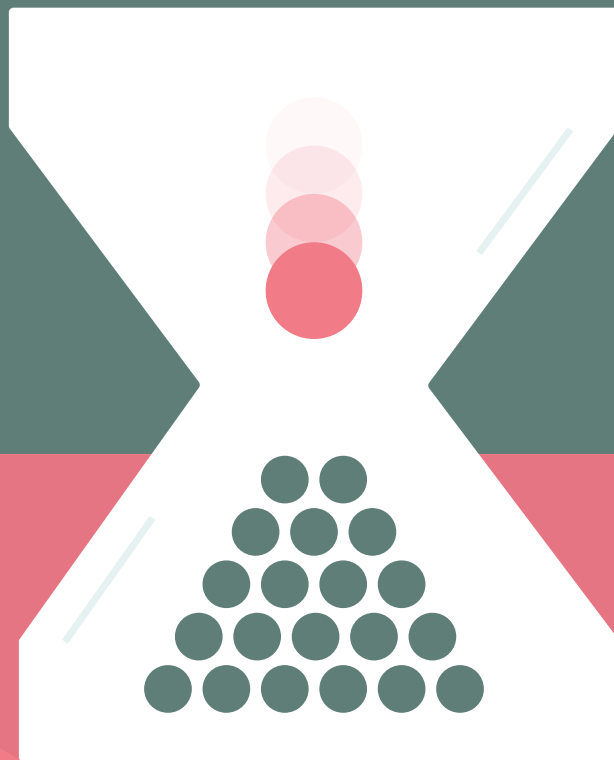


# NO TIME TO LOSE



Alternative  
Federal Budget  
2019



CCPA

CANADIAN CENTRE  
for POLICY ALTERNATIVES  
CENTRE CANADIEN  
de POLITIQUES ALTERNATIVES

**ISBN 978-1-77125-422-9**

This report is available free of charge at  
[www.policyalternatives.ca](http://www.policyalternatives.ca).

**PLEASE MAKE A DONATION...**

**Help us to continue to offer our  
publications free online.**

With your support we can continue to produce high quality research—and make sure it gets into the hands of citizens, journalists, policy makers and progressive organizations. Visit [www.policyalternatives.ca](http://www.policyalternatives.ca) or call 613-563-1341 for more information.


*The opinions and recommendations in this report, and any errors, are those of the authors, and do not necessarily reflect the views of the funders of this report.*







5	<b>Introduction</b>
12	<b>Macroeconomic Policy</b>
24	<b>Fair and Progressive Taxation</b>
30	Agriculture
32	Arts and Culture
34	Early Learning and Child Care
36	Employment Insurance
38	Environment and Climate Change
40	First Nations
42	Gender Equality
44	Health Care
47	Housing and Neighbourhoods
49	Immigration
52	Industrial Strategy and Just Transition
54	Infrastructure and Cities
56	International Development
58	International Trade and Globalization
60	Post-Secondary Education
62	Poverty
66	Public Services
69	Racial Equality
72	Seniors and Retirement
75	Water
77	Youth
80	Acknowledgments



# Introduction

 **ALTERNATIVE FEDERAL BUDGET 2019** / **NO TIME TO LOSE**

## THE 2019 AFB WILL

-  **LIFT NEARLY 1,000,000 OUT OF POVERTY**
-  **CREATE 500,000+ JOBS**
-  **REDUCE SENIOR POVERTY RATES BY ROUGHLY 40%**
-  **LOWER UNEMPLOYMENT TO 5%**

[POLICYALTERNATIVES.CA/AFB2019](http://POLICYALTERNATIVES.CA/AFB2019) #AFB2019

Canada faces significant and unpredictable headwinds going into 2019. What those headwinds are and what we should do about them, however, depends on whom you ask.

According to big business lobby groups, the most pressing threats to Canada come from uncertainty in our trade relationship with the United States, our relative tax competitiveness after the Trump administration slashed corporate tax rates in January, and the effects of “burdensome” regulations on lagging productivity.

Business groups, along with Finance Minister Bill Morneau’s economic advisory council, are calling on the federal government to more or less follow the Trump agenda by cutting corporate taxes here too, while weakening environmental and public health regulations to attract investment.

But are these really Canada's biggest problems today, with greenhouse gas emissions nowhere near as low as they need to be to avoid the worst of global warming, and with inequality continuing to erode the economic and social fabric? Are tax cuts and deregulation really the only options available to government? No and no.

The reality is the competitiveness of the Canadian economy, the productivity of its industries and the innovations we champion are less threatened by corporate tax rates and environmental rules than by climate change, persistent and damaging levels of inequality, and drastically underfunded public services and social programs.

Last's year budget introduced a new gender-based analysis plus (GBA+) framework to better understand how all government decisions affect people differently, with a view to making better decisions and allocating resources more equitably. It sets out a starting point for tackling inequalities based not only on gender identity, but indicators such as race, class, sexuality and disability. It proposed legislation to ensure that future budgets keep the focus squarely on closing gaps and creating greater opportunities.

The Alternative Federal Budget welcomes the GBA+ model as a progressive improvement to how we budget. For more than 24 years, the AFB has shown that by focusing on people and communities, and using fiscal power in a more egalitarian and democratic way, governments can encourage strong, sustainable growth in climate-friendly industries while providing strong public programs that support our economy and make all of our lives better.

A narrow focus on corporate taxes and preserving the status quo ignores the magnitude of the challenges facing Canada and the world heading into 2019. The AFB proves that there are alternatives. And that there is no time to lose in turning those alternatives into workable public policy.

---

## **Industrial strategy, competitiveness and innovation**

Canadians should be concerned about the competitiveness of the economy and our major industries. But cutting taxes, and the programs that taxes pay for, would not be nearly as effective at attracting companies as making strategic investments in the physical and social infrastructure that would make communities more resilient and livable.

Guided by an innovative National Decarbonization Strategy, the AFB increases short-term funding for critical public infrastructure, prioritizes projects that will achieve the greatest possible greenhouse gas (GHG) emissions reductions, and disincentivizes carbon-intensive development. It does

this in part by topping up existing federal infrastructure commitments to \$6 billion over three years and accelerating the development of new projects, with a focus on public transit, waste reduction, district thermal energy and high-speed intercity rail.

There is a \$30-billion infrastructure gap on First Nation reserves in Canada, reflecting needs in housing, water, roads and other construction projects. Economic development cannot happen without roads and broadband internet. More importantly, no one in Canada should live without a home, without access to clean drinking water, or without heat and electricity. Yet there were 174 drinking water advisories in First Nations communities in May 2018 alone. To begin to correct this imbalance, the AFB invests \$5 billion over three years in First Nations infrastructure.

To allay the short-term threats to the economy from tariffs imposed on Canadian exports to the U.S. by the Trump administration, the AFB allocates \$100 million toward a new adjustment fund for workers, industries and communities that are negatively affected. In the longer term, the federal government must engage constructively in discussions with civil society on how to replace NAFTA and other free trade deals like it with a new, fairer and more sustainable trade and investment treaty model and negotiating process. The AFB puts \$5 million toward that consultation in its first year.

Additionally, stimulating innovation in Canada must start by making sure young people and older students alike have the education, training and supportive environment they need to prosper. The AFB eliminates tuition for all post-secondary programs, establishes a \$1-billion Strategic Training Fund to bolster and diversify the workforce in key carbon-free sectors, and invests in apprenticeships and training more broadly.

Innovation must also be a priority in established industries, such as the crucial arts and culture sector, which contributes billions of dollars annually to Canada's GDP. While the AFB applauds the launch last year of Creative Canada, the federal government must effectively monitor the flow of investments to arts and culture to ensure the industry (including artists, staff, boards, volunteers, etc.) reflects Canadian demographics and diverse cultural contexts. Funding disparities that reinforce colonial ways of understanding Canadian culture need to be corrected. Given the growing number of Canadians who identify as Indigenous or racialized, this process can only enhance our artistic and cultural output with huge economic benefits.

---

## Fiscal strength through progressive taxation

Decades of tax cuts have compromised the fiscal health of government. Federal revenues are presently 14.4% of GDP, much lower than the 50-year average of 16.4%. This 2% difference represents lost revenue of \$46 billion in 2019 alone. Canada doesn't have a spending problem; it has a revenue problem.

The 2019 AFB prioritizes closing expensive tax loopholes (tax expenditures) that benefit mainly Canada's wealthiest income-earners, including the stock option deduction and preferential taxation of capital gains, to generate an additional \$18 billion in revenue a year. Likewise, the government should consider an inheritance tax on estates valued at more than \$5 million, similar to the estate tax in the U.S. and many other OECD countries. Such a tax would only apply to the top 0.5% of families but would generate \$2 billion for public services and programs that benefit everyone.

The government should continue to crack down on tax evasion and tax dodging. For example, a 1% withholding tax on corporate assets held in known tax havens could generate over \$2 billion a year. Revenue can also be recuperated from foreign-based e-commerce firms (e.g., Google, Facebook and Netflix) that do not currently charge HST on the services they provide Canadians (as their Canadian competitors are required to do).

Big business may want another corporate tax cut. But the reality is Canada's existing tax regime is highly skewed in their interest already. We propose that Canada should raise its top corporate rate to match the current U.S. rate of 21%. This, and a related increase in the small business tax rate to 15%, would generate revenues of \$12 billion annually — money that could be reinvested in existing and new social services, as well as workforce development programs.

---

## Economic sustainability and the just transition

The biggest threat to Canada's economy in the medium to long term is not tax and regulatory competitiveness but global climate change. Occurrences of wildfires, floods and other extreme weather events associated with global warming are on the rise in every part of Canada and around the world.<sup>1</sup> The rapid depletion of our natural environments and species extinguishment puts the need for better conservation measures high on the agenda.

To address these urgent challenges, Canada must rapidly transition away from fossil fuel dependence and toward a clean and sustainable economy. The AFB initiates a "just transition" plan for Canada aimed at lightening the blow that decarbonization will naturally have on fossil fuel workers and communities. On top of the Strategic Training Fund announced above, the



AFB establishes a Sustainable Infrastructure Transformation Fund worth \$6 billion over three years to provide resources for ambitious, competitiveness-enhancing projects in clean energy, transportation and building retrofits.

Part of the funding for this “just transition” will come from strengthening the federal carbon pricing backstop system, by continuing to increase the minimum carbon price by \$10 a tonne annually after it reaches \$50/tonne in 2022 and closing some of the loopholes for highly polluting industries.<sup>2</sup> The AFB also cancels all fossil fuel subsidies, which currently distort the true cost of the oil and gas industry, to recoup \$1.5 billion in federal revenues.<sup>3</sup>

---

## Decent work and equitable opportunities

Inequality is not only unjust, it is a drag on the Canadian economy. Narrowing the gender employment gap, particularly among highly educated workers, would add 4% to Canada’s real GDP, according to the International Monetary Fund. An estimated 608,000 women are working part time either involuntarily or because of caring responsibilities. Providing those women opportunities to enter the workforce in full-time jobs would increase payrolls by \$17.7 billion a year. That money would ease family debt burdens and stimulate growth in the economy.

Likewise, young Canadians need more support navigating an increasingly precarious employment environment. Federal statutes pertaining to income security and labour are not responsive to the labour market realities of non-standard work (part time, contract, and with few benefits). The Canada Labour Code and Employment Insurance Act need to be updated to address what young workers experience.

In general, the AFB aims to improve the safety net for workers impacted by big shifts in the economy and the way we work. The universal employment insurance entrance requirement, for example, will be set at 360 working hours to level the playing field for precarious workers. The AFB also sets a minimum benefits floor for all unemployed workers (not just those with children), issues open work permits for the Temporary Foreign Worker Program (TFWP) and allows migrant workers to obtain parental benefits. Newcomers to Canada will benefit from greater access to training and accreditation, more support for resettlement programs and, for all migrant workers, a guaranteed path to citizenship.

---

## A more caring society

There is very clear evidence that investments in public services create jobs and improve the quality of life for everyone. Yet as a country we are not investing enough in health care, child care, seniors care and affordable housing. We also know that the changing nature of Canada's labour market means many workers are in precarious jobs, facing job instability and economic insecurity. Yet we are not doing enough to support those workers.

The AFB proposes a major expansion of federal public services and support programs. On health care, the AFB commits to a new Health Accord and Canada Health Transfer that grows at 5.2% annually. We allocate \$7 billion a year to create a single-payer pharmacare plan in Canada, which will create savings of up to \$11.5 billion across the entire economy. The AFB spends a further 2% of GDP on home care based on principles and criteria set out in the Canada Health Act. And we implement a mental health program using the principles and criteria of the Canada Health Act.

Most comparable countries spend at least 1% of GDP on child care; Canada spends an estimated 0.5% annually. The federal government should increase child care funding by \$1 billion annually until the 1% (of GDP) benchmark is reached. That funding should go directly to public and not-for-profit providers to reduce child care fees for parents.

While the federal government has announced it will launch a promising Canada Housing Benefit in 2020, to help low-income households afford their rent, the AFB accelerates its implementation. We immediately allocate \$1.5 billion toward the benefit and launch it a year earlier, which would help an estimated 250,000 people afford their rent in the first year. The AFB further allocates \$1 billion to a new annual fund for supportive housing on the basis that a secure, affordable place to live is a necessary first step for people to participate in the workforce and their community.

The federal government has made several important policy changes that have had tangible impacts on poverty in Canada. We need to build on that momentum. The AFB seeks to lower the poverty rate by 50% from 2015 levels within three years. It introduces a yearly \$4-billion transfer to the provinces and territories to boost social assistance benefits and achieve clear poverty reduction targets. It increases direct transfers to low-income families, including a new "Dignity Dividend," to reduce child poverty by a quarter and adult poverty by 10%. The AFB also adds \$1,000 a year to the Guaranteed Income Supplement (GIS) and expands the Canada Pension Plan (CPP) replacement rate to 50%.

---

Budgets are political documents — they are about choices and values. And the choices we make today will determine the long-term sustainability of our society and our economy for generations to come. Given the threats and uncertainties on the horizon, there is no time to lose in choosing to budget more equitably and cost-effectively — so that we are in a better position to face those challenges head on.

---

## Notes

**1** Chelsea Harvey, “Extreme Weather Will Occur More Frequently Worldwide,” *Scientific American*, February 15, 2008.

**2** The federal government announced in early August that it would be more lenient in collecting its carbon tax by raising the cutoff point before it starts collecting taxes. See CBC News, “Liberals plan to soften carbon tax plan over competitiveness concerns,” August 1, 2018.

**3** Green Budget Coalition, “Fossil Fuel Subsidy Reform,” Recommendations for Budget 2017: <http://greenbudget.ca/wp-content/uploads/2016/11/Fossil-Fuel-Subsidy-Reform-GBC-Rec-for-Budget-2017.pdf>.

# Macroeconomic Policy

CANADA'S ECONOMY PERFORMED surprisingly well in 2017 with real gross domestic product (GDP) growing 3.0%. In previous decades (and old economic textbooks) 3.0% real growth would be considered average. However, following the Great Recession of 2007–09 the standards of what is “average,” or normal, have been significantly downgraded. This is as true in Canada as in the rest of the developed world.

Strong recent economic growth has led to relatively low unemployment rates in Canada, which dipped to historic lows at points in 2017. This should have led to strong wage growth as well. Yet, year-over-year growth in hourly wages in December 2017 was 0.9% after adjusting for inflation, only slightly better than the average of 0.8% since 2001.<sup>1</sup>

The reasons for slow wage growth despite a strong labour market are not entirely clear. The increased nature of insecure employment, zero-hour contracts, variable hours and more part-time work are all jointly to blame. As Canadians remain employed, but feel less secure in that employment, they may be less willing to bargain for higher wages or leave one job to get a higher wage at another. These employment trends show no sign of changing.

Across most age groups the employment rate in Canada has now returned to roughly where it was prior to the Great Recession. Those aged 55 and over are doing particularly well, with employment rates hitting new historic highs almost every month. For prime-working-age adults (25 to 54) em-

ployment rates are only slightly higher than they were in 2007-08, but they have yet to catch up for youth aged 24 and under. This lower employment rate may not be altogether negative if it is leading to a more educated generation as more youth engage in post-secondary education.

The strong economic growth experienced by Canada in 2017 is not expected to last, even if we can avoid an increasingly likely international trade war driven by the United States. Finance Canada's base case, as shown in *Table 1* and most recently expressed in the 2018 federal budget, projects real GDP growth in 2018 to be one-quarter less than it was last year. But then from 2019 through 2021, GDP growth will be half of what it was in 2017.

Finance Canada projects the unemployment rate will remain roughly at its present level of around 6% for the next three years, which implies the employment rate will also remain stuck at its summer 2009 level. Given this stasis in both rates, and the inability of today's relatively low unemployment to move wages, everything else remaining equal we should expect mediocre wage growth for years to come.

The federal government's finances continue to be very stable. The deficit remains small at under 1% of GDP, meaning that even with mediocre growth, the debt-to-GDP ratio declines over the next three years. Revenues are projected to remain under 15% of GDP, where they have been since the Great Recession. But looking further back, these are very low levels indeed. Between the Second World War and the Great Recession, the federal government's revenue-to-GDP ratio has almost always been 15% or higher.

Total government expenditures also remain near all-time lows of just under 15% of GDP — levels that are propped up by low interest rates, but also by the fact program spending is not keeping up with economic growth (see the Public Services chapter).

