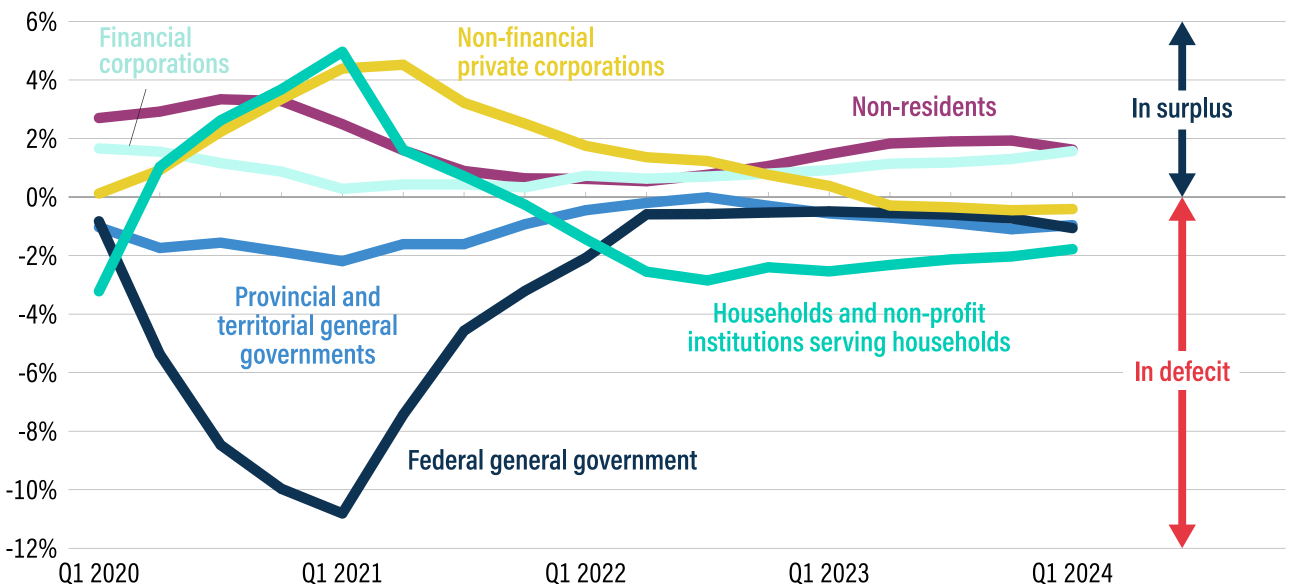
The 2024 federal budget signalled a return to normalcy after years of crisis, with inflation decreasing rapidly but hindered by high interest rates. After several years of high spending to mitigate the economic impacts of COVID-19, federal deficits have significantly declined. This period of increased expenditure protected various sectors, including other levels of government, households, and the corporate sector, laying the groundwork for robust corporate profits.

Traditionally, deficits are perceived as negative and surpluses as positive; however, deficits are merely accounting terms without intrinsic moral value. According to the “financial flows” approach, a deficit in one part of the economy corresponds to an equal and opposite surplus in another. The economy comprises six major sectors. Any deficit in one sector is balanced by an equal surplus elsewhere. This perspective highlights that deficits and surpluses are two sides of the same coin; you cannot have one without the other.[1]

Critically, a federal deficit creates a surplus elsewhere, highlighting the relational nature of fiscal balances. Simply giving $5 creates a deficit for me and a surplus for you. It’s also worth noting that deficits happen in other sectors, not just for governments. Households, for instance, are usually in a larger deficit position than governments. The primary reason is that they buy houses using debt.

Figure 27.1 / Deficits and surpluses by sector

Values represent % of GDP for previous four quarters. All sector balances sum to zero.



Note Non-financial government entreprises, social security funds, local general government, and aboriginal governments excluded as they tend to have small flows

Source 36-10-0578-01, 36-10-0103-01 and author's calculations

Without an economy-wide view, we cannot properly understand federal deficits and their impact on the Canadian economy. Figure 27.1 presents not only the federal deficit but also the deficits and corresponding surpluses of all the major sectors of the Canadian economy.

During the pandemic, the federal government ran large deficits, as Figure 27.1 shows. Initially, those deficits created large surpluses in the household sector due to programs like Canada Emergency Response Benefit (CERB)—a rarity because the household sector is usually in deficit. As time went by, federal deficits created large corporate surpluses (i.e., profits) as federal support kept the corporate sector afloat during the pandemic, followed by an inflationary wave to record corporate profits after the re-opening.

The federal government supported the economy largely on its own as provincial deficits changed little over the pandemic and almost turned to surpluses in 2022.

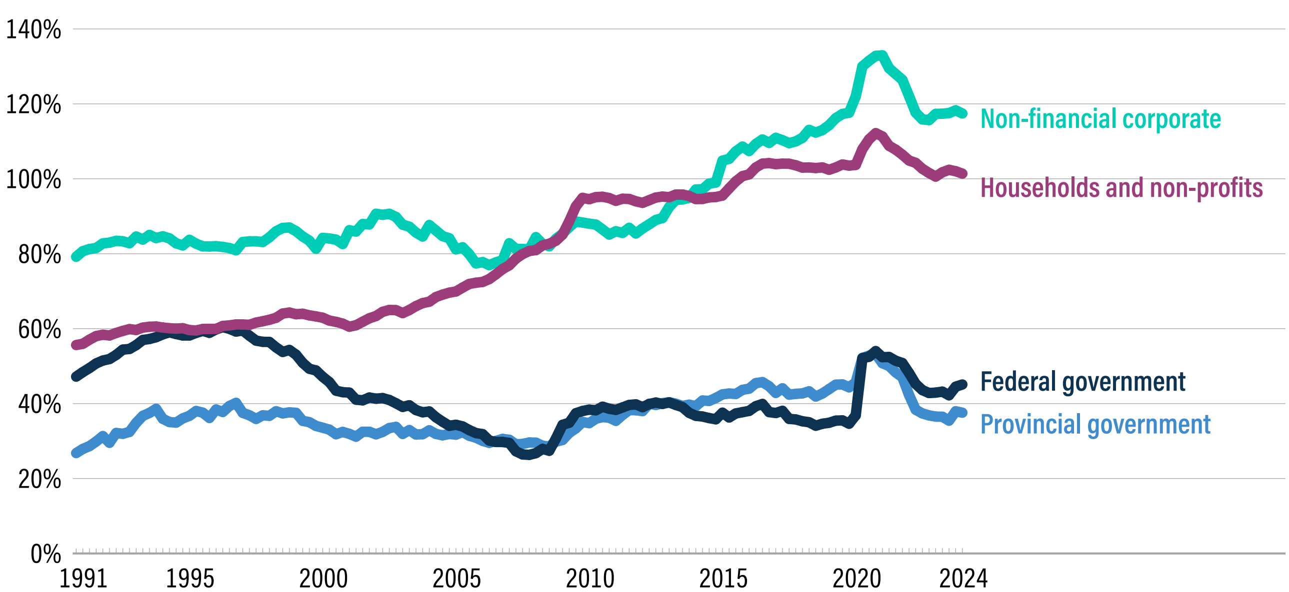
The situation in 2024 is closer to historic norms. That is, households are running large deficits by buying real estate. The massive corporate surpluses in the non-financial sector are normalizing to being roughly balanced. However, financial corporations are now in a strong surplus position and have been for the past two years, hoovering up deficits being run by other sectors (like households). Non-residents are also in a strong surplus position due to Canadians importing more than we export, although the surpluses that we're exporting to the outside world are lower than pre-pandemic.

