

Alternative  
Federal  
Budget 2023

# RISING TO THE CHALLENGE

An  
agenda  
for  
public  
leadership

CANADIAN CENTRE  
FOR POLICY ALTERNATIVES

## **Alternative Federal Budget 2023**

*Rising to the challenge: An agenda for public leadership*

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## Notes

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

# Rising to the challenge

An agenda for public leadership

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## Introduction

It's been two-and-a-half years since COVID-19 first rocked our world. While public health restrictions are being lifted, the pandemic is far from over. We may face a future where the waning of each new variant wave is met with the next rising wave. We are in uncharted territory.

And the pandemic isn't the only source of worry.

There's soaring inflation driven by war and unstable supply chains, chased by the Bank of Canada's efforts to tackle inflation with rapidly rising interest rates—risking a bank-induced recession.

Working peoples' paycheques aren't rising to match inflation, leading to real wage losses at a time when many are still recovering from pandemic-induced economic shutdowns.

There are employers in Canada who can't find the workers they need at the wages they are offering, many of which represent the frontlines of our care economy—in health care, long-term care, child care.

Hospital and emergency rooms, nurses and doctors have been pushed to their limit while people in urgent need of critical care wait in crowded ERs.

There are the long-COVID sufferers, who are living with debilitating symptoms—and whose numbers are on the rise.

Russia's war on Ukraine and the January 6 Commission hearings in the U.S. are stark reminders of the rise of authoritarianism—and the fragility of democracies that aren't vigorously defended.

There is growing intolerance and racism—fuelled by misinformation and fanned by the flames of opportunistic politicians—impacting Black and racialized people, Indigenous Peoples, immigrants, migrant workers, women and gender-diverse people, people with disabilities, 2SLGBTQ+ and other marginalized people.

There's understandable impatience, anger, and frustration over the slow pace of Canada's commitment to truth and reconciliation with Indigenous Peoples, on whose land we all live.

And the land itself is in jeopardy as the climate crisis rages on with government action that is too little and frighteningly too late.

The Alternative Federal Budget (AFB) can't right the wrongs of past government mistakes and negligence. It can't solve COVID-19. But it can hold out hope that a better way is possible, that viable alternative policy solutions are within reach.

**The AFB is a budget with conviction. Taken as a whole, the AFB is a comprehensive well-being budget for Canada. And it puts the onus squarely on the shoulders of governments to boldly lead with public solutions that ensure justice, equity, sustainability, inclusion, and collective action.**

The AFB is the Canadian Centre for Policy Alternatives' flagship production, but we didn't produce this blueprint for change alone. The AFB is the end result of a process that draws from experts and activists in civil society from across Canada. They're on the ground, documenting what needs to be done and informing solutions because the AFB is, after all, a solutions blueprint.

When someone loses a job, this AFB provides new and improved Employment Insurance (EI) coverage. We've also got answers for job creation and job training in this budget.

When someone doesn't have food security, this AFB helps put nutritious food on the table.

When someone can't afford housing, this AFB takes the wind out of housing investors' sails and creates new affordable rental, community, social, and co-op housing while eliminating homelessness within 10 years.

When someone requires long-term care, this AFB learns the lessons from COVID-19—which saw the system fail to protect vulnerable seniors—by enacting tighter regulations and by taking the profit motive out of seniors' care.

When someone is in search of affordable child care, we build new child care spaces and train people necessary to staff them so that all Canadians can access the affordable plan being rolled out.

When someone is worried about inflation—so many of us are—this AFB has a plan to tackle it; one that won't cause a recession.

When someone is struggling with poverty, this AFB offers a plan. It will cut poverty in half by 2026, lifting 862,000 people out of poverty. No country as rich as Canada should tolerate the levels of poverty that we do today. The AFB will create a new Canada Livable Income benefit, providing up to \$5,000 for unattached individuals or \$7,000 for couples with a net income of \$19,000 or less (\$21,000 for couples). The AFB will also create a Canada Disability Benefit, providing \$11,040 a year until recipients make up to \$15,000 a year in earnings. While the Canada Child Benefit helped reduce child poverty in 2016, our new End Poverty Supplement cuts child poverty by a further 50%, lifting 264,000 children out of poverty.

This AFB also re-imagines what cities and public infrastructure could look like, so that communities aren't just about cars and roads. It embraces an inclusive economic framework—one that makes our communities more accessible and inviting to everyone while ensuring communities benefit from public investments by improving access to good local jobs and training opportunities.

Our vision for Canada is one where every community has access to safe drinking water, affordable public transportation, and connectivity to the Internet. We also fund inequities in the non-profit arts and culture sector. These are all things that determine and improve our health and well-being.

Our well-being budget invites Canadians to rethink how we view health care in Canada, because we've built a system that's focused on treating symptoms without investing in the things that determine whether someone is in poor health or good health.

Education is a determinant of health. Countries with more highly educated populations tend to have better health outcomes, longer life expectancies, and higher rates of self-reported happiness. The AFB proposes a comprehensive framework for a more equitable, high-quality, and publicly funded post-secondary education system in Canada. It will also make post-secondary education more affordable, starting by permanently eliminating student loan interest charges.

Acknowledging pandemic pressures on Canada's health care system, the AFB will boost health care funding arrangements so that federal transfers will cover 35% of total provincial and territorial health care



costs. But those transfers will come with strings attached—they can't be turned into provincial tax cuts or slush funds. We'll also move forward with a vision for national dental care, pharmacare, and mental health care. And we will address the opioid crisis. The AFB commits to an inclusive, 'head to toe' vision for our health care system that builds on the social and political capital of Medicare and its principles of universality, public financing and delivery, accessibility, and social justice.

The AFB recognizes that communities are integral to public health and health equity. The leadership shown by community organizations, which have provided services and supports at local levels during the COVID-19 pandemic, has demonstrated the essential value of these local organizations, yet they are not a formal part of public health systems. They face significant capacity and sustainability challenges due to inadequate and short-term funding. This AFB commits \$500 million a year, for five years, to cover the operating costs of 250 new community health centres, which will support a local, comprehensive approach to neighbourhood well-being across the country.

There is also a need to strengthen connections between health care systems and community-based systems of support, consistent with a comprehensive vision of primary health care. Social prescribing is a whole-person approach that connects Canada's currently fragmented health and social services by referring people to a range of local, non-clinical supports and services to improve their well-being. Building on the momentum of the newly established Canadian Institute for Social Prescribing, this AFB commits to \$200 million a year, for five years, to hire and train 1,000 social prescribing navigators to link services across the country and to provide an independent client and policy advocacy function.

The AFB also takes bold measures to end racism, address the impacts of colonialism, and make Canada a more welcoming and sustainable place to live for those who choose to make this country their home. These initiatives are woven throughout the AFB.

And because we only live on one planet, this AFB treats climate change as the global emergency that it is. We will enact an urgent and ambitious plan for action that will truly make Canada a global climate leader. The AFB plan for climate action commits to engage all levels of government in a process of ending fossil fuel production by 2040, decarbonizing key sectors of the Canadian economy, ensuring a just transition for impacted workers and communities, facilitating a green renewal of municipal infrastructure, and promoting the recovery of

biodiversity and ecosystems with Indigenous-led and nature-based climate solutions.

Every budget is a reflection of a government's priorities. This budget prioritizes people and the planet before profit and wealth accumulation.

**The federal government's response to the economic turmoil caused by the pandemic showed what is possible with public leadership. Large-scale new programs were created and funded to ensure that necessary public health measures did not add a financial crisis to the health crisis. The AFB makes clear that Canada needs more, not less, use of public leadership to address the damage caused by the pandemic.**

How can we properly fund improvements to vital public services and implement this bold public agenda? We can make our tax system fairer while we also reduce inequality, invest in a sustainable economy, bring an end to poverty, expand our provision of care, and improve the public services that Canadians deserve.

This AFB takes strong measures to reduce extreme wealth concentration. It introduces a new wealth tax—at 1% for wealth over \$10 million, 2% for wealth over \$100 million, and 3% for wealth over \$1 billion. That tax alone could generate close to \$26 billion a year.

The AFB acknowledges that many large corporations have enjoyed huge profits during the pandemic. The AFB will boost Canada's general corporate tax rate to 20%, generating about \$11 billion a year. It will cap the tax deductibility of executive pay. It will raise the capital gains inclusion rate to 75%, bringing in \$9.5 billion. And it will introduce a windfall gains tax to undercut corporate profiteering, which would add \$11 billion to public coffers.

The AFB also takes measures to counter corporate regulatory capture of our governments. Instead of putting the fox in charge of the henhouse, this AFB puts stronger regulatory oversight into the hands of government regulators, whose priority should be to put the public interest ahead of private gain.

These initiatives help level the playing field; they tackle income inequality, bold profiteering, and they restore fairness to the system—because the system cannot continue to be rigged against the majority in favour of the elite few.

The AFB is an agenda for public leadership, with measures to strengthen public services and to improve the working conditions of Canada's public sector workers, who are providing lifesaving and life-affirming public services in the care economy and who desperately need strategies to address staff shortages, personal safety, and job burnout.

It's an agenda that acknowledges the weightiness of our times. Looking ahead, we expect more uncertainty, more disruptions to the status quo. We also expect more from governments, as democratically elected public leaders. And we meet those unknowns with a fully costed, comprehensive, and transparent agenda for change that responds to the needs of communities and is fully driven by the governments empowered to lead the way.

# Affordable housing and homelessness

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## Introduction

In Spring 2022, the Bank of Canada began raising interest rates in the name of fighting inflation. This ended a period of ultra-low interest rates in Canada. While higher interest rates will lead to lower home resale prices, due to the fact that people cannot borrow as much relative to their income, it also means that future financing costs are set to swell for many households with a mortgage. The cost of building new housing will also rise.

As the massive run-up in prices in recent years shows, the harsh reality for a growing number of Canadians is that the housing market is broken. At its core, this is a problem of financialization—that is, when buyers view housing primarily as an investment rather than a place to live. The failure of the housing market is worse in tight rental markets that are squeezing renters, providing inadequate housing for the neediest, and creating persistent homelessness.

**The AFB changes the game with a bold plan to build a new supply of dedicated, non-market affordable housing that is rooted in the belief that housing should be a human right.** It does so as a counter-cyclical response to the current downturn in housing markets and maintains high employment levels in the new housing construction sector.

Canada is a signatory to United Nations *Universal Declaration of Human Rights* and the *International Covenant on Economic, Social and Cultural Rights*, both of which uphold housing as a basic human right. Canada's 2019 *National Housing Strategy Act* recognized that "housing

is essential to the inherent dignity and well-being of the person” and that “the right to housing is a fundamental human right affirmed in international law.” **This AFB makes Canada’s signature on these documents a reality by committing to ending homelessness within a decade.**

The National Housing Strategy (NHS) has yet to fully allocate the resources necessary to realize its own rhetoric. The NHS has spurred the construction of some new rental housing through low-interest loans (via the Rental Construction Financing Initiative), is slowly rolling out a modest amount of new social housing (the National Housing Co-Investment Fund), and, more recently, has supported the purchase of hotels and other facilities to address homelessness (the Rapid Housing Initiative). However, its funding profile is dominated by loans to for-profit rental development rather than investments in non-market housing. Even by the NHS’ measurement standards, less than one-third of NHS units delivered can be considered affordable.<sup>1</sup>

**The AFB will revamp the National Housing Strategy to ensure that programs genuinely and positively impact those who bear the brunt of Canada’s housing and homelessness crisis. The AFB will build transparency into the process,** including assessing whether NHS investments are meeting the threshold that 25% of investments must impact women, girls, and gender-diverse people. **The AFB will launch an independent review of NHS investments** to date, including an equity review, and publicly release more detailed data on NHS investments. Further to the review, the NHS will include a specific foundational framework and actions for eliminating racial disparities and inequalities, such as including non-profit racialized housing providers and racialized-women focused and led organizations. It will also integrate Community Benefit Agreements into its contracts to ensure the inclusion of racialized workers, apprentices, and businesses within the supply chain.

**The AFB maintains existing NHS planned loans and grants, including the new Housing Accelerator Fund, with a focus on developing new, dedicated affordable housing near transit routes.** Due to the additional costs of building housing that will arise because of higher interest rates, **the AFB will continue the Rental Construction Financing Initiative to provide low-interest loans for all rental housing projects.** This financing will be extended to for-profit developments that meet more stringent affordability criteria. The eligibility criteria for non-profit developers will be eased.

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## New non-market housing

**The AFB meaningfully re-engages the federal government in developing non-market (community, social, and co-op) housing supply.** The federal government is ideally positioned to address the core challenge: the upfront capital costs of building new housing. Once built, the stream of rental income from new housing can repay the initial investment.

Through a mix of direct investment, provision of public land, and low-cost financing, **the AFB will build one million new non-market and co-op housing units over the next decade.** This generational investment to dramatically increase the non-market housing supply will significantly reduce the crisis of homelessness and reduce upward pressure on rents in the for-profit rental market. Major investments targeting homelessness recognize the need for supportive housing models with wrap-around care to assist people with mental health and/or addiction issues.

**This AFB allocates \$20 billion a year in capital funding to the National Housing Co-investment Fund to build a minimum of 100,000 new units per year** (provincial partnerships and public and community-owned land contributions are assumed to contribute another \$10 billion). Capital funds will be used directly to build publicly owned affordable housing and extended to non-profit developers as a long-term mortgage (in which case payments will be recycled into funding in future years).<sup>2</sup>

Housing investments will be broad-based, but with specific targets for seniors, people with disabilities, immigrant families, low-income households, lone parents, racialized groups, individuals with mental health or substance use disorders who require support, and people fleeing domestic violence. All units will employ a universal design, and a minimum of 10% of new units will be set aside for urban Indigenous households.

A non-profit model inherently reduces costs by cutting out developer profits and targeting new units on a break-even basis, rather than market rates. A ramp-up of the scale described above would benefit from a coordinated approach that leverages economies of scale by employing modularized construction techniques and replicable building templates for mid-rise, passive house (i.e., highly energy-efficient), and multi-unit buildings. This would be accompanied by a dedicated construction workforce to support job security and stability.

**The AFB will accelerate the rollout of the Federal Lands Initiative of the NHS,** which, to date, has put minimal federal land to use for affordable housing. In addition, **the AFB introduces a \$10-billion Public**

**Land Acquisition Fund, a dedicated five-year fund to bring additional land into public ownership for the construction of non-market, affordable rental housing.**

**The AFB will also support the community housing sector to acquire existing affordable rental buildings to bring them into the non-profit world.** This AFB will create a \$20-billion Housing Acquisition Fund to support the goal of maintaining the supply of affordable housing for low- and modest-income households over time. Funds will be provided to non-profit providers as a low-interest mortgage that can be repaid over 50 years. This will support the acquisition of up to 60,000 rental units. These measures will prevent the further financialization of housing caused by Real Estate Investment Trusts (REITs) and large capital funds, which scoop up “distressed” housing assets and displace low-income households through “renovictions”. **The AFB will also eliminate preferential tax treatment for REITs** (see the Taxation chapter).

**This AFB will support and resource the implementation of urban, rural, and northern Indigenous housing strategies by targeting funds and expansions to the construction of permanent housing options and related supports.** Indigenous Peoples are dramatically overrepresented among people experiencing homelessness in Canada and are 11 times more likely than non-Indigenous peoples to use an emergency shelter. The Parliamentary Budget Officer identified 124,000 Indigenous households in housing need, including 37,500 that are homeless each year. The most glaring omission in the 2017 National Housing Strategy and subsequent policy announcements is the lack of a dedicated urban, rural, and northern Indigenous housing strategy, even though 80% of Canada’s Indigenous Peoples live in urban, rural, and northern settings (i.e., off-reserve). To address these disparities in housing conditions in urban, rural, and northern settings, Canada requires sustainable investments in permanent housing options at a scale commensurate with the need. Such investments will complement those being undertaken in First Nations, Inuit, and Métis communities.

Canadians who have received windfalls from rising home prices should contribute to building the next generation of affordable housing. **The AFB supports the creation of a deferrable property surtax on properties worth more than \$1 million.** The surtax would start at a rate of 0.2% a year on the portion of assessed value between \$1 million and \$1.5 million, 0.5% a year on value between \$1.5 million and \$2 million, and 1% a year on assessed value above \$2 million.<sup>3</sup> For example, a household with a house valued at \$1.2 million would pay \$400 per year while a household with a house valued at \$2.5 million would pay \$8,500 per year.

The surtax is highly progressive, as it would only apply to the top 10% of the most valuable homes. The surtax will be fully deferrable until the time of sale for households who are on a fixed income (seniors, for example, who live in a valuable home but have only modest cash income). Purpose-built rental properties would be exempt from the surtax. **This AFB will end various first-time home-buyer incentives, which only serve to inflate the housing market.**<sup>4</sup> This includes new planned incentives such as a Rent-to-Own program and a new Tax-Free First Home Savings Account.



**Table 2.1 Summary of affordable housing and homelessness measures**

All figures in \$M

	2023-24	2024-25	2025-26
Build 100,000 non-market, non-profit homes each year	\$2,267	\$2,267	\$2,267
Create a public land acquisition fund	\$2,000	\$2,000	\$2,000
Create a Housing Acquisition Fund to acquire 60,000 rental properties	\$453	\$453	\$453
Million dollar windfall tax on home sales	-\$583	-\$1,166	-\$1,749
Cancel the First-Time Home Buyer Incentive	-\$260	-\$260	-\$260
Cancel the Tax-Free First Home Savings Account	-\$55	-\$215	-\$225

## Notes

1 <http://www.policynote.ca/national-housing-strategy/>

2 In tables 2.1 and 26.4 the lines for building 100,000 non-market homes each year and the non-profit acquisition fund represent budgetary provision for administration and losses, based on a \$20 billion per year capital contribution that is assumed to be repaid over a 50-year period. Similar treatment occurs already for the existing NHS Rental Construction Financing Initiative.

2 [https://d3n8a8pro7vhmx.cloudfront.net/gensqueeze/pages/6403/attachments/original/1639772589/GenSqueeze\\_Nov26.dat?1639772589](https://d3n8a8pro7vhmx.cloudfront.net/gensqueeze/pages/6403/attachments/original/1639772589/GenSqueeze_Nov26.dat?1639772589)

3 <https://www.policynote.ca/federal-housing/>

# Agriculture

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## Introduction

The 2021 census of agriculture clearly shows that Canada is continuing to lose farmers. Those who are still working the land are aging, and the middle-sized farm is rapidly disappearing.

Climate change impacts on farms are intensifying. In 2021, record-breaking floods, wildfires, and massive drought swept across the entire North American Prairie region. So did intense storms, including 81 tornados, that made farming more difficult and riskier.

Rising input costs, notably fertilizer, fuel, and feed (hay prices) are making it prohibitively expensive to farm this year. Fertilizer prices rose by 61% between the end of 2020 and the end of 2021.<sup>1</sup> Diesel fuel prices have risen by 60% since May 2021, and from \$1.25 to \$2.01 a litre in May 2022.<sup>2</sup> And while prices for crops and livestock are uncertain, input bills will still need to be paid.

Business Risk Programs are intended to prevent a collapse of Canada's agriculture system when growing conditions or extreme market volatility threaten the viability of farms. However, the programs are band-aid solutions that tend to work best for the largest, most highly capitalized farms.

Too often, agriculture and agri-food program funding focuses on reducing costs for agribusiness corporations that invest in tools that displace farmers and workers in Canada, and on trade junkets that attempt to increase the market share of Canadian companies at the expense of farmers here and in countries with which we trade.

The AFB will put farmers back at the centre of the agriculture conversation to address some of the causes of farmer loss and food system fragility.

**To address these issues, the AFB will:**

**Slow the concentration of land ownership** by removing the advantages available to farmland investment companies and their shareholders that enable them to outcompete farmers in buying farmland.

**The AFB will start by eliminating RRSP eligibility for farmland investment companies.** Investors in farmland investment companies and trusts will no longer be eligible for Business Risk Management program benefits. The annual FCC Land Values report<sup>3</sup> shows that farmland values continue to rise; they increased by an average of 8.3% across Canada as a whole and by 22.2% in Ontario in 2021. Farmland prices are driven by speculation, not productive value. Farmland investment companies, including limited partnerships, trusts, institutional investors, family offices, and wealthy individuals, are aggregating land at the expense of new and young farmers. Their acquisitions should not be further supported by tax subsidies.

**The AFB will reconfigure the AgriInvest Business Risk Management (BRM) program** by changing the formula for government matching contributions to prioritize the viability of mid-sized farms and curb the loss of mid-sized farms. **The program will remain capped at a maximum of \$1 million in allowable net sales, but the AFB will offer progressively higher government contributions to farms with lower Allowable Net Sales (ANS).** Currently, the program matches 1% of allowable net sales no matter the amount of those sales. The AFB will alter that formula and match 3% of the farmer's contribution for farms with allowable net sales up to \$250,000 and 2% for farms with allowable net sales up to \$500,000. The program will remain unchanged above \$500,000 in allowable net sales and will match 1% of sales. This would increase the AgriInvest net transfers by 48%, or \$126 million a year, and help 118,000 farms in Canada. AgriInvest is a relatively simple and accessible program in the BRM suite for small- and medium-sized farms. Making this program progressive can help maintain and build Canada's farm population for the future by helping farmers with small- and medium-sized farms manage setbacks or make modest investments that help them succeed.

**The AFB will support effective regulation to ensure Canada's regulators—including the Canadian Food Inspection Agency, Pest Management Regulatory Agency, and the Canadian Grain Commission—have the capacity they need to carry out their public interest duties.** More than a decade of budget cuts has created backlogs and gaps that have been used to justify the privatization of government roles. **The AFB will increase the budget allocations of**

**these regulators by 25% to help them rebuild and enhance their scientific, administrative, and public consultation capacities, increase transparency, and improve their service to Canadians.** Our regulators face ever more complex challenges. The growing number of products that require oversight, advances in understanding the complexities of risks, and the synergistic effects of climate change mean that our regulators need more capacity to carry out their evaluation, monitoring, and enforcement responsibilities. The AFB recognizes that front-end investment in public interest regulation creates long-term value for Canadians' health, ecosystems, and a livable future environment.

**The AFB will establish the Canadian Farm Resilience Administration (CFRA).** This new institution's mandate will be to "secure the resilience of Canada's farms and food system during the climate emergency by supporting the adoption of effective emissions reduction, mitigation, and adaptation measures, and to develop and promote within those systems of farm practice, tree culture, water supply, land utilization and land settlement that will afford greater economic security to farmers and rural communities in every region of Canada." The CFRA, inspired by the remarkable 77-year contribution of the PFRA, will provide multi-faceted support for farmers to manage the transition to a lower-emission production system and our need to keep producing in worsening climatic conditions for agriculture. As a publicly funded, public interest institution, a key element of the CFRA's function would be to promote climate change-related action that builds a strong social, ecological, and economic foundation for future generations. Its legitimacy and mandate would make the CFRA an important safeguard against private industry pressures to monetize the climate crisis as a new arena of wealth extraction. By making tangible, visible, and valuable investments in rural areas, the CFRA would ease Canada's rural-urban tensions by providing meaningful and effective measures to address rural depopulation, community decline, intergenerational farm succession, the farm income crisis, and rural quality of life.<sup>4</sup> **The AFB will promote resilient food security and reduce the risks and costs of supply chain disruptions while keeping more of the consumers' food dollars within the community. The AFB will shift federal-provincial cost-shared funding program decisions away from supporting large corporations and international marketing junkets.** Funding will be allocated to assist the development of on-farm diversification and value-added capacity and to small businesses and cooperatives to support the infrastructure required to build and enhance local and regional food systems, particularly abattoirs, food storage and distribution facilities, and on-farm and local

processing. **The AFB will address the impacts of the monopoly power of input suppliers, food processors, railways, and grain companies by implementing windfall taxes and closing loopholes that allow multinationals to shift profits to tax-shelter nations.** AFB notes that, despite claims that pandemic, war, and supply chain issues are the causes of high input prices and low farmgate prices for commodities, these same companies are making record profits, often on decreased total sales volumes.<sup>5</sup> (See the Taxation chapter).

**Table 3.1 Summary of agriculture measures**

All figures in \$M

	2023-24	2024-25	2025-26
Remove the RRSP eligibility for farmland investment companies	-\$15	-\$15	-\$15
Alter the AgrilInvest government matching on sales to support smaller farms	\$126	\$126	\$126
Improved funding to agricultural regulators (Canadian Food Inspection Agency, Pest Management Regulatory Agency, Canadian Grain Commission)	\$166	\$150	\$150
Establish the Canadian Farm Resilience Administration	\$60	\$120	\$200

## Notes

1 Statistics Canada. Table 18-10-0258-01 Farm input price index, quarterly

2 In Regina and Saskatchewan specifically, Statistics Canada. 3 FCC Farmland Values Report.

<https://www.fcc-fac.ca/fcc/resources/2021-farmland-values-report-e.pdf>.

4 Need for Coordinated Action. <https://www.nfu.ca/wp-content/uploads/2020/02/CFRA.25.02.pdf>.

5 A partial list of those companies are as follows:

Nutrien. Feb. 16, 2022. *Q4 2021 Results Presentation*. [https://nutrien-prod-asset.s3.us-east-2.](https://nutrien-prod-asset.s3.us-east-2.amazonaws.com/s3fs-public/2022-02/Nutrien%20Q4%202021%20Presentation%202022-02-16%20FINAL_2.pdf)

[amazonaws.com/s3fs-public/2022-02/Nutrien%20Q4%202021%20Presentation%202022-02-16%20FINAL\\_2.pdf](https://nutrien-prod-asset.s3.us-east-2.amazonaws.com/s3fs-public/2022-02/Nutrien%20Q4%202021%20Presentation%202022-02-16%20FINAL_2.pdf).

CF Industries. Feb. 15, 2022. *CF Industries Holdings, Inc. Reports Full Year 2021 Net Earnings of \$917*

*Million, Adjusted EBITDA of \$2.74 Billion*. <https://cfindustries.q4ir.com/news-market-information/press-releases/news-details/2022/CF-Industries-Holdings-Inc.-Reports-Full-Year-2021-Net-Earnings-of-917-Million-Adjusted-EBITDA-of-2.74-Billion/default.aspx>.

Yara International. *Yara Fourth-Quarter Report 2021*. <https://ml-eu.globenewswire.com/Resource/Download/9d271a64-fb0a-46c1-8729-7ec5f3bc88f0>.

Cargill is a privately held company that is not required to publish its financial information. In 2021, Cargill's revenues increased to USD \$134.4 billion from USD \$115.4 billion the year before. <https://www.statista.com/statistics/274778/revenue-and-profit-of-cargill-agricultural-company/>.

BASF EBITDA nearly doubled, from 6.494 billion Euros in 2020 to 11.355 billion Euros in 2021. *BASF Annual Report 2021*, page 59. [https://www.basf.com/global/documents/en/news-and-media/publications/reports/2022/BASF\\_Report\\_2021.pdf](https://www.basf.com/global/documents/en/news-and-media/publications/reports/2022/BASF_Report_2021.pdf).

The Canadian petroleum company Enbridge's EBITDA was CDN\$ 14.236 billion in 2021, up from CDN\$10.692 billion the previous year. *Enbridge Inc. Management's Discussion and Analysis*, December 31, 2021, retrieved from SEDAR.com database.

Canadian Pacific Railway Ltd. EBITDA increased to CDN \$4.3 billion in 2021. Source: *CP Annual Report 2021*, retrieved from SEDAR.com database.

The Royal Bank of Canada's total comprehensive income in 2021 was CDN \$17.506 billion, up from CDN \$10.302 billion in 2020. *Royal Bank of Canada Annual Report 2021*, page 135, retrieved from SEDAR.com database.

Pharmaceutical company, Elanco's 2021 EBITDA was \$1.057 billion, doubling its 2020 performance.

*Q4 and Full Year Results, Earnings Presentation*, page 14. [https://s1.q4cdn.com/466533431/files/doc\\_financials/2021/q4/Q4-2021\\_Earnings-Slides\\_vF.pdf](https://s1.q4cdn.com/466533431/files/doc_financials/2021/q4/Q4-2021_Earnings-Slides_vF.pdf).

# Arts and culture

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## Introduction

The arts and culture sector provides a significant impact on the Canadian economy—3.5% of GDP—yet it isn't always included in the federal budget. The arts sector is accustomed to the ups and downs of partisan politics. For example, a decade ago, the arts sector would have been overjoyed to be included, because a budget is about the government's priorities.

The 2022 federal budget invested in the arts sector's ongoing recovery from the COVID-19 pandemic as part of the hardest-hit industries. That budget contained an expected investment in more than 30 national training institutes through the Canada Arts Training Fund to "address historic inequities in funding" for Indigenous and racialized arts training organizations. It also made a significant investment in the National Arts Centre and its programming. In comparison to the previous year, the 2022 budget went slightly further than budget 2021. There is significant investment in disaggregated data over the next five years, which will be essential for gathering information on equity-seeking groups. The budget makes several steps towards Indigenous sovereignty and the recognition of the need for Indigenous training. There is targeted funding to prevent anti-Black racism, Islamophobia prevention, and anti-Semitic programs and initiatives. There is also \$12.1 million for the National Arts Centre.

This year's AFB goes further than the 2022 federal budget. It makes a major investment in arts and culture and showcases what real growth in the sector could look like.

**The AFB will address funding inequities for non-profits in the arts and culture.** Since the 1990s, the non-profit arts sector has been on a boom and bust rollercoaster. Pockets of the industry—especially music, film, and television—have experienced incredible growth in the last 30

years. The growth in the arts and culture sector has had more to do with audiences and innovative ways of reaching them than government investment. But for the non-profit side of the sector, government investment can be pivotal for growth. The sector often employs a “have versus have-not” dichotomy because we are constantly in competition with each other.

**The AFB supports federal investment in the sector’s recovery.** In 2021, the federal government made a historic commitment to the arts by dedicating \$250 million to recovery funds in 2022–23. The 2022 budget added another \$50 million to those funds to round it up to an even \$300 million. On the surface, this is a much-needed injection of cash to keep arts organizations afloat, but the industry is not a monolith. Some sub-sectors of the industry are thriving and others are shrinking. The film industry was granted the ability to keep working during lockdowns, with COVID-19 protocol officers and daily testing of workers in place. As a result, that part of the arts and culture sector thrived. But any employer that operated a venue like a gallery or theatre was subject to lockdowns, based on provincial regulations. Since March 2020, the Canadian Association for the Performing Arts/l’Association canadienne des organismes artistiques (CAPACOA) has tracked monthly accounting of the losses in the sector, via the National Cultural Indicator.<sup>1</sup> In absolute terms, \$300 million has been lost. That is a significant amount, especially considering that the annualized culture GDP in the last quarter of 2021 was \$753 million above its pre-pandemic level. But this annualized culture GDP number hides dramatically different situations across culture domains and sub-domains. The GDP of audio-visual and interactive media is now \$1.8 billion above its pre-pandemic level; the live performance domain is still \$1.2 billion below its pre-pandemic level. Other culture sub-domains that lag behind include newspapers (-\$266 million), periodicals (-\$131 million), cultural heritage (-\$109 million), and original visual arts (-\$26 million).<sup>2</sup> The government took more than three months to decide where this \$50 million of recovery funds would be allocated: the Museum Assistance Program, the Canada Music Fund, the Canada Council for the Arts, Canada Arts Presentation Fund, and Telefilm. In other words, the government extended support to some of the hardest-hit subsectors of the arts, especially those with venues, theatres, and galleries. The AFB agrees with this timely and urgent investment.

**The AFB makes investment in training a cornerstone of the arts and culture sector.** The Canadian Arts Training Fund (CATF), which is administered by the Department of Canadian Heritage, was established in 2001 by the federal government to “provide financial support for the



ongoing operations of Canadian arts organizations that specialize in training artists for professional national or international artistic careers, at the highest levels.” This program supports about 36 training schools and distributes approximately \$22.5 million in grants; an amount that has not changed since 2009. Due to this freeze in funding, it has become more difficult for artist training organizations to access CATF funds; any new member to the program would lead to a deduction of funds for those already in the program. As a result, representatives from the organizations currently in the Canadian Arts Training Fund came together in 2017 to create The CATF Advocacy Committee, an ad hoc committee of peers that organize to share resources in order to better advocate for their needs. In the lead up to the 2021 budget, the CATF Advocacy Committee asked for an increase of \$4 million dollars to the fund, with a scaled increase to \$10 million annually over the next three years. That request was not successful, so advocacy resumed, in earnest. The 2022 federal budget announced supplementary funding to CATF, consisting of an ongoing \$5 million increase and a \$22.5 million increase over a period of five years. It is important to note that these increases have been specifically earmarked for the dual purposes of “continuing to support the arts sector’s recovery from the COVID-19 pandemic” as well as “to address historic inequities in funding levels for Indigenous and racialized arts training organizations.” It appears that the \$5 million will be added to the CATF envelope, raising it to \$27.5 million annually, and the \$22.5 million will be distributed over five years in grants specific to COVID-19 recovery and historically underfunded Indigenous and racialized organizations. **The AFB would disburse these funds in order to create space within the CATF program for institutions that have not inherited western, patriarchal, and colonial systems, and for institutions that are IBPoC administered, taught, and led. The AFB disbursement would also focus on deepening professional development opportunities for IBPoC artists wanting to develop their arts management skills.** A focus on arts management could help to diversify an artist’s revenue stream and empower them to take on senior, managerial, and leadership roles in their career paths, leading to an increase in IBPoC representation in the upper management of the cultural sector. The AFB supports this investment in CATF.

**Investment in the National Arts Centre.** The National Arts Centre followed the trend of the creation of nationalist flagship institutions in the performing arts, such as the National Ballet of Canada (founded in 1951) and the National Theatre School (founded in 1960). But the NAC was the first government created crown corporation, along with organizations like the National Gallery of Canada (founded in 1880).

The NAC is the product of consecutive federal governments' attempts to promote a dominant national, colonialist, settler culture. The concept of a national theatre was well-suited for a small and centralized nation, but the model has not proven effective with the vast regional, cultural, and language differences represented in the Canadian experience. As a "federal cultural organization" and a crown corporation, the National Arts Centre reports to parliament through the Minister of Canadian Heritage and the money flows through that office. The last major investment in the NAC was in 2015–17, when the building was renovated so that the public could better access the centre from Elgin Street. Programmatically, the addition of Indigenous Theatre was a significant step forward for the NAC, officially opening in 2020. Indigenous Theatre did not receive additional funding from the Minister of Canadian Heritage, it was part of the regular programming allotment from the federal government. The 2022 federal budget provided \$12.1 million over two years, starting in 2022–23, to the NAC to support the creation, co-production, promotion, and touring of productions with Canadian commercial and not-for-profit performing arts companies. Where this significant investment will be allocated specifically remains unclear. On May 2, 2022, at the National Culture Summit in Ottawa, the Minister of Canadian Heritage, Pablo Rodriguez, announced the return of the musical *Come From Away* to the National Arts Centre and beyond in 2024. Some of the \$12.1 million announced in the 2022 federal budget would support this touring production that would start in Ottawa and then move to Toronto. "Rodriguez said he and his team began working to bring the musical back to Canada after the show's record-breaking Toronto production, which ran for three years and 855 performances, abruptly shuttered in December 2021 due to pandemic-related concerns." Once again, the federal government has swept in when other governments didn't. This much-celebrated federal investment in what is a commercial theatre production is a first in recent history. Conventionally, the federal government directs its funding to the non-profit portion of the theatre industry. But the pandemic has expanded the government's interest in the success of business, both commercial and non-profit. **The AFB would ensure future funding to the National Arts Centre focuses on an expanded mandate to invest in diverse Canadian artists as well as expand funding beyond the National Arts Centre to ensure that IBPoC Canadian artists can tour their work across the country. The AFB would invest an additional \$12.1 million in the Canada Arts Presentation Fund.**

**The AFB grows funding support for arts and culture.** The last growth budget for the arts sector occurred in 2016. The longstanding

request to double the Canada Council budget was recognized and implemented over five years, from 2016–21. Little did we know that a pandemic would impede the end of that historic investment. The arts sector is truly one of the hardest hit in the pandemic—the first to close, the last to recover. The pandemic has resulted in emergency injections into the sector to keep our institutions afloat, for better or worse. Now more than ever, we need to see a growth budget for the sector. A growth budget would cross disciplines and departments and truly see the value of the arts for the health of Canadians, including funding for social prescribing and therapeutic artistic practices (see Health and Health Equity chapter). **The AFB will invest in a growth budget for five to 10 years and invest at least as much as the Canada Council for the Arts uses (approximately \$400 million annually).** A growth budget would see a huge investment in the arts as part of a tourism plan. A growth budget would include a permanent and long-term investment in Indigenous, 2SLGBTQIA+, disabled, and racialized art to tell the stories of Canada in the 21st century, both at home and abroad. A growth budget is an investment in Canada's youth and their future. A growth budget would include an investment in seven generations of Indigenous storytelling. A growth agenda would lessen the Canada Council's role as arbiter of the sector and permit other funders the opportunity to support this pivotal sector. In other words, a growth budget would decentralize federal funding of the arts and make it a priority across departments. The dream of a growth budget does not require a new Massey Report extolling the nation's new cultural policy. A growth budget demands action by many, not by few. The current arts system fails to appreciate the full impact of artists on Canadian society. The pandemic has proven how central to our mental health and happiness the arts truly are. Many other federal departments and agencies, outside the Canada Council for the Arts, can, and should, have arts and culture at their core. For instance, the Public Health Agency of Canada has a history of funding the National Ballet School. **The AFB would build on this broader conception of the impact of arts and culture through new funding, flowing through the Public Health Agency (because the arts supports Canadians' mental health), the tourism plan (because arts organizations drive tourism), women and gender equality (because the work of artists is social justice work) and small business (because the work of artists is business).** Those new funds would include: a \$100 million fund for Indigenous artists; a \$100 million fund for Black artists; a \$100 million fund for artists with disabilities; a guaranteed basic income program (see the Poverty and Income security chapter).

**Table 4.1 Summary of arts and culture measures**

All figures in \$M

	2023-24	2024-25	2025-26
Post-pandemic recovery for the non-profit theatre sector via the Canada Arts Presentation Fund	\$12		
Investment in Indigenous artists	\$33	\$33	\$33
Investment in Black artists	\$33	\$33	\$33
Investment in artists with disabilities	\$33	\$33	\$33

## Notes

<sup>1</sup> See <https://capacoa.ca/en/2022/04/encouraging-signs-of-recovery-for-the-performing-arts/>

<sup>2</sup> Statistics Canada. April 14, 2022. *National culture and sport indicators by domain and sub-domain, nominal gross domestic product, quarterly, annualized*. Table 36-10-0652-01.

# Child care

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## Introduction

Over the past year, the federal government concluded Canada-wide Early Learning and Child Care Agreements and set out action plans, targets, and timetables with all provinces and territories. These agreements add historic levels of new federal funding to provincial and territorial child care budgets, along with funding for Indigenous Early Learning and Child Care, totalling \$30 billion over five years.