---

## The AFB Case

The Alternative Federal Budget (AFB) begins with Finance Canada's base case from *Table 1*, making identical assumptions about government finances, the labour market and economic growth. We then build our programs on top of these assumptions. The AFB's various chapters change both revenues and program spending lines from *Table 1*, but those changes also impact economic growth and the labour market.

The aggregate impact of all AFB programs from all chapters is summarized in *Table 2*, which highlights the alterations from Finance Canada's

base case. *Table 3* at the end of this chapter summarizes all program changes in the AFB.

As we can see in *Table 2*, the AFB would increase both federal revenues and expenditures by 2% of GDP. This would result in a revenue-to-GDP ratio of about 16%, approximately where it sat prior to the Great Recession, the full implementation of the most recent corporate income tax cuts, and the Harper government's cuts to the GST.

Total expenditures, including both program spending and debt service, would rise under the AFB to roughly 17.5% of GDP, a level that was last seen prior to the Martin government's budget cuts of the mid-1990s. The role of the federal government in the Canadian economy after the AFB would clearly grow, but it would remain at the lower end of its historical size range.

The AFB also runs a deficit of 1.5% to 1.7% of GDP a year for the next three years. This deficit remains quite low historically, and strong AFB-induced economic growth makes sure Canada's debt-to-GDP ratio remains stable at just over 30%. The AFB shows that well-invested deficits can create sufficient growth to maintain constant, and sustainable, debt levels.

The sturdier size of the federal government and more strategic spending produce notably stronger economic growth, particularly in the first two years of the AFB plan. In the third year, growth remains similar to the federal government's base case, but at a higher level of output.

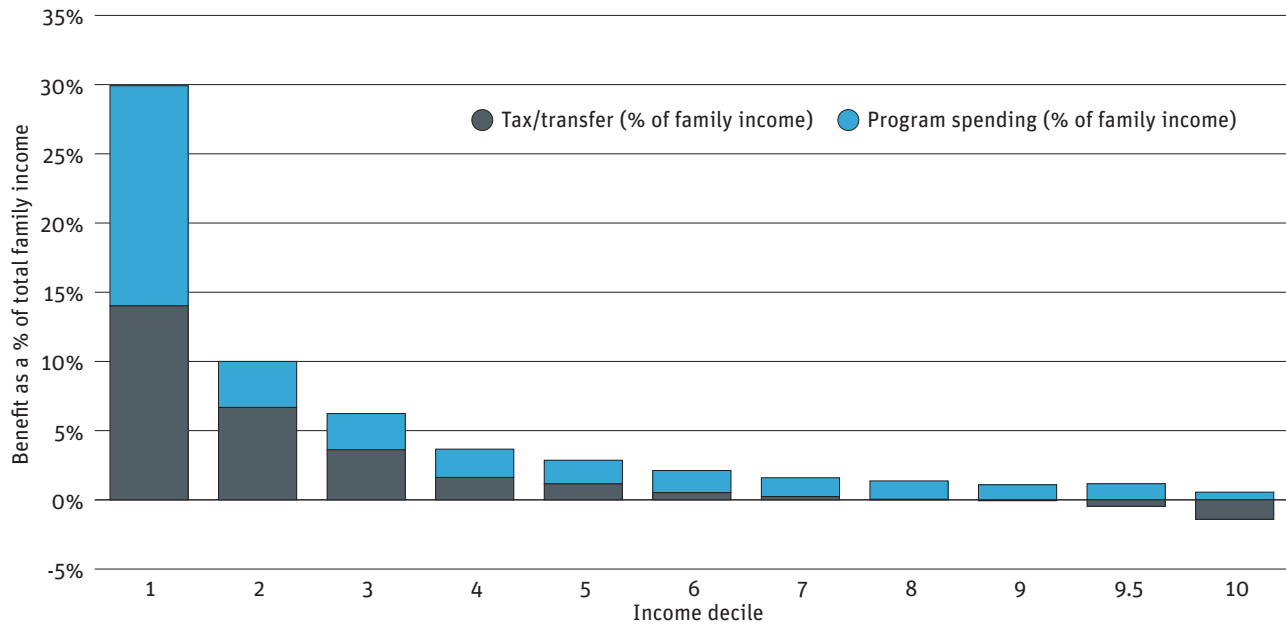
The more important impact of the AFB is the creation of just over half a million additional jobs at its peak. Reducing unemployment to 5% and boosting the employment rate back to where it was prior to the Great Recession, should put real upward pressure on wages, giving ordinary Canadians a much-needed raise.

The impact of the Alternative Federal Budget goes well beyond these standard economic variables or the positive effect of a tight labour market on wages and employment. As in the past, we are able to analyze the aggregate distributional and poverty impacts of our budgetary recommendations — something we believe the federal government could be doing on a more regular basis.

*Figure 1* shows the effect of all the AFB proposals combined on 10 evenly sized slices of Canadian families ranked by pre-tax family income. Examining the changes in transfers first, there is an overwhelming impact in the lowest income decile of families (those making under \$21,800 a year). The total of all AFB proposals would result in an average net transfer to this group of \$1,900 a year — the equivalent of increasing their family incomes by 14.0%.

In fact, the bottom eight (of 10) income deciles would see higher incomes after the AFB is fully implemented. It is only families making \$141,000 or

**FIGURE 1** AFB impact by family income decile (projected 2019)



more whose taxes would go up net of AFB transfers. Among that group, the top 5% of families (those making over \$254,000) would be out of pocket the most – by about 1.4% of their income, or an average of \$6,300 a year.

Tax and transfer changes are only a small part of the AFB, which is really focused on programs. And here the distributional effect is more even across the population, although stronger public services are still more important for those at the lower end of the income scale.

Under the AFB plan, families in the lowest income decile would gain from \$2,200 worth in new programs, the equivalent of 15.9% of their average income. When the program benefits are added to the tax/transfer benefits, families in the first income decile get a boost of 30% to their income. In particular, the lowest-income families gain most from AFB programs aiding First Nations populations as well as the elimination of post-secondary tuition.

Outside of the lowest income decile, program spending is broadly beneficial to most Canadian families, amounting to between 1% and 2% of average family income depending on the decile. Even for the highest-income families the AFB continues to provide benefits in the form of improved programs such as a single-payer pharmacare plan, child care improvements and urban infrastructure investments.

The ninth and tenth deciles pay more in taxes under the AFB, but they also get more in services, a trade Canadians repeatedly say they are willing to make. In fact, those families near the top of the income scale receive more in new services than they pay in taxes, making them net beneficiaries of the AFB plan.

It is only families in the top 5% (making over \$254,000 a year) who end up paying more in new taxes than they gain in new services. The top 5% pay \$3,800 more in taxes on average than they receive in improved services, which amounts to 0.9% of their average income. Given the rapid income growth in this group over the past several decades, this small increase is an eminently fair way to provide services we all need: rich, poor and middle class alike.

---

## The AFB and Poverty Reduction

An important benefit of the AFB's improved transfers to the lowest income deciles is a significant reduction of poverty in Canada. This is without even considering the benefits to these groups from an improved labour market and better public services. In the aggregate, the AFB would lift almost a million people out of poverty through a new "Dignity Dividend" and adequate social assistance (see the Poverty chapter), and changes to seniors' transfers (see the Seniors and Retirement Security chapter).

Almost half of the Canadians lifted out of poverty would be seniors and of that group almost two-thirds would be women. As a result, the senior poverty rate would fall by almost 40% after AFB implementation. Children would be the next most affected demographic, their poverty rate dropping by 25%, which would lift nearly a quarter of a million children out of poverty. Most of the heavy lifting in this category is due to our "Dignity Dividend" supporting low-income families.

While the adult poverty rate would fall less than that for seniors and children (it drops by 10%), given the size of this demographic, over a quarter of a million adults would rise above the poverty line due to the AFB. These estimates do not include the impact of an improved labour market that will drive up both wages and job availability, likely benefiting the adult demographic the most.

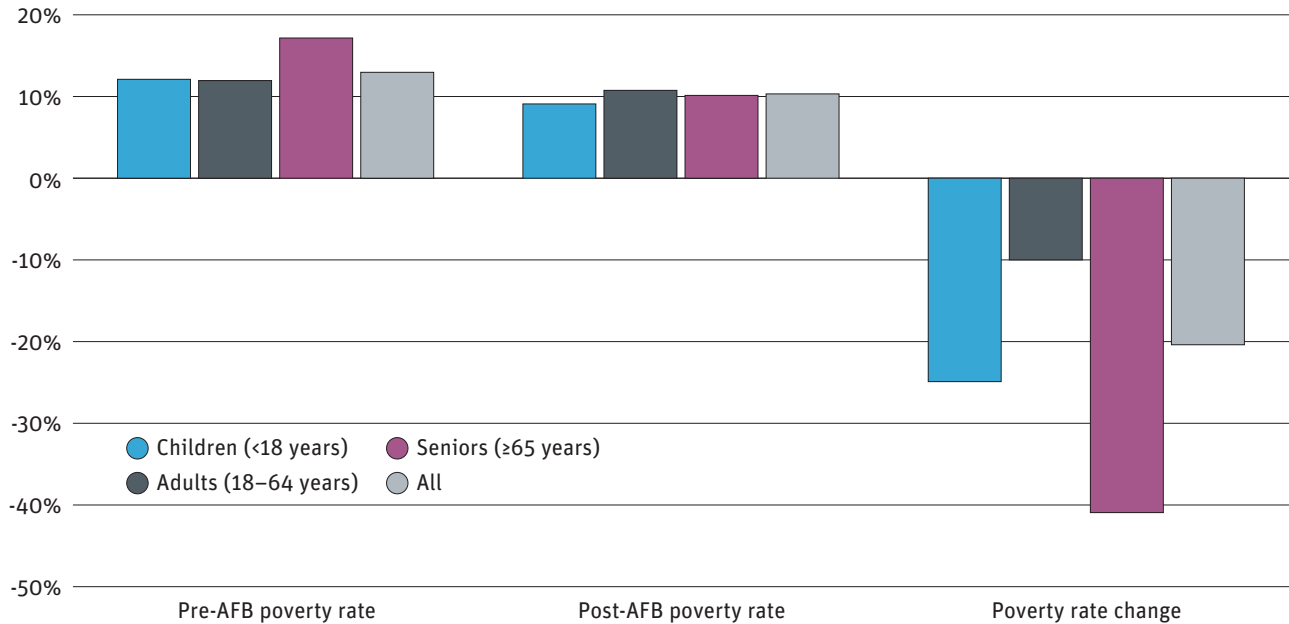
---

## Conclusion

The AFB would substantially improve the public services we currently rely on and fulfil needs that are not yet met — for child care, safe drinking water on reserves, pharmacare and rapid transit, etc. — while staying well within the means of the federal government. Our alternative budget shows how



**FIGURE 2** AFB poverty impact by age group (LIM-AT projection 2019)



this could be financed through a combination of progressive tax changes, slightly higher short-term deficits, and better-than-average economic growth.

Most Canadians end up paying less in taxes net of transfers after the AFB. But even the bulk of higher-income earners are better off, paying more in taxes but benefiting even more still from improved services. The aggregate impact of the AFB on poverty is substantial and particularly beneficial for children and seniors, who can expect targeted improvements in government transfers. All told, the AFB shows how beneficial a federal budget could be in important macroeconomic indicators.

Most importantly, the Alternative Federal Budget is proof that from the same economic assumptions a very different budgetary path can be taken — one that does not put off progressive change but works immediately to greatly improve the lives of the vast majority of Canadians, and put our economy on a more sound and sustainable path.

## Notes

**1** Statistics Canada table 14-10-0320-01 and table 18-10-0004-01 and author's calculations.

**TABLE 1** Finance Canada Base Case

<b>Macroeconomic Indicators (mil)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Nominal GDP	\$2,228,000	\$2,306,000	\$2,394,000	\$2,480,000
Real GDP growth	2.2%	1.6%	1.7%	1.6%
GDP inflation	1.8%	1.9%	2.0%	2.0%
Nominal GDP growth	4.0%	3.5%	3.8%	3.6%
<b>Employment</b>				
Participation rate	65.5%	65.4%	65.3%	65.4%
Labour force (000s)	19,788	19,971	20,139	20,372
Employed (000s)	18,640	18,772	18,911	19,150
Employment rate	61.7%	61.5%	61.3%	61.5%
Unemployed (000s)	1,148	1,198	1,229	1,222
Unemployment rate	5.8%	6.0%	6.1%	6.0%
<b>Budgetary Transactions (mil)</b>				
Revenues	\$320,400	\$332,500	\$345,000	\$359,100
Program spending	\$312,200	\$321,500	\$331,500	\$340,700
Debt service	\$26,300	\$28,600	\$30,300	\$32,200
Budget balance (surplus/deficit)	-\$18,100	-\$17,600	-\$16,800	-\$13,800
Closing debt (accumulated deficit)	\$669,600	\$687,200	\$704,000	\$717,800
<b>Budgetary Indicators as a Percentage of GDP</b>				
Revenues / GDP	14.4%	14.4%	14.4%	14.5%
Program spending / GDP	14.0%	13.9%	13.8%	13.7%
Budgetary balance / GDP	-0.8%	-0.8%	-0.7%	-0.6%
Debt / GDP	30.1%	29.8%	29.4%	28.9%

**Source** Budget 2018, Statistics Canada table 14-10-0287-01 and author's calculations.

**TABLE 2 AFB Case**

	2018-19	2019-20	2020-21	2021-22
Nominal GDP	\$2,228,000	\$2,339,000	\$2,449,000	\$2,539,000
Nominal GDP growth	4.0%	5.0%	4.7%	3.7%
<b>Revenues (mil)</b>				
Base case	\$320,400	\$332,500	\$345,000	\$359,100
Net AFB revenue measures		\$40,000	\$43,000	\$45,100
Additional tax revenue due to higher GDP		\$4,400	\$8,400	\$10,400
Total	\$320,400	\$376,900	\$396,400	\$414,600
<b>Program Spending (mil)</b>				
Base Case	\$312,200	\$321,500	\$331,500	\$340,700
Net AFB program measures		\$65,700	\$70,600	\$78,500
Total	\$312,200	\$387,200	\$402,100	\$419,200
Debt service	\$26,300	\$29,100	\$31,200	\$33,600
Budget balance (surplus/deficit)	-\$18,100	-\$39,400	-\$36,900	-\$38,200
Closing debt (accumulated deficit)	\$669,600	\$709,000	\$745,900	\$784,100
<b>Budgetary Indicators as Percentage of GDP</b>				
Revenue/GDP	14.4%	16.1%	16.2%	16.3%
Program spending/GDP	14.0%	16.6%	16.4%	16.5%
Budgetary balance/GDP	-0.8%	-1.7%	-1.5%	-1.5%
Debt/GDP	30.1%	30.3%	30.5%	30.9%
<b>AFB Employment Impact</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
AFB jobs created (000s)		347	530	534
Population (000s)	30,234	30,536	30,841	31,150
Participation rate	65.5%	65.8%	66.2%	66.4%
Labour force (000s)	19,788	20,093	20,417	20,684
Employed (000s)	18,640	19,119	19,441	19,683
Employment rate	61.7%	62.6%	63.0%	63.2%
Unemployed (000s)	1,148	973	976	1,000
Unemployment rate	5.8%	4.8%	4.8%	4.8%

**TABLE 3** AFB Actions (all figures in \$M)

	2019-20	2020-21	2021-22
<b>Agriculture</b>			
Farm Granting Council	50	50	50
Agricultural Education Support Fund	70	70	70
Quota and Land Trust	2.5	2.5	2.5
Beef and Pork single sales desks	100	100	100
<b>Childcare</b>			
Expand affordable child care	1,000	2,000	3,000
<b>Employment Insurance</b>			
Increase EI premiums to \$1.90 per \$100 of insurable earnings	-3,500	-3,500	-3,500
Establish uniform EI entry of 360 hours	2,000	2,000	2,000
Double EI sick leave to 30 weeks	600	600	600
Low-income supplement	900	900	900
<b>Environment and Climate Change</b>			
Eliminate fossil fuel subsidies	-300	-300	-300
Global climate financing			3,000
Energy efficiency retrofits and energy efficient homes	600	600	600
Retrofits of multi-unit residential buildings	1,000	1,500	2,000
Management of toxic substances	303	303	303
Establish marine protected networks and environmental research on aquaculture	85	85	85
Protect Canada's birds	25	25	25
National scientific and data management strategy	50	50	50
<b>First Nations</b>			
Infrastructure on reserve	1,667	1,667	1,667
Governance capacity	833	833	833
Language revitalization	400	400	400
<b>Gender Equality</b>			
Increase funding for Status of Women Canada	100	100	100
National plan to address violence against women	500	500	500

**Health Care**

Health Accord with 5.2% annual escalator	656	1,249	1,977
National pharmacare	7,000	7,280	7,571
Mental health care timely access	1,160	1,195	1,231
National Plan for Seniors	1,153	2,394	3,720
Front-end load current home care spending	75	75	-150
Emergency response to opioid crisis	200		
Commission on regulation of currently illegal drugs	15		
Improve First Nations health programs faster	760		
Recommission the Health Council of Canada	10	10	10

**Housing and Neighbourhoods**

Enhancement of National Housing Co-investment Fund	1,000		
Investment in supportive housing	1,000	1,000	1,000
Early introduction and later improvement of the National Housing Benefit	1,500	1,500	1,500

**Immigration**

Reduce citizenship fees back to \$100	17	17	17
Expand Immigrant Settlement Services	50	50	50
Extend the CCB to children irrespective of immigration status	10	10	10