Debt—including the rest of the economy

The federal deficit discussion is almost always accompanied by discussion of federal debt; specifically, if it's "sustainable". Just like deficits, we need to look at all major sectors in the economy, not just the federal government. This will allow us to properly understand how debt is being held throughout the economy.

Pre-pandemic, the provinces took on more debt than the feds, a historic reversal that started in 2005. New federal debt from pandemic deficits certainly pushed up federal debt to GDP for a year, but it made sense for the feds to run large deficits during the COVID-19 economic

Figure 27.2 / Debt to GDP by sector



Source Statistics Canada Table 36-10-0580-01, 36-10-0103-01 and author's calculations shutdowns. The provinces have less fiscal capacity to do so and households and the corporate sector wanted to save (i.e., run large surpluses).

Upon re-opening, rapid economic growth meant that the increased federal debt-to-GDP ratio was rapidly whittled back down. Importantly, provincial debt to GDP was down, post-pandemic, to levels not seen in a decade. In this way, debt was shifted as large federal pandemic deficits helped keep provincial debt lower.

Federal deficits during the pandemic also managed to keep household debt to GDP in check. If anyone is concerned about debt and its sustainability, they should be much more concerned about the over-leveraged household sector.

Inflation and its solutions

The pandemic, followed by rapid price increases, has been a harrowing time for Canadians. Hourly wages are rising again and by June 2024 we saw 17 months of average hourly wages rise faster than inflation, compared to the previous 23 months of inflation rising faster than hourly wages. While workers are slowly clawing their way back to the purchasing power they enjoyed in 2021, we do not expect prices to go back down.

As workers are clawing their way back to zero, the corporate sector has been enjoying historic profits throughout the inflationary period. Gross margins are still above 10 per cent in the first quarter of 2024 (most recent period with data). This is not quite as high as the 12.6 per cent margin experienced in the fourth quarter of 2021, but above 10 per cent margins remain historic highs compared to pre-pandemic.[2]

The level of disruption to the economy caused by inflation and corporate profits is doing real damage to workers and household budgets. This needs to be better managed next time.

Inflationary shocks are no longer something only experienced in the distant past. Canada must be better prepared for other price shocks that will be caused by climate change or geopolitical instability. These shocks can rapidly alter supply chains, creating temporary monopolies and increased coordination between firms to raise prices.[3]

EU countries regulated retail prices and implemented excess profits taxes as a reaction to skyrocketing energy prices.[4] Canadian politicians remain averse to such measures; the AFB will implement an excess profits tax on the oil and gas industry (see the Taxation chapter).

To better prepare for future price shocks, the AFB will create a commission to propose workable solutions to the next inflationary price shocks. The goal would be to not repeat our last experience of supply shocks getting converted into historic corporate profits at the expense of regular Canadians. To that end, the commission would:

- Identify the systemically important inputs into the Canadian economy to determine where future tracking and efforts should be focused.
- Explore the feasibility of implementing physical buffer stocks for systemically important inputs like energy and food, to help prepare for future supply chain shocks.
- Investigate a system of domestic price caps on systemically important inputs like energy prices, as an alternative to physical stockpiling. This could involve capping the price at which inputs can be sold into the domestic supply chain.
- Examine rapid implementation of excess profits taxes for companies making outsized profits due to temporary monopoly power.
- Look to policy approaches used in the EU, such as combining price caps and excess profits taxes, as potential models for how to manage supply chain and price shock disruptions.
- Consider logistical challenges, especially for products where Canada may be a net exporter, to ensure price caps don't inadvertently disrupt supply.

Supply and price shocks aren't best managed with interest rates; they are best managed at the source, where they first hit the economy in systemically important input prices.

Fiscal projections

As shown in Table 27.1, budget 2024 projects continued weak real GDP growth in 2025, at 0.7 per cent, with continued higher-than-normal inflation, with the GDP deflator at three per cent. This now appears pessimistic, based on more recent Bank of Canada projections of 2.1 per cent for 2025,[5] which may lift federal revenues and reduce the deficit in 2025-26. Nominal economic growth over the planning horizon to 2028 remains relatively low, at roughly four per cent.

Table 27.1 / Base case (Finance Canada)

Macroeconomic indicators	2025	2026	2027	2028
Nominal GDP (mil)	$2,998,000	$3,115,000	$3,246,000	$3,382,000
Real GDP growth	0.7%	1.9%	2.2%	2.1%
GDP inflation	3.0%	1.9%	2.0%	2.0%
Nominal GDP growth	3.8%	3.9%	4.2%	4.2%

Employment	2025	2026	2027	2028
Employed (000s)	20,446	20,732	21,089	21,430
Employment rate	61.3%	61.3%	61.5%	61.6%
Unemployed (000s)	1,375	1,394	1,346	1,319
Unemployment rate	6.3%	6.3%	6.0%	5.8%

Budgetary transactions (mil)	2024-25	2025-26	2026-27	2027-28
Revenues	$497,800	$514,600	$535,700	$561,400
Program spending	$483,600	$498,700	$509,500	$527,300
Debt service	$54,100	$54,900	$57,000	$60,900
Budget balance (surplus/deficit)	-$39,900	-$39,000	-$30,800	-$26,800
Closing debt (accumulated deficit)	$1,255,300	$1,294,300	$1,325,100	$1,351,900

Budgetary indicators as a percentage of GDP	2025	2026	2027	2028
Revenues/GDP	16.6%	16.5%	16.5%	16.6%
Program spending/GDP	16.1%	16.0%	15.7%	15.6%
Budgetary balance/GDP	-1.3%	-1.3%	-0.9%	-0.8%
Debt service/GDP	1.8%	1.8%	1.8%	1.8%
Debt/GDP	41.9%	41.6%	40.8%	40.0%

Source Federal budget 2024, Tables A1.1, A1.5 and author's calculations

In contrast to 2022, when unemployment was in the five per cent range, the base case projects continued higher unemployment for 2025 and 2026.

