

New Decade, New Deal.

*—Alternative Federal Budget 2020
Our plan for a just and sustainable economy*



CCPA

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4	Acknowledgments
7	Preface
13	Introduction
18	Economic and fiscal projections
34	Fair taxation
41	Affordable housing and homelessness
44	Agriculture and food
47	Arts and culture
49	Canada and the International Decade for People of African Descent
53	Child care
56	Employment insurance
59	Environmental protection
62	First Nations services, infrastructure and governance
65	Food security
68	Gender equality
72	Health care
75	Immigration
80	Infrastructure and cities
84	International development
87	International trade
90	Just transition and industrial strategy
93	Older adults and retirement
96	Post-secondary education and training
99	Poverty
103	Public services and the public sector
107	Racial equality
111	Water
114	Youth

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Notes

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



Preface

CANADA AND COUNTRIES across the globe face a daunting challenge with the advent of COVID-19, the novel coronavirus. The World Health Organization (WHO) has declared a pandemic, as countries the world over try to contain the spread and health authorities race to treat casualties under incredible pressure.

These are not normal times.

Several provinces have implemented mass closures of educational institutions, child care centres, and community centres; some have cancelled large events and requested people returning from travel to self-isolate to try and slow the spread of COVID-19. Social distancing is also being recommended in some jurisdictions, in pursuit of containment.

We are entering uncharted territory, as the combination of COVID-19 and a global oil sell-off threatens not only public health and safety, but also the stability of our economy. Now is a time for social solidarity, government leadership, and expedient, non-partisan cooperation to do everything it takes to protect the public.

The federal government has announced an initial \$1-billion financial package divided between research, provincial and territorial supports, and employment assistance. This is an unprecedented response to a situation that continues to evolve. But is it enough? While the 2003 appearance of Severe Acute Respiratory Syndrome (SARS) led to new investments in public health, that funding dwindled over time. And because we are only as strong as our weakest link, ongoing investments in disease prevention, health promotion and protection are critical—something the COVID-19 pandemic makes starkly evident.

Every year, the Alternative Federal Budget (AFB) maps out a fiscal plan to ensure public health, safety, and wellbeing, to reduce poverty and income inequality, and to foster greater inclusion. This AFB is no exception, though the rapidly changing reality of COVID-19—and the necessity for fluid government responses—means the plans laid out in this road map should be considered a baseline. Bolder fiscal measures will most likely be required in the weeks and months to come.

AFB 2020 has ready solutions to combat the present crisis along three timelines: short term, medium term and long term. Our AFB 2020 COVID-19 emergency plan would address the immediate needs of workers, shore up the resilience and responsiveness of social programs, and ensure that the needs of vulnerable communities are adequately addressed.

Short term

The economic impacts of this crisis on workers and Canadian households could be severe. The federal government's most responsive tool for income supports is Employment Insurance (EI), which has the capacity to respond rapidly to emerging economic impacts on workers. Unfortunately many unemployed workers can't access the system and its supports, and even when they do, benefits are low. COVID-19 is exposing the inadequacy of Canada's EI program. To address these issues the AFB will:

1. Reduce the number of working hours required to qualify for EI to 360 hours for regular and special benefits (like sickness leave): **\$510 million.**
2. Increase the benefit replacement rate of EI from 55% to 60% of insured wages, though the crisis would merit an even higher replacement rate: **\$1.7 billion.**
3. Double the EI sickness benefit from 15 weeks to 30 weeks: **\$645 million.**
4. Create a \$300 a week floor on benefits for low-income claimants to EI: **\$900 million.**
5. Create a separate emergency fund for workers who need to quarantine but don't qualify for EI. This approach was employed during the SARS outbreak, but in a limited manner for health care workers. Given the rise in precarious and gig economy workers since then, it should be expanded to all workers, with similar payouts as those who qualify for EI under current regulations.

6. Double the Canada Child Benefit (CCB) for a month. The CCB is paid monthly and the next payments go out on March 20th and April 20th. Simply doubling this benefit would forego any complex redesign and expediently support parents whose children are out of school who may have additional child care costs or be missing shifts. This would provide an additional \$564 a month to families with young children at a time when they need it most: **\$2.1 billion per month.**

Medium term

Over the coming months, the Canadian economy will likely be pushed into recession by the economic impact of the coronavirus and the oil sell-off. One way to expediently help Canadians weather the blow is through income transfers. To that end, the AFB will:

1. Implement the Dignity Dividend: \$4.6 billion

This new federal transfer will provide up to \$1,800 per adult and child for those with the lowest income, although the benefit tapers off as income rises. It has the potential to lift 370,000 people out of poverty, which would act as a key stabilizer during a recession and make those households more resilient thereafter. This credit uses the pre-existing GST credit infrastructure and could piggyback those payments on April 3rd, 2020 and July 5th, 2020.

2. Improve transfers to low-income seniors: \$5.7 billion

Seniors risk being hard hit by the COVID-19 crisis. Infection rates among older adults are much higher than other age groups, and so are fatality rates. The Guaranteed Income Supplement is a key income transfer to support low-income seniors. Allowing more of it to be kept by seniors receiving Canada Pension Plan revenue, and increasing the base value by up to \$1,000, will help sustain these seniors' income. The next payments are on March 27, 2020 and then April 28, 2020.

3. Expand the Canada Housing Benefit to support self-isolation: \$250 million

The Canada Housing Benefit is starting to provide benefits in 2020 to low-income families who devote large amounts of their income on rent. The AFB doubles the federal contribution to that program so that an additional 200,000 low-income families would be able to afford rent during the COVID-19 crisis. This expansion would prioritize families forced to isolate and lose income as a result.

4. Eliminate interest on loans received through the Canada Student Loan Program: \$650 million

The AFB not only eliminates interest on student loans, it extends the six-month post-graduation loan repayment grace period for full-time students to part-time students.

Long Term

The COVID-19 crisis will severely test our social infrastructure over the coming months and years. It will also highlight how decades of funding inadequacies through inadequate investment, cost-cutting, and austerity budgeting have diminished the public system's ability to respond in times of crisis. Substantial reforms must be made to our social infrastructure and the AFB will:

1. Boost the health care escalator: \$600 million

Federal transfers to the provinces are now linked to nominal GDP growth or 3%, whichever is more. The upcoming recession will almost certainly pull GDP growth below 3%, resulting in a 3% health care escalator. Paradoxically, this means that the growth in federal transfers will fall from 3.6% (in 2019-20) to 3% (in 2020-21) in the middle of a health crisis and probable national recession. The AFB would set the health care escalator to 5.2% a year, as agreed upon by the provinces and health advocates. These new funds would help end hallway medicine once and for all, to ensure we have capacity during seasonal surges like flu season but, also, to ensure more humanitarian conditions for anyone in emergency. They will also support public health units to face outbreaks like coronavirus and seasonal flu.

2. Implement a National Seniors Care Strategy for long term care and home care: \$800 million & \$900 million

Unfortunately older adults are at greater risk from infections such as COVID-19. Our systems aren't up to the task of caring for seniors currently; it will get much worse as the epidemic progresses. The AFB would create a National Seniors Care Strategy. It would start by ramping up spending on long-term care, from 1.3% of GDP to 2% of GDP, with \$800 million in the first year and would target home care funding, set to expire in two years' time.

3. Create a poverty reduction transfer to provinces: \$4.5 billion

The recession that will likely accompany this health crisis place a further burden on families at or under the poverty line. The AFB would create a dedicated transfer to the provinces to support poverty reduction strategies already in place, premised on meeting their poverty reduction goals. The

AFB's poverty reduction measures would halve poverty rates by next year, moving up the present federal plan from 2030 to 2021 (using 2015 as the base year).

4. Invest in child care: \$1 billion

Child care workers will be on the front lines of COVID-19 battle, caring for children and supporting families who may be employed in sectors that are also vulnerable to the current pandemic. With child care closures during the crisis, some workers will be unemployed with little financial buffer, given how low-paying the sector is. The AFB would build a more affordable system for parents which boosts workers wages while expanding the number of child care spaces available in Canada.

5. Address just transition for energy workers and communities: \$1 billion/10 years

As COVID-19 hit Canada, oil prices have plummeted. This means energy workers and their communities will be doubly hit. As we continue towards a decarbonized Canada, these workers can't be left behind. The AFB will implement a National Decarbonization Strategy and a Just Transition transfer to retrain workers for the jobs of the future. The full value of the transfer is contingent on an equity assessment to ensure the benefits are fairly distributed to all affected people in each community, whether or not they work directly in the fossil fuel industry.

6. Restore fiscal capacity (closing loopholes) so we can pay for these priorities: \$52.6 billion in new revenue

As we move swiftly to invest in social programs and provide immediate and longer-term assistance to workers and families, deficits should be the furthest thing from governments' minds right now. At this point the federal government has never paid a lower interest rate on its debt. In the long term, making the tax system more fair, accountable and progressive by closing tax loopholes and shifting taxation to those who have benefited most from the last decade of growth is necessary to restore the fiscal capacity required to pay for key programs like health care and income supports on an ongoing basis.

Summary

A global pandemic is a sobering reminder that public priorities matter; that governments have an active role to play in ensuring the public's health and safety; that we need to act in social solidarity to invest in lasting changes that will make us more resilient, improve community well-being, ensure that

inequality is addressed, support the most marginalized and disadvantaged, and improve the quality of life of all Canadians.

The AFB's priorities have always addressed both the basics and the big picture, with targeted assistance and support to workers, families, communities and sectors that need it most, and a robust public sector with broad programs that improve sustainability and equity on a socially transformative scale. In times like this, the AFB's prescription is the cure.

Housing and food insecurity are critical determinants of health, and we've underinvested in strategies to tackle these challenges for far too long. The AFB provides meaningful investments to address both.

Education and social inclusion are also key determinants to a healthy society and resilient, cohesive communities. The AFB outlines provisions to ensure newcomers get the support they need, and advances a progressive vision for cradle-to-grave education. Its investments in early learning and child care, youth supports, and post-secondary education and training provide young people and students of all ages with the foundation they need to thrive.

The AFB proposes necessary policy changes to address the rise of low-wage, precarious work—from the gig economy to the creative sector—and its disproportionate impact on women and racialized workers. As a result, the AFB rapidly accelerates the government's poverty reduction goals of cutting poverty in half by 2030. We can do it in 2021.

The AFB also sets out a bold plan to address issues that have been neglected for more than a generation: poverty; declining infrastructure; the lack of potable water, decent housing and other infrastructure in Indigenous communities; and the immediate and urgent need to address the climate emergency. It demonstrates an international trade agenda that enshrines workers' rights and protections while protecting the environment.

COVID-19 has presented political representatives, policymakers and the public with an unprecedented point of reflection on the society and economy we have built, who has been left behind, and what needs to be improved. Since 1995, the AFB has set out a plan to address inequality, while investing in social programs and infrastructure to ensure their efficacy and long-term sustainability. It addresses the scourge, and the racialized and gendered impacts, of low-wage, precarious work while meeting our commitments to the environment, reconciliation, and the elimination of poverty. And its proposals provide a clear roadmap to address the immediate and medium-term impacts of COVID-19—or any crisis of this magnitude—while providing long-term solutions to strengthen our society and economy going forward.



Introduction

New decade, new deal

TWENTY-FIVE YEARS AGO, the Canadian Centre for Policy Alternatives joined forces with the Winnipeg-based Cho!ces coalition to draft the first Alternative Federal Budget (AFB). There were two main objectives to the exercise, according to John Loxley, an original co-ordinator of the AFB and first chairperson of Cho!ces. The first was to demonstrate that “there are, indeed, alternative approaches to economic and social policy.”¹ Budgets are not just legers to be balanced by skilled fiscal technocrats; they reflect the values and ambitions of the people who put them together. At the dawn of a new decade, in which the actions of governments will decide whether we succeed or fail to confront the climate emergency, those choices have never felt more important.

A second, related goal of the AFB was to build popular support for progressive alternatives to government austerity and to show how they are fiscally achievable. This was especially important in the project’s early days. An anti-deficit delirium had set in across Canada in the 1990s based on overblown fears about the country’s debt and a one-sided debate about how to reduce it. Then-finance minister Paul Martin’s insistence on cuts—to government services and programs, to provincial transfer payments, to public sector wages—as a way to shrink Canada’s debt-to-GDP ratio was, we argued, a choice, not an inevitability. To prove it, we produced a 1995 alternative budget that would have shrunk the deficit to 3% of GDP (the

government's own target that year) while maintaining social spending and improving public services in many areas.

Much has changed in Canada since those days, some of it for the better. Canadians are less inclined today to believe political rhetoric about the alleged menace posed by government deficits, for example. Many analysts suggested the Liberal victory in the 2015 election may have been attributable, at least in part, to Trudeau's promise to run deficits to pay for his party's "Real Change" platform. Although the NDP was calling for many fair tax reforms advocated by the AFB, which would have allowed the government to redistribute Canada's wealth toward sustainable job growth, the party's determination to appear "fiscally conservative" backfired. The Canadian public was apparently willing to incur relatively higher deficits if it meant bigger spending on social services and infrastructure.²

Circumstances, and priorities, have also changed in more fundamental ways since the deficit-slashing 1990s. Canada, under the leadership of the Mulroney government, had been a key player in the development of the UN Framework Convention on Climate Change (UNFCCC) and the Intergovernmental Panel on Climate Change (IPCC). But it and subsequent governments ignored commitments to bring greenhouse gas (GHG) emissions down to 1990 levels by the year 2000. Canadian governments then actively supported (with subsidies and other measures) a rapid expansion of heavily polluting tar sands oil production³ and worked to undermine international actions that might threaten this trajectory.⁴ At a low point for Canadian politics, the Harper government likened Canadian climate justice activists and Indigenous communities who opposed new fossil fuel infrastructure to foreign-funded terrorists.

Global inaction on climate change has resulted in a situation where, according to the IPCC, we now have no more than 10 years to cut GHG emissions in half, on a path to net zero emissions by 2050, if we are to avoid the worst impacts of the climate emergency. Considering the herculean effort entailed in decarbonizing the Canadian economy, the days of humdrum, fiscally balanced budgets may need to be put behind us indefinitely. Around the world, governments and political movements are raising their ambitions. The European Commission recently unveiled a trillion-euro investment plan to decarbonize the European Union by 2050. In the United States, Democratic presidential candidate Bernie Sanders has proposed spending US\$16.3 trillion (84% of GDP) on a plan to reach 100% renewable energy for electricity and transportation by 2030 and full decarbonization by the 2050 target.⁵

Given the scale of today’s challenges, it is extremely disappointing that our government still manages its revenues and spending much the same as it did when we launched our first AFB 25 years ago. Modest federal deficit spending aside, the assumptions driving budgetary decisions are locked in the past. New revenues from economic growth have been used to cut taxes for big and small business and wealthier Canadians when that money could have further enriched measures and programs to reduce inequality, eradicate poverty and meet the climate emergency head-on. The government’s first action in this post-election parliamentary session was to spend a further \$6 billion a year on another “middle class tax cut” that leaves, at most, \$15 a month in the pockets of people who will barely notice it.

There have been promising investments since 2015—in housing, child care, arts and culture, and infrastructure, among other areas—and commitments to seeking equity for Indigenous, racialized, LGBTQ2S+, disabled and other historically marginalized communities. There have also been some steps taken to make Canada’s tax system fairer and more fiscally sustainable, such as the closure of income-splitting loopholes that mainly benefited Canada’s highest-income earners, and enhancements to the Canada Revenue Agency’s ability to go after corporate and high-wealth tax cheats. These and other measures, notably the Canada Child Benefit, have been mainstays of the AFB for years. We welcome and build on them in our 2020 alternative budget.

However, as long as this government holds firm to an ideological belief that incentivizing private sector-led growth and “market” solutions is always preferable to government-led progress, we will remain needlessly constrained in what we can do to create good, sustainable jobs and help the most vulnerable among us. The federal carbon tax is a good thing, for example. But why is there no solid plan to use the revenues to fund sustainable, emissions-reducing public infrastructure (e.g., free public transit), or to help workers in the fossil fuel sector and their communities make a just transition to a decarbonized economy? Why is municipal access to the new \$200-billion infrastructure bank contingent on private sector co-financiers making a 7–9% profit on their investment?

The reason is simple. A quarter-century of neoliberal dogma, much but not all of it enforced in binding international trade treaties, has succeeded in limiting both the imagination and real policy flexibility of decision-makers. Our governments are either encouraged or required to choose from an ever-narrowing array of acceptable fiscal and economic options that have, over the last three decades, increasingly privatized prosperity and socialized risk and debt. By now most Canadians are familiar with the graph showing

stagnating real (after inflation) average wage growth alongside runaway income gains at the very top. If little has been done to lower greenhouse gas emissions, even less is going on to counter our age's outrageous levels of inequality. A decade after the biggest financial crisis of our time, banks and tech giants are raking in record profits and, in many cases, avoiding paying any taxes at all.

More than ever, the 2020 Alternative Federal Budget is therefore a blueprint for meaningful social engagement and positive change that federal governments would do well to consult. The ideas in these pages are good ones, the result of broad discussions between partner organizations with roots in frontline struggles for justice and equity. “In creating these budgets,” explained Loxley in 2003, “activists learned about the possibilities and the limits of reform and gained greater credibility and confidence in agitating for social change and in opposing regressive government policies. This process of submitting policy ideas to a disciplined analysis in an open and socially inclusive forum represents a unique accomplishment.”

Following AFB tradition, this is not a “blue sky” budget: the plan is fully costed based on the government's own economic growth and deficit forecasts. For example, where the Trudeau government has planned to run a \$28-billion deficit this fiscal year, dropping to \$18.5 billion by 2022-23, the AFB logs a slightly larger \$42.5-billion deficit this year and a \$20.5-billion deficit in 2022-23. We can do this while significantly expanding public spending, by closing unfair tax loopholes, applying higher taxes to extreme personal and corporate wealth, and eliminating or diverting harmful spending such as Canada's fossil fuel subsidies.

Still, at the end of the day, both the AFB and federal government maintain relatively low debt-to-GDP ratios of around 30% over the next three years. This conservative fiscal costing does not make the AFB plan any less ambitious. According to our estimates, AFB 2020 would lift between 600,000 and 1.2 million people out of poverty (depending on how poverty is measured) in its first year and eliminate poverty outright within a decade. And it would substantially lower the cost of living for all but the wealthiest Canadians.

The AFB achieves this by vastly expanding the availability of affordable child care, creating a universal pharmacare program, increasing the supply of affordable and supportive housing, expanding mental health care services and services for older people. AFB 2020 reforms employment insurance, the Guaranteed Income Supplement and old age security payments so they deliver more in benefits to more people. Post-secondary tuition fees are

eliminated, while the Canada Child Benefit, immigration settlement services and other rights and benefits are extended to everyone regardless of their immigration or citizenship status.

Canada's history of colonialism and the state's role in the genocide of First Peoples, its economic links to the North Atlantic slave trade, and more recent examples of state-sanctioned discrimination leave a long shadow. Official apologies alone are not enough. Better data collection on how racialized groups from all backgrounds—Black and African-diaspora Canadians, Indigenous peoples, new immigrants, etc.—are faring, as repeatedly called for in the AFB, can help us target and remove structural racism from our political and economic institutions. A National Decarbonization Strategy will incorporate a Workforce Renewal Fund, Strategic Training Fund and Just Transition Transfer that aim to put more young people, Indigenous workers and other equity-seeking populations to work in good, green jobs.

There is much more in these pages than can be adequately summarized here. Adopting all the AFB 2020 actions would mark an important shift in government policy-making and put the Canadian economy on more inclusive and sustainable foundations. It would do so without significantly adding to Canada's debt at a time when public debt is truly the least of our problems. In that sense, the AFB shares many of the same objectives of the growing Green New Deal movement in Canada. It is our bold new deal for an uncertain new decade. We hope its ideas will inspire government action and embolden the public imagination about what it is possible to achieve when, in Loxley's words, we begin "budgeting as if people mattered."

Notes

1 John Loxley, *Alternative Budgeting*, 2003.

2 Lee Berthiaume, "Canadians like the things the federal budget is spending on, but not the deficits: Leger poll," *The Canadian Press*, March 21, 2019.

3 Alberta Environment and Parks, "Oil Sands Projects Production History Graph," posted April 11, 2016: <http://osip.alberta.ca/library/Dataset/Details/45>.

4 Climate Action Network, "Tar Sands Report," not dated: <https://climateactionnetwork.ca/issues/getting-off-fossil-fuels/tar-sands/report/>.

5 Bernie Sanders, "The Green New Deal," not dated: <https://berniesanders.com/en/issues/green-new-deal/>.

Economic and fiscal projections

Fiscal and distributional impacts of AFB 2020

As in past years, the 2020 Alternative Federal Budget (AFB) works from the same macroeconomic assumptions (about economic growth, etc.), government expenditures and revenues, and projected deficit and debt values as Finance Canada laid out in the 2019 Economic and Fiscal Update (*Table 1*).

