



Alternative Federal Budget 2026

BUILDING TRUE CANADIAN SOVEREIGNTY

Alternative Federal Budget 2026

Building true Canadian sovereignty

Acknowledgements	3
Summary	6
Introduction	21
Affordable housing and homelessness	29
Agriculture	37
Artificial intelligence	45
Arts and culture	52
Child care	59
Defence	65
Employment Insurance	77
Environment and climate change	85
First Nations	93
Food security	101
Gender equality	111
Health care	121
Health equity	126
Immigration	133
Incarceration	139
Industrial strategy and sector development	148
Infrastructure, cities and transit	156
International cooperation	162
International trade	169
Post-secondary education	178
Poverty and income security	184
Public service	193
Racial equity	200
Seniors' and long-term care	205
Veterans	212
Taxation	220
Macroeconomic and fiscal projections	229

Acknowledgements

In times of growing uncertainty—when global political dynamics shift, economies crash, and anxieties worsen—the *Alternative Federal Budget* (AFB) is an endeavour into what is possible when the public good is at the heart of budgetary planning. It is a unique Canadian collaboration rooted in social justice values—like human dignity and freedom, fairness, equality, solidarity, environmental sustainability, and well-being—and a strong belief in the power of participatory democracy.

The AFB is made possible by the generous support of the Canadian Association of University Teachers (CAUT), National Union of Public and General Employees (NUPGE), Public Service Alliance of Canada (PSAC), Unifor, and United Steelworkers Union (USW). Thank you to these organizations for enabling the AFB to continue its fight to demonstrate that deep change can be achieved through bold public leadership that reflects the values of the majority of Canadians.

This collaboration would not be possible without the generous contributions of the following people, who come from a variety of sectors, populations and areas of expertise—including human rights, labour, environmental protection, anti-poverty, arts and culture, social development, early child development, international development, women, Indigenous peoples, the faith-based community, students, teachers, and health care workers.¹

Stephanie Allen (Adinkra Strategies/ImmigrantsCAN), **John Anderson** (Professional Institute of the Public Service of Canada), **Lynell Anderson** (Child Care Now/Coalition of Child Care Advocates of BC), **Natalie Appleyard** (Citizens for Public Justice), **Pat Armstrong** (York University), **Morna Ballantyne** (Child Care Now), **Melissa Bendig** (Canadian

Association of University Teachers), **Michele Biss** (The National Right to Housing Network), **Karen Breeck** (Women Veteran Research and Engagement Network), **Bruce Campbell** (York University/Canadian Centre for Policy Alternatives), **Ryan Campbell** (Professional Institute of the Public Service of Canada), **Amy Casipullai** (Ontario Council of Agencies Serving Immigrants/Colour of Poverty—Colour of Change), **Frederique Chabot** (Action Canada for Sexual Health and Rights), **Rebecca Cheff** (National Collaborating Centre for Determinants of Health), **Natasha Chhabra** (Professional Institute of the Public Service of Canada), **DT Cochrane** (Canadian Labour Congress), **Graham Cox** (Unifor), **Angelo DiCaro** (Unifor), **Omar Elsharkawy** (MakeWay Foundation), **John Eustace** (Public Service Alliance of Canada), **Sid Frankel** (University of Manitoba), **Martha Friendly** (Childcare Resource and Research Unit), **Kelsey Gallagher** (Project Ploughshares), **Kamaljeet Gill** (United Steelworkers), **Meg Gingrich** (United Steelworkers), **Rebecca Graff-McRae** (Parkland Institute), **Chloe Halpenny** (Citizens for Public Justice), **James Hannay** (National Farmers Union), **Cathy Holtslander** (National Farmers Union), **Robyn Hoogendam** (Women's Shelters Canada), **Patrick Imbeau** (National Association of Federal Retirees), **Travis Kirkwood** (Assembly of First Nations), **Nyki Kish** (Canadian Association of Elizabeth Fry Societies), **Ted Klassen** (Public Service Alliance of Canada), **Shalini Konanur** (South Asian Legal Clinic of Ontario/Colour of Poverty—Colour of Change), **Elizabeth Kwan** (Canadian Labour Congress), **SM Leduc** (Canadian Mental Health Association), **Joel Lexchin** (University of Toronto, York University), **Keith Lowe** (University of Manitoba/CCPA Manitoba), **Troy Lundblad** (United Steelworkers), **Anna Miedema** (Citizens for Public Justice), **Shauna MacKinnon** (University of Winnipeg), **Karen Marchesky** (Unifor), **Branka Marijan** (Project Ploughshares), **Lesline McEwan** (New Covenant Apostolic Church), **Lindsay McLaren** (University of Calgary), **Amy McMahon** (Public Service Alliance of Canada), **Phil Mount** (National Farmers Union), **Anthony Musiwa** (Community Food Centres Canada), **Jackie Neapole** (Canadian Research Institute for the Advancement of Women), **Garry Neil** (Cultural Policy Expert), **Andrea Pierce** (UNDPAD Push Coalition/ImmigrantsCAN Employment and Housing Development Corporation), **Sheila Regehr** (Basic Income Canada Network), **Ernie Regehr** (The Simons Foundation Canada/Co-Founder Project Ploughshares), **Laurell Ritchie** (Good Jobs for All Coalition), **Chris Roberts** (Canadian Labour Congress), **Leila Sarangi** (Campaign 2000: End Child and Family Poverty), **Michael Savage** (Ontario Confederation of University Faculty Associations), **Jessica Searson** (National

Association of Federal Retirees), **Darron Seller-Peritz** (Cooperation Canada), **Laura Shantz** (Canadian Association of Professional Employees), **Navjeet Sidhu** (Unifor), **Vicky Smallman** (Canadian Labour Congress), **Steve Staples** (Canadian Health Coalition), **Andrea Stuart** (Canadian Association of University Teachers), **Eric Swanson** (Third Space Planning/Coalition of Child Care Advocates of BC), **Sophie Thapa** (ImmigrantsCAN Employment and Housing Development Corporation), **Kaylie Tiessen** (Unifor), **Andrew Van Iterson** (Green Budget Coalition), **Aaron Vansintjan** (Food Secure Canada), **Maryo Wahba** (Citizens for Public Justice), **Ellen Webber** (Professional Institute of the Public Service of Canada), **Jessica West** (Project Ploughshares), **Silas Xuereb** (Canadians for Tax Fairness), **Mike Yam** (Unifor)

The following staff, volunteers and research associates at the Canadian Centre for Policy Alternatives were essential to pulling this year's AFB together: Gina Gill-Hartmann, Trish Hennessy, Amanda Klang, Marc Lee, David Macdonald, Jon Milton, Hadrian Mertins-Kirkwood, Tim Scarth, Katherine Scott, Erika Shaker, Ryan Romard, Stuart Trew, and Lucy Trew.

A special thanks this year to our Progressive Economics Fellow Erin McIntosh.

Notes

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

Summary

Affordable housing and homelessness

Housing affordability was a top issue during the 2025 federal election and there is strong support for Canada to commit to eliminating homelessness as an urgent human rights priority. Governments must address these structural problems that have been building for decades instead of scapegoating migrants, refugees, and international students. The AFB will prioritize the expansion of non-market housing, tripling the Liberal government's proposed investment of \$6 billion to \$18 billion to build one million new non-market and co-op housing units over the next decade, with 500,000 of these units set aside as deeply affordable, non-market units for low-income households with rents set at less than 30 per cent of household income. The AFB will partner with provincial and municipal governments to ensure that rents are permanently set at no more than 30 per cent of household income (25 per cent in Quebec) or aligned with social assistance housing allowances. The AFB will eliminate preferential tax treatment for REITs and other financialized landlords, ensuring they are taxed as operating businesses, not as passive investments.

Agriculture

Since the 1989 Canada-U.S. Free Trade Agreement, our agriculture has become more integrated with that of the United States. Disentangling our agricultural economies is urgent. The AFB will create a Cultivating Food

Sovereignty suite of programs to increase Canada's capacity to produce, process, store, and distribute food for domestic consumption. These programs will aim to achieve the following: ensure a reliable supply of nutritious, high-quality food; safeguard farmers' incomes; mitigate GHG emissions and support adaptation to climate change impacts; safeguard biodiversity and water quality conservation; promote social inclusion and diversity of farmers and food sector workers; promote successful establishment of young and new farmers; and rebuild rural community vibrancy and rural quality of life. The AFB will also partner with provincial and municipal governments to establish a national local food purchasing procurement framework for schools (starting with the federal school lunch program), hospitals, prisons, and other facilities. It will purchase food from family farmers and farmer co-operatives to increase Canada's food production capacity, strengthen family farming, generate employment income, develop the local economy, and promote access to food, helping to reduce food and nutritional insecurity.

Artificial Intelligence (AI)

The world is in the throes of an artificial intelligence (AI) hype cycle. Tech companies are attracting billions of dollars in AI investment, AI tools are proliferating in consumer and business applications, and governments are rushing to embrace AI. To mitigate the potential harms of AI while realizing its benefits, Canada requires a comprehensive and proactive policy approach that puts the public interest first. The AFB will dedicate \$20 million for an expedited Royal Commission on Artificial Intelligence. It will produce a guiding vision for AI development in Canada—one that is prepared to compromise on aspirations of productivity if they do not align with Canadians' values and priorities. The AFB will expedite the development of a new, modernized *Artificial Intelligence and Data Act* that gives the federal government the necessary power to regulate the proliferation of AI tools. Among other elements, the act will ensure that any AI tool offered to the public in Canada meets minimum standards of safety, reliability and transparency, including validation by independent third parties. It will also include mechanisms to pause or roll back new AI tools where they prove to be harmful after initial approval and deployment.

Arts and culture

The AFB brings a renewed commitment to supporting our arts, artists and culture, so we can tell our stories and hear our voices. The AFB will improve CBC/Radio Canada funding so that it matches the per capita investment that other public broadcasters receive. CBC presently only receives \$32 per person in federal funding. The average for all public broadcasters (based on a 19-country comparison) is \$79 a person in government support. The AFB will increase the federal refundable tax credit for artistic expressions to 35 per cent. The AFB will provide targeted measures to support professional artists. The AFB will amend the *Income Tax Act* to provide that professional artistic income up to \$10,000 will be eligible for a refundable tax credit of 15 per cent. The AFB will ensure tax fairness for professional artists by allowing artists to back-average their income over four years. Visual artists may prepare works for many years before these are exhibited and sold. A writer may spend many years on a script before it is made into a movie and generates income. But the income these artists receive will be taxed in the year it is received.

Child care

The AFB will take the following actions to increase equitable access to \$10-a-day child care and improve the quality of the Canada-Wide Early Learning and Child Care program over the next five years. Additionally, the AFB will ensure adequate financial support for the implementation of the Indigenous Early Learning and Child Care framework agreement co-developed by Indigenous partners and the Government of Canada. The AFB will support the creation of sufficient net new full-time spaces operated by not-for-profit community child care providers, public sector entities, or Indigenous governments and organizations, with the goal of ensuring that there is sufficient licensed child care by March 31, 2031, in each province and territory for at least 65 per cent of children under the age of six. The AFB will require that each provincial and territorial government expand the size of the child care workforce, raise recruitment and retention rates, and increase the proportion of staff who have early childhood education post-secondary diplomas and degrees. The AFB will convene and support the development of a comprehensive strategy, by March 31, 2027, to build a public school-age child care system for children until age 12.

Defence

Canada's defence spending has now risen to two per cent of GDP—a level not seen since the end of the Second World War—while Canada faces evolving security challenges that extend beyond conventional threats, increasingly shaped by the accelerating impacts of technological and climate change. The AFB will move Canada's defence budget allocation away from the arbitrary five per cent of GDP target proposed by NATO. The AFB will cancel Canada's planned acquisition of the remaining 72 of 88 Lockheed Martin F-35 Joint Strike Fighters. The AFB will provide \$1.095 billion toward the acquisition of 16 DHC-515 Firefighter aircraft to augment climate response efforts, to be acquired by the Royal Canadian Air Force as the first federally owned-and-operated waterbombers. The AFB will provide \$2.5-\$3 billion toward dual-use domain awareness capabilities that serve both security and climate/environmental needs. The AFB will allocate \$1 billion over five years to scale up Canada's peace operations, with targeted support for personnel, training, and deployment readiness. The AFB will provide \$80 million toward the recruitment of an additional 6,000 Primary Reserve personnel to act as climate-event first responders. The AFB will refuse any spending on the "Golden Dome."

Employment Insurance (EI)

The AFB will introduce a new program of EI emergency response measures, integrating lessons from the COVID-19 pandemic about what makes EI more responsive and relevant to workers. We need an automatic, predictable response in the event of floods, hurricanes, wildfires, pandemics and more. Eligibility requirements will be relaxed, and affected workers will be automatically credited with additional hours and given a longer reach-back period for accumulating hours. The AFB will establish a common, pan-Canadian qualifying rule for both regular and special EI benefits—a measure used during the pandemic. This acknowledges that regional unemployment rates should have no bearing on workers' access to EI. A minimum claim will require a fixed 360 hours (or 12 weeks when to the claimant's advantage). This is the equivalent of 12 weeks of 30 hours, approximating the average schedule for payroll employees. The AFB will increase the current EI benefit rate to 66.6 per cent and place a floor on benefits of \$500 a week.

Environment and climate change

Decarbonizing the Canadian economy by regulating fossil fuels and spending enough on climate action is not merely an environmental or moral imperative. In 2024, extreme weather caused a record-breaking \$8.5 billion in insurable losses in Canada. Indirect costs to human health, productivity and so on likely totalled closer to \$20 billion. After another devastating wildfire season, 2025 is no different. These costs are the tip of the iceberg. Canada's economic growth will be cut by a third or even in half by the end of the century if climate change continues to go unchecked—economic damages on a scale that vastly exceeds the cost of achieving net-zero emissions. To cap emissions from Canada's most polluting industry, the AFB will pass two major outstanding federal climate commitments: the *Oil and Gas Sector Greenhouse Gas Emissions Cap* and the *Climate-Aligned Finance Act*. The AFB will impose climate and biodiversity conditions, also known as "green strings," on all federal spending, including infrastructure investment and public procurement. The AFB will impose a moratorium on all new fossil fuel infrastructure, including oil sands expansions, offshore oil wells, liquified natural gas facilities, oil and gas pipelines and gas power plants.

First Nations

Canada can no longer afford to neglect First Nations' funding priorities or fail to address exclusionary laws, policies, and regulations that create and sustain socio-economic gaps between First Nations and the rest of Canada. The AFB will invest \$90 million over three years to support collaboration between the Government of Canada and First Nations, to establish an evidence-based assessment of specific claims research funding needs. The AFB will invest nearly \$4 billion over three years to enhance Band Support Funding to adequately support First Nations governments to perform the basic functions of modern governance. The AFB will create a framework for investing \$349.2 billion over seven years to close the infrastructure gap for First Nations and deliver on the Government of Canada's nation-building aspirations for First Nations and all Canadians. The AFB will support the establishment, within this fiscal year, of a self-governed First Nations Infrastructure Bank to meet the unique investment, capacity building, and customer service needs of First Nations in closing the infrastructure gap. This will be capitalized

by re-profiling the \$10 billion Indigenous Loan Guarantees Program. The AFB will invest \$2.34 billion over three years to fully address chronic homelessness affecting First Nations citizens.

Food security

In 2024, nearly 10 million people—including 2.5 million children—in the 10 Canadian provinces experienced household food insecurity, the highest rate ever recorded. The AFB will set two national targets: cut household food insecurity by 50 per cent and eliminate severe household food insecurity by 2030, using 2021 as the baseline. Meeting these targets would mean lifting three million people out of household food insecurity. The AFB will ensure targeted affordable housing and rental support, including expanding the Canada Housing Benefit, for households facing housing insecurity—especially for Indigenous Peoples, Black and racialized people, people considered to be working poor, and precarious renters. The AFB will strengthen the Competition Bureau to block mergers, collect pricing data, and dismantle monopolies. It will invest \$100 million over three years in local, non-profit, and co-operative food retailers and public markets through grants, loans, and training, and establish publicly owned grocery stores in urban food deserts, prioritizing local procurement.

Gender equality

Recognizing that an economy is built not just on roads, ports and hydro dams, but also on paid and unpaid care for each other and our planet, AFB 2026 makes the investments necessary to strengthen Canada's essential physical and social infrastructure. Advancing substantive gender equality is crucial to this goal. The AFB will implement a new *Employment Equity Act*, committing \$20 million over the next three years (including the creation of two new equity groups: Black people and 2SLGBTQI+ people). The AFB will commit \$30 million over three years to the operation of the Sectoral Table on the Care Economy, pursuant to Canada's obligations as a member of the Global Alliance for Care. The AFB will invest \$360 million over three years to stabilize the violence against women shelter and transition-house sector and address fundamental funding gaps in

the National Action Plan to End Gender-Based Violence, including the oversight of sexual assault centres and legal aid services. The AFB will establish a fund of \$7 million per year to provide core support for national gender equality organizations working on advocacy, research, education, policy analysis, and legal reform to advance the rights of women and gender-diverse people.

Health care

Canada's health care system is in crisis—the AFB resolves to fix it. The AFB will make a commitment to strengthening patient care, reversing privatization, and solving the health care staffing crisis. The AFB will ensure that bilateral health agreements also tie federal funding to caps on the usage of agency nurses and other health care professionals, and require provinces/territories to boost permanent positions within the public system. The AFB will make the Canadian Dental Care Plan consistent with the principles of the *Canada Health Act* by removing what is known as “means testing” to determine eligibility. The AFB will continue to negotiate pharmacare agreements with the nine remaining provinces and territories, and it will expand the list of medicines covered by agreements with provinces. The AFB will, in conjunction with provincial and territorial governments, increase the funding for mental health services to at least 12 per cent of the health services budget.

Health equity

Health equity means that everyone has fair access to, and is enabled and empowered to act on, opportunities to reach their full health potential. Health is not just about physical sickness or its absence, it is a holistic concept that includes physical, mental, and social well-being. The AFB will create a Well-Being Economy Mission Collaborative that includes the new cabinet committee on Quality of Life and Well-Being. The stated mandate of the new cabinet committee will change to “provide political leadership for engagement, visibility, implementation, and accountability towards a well-being economy, including its embodiment in bold, coherent, cross-government, public-driven, and equity-centred public policy.” This mandate will include applying policy mechanisms such as

ownership, regulation, and conditional transfer payments across sectors that serve public interests and that are consistent with social and health equity; and engaging in regular, broad, and visible communication with the public: \$2 million a year for three years. The AFB will add the minister of finance to the new cabinet committee's membership, signalling that political leadership towards a vision that centres the well-being of all people and the planet.

Immigration

Over the past year, the federal government has rolled out a series of policy changes that tighten and securitize every major immigration stream—decisions which deepen long-standing inequities in the system. Racialized migrants and refugees, women, 2SLGBTQI+ people and disabled persons, many of whom rely on community sponsorships, open work permits or low-wage streams, now face longer family separations, greater precarity and heightened surveillance. The AFB will rescind the Canada-U.S. Safe Third Country Agreement (STCA). The agreement undermines equitable refugee protection; the U.S. is not a safe country for all asylum seekers. The AFB will withdraw Bill C-2, the *Strong Borders Act*. The AFB will end immigration detention. The AFB will guarantee permanent-status-on-arrival and open work permits for all workers. The AFB will eliminate closed/employer-specific permits for all foreign worker programs, including temporary foreign workers, to ensure labour mobility and full legal protection. The AFB will establish binding national employment standards and housing regulations for migrant agricultural and low-wage workers. The AFB will guarantee universal, provincial/territorial health coverage and treatment to all migrants living in Canada regardless of immigration status, including for people who are undocumented. The AFB will adopt a National Plan for Asylum with Dignity.

Incarceration

The Canadian federal prison system needs significant change. Though it is legislatively mandated to serve public safety by being reintegrative, it is a costly, ineffective system which keeps many in cycles of

incarceration, in prison for years and decades. The AFB offers a roadmap to meaningfully and responsibly reduce incarceration by 30 per cent by 2035. The AFB will amend the *Criminal Records Act* and implement a free and automatic spent record process, turning to the model outlined in Bill S-207 and supported by the Fresh Start Coalition. This will ensure that Canadians who have completed their sentences and who are trying to live good lives are not permanently excluded from good jobs and safe housing by having criminal records. This amendment will save Canadians \$25 million over the next five years and can be allocated to implement the Federal Framework to Reduce Recidivism. The AFB will continually identify and move people into Indigenous justice systems, and community-based alternatives. The AFB will invest \$100 million a year to implement the solutions identified across the Federal Framework to Reduce Recidivism, Canada's Black Justice Strategy, Canada's Indigenous Justice Strategy, and the Action Plan on Criminal Justice and Mental Health for Canada.

Industrial strategy and sector development

Governments at all levels, together with civil society stakeholders, must recalibrate industrial sector development to support working people, create good union jobs, and confront an increasingly volatile global economy, rapid technological change and climate crisis. Achieving this demands a bold and proactive industrial strategy that deploys public investment and oversight and fosters industry-wide collaboration to advance sustainability goals—and forge a more resilient and equitable economy. The AFB will recapitalize the Strategic Innovation Fund (SIF) to \$10 billion over five years, with half of the allocated funding directed toward large critical upstream and midstream projects tied to national interest objectives, economic diversification and tariff mitigation efforts. The AFB will commit \$1 billion over 10 years to create a supplementary Transition Benefit for workers displaced by climate policies or tariff mitigation and trade diversification measures. The AFB will commit \$5 billion over five years to create an Inclusive Workforce Development program to promote opportunities for underrepresented groups in growth industries. The AFB will ensure labour and economic development conditions on nation-building projects, including, prevailing wage, union neutrality covenants, community benefit agreements. The AFB will institute an ambitious 'made-in-Canada' procurement directive.

Infrastructure, cities and transit

In response to Donald Trump's trade war, developing Canada's national infrastructure is a hot topic. While the prospect of major new infrastructure investment would seem a sensible response, the danger is if governments squander tens of billions of public dollars on pipelines and fossil fuel infrastructure like liquefied natural gas (LNG) terminals or misguided public-private partnerships that seek to generate private profits at public expense. The AFB gets back to basics and invests similar dollar amounts into the real infrastructure upon which our prosperity depends. Water and sewer upgrades are boring, but they directly improve people's quality of life and accommodate growth and more dense housing. Transit investments get people and goods moving. We also envision a different suite of national projects to better connect Canada, namely an east-west clean electricity grid, and new high-speed rail capacity. The AFB will strike revenue-sharing agreements with municipalities, giving them access to the top two income tax brackets (affecting those earning \$172,714 and up). This would allow municipalities to raise additional revenues by taxing high earners. The AFB will create a funded mandate for VIA Rail to expand rail service across the country and establish dedicated project offices for high-speed rail connections in priority corridors.

International cooperation

The world is facing growing instability driven by conflict, climate change, shrinking civic space, and intensifying geopolitical tensions. Humanitarian needs are escalating, inequality is deepening, and the global development cooperation system is under acute strain, with severe funding cuts and outdated models limiting effective response. The AFB will work to return Office Development Assistance (ODA) to its core goal of poverty eradication in the Global South. This includes minimizing funds spent domestically and removing climate finance from the ODA budget. The AFB will ensure that international assistance to Ukraine is supplementary to stable or growing assistance for the rest of the world. To support this, it will launch an Eastern Europe Assistance Tracker to monitor foreign aid related to the war and crisis in Ukraine. The AFB will strengthen Canada's role in upholding international humanitarian law by making the protection of civilians and aid workers a foreign policy priority. The AFB will

champion reforms to global financial institutions such as the International Monetary Fund and World Bank to make them more responsive to the needs of low- and middle-income countries. Supporting mechanisms for sustainable financing, including climate finance, will be key to building long-term global resilience.

International trade

This year's Alternative Federal Budget takes the Trump threat seriously by moving away from the failures of free trade and deep integration with the United States. It walks away from an international order that serves the interests of powerful corporations and their financiers and invests in a new international economic order that prioritizes people over profits and cooperation over competition. The AFB will terminate or suspend the *Canada-Israel Free Trade Agreement* and ban all weapons sales to Israel—direct and indirect—to pressure the Netanyahu government to end its genocidal campaign in Gaza and to heed its international legal and humanitarian obligations towards Palestinians. The AFB will direct Global Affairs Canada to remove investor-state dispute settlement (ISDS) from Canadian trade and investment deals. The AFB will allocate \$2 million to convene a broad civil society advisory group to help the Canadian government develop priorities for the 2026 mandatory review of the Canada-U.S.-Mexico Agreement (CUSMA). The AFB will allocate \$50 million over two years to expand the number of professions covered by the Interprovincial Standards Red Seal Program, which allows certified workers to ply their trade in any part of Canada.

Post-secondary education

The federal government's mandate to bolster Canadian sovereignty through 'nation building' must include supporting all Canadians: our people, their skills and talents, are our greatest resource. Investments in post-secondary education, science research, and innovation are essential to shore up the foundation of Canada and to address longstanding public underfunding. The AFB will raise the maximum Canada Student Grant amount to \$8,000 and lower the income thresholds for accessing grants. It is currently \$4,200 and anticipated to fall to \$3,000 in 2026—well below

the average undergraduate tuition of \$7,000 a year. The AFB will provide \$10 billion dollars to the provinces distributed through accountability agreements with the provinces on shared priorities. That amount would have an escalator of five per cent a year. Shared priorities must include reducing—with the aim of eventually eliminating—tuition, implementing an academic workforce strategy, addressing program closures, as well as making a commitment to academic freedom, ensuring that the PSE sector is free of political interference in research and teaching. The AFB will double funding in the Post-Secondary Student Support Program and the University and College Entrance Preparation Program to help close the gap on educational attainment between Indigenous and non-Indigenous students.

Poverty and income security

Poverty, income and wealth inequality exist in Canadian society because it is a choice governments have made. The AFB will accelerate ambitions for the poverty reduction strategy (PRS). There are only two targets in the federal PRS: to reduce poverty by 20 per cent by 2020 and by 50 per cent by 2030 (measured from 2015). Both targets were achieved well ahead of their timelines. The AFB will improve the PRS by implementing accelerated targets to reduce poverty by 50 per cent by 2028, according to multiple available measures: the MBM for the provinces, MBM-N for the territories and the CFLIM-AT. It will eliminate poverty by 2031. The AFB will target a reduction in deep poverty by one third by 2028. The AFB will create a new Canada Liveable Income (CLI) benefit for working-age adults who do not have children and who do not have disabilities. The AFB will immediately increase the Canada Disability Benefit amount to \$9,000 in the first year. The AFB will introduce a new End Child Poverty supplement to the CCB targeted to children in deep poverty and expand eligibility to all children residing in Canada. The AFB will permanently increase the Guaranteed Income Supplement by 10%

Public service

The Liberal government's priority to cut spending by capping the size of the public service was announced at the same time as promises to deliver

major nation-building projects in record time. Deep cuts to the levels promised would require across-the-board job losses and major service reductions, not just public service caps, leaving many workers wondering how so much can be accomplished with fewer people to get the work done. The government cannot meet its nation-building goals without a strong public service. The AFB will stop the job cuts being implemented as part of the “refocusing government spending” plan, so that people in Canada can access the critical services they rely on without delays. It will bring contracted services back in-house to ensure better oversight, improve service delivery, and achieve cost efficiencies in the federal government. The AFB will abandon plans for radical 15 per cent cuts to operational expenditures and departmental transfers that would substantially reduce service levels and seriously hamper the federal government’s ability to tackle major new projects in housing construction and reinvigorating the Canadian economy in the face of U.S. threats.

Racial equity

Indigenous, Black, and other racialized peoples continue to face historic and ongoing systemic racism in virtually every aspect of life in Canada. The AFB will require every budget measure to publish its Racial Equity Impact Assessment findings. The AFB will enact an *Anti-Racism Act*, establishing an independent, well-resourced secretariat reporting directly to parliament. The AFB will modernize the *Employment Equity Act* by 2026, adopting all Blackett Task Force recommendations and expanding designated groups. The AFB will fully fund and implement Canada’s Black Justice Strategy, including sustainable operational funding for Black community organizations. The AFB will make the Supporting Black Canadian Communities Initiative permanent and expand the Black Entrepreneurship Program’s capital envelope. The AFB will amend the *Canada Labour Code* to explicitly recognize racism as a form of workplace violence and require employer reporting. The AFB will attach Community Benefits Agreements with racial-equity hiring and procurement clauses to all federal investments over \$10 million. The AFB will launch a public education campaign on anti-Muslim, anti-Black and anti-Indigenous racism, co-designed with affected communities. The AFB will re-introduce Bill C-63 to enact the *Online Harms Act Bill*, addressing online hate while protecting freedom of expression.

Seniors' and long-term care

The AFB is putting forward a dedicated, funded, and accountable vision for transforming seniors' care that supports quality of care, quality of work, and quality of life. Funding will be based on enforceable standards, removing profit from care, affordability for seniors, and providing appropriate compensation and conditions for those who do care work. The AFB will transform housing and living options for seniors. This will be done through funding envelopes for publicly owned, publicly delivered, affordable housing options that integrate care services within them and provide smooth transitions as care needs change. The AFB will transform how seniors' care is delivered by funding the development of standards for home care, social housing for seniors, assisted living, and retirement homes. The AFB will invest directly in expanding home care and facility-based long-term care to ensure that care can be provided to everyone who needs it, where it is needed most. It will also invest in funding options for seniors' housing that can provide intermediate care, such as assisted living, retirement homes, and co-operatives. Through the new national housing plan, the AFB will provide funding to build, own, and operate high-quality, public, non-profit seniors' care facilities. The AFB will also improve the Canada Caregiver Credit and make it refundable.

Taxation

The AFB will create a new personal income tax bracket on income above \$1 million. During the mid-20th century, Canada had top marginal tax rates over 80 per cent for extremely high income. The purpose of such rates is not just to raise revenue, it is to discourage incomes from being so high. The AFB will tax extreme wealth. A progressive wealth tax on net worth over \$10 million would redistribute wealth and power, while raising over \$39 billion in the first year. The AFB will prevent corporate profiteering during crises by implementing a windfall profits tax, triggerable during social and economic crises, on taxable profits above 120 per cent of pre-crisis profit levels. The AFB proposes a super-profits tax of five per cent on corporations with taxable income over \$100 million on a consolidated basis. The use of tax havens would be prohibited, and a minimum tax would be placed on book profits. The AFB would also increase the general federal corporate income tax rate from 15 per cent to 20 per cent, partially offsetting the corporate income tax cuts that

took place between 2007 and 2012. The AFB would invest in more CRA auditing and enforcement of wealthy individuals and corporations yielding a four to one return.

Veterans

Decades of institutional neglect have left today's veterans with a patchwork of benefits and solutions that often fail to meet their needs despite many years of calling for reform. The AFB will launch an independent inquiry to ensure that all veterans, loved ones, caregivers and surviving family members receive the benefits and support they need, when and where they need it. The inquiry will produce a report with tangible and measurable recommendations. The AFB will register all unregistered veterans. To date, VAC has taken a limited, reactive approach to service delivery that focuses on those who actively seek out their services. The AFB will ensure that caregivers and family members, including spouses, former spouses, survivors, and dependent children, have access, independent of the veteran's treatment plan, to mental health treatment when their mental health issues are related to conditions of military service experienced by their family member. The AFB will provide funds for occupational medicine (particularly for veterans without a family doctor), and civilian physicians accepting veterans as patients. The AFB will direct the Canada Mortgage and Housing Corporation to develop veteran-specific streams of National Housing Strategy funds for housing projects and to provide capital through low-interest and forgivable loans.

Introduction

True Canadian independence
requires a long-term plan—
and a new economic model

Every now and then, an earthquake shakes the political landscape. The ground beneath our feet shakes, and the things that we believed to be solid crumble. In its aftermath, the landscape is radically altered, the assumptions we had made about political continuity left as nothing but piles of debris.

It certainly seems like we are in the midst of such an earthquake today. Over the past year, so much has changed in the Canadian political sphere that it has, at times, been difficult to keep up. A year ago, every smart political observer was expecting the Conservative Party of Canada, led by Pierre Poilievre, to win a historic majority in the 2025 federal election. Two years of consistent polling showed the party with a commanding lead across the board. It appeared that we were in a periodic, predictable swing between Canada's two main governing parties, and observers were preparing for the predictable outcomes of such a swing.

Then the earthquake hit. Donald Trump was elected as president of the United States and began attacking Canadian sovereignty. Canadians began an unprecedented rally around the flag, as the United States declared a trade war and made increasingly loud threats of annexation. Justin Trudeau resigned as prime minister, as did many of the people in his inner circle. Mark Carney was elected Liberal party leader and swiftly called a general election. The Liberals won a minority, within a

hair's breadth of winning a majority. Canada's economy began exhibiting symptoms of a crisis.

In the whirlwind of the past year, one thing is extremely clear: Canadians want greater independence from the United States. That question, more than any other, animated voters as they headed to the polls in the 2025 election. Canadians gave their government a strong, unambiguous mandate to stand up to the United States and chart a more independent path forward.

Doing so will require a complex, multifaceted plan that reorients the Canadian economy away from the direction it has been moving for generations. It will require transition plans for all of Canada's major industries and will require that the Canadian state take on a significantly more assertive role in economic planning—a role it has largely abandoned over the past decades of neoliberal hegemony.

In the past, when the United States has undergone major restructuring—such as during the transition to neoliberalism in the 1980s—Canada has chosen to follow its lead and adapt in consequence. Today, Canadians are paying for that choice. This year's Alternative Federal Budget (AFB) attempts to begin clearing a new path.

This year's AFB provides the outlines of what true Canadian sovereignty and independence might look like. It does not seek to save the neoliberal model from external threats like Donald Trump but, rather, seeks to build a new model that is Trump-proof—one in which the Canadian economy is resilient, more self-sufficient, and less subject to the whims of the dying empire to our south.

Such a project will only be accomplished over the long term. Consider this year's AFB to be the first steps.

Economic planning for the future

Since the onset of the neoliberal era, the Canadian state's planning capacities have atrophied. Instead of engaging in proactive economic planning, the state has preferred to leave the market to plan itself. At most, the federal government has provided "incentives," like tax credits, to encourage the private sector to accomplish social goals.

That needs to change. To engage in the broad and deep transformation of the Canadian economy that this moment requires, the federal government will need to get back into the business of economic planning.

Obviously, policy-makers cannot do so alone, or they risk unilaterally imposing an economic agenda that isn't reflected in Canadians' priorities. As such, the AFB will reinvigorate and strengthen the mandate of consultative planning bodies, like the sector councils program, to engage in long-term economic planning.

With a number of "nation-building" projects on the agenda, the AFB will attach labour and economic development conditions on projects, including wage minimums, union neutrality clauses, community benefit agreements. The AFB would implement an ambitious "made in Canada" procurement policy, using government spending to boost the Canadian economy and producers.

The AFB proposes to introduce new crown corporations to act as drivers of economic activity in key sectors—such as creating a new crown corporation to lead a new "moonshot" artificial intelligence project to assert Canada's lagging role in a rapidly developing field and ensure that the technology is used for social good.

Social supports and strong public services

The nature of the economic transformation before us, like those of comparable transitions, means that much of the Canadian economy—and the workers who make it run—will be subject to medium-term fluctuations that could seriously hurt communities across the country. The AFB would remedy that instability with a robust network of social supports and strong public services that Canadians can rely on.

This must include, first and foremost, a series of fixes to Canada's stagnating Employment Insurance (EI) system. This will include increasing the benefit rate to 66.6 per cent (from its current historic low of 55 per cent), introducing a benefit "floor" for all recipients, streamlining the acceptance process, and more. The AFB will commit \$1 billion over 10 years to create a new Transition Benefit for workers displaced by climate policies or tariff mitigation and trade diversification measures.

Worker supports are an important line of defence against economic uncertainty, but just as important is Canadians' access to functional and useful public services. The AFB would fund a dramatic increase in the amount of public, \$10-a-day child care spaces across the country, increase coverage to public health care, and expand the pharmacare and dental care programs while removing means-testing.

If Canadians can rely on public services, they will be better able to weather the storms ahead. This year's AFB will integrate public services into—and a key driver of—the broader economic transformation the country is embarking on.

Building out housing and infrastructure

Much has been made of the current federal government's plan to engage in "nation-building projects." While the nature of those projects remains unclear, it is encouraging to see the federal government attempt to act as a driver of economic development again—a clear break with decades of neoliberal consensus.

The federal government has even promised to return to the previously abandoned field of home construction to address Canada's brutal housing affordability crisis directly.

The AFB builds on these developments and will deepen their scope and effectiveness. It prioritizes building non-market housing, tripling the existing investment to \$18 billion to build one million non-market and co-op homes over the course of a decade. It proposes to provide favourable loan financing for a minimum of 100,000 non-market homes per year on a cost-recovery basis. The AFB will engage an ambitious retrofit program for existing homes, dedicating \$12.5 billion to support energy efficiency construction projects.

The AFB will also kick off several other ambitious nation-building projects. It dedicates \$20 billion over five years to build a cross-Canada clean electricity grid, with a focus on interregional transmission and targeted investments in rural, remote and Indigenous communities. It also proposes a publicly funded electric vehicle charging network across the country.

The AFB will develop the long-promised network of high-speed rail corridors in Canada—bringing this country up to speed with comparable jurisdictions elsewhere in the world and reversing proposed federal cuts to VIA rail.

Canadians deserve national projects that will improve their lives, not line the pockets of fossil fuel companies and mega-corporations. Nation-building projects should not just be about waving a maple leaf flag, they should also be about materially improving the lives of Canadians.

Reversing the militarization of Canadian foreign policy

Canada has, for much of its modern history, identified itself as a peacekeeping nation. Some of the greatest triumphs of independent Canadian foreign policy have been in our refusals to line up with the U.S. empire—refusals to join the American war in Vietnam and south-east Asia, to get in line with the U.S. backers of South African apartheid, to send Canadian troops to destroy Iraq.

Of course, such an image has always been selectively curated—Canadian troops have participated in a number of serious crimes, and Canadian foreign policy is overly focused on protecting the rights of corporations to extract resources at the expense of local populations. But that vision of Canada as a good actor on the world stage should serve as a goal to strive towards.

The federal government today is moving in the opposite direction, betraying the legacy of Canadian humanitarianism in favour of radically deepening militarism. It promises to nearly quadruple the share of war spending, from the current 1.3 per cent of GDP to a staggering five per cent—all while slashing and burning other forms of international aid and humanitarian assistance.

These goals are simply not compatible with maintaining Canada's standing in the world, and its tradition of independent foreign policy. The AFB rejects them outright and reorients Canada's defence spending and foreign policy towards peace-making.

To do so, the AFB will base defence spending on specific needs, rather than arbitrary targets set by bodies like NATO. It prioritizes dual-use investments (that is, investments that also can be used in a civilian capacity). The AFB will treat climate change as the national security threat it is and support dual-use climate/security programs up to \$2.5 billion. It proposes to shore up arctic sovereignty by building infrastructure that supports strong communities in the North.

The AFB will build on Canada's independent foreign policy by de-aligning with the U.S.' support for Israel's genocide in Palestine (such as by suspending the Canada-Israel Free Trade Agreement), increasing independent and green trade with African countries, and boosting Canada's international climate finance commitments. It proposes to increase humanitarian funding in line with inflation, rather than cutting it.