Federal government program spending to GDP is higher than it was in the late 1990s and 2000s, but lower than we saw in the 1970s and 1980s. Federal debt is higher than it was pre-pandemic, as discussed above, but not dramatically so, given strong growth following the re-opening. Federal debt servicing costs are actually low, historically speaking—similar to or lower than where they would have been found between the 1960s and 2010s.

Table 27.2 / AFB plan

Millions

	2024-25	2025-26	2026-27	2027-28
Nominal GDP	$2,998,000	$3,159,000	$3,300,000	$3,446,000
Nominal GDP growth	3.8%	5.4%	4.5%	4.4%
Revenues				
Base case	$497,800	$514,600	$535,700	$561,400
Net AFB revenue measures		$95,100	$99,400	$105,700
Additional tax revenue due to higher GDP		$7,300	$8,900	$10,700
Total	**$497,800**	**$617,000**	**$644,000**	**$677,800**
Program spending				
Base case	$483,600	$498,700	$509,500	$527,300
Net AFB program measures		$96,200	$110,900	$117,700
Total	**$483,600**	**$594,900**	**$620,400**	**$645,000**
Debt service	$54,100	$54,700	$56,900	$60,800
Budget balance (surplus/deficit)	-$39,900	-$32,600	-$33,300	-$28,000
Closing debt (accumulated deficit)	$1,255,300	$1,287,900	$1,321,200	$1,349,200
Budgetary indicators as a percentage of GDP				
Revenue/GDP	16.6%	19.5%	19.5%	19.7%
Program spending/GDP	16.1%	18.8%	18.8%	18.7%
Budgetary balance/GDP	-1.3%	-1.0%	-1.0%	-0.8%
Debt service/GDP	1.8%	1.7%	1.7%	1.8%
Debt/GDP	41.9%	40.8%	40.0%	39.2%

Source Federal budget 2024, Tables A1.1, A1.5 and author's calculations

The AFB plan is built on top of the latest update from Finance Canada, in this case budget 2024 from Table 27.1. All AFB measures are aggregated in Table 27.2. All AFB measures are also listed in Table 27.4 at the end of this chapter.

Net AFB measures are aggregated either in the revenues or program spending side, as appropriate. The multiplier impact on government revenues is calculated as part of the AFB addition to revenues. All AFB items are categorized into their appropriate Statistics Canada input-output multipliers, detail-level categories.[6] These multipliers are then used to calculate the net impact on nominal GDP, federal government revenues and jobs created.

Table 27.3 / AFB employment impact

En milliers

	2025	2026	2027	2028
AFB jobs created or maintained		899	961	1,058
Population	33,364	33,831	34,305	34,785
Participation rate	65.4%	68.0%	68.0%	68.0%
Labour force	21,820	23,005	23,327	23,654
Employed	20,446	21,631	22,050	22,488
Employment rate	61.3%	63.9%	64.3%	64.6%
Unemployed	1,375	1,375	1,277	1,165
Unemployment rate	6.3%	6.0%	5.5%	4.9%

Source Federal budget 2024, Tables A1.1, A1.5 and author's calculations

As a result of AFB measures, economic growth would substantially improve. Instead of seeing slow 3.9 per cent nominal GDP growth in 2026, the AFB strategically invests to improve that to well over five per cent. The AFB improves both revenues and program spending to GDP. In other words, the AFB provides substantial new programs for Canadians and finds the means to pay for them. The result is a similar deficit as the base case, at roughly one per cent of GDP. However, the AFB drives much stronger growth with its new investments. The result is a slightly lower debt-to-GDP ratio than the base case.

Table 27.3 illustrates the impact of the AFB on the labour market. The rising unemployment experienced in 2024 is not a fact of life, it's a policy choice. The AFB invests to drive both economic growth and employment growth by creating or maintaining a million new jobs or more. It reduces unemployment back down to the five per cent range by 2027, thereby employing new Canadians who arrived in record numbers in 2023 and 2024.

The AFB would keep the labour market tight to give workers real choice and real power in the workplace. We want to ensure that all those who want a job can have one. A tight labour market also drives productivity because it forces employers to invest in their workers. The business answer to productivity is to cut their taxes, with the promise they'll invest the proceeds in productivity, driving training and machinery. But we've already tried that in the early 2000s and they invested it in payouts to shareholders and executive compensation instead. This lack of investment in training, intellectual property and machinery and equipment has become a huge drag on productivity. A tight labour market forces employers to invest in workers or risk losing them.

The AFB and poverty[7]

The Income security and poverty chapter proposes several major new income support programs, which include: The Canada Liveable Income (CLI) for adults, the Canada Child Benefit end poverty supplement (CCB-EndPov) for low-income families with children, a much improved Canada Disability Benefit (CDB) and a 10 per cent improvement in the Guaranteed Income Supplement (GIS) for low-income seniors.

These changes have a measurable impact on poverty rates. Both Canada's official poverty rate, the Market Basket Measure (MBM), and the broader international standard of the After-Tax Low Income Measure (CF-LIM AT) fall as a result of the AFB income support.

The LIM AT poverty rates are higher to begin with, but the AFB decreases them by two percentage points, from 16.5 per cent to 14.8 per cent, lifting 651,000 people out of poverty. Using the LIM-AT, we can also examine the impact of the AFB on deep poverty, which is the proportion of people who are living 75 per cent or more below their respective poverty line.