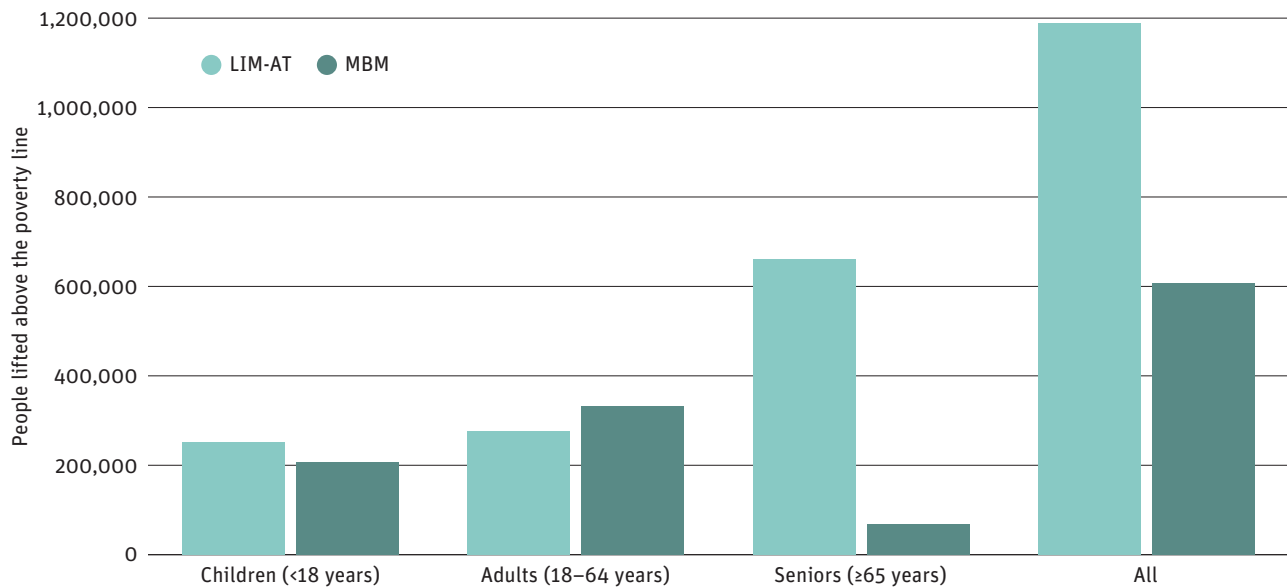
Where we depart from the federal government – substantially in many cases – is on what is possible to do, given these circumstances, to improve people’s lives with good public policy.

The new or revised programs outlined in the following 24 AFB chapters are fully costed below in *Table 5*. Some of these program and service enhancements are funded by redirecting money from elsewhere in the government, but much of AFB 2020 can be paid for simply by making Canada’s tax system fairer (see the Fair taxation chapter).

The closure of expensive tax loopholes and higher taxes on corporate profits, extreme incomes and wealth would generate \$50 billion a year in new federal revenues. That’s enough to introduce national pharmacare and child care programs, eliminate post-secondary tuition fees, and cut poverty rates in half by 2025.

AFB 2020 does all these things and more to make life more affordable and dignified for everyone – and it does so without adding significantly to the federal debt. This document is much more than a record of choices not

FIGURE 1 People lifted out of poverty by AFB 2020, by age and poverty measure



Source: SPSD/M 28.0 and authors calculations.

taken. It is a blueprint offered freely to any government that shares the AFB’s vision for positive social and economic change.

Halving poverty rates a decade ahead of schedule

In the fall of 2018, the federal government pledged to reduce the poverty rate (based on the market basket measure, or MBM) by 20% below 2015 levels by 2020 and 50% below 2015 levels by 2030.¹ The government didn’t mention that this first target had already been met, a year earlier, thanks to the introduction of the Canada Child Benefit and changes to the Guaranteed Income Supplement — both longstanding recommendations of the AFB.

More importantly, they offered is no solid plan for reaching the second poverty target by 2030. The AFB, on the other hand, shows how the government could meet that target a decade earlier than planned, i.e., by the end of this year.

Depending on which measure of poverty you use — the MBM or the low income measure (LIM) — AFB 2020 lifts between 600,000 and 1.2 million people above the poverty line in its first year.² There are pros and cons to both approaches. But in essence, the LIM bases its poverty measurements on the

median income whereas the MBM is concerned with whether a two-parent family with two young children could afford to buy a basic basket of goods.

If far fewer older people are lifted out of poverty by the AFB based on the MBM versus the LIM, it is because old age security payments generally provide enough to pay for the MBM basket. Basing poverty on the LIM, however, takes into account that many older people have fallen behind average family incomes and are living in poverty. As such, there are more that can be lifted out of poverty by the AFB. Using either poverty measure, AFB 2020 would lift over 200,000 children and another 300,000 working-age adults out of poverty.

Using the MBM, AFB 2020 spending measures would reduce aggregate poverty rates another 20% over and above the 20% already achieved between 2015 and 2017. This amounts to a 40% reduction in poverty according to the MBM. With AFB 2020's improvements to employment insurance (not modelled in *Figure 1*), and given the labour market impact of other AFB programs, we expect our plan to reach the 50% reduction in MBM poverty almost a decade ahead of the government's 2030 goal — and to eliminate poverty entirely, based on the LIM, by 2030.

Who benefits from the AFB and who pays for it?

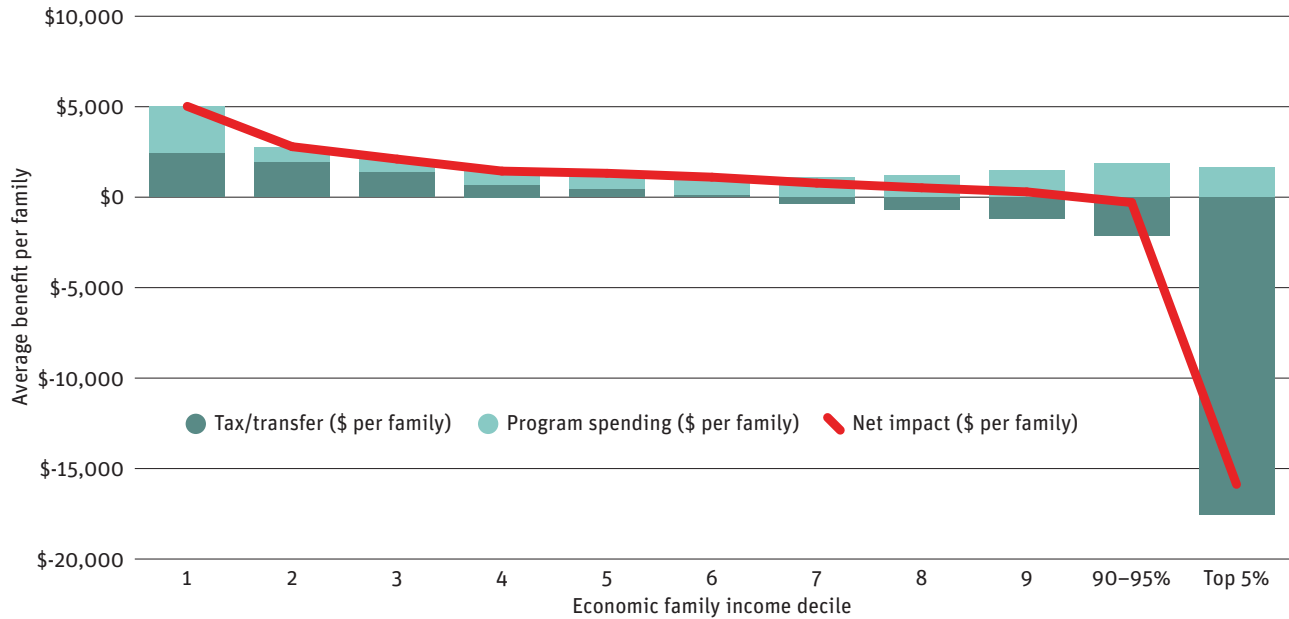
In order to fully appreciate the impact of the AFB it's important to examine its aggregate impacts on Canadians by income decile. Doing so allows us to determine who benefits from the AFB and who pays for it. The distribution of benefits, both in cash and in kind, is outlined in *Figure 2*.³

What is immediately clear is that the AFB favours lower-income households, particularly through in-cash transfers. Families in the lowest income deciles would see an average in-cash increase to their incomes of \$2,400 a year (net of new taxes). These are families that make under \$22,000 a year and, as such, these AFB 2020 transfers represent an increase of almost 20% in their incomes.

Families in the second and third lowest deciles (making between \$22,000 and \$44,000 a year) would see their net in-cash receipts improve between \$1,000 and \$2,000 a year. The major AFB initiatives driving these in-cash improvements for people earning lower incomes are the Dignity Dividend, improved social assistance benefits, and improvements in transfers for older people (see the Older people and retirement chapter).

The lowest-income families will also benefit much more than others from several program improvements in AFB 2020. For example, families

FIGURE 2 Distributional impact of AFB 2020 in cash and in kind



Source SPSD/M 28.0 and authors calculations.

in the lowest income decile would also receive, on average, the equivalent of \$2,700 a year in improved services. The programs most likely to benefit people in lower income deciles are new supporting and affordable housing units, the elimination of post-secondary tuition fees, and savings from the introduction of a national prescription drug plan (i.e., pharmacare).

Families in the 7th income decile or higher (those making \$91,000 or more a year in income) would, on average, pay more taxes under the AFB 2020 plan, even net of transfers. For example, families in the top 5% (with incomes above \$450,000) will pay an average of \$17,600 more in taxes per year. But to leave it there would distort the big picture. Because until you get to the top income decile, Canada’s wealthier families receive more in improved programs in the AFB than they will pay in higher taxes.

Higher-income families will especially benefit from the savings created by AFB 2020’s national pharmacare plan (as these families tend to have more children), improved health care services (as they tend to be older) and improved urban infrastructure (where they are more likely to live). Families in the 8th income decile (making between \$114,000 and \$145,000 a year) would pay, on average, \$680 more a year in higher taxes, but receive \$1,200 worth of improved services.

TABLE 1 Base case (Finance Canada)

Macroeconomic indicators (mil)	2020	2021	2022	2023
Nominal GDP	\$2,304,000	\$2,389,000	\$2,480,000	\$2,574,000
Real GDP growth	1.7%	1.6%	1.8%	1.8%
GDP inflation	1.9%	2.0%	2.0%	2.0%
Nominal GDP growth	3.6%	3.7%	3.8%	3.8%
Employment				
Participation rate	65.5%	65.6%	65.6%	65.6%
Labour force (000s)	20,246	20,495	20,700	20,907
Employed (000s)	19,092	19,306	19,499	19,694
Employment rate	61.7%	61.8%	61.8%	61.8%
Unemployed (000s)	1,154	1,189	1,201	1,213
Unemployment rate	5.7%	5.8%	5.8%	5.8%
Budgetary transactions (mil)				
Revenues	\$338,600	\$349,300	\$364,200	\$378,800
Program spending	\$340,800	\$353,600	\$361,000	\$370,000
Debt service	\$24,400	\$23,700	\$25,300	\$27,300
Budget balance (surplus/deficit)	-\$26,600	-\$28,000	-\$22,100	-\$18,500
Closing debt (accumulated deficit)	\$713,200	\$741,200	\$763,300	\$781,800
Budgetary indicators as a percentage of GDP				
Revenues / GDP	14.7%	14.6%	14.7%	14.7%
Program spending / GDP	14.8%	14.8%	14.6%	14.4%
Budgetary balance / GDP	-1.2%	-1.2%	-0.9%	-0.7%
Debt / GDP	31.0%	31.0%	30.8%	30.4%

Source 2019 Economic and Fiscal Update and author's calculations.

Only Canada's very richest families and individuals will pay more in new taxes under AFB 2020 than they receive in cash or in kind through new programs or services. The AFB has always been upfront about this: the benefits of eliminating poverty, reducing inequality and funding a just transition to a more sustainable economic model far outweigh the minor burden on those with the means to share their wealth.

TABLE 2 AFB 2020 plan

	2019-20	2020-21	2021-22	2022-23
Nominal GDP	\$2,304,000	\$2,409,000	\$2,518,000	\$2,609,000
Nominal GDP growth	3.6%	4.6%	4.5%	3.6%
Revenues (mil)				
Base case	\$338,600	\$349,300	\$364,200	\$378,800
Net AFB revenue measures		\$56,500	\$65,100	\$73,100
Additional tax revenue due to higher GDP		\$3,300	\$7,600	\$10,400
Total	\$338,600	\$409,100	\$436,900	\$462,300
Program spending (mil)				
Base case	\$340,800	\$353,600	\$361,000	\$370,000
Net AFB program measures		\$73,600	\$79,000	\$83,500
Total	\$340,800	\$427,200	\$440,000	\$453,500
Debt service	\$24,400	\$23,900	\$25,700	\$27,800
Budget balance (surplus/deficit)	-\$26,600	-\$42,000	-\$28,800	-\$19,000
Closing debt (accumulated deficit)	\$713,200	\$755,200	\$784,000	\$803,000
Budgetary indicators as a percentage of GDP				
Revenue/GDP	14.7%	17.0%	17.4%	17.7%
Program spending/GDP	14.8%	17.7%	17.5%	17.4%
Budgetary balance/GDP	-1.2%	-1.7%	-1.1%	-0.7%
Debt/GDP	31.0%	31.3%	31.1%	30.8%

AFB 2020 and national finances

Finance Canada's fall 2019 Economic and Fiscal Update (see *Table 1*) projects annual deficits of between \$18.5 and \$28 billion over the next three years. These numbers are actually quite small, resulting in a deficit-to-GDP ratio of only 1%. And though the national debt will rise over this period, the economy is expected to grow relatively faster than debt, meaning that the debt-to-GDP ratio will fall slightly between 2020 and 2023 in the government's base case.

The substantial changes in AFB 2020 will have a major impact on the role of the federal government in the Canadian economy. They will also affect government finances, but not as much as you might think given that new expenditures are balanced with new revenue. The AFB's impact on national finances are examined in *Table 2*.

TABLE 3 AFB 2020 expenditures to programs, persons and other governments (millions of dollars)

Expenditures	2020-21	2021-22	2022-23
Federal programs	\$9,807	\$10,941	\$12,139
Persons	\$11,971	\$12,340	\$12,720
Other governments	\$51,847	\$55,761	\$58,686

As we can see, nominal growth approaches 5% in the AFB 2020 base case, which is higher than the federal government's projection but closer to historic norms. Without the AFB plan, slow growth will become the new normal as traditional monetary policy produces less stimulative kick. Interest rates are near historic lows and yet we still aren't seeing significant inflation or even normal GDP growth, just a dramatic build-up in private sector debt, as discussed below. In an environment where cheap money doesn't go as far as it once did, fiscal policy driven by government spending must play a larger role as it does in the AFB.

AFB 2020 significantly increases government expenditures while keeping them below historic highs compared to the size of our economy. Also, a portion of any increased government spending, on infrastructure for instance, returns to the federal government in the form of increased income taxes as more people find jobs and pay taxes.

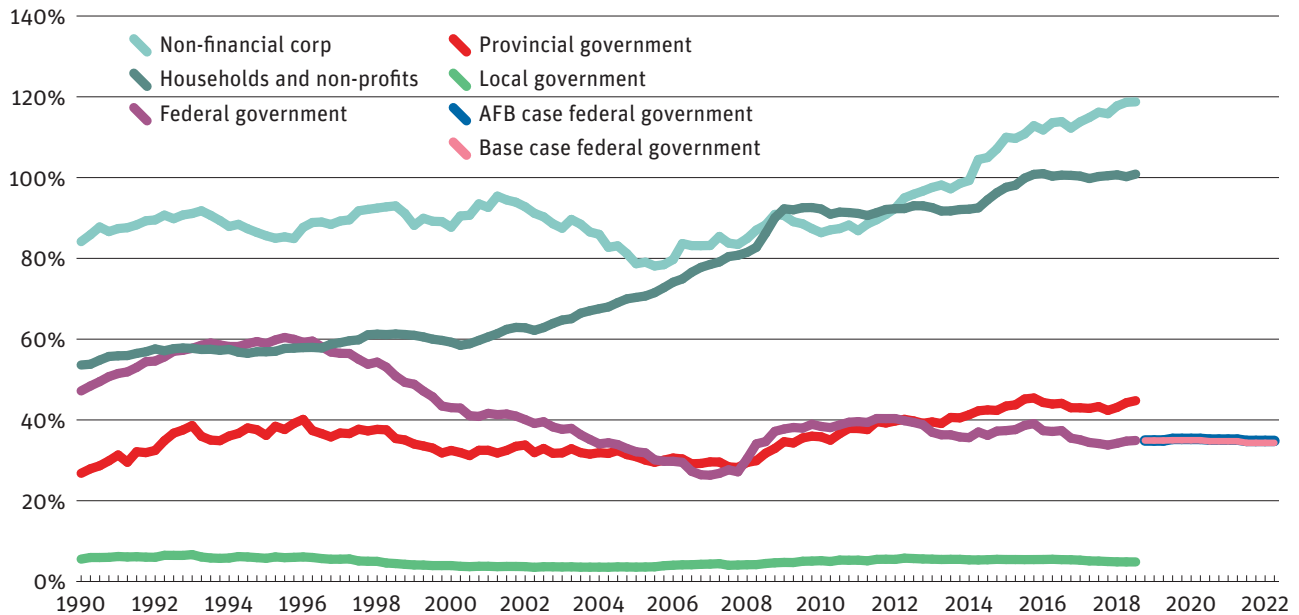
In the first year of the AFB 2020 plan, Canada's annual deficit would rise from 1% of GDP to closer to 1.8%, then returns to the 1% range as new AFB revenue streams come online. Again, these deficits are small compared to the size of our economy, allowing the AFB to keep the federal debt-to-GDP ratio within 0.4% of its current level of 31%.

Since 2012, provincial debt has consistently exceeded federal debt despite provinces having smaller tax bases and paying higher interest rates. AFB 2020 significantly increases transfers to the provinces (to \$61 billion a year by 2022-23) for existing and new social programs that fall within their jurisdiction, such as health care, infrastructure, child care and pharmacare. As with other federal transfers, the AFB programs come with quality controls and a condition that new federal money does not lead to provincial cutbacks.

Federal budgets always draw concerns from the usual quarters about government deficits and debt. But these discussions rarely take into account the debt in other sectors of the economy.

For example, the federal government debt-to-GDP ratio has fallen slowly but steadily since the Great Recession years of 2010–14. As *Figure 3* shows,

FIGURE 3 Debt-to-GDP by sector



Source: Statistics Canada tables 36-10-0580-01 and 36-10-0103-01, the federal government's 2019 Economic and Fiscal Update, and author's calculations.⁵

neither Finance Canada's base case nor the AFB plan would change that picture significantly over the next three years. In both cases, deficits are small compared to the size of the Canadian economy.⁴

The same cannot be said for Canadian households, whose debt loads started to shoot up in the early 2000s. Since 2016, household debt as a share of GDP has sat at roughly 100%. That doesn't mean this debt stopped growing in absolute terms, just that the growth rate is about 4% a year, the same rate as overall economic growth. Canada's federal debt as a share of GDP can be so low in part because Canadian households are picking up some of the slack.

Historically, corporate debt has oscillated between 80% and 95% of GDP. However, over the past decade there has been a dramatic upswing in corporate debt such that it is now closing in on 120% of GDP, more than three times the federal debt ratio. The average deficit for the entire corporate sector over the past three fiscal years has been \$153 billion a year, dramatically higher than the federal government deficit. Further, the corporate debt explosion doesn't seem to be reaching a plateau like that of household debt.

Economists should spend more time worrying about soaring corporate debt than Canada's modest federal government debt levels. But in all

TABLE 4 Effect of AFB 2020 on employment

	2020	2021	2022	2023
AFB jobs created (000s)		297	452	427
Population (000s)	30,933	31,242	31,555	31,870
Participation rate	65.5%	65.9%	66.4%	66.3%
Labour force (000s)	20,246	20,589	20,952	21,130
Employed (000s)	19,092	19,604	19,952	20,122
Employment rate	61.7%	62.7%	63.2%	63.1%
Unemployed (000s)	1,154	985	1,001	1,008
Unemployment rate	5.7%	4.8%	4.8%	4.8%

cases — federal, corporate and household — debt properly invested can be a wise decision. More federal spending would generate more economic activity, while taking a load off households who are going further into debt to pay for things government investments could make free or much cheaper.

Job creation from AFB 2020

In addition to lowering poverty rates and providing a significant list of new services, AFB 2020 will also create jobs. Relatively low unemployment rates in Canada have not yet substantially pushed up real hourly wages, although real wage growth in the last six months of 2019 might be a start. This is due to a variety of factors including the weakening of unions and labour standards, free trade, offshoring and contracting-out, the growing importance of precarious “gig” work, and weaker wage expectations generally.

With a view to increasing the wage bargaining power of workers, the AFB pushes the unemployment rate below 5%. This is a result of the new services the AFB creates, which will require more workers to be pulled off the sidelines and into the labour market

We estimate these AFB measures would create or maintain between 300,000 and 460,000 jobs depending on the year. With inflation as low as it is, these additional employment opportunities should help unionized workers bargain better outcomes with employers and will ideally push up wages and benefits in non-unionized workplaces. While more job availability is positive in its own right, many of these jobs would be in construction and the public service where wages tend to be higher and benefits more comprehensive.