Decarbonization and climate resilience

If there is a thread that unites all government priorities, it must be that all projects—from infrastructure to public services to economic resilience—act in defence of our increasingly threatened ecosystems. The AFB will finally do away with the notion that we must choose between the environment and the economy.

First, the AFB will impose “green strings” on all federal spending—including infrastructure spending and public procurement—to ensure that no federal spending is worsening the climate crisis.

The AFB promotes ambitious programs to adapt to climate change, which is already locked in, while mitigating future damage. This includes investing \$66 billion over eight years to a National Adaptation Strategy (NAS) to help affected communities, cutting subsidies to the fossil fuel industry and helping municipalities deal with climate impacts. The AFB will also create a new Employment Insurance stream to be applied in the aftermath of increasingly frequent natural disasters.

To drive the twin goals of climate resilience and economic growth, the AFB will invest \$1 billion per year for the rapid development of a Youth Climate Corps (YCC), a new agency that will act as a jobs organization for young people looking to work in climate-forward industries and environmentally sound national projects. The AFB will increase funding for job reskilling programs, to help any worker who wants to find employment in a green industry.

A fair distribution of resources

These ambitious projects—and the transformative agenda that they represent—require significant amounts of money and resources. The federal government, after decades of neoliberalism, has hollowed out its own fiscal capacity by reducing revenues consistently, leading to periodic panics around the deficit.

The major beneficiaries of the past decades’ fiscal regime have, of course, been the wealthy and the corporations they control. While wealthy individuals and companies are able to hide their income and engage in legal tax avoidance, regular working Canadians feel the squeeze.

The AFB will rectify this historic imbalance and use the state as a vehicle to promote a more equal distribution of resources. The rich have been on a free ride for too long—it is time they pay their fair share,

particularly in a moment of national crisis. During the Second World War and in the decade that followed, we asked the rich to step up and they did—they paid historically high taxes, which helped Canada build a post-war social consensus and grow our middle class. The AFB will mobilize the rich and rich corporations to act in service of our country in this hour of need.

The AFB will create a new tax bracket for the highest-income earners (over \$1 million annually) to be taxed at 37 per cent. While this is significantly lower than the former top tax bracket (80 per cent as late as 1971), it is a start. The AFB will also implement a progressive wealth tax on fortunes over \$10 million, crack down on corporate profiteering during crises, and make the corporate tax system more progressive so that large corporations pay more into the system than medium-sized businesses.

The AFB will use the tax system to raise revenues and to accomplish social goals of greater stability, sustainability, equality, inclusion. Implementing punitive taxes on profiteering, for example, is an effective way to discourage price gouging in the aftermath of a disaster. The AFB will use taxation as part of a holistic strategy to accomplish the broader social goals.

Canada is more than a flag—it is our institutions and infrastructure

Our vision—written by a coalition of social movements across the country—stands in stark contrast to the current federal government's vision of implementing aggressive cuts across the public sector and gutting the services that Canadians rely on.

In Ottawa, the federal government proposes to enact the most brutal cuts in a generation—across most of the public service, government transfers to others and to major crown corporations like CBC and VIA Rail—to pay for tax cuts and ballooning military spending. That's exactly what Donald Trump wants.

We have seen how that scenario played out before. Privatization of public infrastructure, slashed budgets for public services, weakened rules protecting workers. These are the steps to a weaker Canada, more vulnerable to interference from a belligerent U.S. empire. The institutions the federal government are cutting are cornerstones of the Canadian national project. Without them, political rhetoric around defending

Canada rings hollow. What is this country, if not the institutions and infrastructure that we collectively hold?

The AFB lays out a path to genuinely shore up those institutions and prepare them for the conflicts and crises to come. None of the proposals in this document are utopian dreams—they are realistic proposals for what we could accomplish if we wielded the power of the state towards social and economic transformation. This year's AFB is a blueprint for the transformation that Canadians are asking for.

Affordable housing and homelessness

Introduction

Housing affordability was a top issue during the 2025 federal election and there is strong support for Canada to commit to eliminating homelessness as an urgent human rights priority. A recent Abacus poll showed that “67 per cent of Canadians recognize homelessness as a housing issue needing immediate attention.”¹

Based on the 2021 national census data, there are at least three million households in core housing need—defined by the Canada Mortgage and Housing Corporation (CMHC) as living in an unsuitable, inadequate, or unaffordable dwelling. Notably, the 2022 Canadian Housing Survey found that 22.1 per cent of renters are in core housing need, more than triple the rate of homeowners at 6.1 per cent.

Access to affordable housing is a problem for first-time buyers and renters. Weak regulations and tight rental markets have exacerbated housing precarity. Major centres across Canada have seen an explosion of homelessness and a rise in housing encampments. The financialization of housing—treating housing as a financial asset and tool for maximizing profit—is exacerbating the problem.² Governments must address these structural problems that have been building for decades instead of scapegoating migrants, refugees, and international students.

The Liberals promised to create Build Canada Homes (BCH), an agency to “get the federal government back into the business of home building” by “acting as a developer to build affordable housing at scale, including on public lands.” During the 2025 leadership debate, Mark Carney noted that affordable housing extends beyond homeownership and promised to invest in “deeply affordable” housing. The Liberal government describes its housing plan as “Canada’s most ambitious housing plan since the Second World War.”

An ambitious plan must prioritize housing as a human right, with a strong regulatory framework to control the financialization of housing and deter landlords from drastic rent increases, and a robust commitment to non-market, including public housing that is affordable to low- and moderate-income households.

Overview of what is needed

Solving housing affordability requires a comprehensive approach to both supply and demand, beginning with developing rental housing for those in core housing need. The 2024 federal budget committed \$15 million over five years to a Tenant Protection Fund. In the 2024 budget the previous Liberal government announced a Renter Bill of Rights with conditional infrastructure funding for provinces and territories who commit to annual reporting on “how they are advancing the rights of renters in their jurisdictions as an element of broader efforts to fulfill the right to adequate housing for all.”

Protections against excessive rent increases (including rent and vacancy control) is an important part of ensuring rental housing is affordable (not exceeding 30 per cent of income) to low- and moderate-income households.

The 2024 Tenant Protection Fund supports tenant advocacy organizations and legal clinics. The federal government distributed those, and the program had a high subscription rate. The federal government needs to make a new investment in this program to further support research and advocacy for tenants.

The federal government must expand the \$1.5 billion investment it made in the Rental Protection Fund to enable non-market housing providers to buy and preserve affordable homes. The Canada Housing Benefit (CHB) has helped many households with their rent, but it is not nearly robust enough—and in the absence of strong rent protections,

landlords are able to increase their rents. A central pillar of any effective government plan to address housing precarity and homelessness must also be investment in social housing—non-market housing, including public and non-profit owned with rents geared to income (RGI).

A strong social housing program will require federal collaboration with other levels of government to align with the CMHC definition of affordability (households not paying more than 30 per cent of income on rent). Quebec has set a higher bar of 25 per cent, which Canada should aspire to. CMHC programs have moved away from this definition of affordability, but they must return to the use of the standard income-based measure across all of its funding programs to ensure that it is funding the most urgent segments of housing.

Social housing and OECD

Canada lags in social housing investment compared to Organization for Economic Co-operation and Development (OECD) states with far lower rates of homelessness and less housing precarity. Only four per cent of Canada's housing stock is dedicated to social housing, compared with the OECD average of seven per cent.

Although all Canadian jurisdictions reduced social housing funding after the 1980s, it remains an integral part of the housing systems in many European countries. Finland has triple the social rental housing as Canada, contributing to the near elimination of homelessness in that country. The Netherlands continues to lead the OECD, with 34 per cent of its total housing stock being social rental supply. Housing advocates have called on the government of Canada to double the supply of social housing to bring it closer to the OECD average.

Housing as an infrastructure investment

Strong federal investment in infrastructure is needed to stimulate the Canadian economy. Policymakers may not consider social housing as infrastructure, but it offers a dual solution by creating housing for those in greatest need, while also stimulating the economy. Bringing Canada's social housing stock to the OECD average by 2030 would create an economic boost of \$67 billion, according to a recent report commissioned by the Canada Housing and Renewal Association and Housing Partnership Canada. The report found that investments in social housing would boost economic productivity by 5.7 per cent—a needed boon when our economy is facing U.S. tariffs.

Public land for housing

In 2017, the government of Canada estimated that half of federal owned office space was not being used to full capacity. In 2019-20 it began planning for the disposal of properties, including for housing. A 2025 Office of the Auditor General report found that while CMHC, supported by Housing, Infrastructure and Communities Canada, was on track to meet the Federal Lands Initiative's initial target to secure commitments by 2027-28 to build 4,000 new housing units, the number of housing units built lacked clarity and the initiative "did not maximize access to affordable housing for those in greatest need."

The auditors found that vulnerable populations were not benefiting from the Federal Lands Initiative because although land prices are discounted, the Federal Lands Initiative does not provide the continued financial support needed to accommodate projects that benefit low-income renters. Affordable housing advocates have been clear that public lands must not be sold but rather offered on long term renewable leases to non-market housing developers/operators with RGI rents or First Nations housing providers.

National Housing Strategy and the *National Housing Strategy Act*

In 2017, the Government of Canada launched its 10-year National Housing Strategy (NHS). Two years later the government released the first ever right to housing law for Canada, the *National Housing Strategy Act* (NHSA), which requires the Minister of Housing and Infrastructure Canada to "develop and maintain a national housing strategy...taking into account key principles of a human rights approach." The NHSA cites that the National Housing Strategy supports the progressive realization of the right to adequate housing as recognized in the *International Covenant on Economic, Social, and Cultural Rights*.

Canada's 2017 National Housing Strategy has never been updated to reflect the requirements of the 2019 right to housing legislation. The Office of the Federal Housing Advocate and National Housing Council have called attention to the requirement for the minister to ensure the NHS is updated to align with a human rights approach, which at its core requires that housing programs and policies prioritize those in greatest need, including a commitment to ending homelessness.

While it is true that the federal government is investing more in housing than it has in decades, the emphasis has been to incentivize private for-profit developers which is mostly creating housing that is not affordable. For example, the Rapid Housing Initiative (RHI) is the only

NHS program designed to produce social housing. A NHS progress report shows that only 10 per cent of funding allocated through the Strategy's four largest programs has gone through the RHI, which has produced only four per cent of the 226,086 units.³ Advocates for these renter households maintain that there needs to be a shift in priority toward non-market housing if we are to achieve the baseline goal of 500,000 deeply affordable units.

Actions

The AFB will invest in a comprehensive approach to ensure that the type of housing needed most is prioritized. The AFB will reconfigure the NHS to ensure that its initial goal to provide housing for the most vulnerable is met and the *National Housing Strategy Act* and its commitment to the human right to housing honoured. The AFB will restrict the use of federal housing funds to entities that guarantee long-term affordability, tenant protections, and non-extractive ownership models.

The AFB will prioritize the expansion of non-market housing, tripling the Liberal government's proposed investment of \$6 billion to \$18 billion to build one million new non-market and co-op housing units over the next decade, with 500,000 of these units set aside as deeply affordable, non-market units for low-income households with rents set at less than 30 per cent of household income.

The AFB will focus on non-market housing for those experiencing core housing need and homelessness, upholding Canada's commitment to the right to housing for people who are disproportionately affected by the housing crisis, including Indigenous Peoples, racialized and immigrant families, women and gender-diverse people, seniors, veterans, lone parents, and people fleeing domestic violence.

The AFB will redirect resources previously allocated to the *Apartment Construction Loan Program*, which has not created units affordable to low-income renters, to expand the Rapid Housing Initiative, ensuring the creation and maintenance of long-term housing for individuals and families in immediate and urgent need.

The AFB will partner with provincial and municipal governments to ensure that rents are permanently set at no more than 30 per cent of household income (25 per cent in Quebec) or aligned with social assistance housing allowances. The AFB will partner with other levels of government so that all social housing programs include ongoing

operating subsidies that ensure rents are permanently set at less than 30 per cent of household income and targeted for low-income renters.

The AFB will offer financial incentives to encourage universal design to ensure accessibility to people with a range of disabilities including wheelchair users, those with vision and hearing impairment, and neurological illness and disorders. Capital subsidies will be structured to address increased construction costs as needed for larger floorplans to accommodate the creation of larger family-sized homes for intergenerational households and families and for households with disabled members. In partnership with provinces and territories, investments will ensure the creation of supportive and complex care housing that provides wraparound support for people experiencing homelessness, addictions and/or mental health challenges, as well as ensuring a range of affordable housing options are available to seniors.

The AFB will ensure that all public land remains in public hands and that includes charities, churches, and non-profits who want to expand their community commitments by providing affordable housing on their sites and will restrict the sale of government funded housing to ensure that non-market/public ownership is maintained.

The AFB will strengthen conditions on the Canada Housing Infrastructure Fund to require robust provincial implementation of a renter's bill of rights and an end to exclusionary zoning.

The AFB will invest \$10 billion in multi-year funding to redesign and expand the Public Land Acquisition Fund to include the acquisition of private land for the construction, operation, and maintenance of new and existing social housing that meets the unique and varied requirements of people experiencing core housing need and homelessness. The AFB will support tenant and community-led land acquisition strategies, including a federally backed Tenant Opportunity to Purchase (TOPA) program and right-of-first-refusal legislation.

The AFB will double the investment in the Housing Accelerator Fund (HAF) to \$8.8 billion while adding criteria to ensure that 30 per cent of units will be permanently set aside as RGI. The HAF has the potential to create many more units of social housing if all levels of government collaborate to make this a priority.

The AFB will allocate \$100 million annually to incentivize provincial, territorial, municipal governments and non-profit housing providers to develop and subsidize a continuum of non-market housing options on public land, to ensure that public land is used only for non-market housing development.

The AFB is committed to an approach to housing development as part of a broader industrial and economic development strategy. It will collaborate across government departments, with other levels of government, and with NGO stakeholders to ensure that employment, training and accreditation opportunities in the skilled trades are broadly accessible with an emphasis on historically excluded groups.

The AFB will eliminate preferential tax treatment for REITs and other financialized landlords, ensuring they are taxed as operating businesses, not as passive investments. The AFB will introduce a national anti-speculation tax on the flipping of multi-unit residential properties, with higher rates for institutional investors. (See taxation chapter)

The AFB will discourage investor landlords of all sizes from short-selling rental housing for profit by imposing additional capital gains inclusion rates on sales of rental properties: 100 per cent for sales under 5 years, +75 per cent for sales under 10 years, +66 per cent for sales under 15 years.

The AFB will allocate \$4 million annually to the Federal Housing Advocate's office at the Canadian Human Rights Commission. The AFB will also expand the Canada Rental Protection Fund and double investment in the Tenant Protection Fund to \$30 million over 5 years to support the demand for tenant organizing, research and policy development related to tenant concerns.

The AFB will expand the existing Canada Housing Benefit to increase access and benefit levels, especially for those experiencing or at risk of homelessness.

The AFB will implement a vacant land tax, operationalizing the federal government's commitment to explore a tax to deter landowners from sitting on developable land, hoping to profit from rising land. Vacant land needs to be used, and it is best used to build homes.

The AFB will create a deferrable property surtax on properties worth more than \$1 million to ensure that those who have received windfalls from rising home prices contribute to building the next generation of affordable housing. The surtax would start at a rate of 0.2 per cent on the portion of assessed value between \$1 million and \$1.5 million, 0.5 per cent on value between \$1.5 million and \$2 million, and one per cent on assessed value above \$2 million. The surtax would be fully deferrable until time of sale and purpose-built rental properties would be exempt.

Table 3.1 / AFB actions on affordable housing and homelessness

All figures in \$millions

	2026-27	2027-28	2028-29
Create one million new non-market and co-op housing units over the next decade	\$38	\$79	\$122
Cancel Apartment Construction Loan Program	-\$80	-\$211	-\$364
Expand the Rapid Housing Initiative	\$2,400	\$2,400	\$2,400
Universal design incentives	\$1,000	\$1,000	\$1,000
Invest in Public Land Acquisition Fund—\$10 billion a multi-year funding	\$64	\$165	\$340
Expand the Housing Accelerator Fund	\$880	\$880	\$880
Public land development incentive	\$100	\$100	\$100
Additional capital gains taxes on short-selling of rental properties	-\$95	-\$97	-\$99
Federal Housing Advocates Officer at the Canadian Human Rights Commission	\$4	\$4	\$4
Invest in Tenant Protection Fund	\$30	\$30	\$30
Expand Canada Housing Benefit	\$3,400	\$3,400	\$3,400
Vacant Land Tax	-\$808	-\$727	-\$727
Implement a deferrable property surtax on million-dollar homes	-\$3,178	-\$3,632	-\$4,086
Investment in Canada Rental Protection Fund	\$667	\$167	\$167

Notes

1 Eddie Shepard, "67% of Canadians Recognize Homelessness as a Housing Issue Needing Immediate Action," *Abacus Data*, January 31, 2025, <https://abacusdata.ca/canadians-recognize-homelessness-as-a-housing-issue-needing-immediate-action/>

2 United Nations Office of the High Commissioner for Human Rights, *The Financialization of Housing*, n.d., <https://www.ohchr.org/en/special-procedures/sr-housing/financialization-housing>.

3 Blueprint, *Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs*, National Housing Council, February 2022, <https://cms.nhc-cn.ca/media/PDFs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf>.

Agriculture

Introduction

We live in an increasingly destabilized world. The United States has initiated economic warfare against Canada, weaponizing tariffs. As established political and economic norms around trade and international relations are being up-ended, climate chaos is intensifying and armed conflicts are deepening.

There has been a political struggle over agriculture throughout its 10,000-year history: Should it promote prosperity and health for the wider population, or should it function to concentrate wealth and power? In Canada today, inequality caused by the concentration of wealth—including in the agriculture and food sector—is driving social unrest, fear, and alienation. But agriculture *can* be a source of stability, security, and resilience.

Food sovereignty—the right of peoples and nations to define their own food systems, prioritizing local production, sustainability, and community well-being—counters inequality. Food sovereignty is necessary for national sovereignty. It's also key to resisting American territorial ambitions. No country can be strong if its food system is vulnerable. Agriculture policy that works for people, the land, and future generations provides stability to navigate multiple crises.

Overview

The AFB recognizes that diversity is the wellspring of resilience and chooses people-centred creativity and problem-solving that respects and cultivates the knowledge, ingenuity, and commitment of farmers, farm workers, Indigenous traditions, New Canadians, immigrants, and asylum-seekers of all ages and genders. This approach nurtures all diversity (equity-deserving people, agricultural diversity, and biodiversity) and counters divisive inequality.

More than any other sector, agriculture intersects with climate change. To stabilize the climate, safeguard our food supply, and provide economic dignity for farmers and farm workers, we need both economy-wide mitigation (reducing GHGs) *and* adaptation (dealing with impacts) designed for agriculture.

Since the 1989 Canada-U.S. Free Trade Agreement, our agriculture has become more integrated with that of the United States. Our beef and pork sectors are tightly intertwined, we've become more dependent on imported processed food and fresh produce from the U.S., agribusinesses are increasingly foreign-owned, and regulatory harmonization has meant adopting American regulations in many areas.¹

Disentangling our agricultural economies is urgent. Unprecedented cuts to American regulatory bodies have implications for food safety and the spread of diseases through American dairy herds and people who work with them. The American mass deportation of immigrants and undocumented residents is not only a human rights crisis, it creates labour shortages in food processing and farm labour. Food imports from the U.S. will become less safe and less available.

The AFB recognizes that the power to regulate is an essential component of our democracy. Regulations are not "red tape" but a mechanism to put limits on self-interested behaviour to safeguard rights. Regulatory independence from the U.S. is a key trade-diversification strategy.

Rebuilding our local and regional food production, processing, storage, and distribution infrastructure is needed for reliable, long-term capacity to feed our population. This will provide more food domestically while reducing the risk of supply chain disruptions and minimizing GHG emissions from agriculture.

To strengthen supply management and maintain long-term independence from the U.S. market for dairy, chicken, eggs, and turkey, more quota must be allocated to new entrants and alternative production systems. This will promote renewal and resilience.²

Single-desk marketing for hogs and beef will safeguard these sectors from American protectionism while reducing price volatility. A central buying and selling agency in each province that provides price transparency and equal access to market and product for farmers and processors will balance supply and demand, provide fair prices to farmers, spread production out across the country, create jobs in meat-processing facilities in each province, and reduce GHG emissions.³

Billions of dollars have been siphoned out of our rural communities every year since the Canadian Wheat Board was dismantled in 2012. Consolidated multinational grain commodity traders use their monopoly power to depress prices paid to farmers. Breaking up these giants is not feasible, nor likely to result in meaningful competition. Instead, an expanded single-desk grain authority is needed to bring fairness back to grain farmers.⁴

The returns from farming cannot cover the rapidly rising cost of farmland everywhere in Canada. Farmland is inaccessible to aspiring young and new farmers unless they are able to take on massive, life-long debt. If the new generation cannot take up farming, we will lose the collective knowledge of generations, our rural communities, and the culture of agriculture.

Total farm debt increased by 20 billion dollars between 2023 and 2024. Much of that is land debt. On the other side of the ledger, farmland investment companies and private equity firms seek out farmland as a safe place to put their money during turbulent times—a way to earn annual rents as real estate values go up before they eventually sell at a profit. Farmland inflation parallels housing price inflation: passive investors and financial institutions capitalize on farmers'/residents' needs by maximizing rents and land prices. Excessive rents and mortgages take precedence over other spending, starving local businesses and putting pressure on governments to cut taxes and reduce services.⁵

The loss of farmers in Canada is a looming economic and social crisis that cannot be solved by automation and digitalization. We need a resilient and robust Canadian food system employing a larger workforce where farm and food industry workers, whether domestic or migrant, have full labour rights. Agricultural labour strategies must recognize Canadian farming's seasonality by providing access to livable incomes for farm workers year-round.

The weakening global free trade consensus presents an opportunity to reform Canada's agriculture strategy framework as the dominance of export growth and the policy constraints imposed by trade agreements lessen. The current suite of Business Risk Management (BRM) programs

are inadequate. They discriminate against smaller and diversified farms and are inconsistently applied by provinces. Replacing them with support designed according to an agricultural multifunctionality framework would embed the private and public benefits of environmental, knowledge-transfer, and food security while protecting farmers' economic dignity.⁶

Actions

The AFB will establish the Canadian Farm Resilience Agency (CFRA), a trustworthy federal research and agricultural extension institution where farmers, scientists, and agronomists will work together to solve problems and share knowledge. The CFRA will counter the misinformation sphere undermining support for effective climate action. CFRA-supported production changes will counter losses from climate impacts significantly, reducing the annual cost of Business Risk Management (BRM) programs.

The AFB will replace the current suite of BRM programs with ones that support the multifunctionality of agriculture. The new Cultivating Food Sovereignty suite of programs will increase Canada's capacity to produce, process, store, and distribute food for domestic consumption. These programs will aim to achieve the following: ensure a reliable supply of nutritious, high-quality food; safeguard farmers' incomes; mitigate GHG emissions and support adaptation to climate change impacts; safeguard biodiversity and water quality conservation; promote social inclusion and diversity of farmers and food sector workers; promote successful establishment of young and new farmers; and rebuild rural community vibrancy and rural quality of life.

The AFB will implement a national agricultural workforce strategy to address labour challenges to domestic food production and support the economic dignity of both resident and migrant workers. This will include open work permits and a pathway to citizenship for migrant workers, including work permit extensions for migrant workers waiting for permanent residency applications to be processed. The AFB will provide reliable year-round income opportunities for resident seasonal farm workers through a combination of extended Employment Insurance options and counter-seasonal employment opportunities as needed.^{7,8}

The AFB will create a new Canadian commodity trading institution modelled on the Canadian Wheat Board (CWB). It will be the sole selling agent of all exported grains, giving it the bargaining power to obtain the best prices possible from international buyers. The new board will have

direct relationships with end-users, enabling Canada to benefit from providing grain with specific qualities buyers want. It will also provide market access balance to allow smaller grain marketing companies opportunities to purchase Canadian grain in a marketplace heavily dominated by a few giant multinationals. Like the CWB, the new board will return to farmers the full value of grain sold annually. The improved returns to farmers will create opportunities to diversify crop rotations, increasing farm resilience and helping to diversify export markets.

The AFB will provide incentives to supply management marketing boards to support expanding their capacity to allocate quota increases due to market growth and a portion of retiring farmers' quota to increase annual new entrant numbers, and to support alternative production and processing initiatives that will enhance diversification within their sectors.

The AFB will develop a transition plan towards setting up single-desk marketing for pork and beef and a concomitant domestic local/regional abattoir sector for meat processing.

The AFB will regulate AI and the digitization of agriculture (e.g., drones for spraying, driverless tractors, etc.), taking a precautionary approach and ensuring that there are knowledgeable experts involved to assess whether digital "black box" processes result in valid outputs. The AFB recognizes that AI is not compatible with Indigenous traditional knowledge and cannot replace the complex, nuanced, and meaningful understanding Indigenous and non-Indigenous farmers develop, and that much of the practice of farming is tacit knowledge that is not available to train AI models. Technology cannot replace human observation of ecological patterns or human creativity and ingenuity in solving new and complex problems in living agro-ecosystems.

The AFB will also develop a legal framework for the governance of agricultural data that will allow farmers to benefit from the data generated by technologies on their farms and set limits on how agricultural big data for AI technologies and other digital technologies may be collected and/or used by large agribusinesses, agricultural employers, and ag-tech companies.⁹

The AFB will increase the capacity of Canadian regulatory bodies, including the Canadian Food Inspection Agency, Pest Management Regulatory Agency, Canadian Grain Commission, and Health Canada. The AFB will ensure the governance of each of these authorities is free from regulatory capture and that their personnel have the mandate, funds, and equipment to enforce public interest regulations effectively and fairly.

The AFB will create a national public registry disclosing beneficial ownership of all farmland, building on corporate public registries like

the Canada Business Corporations Act, which require companies to file beneficial ownership information with Corporations Canada. The AFB will also amend the *Income Tax Act* to eliminate flow-through treatment of all private equity firm investments in farmland, eliminate capital gains exemptions for private equity farmland investments, and require non-resident Canadian owners to pay a 100 per cent surtax on all dividends from private equity funds with farmland holdings. By implementing disincentives for passive investment in farmland, the AFB will begin to restore the relationship between farmland prices and productive value.

The AFB will establish a set-aside program to, over 10 years, convert approximately five million acres of land currently cropped uneconomically into wildlife habitat, wetlands, and treed land to support biodiversity and carbon sequestration.

The AFB will develop a non-market farmland acquisition program in the peri-urban areas of every province to ensure Class 1 and 2 farmland is available for food production at rental/lease rates aligned with the land's food production value. This will promote long-term food security and rural livelihoods while preventing our best farmland from becoming urban sprawl or highways. As forward-thinking municipalities protect their drinking water sources through watershed protection, the AFB will protect the long-term agricultural value of our municipalities' "foodshed" lands. Farmers who produce food for sale in the nearby city with low-emission production methods that protect water quality and biodiversity will be provided secure tenure on these lands. Foodshed lands will also provide equitable access to farmland for Black, Indigenous, racialized, and newcomer farmers to address historical inequities in land access and to embed community governance and anti-displacement protections in agricultural land programs.

The AFB will partner with provincial and municipal governments to establish a national local food purchasing procurement framework modelled after Brazil's *Programa de Aquisição de Alimentos* for schools (starting with the federal school lunch program), hospitals, prisons, and other facilities.¹⁰ It will purchase food from family farmers and farmer co-operatives to increase Canada's food production capacity, strengthen family farming, generate employment income, develop the local economy, and promote access to food, helping to reduce food and nutritional insecurity. This program will partner with the AFB's Foodshed Land Trust to develop markets alongside production capacity to support positive long-term social, economic, and environmental outcomes.

Table 4.1 / AFB actions on agriculture**All figures in \$millions**

	2026-27	2027-28	2028-29
Establish the Canadian Farm Resilience Agency	\$400	\$400	\$400
Funds already in the fiscal framework	-\$400	-\$400	-\$400
Increase annual core funding for regulatory bodies by 25%	\$371	\$335	\$335
Eliminate flow-through treatment of all private equity firm investments in farmland, eliminate capital gains exemptions for private equity farmland investments and require non-resident Canadian owners to pay a 100% surtax on all dividends from private equity funds with farmland holdings	-\$25	-\$25	-\$25
Convert five million acres of uneconomical farmland into wildlife habitats	\$11	\$23	\$36
Establish a Foodshed Lands Trust	\$96	\$198	\$306

Notes

- 1 National Farmers Union, "What Impact has Free Trade had on Canadian farmers?", *Union Farmer Newsletter*, October/November 2017, <https://www.nfu.ca/wp-content/uploads/2017/10/2017-10-NFU-Newsletter.pdf>.
- 2 National Farmers Union, *Strengthening Supply Management: Defending Canadian control of our market space and advancing food sovereignty*, 2016, <https://www.nfu.ca/wp-content/uploads/2019/10/Strengthening-Supply-Management.pdf>.
- 3 Bijon Brown, "Price negotiating power balance hurts producers", *Canadian Hog Journal*, October 2020, <https://canadianhogjournal.com/2020/10/07/price-negotiating-power-balance-hurts-producers/>.
- 4 Allen Oberg, "What's at Stake", *Canadian Wheat Board Alliance*, n.d., <https://www.cwbafacts.ca/whats-at-stake/>.
- 5 Cathy Holtslander, "Standing up to Farmland Financialization", *Union Farmer Newsletter*, February 2024, <https://www.nfu.ca/wp-content/uploads/2024/01/UF-NEWSLETTER-FEBRUARY-2024.pdf>.
- 6 European Commission, *Income support explained: Overview of direct payments for farmers*, n.d., https://agriculture.ec.europa.eu/common-agricultural-policy/income-support/income-support-explained_en.
- 7 National Farmers Union—Ontario, *Reframing the Farm Labour Crisis in Ontario*, 2021, https://www.nfu.ca/wp-content/uploads/2021/07/Reframing-the-Farm-Labour-Crisis-NFU-O-Farm-Labour-Study_compressed.pdf.
- 8 National Farmers Union, *Towards a National Agricultural Labour Strategy that works for Farmers and Farm Workers*, 2022, <https://www.nfu.ca/wp-content/uploads/2022/10/2022-10-19-NFU-submission-to-AAFC-National-Agricultural-Labour-Strategy-consultation.pdf>.
- 9 Sarah Hackfort, Sarah Marquis, and Kelly Bronson, "Harvesting value: Corporate strategies of data assetization in agriculture and their socio-ecological implications", *Big Data & Society*, 11(1), 2024, <https://doi.org/10.1177/20539517241234279>.
- 10 Global Alliance against Hunger and Poverty, *Brazil: Food Purchase Program (PAA)*, n.d., [https://policybasket.endhungerandpoverty.org/index.php/Brazil:_Food_Purchase_Program_\(PAA\)](https://policybasket.endhungerandpoverty.org/index.php/Brazil:_Food_Purchase_Program_(PAA)).

Artificial intelligence

The world is in the throes of an artificial intelligence (AI) hype cycle. Tech companies are attracting billions of dollars in AI investment, AI tools are proliferating in consumer and business applications, and governments are rushing to embrace AI for its supposed productivity benefits. In their election platform, the Liberals promised to “supercharge” AI adoption as a key pillar of their economic strategy—and, after forming government, they appointed the first ever minister of artificial intelligence to cabinet. Without a transparent mandate, it is not clear what this minister will actually do, but it is clear that AI is a top priority for the Carney government.

Claims of AI revolutionizing the economy have been overstated, but the potential for AI to dramatically impact the economy and workforce in the coming years remains both a significant risk and opportunity.¹ To mitigate the potential harms of AI while realizing its benefits, Canada requires a comprehensive and proactive policy approach that puts the public interest first. Governments failed to do so with other recent transformative technologies, such as social media, for which our democracies and collective mental health are now paying a dire price.² We cannot afford to make the same mistake with AI.

Overview

Artificial intelligence is not new. Different forms of AI, such as machine learning systems, have been in use for decades to study patterns and make predictions in finance, meteorology and many other fields. The current wave of AI disruption is being driven specifically by breakthroughs in generative AI (Gen-AI) systems, which produce seemingly original content based on a user's input prompt. Whether Gen-AI is truly "creative" remains a point of debate, but these systems can clearly perform—to a greater or lesser extent—many creative and problem-solving tasks that were previously assumed to be the exclusive domain of human intelligence, such as art, storytelling and therapy.³

Risks of Gen-AI

These new AI systems raise various ethical, legal and practical concerns, some of which are inherent to the technology. For example, Gen-AI systems are prone to inaccuracies—a phenomenon known as AI hallucination or confabulation—which causes these systems to invent, repeat and confidently defend falsehoods. They have hidden ideological biases because of the data they were trained on.⁴ They have additional biases deliberately programmed by the companies that operate them.⁵ The data centres they require consume enormous amounts of water and electricity.⁶

Other issues relate to the specific way these systems have been developed and deployed. Crucially, they are largely owned by private U.S. tech companies that have an incentive to concentrate wealth, data and control in their own corporate ecosystems, including by collecting and exploiting the private and confidential data of users. Indeed, most major AI models today were trained on personal, private and copyrighted material without notifying or compensating the creator. AI systems are thus in a legal grey area when it comes to privacy, copyright and related legislation.⁷

Gen-AI introduces security risks, not only from the vast collection of data that ends up on servers outside Canada—including from the public institutions that use these tools—but also from AI-powered disinformation campaigns and other forms of psychological warfare.

The potential impacts of AI on the workforce are unclear. According to Statistics Canada, 60 per cent of workers in Canada are "highly exposed" to AI disruption.⁸ That figure echoes similar international studies, which project major impacts on workers in advanced economies.⁹ However, exposure does not necessarily mean replacement. Many occupations,

such as lawyers, teachers or engineers, may be highly exposed to AI without their jobs being directly at risk. Precisely how their jobs are changed remains to be seen, and will be shaped by various factors, including regulation, collective agreements and cultural expectations.

Nevertheless, there are early anecdotal signs that AI is already replacing jobs in some sectors, especially for young workers in entry-level positions.¹⁰ Youth unemployment is at levels not seen since the pandemic,¹¹ and early AI adoption by some employers may be playing a role.

Aside from job displacement, workers face risks from so-called “algorithmic management,” where AI systems are used to supplement or replace traditional supervisory functions. For example, AI-powered cameras are being used to monitor and discipline drivers in commercial trucking and delivery fleets, even where those drivers have good safety and performance records.¹² Coupled with the inherent biases discussed above, algorithmic management may exacerbate discriminatory hiring and disciplinary practices.

The proliferation of Gen-AI also raises broader questions about the health of our societies and democracies. In the education system, for example, AI use among students is rampant despite early evidence suggesting that AI use may negatively impact critical thinking and other cognitive abilities.¹³ AI systems may be exposing children to potentially harmful content and students themselves admit they learn less when AI tools are involved.¹⁴ Yet there are currently no rules or regulations governing young peoples’ use of these tools, let alone support for teachers grappling with the implications.

Opportunities in Gen-AI

Despite the risks, AI is not going away. Moreover, safe and responsible AI adoption offers potential benefits. AI that is used to empower workers, rather than replace them, could be a net positive. Canada is home to many leading AI experts, research institutes and firms, so there is also economic potential in a domestic Canadian AI industry.

In budget 2024, the federal government committed \$2.4 billion to support AI infrastructure, the majority of which has been allocated to increasing computing capacity for Canadian AI researchers. The new federal government has made several additional promises in this area, including a \$100-million-per-year tax credit for businesses that adopt AI systems and a promise to expedite approvals for new data centres.

The federal government is already experimenting with AI in the public service and has created an “AI Centre of Excellence” to encourage

departments to adopt AI. Among other initiatives, the government is piloting an internal AI tool called CANChat, which was developed in part to discourage public servants from using commercial tools, such as ChatGPT, when handling sensitive government data.¹⁵

However, major questions remain concerning the federal government's long term plans for internal AI use. It is also unclear how the government plans to ensure that AI is adopted responsibly in other sensitive public and commercial sectors, such as healthcare or education, that handle personal and private data or work with vulnerable populations.

Canada's missing regulatory framework

Governments around the world are struggling to regulate the latest generation of artificial intelligence tools.¹⁶ Canada is no different. The *Artificial Intelligence and Data Act* was tabled in 2022 but was widely criticized as being inadequate and never passed into law.¹⁷ In 2024, the federal government launched the Canadian AI Safety Institute, which is funding important research projects that may eventually lead to better legislation, but it is still in its early stages. Earlier this year, the federal government also introduced an *AI Strategy for the Federal Public Service*, which promises but does not propose a governance and risk management framework for AI.¹⁸ Little funding has been attached to regulatory work so far.

Putting these frameworks in place is of the utmost importance. Until we do, workers and citizens alike are vulnerable to opaque, foreign-controlled AI systems that may be doing more harm than good.

Actions

The AFB will dedicate \$20 million for an expedited Royal Commission on Artificial Intelligence. The potential impacts of AI are so profound that we must have a clear understanding of how Canadian workers, citizens and communities want to enter this new technological age. Recognizing the urgency of the issue, the commission will work on an accelerated timeline. Within one year, it will produce a guiding vision for AI development in Canada—one that is prepared to compromise on aspirations of productivity if they do not align with Canadians' values and priorities.

The AFB will expedite the development of a new, modernized *Artificial Intelligence and Data Act* that gives the federal government the necessary

Table 5.1 / AFB actions on artificial intelligence

All figures in \$millions

	2026-27	2027-28	2028-29
Royal Commission on Artificial Intelligence	\$20		
AI crown corporation	\$2,000	\$2,000	\$2,000

power to regulate the proliferation of AI tools. Among other elements, the act will ensure that any AI tool offered to the public in Canada meets minimum standards of safety, reliability and transparency, including validation by independent third parties. It will also include mechanisms to pause or roll back new AI tools where they prove to be harmful after initial approval and deployment.

The AFB will fund a new crown corporation to lead the development of a public, moonshot AI project. Despite being a leader in AI research, Canada significantly lags the U.S., China and France in AI commercialization.¹⁹ In part, that is due to the pervasive trend of successful Canadian tech companies being bought up or otherwise relocating south of the border—a trend that is unlikely to change with the government’s current tax credit approach to industrial strategy. A publicly owned AI project could leverage Canada’s AI expertise and deliver on domestic economic priorities, including a safe and secure AI ecosystem consistent with the recommendations of the Royal Commission on AI, without being vulnerable to foreign acquisition. The AFB allocates \$8 billion over four years to kickstart the project, which is comparable to the valuation of France’s Mistral AI project.²⁰

The AFB will require that all data centres in Canada be powered by 100 per cent clean electricity. In addition, any new data centres brought online must meet at least 50 per cent of their own electricity needs through new renewable generating capacity.