**Infrastructure and Cities**

Sustainable Infrastructure Transformation Fund \$6 billion a year (less existing funds for bilateral public transit and green infrastructure agreements)	5,149	4,622	4,348
Create Public Infrastructure Bank at \$1 billion a year (less Canada Infrastructure Bank allocations)	565	339	0

**International Development**

Increase Canada's International Assistance Envelope to 0.7% of GNI over 10 years	827	1,779	2,873
--	-----	-------	-------

**Just Transition and Industrial Strategy**

National Decarbonization Strategy	50	50	50
Strategic Training Fund	100	150	250
Just Transition Transfer	100	100	100

**Post-Secondary Education**

Eliminate the federal tuition tax credit	-1,660	-1,726	-1,795
Cancel the Canada Job Grant	-300	-300	-300
Cancel RESP tax credit	-160	-170	-180
Eliminate the student loan interest tax credit	-40	-40	-40
Reduce the Scientific Research and Experimental Development credit by 0.8%	-12	-25	-25
PSE Renewal Transfer	5,760	5,990	6,230
Eliminate tuition fees	3,770	3,921	4,078

Improve Labour Market Information	15	15	15
Create national labour market partners forum	5	5	5
Training for unemployed Canadians who do not qualify for EI	300	300	300
Improve union-based apprenticeship training	125	125	125
Harmonize provincial-territorial apprenticeship training	15	15	15
Eliminate interest on student loans	1,175	1,175	1,175
Create additional 1,250 Canada Graduate Scholarships	25	25	25
English as an additional language (EAL) training	54	54	54
<b>Poverty</b>			
National Council of Welfare	10	10	10
Poverty reduction transfer to provinces	4,000	4,000	4,000
Dignity Dividend	4,240	4,240	4,240
Disability Tax Credit	370	370	370
<b>Public Services</b>			
Assess the budget cut impacts and restore programs where needed	500	2,000	2,000
Improve in-house IT training to avoid outsourcing costs	200	200	200
<b>Racial Equality</b>			
Independent oversight for Canada Action Plan Against Racism	3	3	3
Community group funding to combat racism	100	100	100
<b>Seniors and Retirement Security</b>			
Limit RRSP contributions to \$22,000/year	-870	-870	-870
Index OAS to average industrial wage growth	260	520	780
Increase the GIS top up by \$1,000 for singles and couples while increasing the exemption by \$3,000	2,140	2,140	2,140
Exempt first \$1,500 of CPP income from GIS clawback	1,790	1,790	1,790
<b>Taxation</b>			
Eliminate stock option deduction	-700	-700	-700
Equalize capital gains treatment (personal)	-5,500	-5,500	-5,500
Equalize capital gains treatment (corporate)	-5,500	-5,500	-5,500
Lifetime cap on principal residence exemption	-1,500	-1,500	-1,500
Lifetime cap on TFSA contributions at \$50,000	-120	-130	-140
Eliminate corporate meals and entertainment expense	-400	-400	-400
Economic substance test for offshore subsidiaries	-400	-400	-400
Capping interest payments to offshore subsidiaries	-200	-200	-200
Tax havens withholding tax	-2,000	-2,000	-2,000
Taxing foreign e-commerce companies operating in Canada	-600	-600	-600

End GST/HST exemption for foreign e-commerce companies	-500	-500	-500
Close the foreign internet advertising loophole	-750	-750	-750
Increase corporate income taxes from 15% to 21%	-6,000	-7,500	-9,000
Small business tax rate to 15%	-1,270	-2,625	-3,015
Carbon tax at \$50/tonne by Jan 1, 2021	-1,000	-1,000	-1,000
Financial activities tax	-5,000	-5,100	-5,202
Inheritance tax on estates worth \$5 million (and up)	-2,000	-2,000	-2,000
<b>Trade and Investment</b>			
Public consultations towards a new trade and investment model	5		
Create an adjustment fund for workers affected by new U.S. tariffs	100		
<b>Water</b>			
National public water and wastewater fund	6,500	6,500	6,500
Implementation of wastewater systems effluent regulations	1,500	2,000	2,000
Water infrastructure aid for small municipalities	100	100	100
Water operator training, public sector certification and conservation programs	75	75	75
Assess environmental impact of energy and mining developments	50	50	50
Assess environmental impact of tar sands	30	30	
Reinstate cut water programs at Environment and Climate Change Canada, Fisheries and Oceans Canada and Transport Canada	80	80	80
Protect Canada's Great Lakes and freshwater supply	500	950	950
Establishing water quality and quantity monitoring frameworks	100	100	100
Groundwater protection and virtual water export review	4	4	4
<b>Youth</b>			
Reviewing income security and labour statutes	4	3	0
Youth labour market planning board	30	30	30
Workforce Renewal Fund	100	100	100
Renewal of federally funded Internships	300	300	300
Proactive Labour Code enforcement	20	20	20
<b>Total AFB Expenditure Changes</b>	<b>65,738</b>	<b>70,646</b>	<b>78,507</b>
<b>Total AFB Revenue Changes</b>	<b>-39,982</b>	<b>-43,036</b>	<b>-45,117</b>



# FAIR AND PROGRESSIVE TAXATION

## HIGH STAKES

- Canada's tax system is overly complex and riddled with expensive loopholes that worsen inequalities.
- We lose an estimated \$47 billion annually to tax evasion, while Canadian companies have nearly \$300 billion hiding in known tax havens.
- Multinational e-commerce firms are not paying their fair share of taxes, which puts domestic competitors at a disadvantage.
- Canada's low corporate tax rate has encouraged cash hoarding and speculation, not economic growth.
- Tax breaks for the fossil fuel sector and the low carbon tax rate will not incentivize the transition to a greener economy.

## CLEAR CHOICES

- Eliminate regressive tax loopholes that almost exclusively benefit high-income earners.
- Crack down on corporate tax-dodging, in part through new reporting requirements for offshore subsidiaries of Canadian firms.
- Tax services provided by non-Canadian e-commerce firms to level the playing field and recoup foregone government revenues.
- Raise the corporate tax rate to 21% (in line with the new U.S. level) and create a new financial transactions tax to curb excessive speculation.
- Introduce a national \$30/tonne carbon tax in 2018, to grow to \$50/tonne in 2020, and invest part of the revenues in just transition measures.

Federal government revenues as a share of GDP have fallen to 14.5%, \$40 billion lower than the 50-year average of 16.4%. This means our government does not have the funds needed to properly fund initiatives such as child care, pharmacare or poverty reduction. Canada needs to substantively reform its tax regime, not only to generate additional revenues to pay for public services, but also to reverse growing inequalities and to strengthen our economy.

Tax policy should help reduce inequality, not increase it. Most tax cuts and loopholes introduced in recent decades have made the tax system less fair. The top 1% now pay a lower overall effective rate of tax than all other income groups, including the poorest 10%. And because inequality is gendered and racialized, these regressive tax changes have been relatively more detrimental to women, racialized and Indigenous Canadians.

The following straightforward tax measures would generate significant revenues for public services, broaden the tax base, promote economic growth, increase equality and make tax filing easier for Canadians.

**Action:** Make taxes simpler.

Canadian families spend too much time and money just to file their taxes — at an estimated total cost of \$4 billion a year. The process is especially chal-



lenging for lower-income and marginalized people, many of whom don't even bother filing and therefore miss out on tax benefits to which they may be entitled.

The AFB provides Canadians with the option of having the Canada Revenue Agency (CRA) prepare their tax returns, a service other countries such as Norway have offered for many years.<sup>1</sup>

**Action:** Close unfair and ineffective tax loopholes.

Closing unfair and ineffective tax loopholes (or tax expenditures) while making the tax system simpler and fairer would raise \$18 billion in additional revenue — all without raising taxes for the vast majority (90%) of Canadians. The following expenditures are top candidates for elimination or restriction.

- **Stock option deduction:** This federal tax expenditure allows corporate executives to pay tax on their stock option compensation at half the rate the rest of us pay on our working income. Over 90% of the benefit of this loophole goes to the top 1% of tax filers — those who make more than \$250,000 a year. The AFB eliminates the deduction to save \$700 million a year.<sup>2</sup>
- **Capital gains:** Individuals and corporations who profit from the sale of investments or assets pay tax at half the rate charged on employment income. The AFB maintains the existing lifetime capital gains exemptions for farms, fisheries and small business, but would tax personal and corporate income from capital gains at the same rate as employment income after adjusting for inflation, saving the government \$11 billion a year. Allowing for an inflation adjustment would encourage longer-term investments rather than speculation. To promote equity and reduce real estate speculation, the AFB introduces a \$500,000 lifetime capital gains exemption for gains from selling a primary residence, which would save the government \$1.5 billion a year.<sup>3</sup>
- **Tax-free savings accounts:** The cost of foregone revenues from TF-SAs has grown from \$250 million in 2012 to over \$1 billion in 2017. The AFB sets a lifetime TFSA contribution limit of \$50,000 to avoid a federal revenue sinkhole down the line. This would save the government \$120 million a year initially, increasing into the billions of dollars in the future.
- **Registered retirement savings plans:** The AFB reduces the annual RRSP contribution limit to \$22,000, but makes significant improvements to the Canada Pension Plan (see the Seniors and Retirement Security Chapter).

- **Corporate meals and entertainment expense deduction:** Businesses can deduct half their meal and entertainment expenses, including the cost of season's tickets and private boxes at sports events. The AFB cancels this widely abused tax break while maintaining the meal expense deduction for long-distance truckers (savings: \$400 million a year).<sup>4</sup>
- **Fossil fuel subsidies:** The AFB eliminates all federal subsidies for fossil fuel sectors (see the Environment and Climate Change chapter).

**Action:** Stop offshore tax dodging.

Canada loses more than \$15 billion every year to tax haven–facilitated tax evasion. Over \$300 billion dollars are being parked in international tax havens. Two-thirds of federal revenue loss related to tax haven abuse is likely the result of companies trying to avoid paying corporate taxes. While ending this abuse of the tax system will require international co-operation, Canada could take the following measures now to recoup some of the lost revenues.

- Require companies to demonstrate their offshore subsidiaries are carrying out economic activity, such as production or sales, for them to be recognized as separate corporate entities for tax purposes. Bill C-362, introduced by MP Murray Rankin, provides a good legislative example of how this could be done (revenue: \$400 million a year).<sup>5</sup>
- Put a cap on interest payments to offshore subsidiaries as recommended by the OECD in its base erosion and profit shifting action plan, with the cap set at 10% of earnings. (revenue: \$200 million a year).<sup>6</sup>
- Apply a 1% withholding tax on Canadian corporate assets held in tax havens, which amounted to a reported \$299 billion in 2017, or one-quarter of all Canadian direct foreign investment abroad (revenue: over \$2 billion a year).

**Action:** Fairly tax foreign-based e-commerce companies.

E-commerce companies such as Netflix, Google/YouTube, Amazon, Facebook, Uber and Airbnb are capturing a huge and growing share of the Canadian market but pay little or no taxes. These firms have avoided paying sales and income taxes by doing business through entities with no physical presence in Canada and therefore deemed not to be “carrying on business” here.<sup>7</sup>

Google/YouTube and Facebook now capture 80% of all internet advertising dollars (over \$5 billion annually). Google's Canadian revenue now exceeds that of all Canadian over-the-air TV stations combined.<sup>2</sup> Meanwhile, Canadian newspapers, both print and digital, have seen advertising rev-

venues decline by more than 50% since 2006. This has contributed to dozens of newspaper closures and 16,000 jobs in journalism lost in the last decade.

The OECD has made leveling the digital playing field a priority and many member countries have introduced legislation toward that goal. Failure to update our tax policy creates unfair competition, causes significant job losses in journalism, media and the cultural sectors, threatens the vitality of Canadian culture and squanders the opportunity to raise hundreds of million dollars in revenue for both federal and provincial governments.

The AFB requires all e-commerce companies with Canadian income above a certain threshold to pay corporate income tax on profits from products or services sold or rented in Canada (revenue: up to \$600 million a year federally). The AFB also requires all those selling physical goods or services to Canadians to collect and remit GST/HST and PST (revenue: an estimated \$500 million a year for the federal government).

The AFB closes the foreign internet advertising loophole that allows Canadian businesses to deduct the cost of advertising on foreign internet sites. This would repatriate an estimated \$440 million of ad spending per year while boosting federal revenue by \$750 million and provincial revenues by \$550 million a year.

**Action:** Increase corporate tax rates.

Deep corporate tax cuts over the past 16 years have failed to stimulate higher investment and economic growth. Instead, the cuts led to corporate cash surpluses of over \$700 billion. This “dead money,” which could be productively invested, is fuelling potentially destabilizing speculation and leading to intense pressure for governments to privatize public services, including through public-private partnerships (P3s) and the Canada Infrastructure Bank.

The AFB gradually increases the federal corporate income tax rate from 15% to 21%, slightly lower than it was in 2006 but similar to the 21% rate in the United States as of January 1, 2018. The small business tax rate will be increased to 15% to preserve proportionality with the corporate rate, maintain consistency with the lower rate on personal income, and reduce tax avoidance by those channelling personal income through private corporations. The AFB also limits the amount that corporations can deduct for any single salary in total compensation to \$1 million annually (total revenues generated: \$12 billion).

**Action:** Introduce a higher and more progressive carbon tax.

The federal government has adopted the AFB’s long-time proposal to introduce a national minimum carbon price. However, this should be intro-

duced at a higher rate, made more progressive, and revenues should be devoted to complementary environmental measures.

The AFB accelerates the implementation of a national carbon price, with a minimum \$30/tonne price required by July 1, 2019, increasing by \$10/tonne annually until it reaches \$50 per tonne in 2021. A substantial share of the revenues would go to a “green” tax refund to those in covered provinces — an annual cheque worth \$10 per adult and \$5 per child for every \$1/tonne in carbon tax (e.g., \$300 per adult for a carbon tax of \$30 per tonne).

The remainder of the revenues from the AFB carbon tax will go to complementary investments in climate change mitigation and adaptation, and measures to assist affected workers, communities and industries (see Industrial Strategy and a Just Transition chapter). The AFB also applies border tax adjustments (with exemptions for goods from impoverished nations) to ensure Canadian-based industry is not at a competitive disadvantage and put pressure on other countries to introduce similar climate measures (net revenues: \$1 billion).

**Action:** Increase taxes on banks and finance.

Ten years after the financial crisis the financial sector has regained its losses — and, it would seem, its hubris. The underlying factors that led to the crash — “too big to fail” companies chasing high returns through risky financial products — remain largely in place. Meanwhile, the financial sector still benefits from preferential taxes (most financial services in Canada are exempted from value-added taxes such as the GST/ HST), the easy exploitation of tax havens, and government’s implicit guarantee of a bailout in the event of another crisis.<sup>8</sup>

European nations including Germany and France are moving ahead with a financial transactions tax (FTT) as a means of curbing excessive speculation and raising revenues. Similar taxes exist in different forms in many other countries, including China and Taiwan. The International Monetary Fund (IMF) has also proposed a financial activities tax (FAT) on profits and remuneration in the financial industry akin to the one Quebec has had in place for many years.

The AFB either introduces a FAT rate of 5% on profits and remuneration in the financial sector or a FTT in collaboration with the provinces (revenues: \$5 billion).

**Action:** Introduce wealth (inheritance) taxes.

Wealth inequality in Canada is more extreme than income inequality. The IMF has estimated that Canada could generate \$12 billion annually from a new tax of just 1% (similar to property tax rates) on the net wealth of the

top 10% of households. The AFB introduces such a wealth tax, along with a minimum inheritance tax of 45% on estates valued over \$5 million, similar to the estate tax in the U.S. (revenues: \$2 billion).

---

## Notes

**1** See the Norwegian government's FAQ here: <https://www.skatteetaten.no/en/International-pages/If-you-work-in-Norway-you-need-to/Norwegian-employer/Norwegian-employer/Articles/Tax-return/>.

**2** Many of the revenue estimates are taken from Finance Canada, *Report on Federal Tax Expenditures - Concepts, Estimates and Evaluations 2017*: <https://www.fin.gc.ca/taxexp-depfisc/2017/taxexp17-eng.asp>.

**3** David Macdonald. 2017. *Preferential Treatment*, Canadian Centre for Policy Alternatives: [https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/05/Preferential\\_Treatment.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/05/Preferential_Treatment.pdf).

**4** Richard Schmalbeck and Jay A. Soled. 2009. "Elimination of the Deduction for Business Entertainment Expenses," Duke Law School Scholarship Repository: [http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2733&context=faculty\\_scholarship](http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2733&context=faculty_scholarship)

**5** House of Commons of Canada, *Bill C-362, An Act to amend the Income Tax Act (economic substance)* <http://www.parl.ca/DocumentViewer/en/42-1/bill/C-362/first-reading>

**6** For details on this issue, see the G20 submission on behalf of the BEPS monitoring group to the U.K. parliament: <https://bepsmonitoringgroup.files.wordpress.com/2016/01/bmg-submission-to-uk-all-party-parliamentary-group.pdf>

**7** Canada Revenue Agency, "Carrying on business in Canada, GST/HST Policy Statement P-051R2," Date of Revision April 29, 2005. This policy statement cancels P-051R1, dated March 8, 1999: <http://www.cra-arc.gc.ca/E/pub/gl/p-051r2/p-051r2-e.html>

**8** Toby Sanger. 2011. "Fair Shares: How Banks, Brokers and the Financial Industry Can Pay Fairer Taxes," Canadian Centre for Policy Alternatives: <https://www.policyalternatives.ca/publications/reports/fair-shares>



# AGRICULTURE

## HIGH STAKES

- A single-minded focus on increasing agricultural exports leaves Canada with fewer farmers, more imported versus home-grown food, less processing and more foreign ownership.
- Demographic and financial trends could result in Canada's farms being entirely in the hands of corporations and absentee landlords within 20 years.
- Global warming is having serious impacts on farming; storms, droughts, floods, early frosts, and new diseases and pests increase costs, price volatility and uncertainty.