Conclusion and AFB actions

The 2020 Alternative Federal Budget initiatives summarized in *Table 5*, if implemented, would produce a sea change in the federal government’s role in the Canadian economy. However, the benefits to society would be vast and long lasting.

Perhaps most importantly, where the federal government aims to cut poverty in half by 2030, AFB 2020 would do so this year — then eliminate poverty outright within a decade.

We can do this without taking on substantial new debt, by taxing high incomes and high personal and corporate wealth and redistributing it through direct transfers to low-income families and new social programs that benefit everyone.

For 25 years the AFB has called the bluff of governments warning the “cupboard is bare.” No matter how dire the government’s fiscal situation might seem at first, budgeting comes down to choices.

The government can choose to let Canadian corporations hoard profits in offshore tax havens. Or it can choose to close this and other loopholes, and spend the tax revenues on new pharmacare and child care programs.

The government can choose, as it did, to set up a privately financed infrastructure bank with input from the same investment managers who stand to profit from user fees on new privatized infrastructure. Or it can directly fund municipal governments to rapidly build the roads, hospitals, renewable power plants and other infrastructure we desperately need.

The details of the AFB’s hugely beneficial choices are found in the following 24 chapters, each covering a different sector or issue area. Like the Canada Child Benefit and recent GIS top-ups, we sincerely hope to see some of these proposals in this and future years’ federal budgets.

Notes

1 The market basket measure (MBM) is not the only poverty line the government could have chosen as its official one. There is the low income cut-off (LICO, which is dated and no longer being updated), the low income measure (LIM, the international standard that is updated annually), and the census family LIM, a variant of the LIM for Canadian census families.

2 The MBM creates a different line for four different-sized communities by province based on a basket of goods for a four-person family. The LIM, on the other hand, is calculated in relation to half the median income of all families. Both measures adjust their lines based on family size. So a person may have a sufficient money to buy that basket of goods (MBM), but still be far behind what the median family makes (LIM). The opposite is also sometimes true.

3 For all non-monetary transfers, the distribution of benefit is obtained using proxies for who should benefit from a program and the distribution of who will benefit. For example, for programs

benefiting older people, the distribution of the count of older people across economic families is used and assumes that all older people will see an equal benefit. This approach is modelled on Hugh Mackenzie and Richard Shillington, “Canada’s Quiet Bargain: The Benefits of Public Spending,” Canadian Centre for Policy Alternatives, April 2009.

4 The AFB does not maintain Canada’s deficit-to-GDP and debt-to-GDP ratios on principle but to show how the same fiscal conditions can produce vastly different budgets depending on what programs you prioritize. Though we do not model it here, Canada could safely increase its deficit even more to stimulate job creation and vastly expand our social services network to make life more affordable for everyone.

5 A different methodology was used to find the debt figures in this table than is used in the federal budget. This figure includes all federal debt, whereas the federal budget includes only debt related to accumulated deficits. Also, the federal budget presents its figures on an accrual basis whereas this figure presents them on a cash basis.

TABLE 5 AFB 2020 actions (all figures in \$M)

	2020-21	2021-22	2022-23
Affordable housing and homelessness			
Build 7,500 new units and repair 43,000 units a year	3,000	3,000	3,000
Build 10,000 new supportive housing units a year	2,000	2,000	2,000
Double the Canada Housing Benefit to help an additional 200,000 afford better housing	250	250	250
Agriculture and food			
National land set-aside	100	100	100
Agricultural Education Fund	70	70	70
Quota and land trust	2.5	2.5	2.5
Arts and culture			
Increase base funding of Canada Arts Presentation Fund		11.5	11.5
Increase base funding of Building Communities through Arts and Heritage program		10	10
Enhancing the Canadian Arts Training Fund	10	10	10
Increase the Canada Cultural Investment Fund	8.5	8.5	8.5
Expand the Canada Cultural Spaces Fund	30	30	30
Make permanent the higher Canada Council for the Arts base funding		180	180
Child care			
Expand affordable child care	1,000	2,000	3,000
Employment insurance			
Establish uniform EI entry of 360 hours or 13 weeks, whichever is less	510	510	510
Restore EI special benefits for migrant premium payers	18	18	18
Adjust “quit-fire” rules and disqualification for attending school	910	910	910
Improve benefit rates to 60% of previous earnings	1,700	1,700	1,700
Create EI floor of \$300 weekly for low-income claimants	900	900	900
Increase EI parental benefits to match the Quebec benefit rates	1,620	1,620	1,620
Double EI sickness benefits to 30 weeks	645	645	645
Provide EI benefits for full duration of approved training	183	366	549
Provide additional five weeks of benefits to all regions	1,400	1,400	1,400
Increase EI premiums from 1.58 cents/\$100 of earnings to 1.95 cents/\$100	-6,443	-6,966	-6,966

	2020-21	2021-22	2022-23
Environmental protection			
Global climate financing	2,900	2,900	2,900
Energy efficiency retrofits and the construction of energy efficient homes	1,010	1,010	1,010
Nature-Based Climate Solutions Fund	250	250	250
Conserve nature to help mitigate and adapt to climate change	700	700	700
Assess and manage toxic substances, including pesticides	300	300	300
Food security			
Conduct the Household Food Security Survey annually	5	5	5
Create a National School Food Program	360	360	360
Levy a 20% tax on sugary drinks	-1,744	-1,744	-1,744
Healthy eating programs	750	750	750
First Nations services, infrastructure and governance			
Implementing language rights	200	416	541
Implementing child welfare	700	700	700
Adequate on-reserve housing	800	800	800
Governance capacity	700	700	700
Gender equality			
Effectively implement the 2018 Pay Equity Act	80	80	80
Federal taskforce to develop strategy to improve quality and impact of the care economy	5	5	0
National plan to address violence against women	500	500	500
National plan for violence against Indigenous women	70		
Health care			
Increase annual escalator for the federal health transfer payments to 5.2%	606	1,223	1,895
National pharmacare	10,203	10,582	10,978
National Seniors' Care Strategy: Long Term Care	836	1,736	2,703
National Seniors' Care Strategy: Home Care			900
Mental health care	778	801	825
Advisory Council on Public Dental Care	10	10	
Emergency response to opioid crisis	200	200	200
Recommission the Health Council of Canada	10	10	10

	2020-21	2021-22	2022-23
Immigration			
Process more family sponsorship applications	30	30	30
Expand Immigrant Settlement Services	50	50	50
Improve bridging and employment programs for immigrants	50	50	50
Eliminate the fee on citizenship applications	75	100	100
Extend the Canada Child Benefit regardless 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)	6,000	6,000	6,000
International development			
Boost Canada's International Assistance Envelope with annual 15% increases	403	1,294	2,321
Just transition and industrial strategy			
National Decarbonization Strategy	50	50	50
Establish a Just Transition Commission	5	5	5
Just Transition Transfer	100	100	100
Strategic Training Fund	100	150	200
Older adults and retirement			
Make the Caregiver Tax Credit refundable	61	61	61
Provide applications support to the New Horizons for Seniors program	15	15	15
Exempt first \$2,500 of CPP income from GIS clawback	3,260	3,260	3,260
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	2,430	2,430	2,430
Post-secondary education			
Cancel Canada Education Savings Program and Canada Learning Bond	-1,392	-1,478	-1,554
Eliminate the federal tuition tax credit	-1,150	-1,310	-1,469
Eliminate the student loan interest tax credit	-22	-29	-34
Cancel Canada Training Credit	-155	-185	-210
Post-secondary transfer to the provinces	2,700	2,808	2,920
Eliminate PSE tuition	5,500	5,720	5,949
Stop profiting from student debt	650	618	587
Create additional 1,250 Canada Graduate Scholarships	25	25	25
Develop Indigenous language courses	10		

	2020-21	2021-22	2022-23
Improve research funding compared to peers	185	185	185
Create a Green Post-Secondary Education Strategy	100	0	0
Improved PSE data collection	5	5	5
Improve the Workers Development and Opportunities Fund	500	500	500
Increase funding for the Language Instruction for Newcomers to Canada program	50	50	50
Poverty			
National Council on Welfare	10	10	10
Poverty reduction transfer to provinces	4,500	4,500	4,500
Dignity Dividend	4,550	4,550	4,550
Disability Tax Credit	407	419	432
Public services and the public sector			
Expand human resources capacity including outstanding pay issues	200	200	200
Racial equality			
Community group funding to combat racism	100	100	100
Disaggregate Statistics Canada data by ethnic groups	10	10	10
Foundation matching fund for racialized groups	20	0	0
Taxation			
Eliminate stock option deduction	-130	-300	-400
Equalize capital gains treatment (personal)	-6,500	-6,890	-7,303
Equalize capital gains treatment (corporate)	-6,500	-6,760	-7,030
Lifetime cap on principal residence exemption	-500	-600	-700
Eliminate business meals and entertainment expense	-500	-500	-500
Reform the dividend tax credit	-1,000	-1,000	-1,000
Lifetime cap on TFSA contributions at \$65,000	-130	-150	-170
Restrict use of “passive investments” in private corporations	-100	-100	-100
Reverse the basic personal amount increase	-3,015	-4,050	-5,145
Increase corporate income taxes from 15% to 21%	-7,600	-9,500	-11,400
Small business tax rate from 9% to 11%	-820	-1,230	-1,640
Limit corporate deductibility for executives making over \$1 million	-300	-300	-300
Financial activities tax	-6,500	-6,630	-6,763
Limit excessive use of interest deductibility	-2,477	-2,339	-2,064
Ensuring large foreign e-commerce companies pay their fair share of tax	-2,000	-2,060	-2,122
New top marginal tax rate 37% on incomes over \$500K	-1,390	-1,460	-1,532
Annual 1% wealth tax on net worth over \$20 million	-5,712	-6,071	-6,461
Inheritance tax on estates worth \$5 million (and up)	-2,000	-2,000	-2,000

	2020-21	2021-22	2022-23
Apply corporate tax on multinationals based on real economic activities in Canada	-2,000	-4,000	-6,000
Restore CRA budget	200	400	600
Returns from prosecuting high income and corporate tax evaders	-1,000	-2,000	-3,000
Frequent flyer tax	-500	-500	-500
Eliminate fossil fuel subsidies	-2,092	-2,173	-2,265
International trade			
Pause all current trade and investment agreement negotiations	-15		
Engage in public and consultations on new trade policy	15		
Water			
Extend and expand the Clean Water and Wastewater Fund	6,500	6,500	6,500
Implementation of wastewater systems effluent regulations	3,500	3,500	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
Groundwater protection and virtual water export review	4	4	4
Youth			
Resource PSE to address mental health issues	500	500	500
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	325	325	325
Proactive Labour Code enforcement	20	20	20
Total AFB 2020 expenditure changes	73,625	79,042	83,545
Total AFB 2020 revenue changes	-56,529	-65,095	-73,067

Fair taxation

AFB 2020 PLAN

- Eliminate regressive tax loopholes that almost exclusively benefit high-income earners.
- Raise the corporate tax rate to 21% (in line with the new U.S. level) and ensure that banks and e-commerce companies pay their fair share of tax.
- Increase top income tax rates and introduce a wealth tax for the top 1%.
- Reform international corporate tax rules, end double-non-taxation agreements with tax havens, and invest in the Canada Revenue Agency (CRA) to strengthen enforcement and compliance.
- Have the CRA provide pre-filled tax forms to all Canadians who want them.
- Eliminate fossil fuel subsidies, strengthen the carbon tax system by plugging gaps for large emitters and imports, and increase the carbon tax by \$10/tonne per year, with all revenues returned to households and to complementary measures.

Our tax system is riddled with expensive and regressive loopholes that make it too complex. Canada's low corporate tax rate has encouraged cash hoarding and speculation, not economic growth. Economic inequalities are worsening, with top income earners and Canada's wealthiest people taking a growing and outsized share of the national income. Tens of billions of dollars in revenue is lost through domestic and international tax dodging and evasion, especially by the wealthy and large multinational corporations. Filing taxes is complicated, expensive and time-consuming and many people, especially the most vulnerable, don't receive the benefits they are entitled to. The federal carbon tax system has gaps for large emitters and imports, while tax breaks for the fossil fuel sector are slowing the transition to a greener economy.

Our goals

A decade after the last financial crisis and Great Recession, many Canadians are still struggling to afford the cost of living and pay down high debts.

It is time for the federal government to make significant investments in child care, pharmacare, affordable housing and other programs and services that will ensure that everyone in this country can live a fulfilling and dignified life. Major investments are also needed to address the climate emergency, and to make sure workers have decent jobs in the transition to a more sustainable and equitable economy and society.

But if we're going to do any of this — without substantially increasing the deficit or Canada's debt-to-GDP ratio — we will need to raise more public revenue from taxes. Thankfully, it is possible to do so without raising taxes for the majority of Canadians, but by making the overall tax system fairer.

How we get there

Our tax system has become increasingly regressive in recent decades. Tax cuts and loopholes have mainly benefited the wealthy and corporations, so much so that the top 1% pays an overall lower rate of tax than all other income groups, including the poorest 10%. The tens of billions of dollars squandered by the federal government on these regressive tax cuts have done little to improve the economy. Instead, rates of business investment, productivity and economic growth have declined while real wages have stagnated and inequality has soared.

Federal revenues as a share of the economy are down to 14.7%, more than two percentage points below the 16.9% they averaged from 1966–2006. Returning to this long-term average would increase yearly federal revenues by \$50 billion. We can get there in the following progressive and forward-thinking ways that will also reduce inequalities, strengthen our economy and help us tackle the climate emergency.¹

Close regressive tax loopholes

AFB 2020's first priority is to close Canada's regressive tax loopholes, which allow people with high incomes to pay lower rates of tax than most other Canadians, with negative impacts on the economy and society.

- **Eliminate the stock option deduction** that allows CEOs and other executives to pay half the rate of tax that other Canadians pay on their working income. This single reform will raise \$130 million in federal revenues in year one, rising to \$1 billion a year after that.
- **Eliminate the lower tax rate on capital gains for personal and corporate income taxes** (allowing adjustments for inflation). Lower

rates of tax on capital gains haven't resulted in higher rates of investment outside of real estate, which is contributing to unaffordable housing prices. We believe that income from capital investments shouldn't be taxed at a lower rate than income from working, so we restore the capital gains inclusion rate to 100% (with adjustments for inflation), for annual savings of \$13 billion.

- **Limit the lifetime capital gains exemption for principal residences to \$500,000.** This tax expenditure has allowed many to do very well from the escalation in house prices, but it has also fuelled the spike in prices and encouraged speculation and property flipping. We would restrict this exemption to the same \$500,000 maximum allowed for farming and fishing property, with estimated savings to government of \$500 million a year.
- **Eliminate the deduction for business meals and entertainment expenses,** which can be used for private boxes at sports events and concerts, liquor, and much more. AFB 2020 generates \$500 million a year by eliminating this deduction for corporations but retaining it on the more strictly regulated personal side for long-distance truckers and others.
- **Reform the corporate dividend tax credit.** This tax break provides a credit to those who receive corporate dividends. It is intended to compensate shareholders for the corporate tax that businesses pay, but it is provided whether or not the corporations pay taxes. AFB 2020 restricts it to the actual amount of tax a specific corporation pays averaged over the past five years, generating \$1 billion a year in savings for the federal government.
- **Cap tax free savings accounts (TFSA) at a lifetime maximum of \$65,000.** TFSAs will be highly corrosive for federal and provincial revenues if the maximum contributions are allowed to grow. The AFB will restrict the total that any individual can contribute to the current maximum of \$65,000. This will only affect a few very top incomes who can afford to max out their TFSAs and RRSPs and will generate annual federal savings of \$130 million to start, rising rapidly afterwards.
- **Reduce to \$10,000 a year the amount of annual income from passive investments in private corporations that can be taxed at**

lower amounts. Higher-income professionals and others shouldn't be allowed to significantly avoid taxes by channelling their income through private corporations. Tax changes applied in 2018 restricted the amount of passive income above \$50,000 to which the small business tax rate of 9% can be applied. AFB 2020 lowers this cap to \$10,000 for annual savings of about \$100 million.

- **Reverse the recent increase to the basic personal amount** on federal income taxes, which largely benefited higher-income earners, to save the government \$3 billion in 2020-21 rising to \$6 billion a year after that.

In addition to these immediate changes, AFB 2020 tasks the government with conducting an open public review of tax loopholes and expenditures, with input and involvement from a broad group of stakeholders in hearings across the country. The government will then consider conducting further public reviews of the broader tax and transfer system.

Ensure corporations pay a fairer share of taxes

The headline federal corporate income tax rate has been slashed in half over the past 20 years, from over 29% to 15% for large corporations, with effective rates reduced by even more. This was supposed to increase rates of business investment. Instead, Canadian businesses have lowered their investments almost in lockstep with the lower rates of tax and are hoarding away piles of cash. Much of this excess cash has gone into ever higher rates of executive compensation, share buybacks, and mergers and acquisitions, resulting in more concentrated industries, greater monopolization and less competition.

Much lower corporate tax rates have also led to greater tax avoidance through the shifting of income from personal income to private corporations. Restoring corporate taxes to rates closer to personal income tax rates will reduce these forms of tax avoidance. Despite record corporate profits, corporate income taxes now account for only 13.9% of total federal revenues, down from 17% in the mid-2000s. AFB 2020 takes the following actions to restore fairness to corporate tax rates.

- **Restore the general corporate tax rate from 15% to 21% and the small business rate from 9% to 11%**, the same rates that were in effect in 2010, adding \$13 billion a year to federal revenues.
- **Limit the amount corporations can deduct for executive compensation (to any single executive or employee) to \$1 million a**

year, similar to what has been done in the U.S. but with stricter rules. This will generate annual revenues of about \$300 million.

- **A new financial activities tax on the compensation and profits of the financial sector** will generate \$7 billion a year for the government. Financial services were largely excluded from the GST when it was introduced. There were several reasons for this, including the sector-specific challenges of applying a value-added tax to financial services. Applying a 5% tax to the compensation and profits of the financial sector – equivalent to the value-added of the sector – would achieve roughly similar results.
- **Limit excessive use of interest deductibility to no more than 20% of earnings**, halfway between the 10% and 30% recommended by the OECD. A common way that corporations avoid tax is through intercorporate loans with high rates of interest. With immediate expensing of capital investments, there's even less rationale to allow this. The limit to interest deductibility will bring in annual savings of \$2.4 billion declining to \$1.4 billion.
- **Level the digital playing field.** Giant e-commerce companies such as Amazon, Google, Facebook, Apple, Netflix, Uber and others are among the biggest tax dodgers in the world. AFB 2020 ensures that foreign e-commerce companies pay corporate income tax on the profits they make from sales in or to Canada, applies the GST on all imports of digital services and eliminates the foreign advertising expense deduction. These changes will generate at least \$2 billion a year in federal revenues.

Increase taxes on the wealthy

The 2016 federal budget increased the federal income tax rate on income of over \$210,000 to 33%, but this is still very low compared with top income rates that applied until 1980. Wealth inequalities are even more severe than income inequalities and should be reduced. This can immediately be done through an annual wealth tax on the assets of the wealthiest. AFB 2020 therefore:

- **introduces a new top federal marginal income tax rate of 37% on incomes over \$500,000** (annual revenues: \$1.4 billion);
- **introduces an annual net wealth tax of 1% on high wealth estates over \$20 million** (annual revenues: \$6 billion rising to \$10 billion); and

- **re-introduces an inheritance tax at a rate of 45% on estates in excess of \$5 million** (annual revenues: \$2 billion).

Crack down on aggressive tax avoidance

Canadian governments lose a minimum of \$8 billion in revenues every year to aggressive international tax avoidance and evasion, much of which is legal. Multinational corporations avoid taxes through transfer pricing and shifting royalties and profits to subsidiaries in low-tax jurisdictions. The AFB begins to close these and other loopholes through the following measures.

- **Apply corporate income tax to multinational corporations and enterprises based on their real economic activities in Canada**, as measured by their share of revenues, employment and assets, just as we allocate the taxable income of corporations between provinces within Canada. This is one of the options now being considered by member nations of the OECD. But if that process fails to make sufficient progress Canada can proceed unilaterally, as other countries are now considering, and add \$8 billion a year to revenues in the process.
- **End double-non-taxation agreements with tax havens.** Canada has signed dozens of tax treaties and agreements with tax haven countries that enable corporations and wealthy individuals to bring their income back into Canada without paying tax. Some limited changes have been made to reduce abuses, but many loopholes remain. Taxes should be paid at similar rates to those which apply in Canada, with credit only for taxes actually paid.
- **Invest more in the Canada Revenue Agency to strengthen enforcement of tax evasion.** For every dollar the federal government spends investigating, auditing and prosecuting high-income and corporate tax dodging it gets an estimated \$10 back. The budget of the Canada Revenue Agency is only 0.6% higher than it was 10 years ago and about 20% lower after adjusting for inflation.