Notes

- 1 Organization for Economic Co-operation and Development, *The impact of Artificial Intelligence on productivity, distribution and growth: Key mechanisms, initial evidence and policy challenges*, OECD, April 2024, https://www.oecd.org/en/publications/the-impact-of-artificial-intelligence-on-productivity-distribution-and-growth_8d900037-en.html.
- 2 Philipp Lorenz-Spreen, Lisa Oswald, Stephan Lewandowsky & Ralph Hertwig, *A systematic review of worldwide causal and correlational evidence on digital media and democracy*, *Nature Human Behaviour* vol. 7, November 2022, <https://www.nature.com/articles/s41562-022-01460-1>; Fazida Karim, Azeezat A. Oyewande, Lamis F. Abdalla, Reem Chaudhry Ehsanullah & Safeera Khan, *Social Media Use and Its Connection to Mental Health: A Systematic Review*, *Cureus* vol. 12 (no. 6), June 2020, <https://pmc.ncbi.nlm.nih.gov/articles/PMC7364393>.
- 3 Kent F. Hubert, Kim N. Awa & Darya L. Zabelina, *The current state of artificial intelligence generative language models is more creative than humans on divergent thinking tasks*, *Scientific Reports* vol. 14, February 2024, <https://www.nature.com/articles/s41598-024-53303-w>.
- 4 David Rozado, *Measuring Political Preferences in AI Systems: An Integrative Approach*, *Manhattan Institute*, January 2025, <https://manhattan.institute/article/measuring-political-preferences-in-ai-systems-an-integrative-approach>.
- 5 See, for example: Kate Conger, "Employee's Change Caused xAI's Chatbot to Veer Into South African Politics," *The New York Times*, May 16, 2025, <https://www.nytimes.com/2025/05/16/technology/xai-elon-musk-south-africa.html>.
- 6 Christian Bogmans, Patricia Gomez-Gonzalez, Ganchimeg Ganpurev, Giovanni Melina, Andrea Pescatori & Sneha D. Thube, *Power Hungry: How AI Will Drive Energy Demand*, *International Monetary Fund*, April 2025, <https://www.imf.org/en/Publications/WP/Issues/2025/04/21/Power-Hungry-How-AI-Will-Drive-Energy-Demand-566304>.
- 7 Innovation, Science and Economic Development Canada, *Consultation on Copyright in the Age of Generative Artificial Intelligence: What we heard report*, *Government of Canada*, February 2025, <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/consultation-copyright-age-generative-artificial-intelligence-what-we-heard-report>; see also: Petra Molnar & Lex Gill, *Bots at the Gate: A Human Rights Analysis of Automated Decision-Making in Canada's Immigration and Refugee System*, *International Human Rights Program (Faculty of Law, University of Toronto) and the Citizen Lab (Munk School of Global Affairs and Public Policy, University of Toronto)*, September 2018, <https://ihrp.law.utoronto.ca/news/canadas-adoption-ai-immigration-raises-serious-rights-implications>.
- 8 Tahsin Mehdi & Marc Frenette, *Exposure to Artificial Intelligence in Canadian Jobs: Experimental Estimates*, *Statistics Canada*, September 2024, <https://doi.org/10.25318/36280001202400900004-eng>.
- 9 See, for example: Mauro Cazzaniga, Florence Jaumotte, Longji Li, Giovanni Melina, Augustus J Panton, Carlo Pizzinelli, Emma J. Rockall & Marina Mendes Tavares, *Gen-AI: Artificial Intelligence and the Future of Work*, *International Monetary Fund*, January 2024, <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2024/01/14/Gen-AI-Artificial-Intelligence-and-the-Future-of-Work-542379>; Pawel Gmyrek, Janine Berg, Karol Kamiński, Filip Konopczyński, Agnieszka Ładna, Balint Nafradi, Konrad Rosłaniec & Marek Troszyński, *Generative AI and Jobs: A Refined Global Index of Occupational Exposure*, *International Labour Organization*, May 2025, <https://www.ilo.org/publications/generative-ai-and-jobs-refined-global-index-occupational-exposure>.
- 10 See, for example: Chris Wilson-Smith, "AI adoption is upending the job market for entry-level workers," *The Globe and Mail*, June 17, 2025, <https://www.theglobeandmail.com/business/article-ai-adoption-is-upending-the-job-market-for-entry-level-workers>.

- 11 Jenna Benchetrit, "Gen Z Is Facing the Worst Youth Unemployment Rate in Decades. Here Is How It's Different," *CBC News*, June 11, 2025, <https://www.cbc.ca/news/business/youth-unemployment-rate-1.7549979>.
- 12 Lauren Kaori Gurle, "Amazon's AI Cameras Are Punishing Drivers for Mistakes They Didn't Make," *Vice*, September 20, 2021, <https://www.vice.com/en/article/amazons-ai-cameras-are-punishing-drivers-for-mistakes-they-didnt-make>.
- 13 Nataliya Kosmyna, Eugene Hauptmann, Ye Tong Yuan, Jessica Situ, Xian-Hao Liao, Ashly Vivian Beresnitsky, Iris Braunstein & Pattie Maes, *Your Brain on ChatGPT: Accumulation of Cognitive Debt when Using an AI Assistant for Essay Writing Task*, MIT Media Lab, June 2025, <https://doi.org/10.48550/arXiv.2506.08872>.
- 14 The Alan Turing Institute, *Understanding the Impacts of Generative AI Use on Children*, 2025, <https://www.turing.ac.uk/research/research-projects/understanding-impacts-generative-ai-use-children>; KPMG, *Students using generative AI confess they're not learning as much*, October 21, 2024, <https://kpmg.com/ca/en/home/media/press-releases/2024/10/students-using-gen-ai-say-they-are-not-learning-as-much.html>.
- 15 Shared Services Canada, "CANChat: SSC's first generative AI chatbot," Government of Canada, last modified September 24, 2024, <https://www.canada.ca/en/shared-services/campaigns/stories/canchat-sscs-first-generative-ai-chatbot.html>.
- 16 For one of the stronger examples so far, see: European Commission, "AI Act," last modified June 3, 2025, <https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai>.
- 17 Blair Attard-Frost, "The Death of Canada's Artificial Intelligence and Data Act: What Happened, and What's Next for AI Regulation in Canada?" *Montreal AI Ethics Institute*, January 17, 2025, <https://montrealaiethics.ai/the-death-of-canadas-artificial-intelligence-and-data-act-what-happened-and-whats-next-for-ai-regulation-in-canada>.
- 18 Treasury Board of Canada, *AI Strategy for the Federal Public Service 2025-2027*, Government of Canada, March 2025, <https://www.canada.ca/en/government/system/digital-government/digital-government-innovations/responsible-use-ai/gc-ai-strategy-overview.html>.
- 19 Nestor Maslej, Loredana Fattorini, Raymond Perrault, Yolanda Gil, Vanessa Parli, Njenga Kariuki, Emily Capstick, Anka Reuel, Erik Brynjolfsson, John Etchemendy, Katrina Ligett, Terah Lyons, James Manyika, Juan Carlos Niebles, Yoav Shoham, Russell Wald, Tobi Walsh, Armin Hamrah, Lapo Santarlasci, Julia Betts Lotufo, Alexandra Rome, Andrew Shi & Sukrut Oak, *Artificial Intelligence Index Report 2025*, Institute for Human-Centered AI (Stanford University), April 2025, <https://hai.stanford.edu/ai-index/2025-ai-index-report>.
- 20 Adam Satariano, "Mistral, a French A.I. Start-Up, Is Valued at \$6.2 Billion," *The New York Times*, June 11, 2024, <https://www.nytimes.com/2024/06/11/business/mistral-artificial-intelligence-fundraising.html>.

Arts and culture

Introduction

Canada needs vibrant arts and culture, in every sector. Artistic expressions engage, entertain and educate. They reflect us to ourselves and to the world. They are tools for social cohesion, intercultural dialogue, social change, health and more. Arts and culture are also an important industry, worth 2.3 per cent of real GDP in 2023 according to Statistics Canada.¹ The Conference Board previously reported the sector was worth 7.4 per cent of GDP, including direct, indirect, and induced contributions.² In 2022, Canada exported \$24.5 billion of culture products³ and 685,000 people⁴ worked in the sector.

But the challenges facing arts and culture in 2025 continue. Since the pandemic disruptions, every sector has been affected by rising costs, shrinking audiences, changing business models, more competition for stagnant public funding, and declining sponsorships and donations. If imposed, U.S. tariffs would have negative consequences, particularly in publishing and electronic media.

In this time of uncertainty and threats to our sovereignty, the Liberal party's platform, *Protecting Canadian Voices*, said "a strong culture is forged by the history we share and the stories we tell that are uniquely our own. In a sea of American media and disinformation, we need Canadian voices more than ever."⁵ AFB 2026 brings a renewed commitment to supporting our arts, artists and culture, so we can tell our stories and hear our voices.

Overview

It is a difficult time in every sector, and across the full spectrum of arts and culture activities—artistic creation, production, distribution and exhibition. Producers, broadcasters, publishers, individual artists and others are facing rising costs and falling revenues. Since the pandemic, audiences have not returned to smaller live performance venues and theatres. Digital technologies continue to reshape business models. At the same time, philanthropic donations are falling. AI is a significant threat to performers, writers, other creatives, and to producers. The challenges are experienced differently in each sector, and particularly affect emerging artists, those from equity-deserving communities, and mature professionals who struggle to earn a living as a writer, singer, visual artist, dancer, actor, director, and other creative behind the scenes.

Last year's AFB reported, in detail, on the challenges facing music and publishing. While a recent study⁶ found that the live music industry generated \$10.9 billion in GDP and 102,000 full-time-equivalent (FTE) jobs, it also documented the continuing struggles of smaller venues, session musicians and those trying to enter the field. Sales of books and magazines are stagnant. While growing, book sales in 2022 were still below those recorded in 2018, before the pandemic.⁷

Significantly, in 2023-24 total production volume in the Canadian film and television industry *decreased* from the previous year by 18.5 per cent, to \$9.58 billion.

The volume of Canadian television production decreased by 12.7 per cent, to \$3.25 billion, and foreign location and services production decreased by 26.1 per cent, to \$4.73 billion. The entire screen sector value chain (including film and television production, distribution, exhibition, broadcasting and broadcasting distribution) generated an estimated 271,195 FTE jobs (17.1 per cent decrease), \$14.41 billion in labour income (13.3 per cent decrease) and \$19.18 billion in GDP (14.8 per cent decrease), in both direct and spin-off impacts.⁸

The challenges facing the screen industry are numerous. As audiences embrace the largely foreign streaming services, revenues of traditional private broadcasters decline. CBC has faced cuts, declining audiences, and rising costs. The decrease also reflects the lingering effects of the 2023 strikes by U.S. scriptwriters and actors. Significantly, the streamers (Netflix, Amazon Prime, etc.) are reducing the number of productions they make, since they have now accumulated a large inventory of high-quality popular programs they can reuse. Previously, only Disney+ was able to

recycle a huge inventory of popular shows, and thus adds only a small number of new films each year.

The 2024 CRTC decision to impose a requirement on foreign streamers to contribute five per cent of their gross Canadian revenues to Canadian content productions is designed to stabilize opportunities for Canadian content producers. However, the streamers have challenged the requirement in court. In an April 2025 Abacus Data poll, 83 per cent of Canadians would like to see greater investment in Canadian-made TV, film and digital content to ensure that more content with higher production values is available.⁹

There is uncertainty about how U.S. tariffs will apply to cultural works. A February 2025 magazine industry survey¹⁰ identified areas of concern: increased printing costs, loss of advertising revenue, reduced subscriptions, and financial strain. There is concern in the book sector. Canadian-owned publishers earn roughly 50 per cent of their revenues from U.S. sales. Canadian bookstore sales of imported works maintain a business essential for Canadian titles and authors. President Trump has threatened to apply tariffs on movies imported into the U.S. Movie production is global, with services often provided in many countries, including the U.S. For the moment, there are no tariffs on cultural goods because the president used the *International Emergency Economic Powers Act* (IEEPA). Regardless of how the courts deal with the use of IEEPA to impose tariffs, that Act specifically exempts “informational materials.” U.S. authorities interpret that to include cultural goods and the media.

As production slows globally, a more significant factor than tariffs for the Canadian film and television industry is that competitors are taking aggressive measures to attract producers. California is set to boost subsidies to shoot in the state to at least 35 per cent and expand the category of productions that qualify. In February 2025, the UK increased its subsidies to 34 per cent for films and high-end television, and up to 40 per cent for other productions. Canada’s current *Canadian Film or Video Production Tax Credit* for Canadian content provides a 25 per cent refundable tax credit for qualified labour expenditures.

Actions

AFB 2026 responds to the crisis by implementing the commitments in the Liberal platform. These include: “Support Canadian artists and

creators by increasing funding to agencies ... recognizing the economic importance of Canada's creative industries and creators. The more of our perspectives that are brought to life, the better we understand Canada, and the more we can show the world what makes Canada strong."¹¹

The AFB will improve CBC/Radio Canada funding so that it matches the per capita investment that other public broadcasters receive. CBC presently only receives \$32 per person in federal funding. The average for all public broadcasters (based on a 19-country comparison¹²) is \$79 a person in government support. Also, CBC's total funding is presently 22 per cent advertising revenue. The AFB will eliminate advertising from CBC. The CBC/Radio Canada budget will be ramped up so that in five years' time it will be \$2 billion more than what the broadcaster receives now.

The AFB will expand the refundable tax credit programs to all sectors, to encourage private investment in the production of artistic expressions and cultural works. Canada currently provides refundable tax credits through the *Canadian Film or Video Production Tax Credit* and the *Film or Video Production Services Tax Credit*. Several provinces provide complementary credits for producers of films and television programs, and some have similar incentives for digital media and animation productions. Québec also offers refundable tax credits for producers of live performances, and Ontario provides refundable tax credits for book publishers.

The AFB will increase the federal refundable tax credit for artistic expressions to 35 per cent. Eligibility for the credit will be extended to producers of all forms of artistic expressions and cultural works, not just film and video production. The credit is based on eligible labour expenses, including salaries, wages, fees, per-diems, and other compensation. Payments to artists and other creative talent are included. The credit will be provided to eligible Canadian producers of films, television, digital media, animation, live performances, books, magazines, visual arts, crafts and other forms of artistic expressions and cultural works.

The federal government will work with the provinces to ensure the tax credit programs are complementary, effective in encouraging private sector investments in the industries, and sensitive to the needs to specialist producers/publishers creating culturally significant works.

The AFB will provide an increase of \$150 million annually to the Canadian Council for the Arts to:

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

The AFB will provide targeted measures to support professional artists.

At the heart of the sector are professional artists: writers, musicians, performers, designers, visual artists, composers, dancers, editors, singers, storytellers, directors, choreographers, artisans, craftspeople and more, in every community and in every medium.

There are more than 202,000 professional artists, roughly one per cent of the labour force.¹³ But artists are the original gig workers. Most work from contract to contract, with income that is low, fluctuating and insecure. Historically, the median individual income of professional artists is around 44 per cent lower than all Canadian workers.¹⁴

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

The AFB will ensure tax fairness for professional artists by allowing artists to back-average their income over four years. Visual artists may prepare works for many years before these are exhibited and sold. A writer may spend many years on a script before it is made into a movie and generates income. But the income these artists receive will be taxed in the year it is received. Depending on residency and total income, they could pay up to 16 per cent more tax than if it were spread evenly over the years during which it was created.¹⁶ As necessary, regulations will address the amount artists may have received as tax credits in previous years.

Many artists and related cultural workers must work at jobs outside the sector between their artistic contracts. When they do, they and their

Table 6.1 / AFB actions on arts and culture**All figures in \$millions**

	2026-27	2027-28	2028-29
CBC/Radio-Canada funding to match other public broadcasters	\$407	\$814	\$1,221
Expand the Canadian Film or Video Production Tax Credit to all arts sectors and boost the refund rate to 35%	\$707	\$707	\$707
Increase funding to the the Canada Council of the Arts for inclusive program funding	\$150	\$150	\$150
Professional artists' income support	\$37	\$37	\$37
Artists permitted to back-average income over four years for income tax	\$5	\$5	\$5

employer will pay into the Employment Insurance (EI) program. But when they are without any work (either as an artist or the other employment), many cannot collect EI regular benefits, even if they otherwise qualify.¹⁷ The AFB will ensure the Canada Employment Insurance Commission develops regulations to bring professional artists fully and equitably into the EI system. Professional artists and engagers will pay premiums, and the artists will qualify for regular benefits according to a model based on total income earned (rather than weeks worked) in four-week periods. It is anticipated this model will be revenue neutral except in extraordinary circumstances, such as a pandemic. It may become a model for extending EI benefits to other self-employed gig workers.

Notes

- 1 Statistics Canada, "The Daily—Provincial and Territorial Cultural Indicators, 2023," *The Daily*, June 2, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250602/dq250602a-eng.htm>.
- 2 Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada's Creative Economy*, Ottawa, July 28, 2008.
- 3 Canada Council for the Arts, *Trade of Culture and Sport Products*, October 9, 2024, <https://canadacouncil.ca/research/research-library/2023/10/trade-of-culture-and-sport-products>.
- 4 Canadian Heritage, *Culture Satellite Account*, Government of Canada, last modified June 4, 2025, <https://www.canada.ca/en/canadian-heritage/corporate/publications/general-publications/culture-satellite-account.html>.
- 5 Liberal Party of Canada, *Canada Strong: Unite. Secure. Protect. Build.*, April 2025, <https://liberal.ca/wp-content/uploads/sites/292/2025/04/Canada-Strong.pdf>.
- 6 Canadian Live Music Association, *Hear and Now: Understanding the Economic Power and Potential of Canada's Live Music Industry*, January 30, 2025, <https://www.canadianlivemusic.ca/economic-impact-assessment>.
- 7 Statistics Canada, "The resurgence of readers: Book worms are on the rise," *The Daily*, April 16, 2024, <https://www.statcan.gc.ca/o1/en/plus/6060-resurgence-readers-book-worms-are-rise>.
- 8 Canadian Media Producers Association, *Profile 2024: An Economic Report on the Screen-Based Media Production Industry in Canada*, published by Telefilm Canada, 2025, <https://cmpa.ca/profile/>.
- 9 Canadian Media Producers Association, "New Poll Finds Majority of Canadians Support Political Parties That Champion Canadian Identity and Canada's Cultural Industries," *CMPA*, April 14, 2025, <https://cmpa.ca/pressreleases/new-poll-finds-majority-of-canadians-support-political-parties-that-champion-canadian-identity-and-canadas-cultural-industries/>.
- 10 Magazines Canada, *Magazines Canada Tariff Survey Report*, <https://magazinescanada.ca/wp-content/uploads/2025/03/Magazines-Canada-Tariff-Survey-Report-FINAL.pdf>.
- 11 Liberal Party, *Canada Strong*.
- 12 Geoff Bickerton, *Bang For Our Buck: Comparing public service broadcasting funding in 19 countries, including Canada*, Canadian Centre for Policy Alternatives, February 2025, <https://www.policyalternatives.ca/news-research/public-broadcast-funding-in-canada-gives-canadians-the-best-bang-for-their-buck/>.
- 13 Kelly Hill, *A Statistical Profile of Artists in Canada in 2016, Revised November 2019*, Hill Strategies Research Inc. Mr. Hill updates some statistics based on 2021 census data, including the total number of artists.
- 14 Kelly Hill, 2019.
- 15 Kelly Hill, 2019. In the 2016 census, the median family income of artists was \$57,800, and the overall median family income was \$86,500.
- 16 ACTRA *Submission to the Department of Finance Consultations on Tax Planning Using Private Corporations*, October 2017.
- 17 Garry Neil, *Employment Insurance Special Benefits for Self-Employed People: The Impact on Artists and Cultural Workers*, Ottawa: Cultural Human Resources Council, April 2010, <https://www.culturalhrc.ca/sites/default/files/research/CHRC-EI-report-self-employed-en.pdf>.

Child care

Introduction

This year marks the end of the first five years of the federal government's Canada-Wide Early Learning and Child Care program. By transferring funds to the provinces and territories, and pursuant to negotiated bilateral child care action plans, the federal government has turned a primarily privately funded system of early learning and child care into one that is primarily publicly funded.

Parent fees for licensed programs that are part of the program are regulated in every jurisdiction. Six provinces and territories (Newfoundland and Labrador, Prince Edward Island, Quebec, Nunavut, Manitoba and Saskatchewan) have put in place measures to limit daily fees to \$10 or less for publicly funded licensed programs.¹ This changed approach to financing early learning and child care has been a longstanding objective of Canada's child care movement. It sets the stage for the development of a high-quality, inclusive, and universally accessible child care system that is also designed to respect and advance the rights of Indigenous children, families, and communities.

However, realizing this objective depends on all levels of government choosing to do the following: fund child care sufficiently and appropriately; accelerate the expansion of not-for-profit and public child care services through proper public planning and all-of-government effort and coordination; and develop and implement comprehensive strategies to expand a qualified early learning and child care workforce.

Overview

Federal commitments, 2021-25

Canada's 2021 federal budget set the goal of ensuring "that all families have access to high-quality, affordable and flexible early learning and child care no matter where they live" through the development of a Canada-Wide Early Learning and Child Care program, now commonly known as the \$10-a-day program. The federal child care commitment included implementation of Canada's distinctions-based Indigenous Early Learning and Child Care Framework, co-developed by the Government of Canada and Indigenous partners in 2018, to ensure "progress towards an early learning and child care system that meets the needs of Indigenous families, wherever they live."

Budget 2021 said the building of the system would begin through:

- Up to \$27.2 billion in transfers to provincial and territorial governments to bring down parent fees to an average of \$10 a day by March 31, 2026, for all regulated child care spaces; to finance ongoing annual growth of not-for-profit child care programs; and to properly value the work of early childhood educators and provide them with training and development opportunities.
- A federal investment in Indigenous early learning and child care of just under \$2.6 billion over five years through financial agreements with Indigenous governments and governing bodies.
- A commitment to a minimum annual federal transfer for early learning and child care of \$9.2 billion beyond 2025-26.

The following year, Budget 2022 added \$625 million (over four years starting in 2023-24) to its transfer to the provinces and territories to support the financing of early learning and child care infrastructure, including the building of new facilities. Two years later, Budget 2024 promised an application-based Child Care Expansion Loan Program, administered by the Canada Mortgage and Housing Corporation, to provide low-cost loans and some non-repayable contributions to not-for-profit and public child care providers wanting to create more child care spaces or renovate existing child care centres. This loan program has yet to be launched.

Problems of quality, quantity, and inequitable access must be addressed

While historic, these federal investments are insufficient to meet the real and rising cost of providing high-quality early learning and child care for all children.

More public funding and government-directed human resource policies are needed to raise the wages of those who work in the Canada-Wide Early Learning and Child Care system, and to extend to them public-sector benefits and pensions. Seven provinces and territories² have put in place a wage grid that sets out pay rates for employees in the child care sector but, with the exception of Prince Edward Island,³ compensation levels are not yet sufficient to incentivize the development and retention of a more qualified workforce.

More capital funding, better government planning, and active leadership is needed to support the creation of not-for-profit and public child care. Especially now that child care is primarily publicly funded, governments have a duty to put in place child care infrastructure and programs in a way that gives children and families equitable access. Location, size, types of new programs, quality of design and construction, and staffing should be driven by public interests—not private ones. Nor should these decisions be dictated by the capacity of service providers to develop and operate new services.

Urgent action is required by the federal government to stop the growth of for-profit child care that is funded by public money. Since 2022, and the start of the Canada-Wide Early Learning and Child Care program, 57 per cent of the net new licensed child care spaces funded by the federal government are operated by for-profit business owners. The net new not-for-profit spaces represent only 30 per cent of the publicly funded growth.⁴

The scope of the federal government's child care investments must be widened. Until now, federal funding has been directed exclusively to child care for children under the age of six despite the promise in Budget 2021 to expand school-age programs. Data for 2019 (the baseline year for the \$10-a-day program) up to and including 2024 show that while there has been a considerable increase in before- and after-school spaces for children aged four to 12, most parents using this care continue to pay high fees and there continues to be a shortage of spaces.⁵

Further return on federal child care investments depends on further action

In his 2024 analysis of the broad economic benefits of the first years of the Canada-wide Early Learning and Child Care program, economist Jim Stanford found that since 2019, employment in the child care sector grew by 40,000 positions—making it the sixth largest source of new work in Canada. Also, the program supported a significant rise in women’s labour force participation, amounting to 110,000 additional workers. Stanford also calculated that the expansion of licensed child care services through the program added \$32 billion in additional GDP.⁶

Furthering these economic benefits requires that the Canada-wide Early Learning and Child Care program continues to grow to include all children, and extend to all communities. The return on public investment will also be greater in the short and longer term if public funding is primarily directed towards not-for-profit and public child care programs that spend every dollar of revenue received on the provision of services, pay staff better, are mandated to serve all children and families, and are not permitted to close for the purpose of profiting from their publicly funded assets.

Actions

The AFB will take the following actions to increase equitable access to \$10-a-day child care and improve the quality of the Canada-Wide Early Learning and Child Care program over the next five years. Additionally, the AFB will ensure adequate financial support for the implementation of the Indigenous Early Learning and Child Care framework agreement co-developed by Indigenous partners and the Government of Canada.

The AFB will support over the next five years the creation of sufficient net new full-time spaces operated by not-for-profit community child care providers, public sector entities, or Indigenous governments and organizations, with the goal of ensuring that there is sufficient licensed child care by March 31, 2031, in each province and territory for at least 65 per cent of children under the age of six.

The AFB will require that each provincial and territorial government develop a five-year government-led expansion plan with annual growth targets and specific strategies for increasing the supply of not-for-profit, public, and Indigenous child care and reaching the 65 per cent coverage target.

The AFB will require that each provincial and territorial government expand the size of the child care workforce, raise recruitment and retention rates, and increase the proportion of staff who have early childhood education post-secondary diplomas and degrees. Federal funds will be earmarked to do the following:

- Pay those who work in licensed child care in accordance with regularly improved wage scales that compensate child care employees for all hours worked, including program preparation time, commensurate with their responsibilities, qualifications, and work experience.
- Extend to the child care sector benefit and pension plans equivalent to those in place in publicly funded sectors such as public education, health care, and municipal services.

The AFB will amend the Child Care Expansion Loan Program (announced in 2024 but not yet implemented) with a comprehensive Child Care Infrastructure Program (CCIP) that will provide grants to support the efficient and effective expansion of not-for-profit, public, and Indigenous child care under the Canada-Wide Early Learning and Child Care program.

The AFB will co-locate licensed child care in federally supported housing projects.

The AFB will convene and support the development of a comprehensive strategy, by March 31, 2027, to build a public school-age child care system for children until age 12. This policy initiative will include extensive consultations with community-based early learning and child care providers, public school authorities, and municipalities.

The AFB will develop, fund, and operationalize a comprehensive Canada-wide early learning and child care data and research strategy to monitor and report publicly on progress, track and account for public spending, and support policy development.

The AFB will fund an early learning and child care research program to answer key research questions, and evaluate the effects of policy and program change.

The AFB will require every provincial and territorial government that is part of the Canada-Wide Early Learning and Child Care program to issue a comprehensive public report each year on the implementation of its expansion plan and workforce strategy.

Table 7.1 / AFB actions on child care

All figures in \$millions

	2026-27	2027-28	2028-29
Early Learning and Child Care Workforce funds (\$10 billion over 5 years)	\$3,000	\$4,000	\$2,000
Boost the existing Early Learning and Child Care Infrastructure Fund (\$15 billion over 5 years)	\$1,500	\$3,000	\$6,000
Develop a strategy for school-age child care system to age 12	\$5	\$5	
ELCC Data Strategy	\$10	\$5	
ELCC research program to evaluate policy and program change	\$10	\$5	\$5

The AFB will require the federal government to produce an annual public report on the overall progress of all elements of the Canada-Wide Early Learning and Child Care program.

Notes

1 While the Government of Northwest Territories and the Government of Yukon Territory introduced mechanisms to bring down parent fees to an average of \$10 a day after joining the Canada-Wide Early Learning and Child Care program in 2021, these governments allowed operators to increase the fees they charge and, as a result, parents on average pay more than \$10 a day.

2 The Manitoba government has developed wage guidelines for licensed and government-funded early learning and child care facilities. The guidelines recommend a “target” hourly wage for each position/classification. The government provides licensed programs funding through a “wage grid supplement” that must be used to help pay staff the “target” hourly wage.

3 Kathleen Flanagan and Associates, *Final Report: Early Learning and Child Care Recruitment and Retention: PEI's 2024 Director and Staff Surveys*, Early Childhood Development Association of PEI, January 2025, https://mcusercontent.com/aff981eb17e452f90e6094988/files/50178ef2-2c85-9175-8afd-59f7f42ff215/2024_ELCC_Director_and_Staff_Survey_Final_Report.pdf.

4 David Macdonald, *Cash cow: Assessing child care space creation progress*, Canadian Centre for Policy Alternatives, August 2025. <https://www.policyalternatives.ca/news-research/cash-cow-assessing-child-care-space-creation-progress/>.

5 Friendly, Martha et al., “Interim Space Statistics 2024: Early Childhood Education and Care in Canada,” Childcare Resource and Research Unit, July, 2025.

6 Jim Stanford, *Powering Growth: Economic Benefits from Canada's \$10-per-day Early Learning and Child Care Program*, Centre For Future Work, November 2024, <https://centreforfuturework.ca/wp-content/uploads/2024/11/Child-Care-Economic-Benefits-Nov2024-FINAL.pdf>.

Defence

Introduction

The Canadian Armed Forces (CAF) stand at a pivotal moment. As defence spending has now risen to two per cent of GDP—a level not seen since the end of the Second World War—Canada faces evolving security challenges that extend beyond conventional threats, increasingly shaped by the accelerating impacts of technological and climate change. Meeting this moment will not simply be addressed through major investments in defence, but through a fundamental shift in how the federal government defines and addresses security.

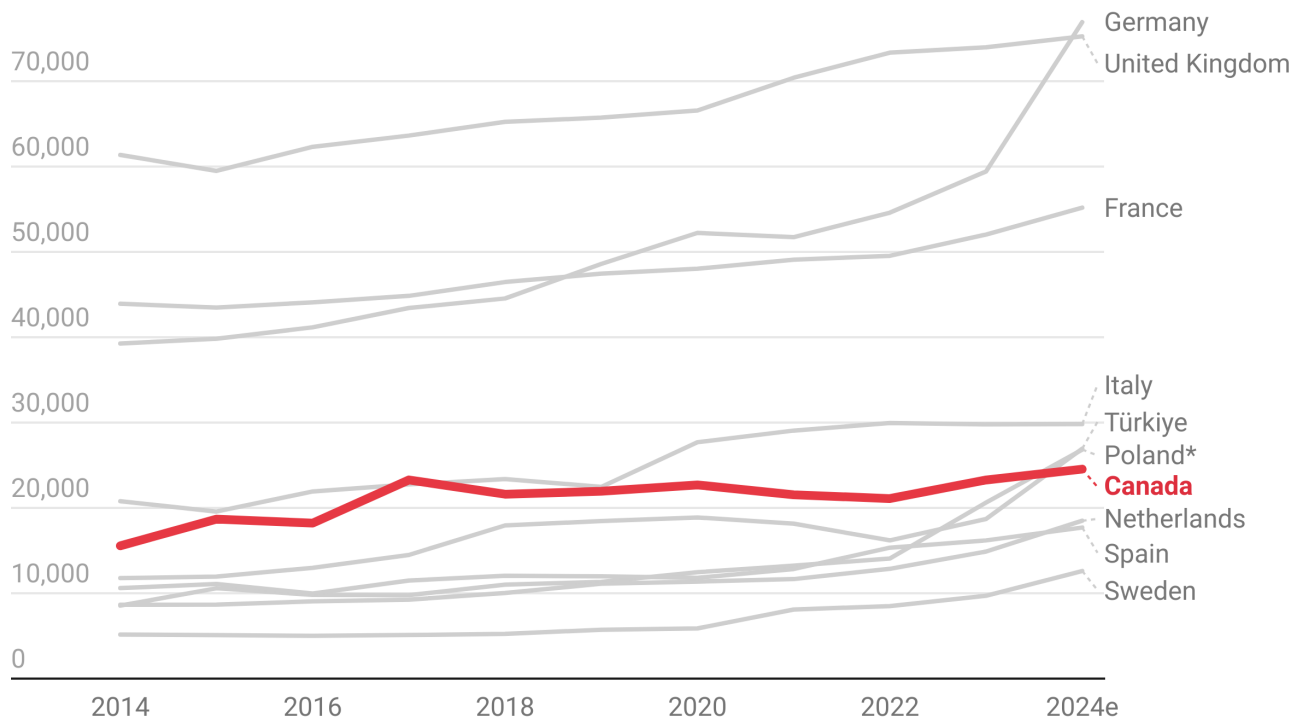
Put simply: the two per cent of GDP spending target for NATO members—a figure that Canada has committed to boosting to an eye-watering five per cent of GDP by 2035¹—is not evidence-based policy-making. The federal government must shift from politicized defence spending targets to an evidence-based approach, determining what level of expenditures are necessary to ensure the safety and security of Canadians and then costing those into the federal budget.

Overview

Despite being labelled a “laggard” in military spending, Canada ranks as the seventh largest defence spender among NATO’s 32 member countries for 2024-25, outspending the Netherlands, Spain, Sweden and Norway.² Globally, Canada ranks 16th in the world for military expenditures,³ outpacing other similar or larger developed nations. While the narrative

Figure 8.1 / Top 10 NATO members by annual defence spending, excluding U.S., 2005-24

Constant 2023 US\$. The U.S. was the top defence spender for all years under analysis.



Source: Stockholm International Peace Research Institute, *SIPRI Military Expenditure Database*, SIPRI, 2024, <https://milex.sipri.org/sipri>.

persists that Canada is falling short on defence, we spend much more on defence than many realize.

Analyzing defence spending as a percentage of a country's GDP, the reigning benchmark for NATO members since 2014,⁴ is not an effective measure. A more accurate approach is to examine each NATO member's actual defence spending in real U.S. dollars.

Under the prior Liberal government, defence spending ticked up between 2016 and 2024, reaching 1.37 per cent of GDP, or \$41 billion, in 2024.⁵ As calls grow for NATO's spending to increase, Canada has now committed to a national target of five per cent, with 1.5 per cent of GDP allocated for security-related infrastructure.⁶ Such an increase in defence spending would represent a significant shift, with likely ripple effects across other areas of federal spending, possibly affecting social programs, multilateral engagement, international assistance, and actions on fighting the climate crisis—all vital elements to Canadian safety.

Proposed evidence-to-decision statement

1. Threat relevance: Links the purchase to a named, quantified threat in the latest Strategic Threat Assessment.
2. Readiness impact: States how the project will raise today's 61 per cent force-readiness rate inside 10 years.
3. Personnel sustainability: Confirms recruitment and training funds for any scarce trades the project will need.
4. Whole-life cost certainty: Provides a 20-year cost track validated by the Parliamentary Budget Officer.
5. Climate and community co-benefits: Measures emissions reductions and local infrastructure gains, especially in the North.
6. Escalation and arms-control risk: Includes an independent review by the proposed Canadian Nuclear Risk-Reduction Centre.

A credible approach requires periodic, transparent reviews of Canada's defence policy, threat environment, and capability gaps so that spending levels align with clear strategic objectives rather than arbitrary spending targets.

The federal Treasury Board already obliges every department to track results under its 2016 Policy on Results, yet big-ticket military projects still race through cabinet, with most indicators redacted from public disclosure for security reasons. To increase transparency and public oversight, **the AFB mandates** that any defence project over \$100 million must publish an Evidence-to-Decision Statement (EDS) before funds flow.⁷

An EDS is a three-page public brief that shows, in plain language, how the project scores on six pillars. A project proceeds only if the EDS shows "evidence sufficient" on at least four of the six pillars and demonstrably improves readiness. The Treasury Board's existing Performance Measurement & Evaluation Committee would release the unclassified EDS summary on the open.canada.ca portal within 60 days, ensuring parliament and the public can judge whether new spending really buys security.

Procurement

Critics have long described Canada's procurement system as broken, inefficient, and overly politicized. Major defence acquisitions typically take much longer to procure than forecast and are generally expected to be delivered well over budget. DND faces barriers in spending its allocated budget on major capital expenditures in the time frames provided.⁸ These issues would only amplify under the five per cent spending target we've committed to by 2035.⁹ Canada's military procurement process must be overhauled to make the best use of resources and deliver the most economic and social benefits.

Perhaps the best example of Canada's faltering procurement system is the Royal Canadian Air Force's (RCAF) decade-plus-long acquisition of the Lockheed Martin F-35 Joint Strike Fighter, a platform widely criticized for its excessive costs and underperformance.¹⁰ Of particular concern to Canada's current defence priorities are debates about its technical suitability to perform tasks in the Arctic.¹¹ Another example is the Royal Canadian Navy's (RCN) plan to acquire 12 new submarines under the Canadian Patrol Submarine Project.¹² Only one in four of the RCN's existing submarines is currently seaworthy and there is a chronic gap in trained personnel to operate them.¹³

Canada must streamline its defence procurement system to make better use of current budgetary resources, with a focus on delivering the right capabilities, on time and within budget. Doing so requires the creation of an independent defence procurement agency that determines purchases on capability-based requirements earmarked by clear cost-benefit reviews and strategic approaches that deliver the best technology and economic benefits. In 2019, the federal government announced its intention to establish such a body, Defence Procurement Canada. However, this initiative was sidelined and later dropped from ministerial letters following the onset of COVID-19.¹⁴

Where possible, DND should aim to procure from Canadian industry, with an emphasis on direct engagement with private sector unions in the aerospace and defence sector to scale up industrial benefits. The federal government should continue to leverage the Industrial and Technological Benefits (ITB) policy, which requires defence manufacturers awarded DND contracts to reinvest an equivalent value into Canadian businesses. We must also build strategic partnerships that encourage Canadian innovation to meet government and DND needs instead of purchasing off-the-shelf solutions from non-Canadian suppliers that may be "good enough" but miss the opportunity to deliver better, more tailored solutions through Canadian expertise.

At the same time, the federal government must remain aware of the boom-and-bust cycle that often characterizes major defence acquisitions from domestic suppliers, a pattern that has, at times, led to export reliance to foreign states with poor human rights records.¹⁵ When Canadian military equipment is exported to governments that act counter to Canada's values, or is used in conflicts marked by serious human rights violations, it undermines Canadian interests, Canada's international reputation—and, most importantly, peace and security.

Climate change and Arctic security

A critical component of Canada's current defence policy, as outlined in *Our North, Strong and Free: A Renewed Vision for Canada's Defence*,¹⁶ is shoring up Arctic security and asserting Canada's Arctic sovereignty.

Climate change continues to reshape the Canadian landscape, most dramatically in the Arctic, which is warming four times faster than the rest of the world.¹⁷ Melting sea ice has opened previously unexploited regions for resource extraction in Canada's North, driving competition and fears of potential clashes in this environmentally fragile but critically important region.

The CAF currently possesses five significant military facilities in the North, with Canadian Forces Station Alert being the northernmost continuously inhabited place in the world.¹⁸ The Canadian military's growing presence in the Arctic, a phenomenon matched by essentially all Arctic and near-Arctic states, should be augmented by major investments in dual-use facilities funded through the defence budget, meaning infrastructure that can be utilized by both CAF as well as civilian and commercial actors, which will increase development and economic prosperity in the North while ensuring the greatest possible stewardship over this highly sensitive region by the communities that already inhabit it.