The 2021 federal budget indicated that \$3.1 billion would be added to the baseline federal child care budget in the first year (2021–22), with annual increases reaching \$8.4 billion to bring total federal child care funding to \$9.2 billion by year five (2025–26). The federal government has also committed to providing stable, ongoing funding at a minimum of \$9.2 billion annually in subsequent years.

The goal of the provincial and territorial funding agreements is to ‘transform’ child care affordability, access, and quality across Canada. Transformation is essential, as the current patchwork of programs is inequitable and fails to meet the needs of children, families, educators, communities, or our economy.

But an effective transformation—moving from patchwork to system—will take time, ongoing federal leadership, and effective use of public funds. The opportunity, and the challenge, is to achieve measurable and visible progress promptly while ensuring that each step along the way is grounded in child care system-building research and evidence.

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## A vision for transformation

Overall, an effective transformation of child care in Canada will require federal, provincial, and territorial governments to work together effectively to move from Canada's longstanding, failed, market-based approach to a publicly managed system that recognizes, values, and funds child care as a public good. This should be done while respecting Indigenous rights and jurisdiction, including—but not limited to—fulfilling the distinctions-based obligations detailed in the Indigenous Early Learning and Child Care Framework.

Child Care Now, Canada's national child care advocacy organization, developed a detailed in 2021 to guide this transformation. This national roadmap is complemented by community-developed roadmaps in several provinces. Each roadmap is aligned with research that confirms the overarching policy and funding elements essential to achieving a publicly managed system:

**A shift in the way child care services are put in place.** Currently, Canada largely relies on individual groups and corporations to develop and operate new services. This risky, inefficient, and ineffective market-based approach must shift to publicly planned and managed expansion strategies to increase the supply of, and equitable access to, public and non-profit programs, with effective recruitment and retention strategies in place for educators.

**A shift in the way that child care services are funded.** In most of Canada, public funding for regulated child care is provided through various government grants that fall far short of the funds required to provide quality programs, which forces service providers to rely on high parent fees and/or low wages to cover their operational costs. This failed market-based approach must shift to a comprehensive, equitable direct funding model that provides programs with adequate operational funding to achieve fair compensation for educators, high-quality programming for children, and affordable fees for all families.

**A shift in the way the child care workforce is remunerated, recognized, and valued.** The child care workforce is critical both to ensure an adequate supply of services and that all services achieve a high level of quality.

**Building on these roadmaps, and based on recent research and evidence, the AFB will implement five actions to jump-start Canada's transformation to a publicly managed child care system.** To achieve the expansion commitments detailed in the agreements, the AFB will implement:

**A federal capital expansion program** to support the capital costs associated with the public and community-planned expansion of programs in high-quality public and non-profit facilities together with the development of an explicit expansion strategy in each province and territory. The capital program will be funded by increasing the federal Early Learning and Child Care Infrastructure Fund to \$10 billion over three years (2023–24 to 2025–26).

**An in-depth, comprehensive, Canada-wide workforce strategy** to address the current recruitment and retention crisis, so that qualified educators are available and willing to staff existing and new facilities.

**Federal legislation** to ensure that, at maturity, the Canada-wide system of early learning and child care entitles and provides all children and families in Canada with equitable access to high-quality, inclusive, and culturally safe programs.

To achieve the public goals detailed in the federal legislation—and serve the public interest with transparent, evidence-based policy—the AFB will work with provinces and territories to ensure that:

**Equitable direct funding models** with adequate public funding and accountability mechanisms are in place.

**Maximum affordable parent fees of \$10 a day** are established for all parents Canada-wide by 2026, with lower or no fees for lower-income families.

While all these actions align with the goals and vision of the Canada-wide ELCC agreements, they go beyond what is set out in the various provincial and territorial action plans, in keeping with best practice.

For example, the first key deliverable under the agreements is a 50% fee reduction (on average) by December 2022, on the road to achieving average parent fees of \$10 a day by 2026.

International evidence confirms that effective child care systems make services affordable through adequate and direct public funding of services and by setting low maximum parent fees, with reduced or no fees for lower-income families.<sup>1</sup> However, government plans and policies implemented to date to achieve the first-year 50% average fee reduction show that several jurisdictions are using fee-reduction grants and/or changing their income-tested parent fee subsidies to meet the targets, thereby reinforcing the failed market-based approach to child care funding.

The importance of developing and implementing equitable direct funding models with low, provincially set parent fees, cannot be overstated. Parent fees vary widely in provinces and territories without set fees, as can the definition of a 50% reduction target. Establishing

set fees, and then reducing them over time (e.g., from \$20 a day to \$10 a day) is demonstrably the most transparent way to show Canadians that affordability goals are achieved.

Moreover, operational funding models can, and should, integrate increased and equitable public operating funding into programs that are accountable for including children and families in all their diversities; providing culturally-safe programming and additional supports as required for children with disabilities; and fully covering improved educator wages, benefits, and working conditions to achieve the public goal of a well-educated and fairly compensated workforce.

The COVID-19 pandemic has demonstrated what research and experience have long shown: that a well-supported, professional, committed child care workforce is *the* pivotal element in a well-functioning child care system and essential to providing high-quality programs that benefit young children. However, longstanding challenges with the child care workforce are well-documented, including:

- Low wages, minimal benefits, and limited access to professional development;
- Poor working conditions (e.g., lack of preparation time, limited support services such as cleaning and food preparation, poor quality facilities;
- Lack of recognition for the value of the work, and low commitment to developing the sector as a profession that meets international standards for educational requirements;
- Lack of direct and transparent consultation with the workforce in policy-making processes.

These issues have created and sustained a Canada-wide crisis in recruiting and retaining qualified educators, a crisis that will be magnified both by the expansion goals of the Canada-wide ELCC Agreements and by the projected increase in demand for access to child care as parent fees are reduced.

**Therefore, the AFB will work with the provinces, territories, and child care community to develop an in-depth, comprehensive, Canada-wide workforce strategy** that addresses the scale, scope, and urgency of the current reality and the risk associated with achieving the shared goals of transformation.

Without a workforce strategy, it will be impossible to realize the establishment of the 200,000 new child care spaces committed in the agreements. Significant expansion requires both a **federal capital expansion program** that is much bigger and more ambitious than



the Early Learning and Child Care Infrastructure Fund of \$625 million over four years (starting in 2023–24) that was announced in the 2022 federal budget. It will also require concrete **public expansion strategies** developed to fit the situation of each province and territory.

Research shows that it costs approximately \$50,000 per space to build a quality facility, not including the cost of land, so \$625 million is only enough to build 12,500 spaces in total. **Therefore, the AFB will increase the fund to at least \$10 billion** over the remaining three years of the Canada-Wide ELCC Agreements (2023–24 to 2025–26) to fund new child care spaces only in public, non-profit, and Indigenous child care facilities. The fund will cover the design and construction of new facilities, purchases of existing facilities, and costs associated with renovating or rehabilitating existing facilities.

A public process for planning expansion is essential to ensure that federal funds are effectively used to create new publicly funded programs based on community needs and priorities and equitable access for all families, rather than relying on individual providers to open programs when and where they choose. Specifically, the federal capital expansion program should be designed, and criteria and regulations established, to ensure that public funds are not used to support the acquisition of facilities or other real estate holdings by for-profit corporations or other for-profit entities.

Finally, yet crucially, federal legislation plays a foundational role in establishing equitable access to high-quality, inclusive, and culturally safe child care programs, including by enshrining this right for all children and families in Canada. The federal government has committed to tabling Canada-wide legislation and has already undertaken preliminary consultations about its content. The ongoing process of developing the legislation should be democratic, inclusive, transparent, and grounded in a broad engagement strategy.

In addition to the overall entitlement provisions, key elements of the federal legislation include:

- Vision, goals, and principles (the latter including and defining quality, equity, access, affordability, inclusion, etc.);
- Commitments to collaboration and democratic participation;
- The research and data structures and accountability mechanisms required to monitor, evaluate and publicly report on progress. These structures and mechanisms will also be used to ensure that federal transfers to provinces and territories are properly accounted for in parliament and effectively advance evidence-based system building.

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## Conclusion

For the first time in history, several of the key components required to transform child care in Canada from a market-based approach to a publicly managed system are now in place: A federal government with solid commitments to build a Canada-wide system of early learning and child care that respects Indigenous rights and jurisdiction, substantial federal funding to meaningfully advance those commitments, and agreements with all provinces and territories to invest these funds to achieve measurable progress across the country.

Building on these important achievements, the AFB has proposed five specific actions to ensure that this essential transformation is grounded in the best available research and evidence and maximizes public accountability to realize the social and economic benefits of public investment. The AFB also highlights the importance of working collaboratively with provinces, territories, Indigenous leadership, and a broad range of stakeholders to advance this transformation.

**Table 5.1 Summary of child care measures**

All figures in \$M

	2023-24	2024-25	2025-26
Boost the Early Learning and Child Care Infrastructure Fund	\$2,000	\$4,000	\$4,000
Amounts already in the fiscal framework	-\$75	-\$150	-\$150

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## Reference

<https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories.html>

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## Notes

1 The AFB responds to this research by establishing \$10 a day as the maximum fee by 2025-26, not the average as per the Canada-wide agreements; establishing entitlement for all through legislation; and ensuring that families who cannot afford \$10 a day pay lower or no fees. While the specific approach to charging lower or no fees may vary across provinces and territories, all approaches must be non-stigmatizing for families while reducing barriers to access. Administrative efficiency, effectiveness, fairness, and equity are also important principles, as current fee subsidy approaches are shown to be ineffective. Provinces and territories should consider fully funding the operating costs of high-quality, inclusive, and culturally safe child care programs and establishing separate systems to collect parent fees where required.

# Employment insurance, training and jobs

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## Introduction

Canada has an opportunity to bring Employment Insurance (EI) into the 21<sup>st</sup> century—the last substantial reform was a quarter century ago.

In 2015, this government mandated *“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.”*<sup>1</sup> Even then, it was evident that one of the country’s largest and most important income security programs was straining to maintain effective coverage in the face of extensive temporary and precarious employment, among other labour market challenges.

Then, beginning in 2020, the COVID-19 pandemic reminded governments around the world that our social program infrastructure will fail us if we neglect its maintenance.

As emphasized in an Interprovincial EI Working Group brief to the 2021 HUMA Standing Committee review of EI,<sup>2</sup> “Increasingly restricted in its reach, it (EI) could not deliver on its historic role as our ‘single most powerful automatic stabilizer’ to reduce both GDP and job losses at times of economic crisis.<sup>3</sup> This gave rise to CERB, a temporary program to deal with the 2020 labour market wreckage. We had to make do with duct tape.”

Throughout the two-and-a-half years since the initial public health emergency and well into an uneven recovery period, our government has repeatedly confronted the need for substantial EI reforms.

We have also seen that progress is possible, notably the significant improvements in EI coverage as a result of the transitional EI measures introduced in September 2020. As reported in the latest EI Monitoring and Assessment Report: “This can be interpreted as the EI temporary measures having a significantly positive impact on the eligibility for EI regular benefits of women and younger job separators.”<sup>4</sup>

In pursuit of its commitment to bring EI into the 21<sup>st</sup> century, the government undertook public consultations in 2021–22 as part of our deliberations. Now is the time to deliver.

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## Better EI access for more workers

For many years now, EI benefits have only been reaching four out of 10 unemployed workers. Our government recognizes that a number of reforms are necessary to improve access to EI for two broad categories of workers.

Access issues can arise for those who already pay EI premiums and are eligible for EI, such as those contending with insufficient EI hours at the time of work separation, a claim denied when an employer reports a “quit”, “fire” or “in school”, Temporary Foreign Worker (including Seasonal Agricultural Worker) exclusions from Regular and Special Benefits, no Record of Employment due to the seven days without work and without pay rule, and insufficient EI benefit weeks, due to long-term unemployment (searching for work or on layoff for over six months, minimal benefit weeks due to fewer insured hours and non-full-time schedules, and fixed Regular and Special Benefit claims exceeding the 50-week maximum.

Some other workers are not EI premium payers and are not eligible for EI, including self-employed workers, those who are misclassified as self-employed, those who are not employed during the last year, and those who worked exclusively on ‘cash’ jobs.

The need to broaden access to EI is urgent. We cannot wait for the next pandemic, the next climate crisis, or the next recession to put our income security house in order.

**The AFB will prioritize these access measures:**

**The AFB will expand EI access by lowering the threshold for all EI benefits and replacing regional variations with a fixed qualifying requirement of the lesser of 360 hours or 12 weeks.** Throughout the pandemic, Canada has tested various requirements to improve access,

including a one-year period, beginning in September 2020, that effectively set a common qualifying rule of 120 hours for both regular and special benefits. Although the requirement was then raised to 420 hours, this is still a difficult hurdle for workers in precarious employment. We have arrived at the 360-hour requirement using a 12-week base and taking into consideration the fact that weekly schedules for payroll employees averaged 30 hours over the past decade.<sup>5</sup> Statistics Canada also defines full-time work as 30 hours weekly.<sup>6</sup>

**This AFB will require a presumption of ‘employee’ status, with mandatory coverage for EI and other social insurance programs. We will adopt the ABC test to determine if a worker is genuinely an independent contractor.**<sup>7</sup> This is a proactive initiative requiring a reallocation of department and Canada Revenue Agency (CRA) resources. In the consultations on EI reforms, this measure was repeatedly identified as a first order of business with respect to the challenges of extending coverage to different forms of self-employment, including workers who most closely resemble standard payroll employees and gig workers engaged with large platform companies.

**As part of ensuring better access to EI, the AFB will also amend the EI Act definition of a ‘work separation’,** which requires seven consecutive days without pay and without work before an employer is obliged to issue a Record of Employment and a worker is allowed to apply for EI benefits. The current definition has a negative impact on EI access for workers with part-time or erratic schedules and those facing reduced schedules or working multiple part-time jobs—many of whom women and racialized workers. Further, **the AFB will extend EI coverage to workers employed through the Temporary Foreign Worker Program,** including the Seasonal Agricultural Worker stream, beginning with the immediate and full restoration of special benefit coverage (\$18 million a year).

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## Better EI benefits

The AFB is committed to providing liveable benefits for EI claimants with attendant positive impacts for the larger economy. This is crucial to restoring Canada’s ailing EI social insurance system to good health. **The AFB will adopt a standard EI benefit rate of 66%, replacing two-thirds of the claimant’s normal earnings, effective for new claims starting on January 1, 2023 (at a cost of \$3.8 billion).** This replaces the current 55% rate, which is historically low and does not provide a livable income, forcing some workers into inappropriate survival jobs. It also means that

workers with average earnings struggle to survive on barely half of their normal earnings. For low-paid claimants working at or about minimum wage, a 55% rate means actual poverty. There is historical precedence for a two-thirds replacement rate in Canada's previous Unemployment Insurance system.

**This AFB will implement an individual EI benefit floor of \$450 weekly, pre-tax (at a cost of \$1.2 billion).** EI benefits are often too low for lower-paid workers to live on. That's a problem for the individual, their family, and the larger economy. A new individual minimum standard will improve the benefit rate of some of the lowest-paid, most precariously employed workers. It will make EI more relevant to women, racialized workers, new immigrants, young adults, Indigenous workers, workers with disabilities, migrant workers, and the working poor. As the latest EI Monitoring and Assessment Report noted: "The overall gap in the average weekly benefit rate between men and women narrowed significantly for the first time in FY2021, from an average of \$63 over the past five years to \$22 in FY2021. This suggests that the minimum weekly benefit rate of \$500 may have benefited more women than men."<sup>8</sup>

**The AFB will raise the maximum EI benefit in conjunction with increasing maximum insurable earnings to \$88,000 (at a cost of \$4.5 billion).** Four out of 10 regular EI claimants are cut off at the current maximum benefit rate (39% in fiscal 2020–21).<sup>9</sup> This means that many average and above-average earners get less than 55% of their previous earnings when receiving EI. Many have indicated a willingness to pay more into EI if more of their earnings are covered as insurable employment and they get a better benefit rate if they're unemployed. By raising maximum insurable earnings to \$88,000, the AFB has chosen to match the Quebec Parental Insurance Plan.<sup>10</sup> This will create a higher maximum benefit and provide additional contributions to the EI account. The 2022 EI maximum only covers earnings up to \$60,300. **The AFB will also integrate the improved individual benefit calculations used during the pandemic as permanent features of the EI program.** These temporary measures benefited workers and simplified Service Canada processing. For example, separation payments, such as vacation pay, were no longer allocated to the front end of a claim, which delayed the payment of EI benefits.

**The AFB will adjust the 'Working While on Claim' rules to allow workers to keep the first \$100** before triggering an EI benefit claw back. The current requirements discourage workers from taking temporary employment that is EI insurable and disadvantages those working multiple part time jobs. **The AFB will also work to improve the duration**

**of EI and, in particular, establish a 50-week maximum duration in all regions while retaining the additional five weeks for eligible seasonal claimants.** While the average duration of regular benefits for frequent, non-seasonal claimants was 22.3 weeks in 2020–21), more than a third (35.3%) of claimants exhausted their entitlement, up from 33.1% in 2019–20.

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## Better EI financing

The AFB seeks to better align EI financing with key objectives of the program: the provision of strong social insurance coverage for working people and improved labour market and economic stabilization. **The AFB will mandate direct, predictable government contributions to the EI account (annual cost of \$2.5 billion).** It has become increasingly clear that the government must contribute to the EI account as the third partner in a tripartite social insurance program. There will be a critical role for general revenue contributions to sustain an improved EI insurance system for the 21<sup>st</sup> century, along with employer and worker premiums. Furthermore, at times of upheaval, such as a pandemic or recession, it is not good economic policy to inject government funding on an ad hoc basis. We propose to mandate predictable contributions to both regular and special benefits: **a government contribution to regular EI benefits when the national unemployment rate exceeds a specified threshold,** to be determined in consultation with labour and business, the other two key stakeholders and **regular government contributions to special EI benefits that ensure more contributors can access these benefits, including current premium payers and new contributors, as well as supporting greater benefit adequacy for all.** We need to protect and develop the mandate of Canada's EI system to meet broad economic and social objectives, including income maintenance for labour force participants during temporary separations from work, such as parenting or illness. We have seen the dire economic consequences in countries, like the U.S., where this is not done. **The AFB will begin by eliminating the 50-week limit on combined special benefits and regular benefits, extending the reference and benefit period to 104 weeks.**

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## Better supports and access to justice for EI claimants

**Working with the EI commission, the AFB is committed to completing the process of restoring a representative EI appeals process and**



**implementing a tripartite EI board of appeals** within the current calendar year. The AFB will act on the recommendations of worker and employer representatives, the key stakeholders in the EI program. This commitment does not require budgeting new spending. **The AFB will also proceed with the expansion of the 2022 pilot test sites for the Service Canada Regional Enquiries Units**, which have proven to provide an effective opportunity to resolve queries and collaborate with stakeholders.

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## Employment and training

In order to strengthen the federal government's commitment to lifelong learning and workforce skills development, **the AFB will redesign and reimplement the Canada Training Benefit**.

Recognizing that affordability remains a major barrier to access to training opportunities, the Canada Training Credit will be made available to workers in advance, rather than as a refundable tax credit. Additionally, the Canada Training Credit will now consider necessary costs related to training opportunities, including, but not limited to, course books and materials, software, child care, transportation, and meals.

To help workers with the cost of living while they take time off from work for training, **the AFB will enhance the Employment Insurance Training Support Benefit** by raising the income replacement rate from 55% to 66%, with a minimum floor of \$450 a week, eliminating the one-week waiting period and extending the maximum duration of benefits from four to 16 weeks. Furthermore, it will now be guaranteed that Employment Insurance training benefits received will not impact eligibility for regular Employment Insurance.

To make the Canada Training Benefit universally accessible, current requirements for both a minimum income threshold of \$10,000 and age range of 25 to 64 years will be dropped. Recognizing the need to ensure that the benefit reaches workers facing labour market discrimination and marginalization, the types of training covered will be expanded to include secondary school completion and upgrading, essential literacy and numeracy training, and English or French as a second language instruction. To facilitate the expansion of types of training covered, the list of approved educational institutions will be expanded to include training programs provided by community organizations and unions.

**Table 6.1 Summary of employment insurance, training and jobs measures**

All figures in \$M

	2023-24	2024-25	2025-26
Lower benefit threshold to lesser of 360 hours or 12 weeks	\$1,080	\$1,080	\$1,080
Restore EI special benefits for migrant premium payers	\$18	\$18	\$18
Raise the standard benefit rate to 66-2/3%	\$3,762	\$3,762	\$3,762
Implement an individual benefit floor of \$450 weekly	\$666	\$700	\$730
Raise the maximum insurable earnings to \$88,00—additional contributions	-\$5,594	-\$5,894	-\$6,204
Raise the maximum EI benefit to \$925/week (1,682/week×55%)	\$4,280	\$4,509	\$4,746
Allow workers to keep first \$100 in "working while on claim" amounts before clawbacks begin	\$325	\$325	\$325
Introduce a 50-week maximum duration in all regions	\$216	\$216	\$216
Direct, predictable government contributions to the EI account	\$2,500	\$2,200	\$2,000
Extend the 50-week limit to 104 weeks on combined special benefits and regular benefits	\$15	\$15	\$15

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# Environment and climate change

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## Introduction

The Intergovernmental Panel on Climate Change's most recent report<sup>1</sup> on the impacts of the climate crisis makes it clear that the danger that a changing climate poses to all of humanity cannot be overstated. A majority of Intergovernmental Panel on Climate Change (IPCC) experts surveyed in 2022 believe Earth is likely to experience over 3°C of warming as nations fail to take sufficient climate action,<sup>2</sup> which will result in catastrophic consequences.

Canada is warming at double the rate of the global average,<sup>3</sup> meaning the risks that insufficient climate action poses to Canada are incredibly severe. As the climate crisis worsens, Canada is certain to experience a significant increase in extreme weather events, including potentially lethal extreme heat, severe flooding, widespread wildfires, disruptions of agriculture and food systems, destruction of coastal areas, and major infrastructure failure. **In response to this great challenge of our times, the AFB will enact an urgent and ambitious plan for action that will truly make Canada a global climate leader.** The AFB plan for climate action commits to engage all levels of government in a process of ending fossil fuel production by 2040, decarbonizing key sectors of the Canadian economy, ensuring a just transition for impacted workers and communities, facilitating a green renewal of municipal infrastructure, and promoting the recovery of biodiversity and ecosystems with Indigenous-led and nature-based climate solutions.

Estimates of the total investment required for Canada to achieve current emissions reduction targets have varied, from \$60 billion<sup>4</sup> to as high as \$140 billion<sup>5</sup> a year. Current federal spending on climate adaptation for 2022–23 falls far short of what is needed, amounting to as little as \$12 billion—0.4% of GDP.<sup>6</sup>

**The AFB will place an immediate moratorium on new fossil fuel extraction and exploration projects and implement a plan to phase out the use of oil, natural gas, and coal by 2040.** Existing plans to expand fossil fuel production in Canada until the late 2030s<sup>7</sup> are incompatible with Canada’s climate commitments. **The AFB will implement an effective moratorium on all new fossil fuel exploration and developments and commit to phasing out the use of fossil fuels by 2040.**

**The AFB will eliminate all federal subsidies and financial support to the fossil fuel industry by the end of 2023.** Continued financial support of the fossil fuel industry by all levels of government in Canada is a direct contravention of Canada’s climate responsibilities. **The AFB commits to transparent accounting and elimination of all forms of federal financial support to the industry,** including tax measures, royalty reductions, loans, guarantees, grants, equity, and funding for research and development.

**The AFB will cancel the Investment Tax Credit for Carbon Capture, Utilization, and Storage and re-direct proposed spending to climate initiatives compatible with a fossil-fuel-free economy by 2050.** While carbon capture, utilization, and storage (CCUS) technologies will play a role in the transition to a post-carbon-emitting economy, many climate science and policy experts have warned against over-reliance on CCUS because it is based on long-term fossil fuel production.<sup>8</sup> **This AFB commits to ending the diversion of climate funding to the fossil fuel industry** by scaling back funding for CCUS fossil fuel production projects, including cancelling the Investment Tax Credit for Carbon Capture, Utilization, and Storage.

**The AFB commits to strengthening Canada’s carbon pricing program to ensure that large emitters pay their fair share and that the most vulnerable groups in society are not negatively impacted by the rising cost of carbon emissions.** An audit of Canada’s carbon pricing program by the Commissioner of Environment and Sustainable Development found that weak standards and exemptions for large emitters reduce the effectiveness of carbon pricing.<sup>9</sup> **The AFB will compel Environment and Climate Change Canada to develop stricter national standards for large emitters** and to work with provinces and

territories to ensure that provincial large-emitter programs meet the enhanced standards. The same audit of carbon pricing policies also found that while Canada's current program had an overall progressive income impact due to existing tax rebates, additional steps were required to ensure that the rising costs of carbon do not burden Indigenous communities and vulnerable groups. **The AFB will institute a more progressive revenue recycling scheme on all revenues raised by further increases in the carbon tax.**

**The AFB will implement a "Green Strings" strategy for federal funding and procurement to ensure that all levels of Canadian government are compliant with the national climate change strategy.**

An effective response to the climate crisis must involve coordinated action across all levels of Canadian government. The AFB will attach climate-related conditions to funding opportunities available across federal departments, including the Department of Finance, Natural Resources Canada, and Innovation, Science and Economic Development Canada. As a condition for receiving funds from the federal government, provinces, territories, and municipalities must develop a net-zero target and emissions reduction plan that meets or exceeds the federal target for 2030. Funding recipients under Green Strings agreements must adhere to requirements for transparency and accountability. The Green Strings strategy also involves new federal criteria for choosing projects and program funding to prioritize maximum expected climate impact.

**The AFB will make historic investments in decarbonizing key areas of the Canadian economy.** Recognizing the urgency of the climate crisis, the AFB makes several major investments to hasten the transformation of Canada's economy to a post-carbon future. This includes:

- Enacting a comprehensive strategy for a green and just transition for Canada's industrial sectors (*see Just Transition Chapter*);
- Funding Transformative Investments in Public and Active Transportation (*see Infrastructure and Cities Chapter*);
- Supporting forms of agriculture that are low-emission and more resilient to the changing climate (*see Agriculture Chapter*).

**In addition to its expenditures on climate transition, the AFB will also take the following actions to transform vital sectors of the economy:**

**This AFB will commit an investment of \$16.8 billion over five years to achieve the decarbonization of Canada's electricity sector by 2035.** To transition to a fossil-fuel-free economy, it is necessary to transform

Canada's electricity sector into one based entirely on clean, reliable, and affordable zero-emissions energy. To achieve decarbonization of the electricity sector by 2035, the AFB invests \$13.1 billion over five years to expand zero-emissions electricity production, improve infrastructure that transmits and stores clean energy, and promote best practices in clean electricity planning and governance. An additional \$4.8 billion will be directed toward zero-emission energy programs designed to benefit Indigenous communities, Northern and remote communities, low-income Canadians, and other vulnerable groups.

**This AFB will commit to an annual investment of \$12.5 billion over five years to jumpstart a national renovation wave that accomplishes the deep decarbonization of buildings and residential homes by 2050.** Buildings and residential homes account for approximately 13% of Canada's greenhouse gas emissions.<sup>10</sup> To meet Canada's emission reduction goals, it will be necessary to address the carbon-emissions impact of 600,000 homes and over 30 million square metres of commercial space by 2040. It is estimated that over \$20 billion of annual investment by property owners would be required to accomplish a 90% reduction in building-based emissions by 2050.<sup>11</sup> The AFB will invest \$12.5 billion over the next five years, in partnership with the provinces and territories, to spur the necessary development of a climate-retrofit industry at a sufficient scale. The program will provide \$10 billion annually to cover 50–75% of the additional costs of climate retrofitting of residential homes, with an additional \$2 billion per year allocated to no-cost renovations for low-income households and social housing. A further \$540 million a year will be allocated for building retrofits and energy efficiency top-ups in Indigenous communities.

**This AFB will commit to taking further action to decarbonize the transportation sector by increasing the cost of high-emissions vehicles and making zero-emissions vehicles more affordable and accessible.** Transportation accounts for one quarter of Canadian greenhouse gas emissions, the second-highest sector behind oil and gas. Due to the predominance of large, high-emission vehicles like SUVs and light-duty trucks in the Canadian market, Canada has one of the highest-emitting vehicle fleets in the world.<sup>12</sup> In addition, electric vehicles are expensive and in low supply—a problem primarily caused by automakers' low production volumes. **This AFB will quickly move forward with a Clean Car Standard.** These regulations will effectively ban the sale of gasoline-powered cars in 2035 by requiring that an escalating percentage of new cars sold be zero-emission vehicles and by issuing fines to automakers that don't shift their business plans to align with a net-zero

future.<sup>13</sup> This AFB will increase the tax base of the existing Green Levy on Fuel-Inefficient Vehicles by expanding the taxable range of excess fuel consumption (in litres/km) in recognition of improved fuel economy since its introduction in 2007 and will eliminate the tax exemption for fuel-inefficient trucks. People purchasing trucks for work-related purposes related will continue to be exempt. Revenues from this expanded levy will be invested in the deployment of ZEV charging infrastructure and the expansion of the iZEV program to include purchase incentives of up to \$500 for electric-assisted bicycles.

**The AFB will allocate \$12.4 billion over five years to climate-change adaptation by reversing and halting biodiversity losses through nature-based climate solutions and ecosystem conservation programs.** Natural ecosystems—like forests, oceans, lakes, or marshes—can act either as sources of carbon emissions or sinks that store carbon from the atmosphere. Protecting and promoting the regeneration of natural ecosystems is key to climate adaptation. Over \$50 billion of investment in natural infrastructure and conservation would be required to reach the full emissions reduction benefits of nature-based solutions.<sup>14</sup> **The AFB will begin to close this investment gap loss by making \$12.4 billion in funding over the next five years available to a wide range of nature-based climate solutions,** as well as ecosystem and biodiversity conservation initiatives. **Furthermore, the AFB will establish sufficient permanent funding for Indigenous-led conservation efforts** and move forward with genuine nation-to-nation models of co-governance of protected lands that respect the rights of Indigenous Peoples laid out in UNDRIP.

**Table 7.1 Summary of environment and climate change measures**

All figures in \$M

	2023-24	2024-25	2025-26
Cancel new CCUS tax credit	-\$70	-\$285	-\$755
Decarbonization of Canada's electricity sector by 2035	\$2,620	\$2,620	\$2,620
Investment in zero-emissions energy programs for Indigenous, Northern and remote communities	\$960	\$960	\$960
Decarbonization of Canada's building and residential sectors by 2050	\$2,500	\$2,500	\$2,500
Increase tax base of existing green levy	\$15	\$15	\$15
Nature-based climate solutions and ecosystem protection	\$2,480	\$2,480	\$2,480

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# First Nations

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## Introduction

In June 2021, Canada passed the *Act to Implement the United Nations Declaration on the Rights of Indigenous Peoples* (UNDA). The UNDA begins a new era of Crown-Indigenous Relations, one where Canada is obligated to fulfill the articles of the declaration.

A corresponding duty to provide whatever is necessary to achieve the aims of the declaration exists and must result in supporting First Nations through the full exercise of their rights. Immediate long-term investments are needed to ensure Canada fulfills its fiduciary obligations to First Nations and addresses longstanding, chronic underfunding.

Restoring the relationship between First Nations and Canada will result in cost savings by providing alternatives to adversarial and costly legal proceedings. Closing the socio-economic gap that exists between First Nations and Canada will lead to an increase of \$27.7 billion in Canada's gross domestic product (GDP) each year, or a boost of about 1.5% to Canada's economy.<sup>1</sup>

Closing the socio-economic gap will remain out of reach unless First Nations are resourced with the appropriate tools to strengthen their nations and with First Nations-led institutions and design-innovative, culturally relevant solutions. The following list of priorities provides the necessary next steps in supporting First Nations' exercise of self-determination.

**Infrastructure.** Public infrastructure investments support the well-being of First Nations and catalyze economic growth. Significant long-term investments are required to meet the immediate needs of First Nations for infrastructure that most Canadians take for granted, including roads and bridges, fire protection, safe drinking water, and access to

high-speed internet to move Canada closer to fulfilling its commitments to close the infrastructure gap by 2030. First Nations governments must have appropriate resources at their disposal to provide for the well-being of their citizens.

**The AFB will invest \$20.5 billion over five years to support upgrading, renovations, operations, and maintenance of First Nations infrastructure** including roads and bridges, community buildings, fire protection, and utilities (electrical power, waste collection/disposal, water supply). **It will invest an additional \$4.4 billion over five years to ensure that all First Nations have reliable access to safe, clean water** supplied through decentralized drinking water systems. Access to clean drinking water and sanitation are essential to health and recognized internationally as a human right. **The AFB will also invest \$650 million over five years to provide the minimum standard of broadband for all First Nations**, which is required to enhance economic development, educational opportunities/supports, health care access, and safety and security. Public infrastructure investments yield a GDP increase of \$1.43 per dollar of spending and create more than nine jobs per million dollars spent.<sup>2</sup>

**First Nations climate leadership.** In the face of a deepening global environmental crisis, First Nations must be positioned to be effective stewards of the lands and waters, offering critical leadership in climate and conservation action. The impacts of climate change are substantial and have the potential to severely undermine social and economic activity in Canada by tens of billions of dollars over the coming decades. Investing in conservation and adaptation solutions will ensure First Nations and Canada can deliver a just, equitable, and resilient future for the next seven generations. **The AFB will invest \$325 million over five years to create a national network of First Nations climate and emergency coordinators** to conduct resilience and self-sufficiency planning for future environmental catastrophes. **It will invest \$15 million over five years to support the creation of a First Nations Climate Institute**, which will be broadly responsible for expert support, facilitation, and coordination for First Nations-led climate initiatives. **The AFB will also invest \$1.5 billion over five years to support First Nations-led conservation efforts to foster environmental and climate resiliency**, including the establishment and maintenance of Indigenous Protected and Conserved Areas (IPCAs) and Guardian programs and the exploration of ecosystem services and nature-based climate solutions. Positioning First Nations as climate leaders through new and ongoing programs affirms First Nations' inherent and treaty rights, title, and

jurisdiction while enabling innovative and effective climate solutions for the future. Current data on the Indigenous Guardians initiative suggest that \$2.50 is returned for every federal dollar invested in social, cultural, and economic outcomes.<sup>3</sup> According to Article 29 of the United Nations Declaration on the Rights of Indigenous Peoples, “Indigenous Peoples have the right to the conservation and protection of the environment and the productive capacity of their lands or territories and resources. States shall establish and implement assistance programs for Indigenous Peoples for such conservation and protection, without discrimination.”

**Governance.** First Nation governments provide essential services to their citizens. The COVID-19 pandemic further demonstrated this reality as governments quickly responded with food hampers, health and safety checkpoints, and critical information to keep citizens safe. As Indigenous Services Canada works towards its obsolescence, First Nation governments must be adequately supported to continue delivering services to their citizens while readying themselves to resume their jurisdiction over the design, delivery, and control of programs and services. First Nations must have the capacity to realize their cultural, economic, environmental, and political goals through actions and institutions of their own design. “Current funding for First Nation governance amounts to just over 3% of expenditures, whereas most governmental organizations operate in the 10–15% range of expenditures. This is simply unsustainable for our governments.”<sup>4</sup> **The AFB commits to \$3.5 billion over five years to supplement existing programs to improve financial, administrative, and political governance for First Nations.** This would ensure the retention of qualified staff, institutional development, and increased service delivery by First Nation governments for their citizens. This is the essential infrastructure needed to reduce inequality, support the implementation of the other investments outlined in this chapter, and provide a foundation for self-determination by First Nations.

**United Nations Declaration on the Rights of Indigenous Peoples.** A robust First Nations-led process is needed to support the development and implementation of the United Nations Declaration on the Rights of Indigenous Peoples’ National Action Plan to usher in a new era of improved relationships between the Crown and First Nations. First Nations’ rights cannot be unilaterally implemented by Canada; that must be done in partnership with First Nations’ rights holders and their representative institutions. **The AFB will invest \$372.5 million over five years to support First Nations in the essential work of nation-building and standing up for First Nations’ laws and legal orders**

**to replace colonial legislation** such as the *Indian Act* and to ensure First Nations lead the ongoing review of laws and policies for alignment with the declaration and annual reporting to parliament. Article 4 of the United Nations Declaration on the Rights of Indigenous Peoples states that “Indigenous peoples, in exercising their right to self-determination, have the right to autonomy or self-government in matters relating to their internal and local affairs, as well as ways and means for financing their autonomous functions.”

**Truth, reconciliation, and healing.** It has been one year since the detection of more than 215 children from the Kamloops Indian Residential School. Canadians are finally coming to terms with the legacy that First Nations have known all along. Despite this, more is needed to ensure First Nations can recover their loved ones and undertake continued paths to healing. There are many more victims to be discovered and commemorations to undertake, each representing a life, a family, and a First Nation that was deprived of a young person.<sup>5</sup> While the federal government has provided some temporary assistance to First Nations, focused investments are needed to ensure that First Nations are supported to investigate any crimes committed, commemorate and honour victims, survivors, and their families, and ensure that adequate health supports are in place to bolster existing programming that supports First Nations’ trauma-informed healing. **The AFB will invest \$1.2 billion over two years to provide immediate and flexible technical support for First Nations that want to search for, investigate, or commemorate unmarked or mass graves located on former Residential School sites. The AFB will invest \$567 million over five years to the Indian Residential Schools Resolution Health Support Program to enhance support for survivors and their families and mitigate compassion fatigue for healthcare workers providing essential support. The AFB will also invest \$867 million over five years to support the creation of a new First Nations Healing Foundation.**

**Table 8.1 Summary of First Nations measures**

All figures in \$M

	2023-24	2024-25	2025-26
Operations and maintenance of First Nations infrastructure, including: roads and bridges, community buildings, fire protection, and utilities	\$4,100	\$4,100	\$4,100
Ensure that all First Nations communities have reliable access to safe, clean drinking water	\$880	\$880	\$880
Provide the minimum standard of broadband for all First Nations communities	\$130	\$130	\$130
Network of First Nations climate and emergency coordinators	\$65	\$65	\$65
First Nations-led conservation efforts to foster environmental and climate resiliency	\$300	\$300	\$300
Funding to support First Nations' governance	\$700	\$700	\$700
Standing up of First Nations' laws and legal orders to replace colonial legislation	\$75	\$75	\$75
Search, investigate or commemorate unmarked or mass graves located on former residential school sites	\$600	\$600	\$0
Additional support for the Indian Residential Schools Resolution Health Support Program	\$113	\$113	\$113
Creation of a new First Nations Healing Foundation	\$173	\$173	\$173
National school food program	\$200	\$200	\$200
Have land-based harvest make up 25% of total Nutrition North Canada expenditures	\$20	\$21	\$22
Further support the Local Food Infrastructure Program	\$10	\$10	\$10
Create the new Indigenous food models program	\$15	\$15	\$0

## Notes

<sup>1</sup> National Indigenous Economic Development Board. 2016. *Reconciliation: Moving Canada Forward by \$27.7 Billion*.