AFB 2020 increases the CRA's budget by \$1 billion over four years, restoring it in real dollar terms to what it was before the budget was cut under the Harper government. The AFB also prosecutes the professional promoters of tax evasion schemes, including banks, accounting and law firms, and increases the fines and penalties for those convicted of tax evasion. These measures should bring in \$3 billion a year.

- **Increase transparency.** Canada has become a haven for international money laundering and tax evasion because of our weak corporate transparency laws. AFB 2020 establishes a pan-Canadian public registry of the real/beneficial owners of corporations, trusts and real estate; publishes how much corporations with annual income over \$100 million actually pay in tax (as Australia does); and requires the CRA to publish estimates of the “tax gap” every three years, along with specific information on the agency’s settlements and write-offs.

Make the tax system work better for ordinary people

The tax system is used increasingly to determine and provide important social benefits such as the Canada Child Benefit. Unfortunately, many people – and especially the most vulnerable – don’t receive these benefits because they don’t file their taxes or do so incorrectly.

As the federal government already receives much of the information and forms required for personal tax filing, AFB 2020 reduces the large annual expense and hassle to individuals by having the CRA provide prefilled tax forms to all Canadians who want them.

Taxes and the climate emergency

We need to confront the existential threat of climate change with all of the tools that we have available. AFB 2020 increases the federal carbon tax by \$10 a tonne per year through 2030, with revenues returned to residents of Canada through a progressive green energy rebate, and removes current carbon tax preferences for large emitters (see the Environmental Protection chapter).

The AFB introduces tariffs on imports from countries without adequate prices on carbon and rebates Canadian exporters to these countries. A “frequent flyer tax” is introduced to domestic and international flights, exempting flights for residents of northern and remote communities for which there are no alternatives to air travel (annual revenues: \$500 million). Finally, AFB 2020 eliminates all remaining fossil fuel subsidies, saving the government \$2 billion a year.

Notes

¹ All estimates based on Finance Canada’s Tax Expenditure and Evaluations Report (www.fin.gc.ca/taxexp-depfisc/2019/taxexp-depfisc19-eng.pdf), the Parliamentary Budget Officer’s Ready Reckoner (readyreckoner.ca) and PBO’s 2019 Election Proposal Costing (www.pbo-dpb.gc.ca/en/epc-estimates).

Affordable housing and homelessness

AFB 2020 PLAN

- Enhance the National Housing Co-investment Fund with an additional \$3 billion in annual grant money for new builds and repairs to existing units.
- Allocate \$2 billion annually to build new supportive housing for vulnerable populations.
- Double the federal contribution to the Canada Housing Benefit.

Provincial and territorial governments outspend the federal government on housing by at least 2:1.¹ Canada's Parliamentary Budget Officer projects federal housing spending will decrease (relative to GDP) over the next decade.² Across Canada, for each \$1 invested federally to combat homelessness, \$13 is invested by other sources, mostly provincial and municipal governments.³

Our goals

We have the means to really tackle Canada's housing affordability crisis by enhancing the federal government's National Housing Strategy, building more supportive and low-cost housing, and making rents more affordable.

How we get there

AFB 2020 adds \$5.25 billion a year to what the federal government is currently spending on housing and homelessness as part of the National Housing Strategy.

Enhancing the National Housing Co-investment Fund

A central feature of the National Housing Strategy is the National Housing Co-investment Fund (NHCF), which is expected to create 6,000 new units and repair up to 24,000 existing housing units a year over 10 years, at a cost to government of \$15.9 billion. That money includes \$4.7 billion in capital grants — about half of this goes to fund repairs and half new builds — and

\$11.2 billion in low-interest loans from the Canada Mortgage and Housing Corporation.

NHCF funding can assist non-profit housing providers as well as private rental developers. But it has been criticized for providing insufficient funding (mainly loans versus grants) to make rent levels truly affordable for low-income tenants. Provincial and territorial governments are not expected to share costs with the federal government on a dollar-for-dollar basis, but some assistance from them is required.

AFB 2020 enhances the fund with an additional \$3 billion a year in grant money over and above what has already been committed by the federal government. Half of this new grant money will fund repairs (at \$35,000 per unit) while the other half will fund new builds (at \$200,000 per unit). As a result, approximately 7,500 additional new units of housing will be built and approximately 43,000 additional units of existing housing will be repaired each year, over and above current National Housing Strategy projections.

Capital funding for supportive housing

Supportive housing refers to specialized housing for vulnerable populations that features professional staff support, like social workers, on site. The National Housing Strategy contains no specific provisions for supportive housing, even though one of the strategy's stated goals is to reduce chronic homelessness by 50%. AFB 2020 therefore provides \$2 billion a year in capital funding for the construction of 10,000 supportive housing units a year, for a per-unit rate of \$200,000.

Much of this money will go to housing persons who have experienced long-term homelessness, persons with serious physical disabilities and persons with serious mental health challenges. Federal funds will be conditional on the provinces/territories providing additional, ongoing funding to both 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.

Rental assistance

Central to the 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 federal government estimates this will cost \$4 billion over eight years (half of this to come from provinces and territories), and that the average beneficiary will receive \$2,500 a year in support. AFB

2020 doubles the federal contribution, at a cost of \$250 million a year over and above current allocations, with the expectation that the provinces and territories will match the higher funding level.

Notes

1 This calculation has been made by Focus Consulting.

2 Segel-Brown, Beg. (2019). *Federal program spending on housing affordability*. Retrieved from Office of the Parliamentary Budget Officer website: <https://www.pbo-dpb.gc.ca>

3 Employment and Social Development Canada. (2018). *Evaluation of the Homelessness Partnering Strategy: Final Report*. Retrieved from the Government of Canada website: <https://www.canada.ca>

Agriculture and food

AFB 2020 PLAN

- Support farm profitability and climate change mitigation and adaptation by funding ecological land set-asides, incentivizing lower-input production, and supporting the research and education needed to make the transition successful.
- Help young and new farmers succeed by supporting their education and helping them obtain secure land tenure and/or production quotas without crushing debt loads. Policies that make farm profitability a priority will allow more people to view farming as a viable career.
- Keep Canadian food dollars within Canada by closing the infrastructure gaps between the farm gate and the consumer's plate.
- Strengthen and expand marketing institutions like supply management.

The deepening and accelerating climate emergency will significantly challenge food production and farm incomes in Canada as elsewhere. Currently there are not enough young farmers to replace those who are retiring. Without urgent action, Canadian agriculture will be dominated by farmland investment companies operating with hired labour. Ongoing trade wars, market access barriers, price volatility and downward pressure on commodity prices are making life much more precarious for farmers and, in particular, those who depend on export growth for their incomes.

Our goals

AFB 2020 aims to replace one-third of Canada's food imports with domestic production, adding \$15 billion to the Canadian economy in the process while fostering economic diversification and rural revitalization. The AFB further aims to increase the number of farms in Canada — from 193,492 in the 2016 census to 215,000 by 2025 — through a policy framework that stabilizes

today's farm incomes, thus making farming a viable career choice for more young people.

How we get there

AFB 2020 retools federal agricultural policy to ensure that farm incomes and farm-created wealth benefit farmers, farming communities and Canadian consumers. The following programs and tax measures are introduced or revamped to support lower-input, climate friendly production methods, increase food produced for the domestic market and grow farmer numbers.

Profitable greenhouse gas mitigation

To lower greenhouse gas (GHG) emissions and promote farm profitability, AFB 2020 shifts current Agriculture and Agri-Food Canada (AAFC) research station funding toward supporting production strategies that significantly reduce farm reliance on costly synthetic nitrogen and fossil fuel-based inputs. Funds are allocated to public extension programs and farmer-to-farmer peer education to assist farmers in adopting these practices.

AFB 2020 further incentivizes on-farm GHG mitigation by amending the Greenhouse Gas Pollution Pricing Act in co-operation with provinces. Currently, more powerful players in the agricultural value chain pass on the costs of the carbon tax to farmers. Under the AFB 2020 plan, 100% of carbon taxes collected on agricultural inputs are reimbursed to farmers (instead of consumers) prorated to the size of their farming operations. This will provide incentives for farmers to lower emissions by rewarding those who invest in emission reduction technologies and low-GHG farming methods.

Land set-aside programs

AFB 2020 allocates \$100 million a year to a national land set-aside and alternative land use system to promote retention and restoration of natural habitat and biodiversity in agricultural landscapes. This money will assist farmers choosing not to cultivate land that provides carbon sequestration and groundwater recharge, which in turn buffers extreme weather, drought and flooding on Canadian farms.

Local food infrastructure

AFB 2020 cancels current capital and technology subsidies for multinational food processing corporations and uses the money to support infrastructure needed to get more Canadian food to Canadian consumers. Funds will be made

available to multi-stakeholder co-operatives and other small and medium-sized enterprises to set up and operate abattoirs, packaging, processing or storage operations, and other distribution businesses that serve local and regional food economies. This program will help retain consumer food dollars that would otherwise leave the country, while reducing transportation-related costs and GHG emissions.

Cultivating farmers

AFB 2020 allocates \$70 million a year to a new Agricultural Education Fund. The fund will provide bursaries for young and new farmers who participate in farm apprenticeship programs and will reduce the cost of self-directed farmer education offered outside of the formal education system.

A further \$2.5 million a year is allocated to a new quota and land trust system to facilitate intergenerational transfer of farm assets. Any quota or land transferred to a trust will be tax exempt and retiring farmers are entitled to an annuity based on the productive value of the transferred quota or land. Eligible new farmers will be able to use trust assets in return for a portion of revenues earned and a commitment to continue producing for a minimum period.

Arts and culture

AFB 2020 PLAN

- Increase the Department of Canadian Heritage’s arts branch programs envelope by \$70 million a year.
- Follow through on the planned \$35-million increment to the Canada Council for the Arts’ budget and maintain the council’s new base funding level through 2024-25.
- Develop and implement a comprehensive cultural diplomacy strategy to ensure artists and cultural organizations are well positioned to represent Canada on the world stage.

Canada’s diverse and influential arts and culture scene is undergoing important transformations. The positive impact of federal arts programs may be eroded without additional funding and other forms of government support.

Our goals

Federal support for arts and culture can be a force for positive social transformation. Not only should adequate arts and culture funding be a pillar of reconciliation with Indigenous Peoples, smart policy will ensure that Canadians of all backgrounds, and from all parts of the country, can participate and are reflected in cultural and artistic productions.

How we get there

AFB 2020 takes the following measures to enhance federal arts and culture programs, sustain funding for the Canada Council for the Arts and implement a recent Senate committee recommendation to expand Canada’s cultural diplomacy on the world stage.

Increase core federal arts and culture funding

AFB 2020 adds \$11.5 million to the base funding of the Canada Arts Presentation Fund (CAPF) and \$10 million to the Building Communities Through Arts and Heritage program (BCTAH) effective 2021-22. This money will secure the future of festivals and curated arts series in rural and urban communities,

giving more Canadians access to art that reflects Canada's diverse population while creating significant economic benefits for communities large and small.

AFB 2020 also enhances the Canadian Arts Training Fund (CATF) by \$10 million a year to diversify aesthetic practices among the next generation of artists, as they prepare for careers representing Canada on the world stage. The Canada Cultural Investment Fund (CCIF) is increased by \$8.5 million a year to grow sector capacity in two ways: endowment incentives provide stable funding for arts organizations, while the fund's strategic initiatives component promotes better business practices, the development and testing of new ideas, and community building events like Culture Days.

The AFB adds \$30 million a year to the Canada Cultural Spaces Fund (CCSF) for improving our cultural infrastructure. This new money will help theatres retrofit front-of-house areas, stages and backstage areas to meet accessibility standards and improve workplace safety. Another dedicated stream within the fund will help Canadian content move from stage to screen to living rooms by equipping key performance spaces with digital capture technology.

Transformational change at the Canada Council for the Arts

The Canada Council for the Arts offers critical support for artistic programming that reflects Canada's changing cultural landscape. It therefore has a critical role to play in reconciliation with Canada's Indigenous Peoples. AFB 2020 follows through on the federal government's planned \$35-million top-up to the Canada Council for the Arts' budget in 2020-21 and will maintain the council's new base funding level of \$362 million through the 2024-25 fiscal year.

Cultural diplomacy as a pillar of Canada's foreign policy

AFB 2020 supports the June 2019 report of the Senate Standing Committee on Foreign Affairs and International Trade, which proposes that cultural diplomacy should be a pillar of Canada's foreign policy. A comprehensive strategy with appropriate resources will ensure artists and cultural organizations are well positioned to represent Canada on the world stage.

Canada and the International Decade for People of African Descent

AFB 2020 PLAN

- **Appoint Black Canadians to senior portfolios in cabinet, within the senior civil service, and on boards, commissions and agencies.**
- **Establish a foundation with \$20 million of matching funds to support diversity- and equity-seeking groups in skills and trades, entrepreneurship and technology.**
- **Put in place monitoring and reporting regimes on progress made in dismantling systemic barriers to peoples of African descent.**
- **Make August 1 Emancipation Day in Canada and put in place a national educational awareness campaign on the contributions of Canadians of African descent to Canada's history.**

In January 2018, Canada officially recognized the UN Decade for People of African Descent, with the prime minister acknowledging Black Canadians as a distinct group who have suffered in this country under institutionalized racism and unconscious bias.¹

Since that announcement, thanks to constant public pressure from groups like the Parliamentary Black Caucus, the DPAD-PUSH coalition and other stakeholder groups, the federal government has promised to distribute approximately \$43 million over five years to various Black community-based projects that aim to address racism and discrimination.

The key word here is *promised*. Because the structural impediments in the system cannot execute the delivery of programs associated with this funding without the inevitable dilution, passive aggressive actions, or failsafe web of rules we sometimes call “bureaucratic red tape.”

Existing federal government policies and processes prevent progress in addressing these issues in a timely and systematic fashion. Black and African

diaspora Canadians are hardworking, resilient, family oriented, tax-paying people who are far too often forgotten. Black Canadians are taken for granted in the political and public policy discussions of elections and governing.

The lived experience of many Black Canadians and their families validates Health Canada's assertion that lower incomes, fewer opportunities, poor physical environments, and "experiences of discrimination, racism and historical trauma are important social determinants of health."² Anti-Black racism breaks down families and leaves behind intergenerational traumas such as undiagnosed mental illness. Black Canadians need to hear and understand what the programs, new initiatives and reporting mechanisms are to address the many inequities that are literally bad for their health.

Our goals

Black and African diaspora Canadians of all backgrounds believe that Canada's diversity is indeed a natural resource. The federal government has a responsibility to invest in this resource, which will in turn enrich the economic and social well-being of our country and all of its citizens.

How we get there

Black Canadians are capable and valuable contributors and citizens within Canada. The AFB recognizes this and takes the following measures to remove the systemic and artificial barriers that are preventing Canada's economy from better leveraging the variant knowledge, skills, abilities, talents, intellectual capital, perspectives and historical resilience of Black Canadians.

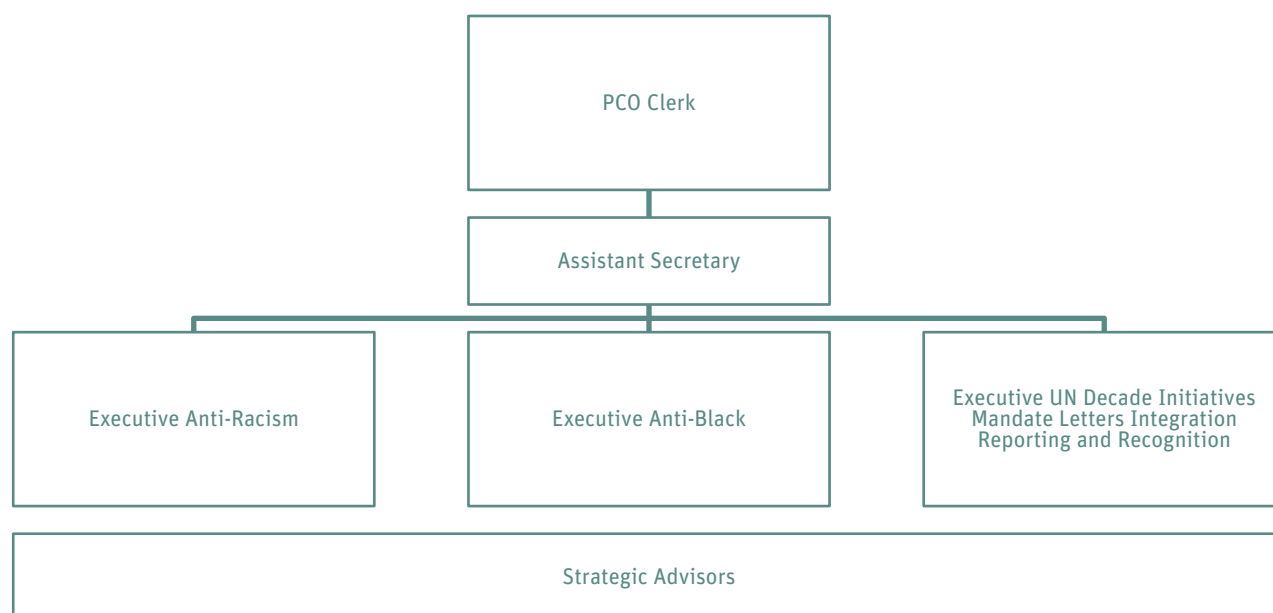
Equality in government

Every new minister's briefing binder will include stakeholder engagement lists for outreach to Black community organizations working in areas identified by the UN Decade for People of African Descent as high priorities. These areas will align with the UN Decade's pillars of recognition, justice and development.

Every ministerial mandate letter will include a responsibility to address these priorities as a key part of the government's agenda.

Black Canadians are to be appointed as deputy ministers and given senior portfolios in the cabinet, on boards and commissions, and in agencies, as part of a truly diverse, inclusive and representative Canada.

FIGURE 4 Proposed structure of the centralized Anti-Black Racism Secretariat



Accountability for the UN Decade

AFB 2020 relocates the Anti-Black Racism Secretariat from the Department of Canadian Heritage to the Privy Council Office with line-of-sight to apply a holistic (Black lens) review of ministerial initiatives and overall policy and program formulation, and to report on the progress of UN Decade initiatives (see *Figure 4* for a proposed organizational chart).

A UN Decade Champion is assigned, or national advisory body created, to advance equality for Black Canadians and ensure the UN commitments are reflected in the mandate letters of new ministers. This position or body will function in a similar way to the prime minister’s youth council.

Employment and Social Development Canada and the Department of Finance are directed to reprofile any portion of the \$25-million (over five years) Black Community Fund that was earmarked in the 2019 federal budget. These departments will put in place the federal government-approved list of potential intermediaries that will be tasked with providing community oversight and acting as the funding arm for the program.

AFB 2020 puts in place monitoring and reporting regimes for these initiatives to assess progress made in dismantling systemic barriers faced

by Black Canadians, current issues, and recommendations for resolutions, including a work plan for the next three years.

Recognizing Black Canadians

The federal government and Canada's public institutions will be intentional and accurate on the true history of Black contributions and lived experiences in Canada. Black History is Canadian history.

Senator Wanda Thomas Bernard introduced Bill S-255, An Act proclaiming Emancipation Day, in August 2018, but the bill died when the recent election was called. AFB 2020 re-introduces the bill as one of the government's first actions.

In Parliament, the government will make an official and sincere apology to African (Black) Canadians for slavery and the contemporary impacts of enslavement.

Funding Black community capacity-building

As part of AFB 2020's support for mental health (see the Health care chapter), the government is tasked with raising awareness of health inequities experienced by Black Canadians and communities, and the 12 key socioeconomic determinants of health as outlined by Health Canada.

The AFB applies a social impact lens to government procurement with firm targets for contracts going to historically underrepresented groups. Using public spending to support small and medium-sized business in local neighborhoods has been shown to create vibrant neighborhoods and more stable and supporting family environments.

AFB 2020 establishes a \$20-million fund, to be matched by community foundation grants, to support equity-seeking groups in skills and trades training, entrepreneurship and technology. It also makes annual financial commitments in other priority areas such as economic inclusion and inequity within the criminal justice system.

Notes

1 Prime Minister of Canada, "PM Trudeau announces Canada's recognition of International Decade for People of African Descent, January 30, 2018: <https://pm.gc.ca/en/videos/2018/01/30/pm-trudeau-announces-canadas-recognition-international-decade-people-african>

2 <https://www.canada.ca/en/public-health/services/health-promotion/population-health/what-determines-health.html>

Child care

AFB 2020 PLAN

- Provide conditional funding to the provinces and territories to ensure that high quality child care is available and affordable for all who need it.
- Increase federal child care funding by \$1 billion annually until it reaches 1% of GDP—the international benchmark for early learning and care funding.
- Fully implement the Indigenous Early Learning and Child Care Framework.

The case for public investment in a high quality, affordable, inclusive child care system for all Canadians is so well established and broadly accepted that three of the four major national parties in the 2019 federal election made commitments generally consistent with the child care community’s widely endorsed Affordable Child Care For ALL Plan.¹ The majority of Canadian voters supported these parties. The challenge is to ensure that prompt, substantial action on child care is taken.