## CLEAR CHOICES

- Create new business risk management programs that support diversified farms producing food for Canadians, replacing imports in ecologically and economically sustainable ways.
- Create land and quota trusts to facilitate equitable transfer of productive assets to the next generation of family farmers.
- Redirect research dollars to develop low-input production strategies that reduce ag-related greenhouse gases while improving farm profitability.

Canada must retool agriculture as an economic driver by ensuring farm incomes and farm-created wealth are available to benefit Canadians and their communities. Toward this end, the AFB creates new business risk management programs to help farms diversify sustainably and in a way that reduces imports; establishes land and quota trusts to help transfer productive farm assets to the next generation, as well as new training and education funds to promote and support farming jobs; and redirects research dollars to reduce agricultural greenhouse gas emissions (GHGs) through low-input, higher-net-income production strategies.

### Business risk management programs

**Action:** Introduce two new risk management programs, *Agri-Resilience* and *Agri-Infrastructure*, to support diversified farms that produce food for Canadians.

**Result:** *Agri-Resilience* will increase farm diversity through extended crop rotations, planned grazing of livestock, reduced inputs, soil-building, wetland conservation and on-farm processing. Its climate adaptation benefits will stabilize farm incomes and reduce insurance payouts. *Agri-Infra-*

*structure* will close the gaps between farmers producing local and regional food and the consumers who want to buy it by providing support for community-based packaging, processing, storage and/or distribution businesses that serve local and regional food economies.

---

## New fiscal instruments

**Action:** Create land and quota trusts, alongside a Farm Labour Granting Council and Agricultural Education Fund, to revitalize rural communities, help young and new farmers succeed, and facilitate the equitable transfer of productive assets to the next generation of family farmers. The labour granting council and education fund will disperse \$50 million and \$70 million a year, respectively, while the quota and land trust programs will be funded by the federal government at a cost of \$2.5 million annually.

**Results:**

The Farm Labour Granting Council will promote good jobs in rural communities and regenerate a skilled agricultural workforce by support hiring, training and retention of farm workers. This council would be a counterweight to tax deductions for equipment and input costs that have contributed to rural depopulation, and will help labour-intensive sectors better respond to consumer demand for food produced on Canadian farms.

The Agricultural Education Fund will provide bursaries for young and new farmers, support participation in farm apprenticeship programs and reduce costs for self-directed farmer education offered outside the formal education system.

Quota and land trusts will finance the intergenerational transfer of assets. Retiring farmers transferring quota or land to the trust will have its value exempted from taxation and be entitled to an annuity based on the productive value of the transferred quota or land. Eligible new farmers will apply to use trust quota or land in return for a portion of revenues earned from its use and a commitment to continue producing for a minimum period.

---

## Profitable greenhouse gas (GHG) mitigation

To significantly reduce GHG emissions and promote farm profitability, the AFB will shift funding at Agriculture and Agri-Food Canada research stations toward the development and promotion of low-input production strategies focused on reducing the use of synthetic nitrogen fertilizers, herbicides and insecticides.



# ARTS AND CULTURE

## HIGH STAKES

- Canadian identity is richer and more complex than ever.
- Arts and culture continue to evolve to meet expanding tastes and the growing demands of increasingly diverse audiences.
- Current federal investments in culture don't adequately reflect the diversity of our peoples.

## CLEAR CHOICES

- Develop the evaluative tools required to ensure a relevant evolution of artistic and cultural practices.
- Effectively monitor the flow of investments to arts and culture to ensure the industry (including artists, staff, boards, volunteers, etc.) reflects Canadian demographics and promotes diverse cultural contexts.
- Correct investment imbalances (funding disparities) relative to cultural and regional population shifts and apply multiple diversity lenses when making funding decisions.

Canada is adapting to demographic and cultural paradigm shifts that are changing our sense of national identity. Is the federal government keeping pace with these positive developments and supporting the evolution of our culture? Or are new investments merely reinforcing colonial models and dominant cultures that are unfortunately still steeped in prejudice and bias, whether implicit or explicit?

The AFB applauds the launch last year of Creative Canada, the federal government's long-overdue review and analysis of Canada's cultural policy and funding framework. We need to drill down to the foundations of arts and cultural policy so the execution of both better reflects the multitude of Canadian experiences and ensures their authentic representation.

According to the 2016 census, 4.9% of the population identify as Indigenous, 22.3% as visible minorities, and 21.1% speak French as a mother tongue, while another 21.6% speak a mother tongue other than English or French. But a 2015 report by the Canadian Actors' Equity Association found that work environments within the arts and cultural industries were steeped in prejudice against people reporting one or more diversities (35% of the sample), with negative effects on casting decisions, income and power, etc.



Only 24% of respondents agreed that Canada’s diverse communities are well represented on stage in live performances.

*CultureTrack*, a study released by Business for the Arts in 2018, found that Indigenous peoples and people of colour are 65% more likely to avoid cultural programming “because activities don’t reflect people of a range of backgrounds.” This is an important consideration for policy-makers and programmers alike. While the study has many merits – it also categorizes demographics by language (Anglophones, Francophones and Allophones) and citizenship – it does not provide specific racial or cultural breakdowns, underlining a dominant bias in the industry. Cultural evolution is clearly a work in progress.

While new federal investments in creators and content development are greatly appreciated, there are significant concerns about how those funds are distributed. Reinforcing Eurocentric artistic excellence, for example, produces more of the same, and by the same few people. Peer assessment panels may lack the knowledge or perspectives needed to fully grasp and review some cultural proposals. And in general, artists and companies whose work is “excellent” thanks to decades of government support benefit from a positive feedback loop when new investments should be prioritized in developments that enhance diversity through multiple lenses: age, gender, Indigenous, language, racialized/POC, ability, LGBTQ2S+, etc.

The AFB ensures the well-intentioned language in Creative Canada regarding authentic representation is continuously carried out. It does this by setting clear funding targets for diverse artistic and cultural practices that are regularly monitored, evaluated and updated in relation to demographic shifts. Funding will be guided by bigger policy objectives, such as achieving reconciliation with Indigenous peoples, gender parity, equity for racialized, deaf, disabled and other historically marginalized peoples, and addressing regional disparities.

The AFB ensures that these targets are adopted by the appropriate government departments, Crown corporations and portfolio agencies involved in arts and cultural development.



# EARLY LEARNING AND CHILD CARE

## HIGH STAKES

- Recent federal child care initiatives, though positive, are too limited financially and policy-wise to deliver high quality, accessible, affordable and inclusive services.
- The international benchmark for public spending on early childhood education and child care is at least 1% of GDP for children aged 0–5; at an estimated 0.5% annually, Canada spends considerably less than this minimum benchmark.
- Child care fees for parents are prohibitively high for low- and middle-income families.

## CLEAR CHOICES

- Over a 10-year period, increase conditional transfer payments to the provinces and territories to ensure that affordable, high quality child care becomes accessible to all.
- Increase federal child care funding by \$1 billion annually until the 1% of GDP benchmark is met, ensuring that new funding supports expansion only in public and non-profit services.
- Ensure public funding goes directly to child care programs that commit to reducing parent fees (to no more than 10% of after-tax household income) and raising staff wages — not to individual fee subsidies, cash transfers or tax breaks.

The AFB revises Canada’s approach to early learning and child care (ELCC) and increases government spending to establish universal, comprehensive, publicly funded and publicly managed child care systems in every province, territory and Indigenous community.

While respecting the key and unique role of provinces/territories in developing and delivering ELCC and other social programs, the AFB adopts a leadership role for the federal government in recognition of its greater fiscal capacity and unique responsibilities.

Building on the “calls to action” of the Truth and Reconciliation Commission, the AFB acknowledges that Indigenous communities should be supported to design, deliver and govern child care systems and services that meet their needs and aspirations for self-determination.

Under the AFB plan, within 10 years every child in Canada will be able to access high quality ELCC services regardless of where they live, their family income or other circumstances — if the family so chooses.

**Action:** In 2019-20, transfer \$1 billion to provinces, territories and Indigenous communities for the purpose of beginning to build accessible, affordable, high quality, inclusive ELCC systems. Funding for Indigenous communities will support the implementation of the Indigenous-led ELCC Framework.

Funding to provinces and territories will be conditional on subnational action plans meeting evidence-based standards and criteria for accessible, affordable, high quality, inclusive ELCC. For example, the plans must:

- Recognize that high quality ELCC is an entitlement for all children and families;
- Direct public funding to services (operational funding), not vouchers, tax breaks, fee subsidies or transfers to individuals;
- Adopt a planned, publicly managed approach to the expansion of regulated ELCC through public and non-profit services;
- Define affordability as there being no fees, or else fees that are geared to income, so no household is paying more than 10% of after-tax income for ELCC;
- Make the process of improving quality an ongoing, integral component of ELCC policy;
- Recognize that a well-educated, well-paid, well-recognized ELCC workforce is essential to ensuring that services are of high quality and are available;
- Commit to public accountability to ensure all public funds are used to improve the availability, affordability, quality and inclusiveness of ELCC;
- Commit to the full inclusion of children with disabilities, and recognize and celebrate cultural diversity;
- Commit to providing a comprehensive range of services to meet the needs of families and children at the community level, as one size does not fit all; and,
- Recognize that a universal, equitable system of high quality ELCC and a universal, equitable system of parental leave are complementary and key components of supportive family policy.

**Action:** Increase Canada’s ELCC budget each year until it reaches at least 1% of GDP—the international benchmark for government spending on child care and early learning—by the 2029-30 fiscal year.

Substantial annual increases in federal transfers to provinces, territories and Indigenous communities are required to maintain existing services while increasing the quality and affordability of existing spaces and creating new public and non-profit services that meet the diverse needs of families from coast to coast to coast.



# EMPLOYMENT INSURANCE

## HIGH STAKES

- Temporary and part-time workers rarely qualify for employment insurance (EI) and benefits are limited when they do.
- Women, racialized Canadians and other marginalized groups receive consistently less EI support due to their lower average wages.
- Half of workers whose main EI claim is sick leave exhaust their benefits, indicating the duration is not sufficient.
- Despite paying into EI, there is almost no way for migrant workers to claim either parental or regular benefits.

## CLEAR CHOICES

- Set a universal EI entrance requirement of 360 working hours to level the playing field for precarious workers.
- Set a minimum benefits floor for all unemployed workers, not just those with children.
- Double the length of sick leave from 15 weeks to 30 weeks.
- Issue open work permits for the Temporary Foreign Worker Program and allow migrants to obtain parental benefits.

Employment insurance (EI) is a vital part of Canada's social safety net, but the program needs substantial new investments to address a changing labour market and to reduce income inequality.

**Action:** Establish a uniform national eligibility requirement of 360 hours for regular benefits and 300 hours for special benefits (a return to pre-1990 levels), and restore migrant workers' access to parental benefits. Cost: \$2 billion a year.

**Result:** An additional 250,000 workers will receive regular and special benefits.

**Action:** Increase the duration of sick leave from 15 weeks to 30 weeks. Cost: \$600 million a year.

**Result:** An estimated 180,000 people who currently exhaust EI sick leave benefits would be supported.

**Action:** Add a low-income supplement so that no regular or special benefits fall below \$300 per week. Cost: \$900 million a year.

**Result:** Reduced inequality for low-income workers.

**Action:** Restore the Board of Referees appeal system for EI. The Social Security Tribunal introduced in the 2012 budget isn't working for workers, and has proven to be costly and inefficient. While the legalistic process re-

duced the number of appeals, the cost per appeal went up from \$780 to \$2,040. We expect this change to be cost-neutral in the medium to long term.

**Result:** More justice for unemployed workers.

**Action:** Raise premiums from the projected 2019 rate of \$1.66 to \$1.90 per \$100 of earnings, with no change to the maximum insurable earnings.

**Result:** EI premiums are at historically low rates, which limits the ability of the program to adapt to workers' needs. Raising rates will increase revenue by approximately \$3.5 billion in 2019, which will allow the EI operating account to cover the cost of the reforms proposed above.



# ENVIRONMENT AND CLIMATE CHANGE

## HIGH STAKES

- Climate change threatens the prosperity and well-being of all Canadians.
- Federal and provincial government climate policy, and Canadian contributions so far to global climate financing initiatives, do not reflect the ambition of Canada's climate targets.
- Pollution and exposure to toxic substances have significant negative impacts on public health, the environment and our economy.

## CLEAR CHOICES

- Enforce and strengthen federal carbon pricing backstop systems.
- Remove all direct and indirect subsidies for fossil fuel exploration, development and transportation.
- Provide regulatory departments and agencies with sufficient funding for managing toxic substances, including pesticides.
- Contribute Canada's fair share of global climate financing.

Action on climate change, toxic substances, and nature and biodiversity conservation is critical to ensuring that Canadians have the opportunity to enjoy a healthy environment and healthy lives, and that the federal government plays a responsible role toward advancing environmental sustainability and justice on a global scale.<sup>1</sup>

## Climate change and energy sustainability

The AFB sets an ambitious new greenhouse gas (GHG) emission reduction target of 50% below 2005 levels by the year 2040. The following actions will help get us there.

**Action:** Enforce and strengthen the current federal carbon pricing backstop system by continuing to increase the federal minimum carbon price after 2022 by \$10 per tonne per year. Output-based pricing systems (less stringent treatment) would be temporary and limited to sectors where there is evidence that carbon leakage would result from the full carbon price.

**Action:** Disclose the costs of all federal direct spending on, and the value of tax deductions claimed for, exploration, development and production of coal, oil and natural gas. Following disclosure, the government will initiate

work with partner countries to define “inefficient” fossil fuel subsidies, with a view to phasing out those subsidies worldwide in accordance with global commitments. Canada would then commit to eliminating all remaining federal subsidies over five years, including the Accelerated Capital Cost Allowance (ACCA) for liquified natural gas, Canadian Development Expense (CDE) and Canadian Exploration Expense (CEE) claims, and the flow-through share deductions for fossil fuels, which combined cost the government \$300 million a year.

**Action:** Contribute Canada’s fair share of global climate financing by providing \$3 billion annually from 2021 to 2025, and explore opportunities to generate funding from levies on bunker fuels used in international aviation and marine shipping.

**Action:** Provide \$600 million annually to offset the cost of energy-efficiency retrofits and the construction of energy-efficient homes. This money will be divided between remote communities (\$100 million), Canada’s North (\$200 million) and low-income family homes (\$300 million), in addition to providing \$10 billion over five years to support retrofits in multi-unit residential buildings.

---

## Toxics and conservation

To protect Canadians and our environment from toxic exposures, the AFB provides enhanced funding for relevant federal regulatory departments to assess and manage toxic substances, including pesticides, and to respond to scientific developments in the understanding of environmental and health risks, changing use patterns, and new products on the market.

**Action:** Commit \$100 million annually for chemical assessment and regulatory activities, another \$100 million annually to enforce the Canadian Environmental Protection Act and its regulations, and \$100 million a year for the Pesticide Management Regulatory Agency to assess risks and upgrade its compliance and enforcement. Commit a further \$10 million over three years to revive and expand the National Pesticides Monitoring and Surveillance Network.

**Action:** Provide \$85 million annually to establish marine protected area networks, and increase environmental research and enforcement regarding aquaculture. Put an additional \$25 million per year toward programs that manage and protect Canada’s birds.

---

## Notes

**1** For details on these AFB issues and actions, including a complete list of fossil fuel subsidies to be phased out, see the Green Budget Coalition’s recommendations for the 2019 federal budget, available at [www.greenbudget.ca](http://www.greenbudget.ca).



# FIRST NATIONS

## HIGH STAKES

- 58 First Nations languages are threatened with extinction.
- The ability of First Nations governments to improve results for their citizens has been hindered by a 2% cap on funding since 1997.
- First Nations continue to live with inferior housing, boil water advisories and a lack of road access to the rest of the country, situations that are forcing people out of their communities.

## CLEAR CHOICES

- Support Indigenous language revitalization across the country, beginning with an investment of \$1.2 billion over three years.
- Invest \$2.5 billion over three years to “Indian Government Support Programs.”
- Invest \$5 billion over three years in infrastructure operations and maintenance in First Nation communities.

## Languages

Languages define nationhood. They are integral to the cultural continuity that has been identified as a key factor in preventing youth suicide.<sup>1</sup> It is unacceptable that there are an estimated 58 First Nations languages threatened with extinguishment. Without support for Indigenous languages, nations, cultures and lives are at risk.

In addition, children taught in their mother tongue are more successful at school. Given the importance of increasing First Nation graduation rates, and the economic value to all of Canada from doing so, co-operation to move these initiatives forward makes sense – academically, culturally and economically.

The federal government is co-developing legislation in support of Indigenous languages. To implement that legislation, investment is needed in school-based immersion programs, community language revitalization, adult language revitalization, and language maintenance and dissemination.

**Action:** Invest \$1.2 billion over three years to meet this need.

## Governance capacity

Since 1996, a 2% cap on annual funding increases for core First Nations programs and services has resulted in constant losses against inflation and popu-



lation growth, among other cost drivers. This has prevented closing the socio-economic gap between First Nations citizens and other communities in Canada.<sup>2</sup>

The federal government has committed repeatedly to eliminating the 2% cap. Over the course of three federal budgets, Canada has ensured that funding for some programs and services will exceed 2% annually. However, in many other cases the cap is effectively, even if no longer officially, in place.