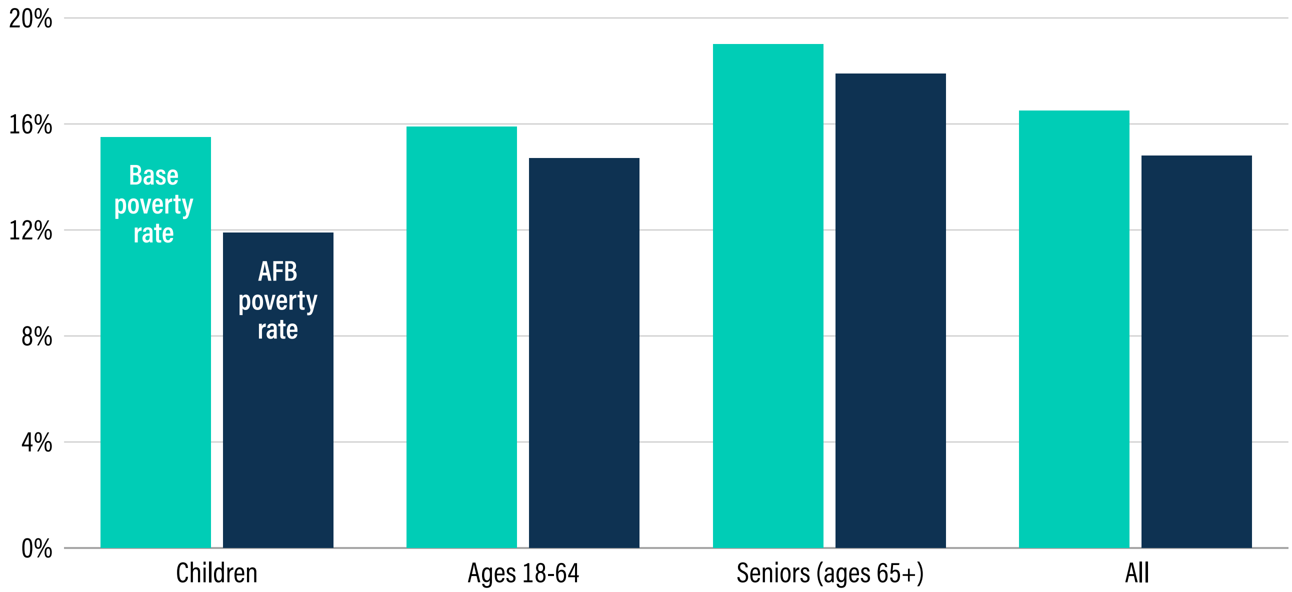
When it comes to deep poverty, we see a huge impact, with reductions of two thirds, or 645,000 people. The impact is deepest for adults aged 18 to 64 due to both the CLI and the much improved CDB. Families with children and seniors are almost all already out of the deepest poverty, even if they do live below the general poverty line, in large part because of the existing CCB and GIS/OAS income supports.

Using Canada's official poverty line, the MBM, the AFB poverty impact is larger, lifting 790,000 people out of poverty. The effect is largest for children where the poverty rate is almost halved, from 9.4 per cent to 5.1 per cent in a single year due to the CCB-End Pov supplement. Overall, the poverty rate falls from 9.4 per cent to 7.4 per cent in 2025.

To achieve the Poverty Reduction Strategy (PRS) goal of cutting poverty rates in half, from their 2015 value of 14.5 per cent,[8] would require a MBM rate of 7.25 per cent by 2030. With the projected stronger labour market, the AFB shows how we could achieve the 2030 PRS poverty reduction goal, but in 2025.

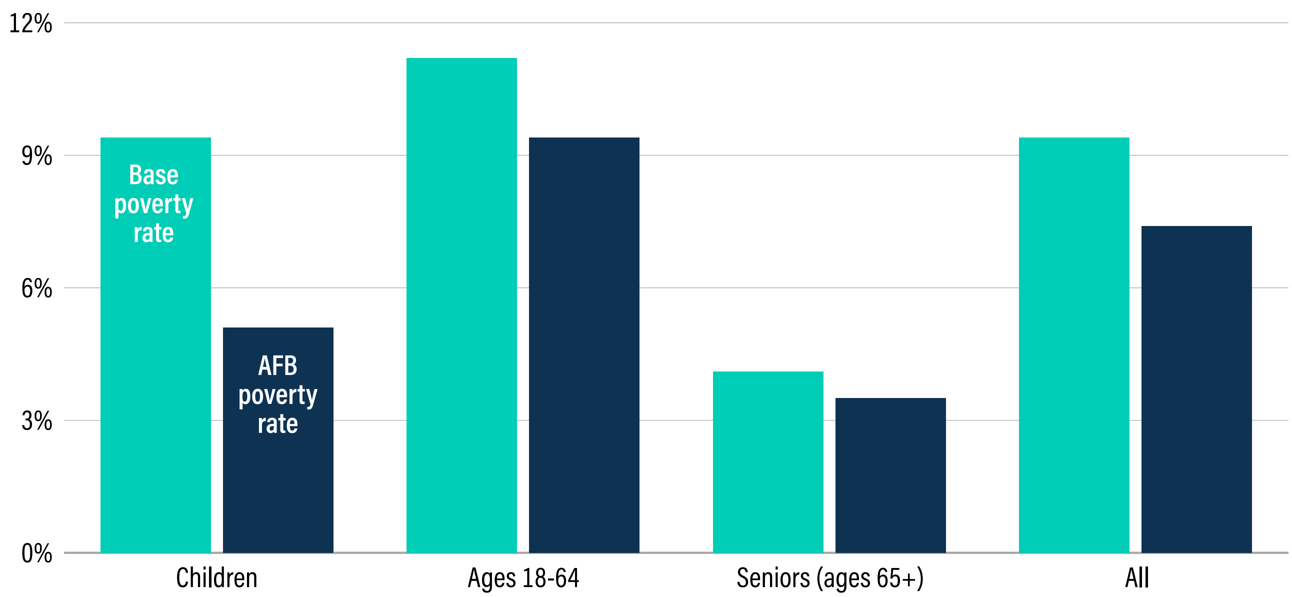
It's worth examining the family type of the 790,000 people the AFB would lift out of poverty (MBM). The largest impact, proportionally, is