Our goals

Child care can play an essential role in addressing four urgent interrelated issues facing our nation today: reconciliation, slow economic growth, the climate emergency, and inequality. With ambitious, evidence-based policy and robust funding in place, child care can:

- **advance reconciliation** — by supporting Indigenous peoples to restore their own authorities for their children, families and communities’ futures through implementation of the Indigenous Early Learning and Child Care (ELCC) Framework;
- **address slow economic growth** — by ensuring access to affordable child care so that more mothers can return to the workforce after parental leave, thereby contributing to Canada’s GDP;
- **stimulate action on the climate emergency** — by making significant public infrastructure investments in local, green child care facilities

(accessible by walking, biking and public transit) and creating new climate sustaining employment in early childhood education; and

- **expedite action on inequality** — by ensuring that all children, women and families, including those who are more vulnerable or excluded, benefit from high quality, inclusive child care.

How we get there

Funding

AFB 2020 increases the federal government’s ELCC budget by \$1 billion each year over 10 years to meet international benchmarks and, through transfers to provinces, territories and Indigenous communities, achieve the goal of affordable, high quality, inclusive child care for all across Canada.

Support

The AFB dedicates a substantial new federal allocation to fully operationalize the Indigenous ELCC Framework, ensuring that all Indigenous children have access to spiritually enriching, culturally relevant, high quality ELCC.

Legislation

The federal government will adopt legislation that enshrines Canada’s commitment to public child care, with an entitlement for all children. Similar to the Canada Health Act, the legislation should set out the principles, conditions and accountability mechanisms for federal transfer payments to provinces and territories. To support the full implementation of this legislation, AFB 2020 establishes and funds a national ELCC Secretariat to lead and co-ordinate the federal government’s ELCC work.

Collaboration

AFB 2020 puts in place mechanisms so the provinces² and territories, working with the child care sector, use federal funds to achieve measurable improvements in:

- **quality** — by developing and implementing a workforce strategy to address wages, working conditions and education of the child care workforce;
- **accessibility** (availability) — by substantially increasing the supply of high quality, inclusive, flexible licensed child care for all age groups, using a publicly planned and managed approach; and

- **affordability** – by providing direct operating funding to ensure affordable parent fees.

Notes

1 To read the plan, visit the site: timeforchildcare.ca.

2 Quebec should be offered special arrangements as it is not a signatory to the Multilateral ELCC Framework Agreement and in recognition of its distinct status.

Employment insurance

AFB 2020 PLAN

- Restore countercyclical funding for EI.
- Lower the threshold to qualify for EI to the lesser of 360 hours or 13 weeks.
- Remove punitive disqualifications.
- Open up access to EI for migrant workers who pay EI premiums.
- Raise benefit rates and supplement low-income workers.
- Increase maximum regular benefits by five weeks and maintain extensions in regions with seasonal industries.
- Increase the duration of sick benefits.
- Redesign training benefits to meet the challenge of the climate emergency and technological change.

Canada's employment insurance system is at risk. The government has to intervene during every recession, which means premiums go up while the economy is struggling to recover. In any given month only 40% of unemployed people are receiving regular EI benefits. For women and claimants in Canada's big cities, the EI recipient rate is even lower. EI qualifying rules are overly harsh, in particular for workers in contract, part-time, temp agency and migrant jobs. Benefit rates are inadequate, especially for low-income earners, and their duration – including for sickness – is insufficient.

Our goals

In 2015, the prime minister mandated Canada's minister responsible for EI to undertake "a broad review of the EI system with the goal of modernizing our system of income support for unemployed workers that leaves too many workers with no unemployment insurance safety net." The AFB shares this goal.

How we get there

AFB 2020 makes the following changes to restore countercyclical funding for EI; lower qualification thresholds and remove punitive disqualifications; open access to the program for migrant workers; raise benefit rates and lengthen their duration, and redesign training benefits to accommodate technological change and respond to the climate emergency.

Qualifying hours

At a cost of \$510 million a year, AFB 2020 extends EI access to 85,000 claimants by lowering the threshold for all EI benefits and replacing regional variations with a fixed requirement of the lesser of 360 hours or 13 weeks.

Migrant workers

AFB 2020 restores the special benefit access to premium payers in migrant programs, at a cost of \$18 million a year, and tasks government with introducing reforms that give migrant workers meaningful access to regular benefits as well (see the Immigration chapter regarding open work permits and new pathways to permanent residency for all temporary foreign workers).

Punitive disqualifications

Currently, if you have been deemed to have quit or been fired with just cause, you can be refused all EI benefits where previously you would have received a graduated penalty. This kind of disqualification is the source of the largest number of EI appeals.

AFB 2020 limits the “quit-fire” disqualification to a maximum of three weeks and eliminates the disqualification for leaving a job to attend school. This will cost between \$722.5 million and \$1.1 billion but will extend EI access to up to 138,000 workers.

Benefit rates

AFB 2020 increases all benefit rates to at least 60% of previous earnings (cost: \$1.7 billion a year, which includes \$1.15 billion for regular benefits), introduces low-income supplements so claimants receive at least \$300 weekly (cost: \$900 million a year), and increases parental benefits to match the more beneficial Quebec QPIP rates, at a cost of \$1.62 billion a year. If EI’s 600-hour entrance requirement for parental benefits also matched QPIP’s less onerous requirement of \$2,000 in earnings, it would significantly increase access for low-income and self-employed claimants.

Sick benefits

AFB 2020 immediately doubles the duration of EI sick benefits to 30 weeks and prepares for other improvements, including flexible access for intermittent sick leaves and a longer duration, as suggested by the PBO and Cancer Care Canada. This action comes with a cost of \$645 million a year to cover the estimated 94,000 applicants who need more than 15 weeks of sick leave.

Training benefits

The federal government's proposed EI Training Support Benefit needs a fresh start. It's poorly targeted, and workers need income benefits for more than four weeks over four years. Real training supports will help the economy as a whole to adjust to technological changes and a low-carbon future.

AFB 2020 therefore spends \$183 million in the first year to provide EI benefits to an estimated 10,000 claimants for the full duration of approved training, especially for workers with at least five years of EI contributions. It also tasks the government with exploring options to provide a higher benefit rate. Employer top-ups could be deemed part of the 1% payroll training levy, as recommended in this AFB.

Duration

The AFB amends the Employment Insurance Act to provide a universal five-week increase in duration for all regions. The government will continue to provide additional weeks in regions with a high proportion of seasonal industries. This will cost \$1.4 billion a year and be of great help to the 33% of claimants who exhaust their benefits.

Appeals system

AFB 2020 moves rapidly to fulfil the recommendations of the 2018 bipartite working group that was tasked with implementing the review of the Social Security Tribunal, such as ensuring access to in-person hearings and the full participation of labour and employers with appointed representatives.

Premiums and funding

Finally, the AFB tasks the government with convening a meeting of the two EI funding partners — employers and labour — to find an alternative premium-setting mechanism. Countercyclical funding must be restored to fulfil EI's role as an automatic stabilizer during recessions. General revenue contributions to the EI program should also be reinstated. AFB 2020 also raises historically low premium rates to cover the cost of these proposed reforms.

Environmental protection

AFB 2020 PLAN

- Strengthen and expand emission reduction programs.
- Remove all direct and indirect subsidies for fossil fuel exploration, development and transportation.
- Contribute Canada's fair share of global climate financing.
- Provide further funding for managing toxic substances, including pesticides.

Canada is at the crossroads of a global climate emergency and a biodiversity crisis.¹ Canadians have already been confronted with floods, fires and other ecological disruptions connected with climate change, with far more severe consequences looming on the horizon. The federal government has a key role to play in demonstrating environmental sustainability and climate justice on the world stage.²

Our goals

In order to meet Canada's goal of net-zero emissions by 2050, AFB 2020 sets an ambitious interim greenhouse gas (GHG) emission reduction target of 80% below 2005 levels by the year 2040. AFB 2020 further strengthens Canada's nature conservation and toxics management programs in ways that complement emissions reduction strategies.

How we get there

To finance Canada's emissions reduction and biodiversity conservation strategy, all federal fossil fuel subsidies are phased out and the carbon tax is increased as follows.

Where the current federal carbon tax maxes out at \$50/tonne per year in 2022, AFB 2020 increases the rate by an additional \$10 per tonne per year through 2030. A timeline is established for eliminating the output-based

pricing system, which currently lets companies in some industries avoid paying the full carbon price except where there is clear evidence of significant carbon leakage in the sector.

Levies on bunker fuels used in international aviation and marine shipping — a high-emitting and poorly regulated sector — could also raise billions of dollars a year for government climate measures.

Climate change and energy sustainability

AFB 2020 provides \$2.9 billion annually to help developing countries respond to the climate emergency. Of this money, \$450 million a year is routed through the Green Climate Fund and other United Nations projects and would therefore increase Canada's International Assistance Envelope (see the International development chapter).

In addition to enhancing Canada's international contribution to climate financing, AFB 2020 commits to review Canada's immigration capacity and programs for settling migrants displaced by climate change. Canada should consider new categories of immigration that would cover climate refugees, for example.

AFB 2020 provides \$1.01 billion a year to the Federation of Canadian Municipalities to offset the cost of energy efficiency retrofits and the construction of energy efficient homes across the country. This ongoing funding makes permanent the one-time transfer of \$1.01 billion for energy efficiency announced in the 2019 federal budget. A significant portion of the annual funding will be allocated to remote communities, Canada's North, low-income family homes and multi-unit residential buildings, which will create good jobs in those communities.

Nature conservation

AFB 2020 invests \$700 million a year to strengthen existing nature conservation programs for public and private lands, wetlands, grasslands, oceans and birds. It invests a further \$250 million a year in a Nature-based Climate Solutions Fund to support actions that reduce land use-related emissions, sequester carbon or furnish climate adaptation benefits, while also benefiting biodiversity conservation.

Toxics

To protect Canadians and our environment from exposure to toxic substances, AFB 2020 provides enhanced funding for relevant federal regulatory departments to assess and manage toxic substances, including pesticides. It commits

\$100 million a year for chemical assessment and regulatory activities, \$100 million a year to enforce the Canadian Environmental Protection Act and its regulations and \$100 million a year to the Pest Management Regulatory Agency to assess risks and upgrade its compliance and enforcement.

Notes

1 See in particular the UN International Panel on Climate Change's report at https://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf, and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)'s first comprehensive report on biodiversity at <https://www.ipbes.net/news/Media-Release-Global-Assessment>

2 For details on most of these AFB issues and actions, see the Green Budget Coalition's recommendations for the 2020 federal budget, at www.greenbudget.ca/2020recommendations.

First Nations services, infrastructure and governance

AFB 2020 PLAN

- Invest to preserve and revitalize First Nations languages.
- Create a First Nations child welfare system that protects children.
- Invest \$4 billion to provide proper shelter on reserves.
- Carve out First Nations specific infrastructure spending from Canada's overall plan.
- Invest \$3.5 billion over five years to assist First Nations governments in making the most efficient use of funding and provide the most effective programs and services for their citizens.

Half of all children in foster care who are under the age of 14 are Indigenous. First Nations people are at immediate risk of losing their languages forever. A quarter of First Nations households on reserve are overcrowded and 41% of houses on reserve require major repairs. Decades of underfunding infrastructure have left a massive deficit on reserves. Funding increases for First Nations governance remain capped at 2% a year, creating a wide and growing gap with other communities in Canada.

Our goals

The federal government has verbally committed to reconciliation with First Nations and Indigenous Peoples in this country. AFB 2020 makes federal funding commitments commensurate with that goal.

How we get there

AFB 2020 significantly increases federal investments for First Nations child welfare, housing and shelter on reserve, other public infrastructure and services provided by First Nations, the preservation of Indigenous languages, and fiscal support to build governance capacity to oversee all of these things.

Language rights

The Indigenous Languages Act of 2019 affirms the language rights of Indigenous Peoples and the need to preserve First Nations languages and culture. AFB 2020 invests \$1.157 billion over three years, rising to \$897 million annually in 10 years, to effectively implement this bill, with financial support going to kindergarten through Grade 12 education and lifelong learning for First Nations.

Child welfare

In Canada, while 7.7% of children under the age of 14 are Indigenous, 52.2% of all children that age who are in foster care are Indigenous. The 2019 Act Respecting First Nations, Inuit and Métis Children, Youth and Families affirms the jurisdiction of Indigenous Peoples in relation to child and family services. AFB 2020 gives First Nations governments \$3.5 billion over five years to exercise their jurisdiction and look after their most vulnerable members.

Housing

Housing is a basic human right, but one that is not realized for too many First Nations people. According to Statistics Canada, 4% of non-Indigenous Canadians live in a crowded dwelling (needing four or more extra bedrooms) while 27% of Status First Nations on reserves experience this. Likewise, 4% of non-Indigenous Canadians live in a dwelling in need of major repairs (plumbing, wiring, structural repairs to flooring or ceilings) while 41% of on-reserve Status First Nations experience this.

AFB 2020 allocates \$4 billion over five years to seriously tackle the housing crisis on reserves and start to alleviate some of the social and health consequences that have resulted from federal neglect in this area.

Infrastructure

Green energy, participation in the common market, and sustainable economic growth require roads, internet connectivity and the means to generate carbon neutral energy. First Nations require, at minimum, investment proportionate to their population to create long-term economic growth, build sustainable and resilient communities and support a low-carbon economy.

AFB 2020 therefore invests \$12.6 billion over five years in First Nations infrastructure, to be taken from the existing \$180 billion in the federal Investing in Canada Infrastructure Program. In the short-term, this funding should result in a GDP increase of \$1.43 per dollar of spending, the creation

of 9.4 jobs per million dollars spent, and the recovery to the government (in taxes) of \$0.44 for each dollar it spends on new infrastructure.

Governance

First Nations governments operate with between 4% and 5% governance funding, approximately one-third of what other governments, non-governmental organizations and businesses utilize on average. AFB 2020 invests \$3.5 billion over five years to improve financial, administrative and political governance in First Nations, including more efficient and effective use of existing resources, and retention and recruitment of qualified human resources.

Food security

AFB 2020 PLAN

- Restrict the marketing of unhealthy foods and beverages to children and introduce better labelling.
- Decrease food insecurity by boosting incomes, particularly for single adults.
- Create and fund a National School Food Program.
- Tax sugary drinks in order to fund healthy eating programs.

Four million Canadians, 43% of them single or unattached, live in food insecure households, meaning they lack the financial resources to access an adequately nutritious diet.¹ Unhealthy diets contribute to a variety of chronic diseases, including heart disease, stroke, hypertension, diabetes and up to 40% of cancers, and they are the leading risk factor for death and disability in Canada.² Diet-related diseases cost Canadians \$26 billion a year in health care costs.³ Over the next 25 years, sugary drink consumption will lead to an estimated 63,321 deaths.

Our goals

The federal government has many opportunities to increase access to food and address diet-related diseases. Canada is one of the only industrialized countries without a national school food program, for example. AFB 2020 aims to reduce food insecurity by 50% by 2030 in line with Canada's Sustainable Development Goal commitments.

How we get there

AFB 2020 takes a multi-pronged approach to decreasing food insecurity and promoting healthy diets — by restricting the marketing of unhealthy foods and beverages to children, boosting incomes, particularly for single adults, creating and funding a national school food program, and taxing sugary drinks in order to fund these and other healthy eating programs.

Higher incomes, better diets

The most effective way to decrease food insecurity is to increase incomes. For example, recent research shows that the Canada Child Benefit (CCB) decreased rates of severe food insecurity in households with children by 30%.⁴ Tax credits for single (unattached) individuals, who represent 43% of food insecure Canadians, could have the same positive effect.⁵

AFB 2020 implements a Dignity Dividend – a new transfer for all low-income families that will make it possible to afford more and better quality food. The AFB continues to increase the CCB as planned by the federal government, expands eligibility and coverage for social assistance, and makes the Disability Tax Credit refundable (see the AFB 2020 Poverty chapter for more on these initiatives).

A better measure of food insecurity

Provinces and territories are only required to measure food insecurity rates every five years. This results in outdated and incomplete national data, which impedes the government's ability to set and report accurately on targets. AFB 2020 invests \$5 million to make the Household Food Security Survey Module part of the Canadian Community Health Survey's annual components.

Better diets for children

Canada is one of the only industrialized countries without a national school food program. These programs can increase the consumption of fruits, vegetables and other healthy foods and contribute to learning and success at school. While the 2019 federal budget committed the government to working with provinces and territories on a food program, no funding was allocated. AFB 2020 invests \$360 million toward this plan. Marketing to children of foods and beverages high in sodium, sugar and saturated fat is pervasive, comprising over 90% of food ads targeted to kids.⁶ In Quebec, where these restrictions have been in place since the 1980s, fast food consumption has decreased by 13%.⁷ The AFB will follow Quebec's lead and restrict the marketing of unhealthy foods and beverages to children.

Tax and label unhealthy foods

Over the next 25 years, sugary drink consumption will lead to an estimated 63,321 deaths and \$50 billion in direct health care costs. AFB 2020 puts a 20% manufacturer's levy on these drinks, which will raise an estimated \$43.6 billion in federal revenue over 25 years (\$1.74 billion a year). This money will be reinvested in health promotion programs such as fruit and vegetable

subsidies.⁶ The AFB also introduces strict front-of-package labelling for foods and drinks that are high in sugar, sodium and saturated fats.

Notes

1 Tarasuk, V., Mitchell, A., and Dachner, N. (2014). Household Food Insecurity in Canada, 2012. Toronto: Research to identify policy options to reduce food insecurity (PROOF). Retrieved from <http://proof.utoronto.ca/resources/proof-annualreports/annual-report-2012/>

2 HSFC/CIHR Chair in Hypertension Prevention and Control and Food Secure Canada (2016). *Food and Nutrition Fact Sheet*. Retrieved from https://foodsecurecanada.org/sites/foodsecurecanada.org/files/16-01-14food_and_nutrition_fact_sheet_final.pdf

3 Health Canada (2016). *Regulations Amending the Food and Drug Regulations (Nutrition Labelling, Other Labelling Provisions and Food Colours)*. Retrieved from <http://gazette.gc.ca/rp-pr/p2/2016/2016-12-14/html/sor-dors305-eng.php>

4 Brown, E.M. and Tarasuk, V. (2019). Money speaks: Reductions in severe food insecurity follow the Canada Child Benefit. *Preventive Medicine* 129, 1–8.

5 <https://proof.utoronto.ca/food-insecurity/>

6 <https://stopmarketingtokids.ca/what-is-marketing/>

7 <https://stopmarketingtokids.ca/what-are-other-countries-doing/>

8 Jones, A.C., Veerman, J.L. and Hammond, D. (2017). *The Health and Economic Impact of a Tax on Sugary Drinks in Canada*.

Gender equality

AFB 2020 PLAN

- Invest \$80 million in the effective implementation of the 2018 Pay Equity Act and pay transparency regulations, introduce workplace flexibility requirements, and update protections for workers in non-standard, precarious employment.
- Launch a federal task force to examine paid and unpaid care work and develop a federal strategy to improve the quality and impact of the care economy.
- Institute a universal child care program and expand eligibility and flexibility of maternity/paternity leave policy.
- Invest \$500 million in a national action plan to combat all forms of violence against women and a separate plan, under the leadership of Indigenous women's organizations, to address violence against Indigenous women and girls.
- Provide core funding for women's rights and gender equality organizations that provides for full cost recovery and financial stability.

The employment gap between men and women costs women \$120 billion a year and puts a 4% drag on GDP growth. Women do 10 hours more unpaid work at home per week than men do, and they make up 91% of workers taking parental leave. Rates of violent crime are higher among women than among men, and much higher among women who are Indigenous, women with mental health concerns, women with disabilities, and women who are LGBTQI2S+. Funding for gender equality organizations under the Women's Program at WAGE Canada is slated to rise by \$160 million over five years but lack of core funding undermines the impact of their work.

Our goals

High levels of employment and earnings are essential to women's economic well-being and security and the health of Canada's economy and collective prosperity.¹ Canada's new Gender Results Framework² – with its emphasis on full and equal participation in the economy, the reduction of poverty and

the elimination of gender-based violence — is a positive step forward. But much more can be done to deliver on its promises.

How we get there

Since 2015, the federal government has taken steps to facilitate women’s equal and full participation in the economy by establishing gender equality goals and passing gender-based budgeting legislation. Funding has been set aside to assist small enterprises led by women and women seeking to enter the trades. A new “use it or lose it” parental leave was introduced to encourage uptake by second caregivers (usually fathers). AFB 2020 builds on these plans but goes substantially further in the following four areas.

Strengthen labour market regulations

Gender equality at work means fair wages and working conditions across the labour market. To this end, new federal pay equity legislation is welcome. What is needed now are the resources and a strong set of regulations (including pay transparency provisions) to ensure that we won’t be involved, once again, in decades of litigation, continued exploitation and economic hardship.

AFB 2020 invests \$80 million in the effective implementation of the 2018 Pay Equity Act and pay transparency regulations,³ introduces workplace flexibility requirements and updates protections for workers in non-standard, precarious employment. Sexual orientation and gender identity and expression are added to the Employment Equity Act to address disadvantages experienced by LGBTQI2S+ communities in the labour market.