<sup>2</sup> The Broadbent Institute. 2015. *The Economic Benefits of Public Infrastructure Spending in Canada*.

<sup>3</sup> Indigenous Leadership Initiative, and Tides Canada. 2016. *Analysis of the Current and Future Value of Indigenous Guardian Work in Canada's Northwest Territories. Dehcho First Nations, Lutsel K'e Dene First Nation*.

<sup>4</sup> Daniel Wilson, Assembly of First Nations. February 5, 2020. Witness Testimony. House of Commons Standing Committee on Finance.

<sup>5</sup> In 2021, the AFN participated in public polling research, finding only 10% of Canadians are very familiar with the history of the Residential School System. Abacus Data. 2021. *Canadians React to The Discovery of Remains At Residential School*.

# Food security

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## Introduction

Canada has ratified the UN International Covenant on Economic, Social and Cultural Rights, which assigns our government the legal duty to guarantee its citizens the right to adequate food. Food is a basic human right. We all have the right to feed ourselves, our families, and our communities in dignity.

When it ratified the International Covenant on Economic, Social and Cultural Rights in 1976, the federal government entered into an international legal obligation to ensure the full realization of the right to food for everyone living in Canada—to respect (to not infringe upon), protect (prevent third parties from infringing upon), and realize (put in place programs) this right. Yet, before COVID-19, more than 4.4 million people in Canada were already living with food insecurity, and the number was rising.

Food insecurity is more fundamentally driven by income insecurity. With sufficient income, low-income families can buy their own food, as most Canadians do. To tackle food insecurity generally, Canadians must have access to income security.

**The AFB will tackle the root causes of food insecurity by establishing an income floor through the creation and reinforcement of four pillars of income support.** This will support Canadians throughout their lives and through major life transitions (see the Poverty and Income Security chapter). **The AFB will create a new Healthy Foods, Healthy Communities program, whose goal would be to increase access to healthy, local, and sustainably produced food in low-income neighbourhoods through government-funded, non-profit managed programs.** This could take the form of good food boxes, good

food markets, and food and vegetable prescriptions and subsidies. This program would be funded as a pilot program with \$20 million over three years. **The AFB will also ensure that those who are disproportionately experiencing food insecurity, including Indigenous Peoples, Black, and racialized communities, lead and coordinate appropriate and distinct responses.**

School food programs exist all over the country and, indeed, around the world. They involve providing a meal or snack to children. A national school food program would bring together the policy priorities laid out in this chapter, with multiple and interlinked benefits rippling out across education, health, food systems, and local economies. In addition to improving the physical and mental health of children and youth, well-designed programs enable them to develop the skills and literacy needed for a lifetime of healthy eating; they improve readiness to learn at school; they support local, sustainable food production and processing; they work to address the climate emergency; and they have a positive impact on all families, particularly women who invest a significant amount of time preparing food for school. Universality is an important principle because it ensures equitable and dignified access for children and builds on existing widely supported and successful social protection benefits. Supporting the development of Indigenous-led and -oriented school food programs would also advance Indigenous food systems and sovereignty.

December 16, 2021, marked the historic first-ever inclusion of a commitment “to develop a National School Food Policy and work towards a national school nutritious meal program” in the mandate letters to the ministers of Agriculture and Agri-Food and Families, Children and Social Development. To follow through on that commitment, the **AFB will allocate \$1 billion over five years. It will collaborate with provinces, territories, and First Nation, Métis, and Inuit partners to provide them with an initial \$200 million to fund their existing school food programs.** Provinces and territories would receive money for universal programs that serve food based on the [2019 Food Guide](#) and do not market to kids or collect standardized data. **The AFB will allocate \$200 million for a dedicated School Food Fund for infrastructure to enhance kitchens, food service, and other facility infrastructure so that schools can serve healthy food.<sup>1</sup> The AFB will also enter into discussions with Indigenous Nations and leaders to negotiate independent School Food Policy agreements for long-term and sustainable funding for First Nation, Métis, and Inuit school food programs.** Canada is the only G7 country without such a federal involvement in a cost-shared school food program and is one of the only

OECD countries without a program. UNICEF has criticized Canada on child nutrition. The AFB addresses this issue.

**The AFB will ensure Indigenous Food Sovereignty.** Despite promises made by the British crown through the Royal Proclamation of 1763, the Treaty of 1764, subsequent treaties, and UNDRIP, Canada has, in the words of a previous Supreme Court of Canada chief justice, practiced genocide. The ongoing reality of colonialism in Canada includes food deprivation, stolen lands, interference with access to sources of food sovereignty, poisoning of the waters and lands and other destruction of habitat for traditional food, medicine, and other economic resources, along with the marginalization of Indigenous women and others. In place of a system based on natural law and respect for the sacred elements and all of life, colonialism has created dependency-based food structures (e.g., imports, state supports) that undermine food sovereignty and allow even culturally weak food insecurity to perpetuate. Demand for culturally appropriate traditional foods—which reduce dependency, improve health, increase connection to land and culture, and bring pride in self to community members—are rising and unmet. Some communities are also facing this crisis within the context of boil water advisories and crowded living conditions, leading to further challenges with respect to following COVID-19 health guidelines and ensuring adequate food supply (See the Water chapter). Yet, critically, Indigenous communities across the country are innovating local approaches to address COVID-19-related food challenges. These communities know what will best meet the urgent needs of today while building foundations for a resilient future. The path forward requires a rights-based approach to Indigenous food sovereignty.

**The AFB will support Indigenous food sovereignty. It will initiate Nutrition North Canada (NNC) reform,** including increasing land-based harvest supports to a minimum of 25% of total NNC expenditures. **The AFB will provide direct support to Indigenous-led and Indigenous-serving groups that are focused on Indigenous food systems,** for instance, through the Local Food Infrastructure Program. **The AFB will support communities to design new models and support and reinvigorate Indigenous food ways, such as community kitchens, gardening programs, greenhouses, other community-led infrastructure, hunter support programs and goose camps.** This could also include support for Indigenous-led cooperatives and other non-profit-motivated grocery stores and other traditional/country food and supplies. **The AFB will also provide distinct, appropriate state investments in Indigenous communities** (child welfare, education, minor/major capital and infrastructure). (See the First Nations chapter.)



**Table 9.1 Summary of food security measures**

All figures in \$M

	2023-24	2024-25	2025-26
Healthy Foods/Healthy Communities program	\$7	\$7	\$7
National school food program	\$200	\$200	\$200
Have land-based harvest make up 25% of total Nutrition North Canada expenditures	\$20	\$21	\$22
Further support the Local Food Infrastructure Program	\$10	\$10	\$10
Create the new Indigenous food models program	\$15	\$15	\$0

## Notes

<sup>1</sup> Further Reading: Coalition for Healthy School Food's

# Gender equality

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## Introduction

The pandemic and its considerable shadow loom large, and the need to build back better is more urgent than ever. It's especially urgent for the marginalized women who experienced its most damaging impacts, including increased violence, greater isolation, poor health, heightened economic insecurity, and a loss of access to vital community supports. The pandemic also blew open Canada's social safety net, revealing porous income security programs, the precariousness of fundamental services such as market-based child care, and the exploitative character of migrant worker programs that literally locked up migrant care workers in the home of their employers. Women with disabilities continue to struggle with access to the most basic supports.

AFB 2023 outlines five key initiatives essential to the health and well-being of women and gender-diverse people: investment in the care economy, the introduction of an *Employment Equity Act*, ending violence against women and girls, improving access to reproductive health services, and supporting an independent women's movement.

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## 1. Invest in the care economy

The pandemic's devastating impact on long-term care centres, access to in-person schooling, child care and home care services revealed the fragile state of care in Canada and its importance to the economy, families, and the community. COVID-19 also exposed the link between the wages, job security and working conditions of care workers and the quality of care—with tragic results. Even today, with vacancies across

the care economy at record-high levels, wages remain low, especially for the lowest-paid and most precarious workers. Governments are turning to temporary foreign workers and staffing agencies to meet the demand, further undermining the working conditions of care workers (see the Child Care, Long-term Care, Health Care, and Immigration chapters).<sup>1</sup>

**The AFB will establish a National Care Economy Commission** (\$30 million over three years), as recommended by the Standing Committee on the Status of Women and pursuant to Canada's obligations as a member of the Global Alliance for Care.<sup>2</sup> Using an intersectional framework, the commission will examine paid and unpaid care work in Canada and develop a roadmap for expanding the stock and quality of publicly managed non-profit care. The commission will promote the recognition, reduction, and redistribution of unpaid care and domestic work and the remuneration and representation of paid care workers.<sup>3</sup> It will support the development and coordination of sector-specific and evidence-based standards for quality service in different fields (e.g., long-term care) and sector-specific labour force strategies, with the goal of improving working conditions and rates of pay among these undervalued, largely female and racialized workforces. The goal will be to establish permanent sector councils that promote and support the delivery of quality care and decent work across the country.

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## 2. Introduce a robust and well-resourced *Employment Equity Act*

Action is needed to create the enabling conditions for women to engage in paid employment and address the structural disadvantages and barriers that different women and other marginalized communities face. This includes investments, for example, in high-quality child care, employment supports for women with disabilities, robust employment standards, and protections such as access to paid sick leave, pro-rated benefits for part-time workers, and equitable access to employment opportunities and advancement.

**The AFB will ensure equity-seeking groups and historically disadvantaged communities have equitable access to the labour market.** Taking the advice of the Task Force on Modernization of the Federal *Employment Equity Act*<sup>4</sup> into account, the AFB will create the architecture and provide the resourcing necessary to support and enforce implementation of the act and mandate regular independent public reviews of progress through an intersectional lens and with the active participation

of equity groups. The AFB will allocate \$20 million per year over the next five years for the initial development phase and ensure that the new Employment Equity regime is aligned with the efforts of Office of the Pay Equity Commissioner and Office of the Accessibility Commissioner.

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### 3. End violence against women and girls

The increased gender-based violence that accompanied the pandemic came as no surprise. Gender-based violence (GBV) staff and volunteers documented a rise in the incidence and severity of violence,<sup>5</sup> depression, anxiety, and self-harm among victims trapped in abusive situations,<sup>6</sup> including Indigenous women,<sup>7</sup> those with precarious immigration status,<sup>8</sup> and women with disabilities.<sup>9</sup> In response, the government allocated an initial \$100 million to shelters serving women and children fleeing violence, sexual assault centres, and other programs to help them purchase supplies and reorient their services. In January 2021, the federal and provincial/territorial governments struck an agreement “to develop”<sup>10</sup> a National Action Plan to End Gender-Based Violence. More than \$600 million was promised in budget 2021 to support new programming over five years and \$2.2 billion to “accelerate” work on a National Action Plan<sup>11</sup> in response to the Calls for Justice outlined in the 2019 Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls.<sup>12</sup> In budget 2022, \$539.3 million over five years was set aside for the provinces and territories to enhance their efforts to prevent GBV and support survivors. These are significant investments, but little progress has been made on the development of a comprehensive 10-year National Action Plan to prevent and combat all forms of violence against women—as recommended and outlined by a leading coalition of gender equality organizations led by Women’s Shelters Canada (WSC)<sup>13</sup>—or a clear plan and timetable for the implementation of 231 Calls for Justice by the federal government.

**The AFB will develop and implement a fully resourced National Action Plan to combat all forms of violence against women and gender-diverse people,** in collaboration with survivors, frontline workers, and equality-seeking organizations. The plan will include clear goals and targets for reducing violence; an effective administrative focal point for developing, implementing, and evaluating the National Action Plan; an independent mechanism for monitoring and publicly reporting on progress and lessons learned; escalating investments in prevention and wraparound support for survivors, provided via well-resourced community service organizations; and strategies for reforming legal and

justice systems. Moving forward, a permanent funding stream in support of community and non-profit programming will be established.

**The AFB will take action to create a fully-resourced implementation plan to prevent and combat all forms of violence against First Nations, Inuit, and Métis women, girls, and Two-Spirit Peoples**—under the guidance and oversight of Indigenous women's organizations and grassroots organizations representing Indigenous women and their families across the country. The AFB will also expedite and support the process for eligible Indigenous women to register their children under changes to the *Indian Act*. This would make newly registered children eligible for services that are already available to those who are registered on reserves. The initial administration costs would be \$70 million, with ongoing costs of \$300 million a year.

**The AFB will ratify and implement ILO Convention C190 on violence and harassment in the world of work**, with \$20 million a year in funding. This would embrace a comprehensive definition of employees (e.g., interns) and apply to all situations arising in the course of, linked with, or arising out of work, including homes as workplaces and experiences of third-party violence (e.g., from customers). This AFB will also expand access to domestic violence leave to a minimum of 10 paid days and 10 unpaid days in federally regulated sectors.

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## 4. Improve access to reproductive health services

Canada has stepped up on the world stage as a leader in the fight for sexual and reproductive health and rights (SRHR). Its commitment to SRHR principles and targeted long-term financial support are essential in a context of rising anti-gender movements and threats to women's rights and the advance of gender equality around the world. Canada has a role to play in countering these attacks by being a strong champion for SRHR and gender equality, at home and abroad. In Canada, there are several areas that demand attention to strengthen existing services and supports to ensure that all children and young people, including young people with disabilities, have access to high-quality, scientifically accurate, and comprehensive sexuality education within their jurisdictions.<sup>14</sup> Access to information is essential to the realization of a wide set of rights relating to sexuality, gender, reproduction, livelihoods, and education. The 2021 budget allocation of \$45 million to improve access to sexual and reproductive health care support, information, and services—including abortion services—was an important acknowledgement that many

continue to face significant barriers in accessing needed care. The federal government can support community care providers to fill critical gaps in service and forcefully uphold and ensure compliance with the *Canada Health Act*. Current negotiations for a national pharmacare program, including a national formulary, represent another key opportunity to uphold reproductive and sexual health and rights by providing universal free access to contraceptive supplies. Access to contraception is essential to health, achieving gender equality and women's empowerment, realizing public health goals, and significantly reducing health care costs.<sup>15</sup>

**The AFB will develop and launch a national five-year strategy to support the standardization of and equitable access to quality, evidence-based comprehensive sexuality education** across Canada and a corresponding training program for professional sexual health educators.<sup>16</sup> Such an initiative would empower young people and raise the bar on the quality of education, emphasizing the impacts of colonialism, racism, ableism, homophobia, transphobia, sexism, etc., on the social determinants of health (\$20 million).

**The AFB will establish a public, universal, single payer pharmacare plan** with a national formulary that includes the full range of sexual and reproductive medicines, commodities, and devices for all (see Health Care chapter).

**The AFB will make permanent the Sexual and Reproductive Health Fund** housed at Health Canada (set to expire in 2024), to continually address gaps in access to abortion care and systemic barriers to sexual and reproductive health care. The AFB will also make permanent the new National Sexual Health Survey, which is currently under development.

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## 5. 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.<sup>17</sup> The current government has significantly increased funding to women's rights and equity-seeking organizations over several years, including funding for time-limited projects under the Women's Program and Gender-Based Violence Program, and, during the pandemic, \$300 million in emergency financial aid for shelters and anti-violence organizations that is set to expire in March 2023. More recently, new capacity funds have been made available to organizations representing and serving the 2SLGBTQ+ community. Starting in 2017–18, transfer payments to external organizations (under all granting programs)

rose from \$20.8 million to \$65.8 million in 2019–20, and then to \$168.3 million in 2020–21 with the announcement of emergency funds.<sup>18</sup> Transfers are expected to rise until 2022–23 as project funding under the Feminist Response and Recovery Fund and National Action Plan are disbursed, but then fall back to pre-pandemic levels in 2024–25. The steepest declines will be experienced by organizations supported through the Women's Program. Project funding is forecast to fall by a factor of 10, from \$201.7 million to \$24 million over this period. Likewise, the departmental budget for Women and Gender Equality Canada will fall from a projected high of \$310.3 million in 2022–23 to \$115 million in 2024–25—from 0.08% to 0.03% of total government expenditures, slightly above the average for the 2008–18 period (0.01%). Hundreds of organizations have benefitted from the current financial support, rebuilt organizational capacity after years of scraping by, responded to pressing community needs, and worked to advance and sustain gender equality. As the focus shifts from pandemic response to recovery and beyond, stable core funding is essential to carry out this vital work at levels that reflect the scale of the challenge.<sup>19</sup>

**The AFB will commit \$100 million per year for women's and gender equity organizations under the Women's Program**, including those working at a national level on advocacy, research, education, policy analysis, and legal reform to advance the rights of women and gender-diverse people. The AFB commits to providing multi-year, flexible funding to organizations that will fully cover administrative/core costs to enhance their financial security and program impact.<sup>20</sup>

**The AFB will increase the LGBTQ2 Capacity Building Fund to \$25 million a year annually.**<sup>21</sup> Capacity-building funds are essential to helping 2SLGBTQ+ community organizations meet the needs of their communities and address the root causes of systemic inequities. The AFB will also make permanent funding for the LGBTQ2 Secretariat.

**Table 10.1 Summary of gender equality measures**

All figures in \$M

	2023-24	2024-25	2025-26
Establish a National Care Economy Commission	\$10	\$10	\$10
Strengthen the Employment Equity Act	\$4	\$4	\$4
Support the process for eligible Indigenous women to register their children under changes in the Indian Act	\$70	\$300	\$300
Implement ILO Convention C190 on violence and harassment at work	\$20	\$20	\$20
Expand access to domestic violence leave to 10 paid days and 10 unpaid days in federally regulated sectors	\$5	\$5	\$5
Create comprehensive sexuality education strategy	\$4	\$4	\$4
Make permanent the Sexual and Reproductive Health Fund		\$15	\$15
Improve support for women's and gender equity organizations under the women's program	\$100	\$100	\$100
Improve and extend funding for the 2SLGBTQ+ Capacity Building Fund	\$25	\$25	\$25
Funds already in the fiscal framework	-\$7	\$0	\$0

## Notes

**1** Armine Yalnizyan. June 15, 2022. "Laura' spoke on condition of anonymity. Her story of what's happening in nursing is a warning to us all." Toronto Star.

**2** The Global Alliance for Care is a global multi-stakeholder initiative launched by the National Institute of Women in Mexico (INMUJERES) and UN-Women at the UN sponsored Generation Equality Forum in 2021.

**3** ILO. 2018. Care work and care jobs for the future of decent work.

**4** Employment Equity Review Task Force: <https://www.canada.ca/en/employment-social-development/corporate/portfolio/labour/programs/employment-equity/task-force.html>.

**5** Women's Shelters Canada. 2020. Shelter Voices; Brenna Owen. October 15, 2020. "Calls to Canadian domestic violence helplines jump during pandemic." CTV News.

**6** A.L. Trudell & E. Whitmore. 2020. Pandemic meets Pandemic: Understanding the Impacts of COVID19 on Gender-Based Violence Services and Survivors in Canada. Ottawa & London, ON: Ending Violence Association of Canada & Anova.

**7** Paula Arriagada, Tara Hahmann and Vivian O'Donnell. 2020. Perceptions of safety of Indigenous people during the COVID-19 pandemic. Statistics Canada, Catalogue no. 45280001.

**8** Barbra Schlifer Clinic. 2020. COVID-19 and the increase of domestic violence against women. Submission to the United Nations Special Rapporteur on Violence Against Women.

**9** Sonia Alimi, Jihan Abbas & Bára Hladík. 2020. The Impact of COVID-19 on Women living with Disabilities in Canada. Submission to the Parliamentary Committee on the Status of Women.

**10** Federal Provincial and Territorial Governments. 2021. Joint Declaration for a Canada free of Violence.

**11** Core Working Group. 2021. Missing and Murdered Indigenous Women, Girls, and 2SLGBTQQIA+ People National Action Plan. Several groups have prepared their own plans to combat violence among Indigenous women, posted on the NAP website. The federal government's contribution is called the Federal Pathway.

**12** National Inquiry into Murdered and Missing Indigenous Women and Girls. 2019. Reclaiming Power and Place: The Final Report.

**13** A. Dale, K. Maki and R. Nitia (2021), Roadmap for a National Action Plan on violence against women and gender-based violence, Women's Shelters Canada.

**14** Sex Information and Education Council. 2019. Canadian Guidelines on Sexuality Education.



- 15 Adam Sonfield, et al. 2013. [The Social and Economic Benefits of Women's Ability to Determine Whether and When to Have Children](#), New York: Guttmacher Institute.
- 16 Action Canada for Sexual Health and Rights (nd), [Written submission for 2022 pre-budget consultations](#), Submission to Standing Committee on Finance.
- 17 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.
- 18 All figures are rounded to the nearest \$million.
- 19 LEAF. 2022. [Submission to House of Commons Standing Committee on Finance](#).
- 20 Canadian Women's Foundation and Community Foundations of Canada. 2020. [Principles for Feminist Funding](#).
- 21 See Enchanté Network: [Call for investment](#).

# Health and health equity

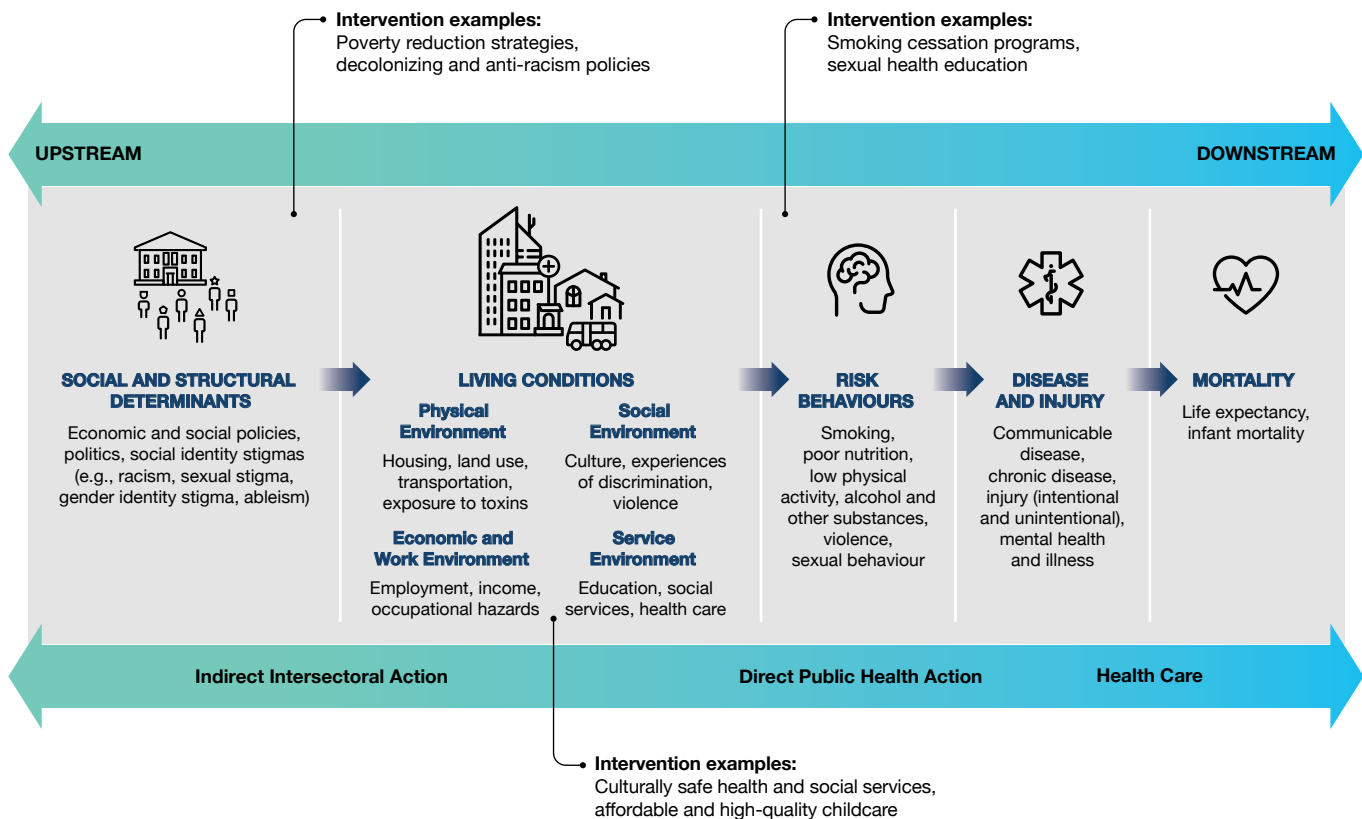
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## Introduction

*Health* is a holistic concept that includes the physical, social, mental, spiritual, cultural, economic, and ecological well-being of individuals and communities. It is a resource for living.<sup>1</sup> Health is not distributed evenly across the population. *Health inequities* refer to differences in health that are unfair because they are associated with structural and social disadvantages that are systemic, modifiable, and avoidable. They are rooted in imbalances of power and resources, which place already disadvantaged groups at further risk of poor health outcomes.<sup>2</sup> Health inequities have clearly been seen during the COVID-19 pandemic, where groups who experience poor working and living conditions have been at greater risk of contracting the virus, getting sick, and dying.<sup>3</sup> Health inequities are not new; the pandemic just made them impossible to ignore.

As shown in Figure 11.1, a vision of health and well-being for all requires a continuum of approaches that crosses policy domains, government departments, and levels of governments, including:<sup>4</sup> **upstream approaches**, which target social and structural factors that shape the quality of the conditions in which we are born, grow, live, work, and age; **midstream approaches**, which aim to mitigate the effects of vulnerabilities that manifest in peoples' living and working conditions and experiences; and **downstream approaches**, which aim to support people who are already experiencing health problems.

Figure 11.1 Continuum of approaches to address health and its determinants<sup>5</sup>



For the model in Figure 11.1 to be effective, it needs expression in specific and coordinated public policies and funding. Although this task is complicated by the fact that our governments are siloed in their departmental mandates and that constitutional powers are divided, a vision of health and well-being for all makes it a worthwhile one indeed.

**1. This AFB will commit to an overarching framework for well-being.** At the most upstream level, health inequities are rooted in unfair economic and political systems. In a well-being economy, the quality of life for all people and the natural world is at the centre of decision-making.<sup>6</sup> In its 2021 federal budget, following from 2019 mandate letters,<sup>7</sup> the federal government introduced the Quality of Life framework,<sup>8</sup> which is potentially the first step towards a well-being vision that strongly aligns with upstream determinants of health.<sup>9</sup> The 2021 budget included significant contributions to Statistics Canada for data infrastructure to support this particular whole-of-government initiative, including \$13 million over five years for quality of life data and \$172 million over five years to implement a Disaggregated Data Action Plan to support

more representative data collection. A litmus test for the success of the Quality of Life framework will be the extent to which, if at all, it guides governmental reform that is bold and mission-oriented in re-framing the role of government.<sup>10</sup> **This AFB will commit \$3 million to support independent, advocacy-oriented NGOs to play a watchdog role** with respect to tracking the initiative and reinforcing accountability. **It will also commit \$3 million to CIHR and SSHRC to fund joint, critically oriented, interdisciplinary academic-community partnered research** to provide rigorous assessment of the framework and its implementation.

**2. This AFB will strengthen a coherent cross-policy vision to equitably address the social and structural determinants of well-being and health equity, including research and evaluation.** As shown in Figure 11.1, many of the key social and structural determinants of well-being and health equity lie outside of the health sector. Consistent with a whole-of-government approach, **this AFB commits to coordination of policy levers and funding mechanisms towards fairness and inclusion**, including: racial equality, gender equality and Indigenous equality; accessible Employment Insurance; poverty and income supports; a just transition to green energy, affordable housing and the elimination of homelessness; inclusive infrastructure and cities; affordable child care; training and employment supports; affordable post-secondary education; and high-quality long-term care. **The AFB will commit \$2 million to place academic researchers with expertise in healthy public policy, health equity, and the political economy of health within the federal government**, to study inter-departmental mechanisms, processes, and activities towards the vision depicted in Figure 11.1, including its alignment with the overarching Quality of Life framework.

**3. The AFB will strengthen policies and programs that lie at the intersection of the broader structural determinants of health and the health care system.** By meaningfully engaging with communities and taking an upstream approach to preventing illness in the first place, we can begin to reduce the level of pressure and demands on health care systems.

**Public health**, as distinct from health care, includes a combination of programs, services, and policies that aim to keep people healthy and prevent injury, illness, and premature death.<sup>11</sup> Such a broad vision of public health is consistent with the AFB's overarching framework for well-being. Yet, the COVID-19 pandemic has made it abundantly clear that we are not working towards this broader version. Investigations following the SARS pandemic of 2002–03 led to important efforts to strengthen public health infrastructure (e.g., the creation of the Public Health Agency of

Canada and many post-secondary education programs in public health). Today, however, public health remains siloed within governments and is incorrectly conflated with primary (clinical) care. **The AFB commits \$22 million to an independent commission to lead a national public inquiry on COVID-19, with the explicit mandate to articulate the contours of, and identify ways to operationalize, a cross-sectoral vision of public health that includes but de-centres its activities as an arm of the health system, and that aligns with Figure 11.1 and the overarching vision of well-being.**

With respect to public health services and programs, due to the immense pressures placed on communicable disease control activities during the pandemic (e.g., contact tracing), key elements of public health practice, such as prevention, health promotion, and surveillance, were largely put on hold in many jurisdictions. Moreover, the lack of clarity around roles and responsibilities, and conflicting mandates, contributed to avoidable illnesses and deaths, as well as an erosion of public trust. These problems reflect an ongoing weakening of formal public health systems because of inadequate funding and trends in many jurisdictions to combine public health with primary care without recognizing its distinct values and aims.<sup>12</sup> To redress these problems, **this AFB commits \$5 million to support inter-governmental collaboration, coordinated by national and provincial/territorial public health associations, to clarify and strengthen the formal public health system by:**

- Articulating core public health system functions and services (e.g., prevention, health promotion, health protection, surveillance);
- Committing to Health Equity Impact Assessments across all public health services, programs, and policies;<sup>13</sup>
- Clarifying responsibilities and accountabilities of senior public health officials (e.g., Chief Public Health Officers);
- Exploring, with the intent of addressing the pernicious effects of medicalization, alternative pathways to becoming a Public Health Officer other than through medicine;
- Identifying feasible structures and mechanisms to ensure a transparent and public role for scientific advice;
- Strengthening data and information availability;
- Developing a plan for ongoing public education about what public health is and does, and why it is important;

- Potentially building legislation in the form of a Canada Public Health Act.

**Employment and working conditions** are important determinants of well-being and health equity. The concept of *decent work* recognizes the importance of both working conditions, including exposures faced in the workplace, such as physical and psychosocial hazards, and employment conditions, including job security and wage/benefit adequacy.

Working conditions and employment conditions are linked. Precarious employment—in which certain populations such as women, migrants, racialized people and workers with disabilities are overrepresented—often involves hazardous working conditions and inadequate protections.<sup>14</sup>

To work towards the important goal of decent work for all, **this AFB commits to substantive efforts to improve working conditions, pay/benefits, security, recognition, and representation for frontline workers across the full care economy, including paid and unpaid work and its intersectional dimensions.** This will be achieved through the establishment of a National Care Economy Commission (see the *Gender Equality* chapter). **The AFB also commits \$12 million over two years to develop and implement air quality and ventilation standards for workers in federally regulated industries,** including by expanding the scope of the Enabling Accessibility Fund under the Accessible Canada Act to include ventilation retrofits.

**Communities** are integral to public health and health equity. The leadership shown by community organizations in providing services and supports at local levels during the COVID-19 pandemic has demonstrated the essential nature of these local organizations, yet they are not a formal part of public health systems. They face significant challenges to capacity and sustainability due to inadequate and short-term funding. **This AFB commits \$500 million a year, for five years, to cover the operating costs of 250 new community health centres,** which<sup>15</sup> will support a local, comprehensive approach to neighbourhood well-being across the country. **The AFB will also commit \$5 million to support the work of a joint community-federal government task force convened to identify ways to formalize the role of community leadership into federal policies and funding,** in ways that would:<sup>16</sup> strengthen efforts at the neighbourhood scale, ensure accountability for community involvement in governance and decision-making, build community and equity into data architectures, and confront structural and historical barriers to systems transformation.

There is also a need to strengthen connections between health care systems and community-based systems of support, consistent with a comprehensive vision of primary health care.<sup>17</sup> *Social prescribing*, also known as *community referral*,<sup>18</sup> is a whole-person approach that connects Canada's currently fragmented health and social services by referring people to a range of local, non-clinical supports and services (e.g., volunteer opportunities, caregiver supports, food access) to improve their well-being. It can support action on social determinants of health and reduce health care worker burnout.<sup>19</sup> **Building on the momentum of the newly established Canadian Institute for Social Prescribing,<sup>20</sup> this AFB commits to \$200 million a year, for five years, to hire and train 1,000 social prescribing navigators to link services across the country** and to provide an independent client and policy advocacy function.

**4. This AFB will build and strengthen a fully funded, universal, public health care system, from 'head-to-toe'.** Canadians take great pride in our universal public health care system. Indeed, it has several strengths, including, under the *Canada Health Act*, public administration, funding, and delivery; universal coverage for a limited range of medical services including care from physicians and in hospitals; portability of benefits across jurisdictions; and an objective of equitable accessibility. Unfortunately, it also has limitations. It is somewhat of a patchwork. Certain services—such as those related to dental, vision, mental health, hearing, and home care—are largely excluded and fall to income-based state welfare, private individual payment, and various forms of private insurance. This creates a two- or multi-tiered system, making Canada an outlier internationally. Basic services are available to some populations but not others; examples include differential coverage depending on immigration status and differential access created by language barriers. Finally, there are significant social inequities in how people experience the health care system, reflecting embedded stigma and discrimination.<sup>21</sup>

**The AFB commits to an inclusive, 'head-to-toe' vision for our health care system that builds on the social and political capital of Medicare and its principles of universality, public financing and delivery, accessibility, and social justice.** Provinces and territories continue to demand increases to the Canada Health Transfer<sup>22</sup> and the right to determine how to spend the funds. However, we cannot continue to throw money at health systems with minimal conditions or that are outside of *Canada Health Act* parameters. Although there are important challenges associated with federalism, the federal government has the legislative (*Canada Health Act*) and funding (*Canada Health Transfer*) mechanisms to achieve this vision. But it must enhance its role as a bold

leader and negotiator. The federal department of health must play a role as an incubator and catalyst for health care system reform proposals.<sup>23</sup>

The 60th anniversary of Medicare provides an important opportunity to think deeply and act boldly to redress these problems. To protect the core values of our public health care system, via bold federal leadership to strengthen accountability via legislative and funding mechanisms, **this AFB commits \$23 million to fund an independent, high-profile commission with a strong public mandate to review Medicare and recommend policies and measures to sustain and improve the system and ensure accountability.** This mandate will include revisiting the important work of previous commissions<sup>24</sup> and bringing the principles and ideas into the present context. This commission should coordinate and ensure that its recommendations align with the proposed National Care Economy Commission (see the *Gender Equality* chapter) and the broad, whole-of-government approach to well-being and health equity (**Figure 11.1**). In recognition of the constitutional division of powers and the desire of provinces and territories to have independence and autonomy in how they spend Canada Health Transfer funds, **this AFB recommends that the commission identify recommendations for practice innovations** in different areas (e.g., equitable virtual care) that permit provinces/territories to develop their own solutions while remaining anchored in the principles of the *Canada Health Act*.

Contingent on federal leadership in enforcing the *Canada Health Act* by withholding federal funding if provinces allow extra billing, user fees, and private, for-profit forms of delivery, **this AFB will boost health funding arrangements so that federal transfers will cover 35% of total provincial and territorial health care costs. This would be accomplished in three ways: 1) an increase in the Canada Health Transfer of \$6 billion, starting in the 2023-24 year, 2) the implementation of federally paid universal pharmacare (see below), and 3) major reforms in long-term care (see the Long-term Care chapter). The result of these three actions would be to boost the federal contribution for total provincial and territorial health care costs to 35%.**

**With that increase, provinces and territories must undertake action to improve alignment with the vision of the *Canada Health Act*,** including ensuring access to essential health care services provided under the act to all persons regardless of immigration status, and ensuring access to linguistic and culturally competent services, including mental health services for racialized communities who don't speak English or French.



In addition to protecting and realizing the core values of our public health care system, we must expand the system to cover gaps in the patchwork. *The Supply and Confidence Agreement*<sup>25</sup> reached in March 2022 between the federal Liberal government and the New Democratic Party changes the context for system expansions in unique ways. By building priorities into the next few federal budgets, the agreement provides some leeway to expand discussions beyond the parameters of the *Canada Health Act* and Canada Health Transfer.

**Dental Care.** Under the *Supply and Confidence Agreement*, the federal government intends to launch a dental care program for low-income Canadians. Although federal attention to public dental care is long overdue, the proposed system is essentially an income-tested welfare model for low-income families with limited, capped benefits, which leaves out a large group of middle-income earners with no insurance. It will run parallel with profitable private group and individual dental insurance. Because this model is likely to please private insurers, there is a very strong likelihood that it will become entrenched in its problematic form rather than being a step towards a fully public universal plan. **This AFB commits \$5 million to support the work of independent, non-profit organizations, including those dedicated to dental public health, to undertake sustained public education and engagement, and negotiations with governments, around the imperative of fully universal, public dental health care. The AFB also commits \$2 million to CIHR and other tri-council federal funding agencies to support rapid, strategic research into different versions of a federal dental plan,** including estimates of benefits/savings that accrue to a fully universal approach.

**Mental health and substance use health.** Currently, mental health services are only universally insurable in limited circumstances, such as when they are provided through a hospital or psychiatrist or only available to certain populations (e.g., military personnel, veterans, prisoners, students) through a limited range of institutional settings and eligibility mechanisms. There are significant mental health services that are not covered by provincial/territorial health insurance plans, such as counselling and psychotherapy<sup>26</sup> and there are significant considerations for mental health equity. Within the context of a broad, inter-governmental approach to well-being and health equity (**Figure 11.1**), **this AFB commits \$9 billion over five years to complete a Canada Mental Health Transfer that is consistent with *Canada Health Act* principles and accountabilities.** This is based on the \$4.5 billion over five years promised by the federal government's 2021 platform, but

upgraded to reflect the recommendation that 12% of the Canada Health Transfer be earmarked for mental health.<sup>27</sup> Moreover, **this AFB sets as a standard that the equivalent of 12% of the Canada Health Transfer be earmarked for mental health, with the principles and accountabilities of the *Canada Health Act* built in.**<sup>28</sup> The International Alliance of Mental Health Research Funders<sup>29</sup> identified that mental health research in Canada is under-funded compared to other countries, and relative to its morbidity burden. To address that deficit, this **AFB commits \$20 million over five years to CIHR to fund rigorous research into mental health**, especially research in pillars three (health systems and service) and four (population health and well-being).