One key challenge resulting from the funding increase cap is governance capacity. With annual increases to governance and administration under 2% for 22 years, First Nations governments have been unable to build modern governance infrastructure, hire and retain skilled staff, or manage programs to improve results for their citizens.

**Action:** Invest \$2.5 billion over the next three years in the four areas of governance capacity: band support funding, band employee benefits, professional and institutional development, and tribal councils.

---

## Infrastructure on Reserve

Canada has estimated that the infrastructure gap on reserve is at \$30 billion.<sup>3</sup> This reflects needs in housing, water, roads and other construction projects. In addition, operations and maintenance funding for infrastructure has lost over \$5 billion against inflation and population growth due to the 2% cap for the last 22 years.

Infrastructure is the foundation of life on reserves. No one in Canada should live without a home, without access to clean drinking water or heat and electricity. Economic development cannot happen without roads and broadband internet. And construction will fall to ruin if funds are not available to operate and maintain this infrastructure.

**Action:** The fiscal framework does not have room for a \$35 billion one-time investment. In an effort to start to address the enormous deficits that have developed over decades of neglect, the AFB invests \$5 billion over three years in this area.

---

## Notes

**1** M.J. Chandler and C.E. Lalonde. 2009. “Cultural continuity as a moderator of suicide risk among Canada’s First Nations,” in L. Kirmayer and G. Valaskakis (Eds.), *Healing traditions: The mental health of Aboriginal peoples in Canada*. University of British Columbia Press. Pp. 221–248.

**2** Auditor General of Canada, 2018 Spring Reports: Report 5: [http://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_201805\\_05\\_e\\_43037.html](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201805_05_e_43037.html).

**3** Indigenous Services Canada. 2018. “Reliable Infrastructure» : [https://www.canada.ca/en/indigenous-services-canada/news/2018/01/reliable\\_infrastructure.html](https://www.canada.ca/en/indigenous-services-canada/news/2018/01/reliable_infrastructure.html)



# GENDER EQUALITY

## HIGH STAKES

- The employment gap between men and women is costing our economy an estimated 4% in GDP growth.
- Women aged 25–54 continue to perform 10 hours more per week than men of unpaid work in the home and make up 89% of workers taking parental leave.
- Women and girls make up more than half of all victims of violent crime, and the clear majority of victims of sexual assault and harassment.

## CLEAR CHOICES

- Invest in sectors where women work and earn a living wage.
- Deliver accessible, affordable and universal child care and a paid paternity leave program.
- Increase funding to women's organizations and implement a fully resourced national action plan to end violence against women.

Three out of every 10 women in the workforce work in health, education and social services, in occupations such as nursing, teaching and community services that accommodate their disproportionate share of unpaid work, particularly child care.<sup>1</sup>

**Action:** Invest in the sectors where women work today, and ensure that job stimulus and infrastructure spending is directed at Canada's entire labour force, 48% of which is made up of women.<sup>2</sup>

**Result:** Narrowing the gender employment gap, particularly among highly educated workers, will add 4% to Canada's real GDP, according to the International Monetary Fund.<sup>3</sup>

An estimated 608,000 women are working part time either involuntarily or because of caring responsibilities. Meanwhile, household debt represents \$1.73 of every dollar earned.<sup>4</sup> Women aged 25–54 continue to perform 10 hours more per week of unpaid work in the home and make up 89% of workers taking parental leave.

**Action:** Provide tailored supports and training for women who face employment barriers or work part-time involuntarily; work with employers to increase their uptake of female applicants, particularly those facing significant employment barriers, such as women with disabilities, Indigen-

ous women and single women; and recognize the qualifications of women who have been out of the workforce caring for children and family members.

**Result:** Adding 608,000 women to the workforce in full-time jobs would increase payrolls by \$17.7 billion a year.<sup>5</sup> That money would ease family debt burdens and stimulate growth in the economy.

**Action:** Invest in universal child care (see Child Care chapter) and introduce a paid paternity leave, building on the success of the Quebec model. Return the parental leave window from 18 to 12 months.

**Result:** The distribution of unpaid work will shift, leaving women better able to balance paid and unpaid work.

Women and girls make up more than half of all victims of violent crime, and the clear majority of victims of sexual assault and harassment. Though the federal government has increased funding for violence prevention, the scale of the problem demands greater attention.

**Action:** Invest in a fully resourced national action plan to address violence against women, based on the *Blueprint for a National Action Plan*, bringing federal per capita spending on the issue in line with provincial spending. Cost: \$500 million annually.<sup>6</sup>

**Result:** Levels of violence experienced by women will begin to decline and survivors of violence will receive adequate support for their needs. The estimated \$12.2 billion annual cost of violence against women would be offset by declining crime rates.<sup>7</sup>

---

## Notes

**1** Statistics Canada. Table 14-10-0297-01 (formerly CANSIM 282-0142) Labour force characteristics by occupation, annual (x 1,000). Figures for women aged 15 years and older, 2017.

**2** Statistics Canada. Table 14-10-0018-01 (formerly CANSIM 282-0002) Labour force characteristics by sex and detailed age group, annual (x 1,000). Figures for women aged 15 years and older, 2017.

**3** Bengt Petersson et al. 2017. *Women are Key for Future Growth: Evidence from Canada*. Washington, D.C.: International Monetary Fund.

**4** Statistics Canada. Table 36-10-0589-01 (formerly CANSIM 378-0154) *Distributions of household economic accounts, wealth indicators, by characteristic, annual (percentage)*.

**5** Statistics Canada. Table 14-10-0029-01 (formerly CANSIM 282-0014) Part-time employment by reason, annual (x 1,000). Figures for core working age, 25–54 years, 2017.

**6** Women's Shelters Canada. 2015. *A Blueprint for Canada's National Action Plan (NAP) on Violence Against Women and Girls*.

**7** Josh Hoddenbough, Ting Zhang and Susan McDonald. 2014. *An Estimation of The Economic Impact of Violent Victimization In Canada, 2009*. Ottawa: Justice Canada; Zhang, Ting et al. *An Estimation of the Economic Impact of Spousal Violence in Canada, 2009*. Ottawa: Justice Canada.



# HEALTH CARE

## HIGH STAKES

- There were 4,000 opioid-related deaths in 2017; B.C. saw four drug overdose deaths a day in April 2018.
- One in five Canadians suffer from a mental illness, with associated costs topping \$50 billion a year.
- First Nations, Inuit and Métis people face significant health inequities and lack equal access to culturally appropriate care in their communities.
- Seniors can't access or afford the long-term care and home care they need; 34,000 seniors are on waitlists in Ontario alone.
- For-profit clinics and user fees threaten Canada's public health system.
- Lower federal spending will lead to a \$31 billion shortfall over the next 10 years, all downloaded to the provinces.
- The shift away from nationwide health accords to bilateral deals erodes the universality of the health system.

## CLEAR CHOICES

- Increase government investment in health care to sustain and expand services.
- Enforce the Canada Health Act to protect the core values of medicare.
- Implement a national single-payer public drug plan.
- Provide universal home care, long-term care, dental care and mental health services.
- Establish national strategies on seniors' care and mental health.
- Fully implement Jordan's Principle so that Indigenous children enjoy equal access to health care services.
- Put a 5.2% escalator on federal health transfer payments to maintain current levels of services, and to improve accountability and consistency in public health care services.

The present moment offers both great opportunities and challenges for health care in Canada. Realizing the full vision for public health care, as articulated by Tommy Douglas, remains elusive. User fees and extra-billing are costing Canadians and the public health care system millions of dollars, while spending cuts and privatization exacerbate wait times and threaten the ethos of equitable care for all.<sup>7</sup>

Canada is facing a public health emergency related to drug overdose deaths, while those who suffer from a mental illness cannot access the care they need. We also face a “critical public health policy juncture” in addressing long-standing health and social inequities within Indigenous communities.<sup>8</sup> Federal leadership is needed to ensure access to universal health care is a reality for all, by enforcing the principles of the Canada Health Act and by properly funding our public health care system.

In the midst of these challenges, the federal government has a historic opportunity to implement a universal, comprehensive national drug plan. We should also build on positive steps taken to invest in primary care, home care and mental health services, and work to extend the principles of medicare to the provision of home care, long-term care, dental care and mental health services.

**Action:** Increase federal health transfer payments by 5.2% a year to maintain current levels of services, and provide accountability and consistency in public health care services. Cost: \$660 million in first year.

**Action:** Implement a national, universal single-payer pharmacare plan with a comprehensive drug formulary. Such a program could lead to annual savings of \$11.5 billion across the entire economy.<sup>9</sup> Cost: \$7 billion.<sup>10</sup>

**Action:** Increase public spending on mental health from 7.2% of all health spending to 9% to ensure timely access to care, with a 25% contribution commitment from the federal government.<sup>11</sup> Cost: \$1.16 billion.

**Action:** Create a national plan for seniors' care that would establish common standards of care and staffing, along with targeted funding (2% of GDP a year<sup>12</sup>), to ensure equitable, high-quality care for Canada's aging population.<sup>13</sup> Cost: \$1.15 billion.<sup>15</sup>

**Action:** Equalize the dispersal of current targeted funding increases for home care (\$2.8 billion) over the four years instead of back-loading to later years. This would increase the spending from \$650 million to \$725 million in the first two year.<sup>14</sup> Cost: \$725 million (in first 2 years).

**Action:** Expand on the one-year emergency opioid crisis funding announced in March 2018 to include harm reduction strategies — such as supervised-consumption sites, medication-assisted therapy and drug checking — and increase funding for non-pharmaceutical treatment of chronic pain.<sup>16</sup> Cost: \$200 million.

**Action:** Strike a federal commission to make recommendations on the adoption of health-centered approaches to the decriminalization and regulation of illicit drugs.<sup>17</sup> Cost: \$15 million.

**Action:** Build on the Indigenous Health section of the 2018 federal budget and roll out funding earlier, in year one. The AFB works in partnership with First Nations to ensure equal access to comprehensive, culturally appropriate care. Substantial investments are needed now, not over the next five years as currently planned, in community and home care, mental health, community capacity-building, healthy child development, human resources and e-health infrastructure.<sup>18</sup> Cost: \$760 million.

**Action:** Recommission the Health Council of Canada to report on the performance of Canada's public health care system. Cost: \$10 million.

---

## Notes

**1** Government of Canada. Apparently Opioid-related Deaths. <https://www.canada.ca/en/health-canada/services/substance-abuse/prescription-drug-abuse/opioids/apparent-opioid-related-deaths.html>.

- 2** British Columbia Corners Service. Illicit Drug Overdose Deaths in BC, Jan-April 2018.
- 3** Mental Health Commission of Canada. 2017. Strengthening the Case for Investing in Canada's Mental Health System: Economic Considerations.
- 4** Ontario Longterm Care Association. 2018. This is Longterm Care 2018.
- 5** CHC and OHC (2017) Health Accord Report.
- 6** For more information on Jordan's Principles see here.
- 7** B.C. was recently fined \$15 million in withheld Canada Health Transfer payments due to user fees, and research by the Ontario Health Coalition and the Parkland Institute document numerous cases of user fees and extra-billing across Canada.
- 8** Chantelle Richmond and Catherine Cook. 2016. Creating conditions for Canadian aboriginal health equity: the promise of healthy public policy. *Public Health Reviews* 37(2).
- 9** Gagnon, Marc-André. 2014. A Roadmap to a Rational Pharmacare Policy in Canada. Canadian Federation of Nurses Unions.
- 10** This represents the estimated federal contributions to a national pharmacare plan; an additional \$12.5 billion is estimated from provinces and territories (the equivalent of current provincial pharmacare spending).
- 11** Mental Health Commission of Canada. 2017. Strengthening the Case for Investing in Canada's Mental Health System: Economic Considerations and Canadian Alliance on Mental Illness and Mental Health. Pre-budget Submission to the House of Commons Standing Committee on Finance.
- 12** Public spending on long-term care is currently 1.2% of GDP and 11.2% of overall public health expenditures (OECD 2017 Health Expenditures and Financing).
- 13** Canadian *Federation of Nurses Unions*. 2015. *Before It's too Late: A National Plan for Safe Seniors Care*; and Canadian Medical Association. 2016. *The State of Seniors Health Care in Canada*.
- 14** Schedule: 2019: \$725 million, 2020: \$725 million, 2021: \$750 million. Of note, total current public health care spending on home care was \$3.4 billion in 2014 (CIHI 2017).
- 15** This is the proposed federal amount required to increase current spending levels to 2% (25% of \$6.5 B).
- 16** This includes physical and psychological therapies. See Chang et al (2015) and Becker et al (2017).
- 17** Canada's Drug Futures Forum. 2017. Summary of Proceedings and Final Recommendations.
- 18** For further details see AFN. 2017. The First Nations Health Transformation Agenda.



# HOUSING AND NEIGHBOURHOODS

## HIGH STAKES

- The federal government invested substantially in building affordable housing from the 1960s until the 1980s, minimally between 1994 and 2001, and can afford to allocate more than what has been budgeted for in the National Housing Strategy.
- Waiting lists for subsidized housing in Canada continue to grow. Some people become homeless while they wait.
- The proposed Canada Housing Benefit is a positive step, but it should be launched earlier than 2020-21 and enhanced with provincial/territorial support after that.

## CLEAR CHOICES

- Enhance the National Housing Co-investment Fund with an additional \$1 billion in grant money for new builds.
- Allocate \$1 billion annually to build new supportive housing for vulnerable populations.
- Allocate \$1.5 billion immediately to the Canada Housing Benefit to help 250,000 low-income households afford their rent.

This year's AFB builds on and enhances the federal government's National Housing Strategy by allocating an additional \$3.5 billion over and above what has been committed to the National Housing Co-investment Fund, supportive housing and the Canada Housing Benefit.

## Enhancing the National Housing Co-investment Fund

A central feature of the National Housing Strategy unveiled in November 2017 is a new National Housing Co-investment Fund that, on an annual basis, will help create an estimated 6,000 new units and repair up to 24,000 existing housing units. The fund includes grants and loans to assist with both social housing and housing that is owned and operated by for-profit landlords. Provincial and territorial governments are not expected to share costs with the federal government on a dollar-for-dollar basis, but some subnational assistance is required.

**Action:** Enhance the National Housing Co-investment Fund with an additional \$1 billion annually for new builds. This amount is over and above what has already been committed by the Trudeau government.

**Result:** Between 10,000 and 15,000 new units of housing will be created annually, over and above current projections under the National Housing Strategy.

---

## Supportive housing

Supportive housing refers to specialized housing for vulnerable populations that features professional (i.e., social work) staff support. The National Housing Strategy contains no specific provisions for supportive housing.

**Action:** Provide \$1 billion in new annual funding for supportive housing at a per-unit rate of \$200,000. A strong focus should be placed on Indigenous peoples living off reserve, women, LGBTQ2S+ populations, persons with physical disabilities, persons with mental health problems, and seniors. Federal funds will be conditional on the provinces/territories providing additional funding to keep rents affordable for low-income tenants (e.g., housing allowances or rent supplements) and pay for professional staff support for the subpopulations in question.

**Result:** The creation of 5,000 new units of housing annually that will remain affordable for 25–35 years.

---

## Rental assistance

Central to the Trudeau government's National Housing Strategy is the planned launch, in 2020, of a Canada Housing Benefit (CHB). This benefit will consist of financial assistance to help low-income households afford the rent in both private and social housing units. The Trudeau government estimates this will cost \$400 million over seven years, and that the average beneficiary will receive \$2,500 in support per year. It is expected that half of this money will come from the federal government, and the other half from provinces and territories. The details for how this money will be allocated have not yet been released.

**Action:** Immediately allocate \$1.5 billion toward the new CHB and launch it a year earlier, in 2019-20, to provide enhanced and expedited demand-side assistance for low-income households. Under the AFB plan, each household assisted by the CHB in its first year will receive approximately \$500 per month in rental assistance. Provincial and territorial governments will need to match this funding starting in 2020.

**Result:** An estimated 250,000 low-income households will be able to afford rent with the CHB in Year 1 of the AFB plan; more households will benefit beginning in 2020.





# IMMIGRATION

## HIGH STAKES

- The unemployment rate for less recent immigrants is similar to that for non-immigrants, but their employment rate is lower.
- Recent immigrants make 63 cents for every dollar Canadian-born workers make.
- The low-income rate is 31.4% for recent immigrants, 17.9% for immigrants generally and 12.5% for non-immigrants.
- Citizenship fees increased from \$100 to \$530 in 2014-15.
- 475 people are in immigration detention at any given time; in the first three quarters of 2017-18, an estimated 7,300 migrants have been detained, including 155 children.
- At least 17 people have died in immigration detention since 2000.

## CLEAR CHOICES

- Invest in foreign credentials recognition and bridging programs for internationally trained immigrants and refugees so they can be hired in jobs consistent with their training and experience.
- Give all migrant workers in Canada, as well as all future arrivals, access to permanent residency.
- Ensure employment equity for racialized groups.
- Lower citizenship fees.
- Place a moratorium on all removals until reforms are in place, immediately end all immigration detentions where there are no security concerns, and end the security certificate regime.
- Provide all children living in Canada with the Canada Child Benefit regardless of their parents' immigration status.

The AFB takes the following actions with respect to Canadian refugee policy, sponsorship programs, immigration enforcement and settlement programs, labour force support, and citizenship and admissibility procedures.