Tackle the unequal division of care

Women in Canada continue to spend much more time on unpaid care work than men do. The difference is even greater when we take into account that women often perform unpaid work alongside other activities.⁴

On this score, accessible and affordable child care is one of the best levers the government has for supporting female labour force participation. Affordable and available child care has had a positive effect on women’s employment levels and on the wage gap in similar high-income countries (see the Child care chapter).

The new “use it or lose it” parental sharing benefit for second caregivers is a promising strategy for encouraging a more equitable division of caring labour. But it does little to improve access to maternity/parental benefits or tackle the needs of low- and modest-income families, a significant number

of whom do not have the hours of insured employment necessary to qualify for support (see the Employment Insurance chapter).

AFB 2020 puts \$5 million toward a federal task force to examine paid and unpaid care work and develop a federal strategy to improve the quality and impact of the care economy. The government will build a high quality child care program for all children (see the Child care chapter) and increase parental benefits to match the more beneficial rates under Quebec's QPIP (see the EI chapter). The AFB also includes in the upcoming review of tax expenditures the task of identifying and proposing alternatives to regressive measures that undermine women's economic security and exploit the gendered division of labour.

End violence against women and girls

Violence against women remains a persistent blight on the lives of women in Canada. In 2017, over 75,000 women reported incidents of intimate partner violence to the police;⁵ tens of thousands more incidents go unreported.⁶ Estimates of unreported sexual assault and criminal harassment are even higher.⁷ And certain groups such as Indigenous women, women with significant mental health concerns, LGBTQI2S+ people, women with disabilities, and immigrant and refugee women are at a much higher risk of violence than others.

AFB 2020 invests \$500 million a year to develop and implement — in collaboration with survivors, frontline workers and equality seeking organizations — a fully resourced national action plan to combat all forms of violence against women and gender diverse people in collaboration with survivors, frontline workers and equality seeking organizations.⁸ A further \$70 million is put toward the development of a national action plan to combat all forms of violence against Indigenous women and girls, to be led by Indigenous women's organizations, as recommended by the National Inquiry into Murdered and Missing Indigenous Women and Girls.⁹

Support an independent women's movement

There is clear evidence that direct funding to women's organizations is one of the most effective means of improving the quality of women's lives and advancing gender justice.¹⁰ The 2019 federal budget increased funding to women's rights and equity-seeking organizations, allocating \$160 million to the Women's Program over the next five years to bring the annual total to \$100 million in 2023-24, more than triple 2015 levels.¹¹

Yet the capacity of these same organizations to carry out their vital work continues to be systematically undermined by the funding vehicles themselves. Short-term, project-based, administration-heavy funding models ensure financial uncertainty, reporting overload, and significant human resourcing challenges. The refusal to adequately fund administrative costs results in the loss of organizational infrastructure and capacity.

AFB therefore provides core funding for women's rights and gender equality organizations that will facilitate full cost recovery and financial stability.

Notes

1 UN Women and ILO (2012), Decent work and women's economic empowerment: Good policy and practice. OECD (2012), Closing the gender gap: Act now; Remco Oostendorp (2009), "Globalization and the gender wage gap," *World Bank Economic Review*, Vol. 23, No. 1, pp. 141–161.

2 Canada's Gender Results Framework.

3 Jan Borowy and Fay Faraday (2018), "What women need for robust pay equity enforcement," Briefing Note for Pay Equity Coalition.

4 Women spent an average of 2.5 hours more per day on all unpaid-work activities – both primary and simultaneous – in 2010 than did men: 5.4 versus 2.9 hours. Melissa Moyser and Amanda Burlock (2018), Time use: Total work burden, unpaid work and leisure, *Women in Canada: A Gender-based statistical report*, Statistics Canada, Catalogue no. 89-503-X.

5 Marta Burczycka, Shana Conroy and Laura Savage (2018), Family Violence in Canada, 2017. Canadian Centre for Justice Statistics, Statistics Canada. Catalogue no. 85-002-X. Intimate partner violence is the most common kind of violence experienced by women. In 2017, 45% of all female victims of violence had been victimized by a current or former partner.

6 Marta Burczycka (2016), "Section 1: Trends in self-reported spousal violence in Canada, 2014," In *Family Violence in Canada: A Statistical Profile, 2014*. Juristat, Statistics Canada, Catalogue no. 85-002-X.

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8 Women's Shelters Canada (2019), Renewed call for Canada to develop and implement a National Action Plan on Violence against Women

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10 Srilatha Batliwala, et al (2013), *Women Moving Mountains: The Collective Impact of the Dutch MDG3 Fund*, AWID; Mala Htun and Lauren Weldon (2012), "The Civic Origins of Progressive Policy Change: Combating Violence against Women in Global Perspective, 1975–2005," *American Political Science Review*, Vol. 106, No. 3.

11 Katherine Scott (2019), Budget 2019: A win for the women's movement – but we won't get there without child care, Behind the Numbers, Canadian Centre for Policy Alternatives.

Health care

AFB 2020 PLAN

- Increase the escalator for federal health transfer payments to at least 5.2%.
- Enforce the Canada Health Act to protect the core values of our public health care system.
- Implement a national, single payer, public pharmacare program.
- Expand public health coverage to include seniors' care, mental health care and dental care.
- Increase funding to respond to the opioid crisis.

Today's levels of federal funding for health care will lead to a \$31 billion shortfall over 10 years. For-profit clinics and extra-billing are threatening the public health care system. Nearly one in five households can't afford their prescription medications. Over 36,000 seniors are on waitlists for long-term care in Ontario alone and 1.6 million Canadians have unmet mental health care needs. Six million Canadians cannot afford dental care. There were over 4,500 opioid-related deaths in 2018.

Our goals

AFB 2020 strives to ensure that everyone in Canada has access to an expanded roster of high-quality, universal health services.

How we get there

To secure the future of public health care in Canada, the federal government must collaborate with the provinces, territories and First Nations to ensure adequate funding, enforce the Canada Health Act and expand public coverage to include pharmacare, seniors care, mental health care and dental care. To those ends, AFB 2020 makes the following commitments:

Increase federal health transfers

At a cost of \$686 million a year, AFB 2020 increases annual health transfer payments from the current 3% or nominal GDP growth (whichever is higher)

to a more sustainable 5.2%. This will help reverse the projected \$31 billion funding shortfall over 10 years produced by ongoing cuts to health transfers.

National pharmacare

AFB 2020 invests \$10.2 billion a year in a new universal, single-payer, public pharmacare plan with a comprehensive drug formulary, as recommended by the federal government's pharmacare advisory council. This will lead to billions of dollars in savings every year for Canadian families and employers.¹

A national seniors care strategy

As part of a new National Seniors' Care Strategy, AFB 2020 includes targeted funding for long-term care tied to national standards of care. Canada currently spends 1.3% of GDP on long-term care. AFB 2020 increases this amount to 2% over five years. This will cost \$836 million in 2020-21 for a total of \$5.3 billion over three years. The AFB also extends the targeted funding for home care that is set to end in April 2022 at a cost of \$900 million in 2022-23.

Mental health services

AFB 2020 invests \$777.5 million a year to expand public health care to cover mental health services. Spending on mental health is thereby increased from 7.2% of total health spending to 9%, with a 25% contribution from the federal government.

Dental care

AFB 2020 puts \$10 million toward an advisory council to conduct an economic and social assessment of domestic and international public dental care programs and to recommend options for implementing a national, universal, public dental care program.

Addressing the opioid crisis

AFB 2020 adds \$200 million a year to federal funding aimed at addressing the opioid crisis. This money will help health authorities scale up harm reduction services and invest in wide scale implementation of safe supply pilot programs.

Indigenous health care

The AFB commits the federal government to partnering with Indigenous communities to ensure equal access to comprehensive, culturally appropri-

ate care, including full implementation of Jordan's Principle² and all of the Truth and Reconciliation Commission's Calls to Action.

Better data for better care

At a cost of \$10 million a year, AFB 2020 reinstates the Health Council of Canada to report on the performance of Canada's public health care system.

Notes

1 Advisory Council on the Implementation of National Pharmacare (2019). A Prescription for Canada: Achieving Pharmacare for All: www.canada.ca/content/dam/hc-sc/images/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmacare/final-report/final-report.pdf.

2 For more information on Jordan's Principle: <https://fncaringsociety.com/jordans-principle>.

Immigration

AFB 2020 PLAN

- Repeal the annual cap (currently 20,000 applications per year) and minimum income requirement for sponsorship of parents and grandparents.
- Impose a 60-day time limit on immigration detention and end the detention of children and their separation from families.
- Reform immigration selection criteria so international students have pathways to permanent residence.
- Withdraw from the Safe Third Country Agreement with the United States.

Annual sponsorship caps and sponsorship-related misrepresentation investigations have disproportionately negative impacts on racialized residents of Canada. Recent immigrants make 63 cents for every dollar earned by Canadian-born workers, while the low-income rate is 31% for recent immigrants, 18% for immigrants generally and 13% for non-immigrants. Federally funded immigration settlement services are available only to successful refugee claimants (different in Quebec). In the 2018-19 fiscal year, 8,781 people were detained related to their immigration status, 118 of them minors. At least 17 people have died in immigration detention since 2000. Migrant workers and international students lack pathways to permanent residency in Canada.

Our goals

Federal immigration, citizenship, refugee and migrant worker policies should be grounded in human rights, compassion and fairness, whereas currently they create barriers to permanent residency, restrict entry based on country of origin, and criminalize far too many newcomers to Canada or leave them to fend for themselves in a discriminatory job market.

How we get there

AFB 2020 takes the following actions with respect to refugee policy, sponsorship programs, immigration enforcement and settlement programs, labour force support, and citizenship and admissibility procedures.

Sponsorship

AFB 2020 repeals the annual family sponsorship cap (currently 20,000 applications per year) and minimum income requirement for sponsoring parents and grandparents. Both these measures 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.

The AFB further directs Immigration, Refugees and Citizenship Canada (IRCC) to stop initiating misrepresentation investigations for victims of abuse based solely on a sponsor's allegations; removes the lifetime ban on sponsoring undeclared family members; and revokes Section 117(9) of the Immigration and Refugee Protection Regulations, which states that a person is not a family member if they were not examined by a visa officer when the person sponsoring them immigrated to Canada.

Enforcement

While the number of children in immigration detention has gone down recently, children are being detained for longer on average than they were last year or the year before. Despite a government directive requiring the Canada Border Services Agency (CBSA) to end the detention of children, the practice is ongoing, and a new migrant detention facility under construction in Laval, Quebec — the 3rd such facility in Canada — includes plans for a new children's play structure.¹ AFB 2020 imposes a 60-day time limit on immigration detention, stops the detention of children and their separation from family, ends the practice of housing immigration detainees in Canadian prisons, and prohibits solitary confinement for immigration detainees.

The AFB further directs IRCC to collect and release disaggregated data on immigration detentions, creates an independent oversight body for CBSA (as proposed in Bill C-98, which failed to pass the Senate before the 2019 election was called), and places a moratorium on all removals from Canada until all AFB reforms to the refugee determination system and the immigration system are in place. AFB 2020 ends the Orwellian security certificate regime and all deportation proceedings under it.

Immigrant settlement services

AFB 2020 expands IRCC-funded immigration settlement services to all who need them, including international students, refugee claimants, migrant workers and people with precarious immigration status. The AFB removes the restriction of Section 91 in the Immigration and Refugee Protection Act stopping settlement workers at non-profit organizations from assisting clients with immigration- and refugee-related inquiries and forms. The AFB also ensures that the national settlement funding formula provides equitable funding for services in small, rural and northern communities; francophone services outside Quebec; and women- and LGBTQI2S+ mandated and ethnoracial-specific organizations.

Refugees

Under the Safe Third Country Agreement, Canada and the United States each declare the other country safe for refugees and close the door on most refugee claimants at the U.S.-Canada border. Many people seeking safety in Canada have resorted to crossing the border in ways that may risk their safety. AFB 2020 withdraws Canada from the agreement with the U.S.

The federal government introduced further changes in its 2019 budget implementation legislation that significantly reduce the rights of refugee claimants, including the right to a fair hearing if the claimant has previously made a claim in another country with which Canada has an information-sharing agreement. AFB 2020 reverses these reforms and eliminates the Designated Countries of Origin (DCO) scheme, which discriminates against refugees based on where they come from.

Labour market discrimination

Immigrants continue to experience discrimination in the labour market due to lack of recognition of their credentials by employers and systemic racism. AFB 2020 removes systemic barriers to foreign credentials recognition and invests in bridging programs and employment programs for all immigrants regardless of credentials.

Permanent residency

Permanent residents of Canada are subject to criminal inadmissibility if convicted of certain offences, even if they have already served their criminal sentences. As a result, they can be deported from Canada where a Canadian citizen convicted of the same crime gets to stay. AFB 2020 ends the

double-punishment of non-citizens inherent in Canada's current criminal inadmissibility rules.

Migrant workers

Most migrant workers do not have a pathway to permanent residence, which makes them extremely vulnerable to exploitation. A new version of Canada's Live-in Caregiver Program, introduced as a five-year pilot, includes new restrictions on participants and presents more barriers to gaining permanent residence. Canada continues to recruit large numbers of migrant workers for low-skilled and low-paying "temporary" jobs. But these jobs have persisted for decades; they are hardly temporary. Meanwhile, the prohibitive requirements of the permanent economic immigration program leave out low-skilled migrant workers.

AFB 2020 removes the high language skill level (recently increased from Canadian Language Benchmark Level 5 to Level 7) and second medical exam (after completing work requirements) needed by domestic workers and caregivers to qualify for permanent residence. The AFB also changes requirements in the economic immigration program to allow migrant workers to arrive as permanent residents, and it makes permanent the two-year pilot project to provide an open work permit for vulnerable workers, while ensuring the program is applied consistently and includes workers who have left an abusive employer.

International students

Between 2010 and 2018, the number of international students coming to Canada rose by more than 150%. These students pay higher tuition fees than Canadian citizens and permanent residents, and Canadian educational institutions treat them as a lucrative source of profits. Students often face racism, poverty and food insecurity; lack adequate housing; are vulnerable to exploitation by unscrupulous recruiters, misinformation or insufficient information from schools, and exploitation by employers and landlords.

AFB 2020 expands pathways to permanent residence for international students and puts a moratorium on removals until all reforms are in place; ensures international study permits are issued only to reputable and registered educational institutions, and students are fully informed of immigration options before they register at the school; provides better protection from unscrupulous recruiters; and ensures educational institutions are required to provide comprehensive support services for students at no additional charge.

Citizenship

Between 2011 and 2015, the Conservative federal government increased citizenship application fees from \$100 to \$530 and added a new \$100 “right to citizenship” fee. Statistics Canada has found that since then, the citizenship rate has been falling, particularly among those with lower incomes. AFB 2020 eliminates all citizenship fees, as promised by the current federal government in late 2019, at an estimated cost of \$100 million a year. The AFB spends an additional \$10 million a year to extend the Canada Child Benefit to all children living in Canada regardless of their parents’ citizenship or immigration status.

Notes

¹ Sequoia Kim, “On the Migrant Detention Centre,” McGill Daily, November 11, 2019: <https://www.mcgilldaily.com/2019/11/on-the-migrant-detention-centre/>.

Infrastructure and cities

AFB 2020 PLAN

- **Scrap the Canada Infrastructure Bank and replace it with a publicly funded and managed Canadian Public Infrastructure Bank.**
- **Create a Sustainable Infrastructure Transformation Fund to fund public transit, building retrofits and other projects needed to address the climate emergency and create good green jobs.**

Institutional investors in the Canada Infrastructure Bank expect a 7–9% return on their investments where the federal government could borrow at 2.5% interest to pay for the same projects the bank is funding. The current Trudeau government and previous Harper government promised a combined \$190 billion in infrastructure spending by 2028, but total gross fixed capital formation (as a share of GDP) has been falling in Canada for a decade.

Our goals

Public investment in critical public infrastructure — transit, roads, energy and water, hospitals, schools, parks, etc. — can happen faster and cheaper if it is financed and managed publicly. Building projects publicly is also the easiest way to prioritize sustainability, as money can be directed toward projects, infrastructure and technologies that make our cities greener and more livable, and our economies more equitable.

How we get there

AFB 2020 transforms the Canada Infrastructure Bank into a fully public supplier of loans to municipal governments for critical infrastructure projects and increases the pool of strategic federal financing available for green infrastructure, like public transit, that lowers Canada's greenhouse gas emissions.

Create a public infrastructure bank

The federal government is in a privileged financial position that allows Canadians to finance infrastructure projects by borrowing money at extremely low interest rates in the range of 2.5% a year. The Canada Infrastructure Bank (CIB), on the other hand, uses a small amount of public seed money to attract involvement from private sector actors who expect high returns of 7–8% on their investments.

With the pace of infrastructure spending speeding up in Canada, the CIB model — essentially a variation of the faulty and expensive private-public partnership (P3) model — will result in billions of dollars being diverted from public projects into risk-free corporate profits instead. One way the private investors in the CIB expect to make their money is through the imposition of tolls and other user fees on the infrastructure their investments help to build. This year's 20th anniversary of the sale of Ontario's Highway 407 serves as a reminder of just how bad a deal this is for the public.

The 407 was built with public funds and sold to private interests for \$3.1 billion, a fraction of what it was worth, in 1998. Two years later, the 407 had doubled in value and today the road is worth over \$30 billion and rising. Ontarians paid to build the highway, received very little benefit from the sale and continue to pay \$900 million a year in tolls to use it.¹ P3 hospitals, water treatment plants and other major projects similarly interfere with what should be a simple matter of identifying needed infrastructure, building it as efficiently as possible and letting the public reap the rewards for decades.

Since the bank's creation in 2017, only a handful of projects have gotten off the ground, with a few more in the planning stages. In 2019, the bank's head of investment resigned citing frustration with the slow pace of approvals.² The CIB is providing a fund that cities don't need and aren't using because it doesn't make sense.

AFB 2020 replaces the CIB with an accountable and transparent Canadian Public Infrastructure Bank, at no additional cost above current allocations, with a mandate to provide low-cost loans to municipalities for infrastructure projects. Consistent with the AFB's National Decarbonization Strategy (see the Just transition and industrial strategy chapter), a centre of expertise housed within the bank will specialize in infrastructure planning and asset management and provide analysis on the economic, social and environmental impacts of all projects.

Sustainable Infrastructure Transformation Fund

A severe 30-year lack of investment in Canada's public infrastructure has led to degradation and decay approaching critical levels. A sequence of budget announcements over the past decade have tried to solve the crisis, the two most important being the Harper government's New Building Canada Plan and Trudeau government's Investing in Canada Plan. Together, these two initiatives promised \$190 billion in infrastructure spending by 2028. As high as that might sound, after so much neglect it represents a bare minimum of what's truly needed, with total gross fixed capital formation (as a percentage of GDP) falling in Canada over the last 10 years.³

The scope of the infrastructure problem goes beyond just needing bridges and roads for commercial purposes. The climate emergency demands a bigger role for public policy in mitigation and adaptation. Making the right choices today will determine the extent to which we are able to meet Canada's greenhouse gas (GHG) emissions targets and actively contribute to a sustainable future.

AFB 2020 increases short-term funding for critical public infrastructure, prioritizes projects that will achieve the greatest possible GHG emission reductions, and disincentivizes carbon-intensive development. The AFB tops up existing federal commitments by \$6 billion a year over three years to expand the scope and accelerate the development of new projects consistent with the National Decarbonization Strategy.

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.
- **Expanding infrastructure adaptation efforts** to prepare for higher frequency and more extreme weather events.
- **Resource efficiency projects** that extend the life of products, expand recycling capacity and divert waste from landfills.
- **District energy projects** that expand centralized production of thermal energy for heating and hot water.

- **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.
- **Limiting urban sprawl and encouraging brownfield rehabilitation** to encourage the cleanup and reuse of existing urban land.

Notes

1 Linda McQuaig, “Birth of a Fiasco: How the Ontario Tories completely botched the sale of Highway 407,” *Toronto Star*, September 1, 2019.

2 Bill Curry, “Canada Infrastructure Bank executive Nicholas Hann resigns amid growing industry frustration with pace of project approvals,” *The Globe and Mail*, July 30, 2019.

3 Statistics Canada, Table 36-10-0108-01, Gross fixed capital formation, quarterly, Canada (x 1,000,000).

International development

AFB 2020 PLAN

- **Align government policy with the United Nations Sustainable Development Goals.**
- **Increase Canada’s International Assistance Envelope by 15% a year over 10 years to provide predictable, higher development spending capacity.**
- **Focus Canada’s international assistance on the poorest and most vulnerable people, especially women and girls.**
- **Use public policies and institutions to leverage and redirect major sources of private and public finance toward realizing the Sustainable Development Goals, including tackling gender inequality.**

Achieving the United Nations Sustainable Development Goals (SDGs) demands transformative change in Canada’s approach to development co-operation. Canada invests 0.28% of gross national income (GNI) in international development – below the average of OECD countries and Canada’s own historic performance. Canadian development assistance must be implemented in more integrated and complex ways, with new, substantial and complementary investments and financing tools.