Sovereignty is rooted not only in military presence but also thriving Northern communities.¹⁹ Inuit peoples have been stewards of the Northern territories since time immemorial,²⁰ and Arctic communities continue to secure Canada's sovereignty in the region.²¹ Paths forward must be rooted in reconciliation, ensuring equity for Northern communities and respect for Indigenous sovereignty, rights, and titles.

To meaningfully assert Arctic sovereignty, the federal government must invest significantly in Northern infrastructure in collaboration with Inuit peoples and systems of governance. This includes enhancing health and education facilities, improving roads and transportation hubs, expanding telecommunication, addressing critical housing needs, and

supporting Northern food sovereignty. Such investments will strengthen local economies, attract and retain skilled workers, and reduce reliance on southern supply chains. Ultimately, it is thriving, resilient Northern communities, not military outposts alone, that form the enduring foundation of Canada's Arctic sovereignty.

While the CAF is tasked with protecting Canada from conventional security threats and hostile actors, the DND has increasingly recognized climate change as a tangible security threat to everyday Canadians.²² The Canadian government must frame the climate crisis as a national security issue within the context of a broader climate strategy.

The CAF increasingly addresses weather events through Operation LENTUS.²³ The CAF also consistently notes that responding to extreme weather events disrupts readiness—and, therefore, military response if a conventional military threat arises.

The federal government should endeavour to more comprehensively integrate climate resilience into Canada's defence planning, spending, and operations, and include climate impacts (e.g. thawing permafrost, extreme weather events such as wildfires, etc.) in defence vulnerability assessments. The federal government should look to coordinate across the Canadian government—including, but not limited to, the DND, Environment Canada, municipal and regional stakeholders, and Indigenous communities, in partnership with the NATO Climate Change and Security Centre of Excellence (CCASCOE).

With the federal government's recently renewed focus on recruitment,²⁴ Canada should also direct increased investments toward Primary Reserve forces with dedicated funding for personnel tasked specifically with responding to climate-related events under Operation LENTUS, while also building out CAF's Canadian-procured equipment to respond to these events. This would both increase the personnel pool which can respond to climate events while alleviating some of the burden on CAF's conventional military forces to do so.

Nuclear weapons and the "Golden Dome"

Canada has been free of nuclear weapons since 1984, yet it still shelters under NATO's nuclear "umbrella." This stance leaves Ottawa walking a diplomatic tightrope:²⁵ While historically advocating for nuclear disarmament at the UN, Canada fully endorses the alliance's nuclear deterrence doctrine, sits on the Nuclear Planning Group, and refuses to sign the Treaty on the Prohibition of Nuclear Weapons (TPNW)—even as 80 per cent of Canadians favour nuclear abolition.²⁶

On missile defence, Canada's official position has been unchanged since it rejected direct participation in the U.S. Strategic Defense Initiative in 1985 and U.S. homeland Ballistic Missile Defence (BMD) in 2005.²⁷ The Trump Administration's "Golden Dome" proposal would vastly expand the BMD system, the latter's only role now being to intercept "rogue state" (i.e. North Korea) warheads in outer space, mid-course in their flights. The "Golden Dome" is intended to aim its deter and defend mandate to include "any foreign aerial attack on the Homeland."

That means being able to intercept any hypothetical Russian or Chinese nuclear attacks, which virtually no expert regards as possible. The "Golden Dome" is further intended to defend against nuclear or conventionally armed shorter-range ballistic missiles, as well as hypersonic and cruise missiles, against which the current mid-course interception BMD has no capacity. NORAD's "modernization" program is already seeking to build a capacity to detect and intercept those same shorter-range ballistic missiles and hypersonic and cruise missiles.

Canada's 2024 defence policy update, *Our North, Strong and Free*, already commits Canada to supporting NORAD's integrated air-and-missile defence efforts, including the development of effective sensors, interceptors, and command systems. The 20-year, \$38.6 billion NORAD-modernization package includes, among other measures, Arctic over-the-horizon radars and satellite upgrades. None of these involvements is part of the U.S. BMD mid-course interceptor architecture²⁸ that is now under the "Golden Dome." In other words, Canada's national and continental defence obligations are met through its Canada-U.S. NORAD agreement and there is no compelling reason to join the "Golden Dome."

Beyond the astronomical cost of the "Golden Dome" system, of which space-based interceptors are estimated to cost up to US\$542 billion,²⁹ other risks in participating include escalation that incentivizes declared adversaries, notably Russia and China, to expand their strategic offensive forces and to deploy anti-satellite weapons. "Golden Dome" participation would undermine the credibility of Canada's long-standing commitment to nuclear disarmament.

Actions

The AFB will move Canada's defence budget allocation away from an arbitrary percentage of GDP target and instead determine funding

targets based on a needs-based approach, considering the current threat environment and capability gaps.

The AFB will amend the *Defence Production Act* regulations so that, by budget 2027, every defence project greater than \$100 million must table an Evidence-to-Decision Statement before Treasury Board approval.

The AFB will commit \$100 million toward the establishment of Defence Procurement Canada (DPC), an independent, centralized defence procurement body with clear capability-based requirements and ongoing cost-benefit reviews, delivering the best equipment to the CAF while coupling best value with domestic industrial benefits. While DPC would be an independent procurement body, it would have arms-length oversight by DND, Public Services and Procurement Canada (PSPC), and through the establishment of a permanent parliamentary subcommittee with the sole purpose of providing transparent, non-partisan oversight of defence acquisitions, ensuring accountability, fiscal responsibility, and alignment with Canada's strategic and defence priorities.

The AFB will cancel Canada's planned acquisition of the remaining 72 of 88 Lockheed Martin F-35 Joint Strike Fighters and conduct a review of which aircraft would be best suited to fulfil this role. The review will ensure 100 per cent Canadian-made or domestic industrial offset guarantees as part of that program.

The AFB will reduce the proposed number of submarines to be acquired through the Canadian Patrol Submarine Project from 12 to four to more realistically reflect current RCN staffing availability.

The AFB will provide \$1.095 billion toward the acquisition of sixteen DHC-515 Firefighter aircraft to augment climate response efforts, to be acquired by the RCAF as the first federally owned-and-operated waterbombers.

The AFB will provide \$1.5 billion toward major civilian and dual-use infrastructure programs in Canada's Arctic, in partnership with Indigenous and Northern communities, alongside territorial and provincial governments.

- Provide investments in climate-resilient housing, transportation, and energy infrastructure for Arctic communities.
- Fund community-led permafrost adaptation projects to prevent infrastructure failure of both civil and military infrastructure in Canada's North.

- Accelerate establishment of CAF's Operational Support Hubs in Iqaluit, Inuvik and Yellowknife within the next 10 years, with a greater focus on civilian and dual-use infrastructure spending.³⁰
- Increase funding allocated under the Safety Equipment and Basic Marine Infrastructure in Northern Communities Initiative to increase the geographic reach of the program.³¹

The AFB will provide \$2.5-\$3 billion toward dual-use domain awareness capabilities that serve both security and climate/environmental needs. This ensures cost-effectiveness and supports a whole-of-government approach toward Arctic stewardship, with prioritization of working with Canadian industry, when possible. This will include:

- Space-based sensors to monitor sea ice, shipping, and unauthorized incursions into Canadian territory.
- Investments into data integration and situational awareness with like-minded partners.
- Invest in dual-use polar sensor networks (e.g. satellites, maritime buoys) that serve defence, environmental monitoring, and community adaptation goals.
- Accelerate procurement of the Defence Enhanced Surveillance from Space—Project (DESSP), as part of broader NORAD modernization.

The AFB will allocate \$1 billion over five years to scale up Canada's peace operations, with targeted support for personnel, training, and deployment readiness. This investment will strengthen Canada's capacity to contribute meaningfully to United Nations peacekeeping missions and other multilateral operations, with an emphasis on conflict prevention, protection of civilians, and gender-responsive approaches. Funding will support increased staffing levels, specialized training, and enhanced capabilities under the Peace and Stabilization Operations Program (PSOPs) while reinforcing Canada's broader foreign policy objectives in fragile and conflict-affected states.

The AFB will provide \$80 million toward the recruitment of an additional 6,000 Primary Reserve personnel to act as climate-event first responders. This contingent of reservists will occupy a new, separate sub-component of the Primary Reserve named the "Climate Reserve," with the potential for rotating postings to the Canadian Rangers.

Table 8.1 / AFB actions on defence

All figures in \$millions

	2026-27	2027-28	2028-29
Establishment of Defence Procurement Canada	\$100		
Cancel Canada's planned acquisition of the remaining 72 of 88 Lockheed Martin F-35 Joint Strike Fighters and conduct a review of which aircraft would be best suited to fulfill this role	-\$755	-\$755	-\$755
Acquire new fighter jets for Canada unconnected to the United States (such as the Gripen-E)	\$749	\$749	\$749
Acquisition of 16 DHC-515 Firefighter aircraft	\$37	\$37	\$37
Civilian and dual-use infrastructure programs in Arctic	\$500	\$1,000	
Dual-use domain awareness capabilities: Security and climate	\$500	\$1,000	\$1,000
Strengthen Canada's peace operations	\$200	\$200	\$200
Recruit 6,000 primary reserve personnel to act as climate-event first responders	\$80		
National Climate-Security Task Force	\$25	\$25	

The AFB will commit \$50 million towards the establishment of a National Climate-Security Task Force, a centralized body to coordinate climate-security efforts across DND, Public Safety Canada, ECCC, Indigenous governance bodies, and local governments.

The AFB will initiate a study into shifting climate disaster response leadership to civilian agencies (e.g., Public Safety Canada, emergency management offices, local authorities, etc.) in the mid-term to alleviate the climate first-response burden from CAF.

The AFB will keep Canadian defence dollars focused on real safety by capping the NORAD modernization program and refuse any spending on the "Golden Dome" and its unrealistic ambitions, especially its proposed space-based missile interceptors.

Notes

¹ NATO Newsroom, "NATO Defence Ministers agree new capability targets to strengthen the Alliance," *North Atlantic Treaty Organization*, June 5, 2025.

² Stephen Thorne, "Canada to meet defence spending target by March 2026: Carney," *Legion Magazine*, June 18, 2025.

³ Xiao Liang et al., "Trends in World Military Expenditure, 2024," *Stockholm International Peace Research Institute*, April 2025, <https://www.sipri.org/publications/2025/sipri-fact-sheets/trends-world-military-expenditure-2024>.

⁴ NATO, "Defense expenditures and NATO's 2% guideline," *North Atlantic Treaty Organization*, June 17, 2025.

- 5 NATO, "Defense expenditures of NATO countries as a percentage of gross domestic product in 2024," *North Atlantic Treaty Organization*, June 18, 2024.
- 6 Murray Brewster and Peter Zimonjic, "Canada promises to spend 5 % of GDP on defence by 2035 in pact with NATO leaders," *CBC News*, June 25, 2025, <https://www.cbc.ca/news/politics/canada-agrees-five-percent-gdp-defence-spending-1.7570191>.
- 7 Treasury Board of Canada Secretariat, *Policy on Results*, BT22-172/2016E-PDF, July 1, 2016, https://publications.gc.ca/collections/collection_2017/sct-tbs/BT22-172-2016-eng.pdf.
- 8 Eugene Lang, "Use It or Lose It: SSE and DND's Chronic Underspensing Problem," *Canadian Global Affairs Institute*, May 2018.
- 9 Cynthia Leach and Salim Zanzana, "What does greater defence spending mean for Canada's economy?" *RBC*, June 13, 2025.
- 10 Peter Zimonjic, "F-35 program facing skyrocketing costs, pilot shortage and infrastructure deficit: AG report," *CBC News*, June 10, 2025.
- 11 Steven Staples, "Why the feds flip-flopped and bought the F-35," *Canadian Centre for Policy Alternatives*, January 13, 2023.
- 12 Murray Brewster, "Canada confirms plan to replace submarine fleet at NATO summit," *CBC News*, July 10, 2024.
- 13 Richard Shimooka, "A significant boost to security: Inside Canada's plans to replace its submarines," *Macdonald-Laurier Institute*, April 17, 2023.
- 14 Standing Committee on National Defence, "A Time for Change: Reforming Defence Procurement in Canada," *House of Commons Canada*, June 19, 2024.
- 15 Rhonda Ferguson, Jamal Zarlisht, "A Health-Based Case against Canadian Arms Transfers to Saudi Arabia," *Health and Human Rights*, Vol. 22, 2, December 22, 2020.
- 16 Department of National Defence, "Our North, Strong and Free: A Renewed Vision for Canada's Defence," *Government of Canada*, May 3, 2024.
- 17 Mika Rantanen et al., "The Arctic Has Warmed Nearly Four Times Faster than the Globe since 1979," *Communications Earth & Environment*, Vol. 3, 168, August 2022.
- 18 Ernie Regehr, Kelsey Gallagher, "Military Footprints in the Arctic," *The Simons Foundation Canada*, March 2024.
- 19 Government of Nunavut and Nunavut Tunngavik Inc., "Roadmap to Securing Canada's Arctic Sovereignty and Security," *Nunavut Tunngavik Incorporated*, March 4, 2025.
- 20 Dustin Patar, "Arctic Sovereignty? Inuit Would Like a Word," *The Narwhal*, April 22, 2025, <https://thenarwhal.ca/arctic-sovereignty-inuit-circumpolar-council/>.
- 21 Government of Nunavut and Nunavut Tunngavik Inc., *Roadmap to Securing Canada's Arctic Sovereignty and Security*, March 4, 2025, <https://www.tunngavik.com/news/government-of-nunavut-and-nunavut-tunngavik-inc-provide-roadmap-to-securing-canadas-arctic-sovereignty-and-security/>.
- 22 Jessica West, Jessica Stewart, Morgan Fox, Branka Marijan, "Climate Change, Canadian Defence, and the Arctic through a Systems Lens," *Project Ploughshares*, April 2025.
- 23 Department of National Defence, "Operation LENTUS," *Government of Canada*, October 8, 2024.
- 24 Department of National Defence, "Canada's new government is rebuilding, rearming, and reinvesting in the Canadian Armed Forces," *Government of Canada*, June 9, 2025.
- 25 Global Affairs Canada, "Canada's statement to the Conference on Disarmament—High-Level Segment, 2024," *Government of Canada*, February 26, 2024.
- 26 "CNANW Letter to Prime Minister Carney," Canadian Network to Abolish Nuclear Weapons (CNANW), May 22, 2025.
- 27 Mark Bourrie, "POLITICS: Canada Rejects U.S. Missile Shield," *Inter Press Service*, February 25, 2005.

- 28** James Fergusson, "The Canadian Ballistic Missile Dilemma," *Canadian Global Affairs Institute*, April 2025.
- 29** Congressional Budget Office, "Re: Effects of Lower Launch Costs on Previous Estimates for Space-Based, Boost-Phase Missile Defense," *U.S. Congress*, May 5, 2025.
- 30** Department of National Defence, "Minister Blair announces First Northern Operational Support Hub locations" *Government of Canada*, March 6, 2025.
- 31** Transport Canada, "New projects funded under the Safety Equipment and Basic Marine Infrastructure in Northern Communities Initiative," *Government of Canada*, March 21, 2025.

Employment Insurance

Introduction

The folly of procrastinating on permanent Employment Insurance reforms rears its head at every turn.

Too many workers still can't access Employment Insurance (EI), and the program's benefits remain inadequate. Meanwhile, economic disruptions have become a constant. It's now quite predictable that there will be a new climate emergency, a new AI disruption, another natural disaster, another private equity bankruptcy, another recession. And then there are the exceptional events, like pandemics.

Our EI program is ready for none of this. It wasn't prepared for the chaos unleashed by U.S. President Donald Trump's bully tactics and damaging trade war and their severe consequences for our labour market, including key sectors like auto and steel.

As our most important automatic economic stabilizer, Employment Insurance must be ready to kick into high gear when needed. AFB 2026 proposes to do just that, with a more coherent EI program that is responsive to workers' needs and set to go when there's a crisis.

Overview

The Employment Insurance program is the primary source of income replacement when workers lose jobs, face temporary layoffs, are on

leave for parenting or caregiving, or need time off work due to sickness or injury. It is financed by premiums from workers and employers, with forecast expenditures of \$29.44 billion in 2025.¹ EI pools risks and costs across the larger population so that individuals are not left carrying the burden alone. It also funds the training and employment services delivered by provinces and territories through federal labour market agreements.

EI plays a critical economic role. Since 1940 it has maintained purchasing power and supported communities during labour market disruptions. EI also ensures workers can search for suitable new employment instead of falling into a revolving door of cheap labour jobs. This is critical now that Canada wants to strengthen its domestic market to replace dependence on U.S. trade. Doing that will require the preservation of workers' skills and their ability to earn enough to support domestic demand.

Statistics Canada Labour Force Surveys confirm continuing labour market challenges.² In May 2025, unemployment rose for the third month in a row to seven per cent, with 1.6 million people unemployed. Student unemployment, particularly among new graduates, climbed to 19.1 per cent in May 2025,³ with a worrying slowdown in employer job postings.

Meanwhile, increasingly widespread wildfires remind us of the climate crises and natural disasters that continue to plague communities, and these will likely worsen with time. The 8,000 workers who lost their jobs with the Hudson's Bay Company bankruptcy highlight the urgency of improving EI access for those facing layoffs and working short shifts prior to closure. With reduced hours, some workers may not have sufficient hours to qualify for EI benefits, or they may face a shortened benefit period.

And now Canada faces a special challenge. Trump's trade war has created a crisis for large swaths of the labour market, with many indirect impacts amid generalized uncertainty and instability.

Against this backdrop, Canada still struggles with historically low reciprocity rates for regular EI benefits, averaging 39.9 per cent of unemployed workers in 2023-24.⁴ Fully 83 per cent of unemployed workers received regular unemployment benefits in 1989;⁵ by 1998, it was half that.⁶ As of January 2025, regular benefit reciprocity averaged 32 per cent Canada-wide and only 21 per cent in the three largest metropolitan areas.⁷

We urgently need to deliver on the government's earlier promises of "EI for the 21st century."

AFB 2026 sets out to repair Employment Insurance. It will expand access by reforming EI's qualifying rules and providing better benefits. It will end the bad habit of ad hoc patchwork solutions whenever there's a crisis, which happened when the Canada Emergency Response Benefit (CERB) had to replace EI during the COVID-19 pandemic, and which happens every time a large-scale wildfire requires yet another pilot project.

Actions

In keeping with proposals advanced by a wide variety of community and labour organizations, including the Interprovincial EI Working Group,⁸ and submissions to the government consultations on Employment Insurance reforms,⁹ the AFB will undertake a comprehensive reform of the EI program with the following actions.

The AFB will introduce a new program of EI emergency response measures, integrating lessons from the COVID-19 pandemic about what makes EI more responsive and relevant to workers while reducing administrative costs. We need an automatic, predictable response in the event of floods, hurricanes, wildfires, pandemics and the like. Eligibility requirements will be relaxed, and affected workers will be automatically credited with additional hours and given a longer reach-back period for accumulating hours. The waiting period will be waived and the normal rules for declaring other income will not apply. Employers will be required to expedite records of employment for migrants, and EI work-sharing emergency special measures will be fast-tracked. The government anticipated the need for such measures with the proposed Employment Insurance Disaster Assistance Benefit in its 2019 platform.¹⁰

The AFB will establish a common, pan-Canadian qualifying rule for both regular and special EI benefits—a measure used during the pandemic. This acknowledges that regional unemployment rates should have no bearing on workers' access to EI. A minimum claim will require a fixed 360 hours (or 12 weeks when to the claimant's advantage). This is the equivalent of 12 weeks of 30 hours, approximating the average schedule for payroll employees. The current EI matrix assumes 35 hours, which no longer reflects the schedule for the majority of workers employed in the service sector. This is especially true for women and racialized workers in the retail, hotel, and food service sectors, who have work weeks that can average as few as 22.7 hours.¹¹

The AFB will extend the maximum benefit period to 50 weeks in all regions and maintain the additional five weeks for eligible seasonal claimants. One in three workers (34.5 per cent in 2023-24¹²) exhaust their regular EI benefit period of between 14 and 45 weeks before they are re-employed.

The AFB will immediately restore EI special benefits coverage for workers employed through Temporary Foreign Worker Program streams and the newer International Mobility Program, as was the case before 2013.¹³ Access to EI regular benefits will require changes in immigration policies covering work permits, especially closed permits that perpetuate the kind of inequities that restrict access to EI (see the Immigration chapter for details on the comprehensive regularization program). Transnational workers already contribute EI premiums.

The AFB will allow new parents to stack EI regular benefits with special benefits for parental leave. This requires extending parents' reference and benefit period to 104 weeks. The current 50-week limit means a loss of EI benefits if workers are laid off before, during, or after a parental leave. The Social Security Tribunal found this limitation to be in breach of the equality provisions of the Charter of Rights and Freedoms.¹⁴ A recent survey found that 15 per cent of new mothers reported a dismissal, layoff, or unrenewed contract during their leave or upon their return.¹⁵ EI's broad economic and social objectives support the replacement of earnings during parental leave as well as during layoffs. In Canada 75.6 per cent of new parents (outside Quebec) were in the paid work force with insurable earnings; of those, 91.3 per cent reported receiving maternity or parental benefits in 2023.¹⁶

The AFB will increase the current EI benefit rate to 66.6 per cent. There is historical precedent in Canada for replacing two thirds of a claimant's normal earnings.¹⁷ The current rate of 55 per cent is a historical low. Inadequate benefits also undermine access to EI, deterring some workers from even applying.

The AFB will introduce an EI benefit floor. This will ensure EI is more relevant to the working poor—many of them women, racialized, Indigenous, and adults with disabilities—who are otherwise forced into a vicious circle of survival jobs. At the outset, the AFB will set a floor of \$500 weekly, to be increased annually at the same rate as maximum insurable earnings and the maximum benefit.

The AFB will increase net revenues for the EI operating account by raising 2026 maximum insurable earnings (MIE) to \$98,000. This is tagged to Quebec's MIE in the previous year for the QPIP parental benefit program.¹⁸

The AFB will also set a 2026 maximum benefit rate of \$1,037, triggered by the new MIE maximum. Currently, claimants with earnings above the \$65,700 MIE receive less than 55 per cent of their normal earnings. The *EI Actuarial Report* forecasts almost half of all claimants (48.1 per cent) will have earnings above the MIE in 2026.¹⁹

The AFB will limit sanctions to a three-week disqualification when a claimant's employer reports an "invalid" job separation. Such claimants are currently denied EI benefits. This impacts workers who leave work to attend training or school, and it affects other workers too—especially vulnerable, low-paid workers who have not filed a complaint about harassment, exploitative conditions, or wrongful dismissal. The program limited the sanction to three weeks beginning in 1971, and then seven to 12 weeks until 1993.²⁰ Several other countries currently apply a shorter disqualification period.²¹

The AFB will establish a panel to recommend alternatives to the requirement for a work separation of seven days without pay and without work to qualify for EI. This rule is punishing for workers with precarious schedules. Workers with temporary help agencies that can manipulate schedules or in firms that fail to provide a record of employment are especially affected. A 2014 *EI Monitoring and Assessment Report* found that 53.5 per cent of workers in the lowest income quartile were not issued a record of employment for a qualifying interruption of earnings.²²

The AFB will relax current rules for working while on claim. This will ensure that workers are not discouraged from accepting temporary work while laid off from their main jobs. Workers will be allowed to keep the first hundred dollars before triggering an EI clawback. This measure also helps people who are working multiple part-time jobs, especially women and lower-paid workers.

The AFB will discontinue treating separation and vacation payments as earnings for EI purposes, allowing workers to start receiving benefits sooner. This was the approach taken during the COVID-19 pandemic, which also simplified Service Canada's processing. Almost 20 per cent of regular EI claimants reported separation payments in 2018.²³

The AFB will offer a new "Special Benefits Plus" package with an adjusted premium for self-employed workers. It will include an enhanced training support benefit.

The AFB will restore the EI Part II supplement previously provided as part of provincial/territorial labour market agreement transfers. These bilateral agreements exhibit weak accountability and a lack of strategic focus that will need to be remedied, and they will also need to strengthen roles for labour and business. Funding will prioritize active measures,

Table 9.1 / AFB actions on Employment Insurance

All figures in \$millions

	2026-27	2027-28	2028-29
Introduce new "EI Emergency Response Measures"	\$20	\$20	\$20
Lower qualifying hours to 360 in all regions, or 12 weeks when to worker's advantage	\$1,080	\$1,045	\$1,010
Extend maximum duration to 50 weeks in all regions	\$584	\$565	\$547
Restore EI Special Benefits for temporary foreign workers who pay into EI	\$36	\$36	\$36
Allow parental and regular EI to be combined to a 104-week maximum	\$15	\$15	\$15
Raise the standard benefit rate to 66% of normal earnings	\$3,092	\$2,992	\$2,893
Establish a minimum benefit floor of \$500 weekly, adjusted annually	\$802	\$776	\$750
Raise the maximum insurable earnings (MIE) to \$97,400	-\$6,984	-\$7,124	-\$7,266
Raise the maximum EI benefit to \$1,030/week (55% of MIE)	\$1,670	\$1,616	\$1,562
Reduce disentitlement period to three weeks for "invalid" job separations	\$1,298	\$1,256	\$1,214
Establish a panel to find alternatives to the seven days without pay EI qualification	\$2		
Allow workers to supplement EI benefits by eliminating the clawback on first \$100 when 'Working While on Claim'	\$547	\$529	\$512
Discontinue allocation of separation payments to front end of EI claim	\$890	\$861	\$832

such as adjustment programming, which is currently threadbare and needing revitalization. Similarly, a new federal commitment to provide EI Part I benefits when workers upgrade, train, or participate in an EI work-sharing while learning program will require provincial/territorial EI Part II allocations that support the delivery of such programs, with priority for public education and regional literacy institutions.

All measures will be paid from the EI operating account, except for EI emergency response measures (where they are enhancements of regular EI entitlements). Enhancements will be funded by the Government of Canada's Consolidated Revenue Fund.

The AFB will establish a "government fair share" 20 per cent target contribution to annual EI costs with an initial contribution of 10 per cent plus a pathway for increases. The AFB measures in this chapter amount to just over 10 per cent of overall EI benefits and represent the first step. This re-establishes government as a tripartite contributor, a principle that held for most of the history of Employment Insurance. It also recognizes that the government bears some responsibility for unemployment. The contribution will allow for enhancements and more creative uses of EI, while potentially lightening the premium-load placed on workers and their employers with more predictable increases. Employers and workers will continue to share the remaining program costs on a 1.4:1 basis.

Notes

- 1 Employment and Social Development Canada, "Summary of the 2025 Actuarial Report on the Employment Insurance Premium Rate," September 13, 2024, <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/premium/rates2025.html#h2.2>.
- 2 Statistics Canada, *Labour Force Survey May 2025*, June 2025, www150.statcan.gc.ca/n1/daily-quotidien/250606/dq250606a-eng.htm.
- 3 Katherine Scott, "Despite high unemployment, young people are being left behind this election," *Canadian Centre for Policy Alternatives*, April 25, 2025, <https://www.policyalternatives.ca/news-research/despite-high-unemployment-young-people-are-being-left-behind-this-election/>.
- 4 Provided by the Office of the Commissioner for Workers, Canada Employment Insurance Commission, June 2025 (pending official publication of the 2023/24 annual EI Monitoring & Assessment Report, which has been delayed by the parliamentary calendar).
- 5 Statistics Canada, *Report on the Main Results of the Employment Insurance Coverage Survey, 1998, 1999*, <https://www150.statcan.gc.ca/n1/en/pub/73f0008x/4194968-eng.pdf?st=j--mQGaE>.
- 6 Armine Yalnizyan, "Out of work? You may be out of luck. Why getting EI is harder than it's ever been," *Toronto Star*, August 9, 2024, https://www.thestar.com/business/opinion/out-of-work-you-may-be-out-of-luck-why-getting-ei-is-harder-than/article_51bbb61a-510d-11ef-ab64-d3cca38e6d9a.html.
- 7 Author's calculations from: Statistics Canada, *Daily* <https://www150.statcan.gc.ca/n1/daily-quotidien/250207/t001a-eng.htm> and Statistics Canada, *Employment Insurance, January 2025*, Table 1 <https://www150.statcan.gc.ca/n1/daily-quotidien/250320/t001b-eng.htm>.
- 8 Canadian Union of Public Employees, "EI reforms urgently needed as Trump tariffs take hold: Labour and community groups," March 19, 2025, <https://cupe.ca/ei-reforms-urgently-needed-trump-tariffs-take-hold-labour-and-community-groups>.
- 9 Government of Canada, *Modernizing Canada's Employment Insurance (EI) Program: Consultations—The What We Heard Report (Phase 1)*, April 29, 2022, <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/consultations-what-we-heard-phase1.html#h2.01.h3.01>.
- 10 Liberal Party of Canada, *Forward: A Real Plan for the Middle Class*, 2019, <https://2019.liberal.ca/wp-content/uploads/sites/292/2019/09/Forward-A-Real-Plan-for-the-Middle-Class-Large-Font.pdf>.
- 11 Statistics Canada, *Table 14-10-0208-01: Average weekly hours for employees paid by the hour, by industry, annual*, March 27, 2025, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410020801>.
- 12 Provided by the Office of the Commissioner for Workers, Canada Employment Insurance Commission, June 2025.
- 13 Government of Canada, "Valid Social Insurance Number required for EI special benefits," Dec 6, 2012, <https://www.canada.ca/en/news/archive/2012/12/valid-social-insurance-number-required-ei-special-benefits.html>.
- 14 Social Security Tribunal of Canada, *LC, EB, KG, VD, MT and CL v Canada Employment Insurance Commission*, January 10, 2022, <https://decisions.sst-tss.gc.ca/sst-tss/ei-ae/en/520410/1/document.do>.
- 15 Tara Deschamps, "New study sheds light on connection between motherhood and job loss," *CBC News*, June 12, 2025, <https://www.cbc.ca/news/canada/toronto/study-motherhood-job-loss-1.7559218>.
- 16 This is down from 92.4 per cent in 2022, when more flexible conditions applied during the COVID-19 pandemic.
- 17 Zhengxi Lin, "Employment Insurance in Canada: Policy changes," *Statistics Canada*, 1998, <https://www150.statcan.gc.ca/n1/en/pub/75-001-x/1998002/3828-eng.pdf?st=BnRqISqU>.

- 18** Revenu Québec, “QPIP Premiums and Maximum Insurable Earnings,” November 28, 2024, <https://www.rqap.gouv.qc.ca/en/about-the-plan/general-information/premiums-and-maximum-insurable-earnings>.
- 19** Office of the Chief Actuary, *Actuarial Report 2025: Employment Insurance Premium Rate*, Table 44, 2025, <https://www.osfi-bsif.gc.ca/sites/default/files/documents/ei-ae-2025-en.pdf?v=1750013033703>.
- 20** Zhengxi Lin, “Employment Insurance in Canada: Policy changes,” *Statistics Canada*, 1998, <https://www150.statcan.gc.ca/n1/pub/75-001-x/1998002/3828-eng.pdf>.
- 21** Herwig Immervoll, Carlo Knotz and Jongmi Lee, *Activity-Related Eligibility Conditions for Receiving Unemployment Benefits*, OCED, 2022 <https://www.oecd.org/content/dam/oecd/en/about/programmes/dg-reform/using-ai-to-improve-job-matching-tools-for-minimum-income-scheme-beneficiaries/Activity-related%20eligibility%20conditions%202022.pdf>.
- 22** Canadian Employment Insurance Commission, *EI Monitoring and Assessment Report 2017–18*, 2019, https://publications.gc.ca/collections/collection_2019/edsc-esdc/Em13-1-2018-eng.pdf.
- 23** Canadian Employment Insurance Commission, “Characteristics and Trends of EI Regular Benefits Claimants and Claims with Separation Monies,” *2019–2020 Employment Insurance Monitoring and Assessment Report*, 2021 <https://www.canada.ca/content/dam/canada/employment-social-development/programs/ei/ei-list/reports/2019-20-EI-MAR-EN.pdf>.

Environment and climate change

Ten years ago, 195 countries signed the Paris Agreement, which committed the world to limiting global warming to no more than 2 degrees Celsius above pre-industrial levels. Negotiations took place shortly after the Trudeau Liberals first came to power, and Canada's then-environment minister Catherine McKenna was instrumental in pushing for an additional "aspirational" target of limiting global warming to 1.5 degrees.

In 2024, the world hit 1.5 degrees of warming for the first time, putting the Agreement's targets in grave jeopardy.¹ It is a global shared failure—but Canada is especially culpable for allowing significant growth in oil and gas production over the past decade. In spite of progress in other areas—such as the phase-out of coal-fired electricity generation—Canada's overall emissions have fallen only six per cent since 2015, and we remain the most polluting country per capita outside Saudi Arabia.²

Another devastating summer of wildfires is a stark reminder of the stakes of inaction. We cannot afford to sit idly by as the human, environmental and economic costs of climate change continue to rise. Getting fossil fuels out of the economy is essential for meeting our climate targets and setting Canada up for success in a decarbonizing global economy. It is a monumental task that the AFB does not shy away from.

Overview

Over the past decade, the federal government has released a series of climate plans. The latest iteration is the *2030 Emissions Reduction Plan*, published in 2022. Most of the plan has now been brought into force, including the long-awaited Clean Electricity Regulations, finalized in December 2024, which will limit the role of fossil fuels on Canada's power grid.

The most important outstanding promise is an oil and gas sector emissions cap. Fossil fuel production is the largest and fastest growing source of emissions in Canada, accounting for 30 per cent of total greenhouse gas emissions in 2023. The oil and gas cap would be a powerful tool for driving down emissions in the sector, but it has been mired in opposition from industry and some provincial governments even as the federal government has repeatedly watered down the proposed regulations.

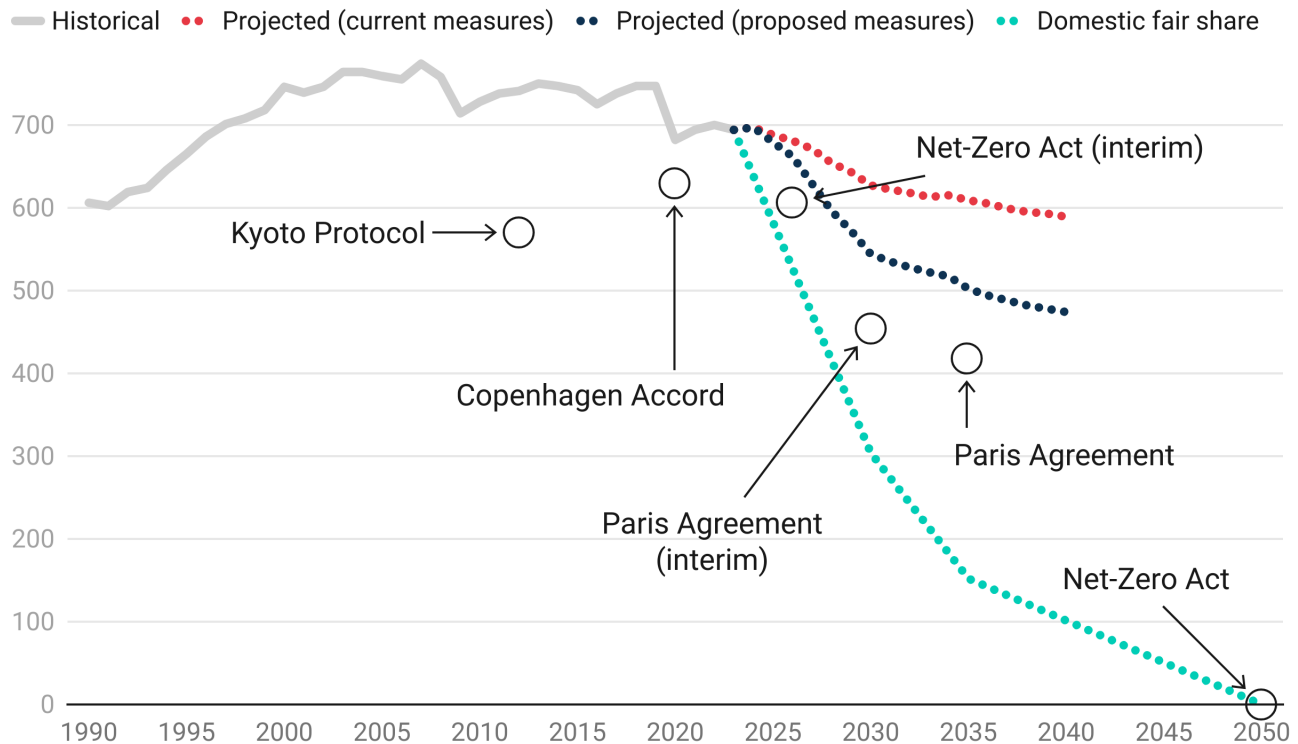
Unfortunately, even if the cap were implemented, Canada's climate policies—those already in place and those it has promised—are wildly insufficient for meeting the urgency of the climate crisis. The latest government projections suggest Canada will blow past our domestic climate targets by a wide margin, not to mention our fair share of the global climate effort (see Figure 10.1). To make matters worse, the federal government recently eliminated consumer carbon pricing, which means we are on track for even higher emissions.

The *Net-Zero Act* requires the federal government to develop and report on climate plans, but whether the new Liberal government has any intention of closing the emissions gap remains to be seen. The party did not make climate action a priority during the election campaign or in the prime minister's mandate letter. Commitments to support energy efficiency and clean transportation remain vague, as does a promise to "improve" the existing industrial carbon pricing system. The government has even entertained new oil pipelines and liquified natural gas (LNG) projects, and made clear its continued support for subsidies to the fossil fuel industry for carbon capture, utilization and storage (CCUS).

LNG and CCUS are both false climate solutions. They are technologies superficially intended to reduce greenhouse gas emissions, but which, in practice, exist to support continued production and consumption of fossil fuels. The lifetime emissions of LNG can be higher than from coal,³ and CCUS is prohibitively expensive and despite decades of publicly-subsidized development has still not been proven at scale.⁴ Yet by

Figure 10.1 / Historical and projected greenhouse gas emissions vs. national climate targets

Greenhouse gas emissions in MT CO₂e



Source Environment and Climate Change Canada, *National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada*, Government of Canada, March 2025, <https://publications.gc.ca/site/eng/9.506002/publication.html>; Environment and Climate Change Canada, *Canadian environmental sustainability indicators: Greenhouse gas emissions projections*, Government of Canada, January 2025, <https://publications.gc.ca/site/eng/9.946198/publication.html>; and Ceecee Holz, *Canada's Fair Share of 1.5°C-Consistent Global Mitigation Through 2035*, *Climate Equity Reference Project*, April 2024, <https://zenodo.org/records/11062130>.

promising to invest in these false solutions, the fossil fuel industry has avoided any serious government efforts to curtail its emissions.