### Sponsorship

An annual cap on the sponsorship component of Canada's immigration policy, and minimum income requirements on potential sponsors, unfairly discriminate against racialized Canadians, who also face unreasonable immigration investigations related to frequently false claims of marriage fraud.

**Action:** Repeal the annual cap (currently 10,000 applications per year) and minimum income requirement for sponsorship of parents and grandparents, which both impede the reunification of racialized families, since racialized Canadians—in particular from India, China and other Global South countries—have systemically poorer labour market outcomes than white Canadians.

**Action:** Direct Immigration, Refugees and Citizenship Canada (IRCC) to stop targeting victims of abuse for immigration investigation based solely on a sponsor's allegations.

---

## Enforcement

The practice of indefinite immigration detention and detention of children continues. Detainees are often housed in provincial jails, sometimes in solitary confinement, despite concerns from the United Nations and condemnation from Canadian courts. Canada's opaque security certificate regime still condemns residents suspected of posing a security threat to a secret trial process culminating in deportation.

**Actions:** Immediately impose a 60-day time limit on immigration detention, stop the detention of children and their separation from family, end the practice of housing immigration detainees in Canadian prisons, and prohibit solitary confinement for immigration detainees. Direct IRCC to collect and release disaggregated data on detentions. Place a moratorium on all removals until reforms to the refugee determination system and the immigration system are in place. End the security certificate regime and all deportation proceedings under it.

---

## Immigrant settlement services

IRCC-funded immigrant settlement services and language training (outside Quebec) is provided only to convention refugees and permanent residents.

**Actions:** Expand service eligibility to all those who need it, including refugee claimants, migrant workers, citizens and those with precarious immigration status. The AFB removes the restriction stopping IRCC-funded settlement workers from assisting clients with immigration-and refugee-related inquiries and forms, and reforms the national settlement funding formula to ensure equitable funding for services in small, rural and northern communities, and for francophone services outside Quebec. Cost: \$50 million.

---

## Refugees

**Actions:** Withdraw from the Safe Third Country Agreement with the United States. This will allow refugees to enter the country and make refugee claims safely and humanely at regular ports of entry and all other crossing sites. Canada will further eliminate the Designated Countries of Origin (DCO) scheme, which discriminates against refugees based on country of origin, and regularize status for all legacy refugee cases and for non-status immigrants.

---

## Labour market discrimination and permanent residency

Immigrants continue to experience discrimination in the labour market due to lack of recognition of their credentials and systemic racism. The denial of permanent resident status to migrant workers (including caregivers) and the legislative barriers they face in accessing such status render them extremely vulnerable to exploitation. Meanwhile, permanent residents of Canada are subject to criminal inadmissibility if convicted of certain offences, even if they have already served their criminal sentences.

**Actions:** Invest in foreign credentials recognition and bridging programs, provide all migrant workers with a pathway to permanent resident status, and end the double-punishment of non-citizens inherent in Canada's current criminal inadmissibility rules.

---

## Citizenship

Citizenship fees continue to be a barrier for low-income applicants.

**Action:** Reduce the citizenship application fee to \$100 (at a cost to government of \$17 million a year) and include an application to waive citizenship applications fees for all applicants collecting social assistance, pensions, employment insurance and/or worker's compensation benefits.

---

## Canada Child Benefit

**Action:** Provide all children living in Canada with the Canada Child Benefit regardless of their parents' immigration status. Cost: \$10 million a year.



# INDUSTRIAL STRATEGY AND JUST TRANSITION

## HIGH STAKES

- Taking serious action on climate change will require co-ordinated decarbonization of the Canadian economy.
- Women, racialized workers and other marginalized groups are underrepresented in the sectors poised for growth in the clean economy.
- Workers and communities in fossil fuel-dependent regions may be harmed by policies to phase out oil, gas and coal production.

## CLEAR CHOICES

- Develop a National Decarbonization Strategy that plots a path to a sustainable, equitable and prosperous Canadian economy.
- Establish a Strategic Training Fund to prepare workers — especially workers from historically excluded groups — for new jobs in the clean economy.
- Create a Just Transition Transfer to help the provinces and territories support fossil fuel workers and communities negatively affected by the shift away from fossil fuels.

To address and mitigate the rising costs of climate change, Canada must rapidly transition away from the fossil fuel-based status quo to a cleaner, more sustainable economy. But to minimize the potential harm to workers and communities of such a dramatic transformation, and to maximize the potential social and economic benefits, Canada needs a clear, comprehensive and *just* transition plan. The AFB ensures a co-ordinated and inclusive shift to a cleaner economy through federal planning and facilitation.

**Action:** Allocate \$250 million over five years to Innovation, Science and Economic Development (ISED) Canada for the creation of a National Decarbonization Strategy (NDS).

In consultation with provincial-territorial governments, First Nations, Inuit and Métis representatives, labour unions, industry associations and other stakeholders, ISED will conduct a comprehensive assessment of the Canadian economy, identify concrete objectives for the medium and long term, and produce a policy roadmap for the federal government.

The NDS will prioritize greenhouse gas emission reductions in line with Canada's climate targets (see Environment and Climate Change chapter) by promoting and shaping key industries for the clean economy, such as electricity generation and forestry. The strategy will ensure that all federal eco-

conomic development spending, such as the enhanced Low Carbon Economy Fund (see Infrastructure and Cities chapter), is aligned with national priorities. At every stage of the process, the NDS will foreground decent work and economic security for all peoples and communities in Canada.

**Action:** Establish a new Strategic Training Fund to bolster and diversify the workforce in key sectors identified under the National Decarbonization Strategy. Cost: \$1 billion.

New and redirected investments into strategic industries will create hundreds of thousands of jobs across the country, but Canada already faces shortages of skilled workers in many regions. Moreover, several of the key industries poised for growth in the clean economy, such as electrical machinery installation and building retrofitting, are disproportionately white and male despite an increasingly diverse national labour force.

The Strategic Training Fund addresses these concerns by providing funding to colleges, universities and other vocational training institutions to train more — and more diverse — workers for growth industries. Funding for training institutions is contingent on increased enrollment and improved completion rates for women, Indigenous people, racialized Canadians and other historically excluded groups.

**Action:** Create a new Just Transition Transfer (JTT) spread over five years to the provinces to support the workers and communities negatively impacted by the National Decarbonization Strategy. Cost: \$500 million.

The phase-out of coal, oil and natural gas production, among other necessary environmental and industrial initiatives, will have serious localized costs. To support vulnerable workers and communities through this transition, the JTT provides funding to the provinces to create or expand targeted just transition programs. Among other policies, these programs may include enhanced income supports, skills retraining and career counselling.

The full value of the transfer to each province is contingent on an equity assessment to ensure the benefits are fairly distributed to all affected people in each community, including those who may or may not be fossil fuel workers.



# INFRASTRUCTURE AND CITIES

## HIGH STAKES

- The number of commuters who drive to work dropped by only 1.3% from 2006 to 2016.
- Government infrastructure spending in 2018 is lower than it was in 2008 as a percentage of GDP.
- Since 1970 there have been 27 high profile, publicly funded studies and hearings on the topic of high-speed rail, yet no major projects have been completed.

## CLEAR CHOICES

- Create a public infrastructure bank to replace the Canadian Infrastructure Bank.
- Create a Sustainable Infrastructure Transformation Fund to prioritize infrastructure projects that achieve the greatest possible greenhouse gas emissions reductions.

## A truly public infrastructure bank

Public infrastructure investment has been a target of criticism for an entire generation. For most of this period, the primary concern has been the lack of overall investment, but there has always been a variety of problems related to how funds are allocated (e.g., in an inefficient and unaccountable way).

The Canada Infrastructure Bank (CIB) created by the current government does not correct these past mistakes. Rather, due to the CIB's requirement that ventures must also guarantee high returns for private sector investors and profiteers, the infrastructure bank prioritizes corporate profits over the public good, burdens municipalities with higher interest rates, and ultimately will result in less public infrastructure at a higher cost compared to alternative formats.

The AFB replaces the CIB with a truly public infrastructure bank (cost: \$1 billion a year net of existing CIB allocations). This institution will be designed to provide low-cost loans for public infrastructure projects. The new bank will also establish a centre of expertise that will pursue analysis in areas such as infrastructure planning and asset management as well as providing economic, social and environmental screens for all projects.

---

## Sustainable Infrastructure Transformation Fund

We are at the beginning of an era of significant infrastructure investment. The decisions made in the coming years will determine Canada's ecological impact for the next half-century.

Public infrastructure choices are a significant part of establishing a sustainable future. Provinces that decided to invest in hydroelectricity years ago, for example, produce less carbon than those that built fossil fuel power plants. Communities that invested in public transit are cleaner than those that built road systems that encourage urban sprawl.

We need the upcoming period of investment to be one of meaningful renewal instead of unsustainable and short-sighted replacement.

The AFB increases short-term funding for critical public infrastructure, prioritizes projects that will achieve the greatest possible greenhouse gas (GHG) emissions reductions, and disincentivizes carbon-intensive development. The AFB tops up existing federal commitments to \$6 billion a year (\$18 billion in spending over the next three years) to expand the scope and accelerate the development of new projects.

The Sustainable Infrastructure Transformation Fund will provide resources for ambitious projects in the following categories:

- Expanding public transit, including bike lanes, with the aim of reducing commuter times and getting more people on public transit;
- Expanding clean electricity and zero-emission infrastructure projects, including in the production and transmission of energy, and in the transportation system;
- Waste reduction projects that expand recycling capacity and divert waste from landfills;
- District energy projects that expand centralized production of thermal energy for heating and hot water; and,
- High-speed rail expansion for more efficient intercity travel within the Windsor–Toronto–Quebec City corridor, as well as Calgary–Edmonton, Vancouver–Portland, and anywhere else it makes sense.



# INTERNATIONAL DEVELOPMENT

## HIGH STAKES

- Achieving the Sustainable Development Goals demands a transformative change in Canada's approach to development co-operation.
- Canada invests 0.26% of gross national income (GNI) in international development — below the average of OECD countries.
- Canadian development assistance must be implemented in more integrated and complex ways, with new substantial and complementary investments and financing tools.

## CLEAR CHOICES

- Align government policy with the Sustainable Development Goals.
- Increase development spending over 10 years through 15% annual increases to the International Assistance Envelope.
- Focus Canada's international assistance on the poorest and most vulnerable people, especially women and girls.

The 2019 AFB will substantially strengthen Canada's role and leadership in global co-operation, helping to build a fairer, more sustainable and safer world. It does this by aligning government policy with the Sustainable Development Goals (SDGs), increasing Canada's International Assistance Envelope (IAE), and focusing additional international assistance and development finance on the poorest and most vulnerable people, especially women and girls.

**Action:** Launch a comprehensive plan to align government policy with the SDGs, and establish a coherent whole-of-government framework for meeting and measuring Canada's SDG priorities at home and abroad.

The new SDG Unit at Employment and Social Development Canada will establish a new multi-stakeholder national commission, which will engage the three levels of government, Indigenous authorities, civil society, the private sector, and other Canadians.

**Result:** Working with the SDG Unit, the national commission will generate a comprehensive, costed, whole-of-Canada SDG action plan integrating government commitments to Canada's Indigenous peoples. This plan will outline an inclusive process for developing a national framework of indicators, engaging provinces, territories and municipalities, and working with



them to collect subnational data, disaggregated by age, race, ethnicity, and gender, among other things.

**Action:** Set a 10-year timetable for gradually and predictably growing the IAE.

Annual 15% increases (including projections outlined in the 2018 federal budget) will take the IAE from \$5.5 billion in 2018-19 to \$6.3 billion in 2019-20, \$7.3 billion in 2020-21 and \$8.4 billion in 2021-22. These additional resources will be accompanied by new, flexible, diverse and responsive funding mechanisms suitable for a variety of civil society partners.

**Result:** This “fiscal escalator” will generate predictable annual increases in the aid budget, double the IAE in five years, and allow partner countries to absorb increases effectively and in accordance with their priorities. As the IAE increases, a proportionate amount will be allocated to the core humanitarian budget (prevention, response, relief and recovery), to bring it in line with typical year-end expenditures, including multi-year and standalone gender-in-emergencies funding.

**Action:** Set clear additional targets to focus Canada’s international assistance and development finance on the poorest and most vulnerable people, especially women and girls.

Beginning in 2019-20, 50% of bilateral aid will be dedicated to least developed countries (LDCs), low-income countries (LICs) and fragile contexts. By 2022-23, 0.12% of Canada’s gross national income (GNI) will be dedicated to development co-operation for LDCs.

Global Affairs Canada will establish a new international assistance effectiveness action plan, with clear targets in line with international aid and development effectiveness commitments.

FinDev Canada will allocate half of its investments to initiatives that reduce gender inequality, such as through women-led small- and medium-sized enterprises (SMEs) in low-middle income countries (LMICs) and LICs.

**Result:** These measures will strengthen Global Affairs Canada’s ability to facilitate a truly transformative feminist agenda that responds to the needs of women’s rights organizations, establishes a clear timeline to meet the ambitious gender targets in Canada’s programmatic funding, and enhances existing guidance notes to ensure that gender equality and women’s empowerment are truly at the heart of Canada’s international assistance programming.



# INTERNATIONAL TRADE AND GLOBALIZATION

## HIGH STAKES

- Canada's current trade and investment agreements make it difficult to tackle inequality, expand public services, reduce greenhouse gas emissions (GHGs), and otherwise set our economy on a more sustainable and socially just path.
- High tariffs imposed by the Trump administration on Canadian exports to the U.S. have the potential to significantly disrupt the Canadian economy and put jobs at risk.
- Canadian trade and investment agreements facilitate trade in fossil fuels and undermine domestic renewable energy promotion measures, which hurts our chances of meeting Canada's Paris Agreement commitments on climate change.

## CLEAR CHOICES

- Hit pause on new free trade negotiations, except NAFTA, and organize a public review of Canada's current trade and investment treaty model with the aim of developing a new model based on principles of social justice, economic inclusion and environmental sustainability.
- Create an adjustment fund to support workers and communities adversely affected by U.S. trade remedy actions.
- Develop a trade promotion strategy that helps shift Canada toward a zero-carbon economy and promote a "peace clause" on domestic measures globally that are meant to promote the transition to renewable power.

Canada is caught in a free trade loop. Despite diminishing returns from trade and investment liberalization — and corporate globalization more broadly — successive federal governments have simply pursued more of the same types of agreements, usually without considering how the proliferating rules in those deals may be hampering our ability to adapt to changing circumstances, including lagging productivity and stagnant wages, the need to transition away from fossil fuels, and global warming, to name but a few.

In fact, Canada's traditional free trade agreements overreach into many non-trade-related areas in ways that undermine public services, worsen inequality, prioritize harmful investment over environmental protection, and generally weaken our democracy. This has undermined prospects for a more sustainable economy at home and among our trading partners, particularly those in the developing world. The AFB turns the page on this outdated model of globalization, moving Canada toward a more sustainable — and more solidaristic — trade and investment agenda.

**Action:** Press pause on new bilateral trade and investment agreements and provide \$5 million for public hearings and consultations to develop a new trade and investment treaty model based on the principles of social, economic and climate justice and respect for democratic process. Key provi-

sions in our existing agreements, such as investor-state dispute settlement and excessive intellectual property rights, are clearly inconsistent with the public interest. This inquiry will also develop a new process for negotiating international trade and investment treaties based on a commitment to transparency, inclusivity and accountability, and will prioritize the inclusion of Indigenous voices and respect for human rights from beginning to end.

**Action:** Allocate \$100 million to create an adjustment fund for workers, industries and communities affected by the Trump administration's spurious national security and trade remedy actions. Canada will engage constructively in discussions to replace NAFTA with a new, fairer trade and investment treaty model, but will not tolerate bullying or arbitrary U.S. trade actions.

**Action:** As part of the National Decarbonization Strategy (see Industrial Strategy and a Just Transition Chapter), the AFB provides Global Affairs Canada with a mandate to develop a new trade and investment policy that withdraws support for fossil fuel development and export, which is fundamentally incompatible with the country's environmental priorities (see Environment and Climate Change chapter), and promotes trade and investment in the clean economy. As a sign of good will, Canada's new trade policy will pursue international agreement on a safe harbour or peace clause, whereby good-faith measures to fight climate change and promote renewable energy will be safe from challenge under trade and investment agreements.



# POST-SECONDARY EDUCATION

## HIGH STAKES

- Revenue from tuition has tripled since 1996, when federal funding for post-secondary education (PSE) was severely cut. Today, public funding supplies only half of university revenues.
- Public student debt reached \$28 billion in 2012, and that amount does not account for all private debt.
- Canada spends less on training and skilled trades apprenticeships than most industrialized countries.

## CLEAR CHOICES

- Restore federal funding for post-secondary education and establish standards through a federal PSE Act.
- Eliminate tuition fees for all students in all PSE programs.
- Invest in skilled trades apprenticeships and adult education, and extend training to those not eligible for employment insurance.

The AFB establishes a new policy framework for post-secondary education (PSE) that expands access to high-quality, publicly funded education and training. The framework addresses decades of neglect by introducing two new public policy instruments: the PSE Renewal Transfer (PSE-RT), which will help reduce tuition fees to zero for all PSE students, and the Canada PSE Act.

The PSE Renewal Transfer will be funded in part by eliminating: the federal tuition tax credit (savings: \$1.66 billion a year), the Canada Job Grant (savings: \$300 million a year), the RESP tax credit (savings: \$300 million a year), the student loan interest tax credit (savings: \$160 million a year), and by reducing the scientific research and experimental development tax credit.