Our goals

Canada will show leadership in global co-operation, helping to build a fairer, more sustainable and safer world. We will lead at home as well by incorporating internationally agreed upon sustainable development objectives into government policy.

How we get there

AFB 2020 aligns government policy with the UN SDGs, increases Canada’s International Assistance Envelope (IAE), and focuses additional international

assistance and development finance on the poorest and most vulnerable people, especially women and girls.

Align federal policy with the SDGs

AFB 2020 launches 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 SDG unit at Employment and Social Development Canada will establish a multi-stakeholder national commission that will engage the three levels of government, Indigenous authorities, civil society, the private sector and other Canadians.

The national commission will generate a comprehensive, costed, whole-of-Canada strategy and action plan for implementing the 2030 Agenda for Sustainable Development, integrating commitments to Canada's Indigenous Peoples. This plan will outline an inclusive process for developing a national framework of indicators in co-operation with provinces, territories and municipalities, and working with them to collect subnational data disaggregated by age, race, ethnicity and gender, among other categories.

Contribute Canada's fair share to development

AFB 2020 sets a 10-year time frame for increasing Canada's International Assistance Envelope (IAE) to meet our fair contribution to development. Annual 15% increases (including projections outlined in the 2018 and 2019 federal budgets) will take the IAE from \$5.8 billion to \$6.6 billion in 2020-21, from \$5.9 billion to \$7.6 billion in 2021-22, and from \$6.0 billion to \$8.7 billion in 2022-23. These additional resources will be accompanied by new, flexible, diverse and responsive funding mechanisms suitable for a variety of civil society partners. Some of these increases will come through Official Development Assistance — eligible investments in climate finance (see the Environmental Protection chapter).

This “fiscal escalator” will generate predictable annual increases in Canada's international 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), including multi-year and standalone gender-in-emergencies funding.

More focused international assistance

In accordance with Canada's Feminist International Assistance Policy, AFB 2020 focuses Canada's international assistance and development finance on the poorest and most vulnerable people, especially women and girls. For example, 50% of bilateral aid will be dedicated to least developed countries, low-income countries and fragile contexts. Within five years, 0.12% of Canada's gross national income will be dedicated to development co-operation for least developed countries.

AFB 2020 also establishes a new international assistance effectiveness action plan under the guidance of Global Affairs Canada, with clear targets in line with Canada's existing aid and development effectiveness commitments. Finally, FinDev Canada is required to allocate at least half its investments to initiatives with high impact on women's economic empowerment, such as women-led and women-focused small- and medium-sized enterprises.

These measures will strengthen Canada's ability to facilitate a truly transformative feminist agenda that responds to the needs of people in partner countries, establishes a clear timeline to meet the ambitious gender targets in Canada's programmatic funding, and enhances existing guidance notes to ensure that human rights and gender equality are truly at the heart of Canada's international assistance programming.

International trade

AFB 2020 PLAN

- Transform Canada’s international trade and investment policy so that it promotes, rather than hinders, the goals of social justice, economic inclusion and environmental sustainability.
- Implement a “Buy Sustainable” government purchasing policy to promote the transition to a carbon-neutral economy while maximizing benefits to Canadian firms, workers and communities.
- Develop a trade promotion strategy that helps shift Canada toward a zero-carbon economy.
- Negotiate the removal of the excessive investor–state dispute process from Canada’s international trade and investment treaties or, where this is not possible, withdraw from those treaties.
- Pause all current trade and investment agreement negotiations until a new trade and investment treaty model can be developed in partnership with Canada’s Indigenous nations and with broad public input.

Over the past 30 years, international trade and investment agreements have contributed to greater inequality, higher greenhouse gas emissions, and a declining share of national income for workers. The Canadian economy is overly dependent on environmentally harmful, carbon-intensive exports, but “next generation” trade deals limit the policy tools we could use to move our industries up the value chain. Foreign investors, on the other hand, have profited from excessive rights in Canada’s investment protection agreements, which allow them to challenge environmental decisions and other public interest legislation at home and abroad.

Our goals

Canada could help pioneer a more sustainable trade and investment regime built on global solidarity, respect for the UN Declaration on the Rights of Indigenous Peoples and international sustainable development obligations,

and which facilitates, rather than hinders, the transition to a zero-carbon economy.

How we get there

AFB 2020 finds ways to bend, break or renegotiate Canada's international trade and investment obligations while initiating a process for developing a new trade agenda based on democratic principles and with broad public involvement.

Negotiate trade deals differently

AFB 2020 pauses all of Canada's current trade and investment agreement negotiations. It shifts \$15 million from the negotiations branch of Global Affairs Canada to public hearings and consultations, with the goal of developing a new trade policy founded on principles of social, economic and climate justice and respect for democratic process.

This public 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. Canada's new trade policy must fully respect the UN Declaration on the Rights of Indigenous Peoples.

“Buy Sustainable” procurement strategies

New Canadian trade agreements, including the interprovincial Canada Free Trade Agreement, restrict the right of provinces and municipalities to apply local economic development guidelines, such as “buy local” preferences, to public procurement of goods and services. Yet globally, local governments are finding innovative ways to make sure the benefits of money spent on infrastructure and other major projects stay in or close to the community.

AFB 2020 implements a federal “Buy Sustainable” government purchasing policy and attaches sustainability requirements to federal transfer payments for public infrastructure projects. These social and environmental conditions on public purchasing will be designed to promote community benefits, local hiring and training of workers, minimum wages, decent working conditions, unionization, and worker and community control.

“Buy Sustainable” policies will also aim to maximize energy efficiency and apply high standards to limit greenhouse gas emissions through extended product life, life-cycle analysis, reduced transport costs, retrofits, and more.

These procurement programs must be accompanied by substantial investment in skills training, and programs to make sure that Canadian firms and workers can meet the new standards and transform production processes to eliminate carbon emissions.

Discourage trade in carbon-intensive goods

As part of the National Decarbonization Strategy (see the Just transition and industrial strategy chapter), AFB 2020 directs Global Affairs Canada to withdraw support for fossil fuel development and export from Canada's trade and investment promotion activities, as this support is fundamentally incompatible with the country's environmental priorities (see the Taxation chapter).

The AFB further directs the department to promote a shift in the composition of Canada's exports away from carbon-intensive goods while prioritizing a just transition for affected workers and communities. As a sign of goodwill, while Canada consults publicly on a new sustainable trade policy, the federal government 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.

End the investor–state dispute settlement regime

AFB 2020 tasks Global Affairs Canada with negotiating the removal of investor–state dispute settlement (ISDS) clauses from all of Canada's international trade and investment treaties. Where a partner country to a Canadian investment treaty (or free trade agreement that includes an ISDS clause) refuses to negotiate, Canada will withdraw from the treaty with that partner. In the same spirit, the Canadian government will immediately withdraw support for current ISDS claims by Canadian firms against foreign governments, many of which target countries in the Global South and involve unreasonable challenges to environmental protection measures.

Just transition and industrial strategy

AFB 2020 PLAN

- **Develop a National Decarbonization Strategy for a zero-carbon economy grounded in public investment and green job creation.**
- **Introduce a Just Transition Act with funding to ensure fossil fuel workers and communities aren't left behind.**
- **Establish a Strategic Training Fund to recruit and prepare workers—especially workers from historically marginalized groups—for new jobs in the clean economy.**

The global climate emergency is deepening with each passing year of inaction. To do our part, Canada must rapidly move its economy off of fossil fuels. Workers and communities dependent on the fossil fuel industry may be harmed by policies to transition to a cleaner economy. Many members of historically marginalized groups including women, Indigenous peoples and racialized Canadians are currently excluded from opportunities in the clean economy.

Our goals

For Canada to meet its international and national greenhouse gas emission reduction targets—including a goal of net-zero emissions by 2050—we must embark on a rapid, far-reaching transition from our current fossil fuel-based economy to a more efficient and sustainable economic model.

How we get there

The following targeted and co-ordinated public investments and social programs aim to minimize the harm and maximize the benefits, for workers and communities, of a broad-based just transition.

National Decarbonization Strategy

AFB 2020 invests \$50 million in a National Decarbonization Strategy to be co-ordinated by Innovation, Science and Economic Development Canada in partnership with provincial and territorial governments, First Nations, Inuit and Métis representatives, labour unions, industry associations and other stakeholders.

In the process of charting a path to a zero-carbon economy, the strategy will explore opportunities for strategic public investments in industries such as electricity generation, public transit and forestry. Oil and gas production for fuel will be phased out by 2040, much as coal is currently being phased out nationally, and a moratorium placed on new oil and gas projects. Exceptions will be made for the non-fuel use of oil and gas such as plastics and fertilizers.

Just Transition Act, Transfer and Commission

AFB 2020 introduces a Just Transition Act providing a legislative framework for promoting decent work and economic security for all peoples and communities as they undergo the transition to a cleaner economy. The Act establishes rights for workers impacted by decarbonization and codifies the principle of climate justice.

Under this new legislation, \$1 billion is allocated over 10 years to a Just Transition Transfer (JTT) to ensure the workers and communities most affected by the phaseout of fossil fuel production are supported as they transition to new industries. Programs funded through the JTT will be developed and delivered by provincial and territorial governments in response to local conditions. The full value of the transfer is contingent on an equity assessment to ensure the benefits are fairly distributed to all affected people in each community, whether or not they work directly in the fossil fuel industry.

AFB 2020 allocates a further \$5 million a year to a new Just Transition Commission modelled on the Federal Just Transition Task Force, which was originally mandated to study the phaseout of coal power. The new commission will be mandated to study the impacts on workers and communities of the national oil and gas phaseout and make ongoing recommendations to the federal government.

Strategic Training Fund

AFB 2020 gives \$2.2 billion over 10 years to Employment and Social Development Canada for a Strategic Training Fund to grow and diversify the workforce in key sectors identified under the National Decarbonization Strategy. The

money will fund colleges, labour unions and other vocational training institutions to prepare more workers for in-demand occupations in growth industries such as energy efficiency retrofitting (see Environment and Climate Change chapter). Funding for training institutions is contingent on increased enrolment and improved completion rates for women, Indigenous people, racialized Canadians and other groups that have historically been excluded from the skilled trades and other occupations vital to the clean economy.

Older adults and retirement

AFB 2020 PLAN

- Make major new investments in long-term care infrastructure.
- Build home care services infrastructure to help older adults where they live now.
- Provide an exemption in the Canada Pension Plan to help low-income older adults keep more of their critical transfers.
- Improve the Guaranteed Income Supplement by \$1,000 for single older adults and \$3,000 for older adult couples to reduce poverty among older adults.

Housing is a critical issue for older adults. Formal and informal caregiving places a heavy burden on many Canadians. Funding to provide social supports for older adults is often difficult to obtain. Older adults, particularly single older women, are increasingly living in poverty.

Our goals

Older Canadians should be able to rely on their government to support them in retirement and old age, no matter what their income was during their working years.

How we get there

AFB 2020 makes major new investments in long-term care infrastructure and in services for older adults where they live now. It adjusts the Canada Pension Plan, Guaranteed Income Supplement and Old Age Security payments to increase transfers and reduce poverty among low-income older adults.

Improving health care and support for older adults

Housing is more than a place to live. Many older adults are denied home care services due to a combination of mental and physical conditions related to lifelong marginalization, financial deficiency, structural pitfalls and a lack

of government agency capacity to support certain individuals' needs related to comorbidity. Housing services for older adults need to be inclusive.

AFB 2020 tasks the government with exploring financial options to increase the affordability and accessibility of housing that supports the physical, mental, social and spiritual well-being of older adults. For example, a portion of the Canada Housing Benefit, which is doubled by AFB 2020 (see the Housing chapter), should go toward low-income older adults. The AFB also invests in continuing care infrastructure in partnership with the provinces and territories (see the Health care chapter).

Formal and informal caregiving has become increasingly important to older adults in Canada. According to Statistics Canada, about one-third of Canadians aged 45 or older were providing care to an older adult in 2008-09.¹ AFB 2020 extends home care funding past the planned 2020 cut-off date, at a cost of \$900 million a year (see Health care chapter). It also initiates a comprehensive review of home care systems that addresses the nature of services, flexibility of delivery, collaboration with health care providers, and the importance of taking into account the preferences of informal caregivers.

In order to reduce the financial stress on informal caregivers (e.g., family members or friends), AFB 2020 expands the employment insurance — linked compassionate care benefit beyond palliative care, to include long-term care provided by informal caregivers. The AFB also amends the Caregiver Tax Credit and the Family Caregiver Tax Credit to make them refundable in order to benefit lower-income Canadians.

Extending social support for older adults

In its 2019 budget, the federal government extended funding for the New Horizons for Seniors Program by \$20 million a year, which includes \$15 million for community-based projects. This money helps grassroots organizations, many operated by volunteers who are older adults themselves, provide programs (often outside the scope of social agencies) to address mental health issues, substance abuse, social isolation and malnutrition among older adults.

Many of these volunteer-led organizations lack experience with writing proposals, budgeting or reporting back to government on the use of public funds. AFB 2020 therefore provides an additional \$15 million a year to the program, to help fund recipients hire administrative support.

Enhancing incomes for older adults

Low-income Canadians contribute to the Canada Pension Plan (CPP) their whole lives, but once they retire those hard-won contributions are clawed back from Guaranteed Income Supplement (GIS) payments — at a rate as high as 50% for every dollar put into the CPP. AFB 2020 exempts the first \$2,500 of CPP income from GIS calculations, thereby avoiding the high 50% clawback, at a cost to government of \$3.3 billion a year. It also indexes Old Age Security (OAS) payment increases to average industrial wage growth instead of the generally lower consumer price index, at a cost of \$260 million a year.

While improving OAS for people over 75 is important, the GIS can better target retirement income to those who need it most: older adults living below the poverty line. AFB 2020 increases the GIS “top up” amount by \$3,000, which better aligns benefit amounts between single older adults and older adult couples. The AFB spends a further \$2.4 billion a year to add \$1,000 to the GIS “top up” for older adults living alone (generally women), to further reduce the poverty rate among this group so that they can live in dignity.

Notes

¹ Statistics Canada, “Informal caregiving for seniors,” *Health Reports*, Vol. 23, No. 3. Accessed: <https://www150.statcan.gc.ca/n1/pub/82-003-x/2012003/article/11694-eng.htm>.

Post-secondary education and training

AFB 2020 PLAN

- Restore federal funding for post-secondary education (PSE) and pass a comprehensive federal PSE Act.
- Eliminate tuition fees for all students in all PSE programs.
- Remove barriers to training by amalgamating training funds, and put training decisions back into the hands of workers.

Thirty years ago, universities received more than 80% of their operating revenue from government. Today, government funding has shrunk to barely 50%. Since 1990, average student debt has grown 40% while average real wages have stagnated. More than half of university faculty appointments today are temporary contract appointments. Precarious and low-income workers who need publicly funded training programs the most have the least access.

Our goals

High quality, publicly funded post-secondary education (PSE) and training are essential to fostering engaged, well-informed citizens with the skills needed to participate in a changing economy. Our goal is for everyone in Canada to have access to high quality, publicly funded, affordable post-secondary education and training, while workers in the sector benefit from fair wages and working conditions, and the sector contributes to bold, urgent action on climate change.

How we get there

AFB 2020 eliminates the Canada Education Savings Program (\$1.39 billion), the tuition tax credit (\$1.15 billion), the student loan interest tax credit (\$22 million) and the Canada Training Credit (\$155 million) and redirects these funds toward the following programs and priorities.

The Post-Secondary Education Act

The AFB has consistently called for a Post-Secondary Education Act to elaborate a clear, progressive vision of post-secondary education in Canada and set out parameters for strong, positive leadership by the federal government. Much like the Canada Health Act does for health care, this new education legislation should outline core principles for public post-secondary education in Canada, including universality, accessibility, affordability and public administration.

The PSE Act should also place limits on the use of temporary contracts and casual positions, require equal pay for equal work, set a maximum salary ratio for administrators, introduce limits on corporate influence in the sector, regulate recruitment of international students, and outline expectations for comprehensive sustainability policies at post-secondary institutions.

A dedicated education transfer and research top-up

AFB 2020 creates a dedicated Post-Secondary Transfer separate from the existing Canada Social Transfer. At a cost of \$2.7 billion a year, per-student funding for PSE is increased by 60% to restore funding to 1993 levels (adjusted for inflation). In order to receive transfer funding, provinces and territories must agree to abide by the conditions set out by the Canada PSE Act. As recommended by the Naylor Report, AFB 2020 also adds \$185 million a year to research funding to close the gap between Canada and our peer countries.

Lower tuition fees, bigger grants

AFB 2020 spends \$5.5 billion a year to eliminate tuition fees for all students, in co-operation with provinces and territories. To qualify for federal funds, the provinces and territories must commit to matching federal funds and observing the principles of the Canada PSE Act. The AFB also eliminates interest on loans received through the Canada Student Loan Program (CSLP), shifts the repayment assistance program to cover repayments on principal debt immediately, and extends the six-month grace period following graduation (when no payments are due) to part-time students, at a cost to the government of \$650 million a year. Eligibility for full-time Canada Student Grants is extended to graduate students, and 1,250 new Canada Graduate Scholarships are made available worth \$20,000 per scholarship, at a cost of \$25 million a year.

Focus on languages training

AFB 2020 provides \$10 million to support the Indigenous-led development of Indigenous language courses and materials at the post-secondary level. A further \$50 million is spent to improve access to French and English language programs for new immigrants and refugees.

Sustainability in the post-secondary education sector

Under a new Green Post-Secondary Education Strategy outlined in the Post-Secondary Education Act, in order to qualify for federal funding, post-secondary institutions will be required to develop a comprehensive sustainability policy covering governance, education, campus infrastructure and operations, finance and investment portfolios, and research. The strategy will provide \$100 million for research related to climate change and sustainability, and for retraining workers impacted by the transition to a renewable energy economy.

Better data collection

AFB 2020 provides \$5 million a year to Statistics Canada to improve its data collection on post-secondary institutions. This money will help pay for a comprehensive survey of faculty and staff, a survey on linguistic minorities, and a survey on mental health, well-being, and sexual violence and harassment that includes both students and workers.

Training and apprenticeships

Existing federal training transfers are merged into a single Workers Development and Opportunities Fund (WDOF) with \$500 million in additional funding to what is there now. Provinces and territories are required to spend these funds on training all workers, without regard to income level, workforce attachment or employment insurance eligibility, with minimum spending thresholds for workers with disabilities, older workers, Indigenous Peoples, newcomers, low income and precarious workers, literacy and essential skills. The fund will cover tuition, income replacement, apprenticeships and other supports to guarantee an effective right to lifelong learning.

AFB 2020 further requires employers to spend at least 1% of payroll on training and development, with a fine of 2% of payroll for non-compliance paid into the WDOF. Finally, the AFB establishes a mandatory apprenticeship ratio for all federal infrastructure projects and maintenance contracts.

Poverty

AFB 2020 PLAN

- Create a new \$1,800 Dignity Dividend to combat deep poverty.
- Support provincial poverty reduction efforts with a \$4.5-billion yearly transfer.
- Make the disability tax credit refundable.
- Eliminate poverty (based on the after-tax low income measure) by 2030.

Between 3.7 and 5.9 million Canadians lived in poverty in 2017. Food bank use went up from 860,000 in March 2016 to 1.1 million users in March 2018. About 35,000 Canadians are homeless on any given night and over 235,000 experience some form of homelessness during the year. Poverty rates are much higher among Indigenous people, recent immigrants, racialized people, senior women, single parents and people with disabilities. The goals of the federal government’s poverty reduction strategy, “Opportunity for All,” were so modest that they had been met before the strategy was announced in August 2019.

Our goals

While it was promising to see the federal government commit to a human rights framework in its 2019 poverty reduction strategy, no new initiatives were announced at the time, and the official poverty measure adopted (the market basket measure) underestimates the rate and depth of poverty in Canada.

Ending poverty outright should be a top, if not the highest, priority of any government. AFB 2020 sets Canada on a path to halving the poverty rate by 2025 — five years ahead of the current government’s goal — and eliminating poverty, based on the low-income measure, by 2030.

Within two years of AFB 2020, every person in Canada will have an income that reaches at least 75% of the low-income measure after taxes; the government will have developed a culturally sensitive anti-poverty strategy with Indigenous people; and the number of Canadians reporting both hunger

and food insecurity will be halved. Within 10 years, there will be high quality and affordable supported housing for all who need it.

How we get there

AFB 2020 sets rigorous anti-poverty targets and timetables, with input from those with lived experience of poverty, and puts strong accountability and public reporting mechanisms in place to make sure the strategy moves forward on schedule. Gender-based analysis plus (GBA+) is used at every step to ensure that people with multiple and intersecting barriers and identities are not left out.

The following actions, which complement poverty fighting policies elsewhere in AFB 2020, are key to achieving our goal of ending poverty by 2030.