Figure 27.3 / AFB impact on poverty rates based on the CF-LIM AT, 2025



Source SPSD/M and author's calculations

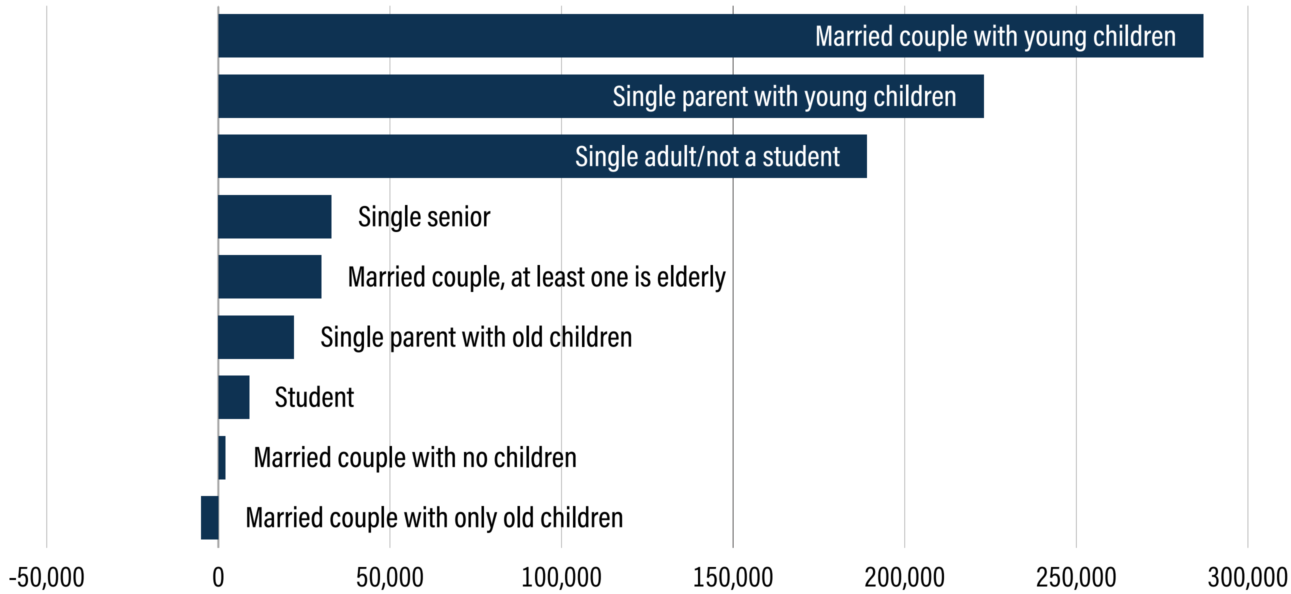
Figure 27.4 / AFB impact on poverty rates based on the MBM, 2025



Source SPSD/M and author's calculations

Figure 27.5 / Counts of people lifted out of poverty by the AFB

Based on the MBM, 2025



Source SPSD/M and author's calculations

on single-parent families. The AFB lifts 223,000 single parents and their children out of poverty as a result of the CCB end poverty supplement. This cuts their poverty rate from an appalling 24 per cent to 10 per cent due to the AFB measures.

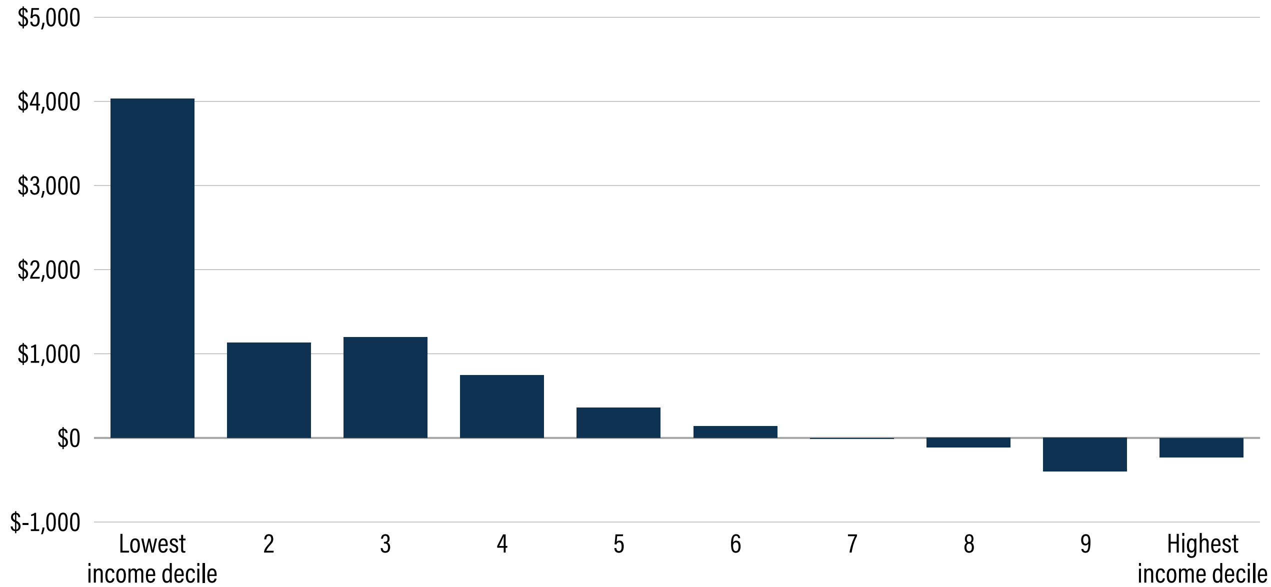
The largest raw impact is for couples with young children who live in poverty. Here, 287,000 parents and their children are lifted out of poverty by the CCB end poverty supplement. This is a much larger group than single parents, so the poverty rate impact for couples with young children is more muted, moving from 6.3 per cent to 4.2 per cent, due to AFB efforts.

The third largest category affected by the AFB is non-student adults who live alone. Here, 189,000 people are lifted above the poverty line, reducing the poverty rate, from 27 per cent to 23 per cent. This is due to a combination of the CDB for people with disabilities and the CLI for adults without disabilities.

The AFB has a minor impact on low-income seniors: 33,000 are lifted out of poverty due to the 10 per cent GIS improvement.

The AFB lifts almost 790,000 people out of poverty (MBM), but 5.5 million Canadians see a net benefit. In other words, most of the people

Figure 27.6 / Average change in family income by decile, 2025



Source SPSD/M and author's calculations

helped by the AFB income support measures were already above the poverty line, but not by much.

Figure 27.6 examines the average family benefit by deciles of family income. Families with the lowest income, who are making under $27,400 a year, see the largest average benefit from the AFB, with an average of just over $4,000 a family. However, families in the second and third deciles, who are making between $27,400 and $54,200, also see an average $1,000 gain per family. Even families making between $54,200 and $70,600 a year see an average benefit of $750 a year.

Above the fourth decile, the net benefit to family incomes tapers off with higher-income families making, on average, slightly less. For instance, families making over $178,000 a year see a faster phase out of the CCB, slightly reducing their already high income.