Rather than identify fossil fuel production as the fundamental problem that it is, the federal government has instead tried to compromise with the industry and placate its political backers. For example, the grand bargain the Trudeau government struck by purchasing and building the Trans Mountain Expansion (TMX) pipeline was framed as a necessary concession to win political support for climate action in oil-captured Alberta. TMX is now pumping millions of barrels of oil to the Pacific coast, and opposition to federal climate action in Alberta is as strong as ever.

The federal government provided more than \$50 billion in public subsidies to TMX alone.⁵ In contrast, federal investment in the clean economy is falling well short. While the government is expected to spend about \$20 billion on climate initiatives this year, that only accounts for about 0.5 per cent of GDP.⁶ To successfully decarbonize the economy, total public and private spending on the order of \$100 billion per year, or about 2 per cent of GDP, is likely necessary.⁷ Ironically, the federal government's recent commitment to spending 2 per cent of GDP on defence illustrates just how attainable a target it is with political will (see Defence chapter).

Decarbonizing the Canadian economy by regulating fossil fuels and spending enough on climate action is not merely an environmental or moral imperative. In 2024, extreme weather caused a record-breaking \$8.5 billion in insurable losses in Canada.⁸ Indirect costs to human health, productivity and so on likely totalled closer to \$20 billion.⁹ After yet another devastating wildfire season, 2025 is shaping up to be no different. Yet these costs are just the tip of the iceberg. Canada's economy will be cut by a third or even in half by the end of the century if climate change continues to go unchecked—economic damages on a scale that vastly exceeds the cost of achieving net-zero emissions.¹⁰

Actions

The AFB will ensure the timely passage of two major outstanding federal climate commitments: the *Oil and Gas Sector Greenhouse Gas Emissions Cap* and the *Climate-Aligned Finance Act*. The federal government has put forward versions of both policies, but neither has been fully implemented. Capping emissions from Canada's most polluting industry is essential for our climate commitments, as are requirements that financial institutions develop, adhere to and report on credible climate plans.¹¹

The AFB will impose climate and biodiversity conditions, also known as "green strings," on all federal spending, including infrastructure investment and public procurement. Not all spending needs to focus on decarbonization, but no spending should exacerbate these crises.

The AFB will create an Environmental Justice Secretariat to implement the national strategy required by the *National Strategy Respecting Environmental Racism and Environmental Justice Act*. The AFB will apply an equity lens to all environmental policies and programs, requiring disaggregated data, outcome tracking and community

representation in decision-making to ensure climate benefits and burdens are distributed fairly.

The AFB will strengthen the national carbon pricing system by reinstating the consumer carbon pricing backstop on its previous schedule and closing loopholes in the industrial output-based pricing system (OBPS). At present, major industrial emitters, such as oil and gas producers, pay only a fraction of the headline carbon price, which amounts to a significant fossil fuel subsidy. The OBPS was always intended to be a transitory system that would gradually be wound down as the full price of carbon was phased in for industry. The AFB will accelerate that transition by subjecting all industrial emitters to the full national carbon price within three years. As it is revenue neutral for the federal government, there will be no federal revenue impact. To offset competitiveness concerns, the AFB will introduce a carbon border adjustment mechanism—as promised in the Liberal platform—that applies a tariff on goods that were produced without paying a comparable carbon price in their jurisdiction of origin.

The AFB will impose a moratorium on all new fossil fuel infrastructure, including oil sands expansions, offshore oil wells, liquified natural gas facilities, oil and gas pipelines and gas power plants. Canadian industry is already on pace to be stuck with more than \$70 billion in stranded assets due to global decarbonization efforts.¹² Investing even more capital into the dying fossil fuel industry is an expensive and avoidable mistake, especially when it starves greener industries of the capital they need.

The AFB will create a new national Oil and Gas Cleanup Fund to supplement Alberta's inadequate and underfunded Mine Financial Security Program (MFSP). The estimated cost of cleaning up old oil infrastructure in Canada is over \$120 billion, with most of those costs being connected to the oil sands in Alberta.¹³ Yet only \$1.7 billion has been set aside in the MFSP for cleanup.¹⁴ The main weakness of the MFSP is that producers are only required to pay into it as their projects are approaching the end of their productive life. Companies often declare bankruptcy or otherwise disappear at this stage, leaving the public on the hook for cleanup costs.¹⁵ The new federal program will be fully funded by industry through an aggressive securities payment schedule. Industry can no longer be permitted to shirk responsibility for environmental damages.

The AFB will commit \$66 billion over eight years to strengthen and accelerate the implementation of the National Adaptation Strategy (NAS) and related resilience programs. The current strategy is neither systematic nor comprehensive, and preparing for and adapting to the impacts of climate change is more important than ever.¹⁶ A refocused

and refunded NAS can help Canada avoid significantly greater future costs—every dollar spent now protects the economy from \$13 to \$15 in damages down the road.¹⁷ As part of this funding, the AFB will develop a National Response and Recovery Strategy to help communities impacted by climate impacts. Lytton, Jasper, Fort McMurray, Slave Lake and other communities devastated by wildfires in recent years received only piecemeal responses from governments. Recognizing that climate-related disasters are now systemic, rather than isolated incidents, means the federal government needs dedicated disaster response capacity.

The AFB will commit \$10 billion over five years for nature conservation and biodiversity restoration, including for Indigenous-led conservation and stewardship programs. The Liberal election platform promised \$1.5 billion over four years for nature-related promises, which is a promising start, but more money will be needed to achieve our goals of protecting 30 per cent of Canada's land and water by 2030 and implementing the Global Biodiversity Framework.

The AFB will commit \$12.5 billion over five years to improve the energy efficiency—and thus the affordability—of homes and residential buildings. Of that, \$7 billion will be for no-cost upgrades for low-income households, including in rental buildings, and \$3.8 billion for deep retrofits in Indigenous communities. The remainder will fund skills training, research and demonstration projects.

The AFB will commit \$20 billion over five years for Canada's fair share of international climate finance. Providing funding to developing countries to mitigate and adapt to climate change is a moral duty, and reduces global greenhouse gas emissions—and, thus, climate impacts in Canada—often at a lower cost than equivalent domestic emissions reductions.

The AFB will commit \$1 billion per year toward the rapid development of a Youth Climate Corps (YCC), which would train and employ young people to solve climate challenges in Canada. Budget 2024 included an unfunded promise to work toward a YCC, and the Liberal election platform included \$56 million for a pilot, but far more funding is necessary to meet the need and demand for good climate jobs.¹⁸ Many of the spending priorities described in this chapter, such as a home retrofitting program and disaster response strategy, will require significant numbers of additional workers. The YCC is also an opportunity to bring underrepresented groups, such as women, racialized workers and immigrants, into the clean economy.

Table 10.1 / AFB actions on environment and climate change

All figures in \$millions

	2026-27	2027-28	2028-29
Carbon border adjustment mechanism (net of re-export rebate)	-\$1,487	-\$1,690	-\$1,892
National Adaptation Strategy, including National Response and Recovery Strategy	\$8,250	\$8,250	\$8,250
Nature conservation and biodiversity restoration	\$2,000	\$2,000	\$2,000
Energy efficiency retrofits for low-income and Indigenous households	\$2,500	\$2,500	\$2,500
International climate finance	\$4,000	\$4,000	\$4,000
Youth Climate Corps	\$1,000	\$1,000	\$1,000

Reducing greenhouse gas emissions is an all-of-government priority with implications in a wide variety of policy areas. Additional climate-related priorities can be found in other AFB chapters.

The AFB will increase funding for a clean electricity grid, electric vehicle charging network, public transit operations, active transit infrastructure, electric buses and high-speed rail (see Infrastructure chapter).

The AFB will develop an industrial strategy consistent with climate policy priorities, and will create a Just Transition Benefit to support workers negatively impacted by climate action (see Industrial strategy and Environment and Climate Change chapters).

The AFB will eliminate all subsidies to the fossil fuel industry (see Taxation chapter).

The AFB will direct Canadian diplomats to negotiate an exception for climate action from international trade and investment rules (see International Trade chapter).

Notes

¹ Copernicus Climate Change Service, "2024 is the First Year to Exceed 1.5°C Above Pre-Industrial Levels," *Copernicus*, January 10, 2025, <https://climate.copernicus.eu/copernicus-2024-first-year-exceed-15degc-above-pre-industrial-level>.

² Environment and Climate Change Canada, *Canadian Environmental Sustainability Indicators: Global Greenhouse Gas Emissions*, consulted June, 2025, <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/global-greenhouse-gas-emissions.html>.

³ Robert W. Howarth, *The Greenhouse Gas Footprint of Liquefied Natural Gas (LNG) Exported from the United States*, *Energy Science & Engineering* 12, no. 11 (November 2024): <https://scijournals.onlinelibrary.wiley.com/doi/10.1002/ese3.1934>.

- 4 Katrin Sievert, Laura Cameron and Angela Carter, *Why the Cost of Carbon Capture and Storage Remains Persistently High*, International Institute for Sustainable Development, September 2023, <https://www.iisd.org/articles/deep-dive/why-carbon-capture-storage-cost-remains-high>.
- 5 Julia Levin, "Federal Government Approves New, Massive \$20 Billion Loan for Trans Mountain Pipeline," *Environmental Defence*, January 31, 2025, <https://environmentaldefence.ca/2025/01/31/federal-government-approves-new-massive-20-billion-loan-for-trans-mountain-pipeline/>.
- 6 Hadrian Mertins-Kirkwood, *Spending What It Takes: 2024 Update*, Canadian Centre for Policy Alternatives, March 13, 2024, <https://www.policyalternatives.ca/news-research/spending-what-it-takes-2024-update/>.
- 7 Finance Canada, *Budget 2022: A Plan to Grow our Economy and Make it More Affordable*, Government of Canada, April 7, 2022, p. 60.
- 8 Insurance Bureau of Canada, *2024 Shatters Record for Costliest Year for Severe Weather-Related Losses in Canadian History at \$8.5 Billion*, January 13, 2025, <https://www.ibc.ca/news-insights/news/2024-shatters-record-for-costliest-year-for-severe-weather-related-losses-in-canadian-history-at-8-5-billion>.
- 9 Canadian Climate Institute, *Damage Control: Reducing the Costs of Climate Impacts in Canada*, September 2022, <https://climateinstitute.ca/reports/damage-control/>.
- 10 Adrien Bilal and Diego R. Känzig, *The Macroeconomic Impact of Climate Change: Global vs. Local Temperature*, National Bureau of Economic Research Working Paper No. 32450 (May 2024; revised November 2024), <https://doi.org/10.3386/w32450>; M. Kotz, A. Levermann, and L. Wenz, *The Economic Commitment of Climate Change*, *Nature* 628 (2024), <https://www.nature.com/articles/s41586-024-07219-0>; University of Cambridge, *Too Hot to Think Straight, Too Cold to Panic*, March 10, 2025, <https://www.cam.ac.uk/research/news/too-hot-to-think-straight-too-cold-to-panic>.
- 11 Alan Andrews, Andhra Azevedo, Tanya Jemec, Julie Segal and Adam Scott, *Roadmap to a Sustainable Financial System in Canada*, Environmental Defence, Ecojustice & Shift: Action, November 2022, <https://environmentaldefence.ca/report/roadmap-to-a-sustainable-financial-system-in-canada>.
- 12 *Heads in the Sands*; see also UK Sustainable Investment and Finance Association (UKSIF), *Stranding: Modelling the UK's Exposure to At-Risk Fossil Fuel Assets*, March 6, 2025, <https://uksif.org/stranding-modelling-the-uks-exposure-to-at-risk-fossil-fuel-assets/>.
- 13 Environmental Defence, "Past Due: Tallying the Costs of Oil and Gas Cleanup in Canada," *Environmental Defence*, July 2023, <https://environmentaldefence.ca/report/past-due-tallying-the-costs-of-oil-and-gas-cleanup-in-canada/>.
- 14 Alberta Energy Regulator, "Mine Financial Security Program—Security and Liability," 2024, <https://www.aer.ca/regulating-development/project-closure/liability-management-programs-and-processes/mine-financial-security-program>.
- 15 Regan Boychuk, Mark Anielski, John Snow Jr. and Brad Stelfox, *The Big Cleanup: How enforcing the Polluter Pay principle can unlock Alberta's next great jobs boom*, Alberta Liabilities Disclosure Project, June 2021.
- 16 Office of the Auditor General of Canada, *Report 1—National Adaptation Strategy, 2025, Reports 1 to 4 of the Commissioner of the Environment and Sustainable Development to the Parliament of Canada*, 2025, https://www.oag-bvg.gc.ca/internet/English/parl_cesd_202506_01_e_44647.html.
- 17 Dave Sawyer, Ryan Ness, Caroline Lee and Sarah Miller, "Damage Control: Reducing the Costs of Climate Impacts in Canada," *Canadian Climate Institute*, September 2022, <https://climateinstitute.ca/reports/damage-control>.
- 18 Climate Emergency Unit, "Youth Climate Corps Polling Results, 2023," *Climate Emergency Unit*, accessed June 2025, <https://www.climateemergencyunit.ca/youth-climate-corps-polling>.

First Nations

Introduction

Prime Minister Mark Carney has committed to maintaining the federal government's momentum on the path to reconciliation. He is also adamant that Canada must become a clean energy superpower, establish new trade corridors, and fast-track energy, resource and infrastructure development projects that serve the "national interest."

So far, rather than recognizing and respecting First Nations inherent, treaty, and constitutional rights as well as title and jurisdiction, Canada has prioritized the *One Canadian Economy Act*.¹

Although the latest speech from the throne was historic for acknowledging and committing to respect the principle of free, prior, and informed consent (FPIC), the *One Canadian Economy Act* is an example of the new government's apparent retrenchment on commitments to reconciliation and its stark disregard for FPIC.

The legislation seeks to accelerate major projects deemed to be in Canada's national interest. Many would involve First Nations' lands, waters, and resources, yet First Nations rights-holders were provided no opportunity to review—let alone consent to—the Act before its introduction.²

There is a prudent, alternative means to pursuing "nation-building": investments in First Nations' critical and longstanding priorities would better serve the objectives of the *One Canadian Economy Act* without bypassing environmental protections and the duty to consult—and without the risk to Canada of incurring ever more court and settlement costs.

Overview

The high cost of the status quo

Canada can no longer afford to neglect First Nations' funding priorities or fail to address exclusionary laws, policies, and regulations that create and sustain socio-economic gaps between First Nations and the rest of Canada.

The monumental Royal Commission on Aboriginal Peoples (RCAP) report, released in 1996, included an analysis of the "High Cost of the Status Quo," demonstrating that in addition to the legal and moral imperatives for Canada to finally uphold its obligations to First Nations, there is a sound economic basis for doing so. Indeed, the Commission asserted that Canada could not afford the excess costs that result from policies of the past.

Despite the RCAP and subsequent landmark efforts like the Truth and Reconciliation Commission,³ critical and chronic underinvestment remains the norm. Since 1997, funding for First Nations governance has not increased beyond two per cent annually.⁴ Much of this is provided through Band Support Funding. Its allocation formula is 30 years old, it was inadequate from the outset to support core governance functions, it has not escalated to keep pace with price inflation and population growth, and it has not been adjusted to account for modern governance functions like basic information technology and management. Consequently, many First Nations governments have become unable to deliver essential services to their citizens.

Back in 1996, the "High Cost of the Status Quo" analysis projected that, through lost earnings and production, and the cost of government assistance and basic services, the total annual cost⁵ of the status quo to Indigenous Peoples and Canadian governments would reach \$11 billion⁶ per year by 2016.

This has proven to be an underestimation: on top of the annual budgets of the departments of Indigenous Services Canada (ISC) and Crown-Indigenous Relations, Canada continues to accrue billions of dollars of "forced" spending on programs such as Jordan's Principle and reform of First Nations Child and Family Services Program, as well as the settlement of Indigenous claims. Of the total proposed spending in Canada's Supplementary Estimates for 2024-25, \$7.8 billion (61.8 per cent of the total), was spent in this way.

By the end of March 2023, Canada had booked \$76 billion in contingent liabilities, mainly set aside for the resolution of Indigenous claims. As of 2024, Canada reported \$26 billion in contingent liabilities

related solely to unresolved legal obligations to First Nations, with over three million acres owed to First Nations through Treaty Land Entitlement and specific claim settlements. Canada's 2024 Fall Economic Statement confirmed that, had it honoured promises and fulfilled obligations to First Nations, the federal deficit would be \$40 billion instead of \$60 billion. It was this economic statement that precipitated the resignation of the minister of finance and, eventually, Prime Minister Justin Trudeau.

Closing the infrastructure gap

This stream of expenses is unlikely to subside of its own accord, as First Nations infrastructure is another area where Canada's underinvestment is likely to prove profoundly uneconomic. The last major federal infrastructure investment for buildings and utilities was in 1994-96; for transportation-related infrastructure it was 1980.

First Nations compelled former Prime Minister Justin Trudeau to mandate several cabinet ministers to collaborate to close the infrastructure gap in all First Nations, across all asset categories, by the year 2030. To support Canada to meet this commitment, the Assembly of First Nations (AFN) partnered with industry-leading engineering and consulting firms, Indigenous Services Canada, and the Conference Board of Canada to publish a series of reports identifying the costs and benefits of investing to close the infrastructure gap for all First Nations.

The first report⁷ was a 2023 national cost estimate showing that \$349.2 billion in capital and operations funding were required to close the gap across all asset categories, including housing, safe drinking water, roads and highway structures, housing repairs and new unit construction, community buildings, climate adaptation, net-zero carbon, power supplies, and others. It was based on community-specific data provided directly to the AFN and ISC through surveys administered to more than 400 First Nations.

Two other reports, published in 2024⁸ and 2025,⁹ detailed the direct and downstream impacts associated with the \$349.2 billion investment. These include generating \$308.9 billion in GDP, propelling Canada from last to first among G7 nations in per capita GDP growth; creating 338,300 full-time jobs per year; and boosting federal, provincial, territorial, and municipal revenues by a combined total of \$86.8 billion. The reports estimated that 90.7 per cent of the jobs would be held by non-First Nations workers at the current skills-ready standard, due to demographic size.

The long-term benefits of these investments cannot be understated. They include better health and mental wellness due to safer housing and

clean water; higher graduation rates and more skilled workers through better access to schools and all-season roads; cultural strength and language revitalization supported by community centres and digital connectivity; climate resilience and sustainability, with First Nations leading environmental stewardship; and reduced isolation and stronger economies through improved transportation and broadband access.

Infrastructure planning and delivery must happen through recognition and respect for the rights of First Nations. First Nations are seeking to decide when and how control over infrastructure development, including housing, can shift from federal to First Nations responsibility, with the necessary attention to governance arrangements, skills development, and funding. From a funding perspective, First Nations infrastructure projects must be accompanied by a transformation in how First Nations infrastructure programming is delivered by the Government of Canada.

To accelerate this, Canada must work directly with First Nations to move away from a federal year-to-year, pay-as-you-go approach to infrastructure funding. Infrastructure projects are complex and require significant capital investments with rolling budgets to drive progress through multi-year planning, design, and construction phases. Reliable, self-determined funding will also support First Nations to keep the administrative momentum moving forward and sustain projects to completion.

Bill C-5: *One Canadian Economy Act*

Unfortunately, rather than prioritize these nation-building investments, Canada fast-tracked Bill C-5, the *One Canadian Economy Act*. This is in violation of its commitments under the United Nations Declaration of the Rights of Indigenous Peoples, including Article 19, which requires states to obtain the free, prior, and informed consent of Indigenous peoples “before adopting and implementing legislative or administrative measures that may affect them.”

The Act received royal assent on June 26, 2025, less than three weeks after the Government of Canada tabled the legislation in the House of Commons. The Building Canada Act forms Part 2 of the legislation, the purpose of which is:

...to enhance Canada's prosperity, national security, economic security, national defence and national autonomy by ensuring that projects that are in the national interest are advanced through an accelerated process that enhances regulatory certainty and investor confidence, while protecting the environment and respecting the rights of Indigenous peoples.¹⁰

The Act enables the governor in council to identify certain projects as being in the “national interest” and authorizes the governor in council to pass regulations to exempt national interest projects from the application of certain laws and regulations, including the *Impact Assessment Act*. The broad powers contained in Bill C-5 may impact opportunities for First Nations to participate in regulatory processes and will likely be used to shorten project timelines. This has significant implications for the protection of Aboriginal and treaty rights.

Factors that the governor in council may use to decide whether a project is in the national interest include the following:

- The project strengthens Canada’s autonomy, resilience, and security.
- It provides economic or other benefits to Canada.
- It has a high likelihood of successful execution.
- It advances the interests of Indigenous Peoples.
- It contributes to clean growth and to meeting Canada’s objectives with respect to climate change.

First Nations leaders across Canada have pointed out that these objectives would be better served by investing to close the infrastructure gap in First Nations. In addition to creating jobs and generating economic growth directly through the construction of assets, this would allow Canada to demonstrate real progress in meeting its commitments and obligations to First Nations and avoid incurring legal costs.

As it stands, this legislation marks a reversal on the path to reconciliation. The recent First Nations Drinking Water Class Action, Robinson Huron Annuities, First Nations Child and Family Services, Jordan’s Principle, and countless land claim settlements are signals of what may be to come as Canada has also neglected its fiduciary obligations to First Nations in the areas of health, education, housing, policing, and public safety. Each of these areas requires significant investment to enable infrastructure.

Actions

The AFB will invest \$90 million over three years to support collaboration between the Government of Canada and First Nations to establish an evidence-based assessment of specific claims research funding needs.

The AFB will invest \$15 million over three years to support First Nations' engagement on specific claims policy reform. This includes transitioning the control of the policy to an independent centre for the resolution of specific claims.

The AFB will invest \$53 million over three years to renew and enhance current additions to reserve (ATR) funding to support ongoing engagement on and co-development of ATR policy re-design, and to address the backlog of existing ATR proposals. First Nations require adequate funding to support the development of their technical and legal capacity to participate in the ATR process.

The AFB will invest \$40 million over two years¹¹ to support all interested First Nations to participate in rights-based negotiation tables.

The AFB will invest \$18 million over three years to support First Nations-led implementation of the United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan Measures 23 and 24, to repeal and develop alternatives to policies on comprehensive lands claims and inherent rights.

The AFB will invest \$3.99 billion over three years¹² to enhance Band Support Funding to adequately support First Nations governments to perform the basic functions of modern governance.

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

The AFB will create a framework for investing \$349.2 billion over seven years to close the infrastructure gap for First Nations and deliver on the Government of Canada's nation-building aspirations for First Nations and all Canadians. To accelerate the planning and construction of First Nations infrastructure projects, the Government of Canada commits to co-developing a First Nations-led approach that includes long-term, reliable funding for planning, construction, and ongoing operations and maintenance for First Nations infrastructure projects. This includes \$20.79 billion for climate adaptation of all First Nations assets by 2080, and \$12.71 billion for achieving net-zero carbon by 2050.

The AFB will support the establishment, within this fiscal year, of a self-governed First Nations Infrastructure Bank to meet the unique investment, capacity building, and customer service needs of First Nations in closing the infrastructure gap. This will be capitalized by re-profiling the \$10 billion Indigenous Loan Guarantees Program.

Table 11.1 / AFB actions on First Nations**All figures in \$millions**

	2026-27	2027-28	2028-29
Support First Nations to research their specific claims	\$30	\$30	\$30
Support First Nations' engagement on specific claims policy reform	\$5	\$5	\$5
Enhance additions-to-reserve funding	\$18	\$18	\$18
Support all interested First Nations to participate in negotiation tables	\$20	\$20	
Develop alternatives to the comprehensive lands claims and inherent rights policies	\$6	\$6	\$6
Enhance band support funding to meet basic, modern governance needs	\$1,330	\$1,330	\$1,330
Infrastructure, Operations and Maintenance	\$1,520	\$2,400	\$3,320
Infrastructure, Capital	\$1,179	\$1,857	\$2,574
Housing, Operations and Maintenance	\$1,890	\$2,450	\$3,030
Housing, Capital	\$3,564	\$5,610	\$7,779
First Nations government specific, Capital	\$1,720	\$2,706	\$3,753
Education, Operations and Maintenance	\$330	\$510	\$710
Education, Capital	\$246	\$392	\$541
Drinking water advisories, Operations and Maintenance	\$30	\$50	\$60
Drinking water advisories, Capital	\$9	\$13	\$18
All season roads access, Operations and Maintenance	\$450	\$710	\$980
All season roads access, Capital	\$906	\$1,426	\$1,976
Climate Change adaptation, Operations and Maintenance	\$460	\$720	\$1,000
Climate Change adaptation, Capital	\$761	\$1,197	\$1,659
Net Zero Carbon, Capital	\$396	\$620	\$862
Connectivity, Capital	\$163	\$255	\$352
Accessibility, Capital	\$48	\$79	\$110
First Nations-led approaches to addressing homelessness	\$780	\$780	\$780

The AFB will invest \$2.34 billion over three years¹³ to fully address chronic homelessness affecting First Nations citizens. It will provide enhanced, distinctions-based funding streams under the Reaching Home program directly to First Nations regional delivery organizations to design and deliver First Nations-led approaches to addressing homelessness.

Notes

- 1** Canada. Parliament. House of Commons, *One Canadian Economy Act: An Act to enact the Free Trade and Labour Mobility in Canada Act and the Building Canada Act* (Bill C-5, 45th Parl., 1st Sess.), Royal Assent June 26, 2025.
- 2** First Nations leaders only learned of the legislation in May 2025; the draft legislation was introduced within a week and then rushed through the parliamentary process to receive Royal Assent on June 26, 2025.
- 3** Truth and Reconciliation Commission of Canada, *Honouring the Truth, Reconciling for the Future: Summary of the Final Report of the Truth and Reconciliation Commission of Canada*, 2015.
- 4** Figure based on internal AFN analysis of Band Support Funding (BSF) from Public Accounts of Canada and Indigenous Services Canada/Indigenous and Northern Affairs Canada departmental plans and reports; from 1997 to 2023, BSF per capita funding fell from \$517 to \$275 (in 2022 dollars).
- 5** Net income loss of "Aboriginal" people, including foregone earned income (\$4.3 billion), and total costs to Canadian governments (\$6.7 billion), including expenditures on remedial programs and financial assistance to "Aboriginal" people.
- 6** This is in 1996 dollars, which would be \$20.3 billion in today's dollars.
- 7** The Conference Board of Canada, *Benefits for All Canadians (Part 1): Economic Impact of Closing the Infrastructure Gap*, presented to the Assembly of First Nations, August 30, 2024.
- 8** Ibid.
- 9** The Conference Board of Canada, *Benefits for All Canadians (Part 2): Long-term Socio-economic Impacts of Closing the Infrastructure Gap by 2030*, presented to the Assembly of First Nations, May 15, 2025.
- 10** Canada. Parliament. House of Commons, *One Canadian Economy Act: An Act to enact the Free Trade and Labour Mobility in Canada Act and the Building Canada Act* (Bill C-5, 45th Parl., 1st Sess.), Royal Assent June 26, 2025, Part 2, s.4.
- 11** This is in addition to the Budget 2024 investment of \$96.5 million over two years for this purpose, which, although welcomed, was inadequate to meet the needs of all interested First Nations.
- 12** Current funding for First Nation governance amounts to just over three per cent of expenditures, whereas most governmental organizations operate in the 10–15 per cent range. It is regularly estimated that only about 30 per cent of First Nations financial governance needs are met by ISC funding, therefore an immediate tripling of BSF funding is warranted.
- 13** Based on the Assembly of First Nations *Cost Estimates Related to First Nations Homelessness*, 2023, which draws primarily on: Office of the Parliamentary Budget Officer, *Federal Spending to Address Homelessness*, 2024, <https://www.pbo-dpb.ca/en/publications/RP-2425-005-S--federal-spending-address-homelessness--depenses-federale-matiere-itinerance>. See also: Eric A. Latimer, David Rabouin, Zhirong Cao, Annie Ly, Geoffrey Powell, Tim Aubry, Jino Distasio, Stephen W. Hwang, Julian M. Somers, Ahmed M. Bayoumi, Craig Mitton, Emma E. M. Moodie, and Paula N. Goering, "Cost-Effectiveness of Housing First With Assertive Community Treatment: Results From the Canadian At Home/Chez Soi Trial," *Psychiatric Services*, 71(10), 2020, <https://doi.org/10.1176/appi.ps.202000029>; and Homeless Hub, "Housing First," *Homelesshub.ca*, 2021, <https://www.homelesshub.ca/solutions/housing-accommodation-and-supports/housing-first>.

Food security

Introduction

Food insecurity exists at both the household and community levels. *Household food insecurity* occurs when there is inadequate access to food due to financial constraints,¹ and *community food insecurity* occurs when communities cannot sustainably access or produce culturally appropriate food due to systemic barriers.² Both types of food insecurity are deeply interlinked, so addressing them together is essential for lasting, equitable food security.³

In 2024, nearly 10 million people—including 2.5 million children—in the 10 Canadian provinces experienced household food insecurity,⁴ the highest rate ever recorded and a 15 per cent increase from the previous year. This figure likely underestimates the crisis, as it excludes people in the territories, on reserves, in institutions, or in remote communities, and people who are unhoused—all groups at higher risk of experiencing food insecurity.⁵ Household food insecurity stems from inadequate incomes driven by economic inequality, high living costs, stagnant wages, precarious work, and weak supports.⁶

Community food insecurity is also widespread across the country, especially in rural, remote, Northern, Indigenous, Black, and racialized communities. It manifests through poverty, housing insecurity, unemployment, unaffordable essentials, poor access to food, and food bank reliance.⁷ It is caused by systemic conditions such as colonial legacies, structural inequalities, land dispossession, and corporate concentration.⁸

With political will, food insecurity in Canada is solvable. Evidence-informed policies can reduce food insecurity by recognizing food as

a human right, raising incomes, curbing corporate profiteering, and supporting Indigenous and Black food sovereignty.

Overview

The policies advanced in this AFB are grounded in the following five key insights.

1. Food insecurity impacts every aspect of peoples' lives

Food insecurity undermines health, child development, relationships, employment, and dignity. People often skip meals to afford rent, utilities, or medication. It results from and reinforces denied human rights. It worsens poverty, impacts education and employment outcomes, and strains our healthcare system.

- Food insecurity leads to more health problems and greater health care use.⁹
- Even without facing hunger themselves, children in food insecure households experience worse mental health.¹⁰
- People in food insecure households often skip prescription medications due to cost—nearly half of them face food insecurity.¹¹
- Food insecurity and housing unaffordability are closely linked. Three in ten renters and one in six mortgage-holders are food insecure.¹²
- Overall, food insecurity contributes to anxiety, depression, and social isolation.¹³

2. Household food insecurity is an income problem

Inadequate income is a key driver of food insecurity. Employment incomes are not keeping pace with living costs. Housing costs and interest rates are squeezing household budgets. Precarious work—more common among racialized and newcomer communities—is on the rise.¹⁴

Work alone is not enough to meet basic needs, yet public supports keep falling short, leaving millions vulnerable.¹⁵ This explains the following:

- Three in five food insecure households rely on employment (including self-employment) income.¹⁶ Working poor households are twice as common among Indigenous, Black, and racialized people.¹⁷

- Seventy per cent of households on social assistance are food insecure.¹⁸
- One in three adults (aged 18–64) living alone or with roommates is food insecure.¹⁹

3. Food insecurity reflects and perpetuates inequities

Food insecurity does not affect all households or communities equally. It is shaped by colonialism, racism, ableism, and policy failures that limit access to income, land, education, and healthcare.²⁰ Community food insecurity undermines community resilience through lost infrastructure, weak investment, land dispossession, and policies that prioritize corporate chains. Many communities lack access to grocery stores, growing spaces, or culturally appropriate food. Even with sufficient income, people may face high prices, poor quality, or limited options.

- Nearly 40 per cent of Indigenous Peoples off-reserve live in a food insecure household.²¹ Rates are higher on reserves.²²
- Some 32 per cent of racialized people and 47 per cent of Black people experience household food insecurity.²³
- People with disabilities are twice as likely to be food insecure.²⁴
- Households led by Indigenous, Black, and racialized earners or people with disabilities face higher food insecurity, even above the poverty line.²⁵

4. Community food insecurity is driven by corporate control

A few powerful corporations dominate Canada's food system.²⁶ Their profit-driven practices raise costs, limit competition, and concentrate power. These situations squeeze out smaller players and they limit local food economies, food system democracy, and consumer choice. They weaken community food sovereignty and reduce food access for entire regions—especially in remote and Northern communities.²⁷

- Farmers face rising input costs and consolidation, leading to fewer industrial farming alternatives and debt (see the Agriculture chapter).
- Supply chain shocks are passed to consumers through shrinkflation and skimpflation.

5. For Indigenous and Black communities, food insecurity is a food systems issue

Colonization has disrupted Indigenous food systems and severed ties to ancestral lands²⁸ (see the First Nations chapter). Indigenous food sovereignty efforts face colonial funding policies, regulatory barriers, and chronic underinvestment.²⁹ Programs like Nutrition North often subsidize corporate retailers over community-led harvesting.³⁰ Climate change further threatens food ecosystems.³¹

Black communities face systemic racism, land and capital barriers, and historic exclusion.³² Black-led food efforts remain underfunded and underrecognized.³³ Discrimination in housing, employment, and education compounds food insecurity,³⁴ while lack of race-based data limits targeted support.³⁵

Indigenous and Black communities are resilient and are leading transformative food sovereignty work. Investing in these efforts is critical for reconciliation, racial justice, and systemic change.

Actions

1. Legislating national household food security targets

The AFB will pass a bill by fall 2026 to set two national targets: cut household food insecurity by 50 per cent and eliminate severe household food insecurity by 2030, using 2021 as the baseline. These targets align with Canada's Poverty Reduction Strategy and UN Sustainable Development Goals. Meeting them would mean three million fewer people facing household food insecurity.

The AFB will establish a time-limited federal working group with sectoral experts and people with lived experience to recommend actions to achieve these targets.

The AFB will measure progress using disaggregated data by race, Indigeneity, age, gender, sexual orientation, disability, and geography to track equity (see the Racial Equity and Gender Equality chapters).

2. Strengthening household incomes across the lifespan

Research shows that income supports reduce household food insecurity.³⁶ For instance:

- Severe household food insecurity among families with children dropped after the Canada Child Benefit increased support for recipient families in 2016.³⁷
- Household food insecurity halved among low-income, unattached seniors at age 65 when they started receiving Old Age Security and the Guaranteed Income Supplement.³⁸

Building on these successes, **the AFB will** introduce:

- An End of Poverty supplement to the Canada Child Benefit for 636,000 low-income families
- Canada Livable Income for 3.6 million low-income working-age adults
- Guaranteed Income Supplement enhancements for 2.7 million low-income seniors
- Targeted affordable housing and rental support, including expanding the Canada Housing Benefit, for households facing housing insecurity—especially for Indigenous, Black and racialized people, people considered to be working poor, and precarious renters

These measures will raise incomes for millions, reducing poverty and household food insecurity (see chapters on Poverty and income security, Affordable housing and homelessness, and Employment Insurance).

Boosting income also enables people to engage more fully in local food economies and community-led food initiatives, reinforcing broader food system resilience.

3. Tackling corporate control in the food system

Income alone cannot solve community food insecurity. Even when people can afford food, they face barriers when entire communities lack access to reliable, affordable, and/or culturally appropriate food due to monopolized markets and underdeveloped infrastructure.

The AFB will rein in corporate power, strengthen food sector regulations, and invest in co-operatives and community food systems. It will take the following actions to build resilient and sustainable community-based food systems and expand equitable access to food:

- Introduce regulations to strengthen the Competition Bureau to block mergers, collect pricing data, and dismantle monopolies—especially in underserved areas

- Invest \$100 million over three years in local, non-profit, and co-operative food retailers and public markets through grants, loans, and training
- Establish publicly owned grocery stores in urban food deserts, prioritizing local procurement
- Invest \$50 million in research on corporate control and community-led alternatives like food hubs and procurement policies, with a focus on rural and Northern areas
- Reserve 30 per cent of National School Food Program funds for local food sourcing

4. Supporting Indigenous food sovereignty

Indigenous food sovereignty requires long-term, Indigenous-led approaches rooted in land, culture, self-determination, and intergenerational knowledge.

The AFB will:

- Commit \$50 million to fully implement UNDRIP and co-develop an Indigenous Food Sovereignty Act, affirming Indigenous jurisdiction over food systems through land access, resources, and climate-resilient strategies
- Provide \$200 million over 10 years in unrestricted funding for land-based food sovereignty work, aligned with Indigenous cycles and governance
- Invest \$100 million over five years in permanent, salaried, land-based positions such as hunters, foragers, and knowledge keepers
- Allocate \$50 million over five years to reform food safety regulations and support traditional practices
- Uphold the principle of free, prior, and informed consent by engaging Indigenous governance in decisions on food, land, and culture.

5. Supporting Black food sovereignty

Black food sovereignty requires sustained investment, land access, and recognition of Black-led solutions rooted in mutual aid, ownership, and cultural resilience.