Indigenous poverty

The final report of the National Inquiry into Missing and Murdered Indigenous Women and Girls calls on all governments to support long-term funding of Indigenous-led services for Indigenous women, girls and LGBTQI2S+ individuals who face poverty and socioeconomic barriers to equitable and substantive rights. The impacts of colonization and the genocide of Indigenous peoples, intergenerational traumas, and years of cuts to government transfers and social services have created complex poverty that requires community-based supports (for those seeking education, training and decent work, for example) to fix.

It is promising to see the Act respecting First Nations, Inuit and Métis Children, Youth and Families come into force, since it will prevent the apprehension of First Nations children based on poverty levels. As advocated by the First Nations Caring Society, AFB 2020 settles all outstanding Canadian Human Rights Tribunal rulings related to past child apprehensions and commits the government to ending the discriminatory funding of First Nations child and family services, as called on by the Spirit Bear Plan.

Monitoring poverty

AFB 2020 re-establishes the National Council on Welfare (or a similar independent arms-length body) with a budget of \$10 million a year. The council is tasked with tracking poverty, reporting annually to the public and Parliament, and holding the federal government accountable for meeting its poverty reduction targets.

Bigger transfers to the provinces and territories

AFB 2020 introduces a yearly \$4.5-billion transfer (on top of the Canada Social Transfer) to the provinces/territories to boost social assistance benefits and ties the funding to achieving rigorous poverty reduction targets. The intent of the transfer is to ensure that the bulk of these funds help provinces substantially increase social assistance and disability benefit rates and eligibility.

First-year funds should be used to increase income assistance benefits and expand eligibility. In subsequent years, only provinces and territories that increase benefits and show progress on their poverty reduction plans will continue to receive this new federal support.

The AFB tasks the government with legislating 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, citizenship status or whether they have recently moved from a First Nations reserve.

A new Dignity Dividend

The AFB introduces a new Dignity Dividend modelled on the GST credit that will lift 370,000 low-income people — in particular, single individuals, people with disabilities, and children — out of poverty. The Dignity Dividend, which will rise based on inflation, would provide \$1,840 per adult and child in the first year and is targeted to those below the poverty line. The clawback will have a rate of 15% once a family makes more than \$2,500 in income in a year.

At \$4.6 billion a year, the new dividend, which will go to all low-income people regardless of family type, represents the largest expenditure in our poverty reduction action plan. Combined with AFB 2020's increases to the social assistance transfer, this item will lower the poverty rate by 10% in the first year.

Higher incomes and a higher minimum wage

AFB 2020 sets the federal minimum wage at 60% of the median hourly wage (adjusted annually) and provides adequate additional benefits to federal minimum-wage workers. Government contracts agreed to with public sector unions will be restricted to employers who pay direct and contract staff a living wage, according to the living wage methodology undertaken by the CCPA and Families for a Living Wage Canada.

Extend the disability tax credit to all who need it

At a cost of \$370 million a year, AFB 2020 makes the federal disability tax credit refundable (it is currently nonrefundable) at its present maximum amount so that like the GST, the credit goes to people who qualify, even if their income is so low they do not owe income tax.

Increase child support

AFB 2020 continues to increase the Canada Child Benefit (CCB) base amount as needed to ensure that child poverty is reduced by 50% by 2020. Special care is taken to ensure the benefit fully reaches Indigenous children, particularly those living on reserve, and the children of parents without regular immigration status.

Better income security for older Canadians

As discussed in the chapter on older Canadians, AFB 2020 increases the Guaranteed Income Supplement (GIS) top-up for low-income seniors. It also increases the monthly benefit rates for Canada Pension Plan recipients with disabilities, expands the definition of disability and loosens the eligibility requirements to ensure more people with disabilities in Canada qualify.

Finally, the AFB tasks the government with collaborating with the provinces to use social assistance rolls and other data to identify all people entitled to the additional non-tax benefits outlined in this chapter, including the CCB, Dignity Dividend and the refundable disability tax credit.

Public services and the public sector

AFB 2020 PLAN

- Expand government capacity to address outstanding pay issues and properly test new pay platforms with new investments in training and staffing.
- Consult with government unions before contracting out and provide a costed risk assessment. Any contractors hired must meet the same transparency and accountability criteria as public servants.
- Implement the whistleblower protection recommendations of the Standing Committee on Government Operations and Estimates.
- Pass legislation to ensure that all artificial intelligence and automation projects in the public sector are subject to consultation with government unions and Canadians before they are implemented.

Public service workers have gone through a tough period of not being paid correctly or on time. Contracting out is increasing to historic proportions. Artificial intelligence and automated decision-making systems are being introduced into government service delivery with little consultation with workers or Canadians. Public sector workers who speak out about wrongdoing are not properly covered by whistleblower protections. The Canada Infrastructure Bank is too focused on private profit to be an effective funding source for badly needed public infrastructure like public transit.

Our goals

To address the necessity of climate change mitigation, the federal government must immediately re-nationalize private sector actors that impede progress. The federal government must become a model of sound environmental stewardship, pay equity, good service delivery, openness, and accountability for wrongdoing. The market has demonstrated that it is either unwilling or systemically unable to take the steps required.

How we get there

Environmentally sustainable government

Beginning in 2020-21, the federal government will work with stakeholders including its unions to examine what changes are required in the public sector to honestly and effectively address the challenges of climate change. The creation of new departments and new responsibilities will be considered, as will policies aimed at rapidly reducing Canada's greenhouse gas emissions (see the Just transition and industrial strategy chapter).

A public infrastructure bank

AFB 2020 tasks government with reconstituting the Canada Infrastructure Bank so it is fully funded through direct federal government borrowing and tax dollars rather than reliant on private financing (see the Infrastructure and cities chapter). All infrastructure funding released will promote greenhouse gas reductions (e.g., building retrofits, public transit and renewable energy) and a just transition for workers in ways that avoid the accumulation of profit. No one should profit from an existential crisis that impacts all people.

A pay system that works

To respond to the climate crisis, the federal government must hire more people. It needs a pay system that works. AFB 2020 invests \$200 million in each of the next three years for training and staffing to expand the human resource capacity of the public service to address outstanding pay issues and properly test new pay platforms. The government will ensure that the bargaining agents representing workers are provided with clear and transparent accounts of existing training and human resource costs and that they are included as joint partners in determining future budgeted costs for these purposes.

The AFB compensates all workers for the pain, suffering and stress they have endured as a result of the faulty Phoenix pay system. The government will consolidate all IT resources going to maintain the Phoenix system within the public service workforce. Contracts for new pay systems will be created with the understanding that ongoing sustainability and maintenance work will be carried out by public service employees.

Stop federal outsourcing

Despite the need for a strong, experienced federal bureaucracy, spending on external contractors continues to grow in relation to the overall operational

budget, resulting in an erosion of institutional knowledge and experience and a waste of public resources spent on proprietary and monopolistic for-profit actors. AFB 2020 stops this practice and establishes a transparent, public interest means of screening all contracting-out and privatization initiatives, including the use of temp agency workers.

Findings from these assessments, and their methodologies, will be shared and discussed with government stakeholders, including bargaining agents, in advance of all contracting-out decisions, requests for information (RFIs) or requests for proposals (RFPs). All existing policies and practices will be reviewed to eliminate bias in favour of contracted-out solutions and to weed out contract language that negatively impacts the livelihoods and working conditions of current public service employees.

After this transparent screening process is complete, if contracting-out is determined to be in the public interest, contractors will be required to abide by the same accountability rules as public servants, specifically a code of ethics, the access-to-information regime, and the Public Servants Disclosure Protection Act.

Public service renewal

The AFB agrees that public service renewal is essential. Renewal must prioritize a public service not motivated by profit. It must be bold and institute initiatives mirroring successful public initiatives notable in Canada's history and the initiatives that were implemented during the Second World War. Renewal must include systemic changes that allow bureaucrats to speak truth to power and ensure that senior bureaucrats are as equally constrained by codes of values and ethics as frontline workers. Renewal must include the consultation and participation of public service unions and members at all levels.

Strong whistleblower protection

AFB 2020 immediately implements the recommendations, in 2017, of the Standing Committee on Government Operations and Estimates to strengthen Canada's inadequate whistleblower framework and make it more accountable. New legislative measures must ensure whistleblowers are protected, punish those who commit reprisals, and broaden the scope and applicability of the Public Servants Disclosure Protection Act to include private sector contractors and former public servants.

Consult with workers on AI and automation

Artificial intelligence (AI) and automated decision-making (ADM) initiatives are already being implemented in the federal government while others are being planned. International evidence demonstrates that these initiatives can negatively impact public service workers and the citizens who depend on the services those workers provide.

AFB 2020 tasks the government with drafting legislation to ensure that all AI, ADM and other automation initiatives are subject to consultation with internal and external stakeholders, including government employee unions, before implementation. The legislation will also require a broad economic analysis on the overall impacts on the Canadian economy, including the impact on employment and human rights, of AI/ADM measures.

Workers who are displaced by automation should be assigned work within their organization as part of a just transition framework. AI/ADM measures that negatively impact human rights will not be implemented.

Racial equality

AFB 2020 PLAN

- Create an Anti-racism Act that gives a legislative foundation for the Anti-racism Secretariat.
- The Anti-racism Secretariat must be guided by a clear central strategy with measurable goals to dismantle structural racism.
- Mandate the secretariat to uncover and correct the structural underpinnings of racial inequality.
- Appoint a Minister Responsible for Anti-racism.
- End Statistics Canada’s use of “visible minority” as a proxy for racialized peoples, and implement the full disaggregation of data by racial and ethnic identity.

Structural racism is deeply rooted in Canada’s ongoing settler-colonialism, its historical role in the enslavement of African peoples, internment camps for Japanese-Canadians during the Second World War, the use of Asian (Chinese) workers as virtual slave labour early in our nation’s history, and the intergenerational effects of colonialism and imperialism affecting recent and current waves of international migration. The long-term economic effects of this structural racism are demonstrated in income inequality, the over-policing of Indigenous and Black peoples, and profound inequalities in education, health outcomes and life chances. The potential of Canada’s first Action Plan Against Racism (2005) was never fully realized.

Our goals

We want to live in a country where true equality exists for all, as envisioned in the Canadian Charter of Rights and Freedoms (1982), Canadian Human Rights Act (1985), and Canada’s first, still unfulfilled Action Plan Against Racism (2005).

How we get there

AFB 2020 builds on the federal government’s positive 2019–22 anti-racism strategy, “Building a Foundation for Change.” The government strategy

established an Anti-racism Secretariat and committed to taking a “whole-of-government approach” to addressing racism, including by increasing data collection regarding discrimination and directly funding community-based anti-racism projects.

While these are promising initiatives, the Anti-racism Secretariat must be guided by a clear, central strategy for achieving measurable goals to dismantle structural racism. AFB 2020 therefore introduces a strong legislative framework and dedicated ministry to fight structural racism in Canada and sets clear requirements for the kinds of data that can help us measure and evaluate the impact of the strategy and inform other public policies in future.

An Anti-racism Act

AFB 2020 directs the government to draft and pass legislation, The Anti-racism Act, to provide a legislative foundation, ongoing funding and more public accountability to the present Anti-racism Secretariat. The act will provide for clear and transparent monitoring and evaluation of government programs — e.g., racial equity in federally regulated workplaces, the federal contractors program and the criminal justice system — that integrates community priorities, concerns and feedback.

Ministry of Anti-racism

AFB 2020 goes beyond the government’s anti-racism strategy by creating a Minister Responsible for Anti-racism. The minister will be given the power to mandate the collection of disaggregated data in the following areas on the basis of race and other socio-demographic identities, with a goal of better measuring and understanding the impact of government policies, programs and practices on Indigenous peoples, peoples of African descent and other peoples of colour.

- 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
- Gender equality
- Refugee protection, interdiction and immigration (including recruitment of migrant workers), and citizenship legislation and policy (see the Immigration chapter)
- Media, social media and mass communications

A clearer plan for the Anti-racism Secretariat

The Anti-racism Act will mandate the Anti-racism Secretariat to uncover and correct the structural underpinnings of racial inequality in Canada, including anti-Indigenous racism, anti-Black racism and emerging forms of racism and exclusion such as Islamophobia. The secretariat will prioritize the following tasks.

- Collection and use of disaggregated data by race, gender and other socio-demographic identities.
- Development of racial impact analyses for all government policies and laws, including the budget.
- Allocating dedicated anti-racism funding (\$100 million a year) to community groups and government departments.
- The review and strengthening of federal employment equity legislation, with specific attention paid to dismantling racial discrimination and encouraging provinces and territories to pass similar legislation.
- Implementing the recommendations of the UN Committee on the Elimination of Racial Discrimination across all levels of government. This includes the collection of disaggregated data and economic and social indicators for ethnic groups, African-Canadians, Indigenous peoples, and non-citizens; the removal of the term “visible minority” from legislation; and addressing the root causes of overrepresentation of African-Canadians and Indigenous peoples at all levels of the justice system.
- Creation of accountability measures within each governmental department and at the ministerial level.

- Collaboration with provincial and territorial governments to adopt an anti-racism strategy and action plan for systemic change.
- Ending Statistics Canada’s use of “visible minority” as a proxy for racialized peoples and implementing the full disaggregation of data by racial and ethnic identity.

Water

AFB 2020 PLAN

- **Implement the UN-recognized human right to water and sanitation; provide safe, clean drinking water to First Nations communities; and develop a national drinking water standard.**
- **Adequately and publicly fund water and wastewater infrastructure in municipalities and First Nations without private-sector financing or public-private partnerships.**
- **Renew and expand the Clean Water and Wastewater Fund.**
- **Fund robust environmental assessments and strong water science and research.**
- **Safeguard the Great Lakes, groundwater and other freshwater sources, and Canada's oceans.**

Groundwater, lakes and rivers are threatened by major industrial projects, over-extraction, pollution and climate change, as federal legislation does not adequately protect Canada's waterways. First Nations communities still fight for access to safe, clean drinking water, while Canadian municipalities struggle to afford upgrades to their aging water and wastewater infrastructure. The Canada Infrastructure Bank promotes the privatization of public infrastructure, including water systems, by tying public loans to the involvement of private, profit-seeking financiers. With Canada warming at twice the global rate, the climate crisis threatens surface and groundwater sources, natural ecosystems and water management.

Our goals

We see a strong role for the federal government as a protector of water as a public trust and shared commons. The right to water and sanitation, as recognized by the United Nations, must be upheld and implemented. No First Nation should go without safe, clean water, and across Canada national drinking water standards must be implemented and enforced. The safety and sustainability of freshwater in Canada must be safeguarded.

How we get there

The following measures will strengthen federal water policy and oversight, and enhance public and community water and wastewater infrastructure.

Expand funding for public water infrastructure

AFB 2020 renews and expands the recently closed Clean Water and Wastewater Fund and commits to funding outstanding applications for public or community-run water and wastewater infrastructure. The fund will be invested with \$6.5 billion a year over six years and \$2.5 billion a year after that. Public-private partnerships will not be eligible for federal funding.

As discussed in the Infrastructure and cities chapter, the AFB transforms the Canada Infrastructure Bank into a fully public, fully accountable lender where currently it only funds projects in partnership with private financiers looking to make a profit. Small municipalities that often have a hard time accessing funds due to high per-capita costs will benefit from a dedicated fund of \$100 million a year for water infrastructure.

Strict, national water quality standards

AFB 2020 tasks the government with developing and enforcing a national drinking water standard for all of Canada, including First Nations, Métis and Inuit communities. It supports municipalities upgrading their aging water infrastructure to meet the new standard through the expanded Clean Water and Wastewater Fund.

The AFB further commits \$3.5 billion over the next two years (\$2 billion a year afterward) for enforcing the Wastewater Systems Effluent Regulations (passed in 2012) and \$75 million a year for ongoing water operator training, public sector certification and conservation programs. The AFB also adds \$80 million a year for three years to federal funding for water programs at Environment and Climate Change Canada, Fisheries and Oceans Canada and Transport Canada.

More funding for environmental assessments

AFB 2020 spends \$50 million a year for three years to conduct assessments of the impact of all energy and mining projects, to be carried out in consultation with affected communities and with the free, prior and informed consent of Indigenous nations. A further \$30 million a year for two years is dedicated to an in-depth, independent study of the effects of tar sands development on the environment and health.

Sustainable freshwater management

AFB 2020 implements a comprehensive action plan to protect the Great Lakes Basin, at a cost to government of \$500 million in year one and \$950 million a year in each of the following four years. It commits to mapping all of Canada's watersheds, establishing freshwater quality and quantity monitoring frameworks, increasing the number of monitoring stations, and training staff.

AFB 2020 puts \$3 million toward a groundwater protection plan and an additional \$1 million toward a review of virtual water exports from Canada. A federal Minister of Water is tasked with co-ordinating this work in partnership with the more than 20 departments that set federal policies affecting water.

Youth

AFB 2020 PLAN

- **Introduce a Young Workers Initiative to help transition youth into the workforce, increase enforcement of existing laws, fully implement federal rules around unpaid internships, and collect better statistics on youth employment.**
- **Create a \$500-million fund to assist colleges and universities with the tools needed to address mental health challenges.**
- **Review the Canada Labour Code and the Employment Insurance Act to assess whether the statutes properly reflect the growing realities of precarious work and the gig economy.**

Precarious, insecure work is on the rise among young workers, particularly young migrant workers and international students. Youth mental health continues to be a major challenge on university and college campuses. Public policy does not incorporate intergenerational equity and ignores the needs of younger generations.

Our goals

More comprehensive data on the workforce experience of young people can be a positive catalyst for labour law and policy reforms to address rising precarity and worsening mental health among Canadian youth.

How we get there

AFB 2020 lays out a multi-departmental strategy for improving the lives and working prospects of Canada's young people that will have significant spinoff benefits for the wider economy.

Youth mental health

Canada's mental health system should be responsive to emerging youth mental health challenges related to oppressive student debt, an uncertain labour market and the growth of precarious work.

AFB 2020 allocates \$500 million a year to help colleges and universities hire frontline counsellors and psychologists to address the mental health

crisis on Canadian campuses. Health Canada will co-ordinate with the Mental Health Commission of Canada, provincial health ministries and other stakeholders to identify service gaps across the country as a preliminary step to providing funding to address deficiencies in current care (see the Health care chapter).

Young Workers Initiative

AFB 2020 introduces a Young Workers Initiative folding in the six following items.

Reviewing income security and labour statutes

The Canada Labour Code and the Employment Insurance Act are not responsive to the labour market realities of precarious, non-standard work and need to be updated to address the experiences of young workers. AFB 2020 gives Employment and Social Development Canada (ESDC) \$7 million over two years to house an expert panel that will consider reforms to Canada's labour statutes so that they better reflect the work cycle.

Youth Labour Market Planning Board

At a cost of \$30 million a year, AFB 2020 establishes a Youth Labour Market Planning Board to ensure that jobs have people and people have jobs, and that employers take on more of the responsibility for training employees. The board will co-ordinate with Statistics Canada and/or work on its own to gather quantitative data on job openings, labour market characteristics, unpaid internships, the experiences of international students, 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 targeted responses to wage suppression, labour standard violations and youth precarity in the labour market.

A training tax on large firms

Businesses that invest in training their employees will be more likely to retain those employees full time and on a permanent basis. AFB 2020 tasks the federal government with enacting legislation that requires all businesses with a payroll greater than \$250,000 to invest the equivalent of 1% of their payroll in training young employees.¹ Those who fail to meet this amount will be required to pay the difference into the young workers portion of a new Workers' Development and Opportunities Fund.

Workforce Renewal Fund

The Youth Labour Market Planning Board will promote and oversee the disbursement of a \$100-million 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 half-time 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.

Public Works projects for young workers

All federally funded infrastructure projects funded through the new public infrastructure bank (see Cities and infrastructure chapter) will reserve, at a minimum, one-quarter of the jobs they create for young workers. A minimum 10–20% of all jobs created will be reserved for young workers from historically marginalized groups.

Renewal of federally funded internships

The federal government will disburse \$325 million a year to non-profit organizations for 20,000 six-month internships paid at a rate at or above \$15/hour or the provincial minimum wage (whichever is higher).

Better workforce data

AFB 2020 directs Statistics Canada to collect more data on young workers related to unpaid internships, precarious work (e.g., part time vs. full time, type of contract, independent contracting, self-employment, hours worked, etc.), debt and student debt levels, unpaid labour, volunteerism, and numbers of young people not in education, employment or training. This information, to be collected through the Labour Force Survey, will help us see how precarity is affecting the Canadian economy and composition of the workforce.

Internships and the Canada Labour Code

AFB 2020 amends the Canada Labour Code to completely eliminate unpaid internships, in any form, in federally regulated sectors. The federal government, in co-operation with provinces and territories, will find ways to identify employers that use unpaid interns, misclassify young workers, or exploit young migrant workers or international students, and penalize any practices that are illegal under the amended Canada Labour Code.

At a cost of \$20 million a year, the AFB also establishes joint regional units within ESDC's Canada's Labour Program, the Canada Revenue Agency, and provincial labour regulators dedicated to proactive inspections and enforcement of the Canada Labour Code and other relevant statutes.

Notes

¹ Tom Zizys. 2014. *Better Work: The Path to Good Jobs is Through Employers*, Toronto: Metcalf Foundation.