**Opioid crisis.** The opioid death crisis continues to cause tragedy at an unacceptable pace. Consistent with the holistic definition of health that anchors this chapter, this crisis demands a continuum of approaches (**Figure 11.1**) expressed in specific and coordinated public policies and funding, which recognizes that this crisis is fundamentally one of social injustice. Although a vector model, which emphasizes the role of prescribing and an unsafe drug supply, has gained rhetorical dominance, it has obscured the accurate depiction of the crisis as fundamentally a function of physical and psychological trauma, concentrated disadvantage, isolation, and hopelessness.<sup>30</sup> **This AFB commits to ensuring that commitments outlined in the 2022 federal budget, including \$100 million over three years starting in 2022-23 to Health Canada for the Substance Use and Addictions Program to support harm reduction, treatment, and prevention at the community level, are realized. It also commits \$5 million to support the work of independent, non-profit organizations to lead bold public education and engagement and to inform, guide, and ensure the accountability of a high-profile, coordinated, inter-governmental approach that includes first ministers as well as health, justice, and finance Ministers in a sustained, social justice-oriented approach to the opioid death crisis.**

**National pharmacare.** Under the Supply and Confidence Agreement, the federal government intends to pass a *Canada Pharmacare Act* by the end of 2023, followed by the development of the National Drug Agency, a national formulary of essential medicines and bulk purchasing plan by June 2025. Based on cost estimates of \$9.7 billion for 2020,<sup>31</sup> **this AFB commits \$10.2 billion to implement national pharmacare.** Under the new formulary, and in the disturbing wake of the overturning of *Roe v. Wade* in the United States, **this AFB also proposes free contraception** (see the *Gender Equality* chapter).

**The COVID-19 context.** The havoc wreaked by COVID-19 must be addressed. To that end, **this AFB commits \$1 million in funds to CIHR and other tri-council funding agencies to support research into etiology, treatment, and supports and services for long COVID, all of which must explicitly incorporate an equity lens.** It commits to providing quarterly fiscal updates on how the federal government intends to fund services and supports for persons with long COVID, including health care (e.g., treatments, networks, primary care access, and care pathways) and other policy areas (e.g., income supports). And it commits to providing quarterly fiscal updates on how the federal government intends to ensure ongoing pandemic-related funding, particularly towards equity-seeking populations, to support vaccination coverage, personal protective equipment, and access to public services.

**Table 11.1 Summary of health and health equity measures**

All figures in \$M

	2023-24	2024-25	2025-26
Assess Quality of Life framework through watchdog NGOs, new CIHR & SSHRC funding and academics embedded within the federal government	\$8	\$0	\$0
National public inquiry on COVID-19	\$11	\$11	\$0
Coordination to strengthen the formal public health system	\$5	\$0	\$0
Develop and implement air quality and ventilation standards	\$5	\$7	\$0
Cover operating costs of 250 new community health centres	\$500	\$500	\$500
Federal task force on community leadership in health	\$3	\$3	\$0
Hire 1,000 social prescribing navigators	\$200	\$200	\$200
Medicare Commission towards sustainability and accountability	\$10	\$13	\$0
One-time boost to the Canada Health Transfer	\$5,000	\$5,425	\$5,722
Support for NGOs providing dental public health	\$5	\$5	\$0
Academic funding for rapid research into versions of the dental plan rollout	\$2	\$0	\$0
Create the Canada Mental Health Transfer	\$1,800	\$1,800	\$1,800
Better funding for research on mental health, through CIHR	\$4	\$4	\$4
NGO funding that supports to a social justice approach to the opioid death crisis	\$3	\$3	\$0
Implement a national pharmacare program	\$10,203	\$10,582	\$10,978
Better research into long COVID	\$1	\$0	\$0

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# Immigration

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## Introduction

The COVID-19 pandemic and response by all orders of government more clearly exposed the persistent and ever-deepening inequities and contradictions in Canada's immigration program. Most severely affected were people with precarious immigration status, including migrant workers, international students, refugee claimants, and those without a work permit, study permit, or another temporary resident status. Among these groups, people who are Black and otherwise racialized, women, 2SLGBTQ+, and people with disabilities were disproportionately affected.

In mid-2021, a report commissioned by Immigration, Refugees, and Citizenship Canada (IRCC), *IRCC Anti-Racism Employee Focus Groups: Final report*,<sup>1</sup> came to light. It summarized interviews with Black and racialized employees reporting on their experience with racism and racial discrimination within the department. The employees raised concerns about systemic racial discrimination and bias in decision-making, in particular the stereotyping of people from Nigeria as corrupt and widespread references to certain African nations as the 'dirty thirty.' IRCC's response was to focus, in large part, on training and managing relations between employees and management. The department is making every effort to treat the findings as an issue of personal bias rather than systemic and structural racism.

The COVID-19 experience underlines the urgent need for a fundamental reset of Canada's immigration program. The IRCC report underlines the urgent need for a comprehensive review of immigration legislation, policies, and practices to identify structural race-based inequalities, systemic discrimination, and bias. Systemic racism and discrimination continue to be embedded in the fabric of our immigration

law and policies. It underlies almost every aspect of immigration and immigration enforcement, including:

- The deportation of people from Canada during the COVID-19 pandemic;
- The resumption of indefinite immigration detention, including the detention of children;
- Stricter Safe Third Country laws that will block almost every asylum-seeking person from crossing the U.S. border into Canada;
- The continued failure to regularize the status of seasonal agricultural workers, other migrant workers, and international students who contributed in so many significant ways during COVID-19 and beyond (e.g., as low-wage workers including drivers, delivery people, caregivers, food service, and health care support workers);
- A lack of access to income supports during the pandemic and beyond for those without immigration status in Canada;
- The use of data analytics and artificial intelligence to process temporary immigration applications, which has a disproportionately negative impact on racialized applicants;
- The restriction of federally funded immigrant settlement services to permanent residents and convention refugees and the omission of migrant workers, students, refugee claimants, citizens, and undocumented people;
- A horrific backlog and long processing times for immigration applications, which mostly impact racialized immigrants who have already been waiting for years to get permanent residence to reunite with family and/or to visit, work, or study in Canada; and
- The maintenance of rules around minimum necessary income, medical, and criminal inadmissibility that bar racialized and other vulnerable populations from seeking or keeping their permanent residence.

Almost all provincial and territorial governments expanded access to COVID-19 testing and treatment to all residents, regardless of immigration status. But these positive changes are being rolled back. Uninsured residents will, once again, be barred from essential health care and face exorbitant charges for diagnosis and treatment.

Canada's response to the humanitarian crisis in Ukraine, and the extraordinary measures put in place by all orders of government, show us that the Canadian immigration system can be responsive to the needs

of vulnerable populations. Yet humanitarian populations within Canada facing the same barriers to employment, housing, income support, and services have been ignored or denied while extraordinary measures were put in place only for Ukrainians.

In summary, people with precarious or no immigration status continue to be made invisible and left out. These populations played a critical role in getting Canada through the pandemic. Canada needs immigration to recover and rebuild from the crisis of the century. Let's start with a review and reset of Canada's immigration program.

**The AFB will:**

- Establish an independent review of the immigration program and Seasonal Agricultural Worker Program, immigration legislation, bilateral agreements, and immigration programs and practices to eliminate structural and systemic racial discrimination and align them with real labour market needs, ensure they respect human rights, and meet humanitarian obligations. A panel that includes representation from affected communities and sectors will conduct the review and invite testimonies from community members, including people without immigration status;
- Introduce a comprehensive and inclusive immigration status regularization program that will include status for all migrant workers on arrival. Such a program will allow undocumented residents to become permanent residents without first having to meet restrictive criteria such as proof of official language ability, income level, work or study experience, and health status;
- End all immigration detention and pursue alternatives in situations where detention is judged to be necessary and end the use of tracking bracelets as a mandatory condition of alternative detention;
- Establish an independent, fully resourced oversight body for the Canada Border Services Agency;
- End the Canada-U.S. Safe Third Country Agreement;
- Open access to federally funded immigrant settlement services to all who need it (at an estimated cost of \$5 million a year) and exempt non-profit organizations and their employees from sanctions for providing free immigration services to their clients, as per IRCC's interpretation of Section 91 of the Immigration and Refugee Protection Act (IRPA);<sup>2</sup>
- Repeal criminal inadmissibility in IRPA to remove double punishment and amend the *Quarantine Act* to ensure temporary foreign workers



are not penalized for their employers' failure to comply with quarantine measures;

- Remove the minimum necessary income criteria for the parent and grandparent sponsorship program, remove the numbers cap, end the lottery system and process every application instead;
- Increase family-class immigration to 35% of total annual immigration;
- Reset the economic immigration program to be consistent with real labour market needs and work deemed to be essential during pandemic closures. Future immigration selection must include all occupations and all skills, including, but not limited to, all work in the food supply chain, health care, and long-term care—jobs that are currently filled year after year by temporary migrant workers;
- Make all pilot programs permanent, including programs for domestic violence survivors, caregivers, vulnerable workers, and undeclared family members, while relaxing the rules for the agri-worker pilot program and expanding it to other workers and sectors;
- Eliminate citizenship fees, as promised by the federal government, and eliminate the requirement for up-front proof of official language knowledge. These are systemic barriers that have a disproportionate impact on low-income people and particularly Black and racialized women;
- Strongly encourage the provinces and provincial regulatory bodies to streamline the recognition of foreign credentials and experience;
- Immediately remove all immigration status barriers and residency period barriers to accessing income supports and benefits, including the Canada Child Benefit, Old Age Security, Guaranteed Income Supplement, and Employment Insurance (see the Poverty and Income Security and Employment Insurance chapters);
- Strongly encourage the provinces and territories to also remove all immigration status barriers and residency period barriers for social assistance;
- Increase the Immigration and Refugee Board's annual budget to \$300 million in 2023–24 and beyond from the planned \$282 million budget it had in 2022–23 to avoid a \$177 million drop in the 2023–24 budget. (The budget boost in 2021–22 and 2022–23 was from temporary COVID-19 funding.)<sup>3</sup> The AFB's goal is to eliminate the massive processing backlogs (more than 1.2 million across all categories in May 2022);

- Maintain the Immigration, Refugees and Citizenship Canada budget at \$4 million a year, which would otherwise fall to \$2.7 million in 2024–25;
- Provide an additional \$20 million a year to the immigrant- and refugee-serving sector to enable organizations to meet real costs, fund technology requirements, including digital professional development and training for employees, respond to inflation, and pay decent wages—a major consideration for racialized women who are employed in the sector’s lowest-paying frontline jobs.

**Table 12.1 Summary of immigration measures**

All figures in \$M

	2023-24	2024-25	2025-26
Conduct an independent review of immigration programs	\$1		
Establish independent oversight body for the Canadian Border Service Agency	\$5	\$5	\$5
Open access to federally funded immigrant settlement services to all who need it	\$5	\$5	\$5
Eliminate all citizenship fees	\$75	\$100	\$100
Resource the elimination of application backlogs at Immigration and Refugee Board	\$123	\$160	\$180
Speed the approval of permits at Immigration, Refugees and Citizenship Canada	\$26	\$26	\$27
Increase funding to client-serving organizations in the immigration and refugee supporting sectors	\$50	\$80	\$80

## Notes

**1** IRCC Anti-Racism Employee Focus Groups: Final report. Prepared for IRCC by Pollara Strategic Insights. June 23, 2021. [https://epe.lac-bac.gc.ca/100/200/301/pwgsc-tpsgc/por-ef/immigration\\_refugees/2021/122-20-e/POR\\_122-20-Final\\_Report\\_EN.pdf](https://epe.lac-bac.gc.ca/100/200/301/pwgsc-tpsgc/por-ef/immigration_refugees/2021/122-20-e/POR_122-20-Final_Report_EN.pdf) (retrieved 2022-07-07).

**2** Canadian Council for Refugees. September 2019. "IRPA section 91: Assisting people with immigration processes." <https://ccrweb.ca/sites/ccrweb.ca/files/irpa-s91-ccr-paper-2019.pdf> (retrieved 2022-07-07).

**3** Immigration and Refugee Board of Canada, "2022-23 Departmental Plan", section "Departmental spending 2019-2020-2024-25" pg. 19.

# Income security and poverty

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## Introduction

Canada has one of the seven biggest economies and some of the world's highest per-person economic outputs. Still, poverty afflicts a substantial portion of those living within our borders. For some, poverty is short-term, caused by a job loss, illness, or the responsibility to care for a loved one in poor health. Income supports are inadequate or too slow to respond to such temporary setbacks and leave many people in poverty. For others, poverty is a long-term reality that forces them to cobble together inadequate supports from numerous sources and makes it difficult for them to afford even basic necessities.

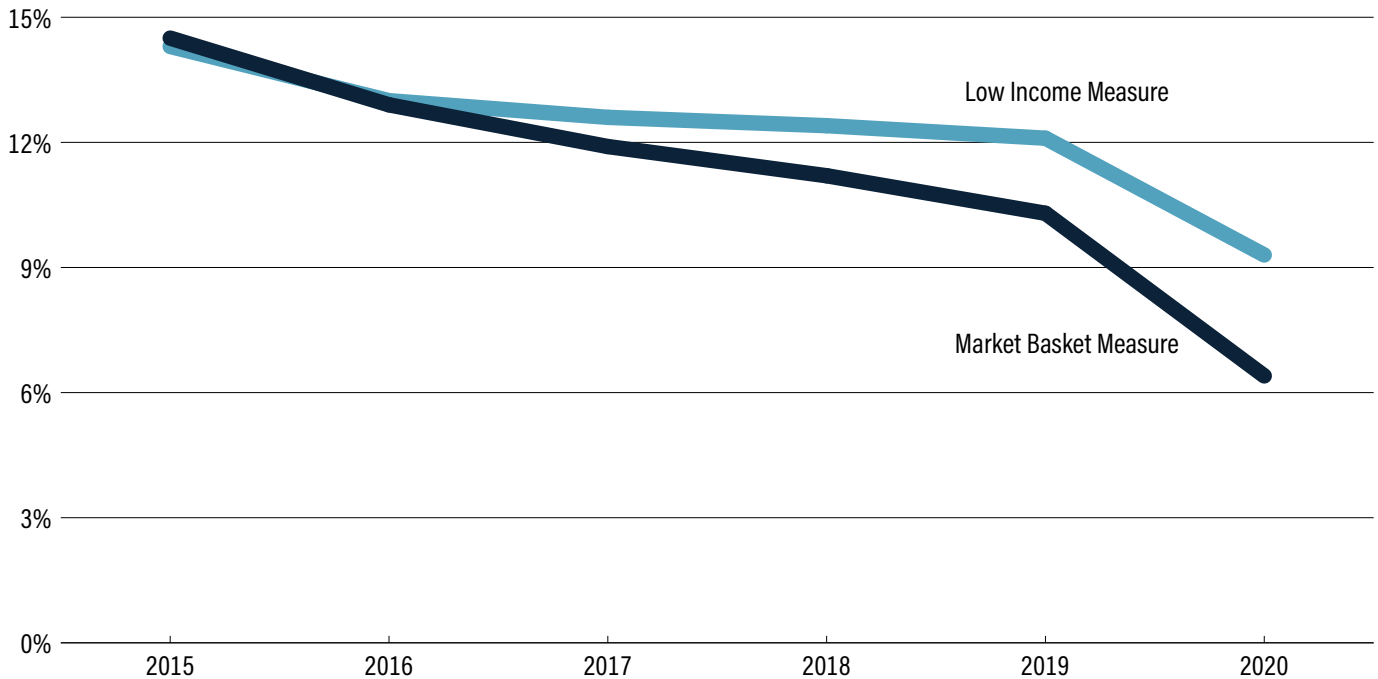
Poverty is higher among marginalized groups such as First Nations, Inuit, and Métis peoples, people who are Black, racialized, living with a disability, immigrants, newcomers, and lone parents. These groups face a variety of other barriers to reaching their full potential in Canada, and poverty is one of the results. Measures to reduce poverty are also measures to reduce marginalization and increase equity.

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## Poverty reduction in Canada

Since 2015, there have been important reductions in Canada's poverty rates. The official national poverty indicator is the Market Basket Measure (MBM) adopted as part of the federal Poverty Reduction Strategy Plan. It specifies a minimum basket of goods for a family of two adults and

Figure 13.1 Poverty rates compared (MBM vs. AT-LIM)



two children. That basket varies across 53 geographic regions but still excludes the territories and First Nations communities (where some of the deepest poverty exists). The international poverty measure is the after-tax low-income measure (AT-LIM), which sets the poverty line at half of the median household income, adjusted for household size. In 2015, both measures indicated that just over 14% of Canadians were living below the poverty line.

There was a substantial downtick in poverty in 2016 due almost entirely to the introduction of the Canada Child Benefit (CCB). Despite the devastating impact of the pandemic on Canada's economy, we saw a further decrease in poverty in 2020. This is completely counterintuitive since massive job losses generally drive up poverty rates as earned income plummets. However, the federal government intervened to protect incomes on a scale without historical precedent to buffer the economic effects of the COVID-19 pandemic. Every major federal income transfer program—including the GST credit, the CCB, seniors' benefits, and the disability tax credit—got a one-time top-up. The Canada Emergency Response Benefit (CERB) and ensuing EI enhancements were the major reason for the reduced poverty in Canada in 2020. These crisis-oriented enhancements proved to be superior tools for poverty reduction rather than the usual suite of income security measures.

The federal Poverty Reduction Strategy Plan (PRSP) had two major targets: a 20% reduction in the MBM rate by 2020 and a 50% reduction by 2030 (using 2015 as the base year). To date, the interventions allowed Canada to achieve its 20% reduction goal in 2018—two years early. More importantly, Canada achieved its 50% reduction goal in 2020—10 years early—when the MBM rate fell 56% from 14.5% in 2015 to 6.4% in 2020. It illustrates just how conservative these goals were and how achievable they are on a more rapid timetable. Unfortunately, the 2021 poverty data will show a reversal of these achievements due to the expiry of these major poverty-reduction programs.

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## CERB and Employment Insurance (EI)

We don't generally think of EI as a poverty reduction tool. Providing income supports to those who lose their job prevents a deeper plunge into poverty, but doesn't lift them out of poverty. CERB and EI differ in several key ways that allowed the former to substantially reduce poverty. First, CERB provided unemployed Canadians with a flat rate of \$500 a week, which was higher than some low-income workers' wages and more than eligible low-income workers would have received from EI. Second, it was easy to access, and the eligibility requirements were much less restrictive than EI. Third, it was accessible to the self-employed, which EI is not.

One of the CERB requirements was employment income. Many people in poverty earn employment income at wages that are too low to keep them out of poverty. As a result of this restriction, CERB's impact on poverty was almost exclusively on working families. The poverty rate for seniors remained almost unchanged in 2020.

CERB and other pandemic interventions clearly illustrated Canada's ability to dramatically reduce poverty quickly, even during the most challenging economic period the country has experienced since the Great Depression. We can't let that progress slide. Canada must be more ambitious in its poverty reduction goals.

**The AFB will make the federal poverty reduction strategy plan more ambitious by:**

- Resetting the timeframe for a 50% reduction in poverty from 2030 to 2026;
- Extending that 50% reduction to historically marginalized groups, including First Nations, Inuit and Métis peoples, Black and racialized

peoples, immigrants, people with disabilities, lone parent, and lone parent families, and all three broad age groups (children, adults of working age, and seniors). The AFB will commit to reducing poverty by 50% in these subgroups by 2026;

- Reducing the depth of poverty by one-third (33%) by 2026;
- Creating a plan to lift the remaining 50% of people out of poverty once the initial reduction goals have been achieved.

As it stands, the PRSP lacks a remedy should the 50% poverty reduction goal not be met. The AFB will specifically commit the federal government to increase the four pillars of income support (examined below) until the poverty reduction goals are completed.

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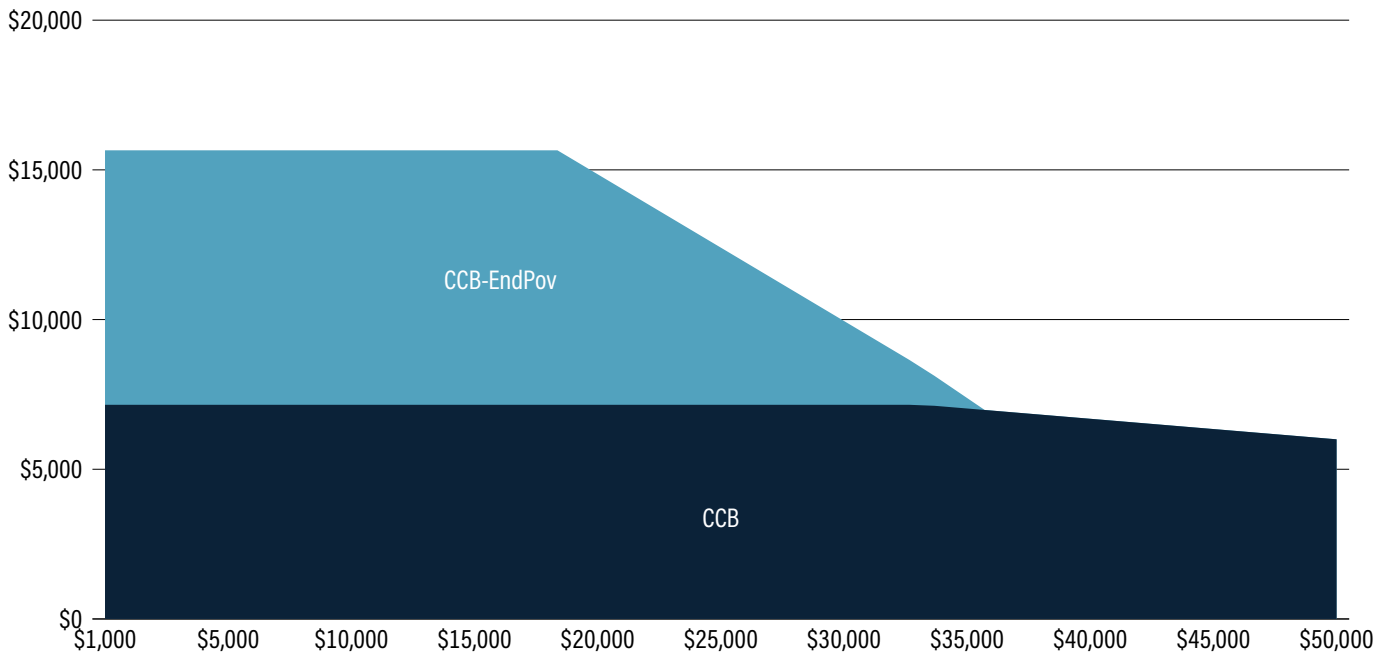
## The four pillars of income support in Canada

In some areas, the Canadian system of income support is well formed; in other areas, it is very poorly formed. **The AFB conceptualizes an integrated system of income supports based on four pillars of income security. It will provide Canadian families with income supports to fall back on in times of need, from cradle to grave.** Two pillars already exist and function well, although there remains room for improvement: seniors' benefits (Old Age Security and Guaranteed Income Supplement) and benefits for families with children (the Canada Child Benefit). However, two pillars are missing: working-age support (AFB's new Canada Livable Income) and support for those with disabilities (AFB's new Canada Disability Benefit).

### Pillar 1: Canada Child Benefit

At the start of life, families with children can rely on this first pillar of income security. Its creation in 2016 provided an important and sustained reduction in poverty from that point onward. However, this one-time improvement in benefits in 2016 provided only a one-time drop in poverty. **To further reduce child poverty, the AFB will introduce the Canada Child Benefit End of Poverty Supplement (CCB-EndPov).** This supplement will provide different amounts on a per child basis, although the child's age won't matter (as it does in the base CCB). The CCB-EndPov benefit will provide an additional \$8,500 a year for the first child to families that earn less than \$19,000 a year.<sup>1</sup> The supplement will provide \$3,521 for the second child, \$2,702 for the third child and so on. It will reduce at a rate of \$0.50 for every additional dollar in income. The CCB-

Figure 13.2 **Benefit levels from the new CCB-EndPov benefit for a family with a child under 6**  
Annual benefit value by family income



EndPov benefit will be non-taxable, like the base CCB. This approach will continue to enhance horizontal equity by supporting most Canadian families for the social good of raising children and improve vertical equity by increasing poverty reduction. The CCB-End Poverty supplement alone will halve the MBM child poverty rate, from 8% in 2023 to 3.6%.<sup>2</sup> It will also have a dramatic effect on single parent families. In 2023, it is projected that 24.3% of single parent families will live below the MBM poverty line, the CCB-End Poverty supplement will cut that to only 8.4%.<sup>3</sup>

### **Pillar 2: The Guaranteed Income Supplement (GIS) and Old Age Security (OAS)**

Seniors' benefits in Canada are well-developed and led to major reductions in seniors' poverty compared to the 1970s and 1980s. In budget 2021, the federal government increased OAS for seniors over the age of 75, where poverty rates remain low. This was a costly and untargeted way of supporting seniors living in poverty, since OAS goes to most seniors, not just to those living in poverty. **Instead of sending more money to most seniors, the AFB will redirect these funds to reduce the age of eligibility for the Guaranteed Income Supplement from 65 to 60.** Poverty rates among those aged 60–65 are unacceptably high.



Often, high poverty rates are caused by people who are no longer able to work or are caring for someone who can't work. Among Canadians over 65, the poverty rate plummets because they can access the second pillar of income support, the GIS and OAS.

### **Pillar 3: Income security for adults: the new Canada Livable Income**

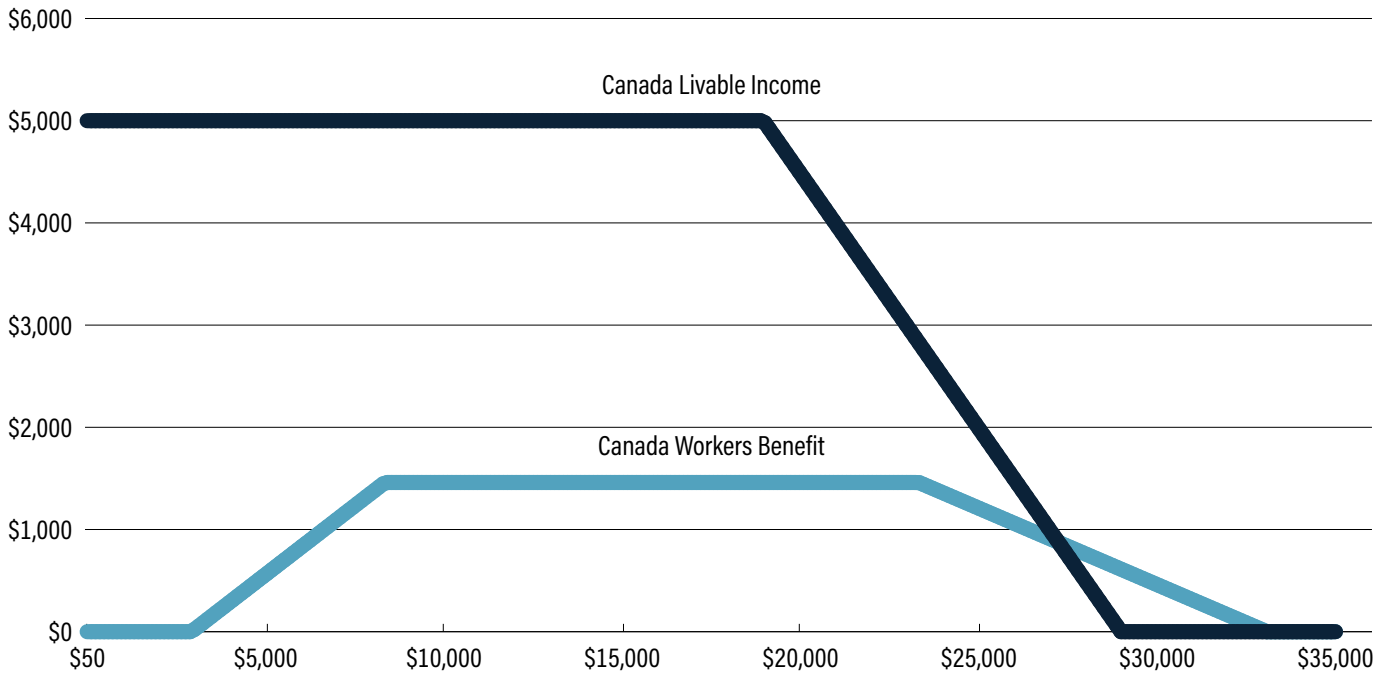
The first two pillars already exist and are strong, though there's room for improvement. For Canadians who don't have children and aren't seniors, there are precious few income supports. The largest is the Canada Workers Benefit (CWB), which provides a maximum of \$1,460 a year to unattached individuals and \$2,515 a year to couples (projected 2023). The CWB's major shortcoming is that applicants must earn employment income to access it. The CWB provides no income support to those with the lowest incomes because they don't have employment earnings.

**The AFB would cancel the Canada Workers Benefit and replace it with a new Canada Livable Income.** This new program would be available to adults aged 18–64 who cannot access other pillars (i.e., seniors' benefits, the Canada Child Benefit, and the Canada Disability Benefit). It would form the third pillar of income security in Canada, providing up to \$5,000 for unattached individuals or \$7,000 for couples with a net income of \$19,000 or less (\$21,000 for couples). The benefit would phase out at \$0.50 per additional dollar of income. Unlike the CWB, it would have no requirement for employment income. The CLI would not be considered taxable income. As with the other federal income supports, the federal government would work with the provinces to ensure these new transfers are not simply clawed back against provincial income supports, like social assistance.

As figures 13.3 and 13.4 illustrate, the CWB delivers higher benefits than the CLI for a limited spread of income (at points where the CWB line is above the CLI line). In all other cases, the CLI will deliver substantially higher benefits. As we transition to the CLI, some Canadians will be worse off. **To remedy this, over the next three years the AFB will maintain CWB payments for those who received it in 2022 if the CWB formula would have provided more support than the CLI.** If the CLI provides more support, adults will be switched over to the new program. By 2026–27, the CWB will be completely phased out in favour of the new CLI.

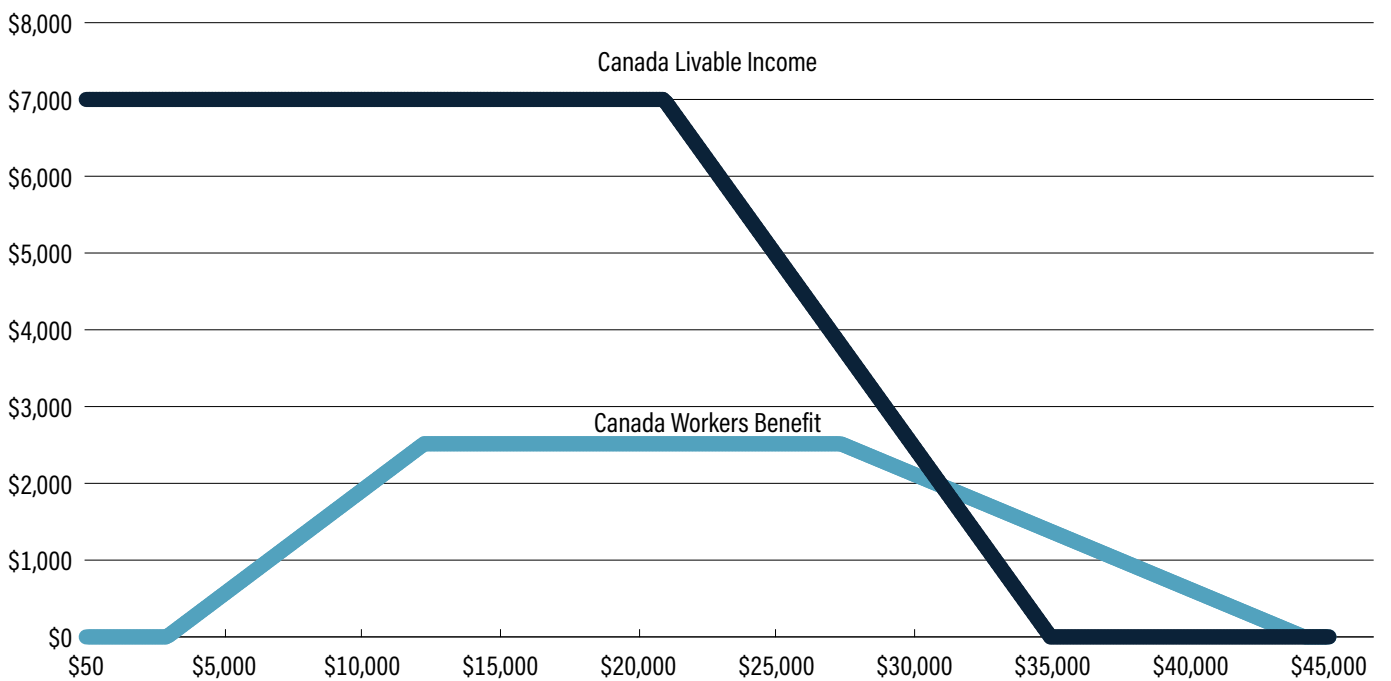
**Figure 13.3 Canada Livable Income, unattached individuals**

Annual benefit value by census family net income



**Figure 13.4 Canada Livable Income, couples**

Annual benefit value by census family net income



#### **Pillar 4: Canada Disability Benefit**

Benefits for Canadians with disabilities are considered as add-ons to existing income transfer programs. For example, the CWB has a disability add-on. There is also a federal Disability Tax Credit, although this credit is non-refundable, meaning that those with low income can't make use of it. This "add-on" approach is inadequate and does little to provide basic income support. As a result of this almost complete lack of federal income support, many Canadians with disabilities rely on provincial social assistance, with all the punitive conditions that go along with these systems. Canada needs a national program that is specific to the needs of people with disabilities of working age. The federal government has been slowly moving towards a Canada Disability Benefit via the initial introduction of Bill C-35 in June 2021 and its re-introduction in the spring of 2022. Hearings are set for the fall and winter of 2022-23, creating momentum for the creation of a CDB in Canada.

**The AFB will create a Canada Disability Benefit, which would form the fourth pillar of income security in Canada.** The CDB would be accessible to Canadians aged 18 to 64 who are not receiving one of the other three pillars and are living with disabilities. The benefit will provide \$11,040 a year until recipients make up to \$15,000 a year in earnings, then would phase out at 0.50 per dollar in earned income. The benefits would phase out at \$37,000 in employment income.

There are various definitions of "disability". The CDB would unfold in two phases. Phase one would be available to anyone who qualifies for the Canada Disability Credit, Canada Pension Disability, or Veterans Disability benefits. These definitions are restrictive, but they already exist, and that will make for an easier initial phase. This first year would cost \$1 billion, net of the cancellation of the Disability Tax Credit. The second phase will take longer and start in year two. The federal government would work with the provinces to extend the CDB to all those who meet provincial definitions of disability for provincial social assistance (SA). The new CDB would be integrated with provincial social assistance programs but lack the punitive aspects of SA. The provinces would see some savings from this integration—\$1.5 billion a year—and the federal government would work to ensure those savings would be invested in broadening the eligibility for SA. The second phase would come at a net federal cost of \$7 billion, net of the cancellation of the Disability Tax Credit.

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## Responsiveness of the four pillars

**A Rapid Support Guarantee.** The Canada Emergency Response Benefit (CERB) showed that the Canada Revenue Agency can rapidly deploy benefits to those who need them within two business days. **The AFB will build on this rapid response during the pandemic by providing a new Rapid Support Guarantee to all four pillars of income security.** The government would guarantee that Canadians could receive support from these pillars in less than a month if their life circumstances change and they become eligible. This guarantee would be administered by the CRA and accessible through the CRA's income tax portal, like CERB.

Some programs are built to respond rapidly to changing life circumstances, when those changes are predictable. As part of the paperwork to be filled out when a child is born, immediate initiation of CCB payments is already built in. Most income support programs have forms that can allow for the receipt of benefits without having to wait to file the next year's income taxes, but this places the entire burden on Canadians who may have fallen ill or lost their jobs. This is the wrong approach. **The AFB will utilize existing data to get Canadians the benefits they are entitled to, and it will do so pro-actively and quickly.** For instance, ESDC collects information on EI/CPP contributions, along with records of employment. These could be used to rapidly notify workers who are laid off that they might be eligible for increased CCB payments or the new CLI. The Rapid Support Guarantee will shift the burden from Canadians to the government to get them the support they are entitled to within a month, not a year later, when they file their income taxes. To avoid the CERB payback debacle, the CRA will take the approach that if Canadians received benefits that they in good faith thought they were eligible for, even if they were subsequently deemed ineligible, no repayment will be sought. If there is fraudulent abuse of the income support systems, it will be rapidly dealt with through existing laws.

**Automatic tax filing and benefits enrolment.** **The AFB will initiate a system of automatic tax filing and benefits enrolment for Canadians.** The system will shift tax filing to an automatic process, saving Canadians money on accountants or tax filing software. It will also ensure that key income support programs are not interrupted. This would follow the approach many European countries have already taken. If Canadians are eligible for income support programs they haven't applied to, they will automatically be enrolled, and CRA will inform them about the enrolment and provide them the option of opting out. Each year, Canadians fail to

claim \$1.7 billion in benefits to which they are entitled but don't receive because they don't file income taxes.<sup>4</sup>

**Allow income supports outside of the tax system.** All four pillars will be available as a result of filing income taxes. This is the most expeditious way to provide benefits for most Canadians using the most obvious source of information about their income. However, not all Canadians file income tax returns, for various reasons. Indigenous Peoples, those concerned about CERB clawbacks, women fleeing domestic violence, 2SLGBTQ+ people, newcomers, non-English/French speakers, undocumented people, homeless people, and those who are working in informal and criminalized economies can face barriers to filing. Automatic filing, as examined above, can help alleviate some of the issues, but barriers remain. The lack of proper identification, a social insurance number, immigration or citizenship status, a CRA account, or a fixed address can further discourage people from filing, even when important income supports may not be accessible as a result. The four pillars of income support at the core of the AFB's strategy will not be contingent on tax filing. Instead, the AFB will direct the CRA to examine other ways of providing these key income supports to those who are eligible but haven't filed their income taxes. International examples of income support delivered outside of tax systems include the Bolsa Familia in Brazil and Stockton Economic Empowerment Development in California. These initiatives have developed requirements for registration, eligibility assessment, and protection of data. They can provide support in the form of mobile wallets connected to cell phones or re-loadable pre-paid credit cards or debit cards. These systems are sometimes managed by companies, government bodies, or charities. In the Canadian context, a system of trusted charitable non-profit third parties should be built to deliver benefits equivalent to the four pillars. The delivery of these benefits outside of the tax system will also encourage those on the margins of society to become part of the formal tax filing system where possible.