Conclusion

The AFB makes different choices. It leans on the federal government to provide much-needed services to Canadians. In doing so, it tightens the labour market and drives economic growth. The slightly larger deficit is offset by much higher economic growth, which reduces the relative size of Canada's debt. There are other ways of reducing Canada's federal debt than cutting programs and making the most vulnerable among us pay the price. The AFB shows that we can enjoy economic growth while also providing the services we all need.

The AFB's income transfer programs have a major impact on poverty, getting Canada to its poverty reduction goal of cutting poverty rates five years early: 5.5 million Canadians will benefit from the AFB improvements in social safety nets, even if they start slightly above the poverty line.

For a full list of the AFB programs see Table 27.4.

Notes

1 For the purposes of simplifying this analysis, several smaller sectors that don't change much are excluded and they include: local governments, aboriginal governments, social security funds and non-financial government enterprises.

2 Statistics Canada, *Table 33-10-0224-01 Quarterly balance sheet, income statement and selected financial ratios, by total all industries, non-seasonally adjusted*, May 25, 2024, https://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=3310022401&selectedNodeIds=3D74,3D95,3D104,3D107&checkedLevels=0D1,1D1&refPeriods=20100101,20241001&dimensionLayouts=layout2,layout2,layout2,layout3&vectorDisplay=false.

3 Isabella M Weber, Jesus Lara Jauregui, Lucas Teixeira, Luiza Nassif Pires, "Inflation in times of overlapping emergencies: Systemically significant prices from an input–output perspective", *Industrial and Corporate Change*, Volume 33, Issue 2, Pp. 297–341, April 2024, https://doi.org/10.1093/icc/dtad080

4 G. Sgaravatti,, S. Tagliapietra, C. Trasi and G. Zachmann, "National policies to shield consumers from rising energy prices", *Bruegel Datasets*, first published on November 4, 2021, https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices.

5 Bank of Canada, "Monetary Policy Report" July 2024, https://www.bankofcanada.ca/2024/07/mpr-2024-07-24/.

6 Statistics Canada, Table 36-10-0594-01 Input-output multipliers, detail level, 2020, https://doi.org/10.25318/3610059401-eng.

7 This section makes extensive use of the SPSD/M glass box. Each of the AFB income support measures was custom built in a glass box to obtain costing, poverty and beneficiary counts. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 30.1. 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 author's.

8 Statistics Canada, *Table 11-10-0135-01 Low income statistics by age, sex and economic family type*, https://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=1110013501&selectedNodeIds=2D1,3D6,4D2&checkedLevels=0D1&refPeriods=20150101,20220101&dimensionLayouts=layout2,layout2,layout3,layout2,layout2&vectorDisplay=false.

Table 27.4 / AFB actions

All figures in $M

	2025-26	2026-27	2027-28
Affordable housing and homelessness			
Purchase up to a third of eligible purpose-built rentals to reduce the debt financing cost—only interest cost of $10 billion a year included in this line	$320	$660	$990
Fund Homelessness Prevention and Housing Benefit	$3,400	$3,400	$3,400
Invest in Public Land Acquisition Fund—only interest cost of up to $10 billion a year included in this line	$64	$165	$330
Invest in Canada Rental Protection Fund	$1,500	$2,000	$500
Introduce a deferrable property surtax on million-dollar homes	-$3,178	-$3,632	-$4,086
Cancel the Tax-Free First Home Savings Account	-$595	-$725	-$855
Cancel REIT tax treatement	-$57	-$59	-$61
Agriculture			
Establish a Foodshed Lands Trust	$96	$198	$297
Convert 5% of uneconomical farmland to wildlife habitats	$11	$22	$34
Eliminate subsidies for sustainable aviation fuel	-$10	-$10	-$10
Increase annual core funding for regulatory bodies by 25%	$159	$156	$156
Mandatory independent, multi-site, multi-year efficacy testing for non-fertilizer supplement	$2	$2	$2
Support more local food production, processing, storage and distribution	$210	$210	$210
Establish the Canadian Farm Resilience Agency	$400	$400	$400
Funds already in the fiscal framework	-$400	-$400	-$400
Climate adaptation farm workers supports	$50	$50	$50
Horticulture infrastructure adaptation	$100	$100	
Arts and culture			
Expand the Canadian Film or Video Production Tax Credit to all arts sectors and boost the refund rate to 30%	$554	$554	$554
Increase funding to the the Canada Council of the Arts for inclusive program funding	$100	$100	$100
Artists liveable income tax credit	$37	$37	$37
Artists permitted to back-average income over four years for income tax	$5	$5	$5
Child care			
Early learning and child care workforce wage grids, pension and benefits plans	$3,000	$4,000	$2,000
Public child care expansion	$2,000	$3,000	$4,000

	2025-26	2026-27	2027-28
Decent work			
Enforce new misclassification regulations	$10	$10	$10
Make permanent the Labour Market Transfer boost	$625	$625	$625
Add permanent new gig-work questions to the Labour Force Survey	$2	$2	$2
Convene a roundtable on workplace privacy and AI	$5		
Employment Insurance			
Introduce the EI emergency response measures	$20	$20	$20
Lower benefit threshold to lesser of 360 hours or 12 weeks	$1,080	$1,029	$994
Introduce a 50-week maximum duration in all regions	$603	$574	$555
Allow parental and regular EI to be combined to a 104-week maximum	$15	$15	$15
Raise the standard benefit rate to 66-2/3%	$3,071	$2,924	$2,827
Implement an individual benefit floor of $450 weekly	$561	$534	$516
Raise the maximum insurable earnings to $94,000	-$6,740	-$6,881	-$7,019
Raise the maximum EI benefit to $994/week	$1,618	$1,541	$1,490
Substitute EI disqualification for 'invalid' job separation with three-week disentitlement period	$1,897	$1,807	$1,747
Adjust rule requiring seven consecutive days without pay or work	$10	$10	$10
Extend special EI to temporary foreign workers who pay into it	$36	$36	$36
Allow workers to keep first $100 in "working while on claim" amounts before clawbacks begin	$593	$564	$545
Discontinue allocation of separation payments to front end of EI claim	$835	$795	$769
Environment and climate change			
Decarbonize electricity generation and transmission	$4,000	$4,000	$4,000
Invest in smart grids and electricity demand management	$1,400	$1,400	$1,400
Fund no-cost energy efficiency retrofits for low-income households	$1,400	$1,400	$1,400
Fund renovations of multi-unit residential buildings	$400	$400	$400
Fund residential energy retrofits in Indigenous communities	$800	$800	$800
National Adaptation Strategy	$8,000	$8,000	$8,000
Nature conservation and biodiversity restoration	$2,000	$2,000	$2,000
Remediation of old fossil fuel sites, wells and tailings ponds	$1,000	$1,000	$1,000
First Nations			
Support First Nations to research their specific claims	$26	$26	$26
Support First Nations' engagement on specific claims policy reform	$5	$5	$5
Enhance additions-to-reserve funding	$18	$18	$18
Support all interested First Nations to participate in negotiation tables	$20	$20	
Develop alternatives to the comprehensive lands claims and inherent rights policies	$6	$6	$6