The AFB will:

Table 12.1 / AFB actions on food security**All figures in \$millions**

	2026-27	2027-28	2028-29
Support non-profit and co-operative food retailers and public markets	\$33	\$33	\$33
Community-led alternatives to corporate-controlled grocery stores, like food hubs	\$17	\$17	\$17
Implement the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and enact an Indigenous Food Sovereignty Act	\$25	\$25	
Support sustainable, community-led, land-based food sovereignty work	\$20	\$20	\$20
Salaried land-based positions for hunters, foragers and knowledge keepers	\$20	\$20	\$20
Reform food safety to support traditional practices	\$10	\$10	\$10
Develop a Federal Black Food Sovereignty Plan (FBFSP)	\$25	\$25	
Strengthen Black-led food systems	\$20	\$20	\$20
Support equitable land access for Black farmers	\$40	\$40	\$40
Strengthen Black-led food infrastructure through the Local Food Infrastructure Fund	\$20	\$20	\$20
Support Black-led research on food insecurity and food sovereignty	\$10	\$10	\$10

- Fund \$50 million to co-develop a National Black Food Sovereignty Strategy with Black-led organizations to support land access, food infrastructure, and culturally rooted systems in Black communities
- Invest \$200 million over 10 years in unrestricted funding to strengthen Black-led food systems
- Commit \$200 million over five years to support equitable land access for Black farmers
- Allocate \$100 million over five years to strengthen Black-led food infrastructure through the Local Food Infrastructure Fund
- Invest \$50 million over five years in Black-led food security and food sovereignty research, which is often underfunded despite strong community innovation
- Mandate race-based data collection on land access, farming, and food insecurity to inform policy

Notes

- 1 Tim Li, Andrée-Anne Fafard St-Germain, and Valerie Tarasuk, *Household Food Insecurity in Canada*, PROOF, 2022, <https://proof.utoronto.ca/wp-content/uploads/2023/11/Household-Food-Insecurity-in-Canada-2022-PROOF.pdf>.
- 2 Christina Peterson, Ruben Ortiz, and Louis Rocconi, "Community food security: The multi-level association between social capital, economic capital, and diet quality," *International Journal of Community Well-Being*, June 7, 2022.
- 3 B. James Deaton and Alexander Scholz, "Food security, food insecurity, and Canada's national food policy: Meaning, measures, and assessment," *Outlook on Agriculture*, September 1, 2022.
- 4 Statistics Canada, *Canadian Income Survey, 2023*, May 1, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250501/dq250501b-eng.htm>.
- 5 Research to Identify Policy Options to Reduce Food Insecurity, *Food insecurity: A problem of inadequate income, not solved by food*, PROOF, 2022, <https://proof.utoronto.ca/resource/food-insecurity-a-problem-of-inadequate-income-not-solved-by-food/>.
- 6 Ibid; See also: Sharanjit Uppal, "Food insecurity among Canadian families," *Insights on Canadian Society*, no. 2023001, Statistics Canada, November 14, 2023, <https://www150.statcan.gc.ca/n1/pub/75-006-x/2023001/article/00013-eng.htm>.
- 7 Christina Peterson, Ruben Ortiz, and Louis Rocconi, "Community food security: The multi-level association between social capital, economic capital, and diet quality," *International Journal of Community Well-Being*, June 7, 2022.; B. James Deaton and Alexander Scholz, "Food security, food insecurity, and Canada's national food policy: Meaning, measures, and assessment," *Outlook on Agriculture*, September 1, 2022.
- 8 Amanpreet Malli, Hannah Monteith, Emily C. Hiscock, Erin V. Smith, Kristen Fairman, Tracey Galloway, et al., "Impacts of Colonization on Indigenous Food Systems in Canada and the United States: A Scoping Review," *BMC Public Health*, October 26, 2023; See also: Black Food Sovereignty Working Group and Omar Elsharkawy, *Food Sovereignty for Black Communities in Toronto: Challenges and Policy Opportunities*, Afri-Can Food Basket, 2023, https://www.bfstoronto.ca/files/ugd/4965b4_3f7b1de23e624cc7955a98b7c0b7f2c3.pdf.
- 9 PROOF, "What are the implications of food insecurity for health and health care?" n.d., accessed June 20, 2025, <https://proof.utoronto.ca/food-insecurity/what-are-the-implications-of-food-insecurity-for-health-and-health-care/>.
- 10 Ibid.
- 11 Ibid.
- 12 Tim Li, Andrée-Anne Fafard St-Germain, and Valerie Tarasuk, *Household Food Insecurity in Canada*, PROOF, 2022, <https://proof.utoronto.ca/wp-content/uploads/2023/11/Household-Food-Insecurity-in-Canada-2022-PROOF.pdf>.
- 13 Community Food Centres Canada, *Sounding the alarm: The need to invest in working-age single adults*, June 2023, <https://cfccanada.ca/CFCC/media/assets/CFCC-SoundingTheAlarm.pdf>.
- 14 Bryan May, *Precarious work: understanding the changing nature of work in Canada*, Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, June 2019, <https://www.ourcommons.ca/Content/Committee/421/HUMA/Reports/RP10553151/humarp19/humarp19-e.pdf>.
- 15 Inez Hillel, *Holes in the Social Safety Net: Poverty, Inequality and Social Assistance in Canada*, Centre for the Study of Living Standards, August 2020, <https://www.csls.ca/reports/csls2020-06.pdf>.
- 16 Tim Li, Andrée-Anne Fafard St-Germain, and Valerie Tarasuk, *Household Food Insecurity in Canada*, PROOF, 2022, <https://proof.utoronto.ca/wp-content/uploads/2023/11/Household-Food-Insecurity-in-Canada-2022-PROOF.pdf>.

- 17 Public Health Agency of Canada, *Key health inequalities in Canada: A national portrait*, 2018, https://www.canada.ca/content/dam/phac-aspc/documents/services/publications/science-research-data/11.WorkingPoor-EN_final.pdf.
- 18 Tim Li, Andrée-Anne Fafard St-Germain, and Valerie Tarasuk, *Household Food Insecurity in Canada*, PROOF, 2022, <https://proof.utoronto.ca/wp-content/uploads/2023/11/Household-Food-Insecurity-in-Canada-2022-PROOF.pdf>.
- 19 Statistics Canada, *Canadian Income Survey*, 2023, May 1, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250501/dq250501b-eng.htm>.
- 20 PROOF, "Who are most at risk of household food insecurity?" n.d., accessed June 20, 2025, <https://proof.utoronto.ca/food-insecurity/who-are-most-at-risk-of-household-food-insecurity/>.
- 21 Statistics Canada, *Canadian Income Survey*, 2023, May 1, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250501/dq250501b-eng.htm>.
- 22 Malek Batal, Hing Man Chan, Karen Fediuk, Amy Ing, Peter R. Berti, Genevieve Mercille, Tonio Sadik and Louise Johnson-Down, "First Nations households living on-reserve experience food insecurity: prevalence and predictors among ninety-two First Nations communities across Canada", *Canadian Journal of Public Health*, June 28, 2021.
- 23 Statistics Canada, *Canadian Income Survey*, 2023.
- 24 Shikha Gupta, Daphne Fernandes, Nicole Aitken, and Lawson Greenberg, "Household Food Insecurity Among Persons with Disabilities in Canada: Findings from the 2021 Canadian Income Survey," *Health Reports*, August 21, 2024, <https://www150.statcan.gc.ca/n1/pub/82-003-x/2024008/article/00002-eng.htm>.
- 25 Sharanjit Uppal, "Food insecurity among Canadian families," *Insights on Canadian Society*, no. 2023001, Statistics Canada, November 14, 2023, <https://www150.statcan.gc.ca/n1/pub/75-006-x/2023001/article/00013-eng.htm>.
- 26 Kody Blois, *A call to action : how government and industry can fight back against food price volatility*, Report of the Standing Committee on Agriculture and Agri-Food, May 2024, https://publications.gc.ca/collections/collection_2024/parl/xc12-1/XC12-1-1-441-18-eng.pdf.
- 27 James Hannay, "An Inclusive Farm Economy Is the Antidote to Corporate Concentration," *Canadian Centre for Policy Alternatives*, January 6, 2025, <https://www.policyalternatives.ca/news-research/an-inclusive-farm-economy-is-the-antidote-to-corporate-concentration/>.
- 28 Amanpreet Malli, Hannah Monteith, Emily C. Hiscock, Erin V. Smith, Kristen Fairman, Tracey Galloway, et al., "Impacts of Colonization on Indigenous Food Systems in Canada and the United States: A Scoping Review," *BMC Public Health*, October 26, 2023.
- 29 Sarah Rotz, Andrée-Anne Xavier, and Tasha Robin, "'It Wasn't Built for Us': The Possibility of Indigenous Food Sovereignty in Settler Colonial Food Bureaucracies," *Journal of Agriculture, Food Systems, and Community Development*, May 11, 2023.
- 30 Tracey Galloway and Nancy Li, "Pass-through of Subsidies to Prices under Limited Competition: Evidence from Canada's Nutrition North Program," *Journal of Public Economics*, September 1, 2023.
- 31 Virginia R. Wyllie de Echeverria and Thomas F. Thornton, "Using Traditional Ecological Knowledge to Understand and Adapt to Climate and Biodiversity Change on the Pacific Coast of North America," *Ambio*, December 1, 2019.
- 32 Black Food Sovereignty Working Group and Omar Elsharkawy, *Food Sovereignty for Black Communities in Toronto: Challenges and Policy Opportunities*, Afri-Can Food Basket, 2023, https://www.bfstoronto.ca/_files/ugd/4965b4_3f7b1de23e624cc7955a98b7c0b7f2c3.pdf.
- 33 Ibid.
- 34 Réjean Houle, *Changes in the Socioeconomic Situation of Canada's Black Population, 2001 to 2016, Ethnicity, Language and Immigration Thematic Series*, Statistics Canada, 2020, <https://www150.statcan.gc.ca/n1/pub/89-657-x/89-657-x2020001-eng.htm>.

- 35** Maleeka Munroe, "The Need for Race Based Data in Canada," *University of Toronto Medical Journal*, July 9, 2022.
- 36** PROOF, "What can be done to reduce food insecurity in Canada?" n.d., accessed December 19, 2023, <https://proof.utoronto.ca/food-insecurity/what-can-be-done-to-reduce-food-insecurity-in-canada/>.
- 37** Erica M. Brown and Valerie Tarasuk, "Money Speaks: Reductions in Severe Food Insecurity Follow the Canada Child Benefit," *Preventive Medicine*, December 1, 2019.
- 38** Lynn McIntyre, David J. Dutton, Carol Kwok, and J.C. Herbert Emery, "Reduction of Food Insecurity among Low-Income Canadian Seniors as a Likely Impact of a Guaranteed Annual Income," *Canadian Public Policy*, September 2016.

Gender equality

Introduction

Current realities portend great hardship for women and their families. The knock-on effects of a prolonged trade war with the United States will impoverish Canada and erode the public supports and services that sustain communities and the larger economy. This will intensify pressures on individual households as fiscal austerity shifts even greater responsibilities onto the private family, where women shoulder the bulk of caring labour.

In the face of these challenges, the new federal government has identified a narrow set of priorities that largely focus on re-creating the Canadian economy of the 1960s through investments in selected male-dominated industries.¹ This reinforces the myth that women's labour is not essential to the economy or their families' economic survival while also ignoring the reality that services account for 80 per cent of Canada's GDP.

Recognizing that an economy is built not just on roads, ports and hydro dams, but also on paid and unpaid care for each other and our planet, AFB 2026 makes the investments necessary to strengthen Canada's essential physical *and* social infrastructure. This will create the conditions necessary for all to thrive, positioning Canada for the future. Advancing substantive gender equality is crucial to this goal.

Overview

Recent federal budgets have delivered important gains for women and gender-diverse people, including historic investments in child care, the first-ever National Action Plan to End Gender-based Violence² and the Federal 2SLGBTQI+ Action Plan.³ Important new federal programs for dental care and pharmacare are being rolled out, and additional funds were set aside in the 2024 Fall Economic Statement to support women's sexual and reproductive health care, build capacity at national women's organizations, and accelerate the construction of much-needed shelter spaces.⁴ The new Liberal government elected in April 2025 has promised to preserve these programs and make the Sexual and Reproductive Health Fund and the 2SLGBTQI+ Community Capacity Fund permanent.⁵

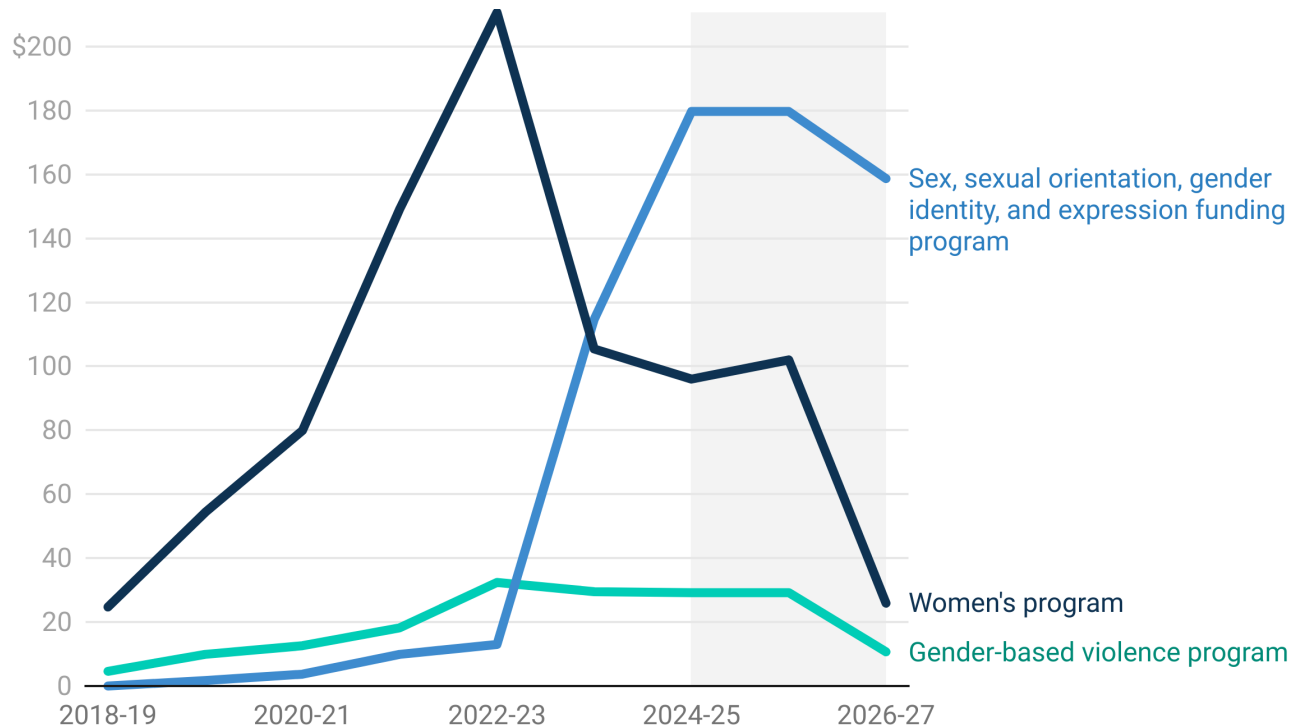
But these announcements and promised investments are modest in comparison to the scale of the challenges we confront. Violent crime against women is on the rise. Violence committed by intimate partners rose by 6.1 per cent between 2019 and 2023. The rate of increase in violence committed by non-intimate partners was even higher: 12.7 per cent.⁶ In 2024 alone, 187 women and girls were killed in acts of gender-based violence—a 26 per cent increase since 2018.⁷ These are symptoms of a growing national crisis that demands urgent, co-ordinated action from all levels of government.

The federal government has played an active role in combatting gender-based violence through the *2022 National Action Plan to End Gender-Based Violence*, flowing \$539.5 million to the provinces and territories via bilateral agreements set to conclude in March 2027.^{8,9} Available evidence suggests, however, that the plan is being implemented in a way that is replicating jurisdictional gaps and, in some cases, funding is not reaching core survivor-serving organizations like sexual assault centres.¹⁰ The federal government's own contribution to the National Action Plan is confined largely to support for research and training; there is no independent oversight, specific action items, or planned long-term investment.

The government has made little progress in responding to the 231 Calls for Justice from the *National Inquiry into Missing and Murdered Indigenous Women and Girls*.¹¹ Budget 2021 set aside \$2.2 billion to "accelerate" work on a National Action Plan.¹² Four years later, many commitments have been made but Canada has failed to deliver the transformative change it promised. The Native Women's Association of Canada writes in its 2024-25 scorecard that "the lack of transparency,

Figure 13.1 / Grants and contributions funding by program, Women and Gender Equality Canada

\$millions, 2024-27 are planned values



Note Provincial and territorial transfers under the National Action Plan to End Gender-based Violence are included under the SSOGIE program. SSOGIE=Sex, sexual orientation, gender identity, and expression funding program.

Source GC Infobase: WAGE Finances; Departmental Plans 2016-17 to 2024-5.

inadequate funding, and absence of Indigenous-led accountability mechanisms have undermined trust and jeopardized progress.”^{13, 14}

One of the key issues in fighting gender-based violence is difficulty recruiting and retaining frontline staff,¹⁵ a common issue across all sectors in Canada’s care economy (see Health care, Child care, and Seniors’ care chapters). Workers in these sectors have been working flat-out since the pandemic amid funding shortfalls, workforce shortages, entrenched service silos, and the steady creep of privatization. Concerns about the state of Canada’s care economy and its precarious service workers, a largely female and racialized workforce, haven’t commanded the attention they deserve. Potential public sector employment caps and job losses will also hit women workers hard.

There have been several positive steps to strengthening women’s labour market position in recent years, but new initiatives have repeatedly

lacked the vision and resourcing to generate real change. For example, a new Sectoral Table on the Care Economy was struck in 2024 to develop federal strategies to improve the provision of high-quality, public, and not-for-profit care services, but no budget was attached. The new proactive pay equity legislation has come into force for 5,000 federally regulated employers, but few employers—including the federal government itself—have met the September 2024 deadline for the submission of pay equity plans.¹⁶ On the employment equity file, there is still no government response to the *Report of the Employment Equity Act Review Task Force* submitted in December 2023¹⁷ regarding proposed reforms or recognizing Black people and 2SLGBTQI+ people as designated groups under the Act.¹⁸

The biggest gender equality win in 2024 was the introduction of legislation setting out the framework for a national pharmacare plan and a commitment of \$1.5 billion over three years to provide free coverage of diabetes medication and contraception through a single-payer system, contingent on provincial and territorial agreement.¹⁹ To date, four agreements (British Columbia, Manitoba, Prince Edward Island, and Yukon) have been concluded.²⁰ The key question now is whether the new government will deliver on a truly universal and inclusive system through these agreements.

Action is also needed to uphold sexual and reproductive health and rights (SRHR) in the face of widespread disinformation campaigns and extremist attacks on gender equality and 2SLGBTQI+ rights.

This includes guaranteeing access to high-quality, scientifically accurate, and comprehensive sexuality education to all children and young people across the country.²¹ This has become more urgent as several provinces are introducing laws that target protections for queer and trans youth in schools and restricting access to comprehensive sexuality education.²²

The announcement of \$90 million over six years in the *2024 Fall Economic Statement*, with \$20 million ongoing, to expand and make permanent the Sexual and Reproductive Health Fund was an important acknowledgement that many continue to face significant barriers in accessing needed health care, including abortion and gender-affirming care. Along with new funding for permanent data collection, this will expand program's capacity to meet heightened demand for services²³ and Health Canada's capacity to support essential health infrastructure.

These gains are now at risk even as demand for service has continued to grow.²⁴ With the conclusion of current funding programs, support for gender equality organizations from Women and Gender Equality (WAGE)

Canada is set to decline sharply by 2027-28, notably for organizations supported through the Women's Program. Project funding is forecast to fall by a factor of 10, from a high of \$210.7 million in 2022-23 to \$18.9 million in 2027-28, a much larger cut than the 15 per cent identified in the new government's deficit reduction plan. WAGE's total budget is expected to fall by 79.9 per cent, from \$378.6 million in 2024-25 to \$76.3 million by 2027-28, at which time transfers under the Equality for Sex, Sexual Orientation, Gender Identity and Expression Program (currently the largest funding envelope) are set to expire, falling to \$1.9 million. The total WAGE budget, which stands at 0.07 per cent of total federal expenditures, will fall to 0.01 per cent in 2027-28. Staffing levels are expected to decline by 35.2 per cent between 2024-25 and 2027-28, to 254 full-time equivalents.

It is imperative to secure flexible, multi-year funding for women's rights and gender equality organizations.²⁵ Additional resourcing is also needed to strengthen WAGE in its efforts to support the effective implementation of GBA+ across government²⁶ and to create a comprehensive national gender equality action plan that coordinates and monitors, in collaboration with civil society partners, the implementation of gender-responsive laws and policies across jurisdictions.²⁷

Actions

AFB 2026 moves forward in four areas that are essential to the well-being of women and gender-diverse people.

1. The AFB will accelerate the launch and implementation of a new *Employment Equity Act*, committing \$20 million over the next three years for the speedy development of a new Employment Equity regime (including the creation of two new equity groups: Black people and 2SLGBTQI+ people). An additional \$20 million over three years will be invested to expedite the work of the Office of the Pay Equity Commissioner and Office of the Accessibility Commissioner. Going forward, it will ensure that these offices have the resourcing necessary to support and enforce compliance including regular independent public reviews and sustained funding for the development of the disaggregated data needed to support these initiatives (see the Racial Equity chapter).

The AFB will also commit \$30 million over three years to the operation of the Sectoral Table on the Care Economy, pursuant to Canada's obligations as a member of the Global Alliance for Care.²⁸ The Sectoral

Table has been tasked to develop recommendations to better support the care economy²⁹ and as such should embrace the ILO's 5R framework for decent care work.³⁰ (see Child Care, Seniors' Care, Health Care chapters).

To this end, **the AFB will** modernize and strengthen social protections for workers, such as Employment Insurance, to reflect current and future labour realities (see the Employment Insurance chapter) and ensure migrant care workers have decent work by expanding the new care worker pilot announced in 2024³¹ (see Immigration chapter). **The AFB will** also prioritize opportunities for women, youth, and other underrepresented groups through new investments in strategic industries and physical infrastructure projects, including a new Inclusive Workforce Development program and a Youth Climate Core (see Environment and climate change chapter, Industrial strategy and sector development chapter, and Just transition chapter, and Affordable housing chapter).

2. The AFB will invest \$360 million over three years to stabilize the violence against women shelter and transition-house sector and address fundamental funding gaps in the National Action Plan to End Gender-Based Violence, including the oversight of sexual assault centres and legal aid services. These funds will also support the development of an independent mechanism to monitor and publicly report on progress and lessons learned from the National Action Plan and the Federal Gender-based Violence Strategy.

The AFB will create an implementation plan to accelerate the fulfillment of the Missing and Murdered Indigenous Women and Girls Calls for Justice. It will also create independent accountability mechanisms under the oversight of Indigenous women's organizations and grassroots groups to monitor current efforts to combat violence against First Nations, Inuit, and Métis women, girls, and Two Spirit people.

The AFB will support the development and implementation of ILO Convention C-190 on violence and harassment in the world of work with \$20 million a year in funding. AFB 2026 will also expand access to domestic violence leave to a minimum of 10 paid days and 10 unpaid days in federally regulated sectors (at a cost of \$5 million per year) and commit additional funds for measures to counter anti-2SLGBTQI+ hate and gendered digital hate, violence, and harassment in all its forms.³²

3. The AFB will commit to creating a public, universal, single payer pharmacare plan with a national formulary that includes a full range of sexual and reproductive medicines and devices and other essential medications and supports (see Health care chapter).

The AFB will develop and launch a national five-year strategy in support of the standardization and equitable access to quality, evidence-

Table 13.1 / AFB actions on gender equality

All figures in \$millions

	2026-27	2027-28	2028-29
Implement the Employment Equity Act	\$7	\$7	\$7
Expedite work of Office of the Pay Equity Commissioner and Office of the Accessibility Commissioner	\$7	\$7	\$7
Fund operation of a Sectoral Table on the Care Economy	\$10	\$10	\$10
Address funding gaps in the National Action Plan to End Gender-Based Violence and stabilize operations at women's and children's shelters.	\$120	\$120	\$120
Create an implementation plan to accelerate the Missing and Murdered Indigenous Women and Girls calls to action	\$5		
Implement ILO Convention C190 on violence and harassment at work	\$20	\$20	\$20
Expand access to domestic violence leave to 10 paid days and 10 unpaid days in federally regulated sectors	\$5	\$5	\$5
Develop and launch a national five-year strategy for comprehensive and equitable access to sexuality education across Canada	\$4	\$4	\$4
Support national gender-equality organizations	\$7	\$7	\$7
Increase and make permanent annual funding under the Women's Program	\$124	\$131	\$150
Create a national gender equality plan and independent monitoring system	\$2	\$2	\$1

based, comprehensive sexuality education across Canada and a corresponding training program for professional sexual health educators³³ (\$4 million per year). It will also expand and make permanent the Canadian Sexual and Reproductive Health Survey.

4. The AFB will establish a fund of \$7 million per year to provide core support for national gender equality organizations working on advocacy, research, education, policy analysis, and legal reform to advance the rights of women and gender-diverse people. It will also increase multi-year funding under the Women's Program to \$150 million per year for organizations working to advance equality and human rights across Canadian society. **The AFB will** also take action to address gaps in the new 2SLGBTQI+ Action Plan in consultation with the 2SLGBTQI+ community, including a whole-of-government implementation plan with commensurate funding.

The AFB will invest \$5 million over three years to create a national gender equality plan and independent and transparent monitoring mechanism to uphold obligations under the Convention on the Elimination of All Forms of Discrimination against Women, working in harmony with other human rights bodies and processes. To this end, **the AFB will** establish and support a regular process for engaging gender

equality groups, civil society and labour organizations, the research community, and leadership from marginalized communities in policy development and decision-making.

Notes

- 1 Prime Minister of Canada, "First Ministers' statement on building a strong Canadian economy and advancing major projects," June 2, 2025, <https://www.pm.gc.ca/en/news/statements/2025/06/02/first-ministers-statement-building-strong-canadian-economy-and-advancing-major-projects>.
- 2 Women and Gender Equality Canada, *The National Action Plan to End Gender-Based Violence*, Government of Canada, November 9, 2022, <https://www.canada.ca/en/women-gender-equality/gender-based-violence/intergovernmental-collaboration/national-action-plan-end-gender-based-violence.html>.
- 3 Women and Gender Equality Canada, *Federal 2SLGBTQI+ Action Plan 2022*, Government of Canada, August 28, 2022, <https://www.canada.ca/en/women-gender-equality/free-to-be-me/federal-2slgbtqi-plus-action-plan/federal-2slgbtqi-plus-action-plan-2022.html>.
- 4 Department of Finance Canada, *2024 Fall Economic Statement*, Government of Canada, November 2024, <https://www.budget.canada.ca/update-miseajour/2024/report-rapport/FES-EEA-2024-en.pdf>.
- 5 Liberal Party of Canada, *Canada Strong: Unite. Secure. Protect. Build.*, April 2025, <https://liberal.ca/wp-content/uploads/sites/292/2025/04/Canada-Strong.pdf>.
- 6 Statistics Canada, "Trends in police-reported family violence and intimate partner violence in Canada, 2023," *The Daily*, Statistics Canada, October 24, 2024, <https://www150.statcan.gc.ca/n1/daily-quotidien/241024/dq241024b-eng.htm>.
- 7 Canadian Femicide Observatory for Justice and Accountability, *#CallItFemicide 2024 Report*, <https://femicideincanada.ca/wp-content/uploads/2025/02/2024Infographic-ENG-1.pdf>.
- 8 See Women and Gender Equality Canada, "Bilateral Agreements to End Gender-Based Violence," *Government of Canada*, last modified December 10, 2024, <https://www.canada.ca/en/women-gender-equality/gender-based-violence/intergovernmental-collaboration/bilateral-agreements.html>.
- 9 Women and Gender Equality Canada, *2023–2024 Annual Progress Report on the National Action Plan to End Gender-Based Violence*, Government of Canada, Date last modified December 10, 2024, <https://www.canada.ca/en/women-gender-equality/gender-based-violence/intergovernmental-collaboration/bilateral-agreements/annual-progress-report/2023-2024.html#toc0>.
- 10 Mariana Cueto Mendoza and Robyn Hoogendam, "Building a National Narrative: A Select Review of Gender-Based Violence Policies, Legislation, and Services Across Canada," *Women's Shelters Canada*, 2025, <https://endvaw.ca/wp-content/uploads/2025/02/Building-a-National-Narrative-2025.pdf>.
- 11 National Inquiry into Missing and Murdered Indigenous Women and Girls, *Reclaiming Power and Place: The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls*, 2019, <https://www.mmiwg-ffada.ca/final-report/>.

- 12** Core Working Group, Missing and Murdered Indigenous Women, Girls, and 2SLGBTQIA+ People National Action Plan, 2021, <https://mmiwg2splus-nationalactionplan.ca/eng/1670511213459/1670511226843>. Several Indigenous organizations 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; its 2025 progress report can be found here: *2024–2025 Federal Pathway Annual Progress Report*, <https://www.rcaanc-cirnac.gc.ca/eng/1746650069874/1746650100102>
- 13** Native Women's Association of Canada, *Annual Scorecard: The Federal Government's MMIWG2S+ National Action Plan*, June 3, 2025, https://nwac.ca/assets-documents/en/MMIWG2S_scorecards_MMIWG2S_V4.pdf.
- 14** See the statements of the three national Indigenous women's organizations on the occasion of the fifth anniversary of the MMIWG report in June 2024: Native Women's Association of Canada, https://nwac.ca/assets-documents/en/MMIWG2S_scorecards_MMIWG2S_V4.pdf; Les Femmes Michif Otipemisiwak, <https://www.newswire.ca/news-releases/les-femmes-michif-otipemisiwak-expresses-grave-concerns-regarding-the-inaction-on-missing-and-murdered-indigenous-women-girls-and-2slgbtqia--893586611.html>; and Pauktuutit, <https://pauktuutit.ca/news-post/pauktuutit-inuit-women-of-canada-responds-to-federal-pathways-progress-report-on-mmiwg/>.
- 15** Robyn Hoogendam and Krys Maki, *Feminist Brain Drain: Labour Issues and Worker Wellness in the VAW Shelter Sector*, Women's Shelter Canada, 2023, <https://endvaw.ca/wp-content/uploads/2024/03/FBD-Final-Report.pdf>.
- 16** Lori Straznicky, *Paving the Way to Pay Equity: The Pay Equity Commissioner's 2023–2024 Annual Report to Parliament*, Canadian Human Rights Commission, 2024, <https://www.chrc-ccdp.gc.ca/sites/default/files/documents/paving-the-way-to-pay-equity-the-pay-equity-commissioners-2023-2024-annual-report-to-parliament.pdf>.
- 17** Adelle Blackett, *A Transformative Framework to Achieve and Sustain Employment Equity—Report of the Employment Equity Act Review Task Force*, Employment and Social Development Canada, 2024, <https://www.canada.ca/content/dam/esdc-edsc/documents/corporate/portfolio/labour/programs/employment-equity/reports/act-review-task-force/EEA-Review-Task-Force-Report-2023-v2.pdf>.
- 18** See Employment and Social Development Canada, “Minister O'Regan receives Task Force report on Employment Equity Act modernization,” *News Release*, December 11, 2023, <https://www.canada.ca/en/employment-social-development/news/2023/12/minister-oregan-receives-task-force-report-on-employment-equity-act-modernization.html>. The government has agreed to include 2SLGBTQ people and Black people as recognized equity groups under the Act. In addition, the term “Aboriginal Peoples” will be replaced with “Indigenous Peoples,” the term “members of visible minorities” will be replaced with “racialized people” and the definition of “persons with disabilities” will be aligned with the Accessible Canada Act to make it more inclusive. Regulations enacting these changes have not yet been published.
- 19** Health Canada, “Government of Canada Introduces Legislation for First Phase of National Universal Pharmacare,” *Canada.ca*, February 29, 2024, <https://www.canada.ca/en/health-canada/news/2024/02/government-of-canada-introduces-legislation-for-first-phase-of-national-universal-pharmacar.html>.
- 20** See Health Canada, *National pharmacare bilateral agreements*, modified April 29, 2025, <https://www.canada.ca/en/health-canada/corporate/transparency/health-agreements/national-pharmacare-bilateral-agreements.html>. To date, the federal government has committed \$928.5 million over four years in these four funding agreements. Based on per capita costs to cover the remaining nine provinces and territories, Budget 2026 needs to allocate an additional \$5 billion to provide free contraception and diabetes treatments to everyone.
- 21** Sex Information and Education Council of Canada, *Canadian Guidelines for Sexual Health Education*, 2019, https://www.sieccan.org/_files/ugd/1332d5_e3ee36e39d944009956af5b86f0a5ed6.pdf.

- 22** Kendall Latimer and Laura Sciarpetti, "Critics alarmed as Sask. government scales back sexual health education," *CBC News*, August 23, 2023. <https://www.cbc.ca/news/canada/saskatchewan/sex-education-saskatchewan-1.6944443>.
- 23** Action Canada for Sexual Health and Rights, *Annual Report 2023–2024*, February 3, 2025, <https://www.actioncanadashr.org/resources/reports-analysis/2025-02-03-annual-report-2023-2024>.
- 24** Ontario Nonprofit Network, *2024 State of the Sector – Policy Report*, October 8, 2024. <https://theonnc.ca/publication/2024-survey-policy-report/>.
- 25** Canadian Women's Foundation and Community Foundations of Canada, *Principles for Feminist Funding*, April 2020, <https://equalityfund.ca/wp-content/uploads/2020/11/Feminist-Philanthropy-EN.pdf>.
- 26** As per the Auditor General's recommendations. See: Office of the Auditor General of Canada, *Report 3: Reports of the Auditor General of Canada to the Parliament of Canada—Follow-up on Gender-Based Analysis Plus*, 2022, https://www.oag-bvg.gc.ca/internet/English/parl_oag_202205_03_e_44035.html.
- 27** As recommended repeatedly by the United Nations Committee on the Elimination of Discrimination against Women. See: UN Committee on the Elimination of Discrimination Against Women, *Concluding Observations on the Tenth Periodic Report of Canada*, United Nations, 16 October 2024, <https://docs.un.org/en/CEDAW/C/CAN/CO/10>. For a discussion of institutional mechanisms for the advancement of women, see: Beijing +30 Network, *Missed Opportunities: A Parallel Report on Canada's Implementation of the Beijing Declaration and Platform for Action*, October 2024, <https://bpfacanada.ca/wp-content/uploads/2024/10/missed-opportunities-FINAL.pdf>.
- 28** 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. See: <https://www.globalallianceforcare.org/>; <https://forum.generationequality.org/home>.
- 29** The government of Australia has just released a draft strategy for the care economy. See: Government of Australia, *Draft National Care and Support Economy Strategy 2023*, Care and Support Economy Taskforce, 2023, <https://www.pmc.gov.au/sites/default/files/resource/download/draft-national-care-and-support-economy-strategy-2023.pdf>.
- 30** The 5R Framework calls on governments, business, labour, and civil society to "recognize, reduce, and redistribute unpaid care work, and reward and represent paid care work by promoting decent work for care workers and guaranteeing their representation, social dialogue, and collective bargaining." See: International Labour Organization, *Care work and care jobs for the future of decent work*, 2018, https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_633135.pdf. See also: UN Women, *A toolkit on paid and unpaid care work: from 3rs to 5rs*, 2022, <https://www.unwomen.org/sites/default/files/2022-06/A-toolkit-on-paid-and-unpaid-care-work-en.pdf>.
- 31** Immigration, Refugees and Citizenship Canada, "Canada announces new pilot programs to support caregivers and Canadian families, intends to make the caregivers program permanent," *Immigration, Refugees and Citizenship Canada News Release*, June 3, 2024, <https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/06/canada-announces-new-pilot-programs-to-support-caregivers-and-canadian-families.html>.
- 32** See: Momentum, "Tell the Government of Canada to #Act4QueerSafety and Tackle Rising Hate," *Momentum Canada*, n.d., <https://www.momentumcanada.net/act4queersafety>.
- 33** Action Canada for Sexual Health & Rights, "Action Canada Submission for 2024 Federal Pre-Budget Consultations," 2023, <https://www.actioncanadashr.org/resources/policy-briefs-submissions/2023-08-08-action-canada-submission-2024-federal-pre-budget-consultations>. Submission to Standing Committee on Finance.

Health care

Introduction

Strengthening public health care played out as a minor issue in the recent federal election, despite three-quarters of Canadians saying health care is in crisis, according to an Environics poll conducted for the Canadian Health Coalition.¹

Prime Minister Mark Carney pledged to continue the main public health care programs ushered in during that last parliamentary session: stable funding for the Canada Health Transfer to provinces and territories, the Canadian Dental Care Plan, and universal national pharmacare.

The Liberal election platform contained other health care spending promises, including \$4 billion for urgently needed improvements to health care infrastructure, such as hospitals. Nevertheless, the activist government agenda to deal with the public health care crisis is likely now “in the rear-view mirror,” according to observers.²

With his pledge to cut income taxes while making major increases for the Department of National Defence and other security-related budget lines, there may be little room for new health care initiatives. Indeed, Prime Minister Carney could be faced with a difficult choice of driving the deficit upward, increasing taxes, or making deep cuts to other areas of spending.

Carney focused on a short list of priorities in his mandate letter to Cabinet members—none of them were about public health care. “Bringing down costs for Canadians and helping them to get ahead,”³ was one priority, signalling that new initiatives on health care will be judged on the basis of improving affordability for Canadian families. This challenges those who are working to end the public health care crisis to wedge their

demands into solving the affordability crisis or risk being lost in a sea of low-priority policies and programs.

Overview

Two important programs of the previous government, dental care and pharmacare, are incomplete. Both will require additional funding in this budget and beyond if they are to provide equal coverage to people based on medical needs—not on their ability to pay or the region in which they live.

Canadian Dental Care Plan

A welcome addition to our public health care system, the Canadian Dental Care Plan is federally funded and privately administered (unique in our mostly provincially run system) without requiring bilateral funding and performance agreements with the provinces and territories.

More than two million people have received publicly funded treatment from a dentist of their choice enrolled in the program. However, the plan departs from other public health programs in that patients must meet numerous criteria in order to qualify, including a yearly household income of less than \$90,000 and no access to private insurance, such as benefits provided through employer plans.

Pharmacare

The year 2024 was most significant in a generation or more of public health activists advocating for public coverage of prescription medications outside of hospitals. There were two achievements: the hard-fought Bill C-64, *The Pharmacare Act*, received Royal Assent in October, 2024; and budget 2024 included \$1.5 billion for bilateral agreements with provinces and territories to provide public coverage of contraceptives, diabetes medications, and related products.

Although not as ambitious as the landmark Hoskins Report, *The Pharmacare Act* retains the single-payer approach consistent with Canadian Medicare, which was a key recommendation of the 2019 *Final Report of the Advisory Council on the Implementation of National Pharmacare* led by Dr. Eric Hoskins.⁴

Bilateral pharmacare agreements were inked with Manitoba, British Columbia, Prince Edward Island, and Yukon before the election was called.⁵

Prime Minister Carney and his minister of health have pledged to continue pharmacare negotiations with the remaining nine provinces and territories. But concern is growing that the progress on signing new bilateral agreements is slowing.

Mental health funding

The previous federal government committed funding of \$2.5 billion annually until 2032 for the provinces and territories to address four health priorities, including mental health and substance use. However, a review of the bilateral agreements conducted by the Canadian Mental Health Association demonstrated that the median of new federal money for mental health is just 5.7 per cent, with Prince Edward Island, Manitoba, and British Columbia not spending anything on mental health.⁶

Public health care services for all migrants, including undocumented people

Many temporary residents and undocumented people living in and contributing to Canada are excluded or face significant barriers to universal health care coverage. This is a denial of their human right to health and results in significant avoidable negative health outcomes.⁷

Health human resource strategy

The government must address the health care staffing crisis so everyone can access a family doctor or nurse practitioner and get the care they need. A health human resource strategy needs to be integrated into a public health care system that opposes privatization and outsourcing of health care, and that properly regulates virtual care.

Actions

The AFB will make the Canadian Dental Care Plan consistent with the principles of the *Canada Health Act* by removing what is known as “means testing” to determine eligibility. As a first step, the income cut-off will be removed, allowing 4.4 million more Canadians to qualify for the plan, at an estimated cost of \$1.45 billion.

In future years, **the AFB will** allow patients the choice whether to use their private, employer-provided insurance plans or to access the Canadian Dental Care Plan.⁸

Table 14.1 / AFB actions on health care

All figures in \$millions

	2026-27	2027-28	2028-29
Eliminate the Canadian Dental Care Plan income restriction in 2026	\$1,450	\$1,479	\$1,509
Expand list of medicines covered by provincial pharmacare agreements	\$3,500	\$3,570	\$3,641
Increase the funding for mental health services to 12% of the Canada Health Transfer over 5 years	\$3,419	\$4,271	\$5,182
Fund public colleges and universities to increase training capacity for health care workers	\$192	\$84	\$48

The AFB will continue to negotiate pharmacare agreements with the nine remaining provinces and territories, and following the report on the expert committee mandated by the *Canada Health Act*, it will expand the list of medicines covered by agreements with provinces.