**Improving eligibility for the four pillars. The AFB will allow refugee children to receive the Canada Child Benefit.** The Canada Child Benefit is meant to assist low- and middle-income families with children and help keep them out of poverty. However, some of the most vulnerable children in Canada—refugee children—aren't eligible for this important support. As a result of their parents' immigration status, 24,000 children under 18 in 2017 couldn't access the CCB. In some cases, the children were born in Canada. The cost of this extension would be \$160 million a year, well under 1% of the total CCB paid. This lack of access increases the risk of

poverty for these vulnerable families. The lack of the CCB support can force women to remain in abusive relationships to maintain the required immigration status. It also sends the message that children of refugees are less worthy of protection from poverty. The AFB will expand the eligibility of the Canada Child Benefit by repealing subsection “e” in the definition of an “eligible individual” under s.122.6 of the *Income Tax Act* and extend the CCB to all children who reside in Canada, regardless of their parents’ immigration status. As part of this effort, the AFB will examine other areas in which immigration status impedes the receipt of federal income supports. This would include the new National Housing Benefit and other income support programs.

**Table 13.1 Summary of income security and poverty measures**

All figures in \$M

	2023-24	2024-25	2025-26
Canada Child Benefit End of Poverty Supplement	\$6,452	\$7,097	\$7,452
Reduce GIS eligibility age from 65 to 60 years	\$2,338	\$2,572	\$2,700
Cancel the OAS boost for those aged 75 and older	-\$2,341	-\$2,575	-\$2,704
Create the Canada Livable Income for those 18-59 (net of CWB cancellation)	\$3,889	\$4,083	\$4,288
Maintain CWB benefits for parents for the next five years	\$886	\$600	\$300
Create a Canada Disability Benefit (net of Disability Tax Credit cancellation)	\$913	\$3,050	\$6,604
Allow federal benefits to be distributed outside the tax system	\$100	\$100	\$100
Allow refugee children access to the Canada Child Benefit	\$160	\$160	\$160

## Notes

**1** The additional child amounts follow a square root of the count of children approach; a common manner of adjusting for family size in poverty line calculations. The value for the fourth child would be \$2,278 a year and the value for the fifth child (or more) would be \$2,007 in 2023.

**2** Estimates from SPSPDM 29.0 for 2023. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 29.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the author.

**3** Ibid.

**4** Jennifer Robson and Saul Schwartz. 2020. *Who Doesn't File a Tax Return? A Portrait of Non-Filers*. Canadian Public Policy, 46:3, 323–339. (<https://utpjournals.press/doi/abs/10.3138/cpp.2019-063>).

# Infrastructure, cities and transit

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## Introduction

Downloading responsibilities to local governments over the past decades has led to decay in Canada's infrastructure and urban services. It has also left us unprepared for the future.

A 2019 Canadian infrastructure assessment<sup>1</sup> showed that:

- 146,255 km—25 times the distance between Halifax and Vancouver—of roads are in poor or very poor condition, and roughly 80% are more than 20 years old;
- 2,830 culture and recreation facilities are in poor or very poor condition. In some categories, such as pools, libraries, and community centres, more than 60% are at least 20 years old; and
- 84,389 km of linear water infrastructure, such as watermains and sewers, are in poor or very poor condition.

Municipalities continue to live under the thumb of provinces and have limited revenue tools to deal with crises including the pandemic, the climate emergency, and the rapidly rising cost of living.

Unlike in other countries, local governments in Canada cannot levy income or sales taxes. They rely almost entirely on property taxes and user fees. Municipalities manage over 60% of Canada's public infrastructure but only collect 10% of tax revenues.<sup>2</sup>

Further, public transit relies too heavily on passenger revenues to fund service, which led to a reliance on multi-billion-dollar cash infusions from



higher orders of government during the pandemic. Transit systems will continue to need support to rebuild ridership and ensure Canada doesn't go down the path of a car-based recovery.

If you were to take stock of federal transit policy, you might conclude that inducing a shift in transportation behaviour towards transit and active modes, like walking and cycling, isn't the goal at all. The most significant driver of transit demand is service supply.<sup>3,4</sup> People will use the service if it is more frequent, convenient, and faster. That takes both capital and operating funding. Before the pandemic, the federal government funded only capital and left operating funding to provinces and municipalities. This has perpetuated inequitable levels of transit service in different regions of the country.<sup>5</sup> The trend of abundance for capital paired with austerity for operations has also led to higher rates of underutilization of growing bus fleets. Having viable transit alternatives across the country is critical as the cost of gasoline rises due to international geopolitical pressures and the steadily increasing price on carbon emissions.

Moreover, the federal government's ever-present neglect of public passenger rail in Canada has led it to propose that the most transformative expansion project in decades—the Quebec City-Toronto High Frequency Rail project—be privatized. If Canada wants to make progress on reducing emissions, we must make travel around our communities and our country without a car a viable option. That means making different choices about the infrastructure we build and operate.

In recent years, federal and provincial governments have increased the money that they give to local governments, in response to pressure from civil society and the COVID-19 pandemic. While these funding commitments are an improvement, they haven't cured long-standing structural funding problems.

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## The opportunity

Thankfully, Canada's infrastructure funding programs are in a state of renewal. Budget 2022 accelerated the deadline for funding to be allocated to projects to 2023, creating an opportunity for a renewal and renegotiation of agreements with provinces, territories and municipalities. To increase the transparency of infrastructure funding and to ensure it flows better to meet community needs, **the AFB plans to include municipalities as direct governmental partners in tri-lateral infrastructure funding agreements with provinces.** AFB 2023 highlights how creating stable, reliable sources of infrastructure funding

with new federal standards can simultaneously drive multiple outcomes ranging from sustainability, inclusivity, climate resiliency, and affordability. Further, AFB 2023 highlights an alternative to VIA Rail, with a funded legislative mandate, and an alternative to infrastructure privatization more broadly by reforming the Canada Infrastructure Bank.

**The AFB will dedicate 1% of existing GST revenue towards permanently increased infrastructure investment.** Legislated programs—like the Canada Community Building Fund, VIA Rail’s new mandate, and the Permanent Public Transit Fund—can deliver their best results when recipients can rely on predictable and dependable revenues to build out long-term expansion plans. Legislated program investments will be backed up by a dedicated tax revenue source to maximize this benefit and reduce uncertainty for project proponents. This dedicated revenue source will support investments including: 1) permanently doubling the Canada Community Building Fund (formerly known as the Gas Tax Fund), which goes directly to support municipal infrastructure priorities. **Cost: \$2.4 billion (annually);** and 2) renewing 10-year program funding for the Investing in Canada Infrastructure Plan program streams: Green Infrastructure, Community Culture and Recreation Infrastructure, and Rural and Northern Infrastructure. **Cost: \$1.5 billion (annually).**

**The AFB will create a dedicated revenue stream and mandate for VIA Rail.** VIA Rail’s neglect is at the heart of privatization proposals for expansion projects. The alternative is to bolster our national passenger rail service with a legislated mandate of its own, give it borrowing authority, and legislate a permanent revenue stream for capital expansion and operating subsidies. **Cost: \$2 billion (annually).**

**Transformative investments in public and active transportation.** The AFB will accelerate the launch of the Permanent Public Transit funding program from 2026 to 2024. This program will contain two major funding streams: one focused on major capital projects—like subways, light rail, and bus rapid transit—and a second focused on a core, reliable, permanent funding stream for transit operating costs, state-of-good-repair, technology enhancements and bus fleet renewal, including electric bus procurement. Existing project requirements—like Indigenous consultations, accessibility standards, and community benefit agreements—will be renewed and enhanced. There will also be additional requirements that all major capital projects funded by the major projects stream include ‘supportive policies agreements.’<sup>6</sup> Business cases for major capital projects would have to include plans to:

- Integrate the project with enhanced active transportation and bus network connections;
- Share up to 50% of total project costs between the province and municipality or regional transit authority, with no P3 involvement; and
- Leverage the transit investment to create more affordable housing<sup>7</sup> units through:
  - The provision of non-market housing near transit;
  - The preservation of existing affordable housing in the context of land-value uplift, with rent stabilization and anti-displacement strategies;
  - Increasing housing density near transit improvements through zoning reform within the framework of creating, walkable, transit-oriented, complete communities; and
  - Capturing increases in land values stemming from transit investments, associated increased zoning densities, and reduced (or eliminated) parking requirements to increase affordable housing supply through measures such as requiring inclusionary zoning for new development near transit and allowing for density bonusing.

**The AFB will boost the major projects stream to \$5 billion a year, starting in 2023–24 instead of 2026–27.**

As part of the core funding stream, **AFB 2023 makes the federal government's emerging role in funding public transit operations permanent, to foster modal shift, create more equitable transit service, reduce regional disparities, and optimize the use of existing transit fleet capacity.** This funding will be delivered alongside the Community Building Fund (formerly known as the Gas Tax Fund) directly to local governments with transit systems by amending existing administrative agreements with provinces. As part of the reporting requirements for the core stream, communities would be required to adopt sustainable mode-share targets in transit master plans or sustainable urban mobility plans (SUMP) and report on their progress. These will be how each community contributes to new national targets to increase the share of trips taken by public and active transportation in an updated emissions reduction plan. With more operating funding, transit systems can boost service during off-peak hours, making service more equitable. This move would be particularly transformative for Canadians who are transit-dependent (e.g., women, seniors, members of the BIPOC community) who disproportionately rely on bus service and whose travel

patterns are least likely to revolve around the traditional 9–5 commute.<sup>8</sup> It will also help transit adapt to higher rates of telecommuting by providing an opportunity to shift non-work-related trips onto transit. Local governments could also utilize this funding to reduce transit fares. **Cost: \$2.5 billion (annually).**

**The AFB will dramatically increase the funding profile of the Active Transportation Fund and expand project funding eligibility** to include the deployment of municipal bikeshare and electric bikeshare systems that are publicly owned by and integrated into transit networks. **Cost: \$500 million (annually).**

**The AFB will enhance and expand the Rural Transit Solutions program by adding an inter-city transit funding stream.** This locally driven initiative would empower municipal and Indigenous governments to partner with each other or higher-order public transit agencies, such as VIA Rail, B.C. Transit, Ontario Northland, EXO and others, or create their own public transit service providers to provide public, intercity bus services. **Cost: \$250 million (annually).**

**A Public Climate Bank to fill finance gaps. This AFB will reform the Canada Infrastructure Bank (CIB)** to focus on publicly owned and operated infrastructure. It will redirect the remaining funds of its original \$35 billion allocation to projects that advance climate resilience and reduce carbon emissions. The CIB has only publicly committed to using 15% of its total capital, so this will come at no fiscal cost.<sup>9</sup> The Canada Infrastructure Bank (CIB) currently leverages a small amount of public seed money to attract investment in infrastructure from the private sector and other levels of government. This model has proven unsuccessful: the CIB has consistently failed to attract the enormous private capital it promised. It is also unnecessarily expensive. Private investors demand 7–8% returns, whereas publicly funded infrastructure need only return interest costs. **This AFB will repurpose the CIB to become a fully publicly financed bank with a changed mandate to invest in publicly owned and publicly operated infrastructure.** The new CIB will also provide low-cost loans to municipalities, Indigenous governments, and other public bodies to scale up important, transformative infrastructure projects that are in the public interest. This would include investments in low-carbon infrastructure in fossil-fuel-dependent communities to help those regions rapidly transition away from their dependence on coal, oil, and natural gas production (see Just Transition and Industrial Strategy chapter).

**A National Community Development Agency. This AFB will establish a new National Community Development Agency** to help

provide expertise on urban issues, particularly to municipalities with few in-house resources. Coordinating with the Federation of Canadian Municipalities, this new centre of excellence will work with municipalities to help them develop strategies to advance community development and climate goals. This new agency will work with other federal departments, provinces and cities to:

- Give guidance on application processes for federal programs and funding and perform outreach activities to help small and rural communities have an even footing with major cities in competitive infrastructure grant programs;
- Help municipalities develop and implement Community Climate Change and Sustainable Urban Development Strategies. This support will include assistance in the development of and reporting on sustainable urban mobility plans required as part of infrastructure agreements;
- Develop a National Sustainable Municipal Asset Management Plan and coordinate a National Brownfield Redevelopment Strategy to bring former industrial sites back to productive community and economic use;
- Develop standards for Community Benefit Agreements (CBA) to be negotiated as part of infrastructure project investments and create federal guidance on transit-oriented development best practices;
- Ensure that federally owned assets, including land, buildings, and fleets, are leveraged to advance community development goals. **Cost: \$15 million annually.**

**Table 14.1 Summary of infrastructure, cities and transit measures**

All figures in \$M

	2023-24	2024-25	2025-26
Permanently double the Canada Community Building Fund	\$2,400	\$2,400	\$2,500
Renew core infrastructure funding streams		\$1,500	\$1,500
Legislate and fund mandate for VIA Rail	\$2,000	\$2,000	\$2,000
Boost Public Transit Fund: major projects, to \$5 billion a year in 2024-25		\$5,000	\$5,000
New Permanent Public Transit Fund: core stream		\$2,500	\$2,500
Active Transportation Fund	\$500	\$500	\$500
Rural Transit Solutions program enhancements and expansion	\$250	\$250	\$250
New National Community Development Agency	\$15	\$15	\$15

## Notes

1 <http://canadianinfrastructure.ca/downloads/canadian-infrastructure-report-card-2019.pdf>.

2 <https://fcm.ca/en/resources/the-case-growing-the-gas-tax-fund>.

3 Boisjoly et al. 2018. *Invest in the ride: A 14 year longitudinal analysis of the determinants of public transport ridership in 25 North American cities*, Transportation Research Part A: Policy and Practice, Volume 116, 2018, Pages 434–445, <https://doi.org/10.1016/j.tra.2018.07.005>.

4 Diab et al. 2020. *The rise and fall of transit ridership across Canada: Understanding the determinants*, Transport Policy, Volume 96, 2020, Pages 101–112, <https://doi.org/10.1016/j.tranpol.2020.07.002>.

5 For example, the per capita level of transit service supplied in Quebec municipalities is more than three times the level of service supplied in neighbouring New Brunswick municipalities, according to the Canadian Urban Transit Association's 2020 Conventional Transit Statistics.

6 Supportive Policies Agreements are currently features of business cases for the Surrey-Langley Skytrain and the Broadway Subway in Vancouver. See: [https://www.surrey.ca/sites/default/files/corporate-reports/CR\\_2020-R016.pdf](https://www.surrey.ca/sites/default/files/corporate-reports/CR_2020-R016.pdf).

7 For background on this linkage, see: Anna Kramer. 2018. "The unaffordable city: Housing and transit in North American cities," *Cities*, Volume 83, 2018, Pages 1–10. <https://doi.org/10.1016/j.cities.2018.05.013>.

8 Grisé, E., Boisjoly, G., Babbar, P., Peace, J. & Cooper, D. *Understanding and responding to the transit needs of women in Canada*. [https://publications.polymtl.ca/10017/1/2022\\_Gris%C3%A9\\_Understanding\\_responding\\_transit\\_needs\\_women.pdf](https://publications.polymtl.ca/10017/1/2022_Gris%C3%A9_Understanding_responding_transit_needs_women.pdf)

9 PBO. 2021. *CIB Spending Outlook*. <https://www.pbo-dpb.ca/en/publications/RP-2122-003-S-canada-infrastructure-bank-spending-outlook--banque-infrastructure-canada-perspectives-depenses>.

# International development and foreign policy

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## Introduction

Launched amid a timid and uneven recovery from the COVID-19 pandemic, Russia's invasion of Ukraine dealt another blow to the world's stability, unveiling more aspects of our global interconnection than many people suspected.

The world is beset by multiple crises, including socioeconomic inequalities, public mistrust in institutions, extreme climate events, massive population displacement, famine, inflationary pressures, and the rolling back of human rights and gender equity. Canada must serve as an advocate for a sustainable development agenda that leaves no one behind. There is much more to do.

Recognizing that progress on sustainable development remains insufficient at the halfway point of the United Nations' 2030 agenda for sustainable development, the 2023 AFB will substantially strengthen Canada's feminist leadership by investing in the global blueprint for social, economic, and ecological stability while restoring trust in the state. The most pressing concerns of Canadians—economic instability, gendered poverty, inclusion, climate change, and public health—are also global issues that Canada cannot afford to ignore.

**The AFB will increase the overseas development assistance allocation to reach the aid target of 0.7% of gross national income**

**(GNI) within a decade.** This target is in line with the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

**The challenges facing the world and Canadians are significant.**

Consistent, transparent, and predictable increases in official development assistance (ODA) will allow Canada to provide adequate responses to global challenges and emerging and ongoing crises.

Canada must also maintain its established global leadership on gender equality and human rights, including on sexual and reproductive health and rights (SRHR), support for feminist movements and women's rights organizations, climate justice, promotion of democracy and civic space, and support for inclusion, particularly for gender-diverse individuals and historically marginalized communities.

While the government's history of one-off boosts to the ODA to address emerging crises and issues increases the overall aid budget, more predictable funding would ensure consistent and meaningful efforts to tackle the systemic causes of conflict and scarcity in the changing geography of poverty.

The government's commitment to the Open Government Partnership calls for establishing clear and shared understandings of funding baselines, timelines, and increases. Transparency and predictability make it easier for government departments, civil society organizations, and other stakeholders to collaborate in addressing the compounded challenges that jeopardize global stability. Predictability and transparency are pillar principles in the domestic architecture governing Canada's international assistance.

**In 2022, Canada contributed only 0.3% of its GNI to development assistance. The AFB will:**

**Increase Canada's international assistance envelope (IAE)** from \$8.4 billion in 2022 to \$10.5 billion in 2023 (a 25% increase) and clearly present allocations of ODA and non-ODA to key initiatives during this fiscal year;

**Provide yearly increases**, allowing it to reach the target ratio of 0.7% of ODA/GNI by 2030.

**Canada must foster a policy and regulatory environment that enables effective international solidarity.**

Effectiveness is determined by the ability of structures and programs to fulfill assigned objectives. As co-chair of the SDG Advocates Group, Canada recognizes that global solidarity is a moral imperative in everyone's interest. That goal requires inclusive and equitable partnerships at the global, national, and local levels.



As a signatory to the Busan Partnership for Effective Development Co-operation and the Grand Bargain, Canada has stated its commitment to development assistance and humanitarian responses that are relevant, timely, effective, and efficient, upholding principles of country ownership, systematic inclusion, and accountability to affected populations.

However, out-dated and counter-productive rules, laws, and practices in Canada continue to hinder the type of collaboration that produces effective international assistance programming. Moreover, legal barriers continue to prevent Canadian organizations from delivering assistance where it is most needed and in the most effective ways. Likewise, too often in partner countries, those who are most impacted have the least say in the development and implementation of solutions aimed at benefiting them—a reality that hinders the very purpose of global solidarity and the positive impact of Canadian assistance programs. Canada's international assistance architecture must address the current barriers to aid effectiveness and reflect partner country priorities by embedding the principles of local ownership and agency. Furthermore, the World Humanitarian Summit and Grand Bargain stipulated that at least 25% of global humanitarian funding must go to local and national responders by 2020. Canada must live up to this commitment.

**The AFB will:**

**Include immediate measures, such as carve-outs or exemptions,** to ensure that registered Canadian organizations can deliver humanitarian and development assistance in Afghanistan without fear of prosecution for violating Canada's anti-terrorism laws.

**Commit the Canada Revenue Agency to work with charitable and civil society organizations to implement the amendments to the *Income Tax Act*** approved in the federal budget 2022. It will also develop rules and guidance documents that reflect modern and effective practices of international assistance, including support for local ownership.

**Expand Canada's Global Initiative for Vaccine Equity (CanGIVE)** to support country-led efforts to strengthen local health systems, including through local biomedical research and development, local vaccine production and delivery, and patent waivers on critical products.

**Commit Global Affairs Canada to develop clear targets** to both increase funding allocations to initiatives implemented with local partner organizations and diversify the portfolio of partner countries and organizations.

**Canada must integrate feminist approaches to international development and trade, humanitarian assistance, and peace-building efforts.**

Feminist approaches call for coherent attention to and action to dismantle oppressive structures, from causes to symptoms of inequality. By releasing its Feminist International Assistance Policy (FIAP) in 2017, Canada signalled its commitment to putting human rights and gender equality at the heart of its international development efforts.

The gender-based analysis plus (GBA+) framework, introduced in 2018, provides a starting point for prioritizing investments that eliminate systemic causes of inequality by considering the intersections of race, Indigenous heritage, class, sexuality, age, disability, etc. However, more is needed to ensure greater policy coherence and embed feminist approaches in Canada's foreign policy. For instance, the Ukraine crisis revived the debate about NATO's pledge to spend at least 2% of gross domestic product annually on defence while the commitment to invest 0.7% of gross national income on international assistance remains a marginal talking point. A feminist approach to foreign policy should recognize equity and equality as the most effective foundations for conflict prevention and peace consolidation.

The 2022 Global Peace Index<sup>1</sup> (GPI) estimates that the cost of violence to the global economy was \$16.5 trillion in 2021, or 10.9% of global GDP. Compared to 2020, this is an increase of 12.4% (\$1.82 in constant U.S. dollars), reflecting higher global military expenditures, an increase in conflict deaths, and the impact of larger population displacements.

Modernizing threat-deterrent infrastructure must be combined with bolstering economic empowerment and social stability around the world. To make the FIAP's ambition an operational reality, Canada's foreign policy must be revised to include feminist principles in international and humanitarian assistance, diplomacy and peace-building, and trade. **Government institutions need to be equipped to effectively coordinate and ensure policy coherence. The AFB will:**

**Commit the federal government to publish the Feminist Foreign Policy** by the end of 2023, recognizing the government's promise to do so in 2020.

**Apply fiscal power to match investments in military power with funding that supports threat deterrents, conflict prevention, and poverty alleviation.** This one-for-one policy, which matches every military dollar with a dollar for human development, will be aligned with the goal to increase ODA by 2030 while serving as a longer-term compass in Canada's feminist foreign policy.

**Establish an inter-ministerial committee**, reporting directly to the Prime Minister through the Privy Council Office, to realize and coordinate its feminist ambition at the nexus of development, peace,

and humanitarian efforts. This committee will clarify and improve communications regarding aid flows from all levels of government, in line with the vision of open government. The committee will also be informed by a multi-stakeholder national commission, co-chaired by representatives from civil society, including Indigenous Nations and diaspora organizations, to promote a whole-of-society dialogue on international assistance and develop a coherent feminist foreign engagement model.

**The AFB 2023 is Canada's opportunity to take a lead role in redefining and propelling an equity-seeking agenda of sustainable solutions to global challenges. The AFB will:**

Ensure that the Prime Minister, as co-chair of the United Nations Secretary-General's SDGs group, will initiate work with his fellow advocates to **lay the foundation of a post-2030 global agenda geared towards a global economy of well-being and ecological regeneration.**

**Commit Global Affairs Canada to harness insights of the social impact sector and support social entrepreneurs and diaspora organizations** working to develop non-traditional funding models including matching funds, remittance-based mechanisms, and other initiatives to accelerate transformative change in Canada and abroad.

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## Conclusion

Canada must prepare for the future of international solidarity by supporting the design and implementation of transformative measures. Around the globe, millions of people are falling into poverty for the first time in nearly a quarter-century. Inequality is worsening within and between countries, devastating climatic events are compounding social tensions, and market distortions and degenerative food systems are putting entire generations of children at risk of death or stunted development. The crises predating the COVID-19 pandemic are laying bare fissures in and at the limits of global solidarity, which can only be addressed with new approaches.

Table 15.1 **Summary of international development and foreign policy measures**

All figures in \$M

	2023-24	2024-25	2025-26
Requested increase to overseas development assistance to reach 0.7% of gross national income by 2030	\$2,067	\$4,018	\$5,948
Match additional investments in military support with funding to support conflict prevention	\$500		

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## Notes

- <sup>1</sup> <https://www.visionofhumanity.org/wp-content/uploads/2022/06/GPI-2022-web.pdf>

# International trade and investment

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## Introduction

At the close of the World Trade Organization's (WTO) 12th ministerial meeting in Geneva this year (MC12), International Trade Minister Mary Ng said that Canada is "at the forefront" of global trade initiatives that would "benefit Canadian businesses and workers."<sup>1</sup> A Global Affairs Canada press release asserted the importance of "the international rules-based multilateral trading system, with the [WTO] at its core." Multilateralism, it read, "is essential in achieving a strong, sustainable and inclusive global economic recovery after the COVID-19 pandemic."

None of these talking points accurately reflects Canada's trade and investment policy record during the pandemic period—or before it. Canadian priorities at the WTO and in current bilateral trade and investment treaty negotiations mainly reflect the interests of powerful corporate players in finance, biotech and the life sciences, export-oriented agriculture, private water and education services, and fossil fuels and mining. The resulting treaties do not necessarily benefit workers in Canada or abroad.

In large part, free trade and investment treaties constrain the ability of governments to democratically regulate economic activity. Even more modern treaties provide only minimal and poorly enforceable protections for workers or rights for Indigenous Peoples or the Earth and its non-human inhabitants. Canada's "inclusive trade" innovations (e.g., provisions in new agreements related to gender-based inequality, Indigenous rights, and support for small- and medium-sized business) aim to increase the

participation of under-represented groups in global trade; they do not correct the fundamental corporate bias in neoliberal trade policy.

Canada's self-interested trade policies also dominate or draw energy away from other foreign policy concerns, including the related threats of climate change and biodiversity loss, food security issues, migration, and the global pandemic response. Canada continues to pursue skewed investor protections in new trade and investment treaties that undermine the ability of countries to expand public services or sustainably regulate or phase out polluting oil, gas, and mining projects.

The AFB proposes to significantly reorient Canadian trade and investment policy so that it serves workers, people, and the planet first. Trade policy should complement—or at least not interfere—with the rapid attainment of Paris Agreement commitments to lower greenhouse gas emissions, as well as the UN Sustainable Development Goals. Canada's trade remedies and public procurement policy should respond to worker interests as well.

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## Ending the ISDS regime

The investor–state dispute settlement (ISDS) regime allows foreign firms and investors to bypass local courts and sue countries, sometimes for billions or even tens of billions of dollars, when they feel that a government decision has unfairly hurt their investments or their ability to profit from them. Canada has signed dozens of treaties containing ISDS, but recently agreed to remove the North American Free Trade Agreement's (NAFTA) ISDS process from the renegotiated Canada–United States–Mexico Agreement (CUSMA).

This move was in line with international backlash to ISDS as an unnecessary, unpredictable, and costly handout to big business with dubious economic benefits to countries. The climate-related case against ISDS is especially strong since the Intergovernmental Panel on Climate Change (IPCC) warned that trade and investment treaties—and ISDS specifically—could delay, or even stop, countries from trying to lower emissions out of fear of being sued. Low-income countries simply cannot afford the growing awards against governments in ISDS claims.

New research published in *Science* reveals that as much as US\$340 billion in compensation could be claimed by fossil fuel companies in ISDS proceedings as countries begin to phase out oil, gas, and coal developments.<sup>2</sup> For example, TC Energy is suing the U.S. for US\$15 billion under NAFTA's expiring ISDS process for the cancellation of the Canadian

firm's Keystone XL pipeline. The *Science* paper's authors propose that all countries "should terminate their treaties—even unilaterally—to avoid ISDS cases," noting that "South Africa and others have done so without substantial impact on foreign investment flows."

Although it has removed ISDS from CUSMA, Canada is aggressively pursuing the same kind of investment protections and ISDS in new trade deals in Latin America and the Indo-Pacific. The purpose of this strategy is to strengthen the legal hand of Canadian investors and firms abroad to counter popular or governmental opposition to their projects, largely from the extractives sector. For example, in late 2021, an ISDS tribunal established under the Canada-Colombia Free Trade Agreement (CCFTA) found that a ban on mining in Colombia's sensitive *páramo* region violated the rights of a Canadian mining firm to "fair and equitable treatment." The award in that case is pending.

**The AFB directs Global Affairs Canada to begin to phase out ISDS** wherever it exists in Canadian trade and investment deals and to pull ISDS from current trade negotiations with Mercosur countries, Indonesia, India, and the Association of Southeast Asian Nations (ASEAN). Global Affairs Canada will create a team within its trade negotiations branch dedicated to expunging ISDS from Canada's network of free trade and investment treaties.

This team may wish to begin with the Canada-Colombia FTA, given both the new Colombian president's desire to renegotiate free trade deals and the number of outstanding mining-related ISDS cases against Colombian environmental measures.<sup>3</sup> **The AFB further tasks Global Affairs Canada with negotiating the removal of the "investment court system" in the Canada-EU Comprehensive Economic and Trade Agreement (CETA),** which is holding up ratification of the deal in many EU member states opposed to ISDS with Canada.

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## Inclusive and worker-centered trade policy

Early into its first mandate, the Trudeau government introduced an "inclusive trade" agenda that seemed to respond to progressive critiques of corporate bias in neoliberal trade policy. The government promised to be more transparent and consultative about the content of Canadian trade negotiations and began adding language on gender equality, Indigenous Peoples, and small- and medium-sized businesses into new trade agreements. These inconclusive adjustments leave Canada's overall trade policy intact. In contrast, the Biden administration declared

in 2021 that it would pursue what it calls a worker- and climate-centered trade policy, building on gains for workers in the renegotiated CUSMA and eschewing traditional trade and investment treaties. Over the past year, the U.S. has deployed CUSMA's special Rapid Response Labour Mechanism—a dedicated dispute resolution tool intended to protect workers who are denied the fundamental right to free association and collective bargaining—numerous times, targeting intransigent employers in Mexico with sanctions and supporting state-led efforts to stamp out illegitimate labour unions. The AFB seeks to bring Canadian trade policy more in line with this U.S. approach while adopting other U.S. trade remedies and trade adjustment programs with benefits for Canadian workers.

**The AFB introduces a federal trade adjustment program.** Unlike other jurisdictions, notably the United States, Canada does not currently provide dedicated and assured labour market support for trade-impacted workers. **The AFB establishes a federal trade adjustment program for workers who face job loss, reduced wages, or diminished work hours** resulting from increased imports, trade disputes, or other trade-related matters. The U.S. trade adjustment program received nearly US\$600 million in federal funding in 2021.<sup>4</sup> The Canadian economy was about 7.2% the size of the U.S. economy that year. **The AFB therefore spends 7.2% of the 2021 U.S. trade adjustment allotment, which in June 2022 amounts to about CAD \$56 million.** This amount will be revised upward or downward in future fiscal years based on need.

**The AFB supports union participation in trade remedies cases.** In the 2022 federal budget, the government announced it would “introduce amendments to the Special Import Measures Act and the Canadian International Trade Tribunal Act to strengthen Canada’s trade remedy system by better ensuring unfairly traded goods are subject to duties, and increasing the participation of workers.”<sup>5</sup> Finance Canada subsequently proposed that these amendments should include giving trade unions the ability to file trade remedy complaints, as they do in the U.S. and Australia.<sup>6</sup> **The AFB supports this policy and ensures that unions are properly able to carry a trade remedy case beyond the initial filing.**

**The AFB develops a disability lens for international trade policy.** People with disabilities and, in particular, women and gender-diverse people with disabilities are invisible in Canada’s trade policy. For example, as more frequent users of health services and medications, people with disabilities are disproportionately impacted by provisions in both CUSMA and the Canada-EU Comprehensive Economic and Trade Agreement (CETA) that increase drug prices by extending patent durations or that



encourage and lock in the private delivery of public services. **The AFB hires three full-time equivalent analysts within Global Affairs Canada to ensure a disability lens is applied to trade policy moving forward. A further \$1 million is allocated in 2022-23 to assess the impact of existing Canadian trade deals on people with disabilities and to develop the contours of the disability lens in close partnership with people with disabilities and the civil society organizations who represent them.**

**The AFB creates a permanent civil society trade advisory committee.** Canada lacks a formal, institutionalized advisory body among civil society actors to inform, assess, and/or contest the outcomes of trade policy and to inform future trade priorities. The U.S. has its Advisory Committee for Trade Policy and Negotiations (ACTPN) to fulfil such a role. The European Economic and Social Committee serves a similar role among the European Union's institutions, advising the European Parliament, Council, and Commission on trade policy and other economic matters.

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## Trade and Indigenous Peoples

Canada has officially endorsed the Indigenous Peoples Economic and Trade Cooperation Arrangement. The arrangement promises to promote international trade and investment policies that increase Indigenous participation in trade, enhance trade between Indigenous Peoples, and further their "worldviews regarding the sustainable management of natural resources in order to advance economic development." However, the arrangement has few legal teeth. There is no acknowledgment in the arrangement of the ways in which international trade and investment policies can impinge on Indigenous Peoples' rights by privileging foreign investors operating on Indigenous lands and waters. **The AFB establishes a permanent Indigenous advisory committee to inform and take part in all Canadian trade negotiations and ensures that there is gender and regional balance among committee members. The AFB also commits \$60 million over five years to enhance First Nations' capacity to engage and participate in Canadian international trade delegations and in trade negotiations.**

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## Revise Canada's international regulatory co-operation agenda

Regulatory “modernizations” over the past decade have transformed Canada’s administrative policy landscape in response to corporate demands for less “red tape” and more coherent regulatory environments with Canada’s trading partners. **The AFB spends \$1 million a year for two years to expand Canada’s regulatory advisory committee to include at least one representative for labour, public health, and the environment** to enhance transparency and add balance to current international and interprovincial regulatory co-operation activities, which skew toward corporate interests and prioritize trade facilitation over strong public interest regulation. **This AFB also redirects Canada’s international regulatory co-operation efforts toward combating climate change and enhancing global public health in the wake of the ongoing COVID-19 pandemic.** With respect to climate change, regulatory co-operation will focus on knowledge and technology transfer, and co-ordinated regulatory experimentation to ensure clean energy and manufacturing methods are widely available to countries around the world.

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## Reform federal procurement policy to support Canadian jobs

This spring, Global Affairs Canada sought advice on the development of a reciprocal procurement policy that would “reduce access to Canadian federal procurement opportunities for foreign suppliers, goods, and services from countries that do not provide a comparable level of access to Canadian suppliers.” Fundamentally, government procurement policy—at the federal, provincial/territorial, and municipal level—should strive to maximize public benefits, not penalize Canada’s trading partners. **The AFB recommends that any reciprocal procurement policy should be tied to a broader procurement reform agenda, with a focus on the following four elements:**

1. Preferences for domestic goods and services in federal procurement, where allowable under Canada’s trade obligations and where there are clear benefits for workers, the public, the environment, and government.
2. “Buy Canadian” conditions on federal transfers to provincial, territorial, and municipal governments for major projects, where these

are still permitted under Canada's extensive procurement-related trade commitments.

3. Sustainability criteria on the direct federal procurement of, and federal transfers for, goods and services used in large infrastructure projects such as highways, urban transit, hospitals, universities, and public water and wastewater systems.

4. Set-asides (e.g., as a fixed target of total contracts in a year or as a proportion of the value of annual public spending) for small businesses, women-owned businesses, Indigenous-owned businesses, community-based not-for-profits, and businesses owned by racialized or so-called marginalized groups.

If any of these policies are disputed by Canada's trading partners, the AFB will authorize government to enter into negotiations with those countries to modify Canada's trade-related procurement commitments.

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## Conclusion

Canada's trade policies need to be centred on putting people and the planet first. This AFB sets out an agenda that is fairer, more inclusive, and more transparent.

**Table 16.1 Summary of international trade and investment measures**

All figures in \$M

	2023-24	2024-25	2025-26
Establish a federal trade adjustment program for impacted workers	\$56	\$62	\$68
Build capacity to apply a disability lens to Canadian trade policy	\$2	\$2	\$2
Establish a permanent Indigenous Trade Advisory Committee	\$12	\$12	\$12
Expand the Regulatory Advisory Committee	\$1	\$1	

## Notes

**1** Global Affairs Canada. June 17, 2022. "Minister Ng welcomes successful Twelfth Ministerial Conference in Geneva."

**2** Kyla Tienhaara, Rachel Thrasher, Alexander Simmons, and Kevin P. Gallagher. "Investor-state disputes threaten the global green energy transition: Global action on climate change could generate upward of \$340 billion in legal claims from oil and gas investors", *Science*, Vol 376, Issue 6594, pp. 701-703.

**3** The Associated Press, "Former rebel Gustavo Petro wins Colombia's presidential election," June 19, 2022.

**4** Congressional Research Service. February 17, 2021. *Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015*. <https://crsreports.congress.gov/product/pdf/R/R44153>.

**5** Department of Finance, "Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable," Chapter 2. Accessed June 30, 2022: <https://budget.gc.ca/2022/report-rapport/chap2-en.html#wb-cont>.

**6** Mark Rowlinson. "Federal budget announces new trade remedies and protections for workers and unions" Goldblatt Partners Unsolicited Blog. Accessed June 30, 2022: <https://goldblattpartners.com/unsolicited-blog/federal-budget-announces-new-trade-remedies-and-protections-for-workers-and-unions/>.

# Just transition and industrial strategy

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## Introduction

Decarbonizing the Canadian economy is a monumental long-term project that is already underway and involves two distinct, but related, transitions. First, Canada is transitioning away from the production and consumption of climate-destroying fossil fuels such as coal, oil, and natural gas. Second, Canada is transitioning into a climate-safe economy powered by zero-emissions renewable energy.

While essential from an environmental perspective, both transitions have implications for workers and communities. If the transition to a net-zero carbon economy is not proactively managed or fails to put the needs of workers first, it risks displacing and disenfranchising communities across the country.

The AFB adopts a just transition approach to minimize the cost of transition to people, such as oil workers, auto mechanics, and off-grid, diesel-dependent Indigenous communities that most depend on fossil fuels today and to maximize the potential benefits of investment in a clean economy. A just transition refers to a policy framework that ensures workers and communities are prioritized in the managed, long-term transition away from fossil fuels.

Furthermore, the AFB recognizes that a just transition away from fossil fuels without commensurate investment in a clean economy is a dead end. Ultimately, we need viable, large-scale alternatives to the fossil fuel industry to ensure the well-being of workers and the sustainability of communities across the country into the future.

**The AFB will ensure the timely passage of the long-promised Just Transition Act to enshrine in law the rights of workers and communities to a just transition from fossil fuels.** The Just Transition Act was first promised in 2019 and, despite ongoing consultations, has not yet been tabled by the government. **The AFB commits to passing the act in the first half of 2023.** The act will establish a binding obligation on the part of the federal government to support workers and communities negatively impacted by environmental policies. The act will require the government to conduct detailed assessments of the potential negative impacts of decarbonization policies on workers and communities, and develop effective policies and support mechanisms to mitigate these impacts. Under the act, the federal government must table a just transition progress report every two years, detailing its impact assessments and policy responses while evaluating policy effectiveness using clear, empirical indicators. The act will also reiterate and reinforce the imperative of achieving net-zero emissions by 2050 through the winding down of fossil fuel industries and the scaling up of clean alternatives, such that a just transition will never be used as an excuse for lowered climate ambitions.

**The AFB will establish a permanent tripartite Economic Transition Council to oversee and manage Canada's transition away from fossil fuels and into climate-safe alternatives.** The transition to a net-zero carbon economy touches on every aspect of social and economic policy. No one federal department can reasonably oversee this complex agenda. Instead, **the AFB creates an Economic Transition Council funded by this AFB with \$10 million per year for operating expenses.** The council will be a new, permanent body comprising high-level government officials from key departments including Natural Resources, Employment, Infrastructure and Environment, as well as representatives from the labour movement and the private sector. The council's mandate is to coordinate Canada's transition strategy through ongoing engagement with key stakeholders and the provision of cross-departmental policy recommendations.