	2025-26	2026-27	2027-28
Enhance band support funding to meet basic, modern governance needs	$1,330	$1,330	$1,330
Fund all-season roads access operations and maintenance	$450	$710	$980
Build out Canada's all-season road network (new federal transfers)	$906	$1,426	$1,976
Fund housing operations and maintenance	$1,890	$2,450	$3,030
Fund housing: new federal social transfers	$3,564	$5,610	$7,779
Build out connectivity/internet connections (new federal transfers)	$163	$255	$352
Eliminate remaining long-term drinking water advisories	$95	$95	$95
Fund infrastructure operations and maintenance	$1,520	$2,400	$3,320
Fund infrastructure capital (new federal transfers)	$1,179	$1,857	$2,574

Food security			
Support non-profit and co-operative food retailers and public markets	$33	$33	$33
Mitigate corporate control of Northern and rural food chains	$17	$17	$17
Fund Indigenous Food Sovereignty Program	$50	$50	
Additional funding to the Local Food Infrastructure Fund	$33	$33	$33
Integrate Indigenous knowledge into food/land systems-related laws	$20	$20	$20
Fund Indigenous-led reconciliation, healing, and trust rebuilding	$10	$10	$10
Reform Nutrition North Canada into a food security vehicle	$100	$100	$100
Develop a Federal Black Food Sovereignty Plan (FBFSP)	$50	$50	
Enhance access to land for Black food sovereignty programs	$40	$40	$40
Invest in Local Food Infrastructure Fund - Black communities add-on	$33	$33	$33
Support Black-led research on food insecurity and food sovereignty	$10	$10	$10

Gender equality			
Strengthen the Employment Equity Act	$7	$7	$7
Fund operation of a Sectoral Table on the Care Economy	$10	$10	$10
Develop and implement a new federal Gender-Based Violence (GBV) strategy	$158	$158	$158
Renew the Women and Children's Shelter and Transitional Housing Initiative	$108	$108	$108
Stabilize operations at women's and children's shelters	$40	$40	$40
Create an implementation plan to accelerate the Missing and Murdered Indigenous Women and Girls calls to action	$5		
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
Make permanent the new National Sexual and Reproductive Health Survey	$15	$15	$15
Create a comprehensive sexuality education strategy	$4	$4	$4
Endow a Gender Justice Sustainability Fund	$500		

	2025-26	2026-27	2027-28
Health care			
More robust monitoring of violations of the Canada Health Act	$50	$50	$50
Hire 7,500 new family doctors, nurses and nurse practitioners	$250	$550	$1,000
Train 50,000 personal support workers	$250	$250	$0
Eliminate the Canadian Dental Care Plan income restriction in 2026	$363	$1,450	$1,479
Create the new Canada Mental Health Transfer	$2,000	$2,500	$3,500
Health equity			
Create a Quality of Life Commissioner	$8	$8	$8
Fund a citizens' assembly on equity-centred quality of life	$3	$3	$3
Fund a cross-ministerial committee on quality of life vision	$1	$1	$1
Fund new annual reporting on social to medical public expenditures	$2	$2	$2
Immigration			
Build and operate refugee claimants' reception centres in seven major cities	$70	$21	$21
Provide sustained funding for shelter and housing for claimants	$150	$150	$150
Establish an independent review of the immigration and refugee system	$3		
Clear the backlogs and speed processing at Immigration, Refugees and Citizenship Canada	$100	$100	$75
Re-open the intake period for the parent, grandparent sponsorship program	$20	$20	$20
Expand settlement services eligibility criteria to all temporary residents	$5	$5	$5
Incarceration			
Fund the Federal Framework to Reduce Recidivism	$100	$100	$100
Funds that are already in the fiscal framework (budget 2021, reforming Canada's pardons process)	-$20		
Implement a free and automatic spent record process	-$5	-$5	-$5
Assist people charged with criminal offences to move into health treatment and justice programming	$10	$10	$10
Funds that are already in the fiscal framework (budget 2024, more judges for faster access to justice)	-$10	-$10	-$10
Introduce rehabilitative addictions treatment aligned with the standards of community-based models	$14	$14	
Funds that are already in the fiscal framework (budget 2024, cracking down on auto theft)	-$14	-$14	
Support trauma-informed training to translate correctional positions into rehabilitative roles	$10	$10	$10
Develop viable alternatives to incarceration	$7	$7	$7
Develop and implement an efficient metric to consistently measure recidivism	$5	$5	$5

	2025-26	2026-27	2027-28
Fund partnerships with non-government organizations for alternatives to incarceration (Indigenous, post-release, halfway houses and upstream interventions)	$20	$20	$20
Funds that are already in the fiscal framework (supporting essential goods and services within federal correctional facilities, from budget 2023)	-$42	-$42	-$42
Conduct an evaluation of Canada's decarceration strategy	$2	$2	
Income security and poverty			
Create the new Canada Child Benefit End of Poverty Supplement	$5,585	$5,702	$5,816
Phase out CCB for richest households	-$1,323	-$1,351	-$1,378
Cancel the OAS boost of $875 a year for those aged 75 and older	-$2,883	-$2,944	-$3,002
Boost GIS by $875 starting at age 65	$2,738	$2,795	$2,851
Create the Canada Livable Income of $9,000 a year for those 18-64	$6,795	$6,938	$7,076
Replace the Canada Workers Benefit with the new Canada Liveable Income	-$4,569	-$4,664	-$4,758
Substantially improve the Canada Disability Benefit	$5,880	$6,004	$6,124
Funds that are already in the fiscal framework for the Canada Disability Benefit	-$854	-$1,184	-$1,285
Make permanent the Opportunities Fund for people with disabilities		$65	$65
Allow refugee children access to the Canada Child Benefit	$160	$163	$167
Expand the Community Volunteer Income Tax Program to provide free tax-filing assistance year-round	$6	$6	$6
Allow federal benefits to be distributed outside the tax system	$100	$100	$100
Infrastructure, cities and public transit			
Change the Canada Community-Building Fund growth rate to economic growth	$46	$99	$201
Abolish the Canada Infrastructure Bank (CIB)	-$13,852		
Transfer accumulated surplus from CIB to VIA Rail	$13,852		
Legislate and fund mandate for VIA Rail	$2,000	$2,040	$2,081
Fund National Electric Vehicle Charging Infrastructure Program	$800	$800	$800
Invest in a permanent Public Transit Fund (2025-35)	$4,709	$5,348	$5,826
Invest in Planned Public Transit Fund allocations		-$3,000	-$3,000
Invest in application-based programs: Rural transit solutions	$250	$250	$250
Invest in application-based programs: Active Transportation Fund	$500	$500	$500
International cooperation			
Increase Canada's International Assistance Envelope	$1,400	$2,800	$4,200
Enhance Canada's ability to work together between development, humanitarian, and peace and security divisions	$25	$25	
Facilitate coordination between government and civil society	$5	$5	$5
Fund climate adaptation	$424	$1,272	$1,272
Fund climate mitigation	$424	$1,272	$1,272
Fund climate loss and damage	$212	$636	$636