Furthermore, the AFB appoints a parliamentary task force to consider a “decent work” standard that PSE institutions would need to meet to qualify for PSE-RT funding. The standard will include a \$15 minimum wage and a maximum wage for senior executives, which would be tied to the income of the provincial or territorial premier where a PSE institution is based. The task force will also consider whether reserve funds and/or sizeable investments held by PSE institutions are in compliance with the AFB’s proposed PSE Act.

**Action:** Restore federal PSE transfers to provinces and territories to 1995-96 levels accounting for enrolment growth and inflation. PSE-RT funding

will be separated from the existing Canada Social Transfer and available for provinces, territories and PSE institutions in compliance with our proposed PSE Act. Cost: \$5.76 billion a year.

**Action:** Eliminate all PSE tuition fees in all programs through an ongoing transfer based on 1995-96 (pre-budget cuts) funding levels. To qualify for these funds, provincial or territorial authorities must commit to matching their share of this cost and observing the PSE Act. Cost: \$3.77 billion a year.

**Action:** Collect better labour market data (cost: \$15 million a year), create a federal Labour Market Partners Forum (cost: \$50 million over 10 years), extend training to unemployed Canadians who do not qualify for EI (cost: \$300 million a year), strengthen union-based apprenticeship training (cost: \$125 million a year), and harmonize provincial-territorial apprenticeship training and certification requirements (cost: \$15 million a year). In addition, the AFB establishes a mandatory apprenticeship ratio for all federal infrastructure projects and maintenance contracts. Total cost: \$505 million.

**Action:** Eliminate interest on loans through the Canada Student Loans Program (CSLP) and extend Stage 2 assistance for all CSLP borrowers five years after graduation (cost: \$1.15 billion). Parttime students (like full-time students) will not be required to pay back CSLP debt until six months after they graduate. Graduate students will also be able to qualify for grants available through the CSLP (cost: \$25 million). Total cost: \$1.175 billion.

**Action:** An additional 1,250 students will be eligible for Canada Graduate Scholarships at a value of \$20,000 per scholarship. Cost: \$25 million.

**Action:** Immigration, Refugees and Citizenship Canada will restore training for English as an Additional Language (EAL) to be continued in perpetuity as a dedicated PSE-RT item in compliance with the PSE Act. This funding will be linked to the Consumer Price Index. Cost: \$54 million.

**Action:** Introduce a Canada PSE Act modelled on the Canada Health Act to ensure the provinces and territories comply with the core principles of universality, accessibility, comprehensiveness, public administration and freedom of expression in their PSE systems.

**Result:** Post-secondary education will become affordable for all students across Canada.



# POVERTY

## HIGH STAKES

- The national poverty rate in 2016 was 13% (using LIM-AT) and 10.6% (using MBM), the equivalent of between 3.7 and 4.6 million people.
- Poverty rates are substantially higher for recent immigrants, Indigenous people, racialized people, senior women, single parents and people with disabilities.
- 863,492 Canadians relied on food banks in March 2016, 28% more than before the 2008 recession.
- About 35,000 Canadians are homeless on any given night, and over 235,000 experience some form of homelessness during the year.
- The federal poverty reduction strategy is taking a long time and may not produce any new initiatives prior to the next federal election.

## CLEAR CHOICES

- Reduce Canada's poverty rate by 50% within three years and adopt rigorous targets for populations experiencing acute poverty.
- Base the federal poverty reduction strategy in a human rights framework and re-establish an arm's length body to track progress as recommended by the UN.
- Introduce a yearly \$4 billion transfer to the provinces/territories to boost social assistance benefits and achieve rigorous poverty reduction targets.
- Create a Dignity Dividend, modelled on the GST credit, to lift 370,000 low-income people, half of them children, out of poverty.
- Re-establish a \$15 minimum wage for all workers under federal jurisdiction and ensure annual increases into the future.

It is time for the federal government to develop and implement a comprehensive federal poverty reduction strategy to end poverty. Toward this end, the AFB adopts the following indicators, targets and timelines:

- Reduce Canada's poverty rate by 50% from its 2015 level within three years, and end poverty within a decade, based on the market basket measure (MBM) and low-income measure (LIM);
- Ensure the poverty rate for children and youth under 18, lone-parent households, single senior women, Indigenous people, people with disabilities, recent immigrants and racialized people declines by 50% from its 2015 level in three years, in recognition that poverty rates are higher within these populations;
- In two years, ensure every person in Canada has an income that reaches at least 75% of the poverty line;
- Within 10 years, ensure there is sufficient stock of high-quality and affordable supported housing for everyone in Canada; and
- Within two years, reduce by half the number of Canadians who report both hunger and food insecurity.

To achieve these targets, the AFB takes the following actions:

- Establish a human rights framework by which the federal government will provide leadership on poverty and inequality issues with a plan grounded in legislation that includes: 1) rigorous targets and timetables to eradicate poverty; 2) accountability and reporting mechanisms, and; 3) input from those with lived experience of poverty in the design, implementation and ongoing evaluation of the strategy.
- Re-establish and fully fund the National Council of Welfare, or a similar independent arms-length body, tasked with tracking poverty, reporting annually to the public and Parliament, and holding the federal government accountable for meeting its poverty reduction targets. This agency is granted an annual budget of \$10 million a year.
- Introduce a new federal transfer payment to the provinces and territories, tied to helping them achieve their poverty reduction targets. This transfer will be worth \$4 billion per year (and will be additional to the Canada Social Transfer). The intent of the transfer is to ensure that the bulk of these funds helps provinces substantially increase social assistance and disability benefit rates and eligibility. There are no strings attached to the transfer in its first year. In subsequent years, however, only provinces and territories that increase income assistance benefits and show progress on their poverty reduction plans will continue to receive federal support.
- Provide adequate and accessible income support through the following measures:
  - Legislate minimum national standards for provincial income assistance, tied to the Canada Social Transfer, to ensure welfare is accessible and adequate (and provided to people quickly regardless of province of origin or whether they have recently moved from an Indigenous reserve), and that no federal income supports (such as CPP-D) are deducted from provincial social assistance.
  - Continue to increase the Canada Child Benefit (CCB) base amount as needed to ensure that child poverty is reduced by 50% by 2020, and ensure the benefit fully reaches Indigenous children and the children of parents without regular immigration status.
  - Increase the guaranteed income supplement (GIS) top-up for low-income seniors (see the Seniors and Retirement Security chapter).

- Increase the monthly benefit rates for CPP disability, expand the definition of disability and loosen the eligibility requirements to ensure more people with disabilities in Canada qualify.
- Make the federal disability tax credit refundable (rather than non-refundable) at its present maximum amount so that, like the GST, it goes to people who qualify even if their income is so low that they do not owe income tax (cost: \$370 million).
- Create a new Dignity Dividend (similar to the GST credit) of \$1,800 per adult and child, targeted to those below the poverty line. The clawback will have a rate of 15% excluding the first \$2,500 of income. This new top-up, costing \$4.2 billion, represents the largest expenditure in our poverty reduction action plan, and will go to *all* low-income people regardless of family type. Combined with the social assistance transfer, this will lower the poverty rate by 10%.
- Collaborate with the provinces to use data such as social assistance rolls to identify all people entitled to these additional non-tax benefits (such as the CCB, the proposed Dignity Dividend and the refundable disability tax credit, among others).
- Improve the earnings and working conditions of those in the low-wage workforce through the following measures:
  - Re-establish a federal minimum wage of \$15 per hour, indexed to inflation, covering all workers under federal jurisdiction.
  - Restrict federal government contracts to Living Wage employers.<sup>1</sup>
  - Revise temporary foreign worker programs so that migrant workers can seek and obtain landed immigrant status without nomination by employers, and assure all those who come to Canada for work are granted full labour rights and protections upon arrival (see the Immigration chapter).
- Tackle homelessness and ensure the expansion of social and co-op housing stock (see the Housing and Neighbourhoods chapter).
- Provide universal, publicly funded child care, increasing the number of licensed spaces and capping fees (see the Early Childhood Education and Child Care chapter).
- Provide universal pharmacare (see Health Care chapter).



- Provide support for training and education, and initiate a green infrastructure and just transition plan with a special focus on apprenticeships for economically marginalized populations (see the Post-Secondary Education and Just Transition chapters).

---

## Notes

**1** Employers who have been officially certified as paying the living wage for families, as calculated by living wage campaigns across Canada. For background, see Tim Richards, et al. 2008. *Working for a Living Wage*. Vancouver: Canadian Centre for Policy Alternatives. Or visit: <http://livingwagecanada.ca>.



# PUBLIC SERVICES

## HIGH STAKES

- Canada's auditor general claims the Phoenix pay debacle is the result of a bureaucratic culture that fails to provide honest advice to policy-makers.
- Food, labour and environmental inspection systems, as well as public science, are drastically underfunded.
- Contractors have been hired to do work they don't understand.
- A lack of transparency in government contracting creates significant problems and unnecessary waste.
- The Canada Infrastructure Bank is a sound idea, but current private sector funding proposals are expensive and predatory.
- Bureaucratic accountability measures and Canadian whistleblowing protections are weak and ineffective.

## CLEAR CHOICES

- Launch a public inquiry into the culture that created the Phoenix pay system, the Social Security Tribunal debacle and other monumental policy failures.
- Continue to reinvest in public service capacity for service delivery.
- Reinvest in internal training and succession planning to support in-house service delivery.
- Ensure that all large contracting-out and privatization initiatives are subject to transparent public-interest and risk-analysis processes.
- Fund the Canada Infrastructure Bank through government borrowing.
- Implement stronger whistleblower protections.

Successive governments have ignored the state of Canada's federal bureaucracy for far too long. The structure and culture of the senior bureaucracy makes it extremely difficult to speak truth to power, consult key stakeholders about significant initiatives, and reinvest in government in ways that privilege the public interest as opposed to competing private interest concerns.<sup>1</sup>

This culture “has created an obedient public service that fears mistakes and risk,” said Canada's auditor general in his spring 2018 report. “Its ability to convey hard truths has eroded, as has the willingness of senior levels—including ministers—to hear hard truths. This culture causes the incomprehensible failures it is trying to avoid.”<sup>2</sup>

Some governance scholars recommend developing a moral contract, such as a Charter of Public Service, that would hold public servants, ministers and other government officials to higher standards of professionalism and non-partisanship.<sup>3</sup> Structures also need to be created to give public service employees, and their representatives at all levels, a meaningful, constructive and alternative voice in work processes.

For instance, had the initial planning documents for the Phoenix pay system been shared with public service unions in 2012, when requested, the unions would have been able to challenge key issues of inadequate plan-

ning. Unfortunately, senior members of the bureaucracy were not prepared to do this.<sup>4</sup>

**Action:** Launch a public inquiry into the structural and cultural deficiencies of the bureaucracy that contribute to policy failures like the Phoenix pay system. The poorly planned introduction of Phoenix left thousands of public employees underpaid, overpaid or not paid at all. Senior levels of the bureaucracy should have known that it would not work, yet the ability of the government to pay its employees was not even considered a risk in their business planning. The disastrous results of this failure continue to require proactive mitigation and sensible succession planning strategies.

**Action:** Expand the capacity of the public service with a reinvestment of \$500 million in 2019-20, and \$2 billion in each of fiscal years 2020-21 and 2021-22. Canada's public service grew by 2.8% in 2016-17. Although this human resource investment is badly needed, more needs to be done to ensure the public service can provide the services Canadians need and expect, especially in the areas of food inspection, labour inspection, climate change mitigation<sup>5</sup> and the rebuilding of public science.<sup>6</sup>

**Action:** Invest \$200 million in each of the next three fiscal years to create an in-house training program for compensation staff and additional in-house IT (information technology) and software development staff. Instead of contracting out important public service functions like pay and IT, the government needs to create robust internal training and career transition programs. This investment is required for secession planning and strong project outcomes. Work should be done by public servants who understand the issues and problems that the public service faces, not by contractors who do not.<sup>7</sup>

**Action:** Apply a transparent public interest screen to all contracting-out and privatization initiatives. The methodologies, findings and recommendations of these analyses must be shared and discussed with all stakeholders in advance of all official contracting measures, requests for information (RFIs) or requests for proposals (RFPs). If, after rigorous screening by all stakeholders, contracting for work is shown to be the best option in a given situation, successful contractors will be subject to the same values and ethics, access-to-information provisions, employment equity standards, accountability, transparency and other standards and conditions as public servants.

**Action:** The AFB will reconstitute the Canada Infrastructure Bank as a public infrastructure bank so that it is fully funded through direct federal government borrowing and tax dollars (see the Cities and Infrastructure chapter).

**Action:** Immediately implement the recommendations of the standing committee on government operations with respect to Canada’s inadequate whistleblowing framework and amend the Public Servants Disclosure Protection Act to make it more accountable. Public servants who observe mismanagement or wrongdoing should feel empowered to come forward. The Public Servants Disclosure Protection Act fails to adequately protect whistleblowers and punish those who commit reprisals, and the scope of who is protected by and subject to the provisions of the act is too narrow. More funding is required to protect whistleblowers. The act and the mandate of the Public Sector Integrity Commissioner must be broadened to include private sector contractors and former public servants.

---

## Notes

**1** For a discussion of these issues, see Ralph Heintzman, “Renewal of the Public Service: Toward a Charter of Public Service,” Canada 2020, October 2014: [http://canada2020.ca/wp-content/uploads/2014/10/2014\\_Canada2020\\_Paper-Series\\_Public\\_Service\\_EN\\_Final.pdf](http://canada2020.ca/wp-content/uploads/2014/10/2014_Canada2020_Paper-Series_Public_Service_EN_Final.pdf).

**2** Michael Ferguson, “Message from the Auditor General of Canada,” May 29, 2018: [http://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_201805\\_00\\_e\\_43032.html](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201805_00_e_43032.html).

**3** See, for example, the October 2014 Canada 2020 report (“Toward a Charter of Public Service”), statements by the auditor general, Goss Gilroy’s report “Lessons Learned from the Transformation of Pay Administration,” academic articles by Ralph Heintzman, Peter Aucoin, and Donald Savoie, and government sources such as the Tait Report and the Gomery Commission.

**4** The Public Service Alliance of Canada (PSAC) requested the business case for Phoenix shortly after the pay system was introduced, during meetings with Public Services and Procurement Canada and Treasury Board. The request was refused. The business case was eventually provided to the union by journalists in 2017.

**5** Public Service Commission statistics for the 2016-17 fiscal year for departments and organizations subject to the Public Service Employment Act: <https://www.canada.ca/en/public-service-commission/services/publications/dynamics-staffing-system-2016-2017.html>.

**6** 1,500 federal scientists lost their jobs prior to 2015.

**7** After consistent pressure from the PSAC, the government finally changed its pay call-centres from contractors to public service workers, while at the same time investing in training. As a result, from October to May 2018, the percentage of callers who felt that their enquiry was addressed rose from 64% to 83%.



# RACIAL EQUALITY

## HIGH STAKES

- Structural racism rooted in colonization and slavery creates systemic inequality for Indigenous communities, communities of African descent and communities of colour.
- Eliminating racism requires government's full commitment to make transformative changes to institutions, policy and law.

## CLEAR CHOICES

- Create a Canada Action Plan Against Racism (CAPAR) to examine how the intersecting effects of race and other demographic factors are affected by all laws and policies.
- Collect disaggregated data by race and other factors to measure the effectiveness of the CAPAR.
- Enact legislation and other accountability measures to ensure long-term sustainability of the action plan.

Indigenous communities, communities of African descent, and other communities of colour have always been among the most marginalized in Canada. Structural racism, deeply rooted in Canada's colonial origins and enslavement of African peoples, produced laws and policies to restrict their economic, social and cultural rights, and in some cases exclude them from Canadian society.

Despite the enactment of the Canadian Charter of Rights and Freedoms (1982), and a promising but aborted Canada Action Plan Against Racism (CAPAR) released in 2005, systemic racism persists in Canadian society, maintained and made worse by economic violence, class disparities and environmental racism.

The 2018 federal budget allocated \$23 million over two years to a new national anti-racism strategy housed within the multiculturalism program of the Department of Canadian Heritage. The government plans to hold cross-country consultations to develop a strategy and dedicate increased funds to address racism and discrimination targeted against Indigenous peoples, women and girls. While this is a welcome announcement, tackling racism cannot be reduced to conversations or initiatives about discrimination and intolerance.

**Action:** Create a new CAPAR tasked with uncovering and correcting the structural underpinnings of racial inequality in Canada, such as class disparities and environmental racism. The new CAPAR should ensure that peoples of African descent and people of colour are not merely participants in the consultation, but facilitators and conveners of the process. An intersectional lens will be used for understanding colonialism, anti-Black racism and racism against other peoples of colour, and the new CAPAR will clearly recognize emerging forms of exclusion and discrimination, such as Islamophobia.

**Action:** Collect disaggregated data by race and other factors to measure the effectiveness of the CAPAR, which will target structural racism in the following key areas (among others):

- The labour market, including employment equity;
- Economic inequality and poverty;
- The criminal justice system and access to justice;
- Child welfare;
- Environmental racism;
- Health and mental health;
- Housing;
- Social and cultural benefits;
- Education;
- Refugee protection, interdiction and immigration (including recruitment of migrant workers), citizenship legislation and policy; and
- Media, social media and mass communications.