**The AFB will fund the development of a national, community-led Green Industrial Strategy to set out a high-level, long-term economic plan for communities across the country.** Canada urgently needs a vision of the economy for 2050 that is not based on fossil fuel production and consumption. Without a consensus vision for a cleaner future, we risk investing in economic dead ends, like blue hydrogen and carbon capture technology, which may seem viable today but are not compatible with a climate-safe future in the long term. One of the priorities of the

new Economic Transition Council is to develop a national, community-led Green Industrial Strategy. The council will facilitate community-level discussions across the country to produce regionally specific roadmaps that build toward a singular national economic mission. **The AFB provides \$45 million over three years to the council (above and beyond operating expenses) specifically for the development of this strategy.**

**The AFB will invest in publicly owned economic diversification projects in communities in transition.** Where the costs of transition are most acute, as in those rural communities that depend disproportionately on fossil fuel production or consumption, there is an urgent need for large-scale investments in long-term economic alternatives. **The AFB funds direct public investments in low-carbon infrastructure in vulnerable communities across the country that are developed in partnership with the community and guided by the Green Industrial Strategy.** Funding of \$15 billion a year will be delivered through the reformed Canada Infrastructure Bank for this purpose (see Infrastructure and Cities chapter), with priority given to projects that are economically self-sufficient over the long term and create local jobs and other spin-off benefits. These proactive investments will enable workers to move into new industries before the old ones have fully wound down, which smooths the transition and reduces the need for social support in those communities.

**The AFB will establish a coordinated re-training program for workers displaced by the transition away from fossil fuels.** Many of the workers at risk from decarbonization are highly skilled professionals and tradespeople in sectors like energy, engineering, and manufacturing. While these skills are transferable in general, workers often face friction when seeking new jobs in the clean economy, such as unrecognized credentials and mismatched technical knowledge. **The AFB provides \$30 million over three years to Employment and Social Development Canada to develop a program that matches worker skills with emerging industries and facilitates the transition into new jobs.** The program will connect workers with any necessary upskilling to maximize their existing skill sets and coordinate with employers to meet labour demand in growth areas.

**The AFB will fund the creation of a flexible Just Transition Benefit to support workers and communities in transition.** Even with new investments in economic diversification, coordinated re-training, and re-employment programs, some workers in communities transitioning away from coal, oil, and natural gas will inevitably fall through the cracks.

The AFB provides relief to displaced workers through a new, federal Just Transition Benefit. The benefit, which will be available to any worker who loses a job directly or indirectly due to climate policies such as the fossil fuel phase-out (see the Environment chapter), is flexible by design. It can be used as income support, as an early-retirement incentive, as a training credit, as relocation support, or for other purposes, depending on each worker's transition needs. The benefit is indexed to inflation, stacks with employment insurance, and will be available for as long as necessary while those workers seek re-training and/or re-employment in alternative industries. **The AFB allocates \$100 million a year over 20 years for this new program.**

## Conclusion

The climate crisis requires immediate action to ensure Canada moves away from a fossil-fuel economy. That necessitates a plan to help workers transition into clean economy jobs. This AFB lays out the roadmap Canada needs to reach that destination.

**Table 17.1 Summary of just transition and industrial strategy measures**

All figures in \$M

	2023-24	2024-25	2025-26
Establish a permanent, tri-partite Economic Transition Council	\$10	\$10	\$10
Develop a national, community-led Green Industrial Strategy	\$15	\$15	\$15
Establish a co-ordinated retraining program for displaced workers	\$5	\$13	\$13
Create a Just Transition Benefit to support workers and communities in transition	\$100	\$100	\$100



# Long-term care

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## Introduction

The failures perpetuated by and embedded in our elder care system return, again and again, to haunt us. Long before the COVID-19 pandemic, the flaws and gaps within and between systems of care were well known. Potential solutions based on decades of research and international best practices have long been advocated.

There was a brief window when elder care advocates had reason to hope that the tragedy would provoke transformational change in how we—as a nation, as provinces, territories, and communities, and as families—provide care for our most vulnerable. The correlation between the working conditions of care providers and the quality of life of those in care had never been more starkly delineated. In this moment, there seemed to be a collective acknowledgement that Canada needs to fully invest in a care economy that is tied to evidence-based standards as well as regulated care and employment.

The urgency of that moment, which was so poignantly felt by many Canadians across the country as they read the Canadian Forces reports from long-term care homes in Ontario and Quebec, or as they watched the COVID-19 death tolls in elder care facilities tick upward daily, has dissipated. Succinctly summarized by seniors' care experts Carole Estabrooks and Sube Banerjee, the pandemic "has made it clear that despite good intentions, little has truly changed in the fundamental values, attitudes and beliefs of the health system, of politicians, and even of well-meaning and hard-pressed practitioners on the front lines who are faced with making difficult decisions."<sup>1</sup> The incrementalism of the federal and provincial governments has resulted in very little tangible systemic change. Seniors, their loved ones, care workers, and advocates

are all still waiting for national standards for seniors' care. Moreover, we are still waiting to see if they will be aligned with expert consensus on what needs to be done: regulated hours of direct care, improved staffing ratios, a national staffing strategy, increased pay and stability for staff, investments in home care and community-based services. These are the pillars that must be in place for any substantive change to begin. And these standards must be enforceable.

Because we are still waiting, the 2023 Alternative Federal Budget proposals for seniors' care will sound terribly familiar, like ghostly echoes across the canyon between where we are and where we must be to avoid yet another tragic cycle.

**The AFB will invest in the long-term care that every person in Canada deserves.** Continuing the (mostly unanswered) call from the 2022 Alternative Federal Budget, **this AFB enacts immediate federal intervention to support the provinces and territories in delivering a continuum of care that is high-quality, accessible, equitable, culturally appropriate, and enables seniors and people with disabilities of all ages to live with dignity, respect, and independence.** This includes facilities-based long-term care, home care, and related community supports. Efforts will be directed to improve equitable access to a full continuum of appropriate care, the expansion of public and non-profit delivery, public long-term care infrastructure, and immediate- and long-term planning to secure a stable, sustainable workforce to meet current and future needs for Canada's aging population.

**The AFB will deploy a national long-term care workforce staffing strategy.** As in the previous pandemic-era AFBs, this AFB will create a national long-term care staffing strategy as part of a comprehensive, co-ordinated health workforce strategy as the sector faces many of the same pressures on recruitment and retention that are unfolding in health care across the globe. Inadequate staffing levels and poor working conditions for employees have been widely acknowledged as a significant factor in the ability of Canada's long-term care facilities to respond to the pandemic and its concomitant public health restrictions. However, concerns about adequate staffing and the ability of long-term care staff to meet the care needs of residents have been raised over and over again, for several decades, across the country. Inadequate staffing levels are strongly correlated to burnout among health care workers, a higher likelihood of workplace injury, and they result in high rates of staff turnover—all of which impact the quality of care that they are able to provide residents. Inadequate staffing means basic care needs of residents, which are essential to their physical well-being and personal

dignity, are frequently delayed or missed entirely. Over and over, the evidence shows that increased staffing of direct care workers results in fewer negative health outcomes for residents. In order to create substantive change in seniors' care it is essential that frontline workers' voices be heard and that governments learn from their experiences.<sup>2</sup> Despite the crucial role of staff in providing quality care, provincial and national data on staffing is scarce. The Government of Alberta, for example, has not undertaken any study of staffing levels and working conditions in the long-term care sector. **This AFB allocates an additional \$10 million over three years to improve data collection analysis to inform LTC workforce planning.**

**This AFB will enact long-term care standards.** The national standards for long-term care must work to uphold the measures of care that are required for quality of life, not the bare minimum to keep people alive. Crucially, these standards must be tied to federal funding and they must be enforceable, even as several provinces have legislated protections that shield care homes from liability. The draft standards developed by the Health Standards Organization explicitly state, among the six overarching foundational principles to guide the standards must be a recognition that "[f]ederal, provincial and territorial legislation, regulations, and accountability mechanisms...need to enable the achievement of these new standards for LTC."<sup>3</sup> **The AFB will provide additional annual funding of \$25 million, which will be dedicated to the establishment of a national agency to co-ordinate funding, workforce, and standards among the three levels of government with responsibility for eldercare services.** Previous AFBs have included a call to increase seniors' care spending to 2% of GDP, which is the upper-middle range among OECD comparator countries. With the additional spending on direct care hours, staffing, and wage top-ups outlined in this chapter, **the AFB will align Canada's long-term care budget with the countries that dedicate the highest percentage of GDP to seniors' care expenditure which average 3.5% of GDP.**<sup>4</sup> To ensure a co-ordinated seniors' care system that is sustainable in the long term, the federal government should consider a national eldercare service funded through a social insurance contribution, which would be earmarked for seniors' care services such as facilities-based care, home care, and seniors' mental health and social services including disability services. This funding could be distributed via a dedicated transfer to the provinces.

**Direct care hours in facilities-based long-term care.** In a 2021 survey of long-term care staff by Parkland Institute, nearly half of

respondents (43%) did not have adequate time to consistently complete required tasks every day. Only 24% of staff stated that they never had essential tasks outstanding at the end of a shift. Less than half of the respondents felt that the staff-to-resident ratio in their workplace was adequate to provide necessary care; 41% felt it was seldom or never adequate to meet care needs.<sup>5</sup> While some provinces have pledged to implement updated requirements direct care hours and staffing ratios, many are still dreadfully inadequate. **The AFB will fund a national minimum standard of four hours of direct care per resident day, allocating \$15 billion over the first three years** (broken down according to calculations by the Parliamentary Budget Office, this would result in approximately \$4.3 billion being allocated in the first year, with a 4% annual accelerator in subsequent years).<sup>6</sup>

**Address wait lists.** While approximately one million senior Canadians receive care services in long-term care facilities, in their homes, or in their communities, around 40,000 more are waiting for long-term care and as many as 90,000 may have unmet home care needs.<sup>7,8</sup> **The AFB will create, equip, and staff 52,000 new long-term care beds over three years and will fund an additional 82 million hours of home care services annually.** In contrast to the current trend towards further privatization and “uberization”<sup>9</sup> of these services, this new funding will prioritize publicly delivered home care.

**Reducing precarity by addressing working conditions and wage top-ups.** The experiences of seniors’ care workers during the pandemic have driven home the untenable precariousness faced primarily by women in the sector: low wages, uncertain or insufficient hours, the need to work across multiple sites, few or no sick days—all while performing vital care tasks on the frontline of a deadly virus. This precariousness was further amplified for racialized and migrant women, who are disproportionately represented in health and social care, such as long-term care and home care.<sup>10</sup> Reducing the employment precariousness among staff improves the consistency and quality of care delivered to residents and it has a direct impact on gender equity in the health and social care sector.<sup>11</sup> When asked how to stop the hemorrhaging of staff within seniors’ care, workers presented many straightforward and achievable solutions: they “spoke about their need for financial security and higher pay, protections from workplace injuries, mental health supports for themselves and their families, and the reining in of private profits at the expense of quality of care.”<sup>12</sup> To make these basic improvements a reality, 2021 calculations by the Parliamentary Budget Officer estimated that an annual commitment of \$1.1 billion would be

needed to raise the wages and benefits of long-term care employees to \$25 an hour, on average. This figure was weighted towards matching the lower compensation in the private sector with the public system. **This AFB will not direct funds to subsidize the profits of private long-term care chains. This \$1.1 billion commitment would be directed to public and non-profit care providers to directly reduce job precariousness and improve working conditions by replacing a significant proportion of casual and part-time contracts with full-time hours and associated benefits.**

**Table 18.1 Summary of long-term care measures**

All figures in \$M

	2023-24	2024-25	2025-26
National Workforce Strategy	\$500	\$100	\$100
Workforce data collection & analysis	\$3	\$3	\$4
National Eldercare Co-ordination Agency	\$25	\$25	\$25
Enact and enforce national standards	\$2,350	\$2,421	\$0
Ensure 4.0 direct-care hours per resident/day	\$4,300	\$4,472	\$4,651
Create 52,000 new long-term care beds	\$1,000	\$1,000	\$1,000
Fund additional 82 million hours of home care services	\$5,200	\$5,720	\$5,950
Reduce precarious employment	\$1,100	\$1,100	\$1,100

## Notes

**1** CBC. February 2, 2021. "Long-term care outbreaks, deaths reveal how badly we undervalue seniors and people with dementia."

**2** Important research highlighting the voices and experiences of seniors' care workers in Canada before and during the COVID-19 pandemic include Lillian Hung, et al. 2022. "Staff experience of a Canadian long-term care home during a COVID-19 outbreak: a qualitative study." BMC Nursing 21:45; Naomi Lightman et al. 2021. More than 'just a healthcare aide': Immigrant women speak about the COVID-19 crisis in long-term care. Parkland Institute; AP Hapsari et al. 2022. "The working conditions for personal support workers in the Greater Toronto Area during the COVID-19 pandemic: a mixed-methods study." Canadian Journal of Public Health.

**3** Health Standards Organization. 2022. National Long-term Care Standards (draft).

**4** The Netherlands, Denmark, Norway, and Sweden average 3.5% of GDP for seniors' care expenditure. Organization for Economic Co-operation and Development. 2020. Focus on spending on long-term care.

**5** Rebecca Graff-McRae. 2021. Time to care: staffing and workloads in Alberta's Long-term care facilities. Parkland Institute.

**6** Yves Giroux. 2021. Cost estimates for Motion 77: Improvements to long-term care. Parliamentary Budget Office.

**7** Canadian Association for Long-term Care. 2018. Long overdue: Improving seniors care in Canada.

**8** Canadian Medical Association. 2021. Canada's eldercare crisis: addressing the doubling demand.

**9** Armine Yalnizyan. June 15, 2022. "'Laura' spoke on condition of anonymity. Her story of what's happening in nursing is a warning to us all." Toronto Star.

**10** Lightman, et al. 2021. More than 'just a healthcare aide'. Parkland Institute; Ted McCoy & Naomi Lightman. April 13, 2020. "The pandemic's unflattering glare: How the crisis is affecting care workers and prisoners." The Canadian Dimension.

**11** Pat and Hugh Armstrong. 2009. "Precarious employment in the health-care sector," in Vosko, MacDonald, and Campbell eds, Gender and the contours of precarious employment. Routledge, pg. 256-271.

**12** Lightman, et al. 2021.

# Monetary policy and inflation

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## Introduction

The preferred tool for targeting inflation is generally considered to be interest rates, which are governed by the Bank of Canada. Unfortunately, this standpoint overlooks many fundamental functions of other institutions and policies that can also influence inflation. Controlling inflation, moderating the business cycle, and promoting wage growth is the domain of governments, as well as the Bank of Canada, although governments often defer to the bank on these fronts. The AFB believes the federal government can and should act more aggressively to bring inflation down using its own tools, which are separate from the interest rate used by the bank.

The Bank of Canada is owned by and takes its direction from the federal government. The mandate of the Bank of Canada is set by the federal government on five-year terms. The most recent mandate was delivered on December 2021.<sup>1</sup> While that recent agreement did not adopt a so-called “dual-mandate” directing the Bank of Canada to both target inflation and full employment, the agreement did include improved language on that front: “[The] Bank will continue to leverage the flexibility inherent in its framework. Specifically, when conditions warrant, the Bank will: ...actively seek the level of maximum employment needed to sustainably achieve the inflation target. The Bank will consider a broad set of indicators to gauge the health of the labour market and to inform its assessment of the economic outlook.”<sup>2</sup> The next mandate for the Bank of

Canada won't be determined by the federal government until the end of 2026, which is outside of the AFB planning cycle.

Although there will be no mandate revisions within the next five years, the AFB believes there is much that can be done to tackle inflation and unemployment, at least from the perspective of the federal government. For example, the government can:

**Tackle inflation.** The following actions can be undertaken to contain key aspects of the consumer price index: the price of housing, which is already heavily affected by mortgage underwriting rules, which the federal government sets; buffering stocks of key inputs into the CPI and domestic businesses; providing high-quality public services at little or no cost to reduce what Canadians pay, the most recent example of which is the 50% reduction of fees for child care and eliminating dental costs for many households; and aggressive enforcement of the *Competition Act*, along with revisions to make it more adept at addressing consumer price gouging.

**Moderate the business cycle.** Federal government support can play a more critical countercyclical role in moderating the business cycle. This support includes improved countercyclical federal income supports to protect workers from the worst impacts of job losses (see the Employment Insurance chapter); and improved income supports that react quickly to changing circumstances beyond Employment Insurance, across all major federal income programs (see the Poverty and Income Security chapter and its new Rapid Response Guarantee).

**Moderate wealth inequality.** Rock-bottom interest rates are meant to drive economic growth, but they have also led to inflated asset prices, particularly in real estate. This has driven wealth inequality to record highs. Long-term economic growth must be built on more than simply encouraging further private sector indebtedness with ever-lower interest rates.

**Grow wages.** Tight inflation policy can easily restrain wage growth. Interest rate policy is thought of as a counterpoint to high inflation, but it also has important redistributive effects in that it limits real wage growth, no matter whether wage demands caused the inflation or not. The other causes of inflation since 2021 include outsized input prices and corporate profit margins, which are rarely, if ever, mentioned, much less targeted for constraint when discussing inflation. In this instance of inflation, corporate profits and rising margins are playing a role. Explicit constraints on workers' wages to keep inflation low are evident in recent statements by the governor of the Bank of England<sup>3</sup> and the chair of the Federal Reserve.<sup>4</sup>



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## AFB monetary policy priorities

Although the Bank of Canada mandate isn't up for renewal until 2026, the AFB advocates for the following monetary policy priorities:

**Full employment. The Bank of Canada and the federal government should target full employment so that all workers who want to work can have a job.** This goal is not a part of what the Bank of Canada is mandated to do, but it should be in the next mandate. Full employment should be defined in terms of employment opportunities and set the stage for strong wage competition among employers. Long-term wage pressure should align workers' real wages with productivity gains so that workers and the corporate sector share in those productivity gains.

**Stable but higher interest rates. The AFB will dispense with the notion that incremental changes in the Bank of Canada's target interest rate are "fine-tuning" inflation or the economy more generally.** For many possible intermediate interest rates, there is likely little or no connection to inflation. Sufficiently large and rapid interest rate increases can cause a recession, but this doesn't mean smaller changes in interest rates have any particular impact on economic growth or inflation. Interest rate policies are redistributive, moving income from one income group to another. In that way, interest rates should be set at a just rate, rather than fine-tuned to affect inflation. Therefore, the AFB favours a higher interest rate, but one that is more stable and predictable for both business and household financial decision-makers. If the business cycle sours, robust stimulus spending and automatic stabilizers should be favoured to offset a recession. **If inflation increases, the AFB will follow the policy actions below to moderate it without looking to the Bank of Canada to cause a recession through rapid and large interest rate increases.** Monetary policy may not be the best tool for business cycle management—we should rely more on fiscal policy.

**The AFB will use federal government mortgage-regulation tools to moderate house prices by targeting investors.** While the federal government doesn't control mortgage rates, which have a large impact on house prices, it does have substantial regulatory tools at its disposal that can yield the same result in house price management. Given the importance of rising house prices on the CPI in Canada, the reduction of home prices can be an important means of reducing inflation. The federal government controls the conditions for mortgage insurance through the Canada Mortgage and Housing Corporation (CMHC) and the more general mortgage underwriting rules through the Office of the Superintendent of Financial Institutions (OSFI). **The AFB will use both means to target**

**real estate investors, foreign and domestic, to make speculation in residential real estate markets much less profitable.** Housing should be about providing places where Canadians can live, not a class of assets in which they speculate. **The AFB will immediately increase the down payment required by investors to get a mortgage from 20% to 50% and propose a sequence of further increases in the future. The AFB will also examine further regulatory measures to discourage residential real estate investment.** However, it will not provide any additional “incentives” for homeowners, as these often increase already high house prices.

**The AFB will create the Critical Inputs Commission to identify and moderate prices across a small group of commodities that are critical to Canadian growth.** To moderate inflation, the Bank of Canada is essentially using a price signal. However, price stability can also come through the buffering of stockpiles to smooth out supply changes instead of having prices rapidly adjust to clear markets. Stocks can be built up when prices are low and reduced when prices are high to moderate price pressure on consumers and businesses. Key inputs, like gasoline and diesel, are obvious starting points, but systemically important inputs for the Canadian economy might also include commodities like fertilizer. The goal of the commission would be to identify systemically important inputs into the Canadian economy and devise plans to buffer those commodities, either through physical stockpiling or through financial instruments such as commodity futures. Varying the stocks of those inputs would moderate price swings for Canadian consumers and businesses. Over the business cycle, the cost of purchasing the stocks and the profits upon sale would be cost-neutral for the federal government. Since the Canadian economy remains heavily reliant on fossil fuels for growth and several systemically important inputs would likely be gasoline and diesel, an additional role of the commission would be to make the Canadian economy less reliant on these inputs over time. This could be through better infrastructure, less reliance on fossil fuels for transportation, or shifts in transportation from trucking to rail, for example.

**The AFB will create a Fair Wage Commission.** One of the often-ignored impacts of monetary policy is that it has important distributional impacts. When wages begin rising, interest rates are used to suppress them, shifting the balance of economic growth towards profits. Wage policy should not be an afterthought of inflation policy. **The AFB will create a Fair Wage Commission to provide wage growth guidelines to Canadian employers.** Wage growth guidelines will ensure that workers see real wage growth that is commensurate with long-term productivity growth and allow them to capture the additional wage

value of their education and productivity. These wage growth guidelines would be the foundation of wage setting with the federal public service and increases in the federal minimum wage. However, these guidelines would also act as an anchor for wage demands in collective bargaining and individual bargaining for workers outside of the direct purview of the federal government. They could also serve as a benchmark for provincial minimum wage increases instead of using inflation, which doesn't reward workers for their productivity gains. The commission could also provide research on low wages, including the effect of higher wages on employment rates, productivity, and turnover.

**The AFB will empower federal agencies to deal more aggressively with oligopolies and monopolies that drive inflation.** In sectors with few competitors, there is more leeway for companies to increase prices to cover their increasing input costs, grow their margins, and book more profit. Economics textbooks routinely assume perfect competition, but in the real world, industries often have only a few players. This enables them to set higher prices. In an environment of rapidly rising prices, that pricing power can easily lead to inflation driven by the "profit-price spiral". That occurs when companies initially raise prices and improve their margins because of their pricing power. As inflation eats away at profits, they then strive to maintain those margins through further price increases, further driving inflation. Stronger competition can be a hedge against the profit-price spiral by whittling away at pricing power in concentrated industries. Federal agencies, particularly the Competition Bureau, should also more aggressively investigate and pursue illegal collusion in concentrated industries where such collusion is easier to organize.

**The AFB will ensure that excess capital gains are adequately taxed.** Outsized profits in the Canadian corporate sector were amassed during the pandemic and the ensuing inflationary phase. These profits were possible largely because companies were in the right place at the right time, not because of any business acumen. For instance, as retail stores were shut down by the pandemic, internet retailers saw record profits. This wasn't due to business acumen on the part of internet retailers; it had more to do with luck. The excess profits generated because of rapid shifts in public health rules may well not be constrained by the measures above, although some might. In those circumstances, the excess profits need to be captured by the state and recycled into something more productive, like better income supports for households squeezed by inflation. Higher capital gains taxation, with an inclusion rate of 75% for both corporations and individuals, will help capture those excess profits (see the Taxation chapter).

**Table 19.1 Summary of monetary policy and inflation measures**

All figures in \$M

	2023-24	2024-25	2025-26
Creation and operation of the Critical Inputs Commission	\$10	\$10	\$10
Creation and operation of the Fair Wage Commission	\$10	\$10	\$10
Boost budget of the Competition Bureau	\$25	\$25	\$25

## Notes

**1** Bank of Canada. December 2021. *Monetary Policy Framework Renewal*. (<https://www.bankofcanada.ca/wp-content/uploads/2021/12/Monetary-Policy-Framework-Renewal-December-2021.pdf> downloaded June 13, 2022).

**2** Bank of Canada. December 2021. *Monetary Policy Framework Renewal*, pg 3. (<https://www.bankofcanada.ca/wp-content/uploads/2021/12/Monetary-Policy-Framework-Renewal-December-2021.pdf> downloaded June 13, 2022).

**3** Richard Partington. February 4, 2022. "Bank of England boss criticised for asking workers not to demand pay rise." *The Guardian*. (<https://www.theguardian.com/business/2022/feb/04/bank-of-england-boss-calls-for-wage-restraint-to-help-control-inflation>).

**4** Jerome Powell. May 4, 2022. "Transcript: Fed Chief Powell's Postmeeting Press Conference." *The Wall Street Journal*. (<https://www.wsj.com/articles/transcript-fed-chief-powells-postmeeting-press-conference-11651696613>).

# Post-secondary education

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## Introduction

High-quality, affordable, and accessible public post-secondary education is a key pillar of a strong democratic society and an internationally competitive economy. Despite its democratic and economic importance, federal investment in the post-secondary sector has stagnated at 0.2% of GDP for at least two decades.<sup>1</sup> In that time, public funding as a proportion of university revenues has diminished significantly and now amounts to less than half of revenues.<sup>2</sup> As a result, Canada has one of the lowest rates of public funding for post-secondary education in the OECD.<sup>3</sup> **Canada's post-secondary system faces a critical moment where its status as a public good that Canadians can rely on is at risk due to chronic underfunding and increased privatization and corporate control.** Insufficient funding levels have led to greatly increased costs for students and their families, resulting in a less affordable and accessible system. Long-term underfunding has also negatively impacted the post-secondary education workforce, leading to rising precariousness and deteriorating working conditions for many education workers.

Any effort to address these monumental challenges must navigate a complex jurisdictional landscape that places constitutional responsibility for post-secondary education in the domain of the provinces and territories, yet leaves the federal government in an important role as a funder and creator of policies in many related areas such as economic development and innovation.<sup>4</sup> **The AFB supports a new legislative**

**framework that formally establishes federal leadership on post-secondary education and creates a dedicated post-secondary transfer to provinces and territories.** The AFB takes important strides toward a universally affordable post-secondary education system by doubling student grants and committing to work toward a tuition-free post-secondary education system by 2030. The AFB enacts measures to support each of the sectors of Canada's public post-secondary education system, including universities, colleges, vocational and skilled trades training institutes and certification programs, and other forms of adult education like language instruction.

### **Creating a strong national post-secondary education system: A Canada Post-secondary Education Act**

The AFB has long supported new federal legislation to create an affordable, equitable, and publicly funded post-secondary education system in Canada. To cement the goal of establishing a universal post-secondary education system rooted in the human right to education, **the AFB supports the passage, with specific amendments, and full implementation of Bill C-260, the Canada Post-secondary Education Act**, which underwent a first reading in Parliament in March 2022.<sup>5</sup> Similar to the Canada Health Act in the domain of health care, this legislation sets strong parameters for federal leadership in post-secondary education across Canada. This act codifies the core principles of a national post-secondary system including financial accessibility, high quality, academic independence, and commitment to public, non-profit education. The new legislation sets national standards and regulations for the sector that will ensure fair labour practices by restricting the use of short-term and casual labour and will limit corporate and donor control over research and institutional decision-making. **The AFB will amend Bill C-260 to include additional regulations on pay equity, ensuring fair practices in international student recruitment, and providing requirements for sustainability policies at post-secondary institutions.**

### **Creating a Canada Post-secondary Education Transfer**

To establish a permanent basis for funding post-secondary education, **the AFB will create the Canada Post-secondary Education Transfer within the framework established by the Canada Post-secondary Education Act. It will be a dedicated federal transfer payment to provinces and territories to fund post-secondary education, starting at \$3 billion per year, in addition to what is currently transferred**

**for spending on post-secondary education, adjusted annually for both inflation and enrolment growth.** The new transfer, separate from the existing Canada Social Transfer, will be used to ensure sufficient, sustained levels of funding are provided to the post-secondary system. It is important to note that in order to access these funds, provinces and territories must abide by the requirements and conditions set out in the Canada Post-secondary Education Act.

### **A federal Secretariat of Post-secondary Education, Training, and Research**

The new framework for post-secondary education proposed by the AFB will require an institutional anchor at the federal level. **Therefore, the AFB will create a federal Secretariat of Post-secondary Education, Training, and Research, with an annual budget of \$15 million a year, adjusted to inflation.** The secretariat will act as the coordinating body of the national post-secondary education framework, with responsibility for developing a national post-secondary education strategy; engaging provinces, territories and other system stakeholders; providing oversight and accountability; and conducting policy development, research and data collection on post-secondary education. Working with provinces, territories, and other system stakeholders to develop a strategy for moving toward a universal, tuition-free system will be an important part of the secretariat's mandate. The secretariat will also work with subject matter experts and stakeholder groups to identify, research, and propose policy solutions regarding equity issues in post-secondary education.

To ensure accountability under new legislative requirements, the secretariat will partner with Statistics Canada and the Canadian Education Statistics Council to establish a new national program for collecting data and conducting research on the post-secondary education system in areas such as access, affordability, quality, equity, mental health, safety, and working conditions. **In addition to the proposed secretariat's budget, the AFB will allocate \$5 million annually to support the national data collection and research program.**

### **Creating a universally affordable post-secondary system**

The AFB commits to the long-term goal of establishing a universal, tuition-free system of public post-secondary education for all students. Currently, the federal government spends \$1 on student grants for every \$2 in student loans disbursed. As an initial step toward the goal of universal affordability, **the AFB will permanently double the value of Canada Student Grants at an initial cost of \$4.8 billion in new**

**spending over the next three years and commit to maintaining a minimum 50:50 ratio of spending on grants to loans.** To ease the debt burden on student loan borrowers, **the AFB will eliminate interest payments on Canada Student Loans at a cost of \$784.9 million in 2024-25 and \$848.2 million in 2025-26.** Since interest payments on Canada Student Loans will be eliminated, the AFB will cancel the now redundant Student Loan Interest Tax Credit, yielding \$55 million in savings annually.

To ensure a nation-wide transition to a universal and tuition-free post-secondary system, **the AFB commits to develop a national plan to replace post-secondary tuition revenues with public funding in order to eliminate tuition fees for all students at public universities, colleges, and technical schools by 2030. This will be done in cooperation with the provinces and territories, which will be coordinated by the Secretariat of Post-secondary Education.** In order to secure this commitment to developing a national universal post-secondary education system, **the AFB will amend Bill C-260, the Canada Post-secondary Education Act, to require provinces and territories to agree to work toward a tuition-free system by 2030 as a condition of accessing Canada Post-secondary Education Transfer funds.** In order to receive post-secondary transfer funds, provinces and territories shall enter into an agreement with the Secretariat of Post-secondary Education to create and enact a plan for transitioning to tuition-free post-secondary education systems.

### **Strengthening Canada's research capacity by supporting investigator-led research and graduate students**

The 2017 report<sup>6</sup> generated by the Advisory Panel on Fundamental Science provided a number of recommendations to improve Canada's research capacity, including stable support for investigator-led scientific research to re-balance shifts to market-driven research over the past decade. Following this report, the federal government introduced unprecedented funding for the Tri-Council Agencies—\$925 million over five years. However, this funding is set to expire at the end of 2022. **The AFB will renew these Tri-Council allocations (adjusted to the total inflation of 8.34% between 2018 and 2021). The AFB will also address the inflation-adjusted gap between the 2017 Fundamental Science Review report and the funds allocated in Budget 2018, for a total investment of \$1.6 billion over five years.**

Graduate students are a critical part of research undertakings in Canada's post-secondary education system. The scholarships received by



graduate students through the Tri-Council Agencies are one of the main sources of income that enables them to pay for living expenses and fees related to their studies. The value of those scholarships, however, has not kept pace with rising tuition fees and costs of living, especially since the significant rise in inflation over the past year. **The AFB will provide additional increases to Tri-Council Agency funding for the strict purpose of increasing the value of Canada Graduate Scholarships by 30% and adjust those amounts consistently to deal with the rising cost of living, for a total of \$47.7 million annually. The AFB will also create an additional 1,250 Canada Graduate Scholarships, for a total of \$32.5 million annually, adjusted to inflation starting in 2023-24.**

### **Recognizing the importance of apprenticeships and trades skills training**

Loans for trades apprenticeships represented under 0.01% of the value of student loans disbursed by the Canada Student Financial Assistance Program in 2020.<sup>7</sup> Most funding for apprenticeships and skills training is channelled through the Employment Insurance (EI) system. This means that many people who do not qualify for EI are unable to access enough funds for training in the trades. In recognition of the importance of the trades skills training sector to Canada's post-secondary education system, public funding will be made available for unemployed people who did not previously qualify to pursue apprenticeships and skills training. **The AFB will allocate an additional \$300 million a year, adjusted annually to inflation, to expand access to apprenticeships and other forms of skills training.**

It is essential that trades certifications and standards are portable across all provinces and territories, just like post-secondary diplomas and degrees. To accomplish this goal, the Post-secondary Education Secretariat will partner with the Canadian Council of the Directors of Apprenticeship to strengthen the ongoing process of harmonizing Red Seal certification standards and developing curriculum for trades apprenticeship programs across the country.<sup>8</sup>

In addition to these measures, the AFB also expands investment in adult education and training by redesigning the Canada Training Benefit to be more generous, accessible, and responsive; one that is inclusive of

diverse forms of adult education [See Employment Insurance, Training and Jobs chapter for recommendations].

### Increasing funding to Indigenous-led post-secondary education

As stated by the Assembly of First Nations, Indigenous Peoples have both inherent and treaty-based rights to education, which include post-secondary education.<sup>9</sup> As such, the proposed framework for post-secondary education recognizes the need for additional resources to ensure the rights of First Nations, Inuit and Métis Peoples are respected with regard to post-secondary education. In order to support Indigenous students and Indigenous-led education programs, institutions, and systems, **the AFB will increase funding for Indigenous post-secondary education by \$896 million annually.**

### Fairness for international students

As the public share of funding of post-secondary education has declined, universities and colleges have compensated by raising tuition revenues. Since international tuition rates are unregulated, that increase has been borne disproportionately by international students, who pay tuition fees an average of four times higher than domestic students.<sup>10</sup> As part of the strategy to transition toward a tuition-free system, **the AFB will compel the federal government to work with provinces and territories to develop and enact timely solutions to the affordability crisis that international students are facing.** Over-reliance on international students as a lucrative source of revenue has created many instances of predatory international recruitment practices.<sup>11</sup> To ensure that these practices come to an end, **the AFB will invest \$20 million a year to provide greater oversight of international student recruitment practices and implement tighter regulations on the sector.** Recognizing the dire impact of the COVID-19 pandemic on employment opportunities for international students, **the AFB will extend the three-year Student Graduate Work Permit by an additional 18 months** in order to make it easier for them to stay and work in Canada after graduating.

**Table 20.1 Summary of post-secondary education measures**

All figures in \$M

	2023-24	2024-25	2025-26
Create a dedicated federal post-secondary education transfer to the provinces	\$3,000	\$3,090	\$3,183
Establish a Secretariat of Post-secondary Education, Training and Research	\$15	\$15	\$15
Permanently double funding of Canada Student Grants	\$1,596	\$1,609	\$1,627
Eliminate interest payments on Canada Student Loans	\$0	\$785	\$848
Cancel the Student Loan Interest Tax Credit	-\$55	-\$55	-\$55
Renew and expand granting agency funding	\$320	\$320	\$320
Increase the value of Canada Graduate Scholarships by 30%	\$48	\$50	\$53
Create additional 1,250 Canada Graduate Scholarships	\$33	\$34	\$36
Support for apprenticeships and trades skills training	\$300	\$315	\$331
Increase funding for Indigenous-led post-secondary education	\$896	\$896	\$896
Provide better regulation of international student recruitment	\$20	\$21	\$22

## Notes

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# Public services

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## Introduction

COVID-19 has disrupted Canada's labour market in profound ways. Public sector workers continue to provide vitally necessary public services, but many are working under new circumstances and pressures. If Canada is to move forward in a progressive, hopeful manner, making changes to ensure the health of the public service is necessary.

For instance, the pandemic forced most public sector workers out of their office buildings and into their homes. In fact, more Canadian public sector workers are now working from home than ever before. Teleworking went from about 0.8% of workers in 2017 to 71% in 2020.<sup>1</sup> That represents a sea change in working conditions. And it's not the only emerging pressure on public sector working conditions. Contracting out of jobs, the use of temporary help agencies, chronic understaffing, workplace harassment, ongoing Phoenix pay problems, wages falling behind inflation, and automation and Artificial Intelligence (AI) job displacement practices add to the already challenging prospect of working in public service.

The 2022 federal budget promised a strategic review that is forecast to save \$9.5 billion over five years, possibly through the offloading of surplus real estate. The federal government is dealing with empty office buildings and has included the elimination of real estate in its Greening Government strategy, but this won't likely generate \$9.5 billion, raising concerns about cutbacks elsewhere. Canadians saw the direct impact of the cuts that took place after the last recession and should be worried about how this strategic review will impact the services available in their community. There is also a need to ensure full transparency in any sales of government holdings and an opportunity to pursue an inclusive

economy strategy by ensuring that federal office buildings are converted into ventures that support community-owned, inclusive enterprises.

Public sector workers who are providing lifesaving and life-affirming public services in the care economy—many of whom have been working at high risk on the front lines during the COVID-19 pandemic—desperately need strategies to address staff shortages, personal safety, and job burnout (See Care Economy chapter).

**Fairness for workers in the new remote work environment.** Like private sector workers, many public sector workers whose job enables them to work remotely responded to the conditions of the pandemic by moving to or taking on new roles in rural and suburban areas. The federal government has considered moving toward a hybrid working model, where workers work part-time from home and part-time from an office, but that option would only be possible in major urban centres. Without clear contractual obligations to support workers in remote-work environments, Canada risks losing experienced public sector workers who will simply move to other jobs. Currently, no mechanism exists to ensure that managers are trained and have the capacity to manage remote workforces. Even the current Chief of Defence Staff has indicated that the military needs to review its approach to remote work to attract top-level talent in many areas, including knowledge-based jobs.<sup>2</sup> **This AFB supports a more consistent and coherent approach to a safe return to the workplace and remote work strategies.** Workers whose lives will be impacted by teleworking policies, and the unions that represent those workers, should have a strong voice in the creation of policies determining the conditions of their work.