The AFB will, in conjunction with provincial and territorial governments, increase the funding for mental health services to at least 12 per cent of the health services budget, as recommended by the Canadian Mental Health Association.⁹

The AFB will guarantee universal provincial/territorial health coverage to all migrants living in Canada regardless of immigration status, including for people who are undocumented, as well as culturally informed mental-health services (see Immigration chapter).

The AFB will legislate national standards for Interim Federal Health Program and direct provider compensation to remove barriers to care and medication for refugees and refugee claimants (see Immigration chapter).

The AFB will make a commitment to strengthening patient care, reversing privatization, and solving the health care staffing crisis. It will fund a comprehensive health human resources strategy that:

- Includes funding for public colleges and universities to increase training capacity
- Promotes a wide range of health care professions as rewarding career paths to ensure a steady influx of health care talent
- Ensures that health funds transferred to the provinces are used to provide underpaid health care workers, including personal support workers, with a minimum wage of \$25 per hour

The AFB will ensure that bilateral health agreements also tie federal funding to caps on the usage of agency nurses and other health care professionals, and require provinces/territories to boost permanent positions within the public system.¹⁰

Notes

- 1 Anne Lagacé Dowson, *Voters Want Premiers to Take Action on Health Care Crisis: New Poll*, Canadian Health Coalition, July 17, 2024, <https://www.healthcoalition.ca/voters-want-premiers-to-take-action-on-health-care-crisis-new-poll/>.
- 2 Tessi Sanci, "Trudeau era's 'activist' health policy moves likely in the rear-view mirror, say consultants," *The Hill Times*, June 2, 2025, <https://www.hilltimes.com/story/2025/06/02/trudeau-eras-activist-health-policy-moves-likely-in-the-rear-view-mirror-say-consultants-after-throne-speech/462164/>.
- 3 The Rt. Hon. Mark Carney, Prime Minister of Canada, *Mandate Letter*, Office of the Prime Minister, May 21, 2025, <https://www.pm.gc.ca/en/mandate-letters/2025/05/21/mandate-letter>.
- 4 Health Canada, *Final Report of the Implementation Advisory Group on National Pharmacare*, June 2019, <https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmacare/final-report.html>.
- 5 Health Canada, "National pharmacare bilateral agreements," April 24, 2025, <https://www.canada.ca/en/health-canada/corporate/transparency/health-agreements/national-pharmacare-bilateral-agreements.html>.
- 6 S.M. Leduc, *Overpromised, Underdelivered: Analysis of Federal Mental Health Care Investments in the 2023 Working Together Health Bilateral Agreements*, Canadian Mental Health Association, August 2024, <https://cmha.ca/wp-content/uploads/2024/10/CMHA-Analysis-of-bilateral-agreements-report.pdf>.
- 7 Jacob Bailey, "Failing Those in Need," *Healthy Debate*, March 12, 2025, <https://healthydebate.ca/2025/03/topic/failing-those-in-need-undocumented>.
- 8 David Macdonald, *Missing Teeth: Who's left out of Canada's dental care plan*, Canadian Centre for Policy Alternatives, January 17, 2024, <https://www.policyalternatives.ca/news-research/missing-teeth-2/>.
- 9 Canadian Mental Health Association, *Act for Mental Health: Federal Plan for Universal Mental Health and Substance Use Health*, 2022, <https://actformentalhealth.ca/wp-content/uploads/2022/11/AfMH-White-Paper-EN-FINAL.pdf>.
- 10 Canadian Labour Congress, *Workers Together: Building a Better Future for Working People*, 2025, https://documents.clcctc.ca/PAC/2025/Federal-Elections/WorkersTogether_Platform_EN.pdf.

Health equity

Introduction

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

The word “health” leads many people to think about access to medical care. While this is important, it is an incomplete picture. Who gets sick in the first place has far more to do with our living and working conditions, and the economic, political, and social factors that shape them. Health inequities are “the result of a toxic combination of poor social policies and programs, unfair economic arrangements, and bad politics.”² Due to systemic oppression, health inequities disproportionately affect certain populations, including Black, Indigenous, and other racialized people.

Building on some of Canada’s historical commitments to equality embodied in redistributive policy and a strong public sector,³ this chapter lays out the AFB’s vision for social and health equity. Here we unify the equity-centred and public-driven policy discussed in other AFB chapters, such as housing policy that foregrounds affordability, immigration policy that guarantees equal rights and access to safe employment, and climate policy that centres a just transition. These are all examples of an economy and government that prioritize the health and well-being of *all* people and the planet.

Overview

A vision of health equity requires a coherent, whole-of-government approach. Crucially, this must be grounded in a critical perspective that foregrounds inequities of power, which are the root cause of inequities in health. Health inequities are fundamentally rooted in the political economic system of neoliberal capitalism, its ideological underpinnings, and the policies and practices it supports across government departments and ministries. An alternative paradigm is a *well-being economy*, “an economy in service of life.”⁴

The notion of a well-being economy is anchored in a guiding principle of people and planet over profit. The previous federal government engaged with this idea by introducing a Quality of Life Framework for Canada in Budget 2021.⁵ The framework is explicitly grounded in a “beyond GDP” perspective, and centres on five domains of well-being (prosperity, health, environment, society, and good governance) and two cross-cutting lenses (fairness and inclusion, and sustainability and resilience) developed through broad consultation. Implementation to date includes leadership from Statistics Canada around measurement,⁶ and budget impact reports, which describe the primary Quality of Life domains that each budget measure is expected to advance.⁷ The framework might offer an overarching vision for health equity,⁸ but additional work is required to ensure that this vision is applied in government decision-making.

Signalling some intention to continue that earlier work, in May 2025 the government established a Cabinet committee on Quality of Life and Well-Being.⁹ Coupled with the government’s decision to issue a single mandate letter to all ministers, reflecting a “unified” cross-government mission,¹⁰ this committee provides an opportunity to articulate how the government’s activities in this space could be expanded and leveraged towards a bold vision of social and health equity.

Actions

1. Create the structure, mandate, authority, and political leadership for a well-being economy transition

The AFB will create a Well-Being Economy Mission Collaborative that includes the new Cabinet committee on Quality of Life and Well-Being. The stated mandate of the new Cabinet committee will change to “provide

political leadership for engagement, visibility, implementation, and accountability towards a well-being economy, including its embodiment in bold, coherent, cross-government, public-driven, and equity-centred public policy.” This mandate will include applying policy mechanisms such as ownership, regulation, and conditional transfer payments across sectors that serve public interests and that are consistent with social and health equity; and engaging in regular, broad, and visible communication with the public: \$2 million/year for three years.

The AFB will add the minister of finance to the new Cabinet committee’s membership. The committee’s previous omission of the finance minister signalled that its work exists at the periphery of government, which is contrary to its new, strengthened mandate to provide political leadership towards a vision that centres the well-being of all people and the planet. The finance minister will share committee leadership with the named chairs (the current and former ministers of environment and climate change). Canada’s Quality of Life work began in the Department of Finance in 2021; finance ministry leadership of the new Cabinet committee will revive and strengthen that leadership and give the committee “teeth.” The minister of health, who is already a member of the cabinet committee, will be responsible for identifying implications for health services and mechanisms of implementation (e.g., the Canada Health Transfer): \$0; included within existing budgets.

The AFB will significantly expand the scope and authority for well-being economy-oriented activities. Using the Welsh government’s Well-being of Future Generations legislation as a model, the AFB will create a new federal Quality of Life Act. The Act will give a legally binding common purpose for the federal government and for provincial/territorial governments via new and existing mechanisms. It will set out key responsibilities and reporting relationships among the various actors in the Well-Being Economy Mission Collaborative and among governments more broadly. The act will also introduce a new position of Quality of Life Commissioner, situated in the Office of the Auditor General, which will serve as political leadership for the collaborative. The commissioner will have both a watchdog role and an advocacy role to provide advice and support to governments and public bodies in taking a longer-term, equity-oriented, and coherent view on policy decisions. In Wales, this action has been significant in advancing equity-oriented social and environmental policy.¹¹ As part of broad and intentional public communication and engagement towards an equity-centred vision, the commissioner’s mandate will include publishing annual reports and regular newsletters,

holding cross-country town hall events, and being available to speak at public and non-profit events: \$9 million per year for three years.

The AFB will create a new Senate standing committee on Quality of Life and Well-Being as part of the Well-Being Economy Mission Collaborative and under the political leadership of the Quality of Life Commissioner. The Senate committee will scrutinize bills and examine spending proposals to ensure they align with the vision of a well-being economy. It will thus play a key role in ensuring that public policy, including spending, is bold, coherent, cross-government, public-driven, and equity-centred: \$5 million per year for three years.

The AFB will create specific mechanisms to ensure that the work of the Well-Being Economy Mission Collaborative includes intentional, substantive, and consistent application of an anti-racist and anti-oppressive stance. This is imperative to ensure that inequities of power, which constitute the root causes of health inequities and which are usually hidden, are illuminated and addressed. To do so, the AFB will support leading public health organizations in convening Expert Advisory Committees on Equity with a mandate to support the collaborative in designing and implementing coherent, equity-centred policy. The expert committees will consist of 1) the communities most negatively affected by health inequities under neoliberal economic and social policy, including Black, Indigenous, and other racialized peoples, 2SLGBTQ+ people, migrant workers, and others and 2) critically oriented researchers and scholars engaged in articulating and advancing an alternative, equity-centred political economy. This work will build on previous public health sector experience with intersectoral policy for health¹² and with a well-being economy perspective¹³ while also providing an opportunity to strengthen the equity focus of that work which has been limited to date:¹⁴ \$5 million per year for three years.

2. Substantive investment in research, evaluation, and policy development

To further support the work of the Well-Being Economy Mission Collaborative, **the AFB will** make a substantive investment in high-quality research, evaluation, and policy development with a coherent cross-government, equity-centred orientation.

The AFB will create and resource a Well-Being Economy Transition Fund. This fund will be housed in the Department of Finance and fall under the authority of the collaborative. Modelled on previous initiatives,¹⁵ this fund will support policy development among stakeholder groups around a transition to an equity-centred well-being economy, focusing on

strengthening coordination and enhancing policy coherence: \$20 million per year for three years.

Leveraging the new capstone research funding organization (announced in Budget 2024), **the AFB will** dedicate funds specifically to upstream, equity-oriented research, for which precedent exists,¹⁶ to inform the overarching mission of a transition to an equity-oriented well-being economy.¹⁷ Work that substantively incorporates such a critical orientation is imperative for meaningfully engaging with inequities of power that obstruct transformative change: \$15 million per year for three years.

3. Strengthen and raise the visibility of health equity reporting

The AFB will strengthen investments in sustained and robust health equity data collection, interpretation, reporting, and use. The lack of health data that are disaggregated by social axes like race, sex, gender, and employment was made very clear during the COVID-19 pandemic and must be strengthened and sustained.¹⁸

In previous federal budgets, funds were allocated to Statistics Canada to develop a Quality of Life Hub, which brings together data for 91 indicators spread across the domains of the Quality of Life framework along with three central indicators: life satisfaction; sense of meaning and purpose; and future outlook.¹⁹ **The AFB will** continue this work, expanding it to 1) strengthen the capacity to report disaggregated data, to assess inequities by race, gender, and other social axes; and 2) draw direct connections to equity-oriented policy levers. Under the authority of the Well-Being Economy Mission Collaborative with strong guidance from the Expert Advisory Committees on Equity, this work will complement the existing practice of producing Quality of Life Budget Impact Reports²⁰ by identifying policy that would improve each indicator, thus contributing to the original (2021) intent of deepening the framework's integration into policy development. The AFB will also fund efforts by Statistics Canada, in collaboration with the Well-Being Economy Mission Collaborative, to significantly raise the visibility of this work so that it is as familiar to everyday people as traditional economic information like interest rates or market trends: \$4 million per year for three years.

The AFB will fund and help to coordinate a systematic, coordinated, Canada-wide approach to health equity data gathering, reporting, and use. This will include the development and implementation of a Health Equity Scorecard to strengthen broad public communication and enhanced visibility. Under the authority of the Well-Being Economy Mission Collaborative, and informed by the Wellesley Institute's Consensus Statement on Race-based Data for Health,²¹ the AFB will

Table 15.1 / AFB actions on health equity**All figures in \$millions**

	2026-27	2027-28	2028-29
Outreach for the Cabinet Committee on Quality of Life and Well-being	\$2	\$2	\$2
Create a federal Quality of Life Act and a Quality of Life Commissioner	\$9	\$9	\$9
Senate Standing Committee on Equity-centered Quality of Life and Well-being	\$5	\$5	\$5
Convene expert advisory committees on equity	\$5	\$5	\$5
Well-being Economy Transition Fund	\$20	\$20	\$20
Research funding for upstream and equity-oriented research	\$15	\$15	\$15
Improve Statistics Canada's Quality of Life Hub	\$4	\$4	\$4
Office of Health Equity data and reporting	\$15	\$15	\$15

fund efforts by organizations and governments, including health care and public health systems, to build or strengthen capacity for collection, interpretation, reporting, and use of health data disaggregated by race, gender, ability, etc., that is grounded in community governance. While important initiatives exist (for example, Nova Scotia is collecting race and language data through their health care renewal process²²) it is far from comprehensive. The AFB will also support the federal government in leading by example by establishing an Office of Health Equity to guide data collection, interpretation, reporting, and use in areas with federal responsibility for health, including First Nations reserves, corrections, military, and veterans. All of this has become even more urgent in the context of the February 2024 decommissioning of the Canadian Institute for Health Information's Health Inequalities Interactive Tool:²³ \$15 million per year for three years.

Notes

¹ National Collaborating Centre for Determinants of Health, "Glossary of essential health equity terms," NCCDH, St. Francis Xavier University, 2022.

² Commission on Social Determinants of Health, *Closing the Gap in a Generation: Health equity through action on the social determinants of health*, World Health Organization, 2008.

³ Lars Osberg, *From Keynesian consensus to neo-liberalism to the Green New Deal: 75 years of income inequality in Canada*, Canadian Centre for Policy Alternatives, March 2021.

⁴ Wellbeing Economy Alliance, <https://weall.org>.

⁵ Government of Canada, Budget 2021, Annex 4: Gender, Diversity, and Quality of Life Statement, April 19, 2021 (archived).

- 6 Department of Finance Canada, "Toward a Quality of Life Strategy for Canada," April 19, 2021.
- 7 Government of Canada, "Budget 2024 Impacts Report," <https://budget.canada.ca/2024/report-rapport/gdql-egdqv-2-en.html>.
- 8 Lindsay McLaren, "A quality of life strategy for Canada could be life changing," *Think Upstream*, May 14, 2021, <https://www.policyalternatives.ca/news-research/a-quality-of-life-strategy-for-canada-could-be-life-changing/>.
- 9 Office of the Prime Minister, "Cabinet Committee Mandate and Membership," May 13, 2025, <https://www.pm.gc.ca/en/cabinet-committee-mandate-and-membership>.
- 10 Office of the Prime Minister, "Mandate Letter," May 21, 2025, <https://www.pm.gc.ca/en/mandate-letters/2025/05/21/mandate-letter>.
- 11 Stan Houston, Lindsay McLaren, and Rebecca Graff-McRae, "A well-being economy in practice: spotlight on Wales and Nanaimo," *CCPA Monitor*, January 3, 2024.
- 12 National Collaborating Centre for Healthy Public Policy, "Health in All Policies," <https://ccnpps-ncchpp.ca/health-in-all-policies/>.
- 13 Lindsay McLaren, "Wellbeing budgeting: a critical public health perspective," *National Collaborating Centre for Healthy Public Policy*, March 24, 2022.
- 14 Lindsay McLaren and Temitayo Famuyide, "What can we learn from Québec's Health in All Policies approach," Canadian Centre for Policy Alternatives, *Think Upstream*, February 15, 2023.
- 15 Government of Canada, "Primary Health Care Transition Fund: Summary of Initiatives," <https://open.canada.ca/data/en/info/9da6098a-65c1-44be-9ade-3ce3a3cc6179>.
- 16 Canadian Institutes of Health Research, "Catalyst Grant: Moving Upstream: Structural Determinants of Health" (archived), <https://cihr-irsc.gc.ca/e/53883.html>.
- 17 Sandra Lapointe, "'Mission-driven' is not a bad word," *University Affairs*, May 29, 2025.
- 18 Emily Thompson, Rojiemiahd Edjob, Nicole Atchessi, et al., "COVID-19: A case for the collection of race data in Canada and abroad," *Canadian Communicable Disease Report*, July/August 2021.
- 19 Statistics Canada, "Quality of Life Hub," <https://www160.statcan.gc.ca/index-eng.htm>.
- 20 Government of Canada, "Budget 2024 Impacts Report," <https://budget.canada.ca/2024/report-rapport/gdql-egdqv-2-en.html>.
- 21 Wellesley Institute, "Consensus Statement on Race-Based Data for Health," March 18, 2025, <https://www.wellesleyinstitute.com/consensus-statement-on-the-collection-use-and-governance-of-race-based-data-for-health/>.
- 22 Government of Nova Scotia, "News release: Fair Care Project improves data collection to offer better care," October 25, 2022, <https://news.novascotia.ca/en/2022/10/25/fair-care-project-improves-data-collection-offer-better-care>.
- 23 Canadian Institute for Health Information, "Trends in income-related health inequalities in Canada," 2015, <https://www.cihi.ca/en/trends-in-income-related-health-inequalities-in-canada>.

Immigration

Introduction

Canada must be committed to upholding human rights and restoring justice in the immigration system.

Over the past year, the federal government has rolled out a series of policy changes that tighten and securitize every major immigration stream—decisions which deepen long-standing inequities in the system. Racialized migrants and refugees, women, 2SLGBTQI+ people and disabled persons, many of whom rely on community sponsorships, open work permits or low-wage streams, now face longer family separations, greater precarity and heightened surveillance.

Over the last two decades, Canada moved decisively towards “two-step” immigration. It does so by selecting permanent immigration candidates primarily from among temporary study and work permit holders.¹ The cumulative effect is an immigration and refugee architecture that claims to celebrate diversity while operationalising exclusion, reinforcing historic patterns of racism and structural disadvantage—even as Canada brands itself an immigration success story.

By entrenching precarity and racialized gatekeeping, Canada undermines its obligations under the *1951 Refugee Convention*, *International Covenant on Civil and Political Rights*, and the *Global Compact for Safe, Orderly and Regular Migration*. The federal government must re-align its migration framework with human rights principles, equity, and global justice.

Overview

Federal policymakers introduced extensive changes to immigration rules over the past 12 months. In September 2024, Ottawa announced a two-year cap that will cut new study-permit approvals to 437,000 for 2025 and curtail spousal work-permit eligibility, part of a wider plan to drive the share of temporary residents from seven per cent down to five per cent of Canada's population.² The October 2024 Immigration Levels Plan lowered permanent-resident targets by almost 20 per cent (to 395,000 in 2025) and formalised ceilings on temporary residents³, while January 2025 allocations imposed a further 10 per cent drop in study permits.⁴ Other measures restricted open work permits for spouses and dependants of most international students and low-wage workers (Jan 2025).⁵ These shifts have left thousands of students and workers scrambling for status,⁶ as asylum claims by international students alone jumped 22 per cent in the first quarter of 2025 as other pathways closed.⁷

Policymakers simultaneously narrowed refugee streams, implementing a temporary pause on private "Groups of Five" sponsorships (in which five Canadians together can "sponsor" a displaced person) from November 2024 to December 2025.⁸ Expired Refugee Protection Claimant Documents were declared invalid after April 2025, adding paperwork hurdles for people already waiting years for hearings.⁹ Ottawa simultaneously launched a multilingual digital campaign warning potential claimants about Canada's "difficult" asylum process,¹⁰ and granted officers new powers to cancel visas, study permits and work permits on the spot (Feb 2025).¹¹

Bill C-2, the *Strong Borders Act* introduced on 3 June 2025, would dramatically expand executive control over immigration. It proposes to grant cabinet the authority to pause, terminate or cancel entire classes of applications (as opposed to individual cases) or existing immigration documents "in the public interest," and introduces stringent new requirements on the timing limits for making certain refugee claims. The bill also bolsters cross-border intelligence-sharing, lets Canada Post and CBSA open mail, and gives the Coast Guard police-style enforcement powers.

Canada also continues to be a signatory to the Canada-U.S. Safe Third Country Agreement (STCA), which bars asylum seekers from making refugee claims if they have already set foot in a designated safe country—a designation it applies the U.S., despite that country having closed nearly all refugee intake streams. Despite the U.S. government's recent predilection to send migrants to overseas concentration camps

in places like El Salvador, Djibouti, and Guantanamo Bay, the Canadian government continues to designate the U.S. as a “safe” country for refugees—effectively preventing large numbers of asylum seekers from making legitimate claims in Canada.

Actions

Refugee protection and asylum

The AFB will rescind the Canada–U.S. Safe Third Country Agreement (STCA). The agreement undermines equitable refugee protection; the U.S. is not a safe country for all asylum seekers.

The AFB will withdraw Bill C-2, the *Strong Borders Act*.

The AFB will end immigration detention. In the interim, the AFB will implement alternatives to detention, such as community-based supervision models managed in partnership with non-profit organizations.

Status and regularization

The AFB will launch a comprehensive regularization program for everyone with undocumented or precarious immigration status—including a one-step Permanent Residency pathway for undocumented individuals, rejected claimants, and people on precarious temporary status.

The AFB will restore permanent-resident targets and dismantle the “two-step” system. It would reverse the shift to mass temporary migration.

The AFB will reinvest in robust humanitarian, family-class, and economic immigration.

The AFB will guarantee permanent-status-on-arrival and open work permits for all workers.

The AFB will guarantee a predictable permanent residence pathway for study permit holders who were made ineligible because of immigration policy and regulation changes.

The AFB will eliminate closed/employer-specific permits for all foreign worker programs, including temporary foreign workers, to ensure labour mobility and full legal protection.

Labour rights and mobility

The AFB will establish binding national employment standards and housing regulations for migrant agricultural and low-wage workers as

recommended in the guidance document, “National Housing Standards for Migrant Agricultural Workers.”¹²

The AFB will ensure full access to federal benefits and social insurance (such as Employment Insurance, the Canada Pension Plan, and so on, for all contributors regardless of immigration status, including migrant workers.

Justice and due process

The AFB will reform criminal inadmissibility and end immigration consequences of minor charges or protest-related arrests.

The AFB will introduce humanitarian discretion, a right of appeal, and a ban on deporting anyone brought to Canada as a child, regardless of immigration status.

The AFB will mandate an independent racial-equity audit of the entire immigration and refugee system.

The AFB will investigate systemic disparities in approval rates by country of origin, particularly for African, Caribbean, and Black applicants. As a result of that study, the AFB will mandate corrective measures, transparency, and binding equity reforms at IRCC and partner agencies as needed.

Health and human rights

The AFB will guarantee universal, provincial/territorial health coverage and treatment to all migrants living in Canada regardless of immigration status, including for people who are undocumented.

The AFB will guarantee culturally informed mental-health coverage and services to all migrants living in Canada regardless of immigration status, including for people who are undocumented.

The AFB will legislate national standards for Interim Federal Health Program and direct provider compensation to remove barriers to care and treatment for refugees and refugee claimants.

The AFB will protect and invest in legal aid, settlement agencies, and migrant worker support centres.

System reform and international commitments

The AFB will eliminate IRCC application backlogs and meet timely processing standards.

The AFB will create a new oversight body for Canada Border Services as per Bill C-20, An Act establishing the Public Complaints and Review Commission which received royal assent in October 2024.¹³

Table 16.1 / AFB actions on immigration

All figures in \$millions

	2026-27	2027-28	2028-29
Replace immigration detention with community-based supervision models	-\$57	-\$58	-\$59
Launch a comprehensive regularization program	\$50	\$50	\$50
Establish an independent racial-equity audit of the immigration and refugee system	\$3		
Guarantee status-blind health coverage	\$565	\$576	\$588
Extend funding for migrant worker support centres	\$18	\$18	\$18
Clear the backlogs and speed processing at Immigration, Refugees and Citizenship Canada	\$100	\$100	\$75
Reverse staffing reductions from "refocusing government" cuts	\$109	\$49	\$49
Adopt a National Plan for Asylum with Dignity	\$40	\$40	\$40
Expand settlement services and language training to all temporary residents	\$5	\$5	\$5

The AFB will reverse IRCC staffing cuts, modernize systems, and publish regular processing metrics with disaggregated demographic data to ensure timely access and transparency.

The AFB will ratify the UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families and the International Labour Organization's (ILO) Migrant Workers Convention (No. 97), the Migrant Workers (Supplementary Provisions) Convention (No. 143) and Domestic Workers Convention (No. 189).

The AFB will reaffirm Canada's global commitment to migrant rights and align domestic policy with international human rights obligations.

Settlement services

The AFB will adopt a National Plan for Asylum with Dignity. It will model refugee reception on the holistic support provided to Ukrainians in 2022-23, including intake centres, immediate work permits, and federal housing/shelter support.

The AFB will invest in sufficient and appropriate settlement services and language training for all refugees and migrants, regardless of immigration status.

Notes

- 1 Rupa Banerjee, Naomi Alboim, Anna Triandafyllidou, and Georgiana Mathurin, "Canada's Long-Standing Openness to Immigration Comes Under Pressure", *Migration Policy Institute*, June 24, 2025, <https://www.migrationpolicy.org/article/canada-immigration-policy-inflection-point>.
- 2 Anna Mehler Paperny, "Canada Further Tightens Rules on Temporary Workers, Students," *Reuters*, September 18, 2024, <https://www.reuters.com/world/americas/canada-further-tightens-rules-temporary-workers-students-2024-09-18/>.
- 3 Anna Mehler Paperny, "Canada to Cut Immigration Numbers, Government Source Says," *Reuters*, October 23, 2024, <https://www.reuters.com/world/americas/canada-cut-immigration-numbers-2024-10-23/>.
- 4 Immigration, Refugees and Citizenship Canada, *2025 Provincial and Territorial Allocations Under the International Student Cap*, January 24, 2025, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/2025-provincial-territorial-allocations-under-international-student-cap.html>.
- 5 Immigration, Refugees and Citizenship Canada, "Changes to Open Work Permits for Family Members of Temporary Residents," January 14, 2025, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/changes-open-work-permits-family-members-temporary-residents.html>.
- 6 Shiva S. Mohan, "Broken promises are why some international students turn to seeking asylum," *Toronto Metropolitan University*, January 21, 2025, <https://www.torontomu.ca/cerc-migration/news/2025/01/conversation-international-student-asylum/>.
- 7 "Surge in Asylum Reveals Struggles of International Students Amid Canada's Immigration Crackdown," *The Economic Times*, May 13, 2025, <https://economictimes.indiatimes.com/news/international/canada/surge-in-asylum-reveals-struggles-of-international-students-amid-canadas-immigration-crackdown/articleshow/121141102.cms>.
- 8 Immigration, Refugees and Citizenship Canada, *Temporary Pause on Intake of Refugee Sponsorship Applications from Groups of Five and Community Sponsors*, November 29, 2024, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/temporary-pause-intake-refugee-sponsorship-applications-groups-five-community-sponsors.html>.
- 9 Immigration, Refugees and Citizenship Canada, "Expired Refugee Protection Claimant Documents Will No Longer Be Valid as of April 1, 2025," August 29, 2024, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/expired-refugee-protection-claimant-documents-no-longer-valid-from-april-1-2025.html>.
- 10 Anna Mehler Paperny, "Canada Pulls Refugee Welcome Mat, Launches Ads Warning Asylum Claims Hard," *Reuters*, December 2, 2024, <https://www.reuters.com/world/americas/canada-pulls-refugee-welcome-mat-launches-ads-warning-asylum-claims-hard-2024-12-02/>.
- 11 Immigration, Refugees and Citizenship Canada, *New Rules to Strengthen Temporary Resident Document Cancellations, and Border Security and Integrity*, February 12, 2025, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/new-rules-strengthen-temporary-resident-document-cancellations-border-security-integrity.html>.
- 12 C. Susana Caxaj, Anelyse Weiler & Researchers, "National Housing Standards for Migrant Agricultural Workers", *MIHA Project*, May 9 2025, <https://farmworkerhousing.ca/national-housing-standards/>.
- 13 Canada. Parliament. House of Commons, *An Act establishing the Public Complaints and Review Commission and amending certain Acts and statutory instruments*, Bill C-20, 44th Parl., 1st Sess.; assented October 31, 2024, <https://www.parl.ca/DocumentViewer/en/44-1/bill/C-20/royal-assent>.

Incarceration

Overview

The Canadian federal prison system needs significant change. Though it is legislatively mandated to serve public safety by being reintegrative, it is a costly, ineffective system which keeps many in cycles of incarceration, in prison for years and decades, and is a system with unreasonable deficits in access to health, family, and opportunity for incarcerated people.¹

Post-release, barriers to work and housing prevent people who experience incarceration from economic and social participation, and incarceration in Canada leads to vastly disproportionate poor social, economic, physical health, and mental health outcomes.²

Canada's federal population of incarcerated people constitutes approximately 13,000 people in penitentiaries across 53 prisons (six designated for women and 47 designated for men) nationally, with an additional approximate 7,000 people in the community on parole at any given time³. Despite the relatively small size of the Canadian federal prisoner population, administering federal incarceration costs the Canadian public \$3.86 billion for 2025-26.⁴

The estimated annual cost to incarcerate one person in a Canadian prison designated for men is \$150,505. This increases to approximately \$259,654 per year per person for federal prisons designated for women.⁵ For the approximately 9,000 people who are completing their sentences in the community on parole, this cost drops to \$38,418 annually.⁶

System keeps people disadvantaged

Canada's federally sentenced population represents very disadvantaged people. Canada's mass incarceration of Indigenous peoples,⁷ and overrepresentation of Black people⁸ is worsened by intersections of poverty and social marginalization among impacted populations. Individuals tend to enter prison with alarming deficiencies in educational and professional experience. The average educational completion level among federally sentenced people at the onset of their prison sentence is only Grade 8.

While high school completion is prioritized for people during federal incarceration, access to post-secondary education is extremely limited. However, 30 per cent of the incarcerated population have long-term or life sentences, and the failure on Canada's part to promote access to post-secondary is a costly one.

Post-secondary education in prison increases safety, as well as peoples' abilities to find meaningful work post-incarceration.⁹ Education reduces recidivism and tragic individual outcomes associated with incarceration, and alleviates the high public cost of incarceration. Despite the strong evidence correlating access to education to lower risk of future poverty and reincarceration, very few federally sentenced people can pursue post-secondary education behind prison walls.

Assumptions that incarcerated people need to be punished underpin policy change and continue to justify intentionally harsh conditions in Canadian prisons. Other assumptions persist that such problems are natural or inevitable consequences of a prison system. Yet much of the costliness, and harmful nature of Canada's federal prison system is easily resolvable. Both the problems within, and the solutions to resolve issues in Canadian prisons are clear—they need only be implemented.

Health, addiction, and incarceration in Canada

One clear example of unnecessary practice in Canadian prisons relates to addiction. Approximately 80 per cent of federally sentenced people have substance use issues, yet addictions treatment programs are not part of prison programming. Instead, most federally sentenced people are put on opioid antagonistic therapy (suboxone or methadone) and kept on these medications for the duration of their incarceration.¹⁰ In the community, this medication is meant to be accompanied by therapy, but in prison, it simply replaces street drugs. Addiction is a leading contributing factor of incarceration, yet many individuals are released from prison into active addiction.

People who become incarcerated also disproportionately enter with mental health diagnoses. But incarceration itself also worsens, produces, and increases risk of adverse mental health outcomes, including addiction, depression, anxiety disorders, and suicide.¹¹ These same mental health outcomes are also disproportionately experienced by those who work in frontline positions in prisons.

Being incarcerated is traumatic. Prisons' harsh, violent, and unstable living conditions exacerbate pre-existing conditions, and create disorders in previously healthy people. Increasing literature on the presence of post-traumatic stress disorder among people who are incarcerated and work in prisons, and a similarly coined 'post-incarceration syndrome' captures the effects of incarceration on people's wellness¹² during and post-incarceration.

A prison system that creates illness and then downloads the burden of responding to illness onto Canada's already exhausted public health care system should be immediately reformed to address and resolve this. Prison environments add further to the public bill by producing chronic physical health illness in individuals, to such an extent that long-term incarceration in Canada reduces individual life expectancy by 20 years compared to the general population.¹³

Incarceration prevents people from economic and social participation

Incarceration fractures families and weakens community resilience and public safety by preventing economic and social participation. When someone becomes federally incarcerated, their family and community become directly financially responsible for them, as federally incarcerated people work for dollars a day, but incur high costs of living behind prison walls resulting from inflated food, communication and additional costs.

This produces generational poverty and systemic inequality, as, upon release, formerly incarcerated people—and their social networks—are left with the aftermath of intersecting impacts of trauma, untreated addiction, and long gaps in employment.

Post-incarceration outcomes have long been dismal, as incarceration not only sustains but deepens the presence of many socio-economic disadvantages, ranging from social stigma and poverty via insecure housing and homelessness, to chronic mental and physical illness, social isolation, and precarious employment. Restrictive parole conditions,¹⁴ criminal records, and gaps in resumes prevent many formerly incarcerated people from finding meaningful work. Background checks in housing applications move previously incarcerated people into vulnerable

housing environments, and rather than being able to meaningfully contribute to society, post-incarceration conditions fuel cycles of incarceration.

The solutions are known

Incarceration should only be used as a last resort. The United Nations Office on Drugs and Crime recognizes that incarceration has a “detrimental social impact” and mass incarceration produces a “deep social transformation in families and communities.” It has called on nations to account for the actual funds spent on the upkeep of each incarcerated person (usually significantly higher than a person sentenced to community-based alternatives) and the indirect costs: social, economic, and health costs that are “difficult to measure, but which are immense and long-term.”

Many efforts to address problems in the prison system are not implemented, such as Canada’s Black Justice Strategy, Canada’s Indigenous Justice Strategy, the draft National Action Plan on Mental Health and Criminal Justice,¹⁵ and the Reduction of Recidivism Framework Act, which received royal assent on June 29, 2021. These strategies and frameworks echo one another’s solutions and call for less incarceration, and more community resources. From Canada’s Black Justice strategy:

Decarceration: Canada must aim to reduce the overall current rate of persons incarcerated relative to the population by 30 per cent by 2034, and given levels of overrepresentation, incarceration rates for Black and Indigenous people must be reduced by 50 per cent of the current rate, relative to their proportion of the population, in this time. We take a broad view of decarceration to mean not only the release of people who are currently in custody, but also to reduce the number of people entering custodial facilities in the first place.

The Federal Framework to Reduce Recidivism provides a strong overarching vision of decarceration, by supporting five identified pillars central to breaking cycles of incarceration:

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

The act directs the government that these pillars can be achieved through the following measures:

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

In November 2023, the Federal Framework to Reduce Recidivism implementation plan was released but there has been no investment to implement the framework.

One clear action Canada can take to lessen the scope of Canada's federal prison is to reform the *Criminal Record Act*, so that people who have completed their sentences and are trying to work and build good lives are not permanently excluded from meaningful jobs and safe housing.

Canada's current criminal record legislation significantly adds to the burgeoning bill Canadians pay for incarceration. Long after people's sentences end, restrictive criminal record legislation in Canada prevents them from gaining and maintaining employment and safe housing, among other things.

One in nine Canadians has a criminal record. That translates to 4.3 million people who are directly impacted, and we can add at least eight million more (a conservative estimate) people who are impacted as family members and dependents of people with criminal records. The pathway to a free and automatic spent record regime (where an individual's criminal record is suspended automatically after they complete their sentence, rather than their having to apply for a suspension) has been outlined in Bill S-207: *An Act to amend the Criminal Records Act*, to make consequential amendments to other Acts and to repeal a regulation. Prioritizing criminal record reform is a timely and much-needed government action yet supported by diverse stakeholders, including the Parole Board of Canada and various police organizations.

Actions

Drawing from existing strategies and frameworks¹⁶, the AFB offers a roadmap to meaningfully and responsibly reduce incarceration by 30 per cent by 2035. To achieve this,

The AFB will amend the *Criminal Records Act* and implement a free and automatic spent record process, turning to the model outlined in Bill S-207 and supported by the Fresh Start Coalition. This will ensure that Canadians who have completed their sentences and who are trying to live good lives are not permanently excluded from good jobs and safe housing by having criminal records. This amendment will save Canadians \$25 million over the next five years and can be allocated to implement the Federal Framework to Reduce Recidivism.¹⁷

The AFB will invest an additional \$100 million a year to implement the solutions identified across the Federal Framework to Reduce Recidivism, Canada's Black Justice Strategy, Canada's Indigenous Justice Strategy, and the Action Plan on Criminal Justice and Mental Health for Canada.

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

The AFB will introduce integrated substance use treatment in penitentiaries that aligned with the standards of community-based models and deepen partnerships and pathways for community-based access to equivalent programs

The AFB will transform the policy framework and mental health service model in federal prisons into a model that is measurably consistent with Canadian and World Health Organization standards of care.

The AFB will introduce vocational development assessments into the Correctional Service of Canada intake and planning processes, diversify and expand access to meaningful vocational opportunities by partnering with community-based employment counselling/ development programs, and support post-secondary access for incarcerated people.

The AFB will improve support for existing initiatives such as Walls to

Table 17.1 / AFB actions on incarceration

All figures in \$millions

	2026-27	2027-28	2028-29
Implement a free and automatic spent record process	-\$5	-\$5	-\$5
Implement solutions identified in: Federal Framework to Reduce Recidivism, Canada's Black Justice Strategy, Canada's Indigenous Justice Strategy and The Action Plan on Criminal Justice	\$100	\$100	\$100
Introduce integrated substance use treatment in penitentiaries	\$10	\$10	\$10
Diversify and expand access to meaningful vocational and post-secondary opportunities	\$10	\$10	\$10
Provide training opportunities to transform correctional security positions into rehabilitative and supportive roles	\$5	\$5	\$5
Research policy solutions to move toward decarceration and develop viable alternatives to incarceration	\$7	\$7	\$7
Conduct an evaluation of Canada's decarceration strategy	\$2	\$2	
Create a public education campaign on why punishment models fail, at a cost to everyone	\$5	\$5	

Bridges Canada and Inside Out, that facilitate access to post-secondary education behind prison walls

To support the high amounts of current frontline prison staff to transition into new community-based employment work, **the AFB will** support training and bridging initiatives to support training opportunities to transform correctional security positions into rehabilitative and supportive roles, and where possible, into community-based positions.

The AFB will also support research into policy solutions toward decarceration, specifically developing viable alternatives that would increase the application of community-based alternatives to incarceration rooted in transformative justice models, diversion programs, and national scaling of First Nations courts and Indigenous models of justice alternatives. It will also expand existing, but underutilized community-based sentencing alternatives (e.g., Corrections and Conditional Release Act Section 81 and 84 releases, conditional sentencing, and conditional community release), and develop and implement an efficient metric to consistently measure recidivism.

The AFB will conduct an external impact evaluation of Canada's decarceration strategy to centre the experiences of impacted populations and ensure the framework meaningfully responds to systemic discrimination. It will deepen evidence-based practice and ensure that carceral institutions are measured and evaluated according to standard practice in the social sector. **The AFB will** continually identify and move people into Indigenous justice systems, and community-based

alternatives to incarceration, substance use treatment, and transformative justice programming.