**Action:** Provide long-term, sustainable funding for the new CAPAR and its associated consultations. To help build trust and ensure accountability, a clear and transparent monitoring and evaluation framework will be created that welcomes and integrates community feedback and concerns. Consultations will consider the following ways of creating systemic change:

- The development of anti-racism legislation;
- The establishment of an independent oversight body on implementation (\$3 million a year);
- The collection and use of disaggregated data by identity;

- The development of racial impact analyses for all government policies and laws, including the budget;
- Dedicated and ongoing funding for community groups and within government departments to combat racism (\$100 million a year);
- Strengthening federal employment equity legislation and encouraging provinces and territories to adopt similar legislation;
- Implementing the recommendations of the UN Committee on the Elimination of Racial Discrimination across all levels of government;
- The creation of accountability measures within each governmental department and at the ministerial level; and
- Collaborating with provincial and territorial governments to adopt an anti-racism strategy and action plan for systemic change.



# SENIORS AND RETIREMENT

## HIGH STAKES

- Only 37% of workers belonged to a workplace pension plan in 2016, down from a high of 46% in 1977.
- Just one in four private sector workers have a workplace pension plan, and their number fell by over 46,000 in 2016.
- Seniors' relative poverty rate more than tripled between 1995 and 2016, from 3.9% to 14.2%.
- RRSPPs, which overwhelmingly benefit high-income earners, accounted for \$15 billion of federal tax expenditures in 2015.

## CLEAR CHOICES

- Expand the Canada Pension Plan (CPP) replacement rate to 50%.
- Increase the guaranteed income supplement (GIS) top-up for low-income single seniors and senior couples by \$1,000 and increase the income exemption by an additional \$3,000 for each.
- Expand the income exemption for determining eligibility for the GIS by exempting the first \$1,500 in CPP benefits.
- Cap RRSP contributions at \$22,000 a year, which will only affect Canadians earning over \$126,000.

## Protecting pensions from employer insolvency

The recent insolvency of Sears Canada is a sobering reminder of the risks faced by plan members and retirees participating in defined benefit (DB) pension plans. While the provinces regulate most workplace pension plans in Canada, the federal government can play a role in protecting pension plans in the event of employer insolvency.

**Action:** In addition to the existing proposals to give pension debts super-priority during insolvency proceedings, the AFB works in collaboration with the provinces/territories to establish a non-profit public agency to administer terminated pension plans and provide a national insurance program similar to Ontario's Pension Benefits Guarantee Fund (PBGF).

## Amending the Pension Benefits Standards Act

The federal government regulates workplace pension plans provided by employers in the federal jurisdiction and Crown corporations. Major national employers, including Air Canada, Canada Post and Bell Canada, are among the sponsors of some 294 federally regulated DB pension plans. Together, these plans hold over \$100 billion in assets.<sup>5</sup>



Bill C-27, which amends the Pension Benefits Standards Act, would allow employers to undermine DB plans in the federal jurisdiction and replace them with less secure target-benefit plans that reduce benefits for active and retired members if the plan is not adequately funded.

**Action:** Cancel legislation permitting the retroactive conversion of accrued benefits in DB plans to target-benefit pension benefits.

---

## Enhancing retirement income and old-age security

The guaranteed income supplement (GIS), an offshoot of old age security (OAS), plays a significant role in supporting Canadian seniors who have low income in retirement. One of the major concerns with the GIS is the clawback that penalizes low-income workers for saving.

The following actions could be paid for, in part, by capping RRSP contributions at \$22,000 per year, a level that will affect only those making \$126,000 or more, but that would raise \$870 million a year in federal revenue:

- Increase the GIS top-up for low-income single seniors and senior couples by \$1,000 and increase the income exemption by an additional \$3,000 for each. Cost: \$2.1 billion a year.
- Index OAS to the average industrial wage and salary instead of the all-items consumer price index to ensure the retirement benefit keeps up with earned incomes. Cost: \$260 million in 2019-20.
- Exempt Canada Pension Plan (CPP) survivor benefits from the calculation of income for the purposes of determining GIS eligibility, and exempt the first \$1,500 in CPP income from the GIS clawback to moderate or eliminate its impact on other sources of income. Cost: \$1.8 billion a year.

---

## Improving the CPP expansion

In 2016, the federal finance minister and all provinces except Quebec agreed to a modest enhancement of the CPP. However, unlike the existing CPP benefit which allows workers to “drop out” months of little or no income attributed to child rearing or disability, the enhanced benefit includes less generous “drop in provisions,” which will produce lower benefits for parents and workers with disabilities.

**Action:** Convene discussions with provincial and federal ministers with the aim of increasing the CPP replacement rate from 33.3% to 50% of earn-

ings up to 114% of the year's maximum pensionable earnings. Extend the child rearing and disability dropouts to the enhanced benefit.

**Action:** Restore the CPP death benefit, a lump sum payment upon death, to the level it would have reached in 2018 had it not been reduced and frozen in 1998, and re-index it to growth in average wages.

---

## Notes

1 Statistics Canada, *Pension Plans in Canada Survey*.

2 Statistics Canada, *Pension Plans in Canada Survey*.

3 Statistics Canada. 2016. Seniors' income from 1976 to 2014: Four decades, two stories. Canadian Megatrends and Statistics Canada, Canadian Income Survey.

4 Department of Finance. Report on Federal Tax Expenditures - Concepts, Estimates and Evaluations 2017.

5 Office of the Superintendent of Financial Institutions, 2016-17 Annual Report, Federally Regulated Pension Plans.



### HIGH STAKES

- There were 174 drinking water advisories in First Nations in May 2018.
- The proposed Canadian Navigable Waters Protection Act still exempts pipelines and power lines and could give the green light to 118 Site C-type dams currently proposed.
- The proposed Trans Mountain pipeline alone puts 1,355 waterways at risk.
- 213 billion litres of raw sewage was flushed into waterways in Canada in 2016.
- Canada's trade and investment agreements do not adequately protect water policy from costly investor-state disputes.

### CLEAR CHOICES

- Implement the UN-recognized human rights to water and sanitation.
- Adequately fund water and wastewater infrastructure in municipalities and First Nations.
- Fund robust environmental assessments and strong water science and research.
- Safeguard the Great Lakes, groundwater and other freshwater sources, and Canada's oceans.
- Exclude water as a tradeable good, service or investment in Canada's trade and investment agreements.

Canada must take action to recognize water as a human right, a shared commons and a public trust. The United Nations has declared human rights to water and sanitation in several resolutions as well as in the 2015 Sustainable Development Goals (SDGs). Now that Canada has passed the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), it must obtain free, prior and informed consent from Indigenous peoples on all laws, projects and policies affecting water.

Despite the Trudeau government's repeated promises to end drinking water advisories in First Nations by 2020, there are still more than 100 in place at any given time, and no comprehensive plan to address the problem. The proposed Canadian Navigable Waters Act and existing environmental and energy legislation fail to protect waterways from pipelines like Trans Mountain, mega-dams like Site C, fracking, mining, offshore oil drilling in Nova Scotia, and more. Trade agreements like NAFTA encourage and effectively lock in the privatization of water services and continue to give big corporations rights to sue governments for safeguarding water.

**Action:** Strengthen public and community water and wastewater infrastructure through the following measures:

- Strengthen the Clean Water and Wastewater Fund by requiring that it be used to improve public or community-run water and wastewater infrastructure. Cost: \$6.5 billion a year for six years, \$2.5 billion a year in year seven and beyond.
- End drinking water advisories in First Nations (See the First Nations chapter for costing).
- Implement the Wastewater Systems Effluent Regulation passed in 2012, allocating \$3.5 billion over the next two years and \$2 billion a year afterwards.
- Commit \$100 million annually for water infrastructure in small municipalities.
- Commit \$75 million annually for ongoing water operator training, public sector certification and conservation programs.

**Action:** Improve and increase funding for environmental impact assessments in the following ways:

- Conduct assessments of all energy and mining projects in consultation with affected communities, and seek the free, prior and informed consent of Indigenous nations in the process. Cost: \$50 million annually for three years.
- Conduct an in-depth, independent study of the effects of tar sands development on the environment and health. Cost: \$30 million annually for two years.
- Reinstate federal funding for water programs at Environment and Climate Change Canada, Fisheries and Oceans Canada and Transport Canada. Cost: \$80 million annually for three years.

**Action:** Ensure the safety and sustainability of freshwater in Canada through the following measures:

- Implement a comprehensive action plan to protect the Great Lakes Basin. Cost: \$500 million in year one and \$950 million a year in each of the following four years.
- Commit to complete watershed mapping, establish water quality and quantity monitoring frameworks, increase the number of monitoring stations, and train staff. Cost: \$300 million over three years.
- Create a federal water minister position to co-ordinate the more than 20 departments that set federal policies affecting water.
- Commit \$3 million toward a groundwater protection plan and \$1 million to complete a review of virtual water exports from Canada.



# YOUTH

## HIGH STAKES

- Precarious, insecure work is on the rise among young workers.
- Canada's laws governing employment standards and EI are outdated.
- Public policy does not reflect any measure of intergenerational equity and all but ignores the needs of younger generations.

## CLEAR CHOICES

- Introduce a Young Workers Initiative to help transition youth into the workforce.
- Collect better statistics on youth employment to allow for better public policy decisions and planning.
- End unpaid internships in federally regulated sectors of the economy and better enforce current laws related to misclassification of unpaid interns.

The AFB improves workforce participation and employment outcomes for youth (aged 15 to 34) by implementing a Young Workers Initiative, collecting better statistics, ending unpaid internships with federally regulated employers, and through proactive enforcement of federal and provincial laws related to unpaid internships.

### Young Workers Initiative

Federal statutes pertaining to income security and labour are not responsive to the labour market realities of precarious, non-standard work. The Canada Labour Code and Employment Insurance Act need to be updated to address what young workers experience.

**Action:** Building on the report “Fairness at Work: Federal Labour Standards for the 21st Century,”<sup>1</sup> the AFB directs Employment and Social Development Canada to retain an expert panel to conduct a review of any labour-related statutes and consider whether said statutes reflect labour market conditions throughout the economic cycle. Cost: \$7 million.

**Action:** Guided by the assumption that businesses that invest in training their employees will be more likely to retain those employees full time and

on a permanent basis, the AFB enacts legislation requiring all employers with a payroll of greater than \$250,000 to invest the equivalent of 1% of their payroll in training for young employees.<sup>2</sup> Those who fail to meet that amount will be required to pay the difference to fund the Young Workers Initiative.

**Action:** Working with the relevant sectoral development councils, a Youth Labour Market Planning Board will connect people to jobs and ensure that employers take on more of the responsibility for training employees. It will co-ordinate with Statistics Canada and/or directly gather quantitative data on job openings (for all age groups), workplace benefits, “gig” economy participation, unpaid or low-paid internships, placement rates of public and private post-secondary institutions, and qualitative data on the labour market experiences of young people. The objective will be to identify the causes and develop responses to wage suppression and precarity in the labour market. Cost: \$30 million.

**Action:** The Youth Labour Market Planning Board will promote and oversee the disbursement of a Workforce Renewal Fund. The fund will offer financial assistance to firms that implement job-sharing between retirement-age workers and new hires, wherein older workers voluntarily go down to halftime and half-pay to serve as mentors for new hires for three years preceding retirement. Funds will be used to cover the onboarding costs for the new hires and to top up salaries. Cost: \$100 million.

**Action:** All federally funded infrastructure projects funded through the AFB’s public infrastructure bank (see the Infrastructure and Cities chapter) will reserve a minimum of one-quarter of the jobs they create for young workers; a minimum of one-tenth of the overall jobs created will be reserved for young workers from historically marginalized and equity-seeking groups.

**Action:** The AFB tasks the federal government with providing funding annually to non-profit organizations for 20,000 six-month paid internships at \$15 per hour. Cost: \$300 million.

---

## Collection of statistics

Young Canadians are being asked to work in non-standard positions to a much higher degree than previous generations. The AFB directs Statistics Canada to collect data, on a monthly basis, related to unpaid internships, precarious work (including part-time and contract positions, and self-employment), unpaid labour, and volunteerism.

---

## Internships and the Labour Code

The AFB implements (before the next federal election) the regulatory reforms to the Canada Labour Code set out in the 2017 budget, which proposed to limit unpaid internships in federally regulated sectors. The AFB eliminates all unpaid internships, in any form, in the federally regulated sectors, and directs the federal government to work with provinces/territories to identify and penalize employers that use unpaid interns, misclassify young workers, or exploit young migrant workers or international students. Cost: \$20 million.

---

## Notes

**1** H.W. Arthurs. 2006. “Fairness at Work: Federal Labour Standards for the 21st Century,” Osgood Hall Laws School of York University.

**2** Tom Zizys. 2014. “Better Work: The Path to Good Jobs is Through Employers.” Toronto: Metcalf Foundation.

# Acknowledgments

THE AFB IS a unique Canadian collaboration rooted in a set of social justice values — human dignity and freedom, fairness, equality, solidarity, environmental sustainability and the public good — embraced by a broad spectrum of civil society organizations. These organizations represent a range of sectors and populations including labour, environment, anti-poverty, faith-based, students, teachers, education and health care, arts, cultural, agriculture, social development, child development, international development, women, human rights, disability, and Indigenous peoples.

We would like to acknowledge the generous financial contributions of our funders.

This document was prepared thanks to the generous volunteer contributions of many people. Those contributions may or may not reflect the views of their organizations. They include:

**Lynell Anderson** (Child Care Now), **Morna Ballantyne** (Child Care Now), **Michèle Biss** (Canada Without Poverty), **Joe Boughner** (Association of Canadian Financial Officers), **Jordan Brennan** (Unifor), **Diana Bronson** (Food Secure Canada), **Michael Butler** (Council of Canadians), **Ryan Campbell** (Professional Institute of the Public Service of Canada), **Lydia Carpenter** (National Farmers Union), **Amy Casipullai** (Ontario Council of Agencies Serving Immigrants), **Gavin Charles** (Canadian Council for International Co-operation), **Tony Clarke** (The Polaris Institute), **Eve-Lyne Couturier** (l'Institut de recherche et d'informations socio-économiques), **Graham Cox** (Canadian Union of Public Employees), **Hamal Docter** (Canadian



Arts Coalition), **Nick Falvo** (Calgary Homeless Foundation), **Leilani Farha** (Canada Without Poverty), **Pam Foster** (Canadian Association of University Teachers), **Martha Friendly** (Childcare Resource and Research Unit), **Colleen Fuller** (PharmaWatch Canada), **Avvy Go** (Chinese and Southeast Asian Legal Clinic), **Tam Goossen** (Urban Alliance on Race Relations), **Joe Gunn** (Citizens for Public Justice), **Liyu Guo** (Campaign 2000), **Guillaume Hébert** (l'Institut de recherche et d'informations socio-économiques), **James Hicks** (Council of Canadians with Disabilities), **Cathy Holtslander** (National Farmers Union), **Megan Hooft** (Canada Without Poverty), **Dennis Howlett** (Canadians for Tax Fairness), **Guio Jacinto** (United Steelworkers), **Justine De Jaegher** (Canadian Federation of Students), **Andrew Jackson** (Broadbent Institute), **Frederic Julien** (Canadian Arts Presenting Association), **Anita Khanna** (Campaign 2000: End Child and Family Poverty in Canada), **Shalini Konanur** (South Asian Legal Clinic of Ontario), **Elizabeth Kwan** (Canadian Labour Congress), **Jennefer Laidley** (Income Security Advocacy Centre), **Andrew Langille** (Youth and Work), **David Leacock** (Unifor), **Keith Lowe** (CCPA Manitoba), **Mike Luff** (Canadian Labour Congress), **Emma Lui** (Council of Canadians), **Angella MacEwen** (Canadian Labour Congress), **Liz Majic** (Canada Without Poverty), **Peggy Mason** (The Rideau Institute), **Jessica McCormick** (Canadian Federation for Students), **Harriett McLachlan** (Canada Without Poverty), **Sasha McNicoll** (Community Food Centres), **Laura Neidhart** (Canada Without Poverty), **Tahnee Prior Robert Ramsay** (Canadian Union of Public Employees), **Carol Reichert** (Canadian Federation of Nurses Union), **Fraser Reilly-King** (Canadian Council for International Co-operation), **Chris Roberts** (Canadian Labour Congress), **Madeline Rodriguez** (Association of Canadian Financial Officers), **Toby Sanger** (Canadian Union of Public Employees), **Paul Shaker** (Civicplan), **Jan Slomp** (National Farmers Union), **Vicky Smallman** (Canadian Labour Congress), **Steven Staples** (Rideau Institute), **Rick Telfer** (Canadian Federation of Students), **Erin Tomkins** (Assembly of First Nations), **Michael Toye** (Canadian Community Economic Development Network), **Andrew Van Itersson** (Green Budget Coalition), **Howie West** (Public Service Alliance of Canada), **Amanda Wilson** (Canadian Health Coalition), **Dan Wilson** (Assembly of First Nations), **Angela Wong** (Chinese and Southeast Asian Legal Clinic).

The dedicated staff, volunteers, and research associates at the Canadian Centre for Policy Alternatives, as always, pull the AFB project together with no deficit of enthusiasm, generosity and good humour: Peter Bleyer, Simon Enoch, Lynne Fernandez, Alex Hemingway, Trish Hennessy, Iglia Ivanova, Seth Klein, Marc Lee, Katie Loftus, Alyssa O'Dell, Katie Raso, Jason Moores

Molly McCracken, David Macdonald, the late Kate McInturff, Hadrian Mertins-Kirkwood, Tim Scarth, Katherine Scott, Erika Shaker, Scott Sinclair, Gauri Sreenivasan and Stuart Trew.

Special thanks to this year's AFB Progressive Economics Fellowship holder Rosa Zetler.