**The problem of contracting out jobs.** The practice of contracting out public sector jobs to consultants or contractors has been quietly on the rise in the federal public sector. For instance, instead of relying on trained and professional public service employees, Veterans Affairs Canada is contracting out the work of serving veterans with rehabilitation needs to a large corporation that values profits over people.<sup>3</sup> The Canada Revenue Agency also tried to contract out public service work at call centres during the height of the pandemic, against which the workers' union successfully fought back.<sup>4</sup> Thousands of civilian jobs at the Department of National Defence have been contracted out, some to global companies with reputations for unethical business practices and human rights abuses.<sup>5</sup> **The AFB will have the federal government's pending Strategic Policy Review include, as the main priority, support for sufficient staffing to provide public services in a timely and efficient manner—an issue that is not resolved by contracting out.**

Contracting out jobs contributes to the hollowing out of public sector expertise, which costs governments more in the long run. After public service professionals developed new programs and delivered emergency help to people in record time, it is beyond disappointing that the federal government continues to spend billions a year on advice and services from costly contractors instead of utilizing the expertise and experience of Canada's professional public servants, who have committed their careers to serving the Canadian public.<sup>6</sup>

**Understaffing and use of temporary help agency workers.** The federal government continues to be the largest user of temporary help agency workers in the country. Instead of adequately staffing for programmatic and operational needs, government departments turn to temp agencies to provide cheap labour quickly. Even a unanimously approved House of Commons Human Resources Committee report recognized this challenge in 2019 and recommended that the government work to hire indeterminate employees to properly staff its workforce. The report included the following recommendations:

**Recommendation 5:** That Employment and Social Development Canada work with other federal government departments and agencies to review human resources practices with a view to:

- Reducing reliance on temporary agency workers and the solo self-employed;
- Improving protections for temporary agency and self-employed workers to ensure that they enjoy the same level of occupational health and safety protections and access to workers compensation; and
- Reviewing human resources policies and budgeting practices to ensure that they incentivize hiring employees on indeterminate contracts.

The use of temps and the chronic understaffing of government departments create multi-tiered workforces, triangular employment relationships, and provide poorer services at higher costs. Even the Labour Program's own internal studies indicate that staffing levels are insufficient to meet operational goals, and the HUMA Report on Precarious Work made specific, and still ignored, recommendations on this matter.

**Recommendation 8:** That Employment and Social Development Canada make greater investments in staffing the Labour Program inspectorate to:

- Promote employer and worker education on rights and responsibilities;

- Support employers to meet administrative and reporting requirements; and
- Inspect workplaces proactively to ensure compliance with labour standards and occupational health and safety protections.

Current estimates are that CBSA<sup>7</sup> is short-staffed by between 1,000–3,000 workers, causing the government to cancel all worker holidays and in summer 2022 and resulting in untenable bottlenecks at points of entry across the country. The government regularly posts tenders for temp workers to fill roles, such as ATIP officers, data entry clerks, and kitchen help. A recent posting by Shared Services Canada<sup>8</sup> indicates that the government is looking for a private company to fill up to 5,000 jobs. These tenders rarely, if ever, include requirements that the contracting company pay a decent wage or provide benefits or job security. The Canadian government should be a leader in decent work.

**Toxic workplaces.** Hardly a week passes without a news story about unhealthy working conditions in federal government workplaces. Readers will have seen numerous articles about sexual and workplace harassment and abuse at DND, the Black Class Action and Indigenous Class Action suits, and increased concerns at the RCMP,<sup>9</sup> CBSA, and other government workplaces. The government must attend to all recommendations that focus on ensuring that systemic harassment and abuse, systemic racism, and all behaviours that make jobs unsafe for workers are implemented. This starts with the recommendations of both the Deschamps and Arbour reviews<sup>10</sup> of the Department of National Defence and with settling the Class Actions in good faith.

**The great pay squeeze.** At the bargaining table, the Treasury Board is asking public sector workers to take a pay cut at the very time that workers are coping with record-high inflation across the country. The Treasury Board's wage offer—averaging a 1.7% a year increase from 2021 to 2025—is out of touch with skyrocketing inflation. All workers deserve a fair contract that ensures they and their families won't fall further behind. To make things worse, the Phoenix nightmare continues for tens of thousands of workers who are still dealing with incorrect and late pay six years after the new pay platform was introduced. As of May 2022, 164,000 workers were still waiting for correct pay.<sup>11</sup> **The AFB will establish a Fair Wage Commission to ensure wage gains in the federal public service, and in all industries, retain their real value but also reflect gains in productivity** (see the Monetary Policy and Inflation chapter).

**Artificial intelligence in the public sector.** Even before the pandemic, AI was being introduced to the public sector. Subsequently, more

departments and agencies are including AI and robotic solutions in their planning. Although it is possible that AI can supplement work without replacing jobs, that is not usually what happens; jobs are either displaced or are not created in the first place. Without proper safeguards and vigilant human oversight, the introduction of AI could create major access barriers to vital public services. Systems that use AI often result in harm to or discrimination against marginalized communities—communities that are more likely to seek access to government programs and social services. And just like in the private sector, replacing jobs with automation or AI has an impact on local economies, especially in communities with a heavy reliance on public sector jobs. AI and automation systems can be over-hyped and often create more problems than they were expected to solve. The Phoenix pay system is a powerful example of what can go wrong when we rely entirely on a digital system to streamline processes that deal with hundreds of thousands of people. Although multiple fixes have been introduced since Phoenix was introduced, training and adding more paid administrative staff has turned out to be the main remedy—and more staff are still required.

**This AFB will:**

- Ensure that senior bureaucracy works with its unions to create fair and transparent working conditions in their collective agreements and address teleworking, the introduction of automation and AI, return to work and on-site safe work conditions;
- Protect public service jobs in the context of new technologies, contract work, and student employment;
- Ensure that public sector workers are paid enough to keep up with inflation trends via the new Fair Wage Commission (see the Monetary Policy and Inflation chapter);
- Create a Federal Fair Wage Commission to set wage increases that consider both inflation and productivity gains (see the Monetary Policy & Inflation chapter);
- Implement the recommendations of the HUMA *Report on Precarious Work*, including robust staffing of the labour program and reducing the use of temporary help agency workers to a minimum and only in emergencies;
- Include public sector bargaining agents at all stages of the Strategic Policy Review and define the review's terms of reference to ensure that better service delivery by a robust public sector is the goal, not staffing cuts; and



- Use the recommendations of both the Deschamps and Arbour reviews on workplace harassment at CAF/DND to improve working conditions for civilian public sector workers and to inform necessary reforms in other workplaces.

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## Notes

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# Racial equality

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## Introduction

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

In January 2018, the Government of Canada officially recognized the United Nations Decade for People of African Descent (UN-DPAD) (2015–2024). It also committed to specific actions to address the recommendations in the 2017 United Nations Working Group of Experts' report on its mission to Canada with respect to anti-Black racism.<sup>1</sup> The decade is ending and Canada has yet to address anti-Black racism and dismantle all forms of racial discrimination in institutions, policy, laws, and programs. It's a missed opportunity as a nation that could be interpreted as a signal of the lack of belonging in this mosaic we all call home.

COVID-19 has focused attention on and exacerbated the longstanding inequities faced by racialized Canadians, displaying the price we all pay when all Canadians lack equity in opportunities and supports. Black Canadians face a multiplication of these penalties due to the impact of anti-Black racism. This is the current reality for Black Canadians: their average age is 29 years old, and one in three Black youth aged 29 and under is unemployed. One in five Indigenous youth are also unemployed. The government has rightly harnessed resources in response to, and in support of, the pandemic and populations such as women and Ukrainian refugees. It is a missed opportunity to similarly harness the

appropriate resources to support Black and Indigenous youth integration into Canada's labour force. By not addressing this urgent issue, the government negates the future and value of Black Canadians to Canada's economic recovery in this time of labour shortages.

The COVID-19 pandemic has focused attention on and exacerbated longstanding inequities faced by Black and other racialized people. Economic, social, and health-related responses by different orders of government during the COVID-19 pandemic have exposed structural and systemic disadvantages along racial lines. Black communities faced much worse health outcomes compared to others. Almost all racialized communities have reported an increase in hate crime. Most notably, there has been a dramatic spike in anti-Asian racism and anti-Muslim hate, in addition to the continued high numbers of ongoing anti-Black and anti-Indigenous racism.

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

- **Employment:** hiring, promotion, retention, and wages equitable to those paid to white people;
- **Education:** lack of resources, access, greater rates of suspension, and poorer outcomes;
- **Income:** higher rates of poverty across the board compared to white people;
- **Housing:** lower rates of home ownership and discrimination in renting;
- **The legal/justice system:** over-incarceration, and disproportionate levels of policing and criminalization; and
- **Health:** lack of access, racist and discriminatory treatment, higher mortality rates, worse maternal and pregnancy outcomes.

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

**The AFB will:**

- **Create an Anti-Racism Act** that will name and address all forms of systemic racism, racism, and hate to provide a legislative foundation for an independent Anti-Racism Secretariat that reports directly to parliament and has its own budget; and create a National Action Plan with metrics to accompany the national Anti-Racism Strategy, containing concrete strategies with actionable goals, measurable targets, timetables, and necessary resource allocations for each strategy and to fund community-based efforts across Canada to address all forms racism and hate;
- **Amend the Canada Labour Code** definition of harassment and violence in Part II of the code to include racism (as was done for gender);
- **Include an intentional racial equity framework in the GBA+ budget**, federal Poverty Reduction Strategy, the National Housing Strategy, and the Canada-wide Early Learning, Childcare Plan and mandate a racial equity framework for all reviews, including a review of COVID-19 relief spending and funding programs by federal government departments and specific action plans on eliminating racial disparities and inequalities in Indigenous, Black, and racialized communities in the respective areas targeted by the strategies;
- **Create a Fair Wage Commission** to set fair increases in the minimum wage for other governments to follow (see the Monetary Policy and Inflation chapter);
- **Maximize the disaggregated data collection allocation.** Budget 2021 provided \$172 million over five years towards the collection of disaggregated data based on race and other socio-demographic identities in the key areas of the labour market; economic inequality and poverty; the criminal justice system and access to justice; child welfare; environmental racism; health and mental health; housing; social and cultural benefits; education; refugee protection, interdiction, and immigration (including recruitment of migrant workers); citizenship legislation and policy; and media, social media and mass communications. Include a clause to ensure racial equity with disaggregated data collection in health transfers to provinces and territories;
- **Strengthen the federal *Employment Equity Act* and attach employment equity measures through Community Benefit Agreements** to all federal investment and recovery programs to ensure racialized groups and other under-represented groups have

Table 22.1 **Summary of racial equality measures**

All figures in \$M

	2023-24	2024-25	2025-26
Fund training & upskilling programs, job placements and supports for racialized youth	\$44	\$44	

equitable access to any new jobs created. Eliminate the use of 'visible minorities' in the Act;

- **Provide funding for training/upskilling programs, job placements, and wraparound supports targeted to racialized communities,** especially youth, and remove systemic implementation barriers to uptake for racialized youth regarding Bill C-93, in clearing their cannabis records;
- **Build on lessons learned from the Black Entrepreneurship Program (2021 budget) and dismantle systemic barriers to entrepreneurship** (such as access to capital and financing, technical assistance, coaching, and access to business networks) and make ongoing investments in Indigenous, Black, and racialized entrepreneurs, including by developing Treasury Board policy on equity in Low Dollar Value Contracts and setting equity targets for organizations receiving funding or contracts from the federal government; and
- **Integrate Community Benefit Agreements within infrastructure and housing spending** to ensure the inclusion of racialized workers, apprentices, and businesses within the supply chain (see the Affordable Housing and Homelessness chapter).

## Notes

1 UN Human Rights Council. 2017. Report of the Working Group of Experts on People of African Descent on its mission to Canada. <https://digitallibrary.un.org/record/1304262?ln=en> (Retrieved 2022-07-07).

# Regulation

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## Introduction

Regulations<sup>1</sup> are rules that implement, interpret, and enforce laws. Their purpose is to advance the public interest,<sup>2</sup> including by protecting citizens' health, safety, and the environment.

Regulatory capture involves the corporate co-optation of regulatory agencies. When it happens, regulation to protect the public interest is subverted to benefit the private interests of the regulated industry and those of its government enablers.

Characteristically, industries can shape the policy, legislation and, ultimately, regulations that govern their operations. They regularly block or delay new regulations and exert pressure to remove or dilute existing regulations, which they frame as “red tape”<sup>3</sup> that, they claim, makes them less competitive or is detrimental to job and wealth creation.

Senior officials appointed by cabinet who oversee regulatory agencies are generally deferential to the priorities of their minister. Public servants who question policy tend to be ignored, sanctioned, or pushed out of office.

Corporate-government interactions are largely shielded from public view. Political agendas are set in private meetings with cabinet ministers, committee chairs, and senior bureaucrats, among other lobbying activities.<sup>4</sup>

The ascendance of neoliberalism, beginning in the 1980s, saw a transformation of the power relationship between governments and corporations. Karl Polanyi's dictum in *The Great Transformation*—that markets should be embedded in society and that society should not be subordinated to the whims of the market, behind which are powerful actors whose interests conflict with that of society—was inverted in the

neoliberal era. There ensued a decades-long erosion of government's primary obligation to protect citizens' health, safety, and the environment.

Under both Conservative and Liberal governments, regulatory capture increasingly infiltrated regulatory oversight regimes. It occurred within the context of entrenched corporate power, which systematically 'captured' regulation even before specific regulatory agencies were captured.

Regulatory capture was entrenched in the Harper government's 2012 regulatory policy, the *Cabinet Directive on Regulatory Management*.<sup>5</sup> It framed regulations primarily as an administrative burden and a business cost that needed to be "streamlined". The policy's centrepiece was the "one-for-one" rule,<sup>6</sup> which mandated that regulatory agencies offset each proposed new or amended regulation by removing at least one existing regulation. It put regulators in an awkward and potentially dangerous position. With some exceptions, they had to choose between proposing a regulation that would provide added protection while removing another regulation, with potentially dangerous health and safety consequences. The process usually ended in a stalemate and a freeze on new regulations. In a worst-case scenario, the consequences were catastrophic. For example, despite the exponential rise in the volume of oil transported by rail after 2010, the government failed to impose new safety regulations to address the growing danger—a contributing factor to the Lac-Mégantic rail disaster.

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## The nature and scope of regulatory capture

Resources for most regulatory agencies have been eroded over the last four decades, forcing regulators to depend on corporations to develop and manage their safety oversight regimes—in effect, self-regulation. Control of tax legislation and regulation is a signature manifestation of corporate capture. It has resulted in major cuts to the top income tax bracket and corporate tax rates and loopholes to facilitate tax avoidance and evasion via an archipelago of tax havens. The lost tax revenue in Canada from 2000 to 2019 amounted to almost \$50 billion annually.<sup>7</sup> The squeeze on resources translated into major cuts to regulatory agency budgets.

In her contribution to *Corporate Rules*,<sup>8</sup> Dr. Michèle Brill Edwards, former head of Health Canada's agency responsible for the regulation of clinical trials and drug approvals, describes how the pharmaceutical industry infiltrated the drug approval agency (Health Protection Branch). The agency's capability and authority were weakened by reducing

resources and scientific personnel. Senior officials viewed public safety protections as useless “red tape” that impeded new investment by pharmaceutical companies.

The emphasis in international regulatory cooperation, which is to facilitate trade and reduce the “burden” on multinational corporations, has produced obtuse forms of state capture hidden from public scrutiny (see International Trade and Investment chapter).

Corporate capture by the pharmaceutical industry is evident in Canada’s foot-dragging on a proposal to waive some World Trade Organization (WTO)-protected intellectual property rights to allow global production and broader access to affordable COVID-19 vaccines, treatments, and tests. Canada and other countries that refused to support the TRIPS waiver proposal passed a much weaker “non-waiver” at the WTO’s latest ministerial conference in Geneva.

The fossil fuel industry’s obstruction of action on climate change exemplifies the dramatic consequences of regulatory capture. Since the 1997 Kyoto Protocol, successive federal governments have failed<sup>9</sup> to meet Canada’s greenhouse gas emission reduction targets. The Trudeau government approved the expansion of the Trans Mountain pipeline while concurrently declaring a climate emergency. Despite the Intergovernmental Panel on Climate Change’s call for a halt to new fossil fuel production projects,<sup>10</sup> the federal government approved an oil-drilling project off the coast of Newfoundland and Labrador. University of Victoria professor William Carroll, the coordinator of the Corporate Mapping Project, describes an infrastructure of government officials and lobbyists interacting with fossil-fuel industry associations.<sup>11</sup>

Regulatory capture has become embedded in the practices and operational models of regulatory agencies. It has produced a conflation of public and private interests or partnerships between regulators and regulated industries rather than a clear separation of interests and roles. Regulatory enforcement and accountability provisions have been hollowed out.

Safety oversight regulatory regimes, called Safety Management Systems, exist in the transportation, food, and energy sectors. Audits performed by regulatory agencies have largely replaced unannounced field inspections. Oversight has become a paper exercise in which regulatory boxes are ticked without regard to their effectiveness in improving safety.

The so-called “revolving door” is a common feature of regulatory capture. Private-sector employees are recruited to serve in regulatory agencies and then return to lucrative positions within industry. After their



time in office, politicians are appointed to corporate boards of directors. Regulatory managers seeking future employment in industry tend to pull their punches to remain on good terms with the companies they regulate.

Conflict of interest rules have done little to protect against this phenomenon. Whistleblower protections for individuals wanting to speak out against transgressions are also weak. In 2021, two international bodies ranked Canada as tied for last place<sup>12</sup> among 37 countries in terms of effective whistleblowing frameworks.

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## Concrete measures to counter regulatory capture

Regulators need countervailing powers to help them escape from the regulatory capture straightjacket. **The AFB takes the following measures aimed at overcoming regulatory capture. The AFB would:**

- Restore resources to regulatory agencies. Strengthen in-house professional analytical and research expertise to effectively submit and evaluate regulatory proposals; evaluate company risk assessments and conduct independent systemic risk assessments.
- Ensure safety oversight regimes have the necessary surveillance and enforcement capacity.
- Ensure regulatory oversight bodies have necessary resources paid out of general tax revenue rather than through cost recovery as occurs, for example, with the pharmaceutical industry's funding of most of Health Canada's drug approval process costs. Under these circumstances, as Lexchin<sup>13</sup> and Brill-Edwards<sup>14</sup> describe in *Corporate Rules*, speed of approval—a company priority—often trumps safety and at times endangers the public, as illustrated by food and blood contamination and drug disasters. Health Canada receives \$91 million a year for providing services of a regulatory nature.<sup>15</sup> The AFB would use general revenues to fund these services.
- Curb the “revolving door:” namely, address the negative consequences of personnel moving between industry and regulators. Measures should include training for those coming from industry on their duties as guardians of the public interest and a cooling-off period limiting their movement back to industry or lobbying. Ensure salaries and career opportunities for public sector employees are comparable to the private sector.

- Reform civil and criminal liability regimes to hold senior government officials, company executives, directors, and owners to a higher standard of accountability, including legal liability, for decisions that endanger public health, safety, and the environment.
- Make changes to the government's regulatory policy, the *Cabinet Directive on Regulation*, notably eliminating the one-for-one rule and prioritizing the precautionary principle over competitiveness considerations when making decisions about health, safety, and the environment. Eliminate the *Red Tape Reduction Act*.
- Increase parliamentary scrutiny of regulations to ensure consistency with legislation. Ed Schmidt,<sup>16</sup> former general counsel, says the Department of Justice has largely abandoned its duty to ensure that the regulations it evaluates comply with legislation and instead prioritizes policy preferences and the interests of the government.
- Provide financial and other forms of support to public interest groups, municipalities, etc., to enable broad-based citizen engagement in the legislative and regulatory process and reduce industry power over regulators. Improve mechanisms for public participation in regulation-making processes, including online engagement. Effective public participation<sup>17</sup> means the right to know, the right to participate in decision-making, and the right to remedy or compensation for regulatory breakdowns.
- Strengthen access-to-information laws to require lobbyists to make public more information about their activities and company information currently shielded from public access by "commercial confidentiality" regulations.
- Ensure that the NAFTA (USMCA) Regulatory Cooperation Council [RCC], CETA Regulatory Cooperation Forum, and CFTA Regulatory Reconciliations Table working groups, which are charged with harmonizing regulations across political jurisdictions, are accountable to parliamentary and public scrutiny to ensure they are not simply forums for behind-the-scenes deregulation.
- Ensure that regulatory agencies are not conflicted by dual mandates of economic/promotion and safety protection and do not report to ministers with dual mandates, as exists in the transportation and nuclear sectors. Regulators should become stand-alone agencies that report directly to parliament.
- Implement robust whistleblower protections. In 2017, a parliamentary committee reviewed the legislation and recommended 25 changes,

none of which the government has implemented to date. In 2021, parliament again sent these recommendations to the government. Whistleblower protections should be enshrined in legislation as in the US, and there should be an independent office for this purpose.

Table 23.1 **Summary of regulation measures**

All figures in \$M

	2023-24	2024-25	2025-26
Pay for services from general revenues instead of cost recovery from industry	\$91	\$91	\$91

## Notes

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# Taxation

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## Introduction

The federal government's response to the economic turmoil caused by the COVID-19 pandemic showed what is possible. Large-scale new programs were created and funded to ensure that necessary public health measures did not add a financial crisis to the health crisis. Unfortunately, the cost of these programs and their impact on the federal debt, combined with high level of inflation, are feeding harmful narratives about the need to curb government spending. However, as the AFB makes clear, Canada needs more—not less—use of public money to address the damage caused by the pandemic, especially to our health care system, as well as other ongoing crises, including the lack of affordable housing and worsening climate disasters. How can we properly fund vital public services and manage inflation? The answer is fairer taxes.

We can better manage our fiscal system by making our tax system fairer while we also reducing inequality, investing in a sustainable economy, bringing an end to poverty, expanding our provision of care, and improving the public services that Canadians deserve. Unfortunately, too many prominent voices will tell us that we cannot afford to do these things. The reality is quite the opposite. Inaction isn't an option. Under-funding health care, public housing, post-secondary education, long-term care, and infrastructure imposes short- and long-term costs. Those costs disproportionately fall on historically marginalized and oppressed groups, including low-wage workers, the unhoused, people with disabilities, Indigenous communities, Black and racialized people.

The tax options that the AFB would implement will make our tax system fairer and they will help make Canada fairer by improving corporate accountability, reducing extreme wealth concentration,

confronting tax dodging, strengthening climate action, and contributing to an affordable housing solution.

**Reduce extreme wealth concentration.** Canada's 50 richest families added more than \$30 billion to their wealth in 2021.<sup>1</sup> Canadian non-financial corporations added \$88 billion to their cash holdings.<sup>2</sup> This wealth has given corporations and their elite owners an undue amount of power and influence. Instead of being invested in developing a just, sustainable economy, these pools of wealth get shifted into tax havens or turned into speculative assets. We need the right taxes to keep that money moving where it can benefit everyone.

**Annual wealth tax.** The Trudeau government promised to explore ways to tax extreme wealth inequality in its 2020 throne speech. But the promise disappeared in last year's throne speech, despite the continued rise of wealth concentration. We need an annual tax on those with extreme wealth. Using figures from the Parliamentary Budget Office (PBO), we calculate that a modestly progressive wealth tax—at 1% for wealth over \$10 million, 2% for wealth over \$100 million, and 3% for wealth over \$1 billion—would generate close to \$26 billion annually.

**Restore corporate income tax rate.** Federal and provincial governments have been lowering the corporate income tax rate for decades, with the false promise that jobs and productivity would follow. This has cost the public hundreds of billions of dollars, with none of the fabled benefits.<sup>3</sup> The Parliamentary Budget Officer (PBO) estimates that every percentage increase in the general corporate tax rate increases revenues by \$2.2 billion.<sup>4</sup> Boosting Canada's general rate to 20% would generate about \$11 billion annually.

**Minimum tax on book profits.** Corporations tell tax authorities one thing and their shareholders another thing. Even while they declare record profits in their public disclosures, many pay taxes that are well below the statutory corporate income tax rate. A minimum tax on book profits would help to close the gap between what they ought to pay and what they actually pay. If we conservatively assume that profits will return to pre-pandemic levels, then a 15% minimum tax on companies with income greater than \$1 billion per year will generate \$4 billion annually.

**Shutdown loopholes.** Corporations and elites are able to exploit our complex tax system to significantly reduce their taxes. Once all taxes and income are accounted for, the 1% pay a lower tax rate than those in the bottom 10%.<sup>5</sup> The gap between the statutory corporate income tax rate and the effective tax rate is at an all-time high, thanks to government tax preferences, numerous tax credits, and aggressive corporate tax avoidance schemes.<sup>6</sup> These loopholes not only cost the public billions

in revenue, many of the credits and preferences distort our economy in detrimental ways. For example, allowing corporations to fully deduct executive pay helps drive the growing gap between executives and workers.<sup>7</sup> And the exclusion of high-emission, export-oriented industries from the carbon tax is hampering our efforts to reduce our emissions. These loopholes do not provide their promised benefits of more and better jobs, or higher productivity. Instead, they make it harder to create a more just economy.

**Minimum tax on foreign profits.** The OECD plan to address the problem of tax avoidance by multinational corporations through profit shifting is proving to be inadequate to the problem.<sup>8</sup> Canada should implement a minimum tax of 25% on foreign profits to make up for the shortcomings of the OECD plan. Such a tax could generate between \$19.3 billion and \$22.6 billion a year.<sup>9</sup>

**Raise the inclusion rate for capital gains.** Workers pay the full tax rate on their income, but capital gains—income from buying and selling assets—is taxed at only half the rate. Over half of this income goes to the richest 1%. That means the preferential treatment of financial activity over productive labour widens the wealth gap and costs the federal government over \$20 billion annually.<sup>10</sup> According to the PBO, raising the rate to 75%—in lieu of adjusting for inflation—would bring in \$9.5 billion.

**Financial activities tax.** The financial sector enjoys numerous tax preferences, including the exclusion of GST from many financial services. The finance and insurance industry (FIRE) saw their already extreme profit margins jump significantly during the pandemic. A Financial Activities Tax on the compensation and profits of the financial sector, as proposed by the IMF, would effectively be a tax on the value-added of the financial sector. Such a tax would also reduce the incentive for speculative financial activity, which creates harmful volatility of asset prices. It is estimated that such a tax would generate about \$10 billion annually.<sup>11</sup>

**Cap executive pay deductions.** Executive pay has been escalating for years. Much of this is tied to performance bonuses that allegedly reward their delivery of value. But during the pandemic, many companies altered their own rules to ensure executives would continue to receive these bonuses.<sup>12</sup> Because executive pay is fully deductible, Canadians subsidize this “heads, I win, tails, you lose” practice. Canada should, at a bare minimum, follow the U.S., where there’s a \$1 million limit per executive.

**Limit dividend tax credit.** The dividend tax credit was intended to compensate shareholders for the income tax that corporations pay. The justification is highly questionable. However, because corporations are increasingly avoiding their tax responsibilities, even if justified, the credit

is misapplied. Further, half of the benefits go to the top 1%, which means it exacerbates inequality.<sup>13</sup> Limiting this to the tax actually paid would save the federal government at least \$1 billion annually; eliminating it entirely would save over \$5 billion.<sup>14</sup>

**Border carbon tariff and full carbon tax inclusion.** Many of Canada's highest emission industries have sizable exemptions from the carbon price so they remain internationally competitive. This means that large emitters, which are responsible for over 40% of our total emissions, pay less than 6% of carbon price revenues.<sup>15</sup> The carbon tax should be applied to all emissions from large emitters, combined with: 1) a carbon tariffs to imports from countries not pricing emissions, and 2) rebates to Canadian exports to those countries. This would make Canadian industry more competitive and increase the federal government's revenues by approximately \$3 billion annually.

**Invest in transparency and compliance.** Despite promises to invest in the Canada Revenue Agency and crack down on tax dodgers, the current government has failed to significantly increase the CRA's funding.<sup>16</sup> Non-compliance costs the public tens of billions every year.<sup>17</sup> But even these huge losses pale in comparison to the legal avoidance that is facilitated by a lack of transparency and the failure to update our tax laws. The global digital economy has made it easier than ever for wealthy elites and corporations to avoid taxes. We need to properly invest in the CRA to develop the tools and skills to deal with this costly problem.

**Fund the Canada Revenue Agency (CRA).** The PBO estimates a payback of \$4–5 for every extra dollar invested in the CRA.<sup>18</sup> The investment would allow CRA workers to adequately investigate the complex international schemes devised for corporations and wealth tax avoiders. The CRA should also be empowered to hold responsible the accounting and law firms implicated in devising and implementing tax avoidance schemes.

**Update the general anti-avoidance rule (GAAR).** For too long, the federal government has delayed an update to the general anti-avoidance rule. This empowers tax authorities and courts to deem tax avoidance schemes as contrary to the spirit of a law. Failure to update GAAR means the Supreme Court has had to rule against the CRA in some high-profile cases of profit-shifting tax avoidance.

**Require public country-by-country reporting of corporate financial information.** The federal government is finally acting with urgency to create a public registry of beneficial ownership. This kind of public transparency will help reduce money laundering, tax dodging, and other financial crimes.<sup>19</sup> However, we need similar urgency to publicly



disclose the country-by-country financial reporting of large transnational corporations. Global tax authorities and civil society organizations need this information to ensure transnational corporate tax compliance.

**End tax agreements with known tax havens.** Canada has numerous tax agreements with countries known to facilitate tax avoidance. These agreements only benefit large corporations and wealthy elites. Ending these tax agreements would help to disrupt the international tax avoidance schemes that cost the public billions of dollars.<sup>20</sup>

**Make life more affordable.** Rising prices for many goods, particularly food and energy, is creating an affordability crisis. The problem is being oversimplified and misrepresented as “too much money, chasing too few goods.” This is leading to policy suggestions reminiscent of austerity: higher interest rates and cuts to government spending. These “solutions” would harm the most vulnerable members of our society by reducing public services and creating unemployment. The government must act responsibly to hold accountable those most responsible for this situation—the corporations that set prices—and those who actually stand to benefit from inflation—the corporate owners. While part of the solution requires investment in greater productive capacity and making supply chains more robust, there are tax solutions that can help.

**Windfall profits tax.** Canadian corporations are making record-high profit margins.<sup>21</sup> This means they are not just passing along rising costs due to external causes. This profiteering is transferring wealth from average Canadians to the corporations and their elite owners. A windfall profit tax would transfer some of that wealth back. It would also reduce the incentive to increase profit margins. The minimum tax on book profits is already detailed above, although the AFB would implement that in the 2023–24 fiscal year. However, extraordinary taxes have certainly existed in the past. Applying this book profits tax to the 2021 year, with a minimum tax of 15% on book profits of publicly listed companies with income greater than \$1 billion, would add \$11 billion to public coffers. It would be paid in installments over the coming three years.

**End the REIT privilege for housing.** Real Estate Investment Trusts (REITs) have gained control of a large segment of Canada’s rental housing. In order to squeeze the most revenue out of renters, many residential REITs use a variety of tactics to drive out existing renters. This makes it easier to jack up rents and reap greater profits. REITs do not have to pay any corporate income tax; the tax liability is passed on to investors. However, when investors have REITs in a tax-sheltered account, like a RRSP, no one pays any taxes. This tax preference has helped them aggressively expand, which has reduced the supply of affordable housing.

ACORN Canada is calling for the federal government to eliminate this exemption or at least tie it to supplying affordable housing. If REITs were taxed like other Canadian corporations, they would pay about \$130 million in annual corporate income tax.

**Create a million dollar windfall tax on housing.** There is no single solution for making housing more affordable. Rather, the government must make use of every tool at their disposal. Among those tools must be mechanisms for redistributing housing wealth. Much of the capital gains in housing wealth have little to do with improvements to homes. That means all Canadians should share in these gains. The AFB would implement a progressive wealth tax on houses worth more than \$1 million. (See the Housing and Homelessness chapter).

**Automatic tax filing.** Tax filing for most Canadians is overly onerous and costly. This can be the barrier that prevents many low-income and vulnerable people from filing. That results in them losing out on benefits. Automatic tax filing would eliminate this unnecessary task for most of us and ensure that public money gets to the marginalized people who need it most. Those needs are becoming more pronounced with rising living costs, which means automatic tax filing is more important than ever.

**Table 24.1 Summary of taxation measures**

All figures in \$M

	2023-24	2024-25	2025-26
Wealth Tax (net of the million dollar windfall home tax)	-\$19,170	-\$19,170	-\$19,170
Increase corporate income taxes from 15% to 20%	-\$11,000	-\$11,418	-\$11,840
Minimum tax on book profits	-\$4,000	-\$4,152	-\$4,306
Minimum tax on foreign profits	-\$19,300	-\$20,033	-\$20,775
Increase inclusion rate on personal and corporate capital gains	-\$9,500	-\$9,861	-\$10,226
Financial activities tax	-\$10,000	-\$10,380	-\$10,764
Limit corporate deductibility for executives making over \$1 million	-\$500	-\$500	-\$500
Limit the dividend tax credit to actual corporate taxes paid	-\$1,000	-\$1,038	-\$1,076
Apply carbon tax to large emitters & implement carbon border tax	-\$3,000	-\$3,000	-\$3,000
Invest in CRA investigations, auditing, and enforcement	\$850	\$850	\$850
Revenue from increased investigations	-\$3,400	-\$3,400	-\$3,400
Eliminate the REIT tax exemption	-\$130	-\$130	-\$130
Windfall profits tax on 2021 book profits (net of Canada Recovery Dividend)	-\$2,857	-\$2,857	-\$2,857
Introduce automatic tax filing	\$100	\$0	\$0

## Notes

- 1 Based on data from Forbes and CAN/US exchange rate.
- 2 Based on data from the National Balance Sheet Accounts.
- 3 DT Cochrane. January 2022. [January 7th is Corporate Income Tax Freedom Day](#). Canadians for Tax Fairness.
- 4 [Ready Reckoner](#). Office of the Parliamentary Budget Officer.
- 5 Marc Lee. November 2007. Eroding Tax Fairness: Tax Incidence in Canada, 1999–2005. Canadian Centre for Policy Alternatives.
- 6 [January 7th is Corporate Income Tax Freedom Day](#), op cit.
- 7 Alicia Massie and David Macdonald. August 2021. Boundless bonuses: Skyrocketing Canadian executive pay during the 2020 pandemic. Canadian Centre for Policy Alternatives.
- 8 Independent Commission for the Reform of International Corporate Taxation. December 2020. [ICRIT response to the OECD Consultation on the Pillar One and Pillar Two Blueprints](#).
- 9 Toby Sanger. April 2021. Canada could gain \$11 billion+ from Biden 21% minimum global tax plan. Canadians for Tax Fairness.
- 10 Department of Finance. [Report on Federal Tax Expenditures—Concepts, Estimates and Evaluations 2021: part 2](#).
- 11 Toby Sanger. April 2011. [Fair shares: How Banks, Brokers and the Financial Industry Can Pay Fairer Taxes](#). Canadian Centre for Policy Alternatives.
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- 13 Peter S. Spiro. February 2017. Tax Exemptions for Investment Income: Boon or Bane? Mowat Centre.
- 14 [Report on Federal Tax Expenditures—Concepts, Estimates and Evaluations 2021: part 2](#), op cit.
- 15 PBO. February 2020. Reviewing the Fiscal and Distributional Analysis of the Federal Carbon Pricing System.
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- 18** PBO. October 2020. Estimating the Return of Additional Federal Spending on Business Tax Compliance.
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- 21** DT Cochrane. April 2022. The Rise of Corporate Profits in the Time of Covid. Canadians for Tax Fairness.

# Water

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## Introduction

Decades of neoconservative government policy decisions have undermined the critical water infrastructures that support our communities, leaving them especially vulnerable to the impacts of climate change. Reversing this trend and rebuilding the lost systems and expertise will require many years of continuous attention and resources. The impacts of climate change are happening much faster than predicted by most scientific bodies. Weather conditions and events once considered extreme or exceptional are occurring with such startling frequency that even the most ambitious mitigation and adaptation plans may be inadequate to ensure that communities remain viable. We must reverse this trend immediately and reinvest in our natural and built water infrastructure.

We have built infrastructure to provide clean drinking water, sewage and stormwater management, electricity production and promote countless economic activities. Many Canadian cities still rely on water pipes laid over a century ago. All infrastructure requires ongoing investment to continue to function as designed. Unfortunately, governments at all levels in Canada have tended to ignore these requirements, resulting in massive backlogs and deficits for maintenance.<sup>1</sup>

There is also the so-called “natural infrastructure” that most of Canada’s built infrastructure relies upon. A water treatment plant is useless without a dependable supply of water. We build hydro dams and sewage treatment plants based upon probabilities of how much water flow will be available to power our homes and dilute our treated wastewater to “acceptable levels” of pollution for those downstream. This natural infrastructure has always been under pressure from short-sighted

development, but many of the wise decisions to protect our natural infrastructure in the past have recently been undermined and reversed in the name of short-term profit. This is resulting in the proverbial death by a thousand cuts of various kinds of natural and built infrastructure that are critical for the long-term health of our communities. Canada must invest in the resiliency of our built water infrastructure, in the protection of our remaining natural water infrastructure, and in acquiring and preserving the knowledge we need to make better decisions regarding water. While the federal government has recently taken some positive action, the urgency of responding to climate change requires a much greater commitment than we have seen to date.

**The AFB will provide the Canada Water Agency with the funding and independence required to achieve the stated goals of creating the agency.** The AFB has perennially allocated federal funding to establish a Ministry of Water, finally giving water the attention and focus it requires. In the 2022 federal budget, \$45 million was allocated to the task of “standing up” the Canada Water Agency this year and funding operations until 2026.<sup>2</sup> This level of funding is insufficient and will not allow the CWA to fulfill its stated goals and role over this period. For the CWA to be effective, it must have a degree of independence that approaches a stand-alone ministry. If it merely exists as a department within the ECCC, the CWA will be an “agency” in name only, without the autonomy required to work directly with First Nations, provincial, territorial, and municipal governments. Therefore, **the AFB will ensure that the new CWA is a true agency, reporting directly to the Minister of the Environment.** One of the greatest barriers preventing the CWA from achieving its goals is potential resistance to federal initiatives from provincial governments, which view most water issues as a provincial jurisdiction. These concerns have already shaped the proposed role of the CWA as an agency that will seek provincial cooperation rather than demand it. To ensure this cooperation, the CWA must be able to offer substantially beneficial programs and facilitate the sharing of information and resources with and among governments. It will require a significant ongoing operating budget in addition to program support. **The AFB will fund the operations of the CWA for \$25 million a year.**

**The AFB will create a comprehensive freshwater monitoring network and database.** The AFB will fund the CWA to create and share a comprehensive freshwater database that maps all watersheds, aquifers, and groundwater recharge areas across Canada. The CWA will partner with willing First Nations to develop appropriate protocols for gathering and including any traditional knowledge that First Nations wish to share

regarding their territories. This program will establish an extensive waterbody monitoring network capable of tracking changes in the quality and quantity of freshwater resources and provide sufficient funding and training for Indigenous and settler communities to participate in the monitoring activities. **The AFB will provide \$100 million a year over three years and \$20 million a year thereafter.** (See the Environment and Climate Change chapter.)