	2025-26	2026-27	2027-28
International trade			
Convene a broad civil society advisory group to help develop priorities for the 2026 mandatory review of CUSMA	$2		
Just transitions and industrial strategy			
Create a new federal Department of Economic Foresight and Strategic Transitions	$50	$50	$50
Create a Just Transition Benefit	$100	$100	$100
Fund the new Inclusive Workforce Development Program	$1,000	$1,000	$1,000
Post-secondary education			
Raise the Canada Student Grant level to $6,000 and lower the income thresholds	$3,752	$3,831	$3,907
Funds that are already in fiscal framewok for Canada Student Grant improvement	-$1,072		
Cancel student loans for graduates working in rural and remote communities	$40	$56	$73
Increase funding for post-secondary educaiton sent through the Canada Social Transfer	$3,000	$3,150	$3,308
Improve data collection	$50	$5	$5
Fund apprenticeship strategy	$300	$300	$300
Increase funding so at least 60 per cent of research proposals are funded	$1,734	$1,770	$1,806
Double funding for Post-Secondary Student Support Program (PSSSP)	$516	$516	$516
Funds that are already in the fiscal framework for PSSSP in budget 2024	-$81	-$82	
Public services			
Fund an inquiry into the Phoenix pay disaster	$3		
Racial equality			
Create an Anti-Racism Secretariat and national action plan to combat racism	$5	$100	$125
Create a Black Equity Commissioner position	$5	$50	$50
Regulation			
Better resource regulatory agencies	$347	$355	$362
Regulators paid from general revenues instead of cost recovery from industry	$832	$849	$866
Create a new federal AI agency	$10	$5	$5
Provide financial support for citizen engagement in regulatory processes	$10	$10	$10

	2025-26	2026-27	2027-28
Seniors' care			
Establish a national co-ordinating body to implement and enforce the new Safe Long-term Care Act	$25	$25	$25
Develop new unpaid caregiver supports arising from the National Caregivers' Strategy and Sectoral Table	$100	$100	$100
Convert the Canada Caregiver Credit to a refundable tax credit	$470	$480	$489
Fund additional hours of home care and new public long-term care spaces	$4,000	$4,000	$4,000
Provide $10 billion in interest-free loans to expand public and non-profit seniors care facility	$64	$132	$264
Fund personal support workers and home care wage top-ups	$500	$500	$500
Funds that are already in the fiscal framework, wage increases for personal support workers and related professions	-$340	-$340	-$340
Fund Health Workforce Canada recommendations	$50	$50	$50
Veterans			
Fund an independent inquiry to ensure that all veterans receive the support they need	$5	$5	
Register all (over 330,000) unregistered veterans	$2	$2	$2
Provide physician training on veterans specific issues	$5	$5	
Provide in-depth training on trauma- and violence-informed practices for Veterans Affairs Canada (VAC) personnel	$13	$13	
Move the Partners in Canadian Veterans Rehabilitation Services (PCVRS) program in house	-$25	-$25	-$25
Hire more case managers and staff to clear backlogs		$45	$45
Enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs	$59	$60	$61
Implement a long-term research program regarding service women and women veterans	$5	$5	$5
Onboard veteran-serving organizations onto Homeless Management Information Systems (HMIS) to better capture data on veterans experiencing homelessness	$3		
Provide individualized rent supplements to veterans experiencing homelessness	$152	$156	$159
Taxation			
Wealth tax (net of the million dollar windfall home tax)	-$28,822	-$29,968	-$31,194
Increase corporate income taxes from 15% to 20% and add a 5% surtax on excess profits	-$22,220	-$23,153	-$24,126
Minimum tax on book profits	-$5,160	-$5,377	-$5,603
Minimum tax on foreign profits	-$15,000	-$15,630	-$16,286
Fully count capital gains as income, with an offset for inflation	-$2,485	-$276	-$2,698
Limit corporate deductibility for executives making over $1 million	-$200	-$200	-$200
Limit the dividend tax credit to actual corporate taxes paid	-$1,000	-$1,042	-$1,086

	2025-26	2026-27	2027-28
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	$25
Fund one-time windfall profits tax on oil and gas sector (spread over four years)	-$1,000	-$1,000	-$1,000
Apply carbon tax to large emitters and implement carbon border tax	-$3,000	-$3,000	-$3,000
Eliminate subsidies for oil and gas, and create enforceable conditions for climate tax credits	-$1,834	-$1,834	-$1,834
Invest in CRA investigations, auditing, and enforcement	$667	$667	$667
Revenue from increased investigations	-$2,667	-$2,667	-$2,667
Introduce automatic tax filing	$100	$10	$10
Extend underused housing tax to residents	-$167	-$176	-$189

Totals			
Total AFB expenditure changes	$96,240	$110,927	$117,681
Total AFB revenue changes	-$95,082	-$99,379	-$105,662
Total AFB net expenditures	$1,158	$11,548	$12,019

This report is available free of charge at www.policyalternatives.ca. The Canadian Centre for Policy Alternatives (CCPA) is an independent policy research organization. This report has been subjected to peer review and meets the research standards of the centre. The opinions in this report, and any errors, are those of the author(s) and do not necessarily reflect the views of the CCPA or funders of the report.

We acknowledge the Anishinaabe Algonquin People whose traditional unceded, unsurrendered territory is where this report was produced.

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