**The AFB will provide funding for the Great Lakes clean-up.** The United States government is providing approximately \$350 million in annual funding projects to clean up industrial sites impacting the Great Lakes. Meanwhile, in Canada, the federal government has been spending less than \$10 million a year to clean up Canadian industrial sites on the Great Lakes. Canada has previously identified the need to spend upwards of \$1 billion to clean up and protect the Great Lakes Basin. Given that the Biden administration is showing a novel willingness and commitment to Great Lakes clean-up and protection, now is an opportune time to expand and entrench bilateral funding. Beyond cleaning up industrial sites, there are endless opportunities to increase the resiliency of the natural infrastructure features protecting the Great Lakes. This includes restoring coastal wetlands, reducing agricultural runoff, protecting undeveloped land from urban sprawl, and reducing the discharge of microplastics from all sources. **The AFB will spend \$500 million in 2023-24 and \$950 million a year until 2027 to implement a comprehensive action plan to protect the Great Lakes Basin.**

**The AFB will conduct a Tar Sands tailings pond study.** The exploitation of the Tar Sands has changed the landscape of vast areas of Alberta and Saskatchewan. Little independent research has been conducted on the actual and potential health and environmental impacts of these massive collections of toxic waste. Over the last few years, the oil industry has been lobbying for permission to drain the tailings ponds into the Athabasca River and the federal government is considering how it might regulate this activity despite the paucity of reliable studies on the possible impacts. **The AFB will spend \$40 million to fund an in-depth, independent study of the current health and environmental effects of these tailings ponds and the potential impacts of releasing their contents into the Athabasca River.**

**The AFB will fix the funding shortfall for on-reserve water treatment operation and maintenance.** The federal government has made progress in eliminating many drinking water advisories on First Nations reserves, but 29 communities are still without potable tap water. The Neskantaga First Nation has had a drinking water advisory in place

for over 26 years. Recent federal budgets have allocated the funding necessary to remove these remaining drinking water advisories, but there is a significant shortfall in funds budgeted for the ongoing operation and maintenance of water infrastructure on reserves. In his report issued in December 2021, the Parliamentary Budget Officer indicated this shortfall was approximately \$130 million a year.<sup>3</sup> **The AFB will direct \$130 million a year to staff training, operation, and maintenance of water infrastructure on reserves.**

**The AFB will repurpose previous funding allocated to the Canadian Infrastructure Bank.** The Canadian Infrastructure Bank was supposed to support \$35 billion worth of projects that encourage the privatization of critical infrastructure in Canada through Public Private Partnerships (P3s) and similar concession services and financing programs. Much of this money is earmarked for water infrastructure but has remained largely unspent due to the overall failure of CIB management. P3s never deliver the benefits their promoters claim they will deliver. They are anti-democratic in nature because the corporate partners invariably insist that key information must remain secret to avoid giving any advantage to competitors. Promoters of P3 schemes claim that the private partners take on risks that were previously borne by the public, but assigning a realistic value to this “benefit” is almost impossible due to the secrecy the corporate partners insist upon. Furthermore, if a corporate partner fails to deliver the critical infrastructure and services as contracted, the public will inevitably pay for them in the end. This is especially true for water infrastructure projects since clean water is a necessity. The CIB has largely failed in its attempts to help private capital leverage its way into the ownership of public infrastructure. The parliamentary committee tasked with performing the five-year review of the CIB has recommended it be abolished. **The AFB will dissolve the CIB and reallocate funds currently under CIB control to provide low-interest loans to municipal and provincial governments so they can reduce the backlog of necessary upgrades and repairs to critical water and other infrastructure across Canada** (see the Infrastructure and Cities chapter).

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## Conclusion

Climate change threatens almost every aspect of our existence, especially the natural and built water infrastructure critical for our survival. For our communities to remain viable, we must restore natural resiliency, rebuild



Canada's infrastructure, and commit to replacing the pursuit of private wealth with a commons framework that allows water to be managed and protected for the benefit of all. The measures proposed in this chapter are the first step in this long but necessary journey.

**Table 25.1 Summary of water measures**

All figures in \$M

	2023-24	2024-25	2025-26
Properly fund the Canada Water Agency	\$25	\$25	\$25
Funds already in the fiscal framework	-\$9	-\$9	-\$9
Create a comprehensive fresh water monitoring network and database	\$100	\$100	\$100
Great Lakes clean-up project	\$500	\$950	\$950
Tar sands tailing pond study	\$40	\$0	\$0

## Notes

**1** Federation of Canadian Municipalities. *Canadian Infrastructure Report Card 2019: Monitoring the State of Canada's Core Public Infrastructure*. (<http://canadianinfrastructure.ca/en/index.html>).

**2** See federal budget 2022, pg. 101.

**3** Jill Giswold and Nasreddine Ammar. *December 2021. Clean Water for First Nations: Is the Government Spending Enough?* Office of the Parliamentary Budget Officer. (<https://www.pbo-dpb.ca/en/publications/RP-2122-021-M--clean-water-first-nations-is-government-spending-enough--eau-potable-premieres-nations-gouvernement-depense-t-il-assez> ).

# Economic and fiscal projections

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## Introduction

Inflation is top of mind for Canadians and policy-makers alike. The federal government need not merely hand over control to the Bank of Canada to manage inflation with interest rates. The danger of doing so is that the bank will do exactly what it has been mandated to do, which is to increase interest rates until inflation comes back down to 2%. This approach has historically been quite effective, but with terrible collateral damage: it's resulted in a recession and substantial job loss every single time that it has been tried in the past 60 years.<sup>1</sup>

AFB 2023 provides a suite of different approaches to control prices now and in the future. It also provides a new “four pillars” approach to income supports for all Canadians. This will better protect Canadians from inflation and rapid declines in income.

This year, the AFB includes an entire chapter on monetary policy and inflation. It examines longer-term approaches that Canada should be taking to buffer our economy from future inflation shocks. These measures don't involve interest rates; they involve the buffering of key inputs, better competition policy, and fairer wage increases.

Beyond monetary policy, the AFB would substantially reduce other prices that make up the Consumer Price Index (CPI), which is a weighted price average of everything that Canadians purchase. This includes cutting the cost of child care, long-term care fees, rent, prescription drugs, and offsetting the high cost of tuition.

The AFB also introduces new income supports for adults—the Canada Livable Income and the Canada Disability Benefit—while providing a new End Poverty Supplement to the Canada Child Benefit. The introduction of these benefits will lessen the impact of inflation on lower-income groups in 2023.

On the other hand, corporate profits have gone through the roof during this recession and recovery. The AFB taxation chapter has several key measures to stop tax evasion and ensure that the corporate sector pays its fair share.

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## The AFB's impact on the country's finances

As in previous years, the AFB relies on the most recent Finance Canada estimates of the state of the country's finances as published in Budget 2022.<sup>2</sup> These figures are reproduced in Table 26.1. In 2023, Canada should see strong nominal GDP growth of 7.7% and continued high real GDP growth of 3.9%. That higher real GDP growth emerging from the pandemic will slow substantially to only 1.9% by 2026. Canada will rapidly return to sluggish real growth.

The business approach to growth, which focuses on providing endless tax breaks for corporations, hasn't yielded the promised GDP growth. Despite record-low corporate tax rates and record-low interest rates, the corporate sector is still completely unwilling to increase productive investments like worker training or machinery and equipment purchases.

Table 26.4 provides a complete list of the AFB measures, broken down by chapter. This list includes both new AFB expenditures as well as new revenue-raising measures. The total impact of AFB 2023 is reflected in Table 26.2. The table also includes the net economic impact of AFB measures. As more Canadians are working, they are also paying taxes and effectively boosting federal revenues.

The AFB maintains a similar deficit in 2023–24. In later years, the deficit increases by a small amount. Over the projection period of the AFB, the debt-to-GDP ratio steadily falls because economic growth is higher than normal. Program-spending-to-GDP is certainly above the base case, but it remains similar to where it stood in the 1970s through the 1990s in Canada. Revenue-to-GDP, on the other hand, would be at or near the all-time highs of the 1970s and early-1980s. Successive corporate income tax cuts have not yielded the returns promised in increased investment in our economy. Far too much of these tax cuts was simply converted into increased shareholder returns and wild executive

**Table 26.1 Base case (Finance Canada)**

<b>Macroeconomic indicators (mil)</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Nominal GDP	\$2,689,000	\$2,818,000	\$2,928,000	\$3,039,000
Real GDP growth	3.9%	3.1%	2.0%	1.9%
GDP inflation	3.7%	1.7%	1.8%	1.9%
Nominal GDP growth	7.7%	4.8%	3.9%	3.8%
<b>Employment</b>				
Employed (000s)	19,503	19,870	20,148	20,430
Employment rate	61.5%	61.8%	61.8%	61.8%
Unemployed (000s)	1,201	1,156	1,173	1,189
Unemployment rate	5.8%	5.5%	5.5%	5.5%
<b>Budgetary transactions (mil)</b>				
Revenues	\$408,400	\$429,500	\$450,800	\$475,100
Program spending	\$434,300	\$436,500	\$441,600	\$453,900
Debt service	\$26,900	\$32,900	\$37,000	\$39,800
Budget balance (surplus/deficit)	-\$52,800	-\$39,900	-\$27,800	-\$18,600
Closing debt (accumulated deficit)	\$1,213,700	\$1,253,600	\$1,281,400	\$1,300,000
<b>Budgetary indicators as a percentage of GDP</b>				
Revenues/GDP	15.2%	15.2%	15.4%	15.6%
Program spending/GDP	16.2%	15.5%	15.1%	14.9%
Budgetary balance/GDP	-2.0%	-1.4%	-0.9%	-0.6%
Debt service/GDP	1.0%	1.2%	1.3%	1.3%
Debt/GDP	45.1%	44.5%	43.8%	42.8%

compensation. The AFB puts an end to this failed experiment in corporate tax cuts and returns to active public investment to drive economic growth.

The deficit-to-GDP ratio has barely changed between the base case and the AFB plan, running below 2% of GDP. The AFB's increased expenditures and revenues will yield important employment gains as money is shifted away from corporate profits and towards workers' wages.

Between three quarters of a million and a million additional jobs will be created or maintained due to AFB measures. This will drive down the unemployment rate to 3%—a rate we haven't seen since Canada's "golden age", which ran from the end of the Second World War through the 1960s. Such a low rate will put the power back in workers' hands to bargain with employers for better wages and working conditions. This

**Table 26.2 AFB plan**

	2022-23	2023-24	2024-25	2025-26
Nominal GDP (mil)	\$2,689,000	\$2,881,000	\$3,029,000	\$3,142,000
Nominal GDP growth	7.7%	7.1%	5.1%	3.7%
<b>Revenues (mil)</b>				
Base case	\$408,400	\$429,500	\$450,800	\$475,100
Net AFB revenue measures		\$90,500	\$93,800	\$97,300
Additional tax revenue due to higher GDP		\$9,700	\$15,600	\$15,900
Total	\$408,400	\$529,700	\$560,200	\$588,300
<b>Program spending (mil)</b>				
Base case	\$434,300	\$436,500	\$441,600	\$453,900
Net AFB program measures		\$97,000	\$114,800	\$119,000
Total	\$434,300	\$533,500	\$556,400	\$572,900
Debt service	\$26,900	\$32,800	\$37,100	\$40,000
Budget balance (surplus/deficit)	-\$52,800	-\$36,600	-\$33,300	-\$24,600
Closing debt (accumulated deficit)	\$1,213,700	\$1,250,300	\$1,283,600	\$1,308,200
<b>Budgetary indicators as a percentage of GDP</b>				
Revenue/GDP	15.2%	18.4%	18.5%	18.7%
Program spending/GDP	16.2%	18.5%	18.4%	18.2%
Budgetary balance/GDP	-2.0%	-1.3%	-1.1%	-0.8%
Debt service/GDP	1.0%	1.1%	1.2%	1.3%
Debt/GDP	45.1%	43.4%	42.4%	41.6%

should enable them to raise their wages to offset the real income losses suffered in 2021 and 2022.

## AFB impact on poverty

Poverty rates have counterintuitively plummeted during the pandemic, despite the massive job loss that was associated with public health shutdowns. Unprecedented public supports, particularly the Canada Emergency Response Benefit (CERB), more than offset any income decline due to job losses (see the Poverty and Income Inequality chapter). The CERB, along with other one-time and repeating income supports, will all have ended by the time the AFB 2023 will take effect in the 2023–24

**Table 26.3 AFB employment impact**

	2023	2024	2025	2026
AFB jobs created or maintained (000s)		1,329	1,747	1,747
Population (000s)	31,706	32,150	32,600	33,056
Participation rate	65.3%	66.0%	66.7%	66.7%
Labour force (000s)	20,704	21,219	21,744	22,049
Employed (000s)	19,503	21,198	21,895	22,177
Employment rate	61.5%	65.9%	67.2%	67.1%
Unemployed (000s)	1,201	21	- 151	- 128
Unemployment rate	5.8%	0.1%	-0.7%	-0.6%

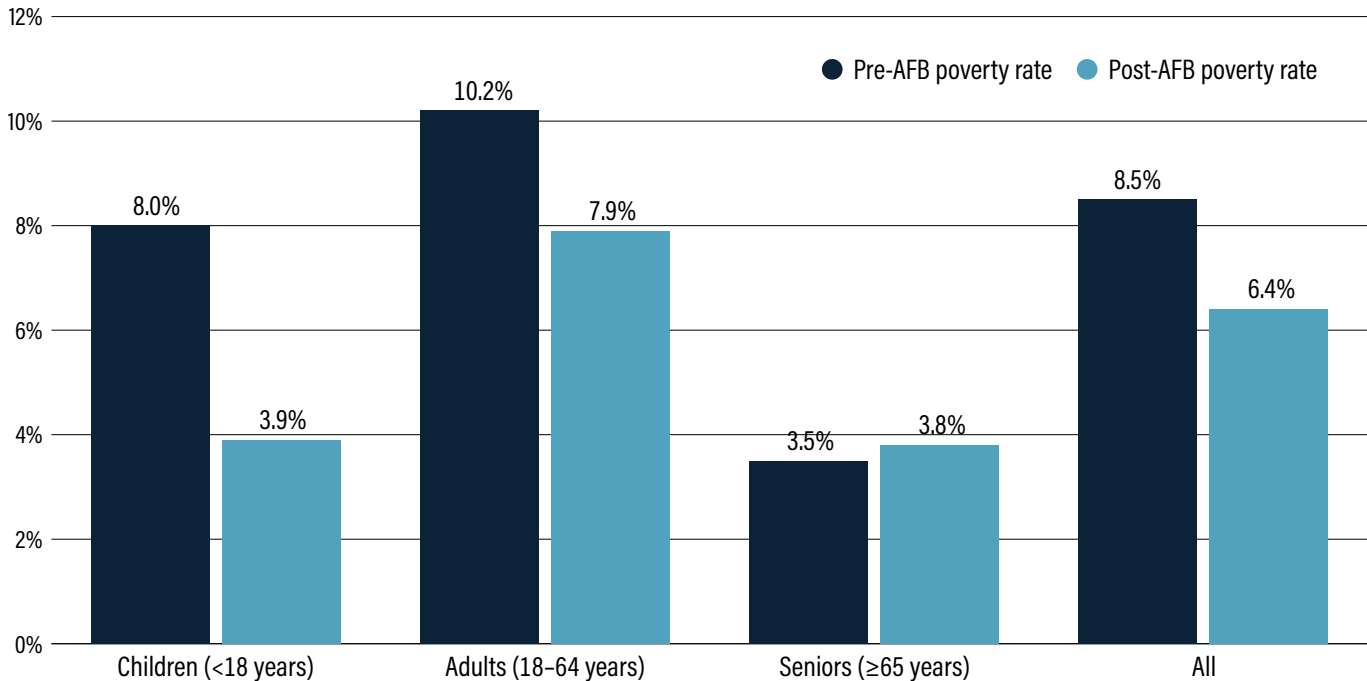
fiscal year. As a predictable result, poverty rates will sharply rise again unless there is additional government action.

Tax modelling software is poor at making predictions about poverty rates in the future. However, it is powerful in terms of estimating the count change of those living in poverty in a given year. Statistics Canada's tax modelling software SPSPD/M projects a Market Basket Measure (MBM) poverty rate of 8.5% in 2023.<sup>3,4</sup> This would be lower than the 2019 MBM poverty rate of 10.3%. However, it would be higher than the most recent value of 6.4% in 2020, when pandemic supports were still in play. The results presented below start with a base case MBM poverty rate of 8.5% in 2023.

Figure 26.1 displays the overall impact of all AFB tax-transfer programs on the MBM poverty rate. The AFB's new four pillars of income support impact key areas where supports are inadequate or completely missing. These calculations include all of the new income pillars programs (as outlined in the Poverty and Income Security chapter), most of the EI changes (as outlined in the Employment Insurance chapter) as well as the cancellation of several student benefits (see the Post-secondary Education chapter) and tax changes (see the Taxation chapter).

The overall poverty rate falls by over a quarter, with 803,400 people lifted out of poverty. The AFB creates major change in child poverty due its the new End Poverty Top Up to the Canada Child Benefit (CCB). It's worth noting that this top up also has an impact on adult poverty, because when a family with children is below the poverty line, both parents and children suffer. The AFB halves child poverty, cutting it from 8.0% to 3.9%. The totality of AFB measures lifts 291,800 children out of poverty.

Figure 26.1 Impact of AFB 2023 on poverty rates by age group (MBM)



Source: SPSPD/M 29.0 and author's calculations for 2023.

The twin introduction of the Canada Livable Income and the Canada Disability Benefit provide additional support for adults without children. It reduces the adult poverty rate from 10.2% to 7.9%. This drop is smaller in percentage points than it is for children, but it's a larger population, so the AFB measures result in 527,400 fewer adults living in poverty.

There is little change in poverty rates for seniors, as few changes were made for this group in AFB 2023. The major AFB initiative reduces the age of eligibility for the Guaranteed Income Supplement (GIS) to age 60. This provides much better income support for low-income adults aged 60 to 65. However, this group doesn't yet count as seniors.

This type of analysis on the poverty impact of a budget isn't part of standard federal budget pro-forma reporting. Every year, federal budgets provide detailed and standardized projections on government expenditures, revenues, deficits, debt and so on, just like the AFB does. But a standardized calculation of the general impact on poverty rates is missing. Given how many Canadians live in poverty in a given year or have experienced it during their lives, it seems at least as equally an important inclusion in a budget as the more banker-friendly reporting on deficits and debt.



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## The AFB impact by gender

The AFB understands budgets are more than just an external economic reality; they are fundamentally about values. Budgets are some of the most important pieces of legislation that governments can pass, since they involve real resources behind them. As such, the AFB continues to experiment with new approaches to evaluating those values, in quantitative ways.

Gender Based Analysis Plus (GBA+) as applied to government policy and budgeting has come a long way since the 1995 Beijing Conference. Since 2017, a gender statement has been included in the budget and other fiscal policy releases. These statements apply a GBA+ lens to all new policy and program proposals, examining the degree to which each measure is expected to benefit men and/or women, as well as other groups, such as Indigenous Peoples, rural residents, or seniors.<sup>5</sup> The following section presents a similar analysis, identifying the gendered distribution of new measures and related spending.

This year's approach builds on previous AFB analysis of the income distribution of those budgets (see, for instance, the Macroeconomic chapter of the 2019 AFB).<sup>6</sup> Those previous analyses took each AFB measure and determined the income distribution of the intended recipients or used tax modelling to determine the net impact of programs across income deciles. This allowed for an aggregated analysis of all AFB measures to determine who benefited and who paid for new programs, to quantitatively illustrate the income distribution embedded in the AFB.

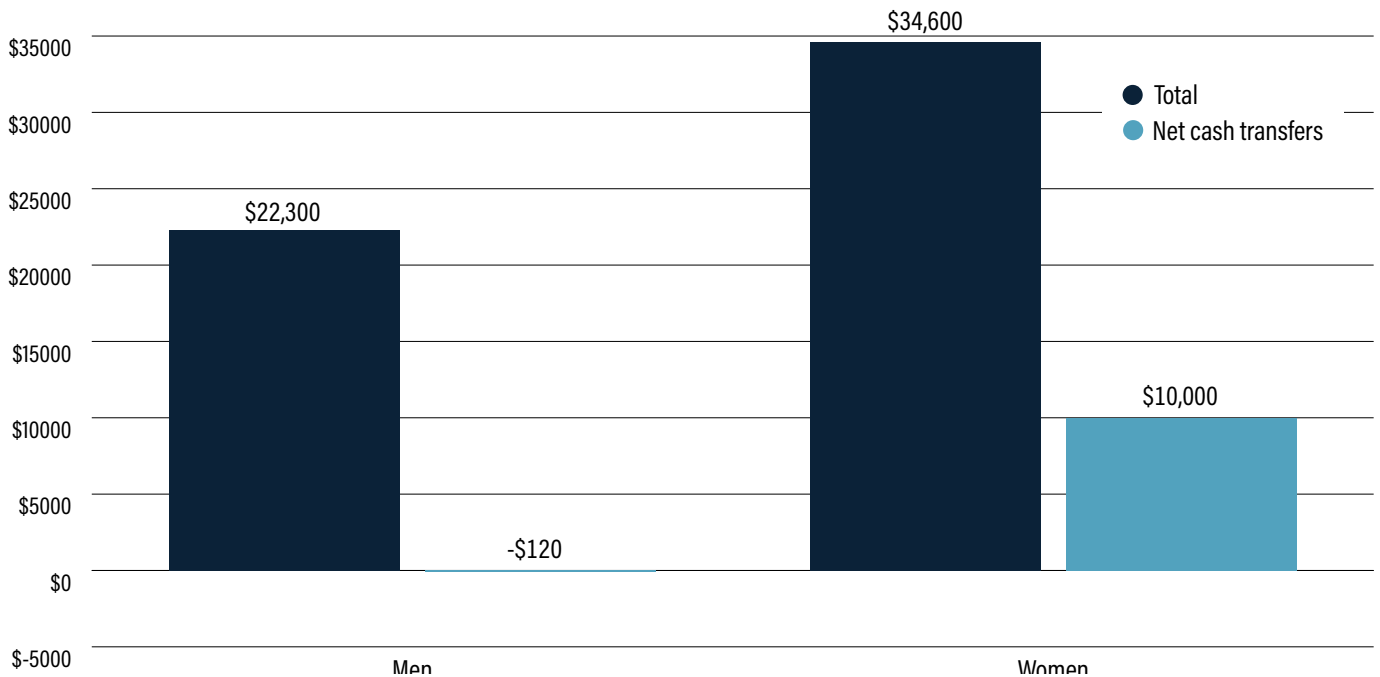
AFB 2023 replicates a similar methodology but does so along gender lines. Of the 150 programs in AFB 2023, attribution by gender was possible for 65 of them, or 43%. The programs to which gender can be attributed are either part of the tax/transfer modelling, where beneficiaries of new transfers, contributors to new taxes are known, or where a proxy for benefit can be used. In the latter case, beneficiaries had to be known more specifically than just the general population.

For example, several AFB programs will assist farmers. In this case, the gender breakdown of those employed in the agriculture sector is used to distribute the value of those programs to either the male or female side of the ledger. On the other hand, broad infrastructure programs, for example, benefit all Canadians and can't be specifically attributed by gender. Those types of broad programs are excluded from the analysis below.

Using the methodology above, 61% of net AFB 2023 spending is expected to benefit women directly and 39% is expected to benefit men.

**Figure 26.2 AFB 2023 net benefits by gender**

All figures in \$M



**Source** SPSPD/M 29.0 and author's calculations for 2023.

This amounts to net new support or benefits of \$34.6 billion for women compared to \$22.3 billion for men.

Some of the AFB supports for workers in particular industries, like agriculture or oil-sands retraining, would benefit more men than women. However, other programs, such as those meant to help First Nations communities, would effectively benefit women slightly more since more women live in those communities.

One of the main reasons why the AFB provides so much more support for women isn't related to program spending; it's related to new cash transfers. On the one hand, the new CCB End Poverty Top Up is paid to women, like the CCB, and provides a substantial boost to their family income. On the other hand, the higher capital gains inclusion rate is paid overwhelmingly by men, substantially reducing their net benefits. The other major income support programs in the AFB (the Canada Livable Income and the Canada Disability Benefit) provide roughly equivalent amounts to both men and women. This breakdown is illustrated in Figure 26.2.

This approach of tallying the impact on men and women extends previous GBA+ analysis to quantify aggregate budgetary impact across

assigned genders. Previous federal analyses of this type often focus on the number of measures, whereas the actual investment better quantifies the investment. Like a possible de facto section on poverty, including the above analysis in future federal budgets will allow for a rapid analysis of the aggregate impact of measures between genders. Government budgets are about policy choices and their standard analysis should be about quantitatively examining those policy choices in more diverse ways than just what bankers would prefer. The AFB illustrates two such ways this year.

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## Notes

1 David Macdonald. July 5, 2022. "Canada's fight against inflation: Bank of Canada could induce a recession." *The Monitor*. (<https://monitormag.ca/articles/canadas-fight-against-inflation-bank-of-canada-could-induce-a-recession>).

2 Department of Finance. Budget 2022: *A Plan to Grow Our Economy and Make Life More Affordable*, Tables A1.1 and A1.4. (<https://budget.gc.ca/2022/report-rapport/toc-tdm-en.html>).

3 This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 29.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the author's.

4 These projections are based on 2017 data projected forward through both the pandemic and a recovery marred by inflation. It's unclear how accurate these projections will be given the gap between the last data point and when the projections are for.

5 Government of Canada. *Budget 2022: Statement and Impacts Report on Gender, Diversity and Quality of Life*. <https://budget.gc.ca/2022/pdf/gdql-egdqv-2022-en.pdf>.

6 Canadian Centre for Policy Alternatives. September 2019. *Alternative Federal Budget 2019: No Time to Lose*.

**Table 26.4 AFB 2023 actions**

All figures in \$M

	2023-24	2024-25	2025-26
<b>Affordable housing and homelessness</b>			
Build 100,000 non-market, non-profit homes each year	\$2,267	\$2,267	\$2,267
Create a public land acquisition fund	\$2,000	\$2,000	\$2,000
Create a Housing Acquisition Fund to acquire 60,000 rental properties	\$453	\$453	\$453
Million dollar windfall tax on home sales	-\$583	-\$1,166	-\$1,749
Cancel the First-Time Home Buyer Incentive	-\$260	-\$260	-\$260
Cancel the Tax-Free First Home Savings Account	-\$55	-\$215	-\$225
<b>Agriculture</b>			
Remove the RRSP eligibility for farmland investment companies	-\$15	-\$15	-\$15
Alter the AgriInvest government matching on sales to support smaller farms	\$126	\$126	\$126
Improved funding to agricultural regulators (Canadian Food Inspection Agency, Pest Management Regulatory Agency, Canadian Grain Commission)	\$166	\$150	\$150
Establish the Canadian Farm Resilience Administration	\$60	\$120	\$200
<b>Arts and culture</b>			
Post-pandemic recovery for the non-profit theatre sector via the Canada Arts Presentation Fund	\$12		
Investment in Indigenous artists	\$33	\$33	\$33
Investment in Black artists	\$33	\$33	\$33
Investment in artists with disabilities	\$33	\$33	\$33
<b>Child care</b>			
Boost the Early Learning and Child Care Infrastructure Fund	\$2,000	\$4,000	\$4,000
Amounts already in the fiscal framework	-\$75	-\$150	-\$150
<b>Employment insurance, training and jobs</b>			
Lower benefit threshold to lesser of 360 hours or 12 weeks	\$1,080	\$1,080	\$1,080
Restore EI special benefits for migrant premium payers	\$18	\$18	\$18
Raise the standard benefit rate to 66-2/3%	\$3,762	\$3,762	\$3,762
Implement an individual benefit floor of \$450 weekly	\$666	\$700	\$730
Raise the maximum insurable earnings to \$88,000 — additional contributions	-\$5,594	-\$5,894	-\$6,204
Raise the maximum EI benefit to \$925/week (1,682/week×55%)	\$4,280	\$4,509	\$4,746
Allow workers to keep first \$100 in "working while on claim" amounts before clawbacks begin	\$325	\$325	\$325
Introduce a 50-week maximum duration in all regions	\$216	\$216	\$216
Direct, predictable government contributions to the EI account	\$2,500	\$2,200	\$2,000
Extend the 50-week limit to 104 weeks on combined special benefits and regular benefits	\$15	\$15	\$15

	2023-24	2024-25	2025-26
<b>Environment and climate change</b>			
Cancel new CCUS tax credit	-\$70	-\$285	-\$755
Decarbonization of Canada's electricity sector by 2035	\$2,620	\$2,620	\$2,620
Investment in zero-emissions energy programs for Indigenous, Northern and remote communities	\$960	\$960	\$960
Decarbonization of Canada's building and residential sectors by 2050	\$2,500	\$2,500	\$2,500
Increase tax base of existing green levy	\$15	\$15	\$15
Nature-based climate solutions and ecosystem protection	\$2,480	\$2,480	\$2,480
<b>First Nations</b>			
Operations and maintenance of First Nations infrastructure, including: roads and bridges, community buildings, fire protection, and utilities	\$4,100	\$4,100	\$4,100
Ensure that all First Nations communities have reliable access to safe, clean drinking water	\$880	\$880	\$880
Provide the minimum standard of broadband for all First Nations communities	\$130	\$130	\$130
Network of First Nations climate and emergency coordinators	\$65	\$65	\$65
First Nations-led conservation efforts to foster environmental and climate resiliency	\$300	\$300	\$300
Funding to support First Nations' governance	\$700	\$700	\$700
Standing up of First Nations' laws and legal orders to replace colonial legislation	\$75	\$75	\$75
Search, investigate or commemorate unmarked or mass graves located on former residential school sites	\$600	\$600	\$0
Additional support for the Indian Residential Schools Resolution Health Support Program	\$113	\$113	\$113
Creation of a new First Nations Healing Foundation	\$173	\$173	\$173
<b>Food security</b>			
Healthy Foods/Healthy Communities program	\$7	\$7	\$7
National school food program	\$200	\$200	\$200
Have land-based harvest make up 25% of total Nutrition North Canada expenditures	\$20	\$21	\$22
Further support the Local Food Infrastructure Program	\$10	\$10	\$10
Create the new Indigenous food models program	\$15	\$15	\$0
<b>Gender equality</b>			
Establish a National Care Economy Commission	\$10	\$10	\$10
Strengthen the Employment Equity Act	\$4	\$4	\$4
Support the process for eligible Indigenous women to register their children under changes in the Indian Act	\$70	\$300	\$300
Implement ILO Convention C190 on violence and harassment at work	\$20	\$20	\$20
Expand access to domestic violence leave to 10 paid days and 10 unpaid days in federally regulated sectors	\$5	\$5	\$5
Create comprehensive sexuality education strategy	\$4	\$4	\$4
Make permanent the Sexual and Reproductive Health Fund		\$15	\$15
Improve support for women's and gender equity organizations under the women's program	\$100	\$100	\$100
Improve and extend funding for the 2SLGBTQ+ Capacity Building Fund	\$25	\$25	\$25
Funds already in the fiscal framework	-\$7	\$0	\$0

	2023-24	2024-25	2025-26
<b>Health and health equity</b>			
Assess Quality of Life framework through watchdog NGOs, new CIHR & SSHRC funding and academics embedded within the federal government	\$8	\$0	\$0
National public inquiry on COVID-19	\$11	\$11	\$0
Coordination to strengthen the formal public health system	\$5	\$0	\$0
Develop and implement air quality and ventilation standards	\$5	\$7	\$0
Cover operating costs of 250 new community health centres	\$500	\$500	\$500
Federal task force on community leadership in health	\$3	\$3	\$0
Hire 1,000 social prescribing navigators	\$200	\$200	\$200
Medicare Commission towards sustainability and accountability	\$10	\$13	\$0
One-time boost to the Canada Health Transfer	\$5,000	\$5,425	\$5,722
Support for NGOs providing dental public health	\$5	\$5	\$0
Academic funding for rapid research into versions of the dental plan rollout	\$2	\$0	\$0
Create the Canada Mental Health Transfer	\$1,800	\$1,800	\$1,800
Better funding for research on mental health, through CIHR	\$4	\$4	\$4
NGO funding that supports to a social justice approach to the opioid death crisis	\$3	\$3	\$0
Implement a national pharmacare program	\$10,203	\$10,582	\$10,978
Better research into long COVID	\$1	\$0	\$0
<b>Immigration</b>			
Conduct an independent review of immigration programs	\$1		
Establish independent oversight body for the Canadian Border Service Agency	\$5	\$5	\$5
Open access to federally funded immigrant settlement services to all who need it	\$5	\$5	\$5
Eliminate all citizenship fees	\$75	\$100	\$100
Resource the elimination of application backlogs at Immigration and Refugee Board	\$123	\$160	\$180
Speed the approval of permits at Immigration, Refugees and Citizenship Canada	\$26	\$26	\$27
Increase funding to client-serving organizations in the immigration and refugee supporting sectors	\$50	\$80	\$80
<b>Income security and poverty</b>			
Canada Child Benefit End of Poverty Supplement	\$6,452	\$7,097	\$7,452
Reduce GIS eligibility age from 65 to 60 years	\$2,338	\$2,572	\$2,700
Cancel the OAS boost for those aged 75 and older	-\$2,341	-\$2,575	-\$2,704
Create the Canada Livable Income for those 18-59 (net of CWB cancellation)	\$3,889	\$4,083	\$4,288
Maintain CWB benefits for parents for the next five years	\$886	\$600	\$300
Create a Canada Disability Benefit (net of Disability Tax Credit cancellation)	\$913	\$3,050	\$6,604
Allow federal benefits to be distributed outside the tax system	\$100	\$100	\$100
Allow refugee children access to the Canada Child Benefit	\$160	\$160	\$160
<b>Infrastructure, cities and transit</b>			
Permanently double the Canada Community Building Fund	\$2,400	\$2,400	\$2,500
Renew core infrastructure funding streams		\$1,500	\$1,500
Legislate and fund mandate for VIA Rail	\$2,000	\$2,000	\$2,000
Boost Public Transit Fund: major projects, to \$5 billion a year in 2024-25		\$5,000	\$5,000

	2023-24	2024-25	2025-26
New Permanent Public Transit Fund: core stream		\$2,500	\$2,500
Active Transportation Fund	\$500	\$500	\$500
Rural Transit Solutions program enhancements and expansion	\$250	\$250	\$250
New National Community Development Agency	\$15	\$15	\$15
<b>International development and foreign policy</b>			
Increase overseas development assistance to reach 0.7% of gross national income by 2030	\$2,067	\$4,018	\$5,948
Match additional investments in military support with funding to support conflict prevention	\$500		
<b>International trade and investment</b>			
Establish a federal trade adjustment program for impacted workers	\$56	\$62	\$68
Build capacity to apply a disability lens to Canadian trade policy	\$2	\$2	\$2
Establish a permanent Indigenous Trade Advisory Committee	\$12	\$12	\$12
Expand the Regulatory Advisory Committee	\$1	\$1	
<b>Just transition and industrial strategy</b>			
Establish a permanent, tri-partite Economic Transition Council	\$10	\$10	\$10
Develop a national, community-led Green Industrial Strategy	\$15	\$15	\$15
Establish a co-ordinated retraining program for displaced workers	\$5	\$13	\$13
Create a Just Transition Benefit to support workers and communities in transition	\$100	\$100	\$100
<b>Long-term care</b>			
National Workforce Strategy	\$500	\$100	\$100
Workforce data collection & analysis	\$3	\$3	\$4
National Eldercare Co-ordination Agency	\$25	\$25	\$25
Enact and enforce national standards	\$2,350	\$2,421	\$0
Ensure 4.0 direct-care hours per resident/day	\$4,300	\$4,472	\$4,651
Create 52,000 new long-term care beds	\$1,000	\$1,000	\$1,000
Fund additional 82 million hours of home care services	\$5,200	\$5,720	\$5,950
Reduce precarious employment	\$1,100	\$1,100	\$1,100
<b>Monetary policy and inflation</b>			
Creation and operation of the Critical Inputs Commission	\$10	\$10	\$10
Creation and operation of the Fair Wage Commission	\$10	\$10	\$10
Boost budget of the Competition Bureau	\$25	\$25	\$25
<b>Post-secondary education</b>			
Create a dedicated federal post-secondary education transfer to the provinces	\$3,000	\$3,090	\$3,183
Establish a Secretariat of Post-secondary Education, Training and Research	\$15	\$15	\$15
Permanently double funding of Canada Student Grants	\$1,596	\$1,609	\$1,627
Eliminate interest payments on Canada Student Loans	\$0	\$785	\$848
Cancel the Student Loan Interest Tax Credit	-\$55	-\$55	-\$55
Renew and expand granting agency funding	\$320	\$320	\$320
Increase the value of Canada Graduate Scholarships by 30%	\$48	\$50	\$53

	2023-24	2024-25	2025-26
Create additional 1,250 Canada Graduate Scholarships	\$33	\$34	\$36
Support for apprenticeships and trades skills training	\$300	\$315	\$331
Increase funding for Indigenous-led post-secondary education	\$896	\$896	\$896
Provide better regulation of international student recruitment	\$20	\$21	\$22
<b>Racial equality</b>			
Fund training & upskilling programs, job placements and supports for racialized youth	\$44	\$44	
<b>Regulation</b>			
Pay for services from general revenues instead of cost recovery from industry	\$91	\$91	\$91
<b>Taxation</b>			
Wealth Tax (net of the million dollar windfall home tax)	-\$19,170	-\$19,170	-\$19,170
Increase corporate income taxes from 15% to 20%	-\$11,000	-\$11,418	-\$11,840
Minimum tax on book profits	-\$4,000	-\$4,152	-\$4,306
Minimum tax on foreign profits	-\$19,300	-\$20,033	-\$20,775
Increase inclusion rate on personal and corporate capital gains	-\$9,500	-\$9,861	-\$10,226
Financial activities tax	-\$10,000	-\$10,380	-\$10,764
Limit corporate deductibility for executives making over \$1 million	-\$500	-\$500	-\$500
Limit the dividend tax credit to actual corporate taxes paid	-\$1,000	-\$1,038	-\$1,076
Apply carbon tax to large emitters & implement carbon border tax	-\$3,000	-\$3,000	-\$3,000
Invest in CRA investigations, auditing, and enforcement	\$850	\$850	\$850
Revenue from increased investigations	-\$3,400	-\$3,400	-\$3,400
Eliminate the REIT tax exemption	-\$130	-\$130	-\$130
Windfall profits tax on 2021 book profits (net of Canada Recovery Dividend)	-\$2,857	-\$2,857	-\$2,857
Introduce automatic tax filing	\$100	\$0	\$0
<b>Water</b>			
Properly fund the Canada Water Agency	\$25	\$25	\$25
Funds already in the fiscal framework	-\$9	-\$9	-\$9
Create a comprehensive fresh water monitoring network and database	\$100	\$100	\$100
Great Lakes clean-up project	\$500	\$950	\$950
Tar sands tailing pond study	\$40	\$0	\$0
<b>Total AFB expenditure changes</b>	<b>\$97,021</b>	<b>\$114,814</b>	<b>\$119,009</b>
<b>Total AFB revenue changes</b>	<b>-\$90,474</b>	<b>-\$93,814</b>	<b>-\$97,291</b>





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