Finally, **the AFB will** invest in a public education campaign to provide informed public understandings of why punishment models fail, and cost everyone in society. Public education will focus on the benefits to individuals, communities, and society when everyone who wants to contribute to their community is given a fair chance to.

Notes

1 Gwen Balfour, Kelly Hannah-Moffat, and Sarah Turnbull, "Planning for Precarity? Experiencing the Carceral Continuum of Imprisonment and Reentry," in *After Imprisonment: Special Issue*, Emerald Publishing Limited, 2018.

2 Shawn McAleese, "Job Search, Suspended: Changes to Canada's Pardon Program and the Impact on Finding Employment," in *After Prison: Navigating Employment and Reintegration*, ed. Rose Ricciardelli and Adelle M. Forth Peters, Wilfrid Laurier University Press, 2017; Michael J. To et al., "The Effect of Incarceration on Housing Stability among Homeless and Vulnerably Housed Individuals in Three Canadian Cities: A Prospective Cohort Study," *Canadian Journal of Public Health* 107, 2016.

3 Public Safety Canada, *Corrections and Conditional Release Statistical Overview 2022, 2023*, <https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/ccrso-2022/ccrso-2022-en.pdf>.

4 Treasury Board Secretariat, *The 2025–26 Main Estimates*, May 2025, <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/government-expenditure-plan-main-estimates/2025-26-estimates.html>.

5 Department of Justice Canada, *Costs of Crime in Canada*, 2014, <https://www.justice.gc.ca/eng/rp-pr/jr/ccc2014/system-systeme.html>.

6 [2022 Corrections and Conditional Release Statistical Overview](#)

7 Paul Robinson, Taylor Small, Anna Chen, and Mark Irving, "Over-representation of Indigenous persons in adult provincial custody, 2019/2020 and 2020/2021," *Juristat, Statistics Canada*, July 12, 2023, <https://www150.statcan.gc.ca/n1/pub/85-002-x/2023001/article/00004-eng.htm>.

8 Department of Justice Canada, *Overrepresentation of Black People in the Canadian Criminal Justice System*, fact sheet, December 2022, <https://www.justice.gc.ca/eng/rp-pr/jr/obpccjs-spnsjpc/index.html>.

9 See Walls to Bridges, "Media, Publications and Reports," <https://wallstobridges.ca/readings-reports-media/>.

10 Some volunteer community and faith based groups provide access to narcotics anonymous meetings, but these are limited, inconsistent, and should be supplementary to treatment programming.

11 Relative to the general population.

12 Katie Rose Quandt and Alexi Jones, "Research Roundup: Incarceration can cause lasting damage to mental health," *Prison Policy Initiative*, May 12, 2021.

13 Adeline Iftene, *Punished for Aging: Vulnerability, Rights, and Access to Justice in Canadian Penitentiaries*, 2019, University of Toronto Press.

- 14** Nyki Kish and Tamara Humphrey, "Problematizing Perpetual Punishment: Tensions and Impacts Across News Reports and Lived Realities of the Canadian Life Sentence", 2024, <https://www.canlii.org/en/commentary/doc/2024CanLIIDocs2092>.
- 15** Mental Health Commission of Canada, "National Action Plan on Mental Health and Criminal Justice" <https://mentalhealthcommission.ca/justicenap/>.
- 16** Canada's Indigenous Justice Strategy, Canada's Black Justice Strategy, the Federal Framework to Reduce Recidivism, the draft by the United Nations Office on Drugs and Crime, and the draft Action Plan on Criminal Justice and Mental Health for Canada set to be released by the Mental Health Commission of Canada in 2025.
- 17** Parliamentary Budget Office, "Legislative Costing Note: Bill S-208 (43rd Parliament, 2nd Sessions) An Act to amend the Criminal Records Act, to make consequential amendments to other Acts and to repeal a regulation (expiry of criminal records without application or fee)", October 2020, <https://www.pbo-dpb.ca/en/publications/LEG-2021-039-M--S-208-expiry-criminal-records-without-application-or-fee--S-208-expiration-casiers-judiciaires-sans-demande-ni-frais-demande>.

Industrial strategy and sector development

Introduction

Canada's industrial economy is at an inflection point. Governments at all levels, together with civil society stakeholders, must recalibrate industrial sector development to support working people, create good union jobs, and confront an increasingly volatile global economy, rapid technological change and climate crisis. Achieving this demands a bold and proactive industrial strategy that deploys public investment and oversight and fosters industry-wide collaboration to advance sustainability goals—and forge a more resilient and equitable economy.

The extensive supply chain breakdowns during the COVID-19 pandemic brought the perils of “just in time” manufacturing and decades-long deindustrialization into sharp focus. Canada's inability to farm, process or manufacture necessary goods, especially in times of crisis, created vulnerabilities for public health, economic well-being, and national security. Over-relying on fragile supply chains comes with significant risk.

If the pandemic motivated policymakers to advance strategic sector development initiatives (e.g. investments in the electric vehicle supply chain), the U.S.-provoked trade war and threats to Canada's sovereignty has raised the level of urgency. Trump's tariffs on critical goods—including

cars, metals, minerals and other products—illustrate the dangers of excessive export-dependence and supply chain integration. Further, Trump’s rollback of environmental regulations and job-creating clean energy investments is undoing interconnected clean tech investments here in Canada.

The Liberal government has promised to catalyze projects of national significance, create jobs, lessen U.S. trade dependence, and build “an industrial strategy that will make Canada more globally competitive, while fighting climate change.”¹ The pertinent question is: how?

Does government form the contours of its industrial strategy around an increasingly unreliable economic and security relationship with the United States? Does Canada defer to the guidance of fleet-footed and profit-thirsty private capital? Or does Canada embark on a visionary industrial strategy that meets the needs of people and the planet?

Overview

Canada’s industrial economy is among the most advanced in the world, underpinned by a highly skilled workforce, renowned education and research institutions, a stable democracy, world-class infrastructure, strong public services, and an abundance of natural resources. Industrial innovation has advanced not because these domestic resources simply exist, or because Canada has a natural proclivity to manufacture goods better than other countries, but because governments have fostered these advantages to advance common objectives and national goals in the face of competing global interests.

Building a successful industrial sector in today’s globalized economy requires strategy—coordination by governments in collaboration with workers, industry actors, and civil society. Industrial strategies (often sector-defined, and sector-specific strategies) identify public needs and industrial goals and then marshal the necessary resources, including coordinating public policy, to execute. Some of the most enduring and defining post-war industrial programs in Canadian history, from aerospace (e.g. Canadarm, Avro Arrow) to agri-food (e.g. Canola) to energy (e.g. Alberta’s oil sands), are products of coordinated government-led industrial strategies.

The absence of goal-oriented industrial strategy, and deference to corporate tax cuts and deficit-slaying as pillars of the neo-liberal economic development ethos, rendered Canada’s response to successive

major economic crises in the 1990s and 2000s totally impotent. Despite massive subsidies serving as lifelines to private financial institutions and multinational corporations after the 2008 financial crisis, hundreds of thousands of Canadian workers lost good-paying jobs in mills, forges, processing plants, refineries and factories as businesses restructured, and domestic production capacity shrunk. Employers gutted collective agreements in the industrial sector and closed pension plans, and skilled workers opted for early retirement.

The Canadian government's response was abysmal. It enacted indiscriminate tax cuts (\$60 billion worth), decommissioned industry planning councils, and brought in severe public sector austerity measures and direct attacks on trade unions. Government officials were disinterested in the effects—of hollowing out of Canada's industrial sector. Lower corporate taxes that companies promised would go into productive investments simply led to higher profits in the pockets of shareholders. All the while investment in the real economy was anemic, inequality was rising, productivity growth stalled, and Canada was no closer to addressing its global climate commitments.²

Canada's economic stimulus response to COVID-19 was decidedly different. Where economic "austerity" was the watchword following the Great Recession, economic "building" was the post-pandemic frame. Governments, all over the world, embraced a modern clean tech industrial strategy, spurring productive investments and growth opportunities. The Canadian government, following the lead of the U.S., invested heavily in nascent electric vehicle programs, batteries projects, critical mineral supply chains, carbon capture and storage technologies, biofuels, and low carbon steel and building materials.

Canada's recent embrace of the industrial strategy vernacular is a welcome change from the past, but budget 2026 must do more to operationalize industrial development. Canada can deliver better than the "defensive" or "copycat" industrial policies featured in the pandemic years and chart its own ambitious course forward. The federal government can do this by investing in both productive capacity as well as modern forms of social dialogue, by soliciting ideas and input from all civil society actors and various levels of government. Budget 2026 can reimagine Canada's industrial sector as evolving beyond a branch-plant economy, by advancing self-sufficiency, and by holding global firms accountable for their actions.

Defending Canadian jobs and industry against U.S. threats

U.S. tariffs on Canadian goods threaten to upend decades of economic integration, leaving Canada's trade-exposed industrial sector and industrial workers vulnerable. Donald Trump's economic agenda also seeks to dismantle Biden-era clean technology investment supports, further delinking a shared growth strategy.

Trump has not minced words with his disdain for Canada, declaring that "[Americans] don't need anything they have."³ The president has called for U.S. independence from Canada on car, steel, aluminum, lumber and energy production, in addition to preposterous annexation threats. Trump's retrenchment from Biden-era green industrial subsidies, including electric vehicle rebates and infrastructure, threatens to not only undermine North America's clean energy transition, but also slow the pace of research and development—rendering the North American industry less competitive than other global regions, including a rapidly-advancing China.

Trump's industrial strategy pits U.S. interests against the world in a battle for scarce resources, investment and jobs. It lacks vision, ignores the plight of working people and threatens to destabilize the global economy.

Embracing a philosophical shift towards industrial strategy

How Canada formulates its industrial strategy in this highly uncertain economic context will have significant consequences for the country. Canada must not emulate Trump's zero-sum approach. Rather, government must seize the opportunity to focus on major nation-building projects that serve a dual-purpose: make Canada's economy more self-reliant in the immediate term, while investing in future-facing innovations, skills and productive capacity to meet domestic and global demand, while future-proofing Canadian workplaces and growing good, unionized jobs.

Self-reliance requires deeper policy integration across governments as well as ministries, departments and procurement agencies. It requires an ambitious, cross-sectoral focus on future skills identification and accessible training. Canada must also show the world it can lead on inclusive practices, by institutionalizing conversations with stakeholders and equity-deserving groups.

Industrial strategy, in this context, needs to be more than a policy of enabling private sector investments, but rather a whole-of-government, mission-driven mindset focused on resource mobilization, job creation, self-reliance, sustainability, and social dialogue.

Expanding strategic industrial sectors and supply chains

Reliance on global supply chains brings high risk in a world economy grappling with political instability, extreme weather events and climate disasters. Canada's stated approach in defending and developing the automobile industry is to incubate an end-to-end supply chain, from 'mines to mobility'. On the 2025 campaign trail, Prime Minister Carney pledged \$2 billion to build an 'all-in-Canada' network for supplier parts. Although questions remain as to how this funding is used, the objective is bold: Canada must expand production capacity to build everything it is able, here at home. Project Arrow,⁴ an all-Canadian concept car, shows that Canada can be more than just a branch-plant economy for the U.S. auto industry.

This ambition must extend beyond Canada's automotive cluster. Canada has distinct industrial advantages in the production of low-carbon steel, aluminum and metals. It maintains one of the world's most sophisticated aerospace clusters, and is a global leader in forestry and wood product manufacturing, conventional and clean energy, critical mineral mining and value-added precursor chemical production, as well as food processing and farming. Government mobilization of resources can take many forms, from incubating, developing and commercializing new technologies, to direct public ownership of assets and intellectual property.

Participatory dialogue and decision-making

Unlike other advanced economies, notably in Europe, Canada lacks a tradition of collaborative and formal economic policy making institutions. Formulating meaningful industrial strategy requires institutionalizing deliberative social dialogue.

In 2013, the Harper government defunded dozens of federal labour market planning councils—a notable shift away from public consultation. "Inclusive growth," a rhetorical feature of the Trudeau years, failed to deliver permanent multi-stakeholder, consultative forums, apart from select industry clusters (e.g. the Canadian Automotive Partnerships Council) and as part of the government's broader just transition strategy, with social dialogue featuring prominently in the mandate of the new Sustainable Jobs Partnership Council. Government efforts to cultivate civil society consultation and seek guidance on industrial job transition policy is good, but not enough. Social dialogue must also drive forward-thinking industrial policy and sector planning.

Prime Minister Carney's efforts to undertake national interest projects is welcome, but its enabling legislation, Bill C-5—which grants

governments extraordinary powers to stifle dialogue and override basic human rights and environmental standards—raises serious concerns as to whether Canada is turning away from a philosophy of careful, considerate and inclusive economic development.

Actions

The AFB will re-invigorate Canada's Sector Councils program model, with a broader economic forecasting and development mandate and cross-departmental support. Such councils will serve as platforms for strategic conversations between labour, industry, government and Indigenous communities across select industries and developing technology clusters, providing forward-guidance on sector development trends and strategic investments and government procurement opportunities, domestic supply chain vulnerabilities, trade and climate policy coherence, labour market skills and training needs, among other priorities.

The AFB will recapitalize the Strategic Innovation Fund (SIF) to \$10 billion over five years, with half of the allocated funding directed toward large critical upstream and midstream projects tied to national interest objectives, economic diversification and tariff mitigation efforts. The SIF will coordinate on strategic investment decisions with input from Canada's Sector Councils. The processing time for SIF applications must be streamlined, with a benchmark of three months. It will attach funding conditions to long-term domestic job and production covenants, and labour market conditions including union neutrality commitments. Preferred applications involve those tied to First Nations community development and job creation. The AFB will also relocate capital funding earmarked for the Canada Growth Fund to recapitalize SIF.

The AFB will commit \$1 billion over 10 years to create a supplementary Transition Benefit for workers displaced by climate policies or tariff mitigation and trade diversification measures. The benefit is flexible by design so that it can best serve the needs of workers in different industries and regions. It can be used for income support, retraining, early retirement or other purposes, and is supplementary to Employment Insurance benefits.

The AFB will commit \$5 billion over five years to create an Inclusive Workforce Development program to promote opportunities for underrepresented groups in growth industries. Previous federal initiatives in this area, such as the Community Workforce Development Program,

Table 18.1 / AFB actions on industrial strategy and sector development

All figures in \$millions

	2026-27	2027-28	2028-29
Re-invigorate Canada's Sector Councils program model	\$25	\$25	\$25
Recapitalize the Strategic Innovation Fund (SIF) to \$10 billion over five years	\$1,000	\$1,500	\$2,000
Create a supplementary transition benefit	\$150	\$150	\$100
Fund the new Inclusive Workforce Development Program	\$500	\$1,000	\$1,500

have been well intentioned but insufficient. The Inclusive Workforce Development Program will set a target of training 100,000 workers per year for key professions in strategic industries, including at least 50,000 workers per year from equity-deserving groups.

The AFB will ensure labour and economic development conditions on nation-building projects, including, prevailing wage, union neutrality covenants, community benefit agreements. All projects will also be consistent with climate and biodiversity conditions (see Environment and Climate change chapter).

The AFB will institute an ambitious 'made-in-Canada' procurement directive. Among the suite of industrial policies necessary to deliver on Canada's sector development ambitions, the federal government must reorient its philosophy toward public procurement as an enabler of domestic production and job creation, rather than simply offering state contracts to the lowest bidder. An active procurement policy will support domestic manufacturing, processing and incubate new industries and new technologies, including low-emission steel and aluminum (e.g. through 'buy clean' policies), advanced manufactured goods including cars, ships, planes, chemicals, and strategic goods such as biofuels (e.g. through Canadian content in renewable fuel policies). Such a procurement policy will further enable the development of strategic partnerships between governments and Canadian producers, including governments serving as "first buyers" of new technologies to help commercialize and scale Canadian-made products. The AFB's strategic procurement policy also envisions government purchasing-to-stockpile critical resources, necessary for national and economic security.

Notes

- 1 Speech from the Throne, delivered by His Majesty King Charles III, May 27, 2025, <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2025/speech-from-the-throne.html>.
- 2 Matt Polacko, "Canada's Failed Corporate Tax Cutting Binge," *The Monitor*, Canadian Centre for Policy Alternatives, November/December 2019, <https://www.policyalternatives.ca/publications/monitor/canadas-failed-corporate-tax-cutting-binge>.
- 3 Radio-Canada International, "Trump Says U.S. Doesn't Need Canadian Cars, Lumber, or Dairy; Consumers May Not Agree," *Radio-Canada International*, March 3, 2025, <https://ici.radio-canada.ca/rci/en/news/2132288/trump-says-u-s-doesnt-need-canadian-cars-lumber-or-dairy-consumers-may-not-agree>.
- 4 Project Arrow is a collaborative program to build an all-Canadian, zero emission concept car led by the Automotive Parts Manufacturers' Association in Canada, involving hundreds of domestic suppliers. It was first unveiled at the Consumer Electronics Show in 2023. For more information, visit: <https://www.projectarrow.ca/>.

Infrastructure, cities and transit

Introduction

In response to Donald Trump's trade war, developing Canada's national infrastructure is a hot topic in 2025. Both federal and provincial governments have been co-creating a shortlist of strategic nation-building projects and have taken actions to concentrate power to expedite those projects. While the prospect of major new infrastructure investment would seem a sensible response, the danger is that governments will squander tens of billions of public dollars on new pipelines and other fossil fuel infrastructure like liquefied natural gas (LNG) terminals—plus the fig leaf of carbon capture and storage (see Environment and Climate Change chapter) or misguided public-private partnerships that seek to generate private profits at public expense.

The AFB gets back to basics and invests similar dollar amounts into the real infrastructure upon which our prosperity depends. Water and sewer upgrades are boring, but they directly improve people's quality of life and accommodate growth and more dense housing. Transit investments get people and goods moving. We also envision a different suite of national projects to better connect Canada, namely an east-west clean electricity grid, and new high-speed rail capacity.

Infrastructure underpins common prosperity and is key to creating good jobs, fighting climate change and building more inclusive communities. With the threat to Canadian sovereignty, we need the federal government to step up and build great projects that will reinforce

our independence and position us for the future. This includes connecting big projects to Canadian supply chains for industries like steel and aluminum that are being adversely affected by the Trump administration, and the auto parts and assembly sectors for electric buses and other transit vehicles.

Overview

Municipal infrastructure

Local governments have long lobbied for federal funding to address infrastructure gaps from a generation of neglect. In the absence of federal and provincial funding, infrastructure responsibilities are “downloaded” to local governments that do not have the same tax base upon which to finance upgrades—and many local governments cannot run deficits. Municipal governments have tried to plug this funding gap with charges and fees on new development to pay for this infrastructure upgrading rather than higher property taxes.

Beginning with the 2017 federal budget, the federal government has helped bridge this gap with a 10-year infrastructure plan—a plan now in need of renewal. The 2024 budget included a Canada Housing Infrastructure Fund with \$6 billion over 10 years towards infrastructure to support new, denser housing. The re-elected Liberals promised \$1.5 billion per year for four years to support local infrastructure and reduce local government development charges by 50 per cent by paying for them directly. This is a good start but ultimately a very small number when spread across the country.

Beyond this, the party’s election platform had little to say about major reinvestments in local government infrastructure like roads, water and waste. Metro Vancouver needs billions for sewage treatment, Greater Victoria still emits raw sewage into the ocean, rivers and lakes around Winnipeg are polluted from 10 billion litres of sewage. In addition, many culture and recreation facilities, such as pools, libraries, and community centres, are in poor condition.¹

Climate and energy infrastructure

Infrastructure is key for adaptation to a warming planet, including extreme weather events that are striking our communities more frequently and more severely. This means upgrades to dikes and sewer systems that

can better handle extreme precipitation, and upgrades for cooling during extreme heat.

Canada long depended on fossil fuel extraction and consumption to drive the economy, and in the face of trade challenges, political leaders have sought to double down on the dirty industries of the past. This would be a mistake that diverts the country from the pathway to a clean and safe future.

Only through ambitious and well-funded public infrastructure can we achieve decarbonization. Despite ramping up climate action over the past decade, Canada is not spending at the level needed to compete in a world shifting rapidly away from fossil fuels and towards clean energy (see Environment and climate change chapter). Now is the time for the federal government to set out a multi-year investment plan that responds to the scale of the threats while rejecting red-herring solutions like carbon capture and storage.

Investments on this scale will drive deep decarbonization in every sector of the Canadian economy—and make life more affordable for Canadians through lower home energy costs and resiliency to external shocks, like recent inflation stoked by oil and gas prices. New public climate investments can embed sustainable well-being, build strong communities, and reduce economic inequality. Well-designed investments can also make meaningful steps towards healing relationships with Indigenous Peoples (see First Nations chapter).

Clean electricity is a cornerstone of these climate and energy infrastructure investments. BC and Manitoba are developing new clean electricity in conjunction with local First Nations. But too often these are in the service of powering up expanded fossil fuels.²

Canada needs to accelerate the development of an east-west clean electricity grid in conjunction with expanded EV infrastructure across the country. Enhanced cost-sharing infrastructure agreements with provinces and territories can expedite grid connections and permits, which currently present a significant bottleneck in the growth of public charging ports.

Public transit and high-speed rail investments

The announcement of a Toronto to Quebec City High Speed Rail (HSR) project, called Alto, is a game changer for transportation in Canada's most crowded corridor. We simultaneously need to advance HSR in other priority corridors including a Western Canada route from Winnipeg-Edmonton-Calgary and Vancouver-Calgary and Toronto-Winnipeg to complete a national network in a generation. These HSR corridors could take advantage of the east-west clean electricity grid and expansion.

The Canada Public Transit Fund, first promised in 2024 is set to launch in 2026-27. The fund will provide stable federal funding, but its \$3 billion is primarily aimed at supporting capital projects. For many, public transit is already a lifeline. A means to connect people to work, crucial services, and loved ones. However, transit systems across the country are strained and the federal government needs to step up with operating support. To move away from automobile dependence, public transit must be convenient, reliable and affordable. Federal operations funding could make transit a viable option for most people, most of the time.

To this end, we aspire to double the number of buses (electric/hybrid, Canadian-made) in local services within five years and triple it within ten, for more frequent, reliable local transit services in communities throughout the country. Inter-connecting local public transit networks through expanded VIA Rail service or alternative inter-city express buses can greatly improve mobility for people in small towns and rural areas—making it easier to get healthcare and other services, visit family or go on vacation. And stronger transit connections across Canada would benefit tourism.

As Canadians have learned with the disaster of Ottawa's Light Rail Transit system, the public-private-partnership (P3) model simply does not work. In fact, rather than delivering its promise of saving money, its use has been strongly linked to rapidly escalating public transit construction costs, particularly in countries with little public sector expertise or transit-building know-how. We also tie our funding support for transit expansion to the creation of unionized jobs within the public sector.

Actions

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

The AFB will renew existing fiscal transfers to municipalities, in the form of Canada-Community Building Fund agreements, expand it to reflect its decline in purchasing power due to inflation, and tie its annual growth to the economy. This would change its growth rate, currently fixed at two per cent, to instead create an escalator based on nominal GDP

growth (or two per cent, whichever is more). The federal government will transfer additional revenues cities levy from access to income taxes through this existing program.

The AFB will create a funded mandate for VIA Rail to expand rail service across the country and establish dedicated project offices for high-speed rail connections in priority corridors. This funded mandate will include a \$2 billion per year revenue source, pegged to inflation, that VIA Rail will have the authority to bank and borrow against. The AFB will abolish the Canada Infrastructure Bank and transfer its remaining public money to VIA Rail, so they can begin building expansion projects immediately. **The AFB commits** \$50 billion in capital expenditures towards HSR projects, with the condition that they be public-led and run, not P3s.

The AFB will commit \$20 billion over five years to build a clean electricity grid with a focus on interregional transmission and targeted investments in rural, remote and Indigenous communities. The AFB will create a new public electric vehicle charging infrastructure across Canada, in partnership with provinces, territories, and power utilities to cost share the build out of a national network of electric vehicle charging stations. This would fund provincial charging network plans that meet national standards for coverage, reliability and charger plug standardization.

The AFB will create a new role for the federal government in supporting public transit operations to facilitate expansion while keeping fares as low as possible. **This AFB will** invest an additional \$35.4 billion dollars over 11 years (2026 to 2036) above planned transit spending by accelerating the start date of the forthcoming Canada Public Transit Fund, and expanding its role to include transit operations funding, which is crucial to growing ridership and reducing carbon emissions. Our goal is to simultaneously support transit expansion and keep fares affordable.

Operational funding will be included in a reliable, predictable baseline funding stream. To encourage cities to deploy faster transit, bonus operating funding payments will be delivered to cities based on the number of kilometres of dedicated transit priority (including bus, streetcar) lanes. To encourage efficiency, an incremental component of this funding stream will be tied directly to ridership growth. Cities would also be allowed to use operating funding to reduce the cost of transit fares.

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

Table 19.1 / AFB actions on infrastructure, cities and transit

All figures in \$millions

	2026-27	2027-28	2028-29
Change the Canada Community-Building Fund growth rate to economic growth	\$104	\$266	\$532
Fund mandate for VIA Rail	\$2,000	\$2,040	\$2,081
High speed rail capital	\$333	\$333	\$667
Build a clean electricity grid and charging network	\$133	\$133	\$133
Invest in a 10-year Public Transit Fund (2026-36)	\$1,609	\$1,609	\$3,218

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

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

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

Notes

¹ Canadian Infrastructure Report Card, 2019 Canadian Infrastructure Report Card: Monitoring the State of Canada's Core Public Infrastructure, <http://canadianinfrastructure.ca/downloads/canadian-infrastructure-report-card-2019.pdf>.

² Marc Lee, "Painting Itself into a Corner: LNG and the Climate-Affordability Trade-Off in B.C.," Canadian Centre for Policy Alternatives, May 14, 2025, www.policyalternatives.ca.

International cooperation

Introduction

The world is facing growing instability driven by conflict, climate change, shrinking civic space, and intensifying geopolitical tensions. Humanitarian needs are escalating, inequality is deepening, and the global development cooperation system is under acute strain, with severe funding cuts and outdated models limiting effective response. With only 43 per cent of global humanitarian appeals funded in 2024 and over 300 million people projected to need urgent assistance in 2025, the pressure to act is urgent and undeniable.

Canada has long championed international cooperation, solidarity, human rights, and peace—not only as expressions of our core values of compassion and responsibility, but also as essential to our own well-being and global influence in a deeply interconnected world. While we understand that economic pressures are shaping the new government's agenda, Canada cannot afford to turn inward.

Overview

Roadmap to principled and impactful international engagement

Despite its modest fiscal footprint, Canada's international assistance continues to deliver outsized returns by advancing gender equality, climate action, inclusive development, human rights, and humanitarian response. In a time of escalating geopolitical instability, sustained and strategic engagement strengthens partnerships, opens new markets, and mitigates global crises before they reach our borders.

To navigate today's complex and interconnected global landscape, Canada must modernize its foreign policy with a coherent, integrated approach that unites international development, diplomacy, defence, and trade. Anchoring this approach in trust and meaningful collaboration with civil society—both at home and abroad—will ensure Canada's global engagement is inclusive, principled, and future-oriented.

As civic space contracts globally and authoritarianism rises, Canada's longstanding leadership on human rights and international law positions it to act with conviction and credibility. Demonstrating a commitment to democratic values through robust support for civil society, independent media, and human rights defenders will enhance Canada's international standing and ensure that its global engagement reflects both its principles and strategic interests.

While Canada's allies retreat from their international commitments, Canada must recognize that greater engagement in global development is an investment in a safer, more prosperous future for both Canadians and the world. It leads to fewer conflicts, more trading partners for Canadian businesses, and stronger, more stable democracies. Beyond being the principled path, investing in development promotes global growth, stability, and justice. It is both the right thing to do and the smart thing to do.

Overview of Canada's ODA

In its latest report, Canada reported total international assistance of \$12.3 billion in 2023/24, of which \$10.2 billion qualifies as Official Development Assistance (ODA). In a year where large loans were provided to Ukraine, a significant portion of the discrepancy between the two figures is due to the fact that only the grant equivalent of loans are counted towards ODA.

This baseline amount represents a significant decline of almost a quarter of Canadian international assistance compared to 2022/23, but still significantly above pre-pandemic levels, taking inflation into account.

In recent years, the Canadian government has spent a growing share of its international assistance domestically, primarily on refugee support and administrative costs. In 2023/24, in-Canada spending—alongside aid to Ukraine—accounted for 45 per cent of total Official Development Assistance (ODA), leaving only 55 per cent for all other global priorities. This marks a sharp decline from 76 per cent just four years earlier.

While supporting refugees in Canada and aiding Ukraine are vital, the increasing diversion of ODA toward domestic and geopolitical priorities risks undermining Canada's broader development and humanitarian commitments—particularly in lower-income countries. As global aid budgets tighten, it is essential that Canada's assistance remains focused on its core purpose: reducing poverty and inequality in the Global South and addressing the root causes of displacement and insecurity.

Need for transparency and accountability in the budget

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

Debt relief in the Global South

Sovereign debt burdens restrict many countries' capacity to invest in essential services and development priorities. In the Global South, this is reaching critical levels, directly affecting 3.3 billion people who live in countries where governments currently spend more on debt servicing than on essential services like education or healthcare.¹ These financial pressures have intensified following the COVID-19 pandemic, surging global interest rates, and compounding climate shocks. Over 60 per cent of low-income countries are either at high risk of debt distress or experiencing it.²

These figures paint a stark picture: debt servicing not only diverts resources from social and climate spending but constrains development at scale, impacting billions across the Global South.

Canada has an opportunity to champion global efforts to cancel unsustainable debt and promote fairer financial systems that create fiscal space for countries to support their own sustainable growth. Effective leadership requires moving beyond managing crises toward reforming the global financial system to better serve all countries more equitably. These efforts are critical in taking forward commitments at the 4th International Conference on Financing for Development.

Strengthening Canada's climate finance commitment

The climate crisis is urgent, reversing development gains, especially in lower-income countries where extreme heat and food insecurity are worsening. Decisions today will determine the future of humanity and countless species. Without a major increase in high-quality public climate finance, catastrophic impacts are inevitable. Climate change affects migration, food security, and conflict, requiring a holistic response. As Canada's current climate pledge approaches completion, it must commit to a more ambitious next pledge to accelerate meaningful action and support a just transition. Importantly, climate finance should be additional to Canada's core ODA commitments, ensuring that efforts to tackle the climate crisis do not come at the expense of vital development goals.

Actions

The AFB will maintain Canada's Official Development Assistance (ODA) at \$10.2 billion,³ where it was in 2023-24. **The AFB will increase** the ODA commitment by the rate of inflation to ensure capacity isn't lost. In these difficult economic times, Canada's international assistance must not be subject to cuts, as has already been committed by Canada's new government.

The AFB will work to return ODA to its core goal of poverty eradication in the Global South. This includes minimizing funds spent domestically and removing climate finance from the ODA budget.

The AFB will ensure that international assistance to Ukraine is supplementary to stable or growing assistance for the rest of the world. To support this, it will launch an Eastern Europe Assistance Tracker to monitor foreign aid related to the war and crisis in Ukraine.

The AFB will implement transparency measures in every annual budget going forward. This includes reporting the budgeted and estimated actual International Assistance Envelope (IAE) for the previous

fiscal year, the IAE budgeted for the upcoming fiscal year, the budgeted IAE for the next five years, and a basic allocation of the IAE by main program areas, implementing departments, and country partners for both upcoming and previous fiscal years. This also means committing to end opaque funding announcements involving repurposed allocations. Instead, it will prioritize predictability and transparency. Any new funding announcements will clearly state whether the funds are new or reallocated from existing pools.

The AFB will ensure that Canada's humanitarian funding remains robust amid increasing global crises. It will commit to predictable and timely funding to improve coordination and response, ensuring international assistance reaches the most vulnerable populations. This includes larger, flexible, and multi-year funding that can be increased as needed based on global humanitarian needs, not geopolitical priorities. To further coordination and respond to realities on the ground, **the AFB will** promote coherence across humanitarian, development, and peacebuilding efforts while respecting humanitarian principles.

The AFB will strengthen Canada's role in upholding international humanitarian law by making the protection of civilians and aid workers a foreign policy priority. Upholding international humanitarian law is both a humanitarian responsibility and a strategic imperative that enhances Canada's global standing. **The AFB will** advocate for accountability for violations of international humanitarian law and human rights. This includes supporting international justice mechanisms like the International Criminal Court and aligning Canada's diplomatic and financial actions with global humanitarian standards. **The AFB will** invest in civilian protection by focusing on vulnerable populations in conflict zones, including women, children, and displaced persons, to ensure humanitarian assistance reaches those most in need.

The AFB will champion global debt relief efforts by supporting international initiatives that meaningfully address the debt crisis, using the G7 presidency and multilateral channels to shape debt relief frameworks and advocate for financial reforms that build sustainable economies in the Global South. **The AFB will** prioritize global debt relief initiatives that allow countries in the Global South to redirect resources to critical sectors such as health, education, and climate adaptation. This includes supporting unsustainable debt cancellation, as well as pushing for reforms to increase fiscal space for Global South countries and a debt resolution framework within the United Nations that is transparent, binding and fair.

Table 20.1 / AFB actions on international cooperation

All figures in \$millions

	2026-27	2027-28	2028-29
Maintain Canada's Official Development Assistance at 2023-24 level (\$10.2 billion) and adjust for inflation	\$204	\$412	\$624

The AFB will champion reforms to global financial institutions such as the International Monetary Fund and World Bank to make them more responsive to the needs of low- and middle-income countries. Supporting mechanisms for sustainable financing, including climate finance, will be key to building long-term global resilience (see the Environment and Climate change chapter). In order to foster public support for Canada's global engagement, **the AFB will** build trust and support among Canadians by investing in systems and strategies that demonstrate the relevance and impact of international cooperation. It will seek to combat misinformation on global issues and engage in new collaborations that reach beyond traditional circles, connecting Canadians in fresh and inspiring ways.

The AFB will modernize Canada's international assistance delivery by balancing funding across civil society, multilateral, and bilateral channels to maximize impact. This includes increasing funding flexibility to support local leadership and allow partners to respond to changing local contexts in humanitarian, development, and peacebuilding work. **The AFB will** support initiatives that leverage new and innovative partnerships both in Canada and globally. This will encourage new actors and approaches to move resources effectively and with accountability.

The AFB will defend civic space and human rights by using its influence in global forums and providing dedicated funding as part of the IAE to expand support for civil society and civic space. This funding will prioritize agile partnerships with local actors and support human rights defenders, civil society organizations and movements, independent media, and the legal and enabling environment for civil society, human rights, and democracy. In an increasingly polarized global context, **the AFB will** continue to champion gender equality, the rights of women and girls, and 2SLGBTQ+ rights. This should include supporting comprehensive women's health care services by properly financing key programs and ensuring all women have the resources and agency to control their bodies and futures. Women's health and access to sexual and reproductive rights are fundamental human rights.

Notes

- 1** United Nations Trade and Development, *Debt crisis: Developing countries' external debt hits record \$11.4 trillion*, March 17, 2025, <https://unctad.org/news/debt-crisis-developing-countries-external-debt-hits-record-114-trillion>.
- 2** World Bank Group, *Record IDA Replenishment Essential as Debt Crisis Looms*, January 31, 2024, <https://www.worldbank.org/en/news/feature/2024/01/31/record-ida-replenishment-essential-as-debt-crisis-looms>.
- 3** Global Affairs Canada, *Statistical Report on International Assistance 2023-2024*, April 11, 2025, <https://www.international.gc.ca/transparency-transparence/international-assistance-report-stat-rapport-aide-internationale/2023-2024.aspx?lang=eng>.

International trade

Introduction

The re-election of Donald Trump as America's president has accelerated the unravelling of the global trading order, with significant implications for the Canadian economy and international relations. American unilateralism and gunboat diplomacy, including the use of punitive tariffs to drain investment and compel policy reform from U.S. trading partners, pose existential threats to Canadian industries dependent on stable access to U.S. markets.

Prior to and since the federal election in May, Prime Minister Mark Carney has described this state of affairs as a "hinge moment" for Canada. In his words, the old relationship with the U.S., marked by ever closer security and military integration in exchange for secure trading relations—"is over." In its place, Carney proposed that Canada should be making more of what it currently imports, decreasing export dependence on the U.S., and broadening interprovincial and non-U.S. economic ties.

However, echoing the "old relationship" with the U.S., the federal government has significantly increased defence spending, cancelled a digital services tax unpopular with U.S. tech firms, proposed to join an unrealistic U.S. missile defence scheme, cracked down on migrants, enhanced police powers to access personal online data, and granted the U.S. preferential access to fast-tracked Canadian critical minerals projects in an effort to eliminate U.S. tariffs on steel, aluminum and automotive products.

Overview

This year's Alternative Federal Budget takes the Trump threat seriously by hinging away from the failures of free trade and deep integration with the United States. It walks away from an international order that serves the interests of powerful corporations and their financiers and invests in a new international economic order that prioritizes people over profits and cooperation over competition.

"Inclusive trade" reforms pursued by the Trudeau government related to gender, Indigenous Peoples, small- and medium-sized companies, and labour aimed to preserve rather than challenge the inequitable and anti-democratic free trade model. Yet we may miss inclusive trade when it's gone.

The second Trump administration, with its embrace of trade unilateralism abroad and authoritarian repression at home, fundamentally threatens lives and livelihoods within and well beyond the continental United States. Unchecked, it could prove devastating for the Canadian economy.

Efforts by the federal government and provinces to further deregulate interprovincial trade and investment—by removing public policy exceptions in the Canadian Free Trade Agreement and committing to mutual recognition of provincial standards—could just as likely reinforce as counterbalance Canadian dependence on the U.S. market. Canada will also be expected to make further concessions to U.S. corporate interests during the upcoming review of the Canada-U.S.-Mexico Agreement (CUSMA).

Interprovincial trade and the *Building Canada Act*

For the past two years, the federal government has worked with the premiers to radically deregulate services and investment rules in Canada under the guise of enhancing internal trade. Policy-makers have used the Trump threat—and trumped up estimates of the alleged cost of interprovincial regulatory differences—as an excuse to remove important public policy exceptions in the Canadian Free Trade Agreement that will leave the provinces and Canada open to trade disputes challenging important economic development levers such as local processing requirements for fish, forestry products and minerals.¹

The premiers and federal government have also passed legislation this year, such as the controversial Bill C-5, that requires regulators to mutually recognize each other's standards, protections and labour certifications as comparable to their own.² While advocates of mutual

recognition claim it is a fast way to neutralize the effect of minor differences in standards and regulations on trade and economic growth, without appropriate guardrails these laws can only lead to a race to the bottom on public protections.

Federal “one Canadian economy” legislation, which purports to help the government undertake nation-building projects and tear down internal barriers to trade, was rushed through Parliament with little debate or discussion in the third week of June. The bill echoed recent legislation in Ontario³ and British Columbia⁴ that similarly concentrates power within the executive level of government to advance major projects by bypassing the regular processes for environmental assessment and other consultations.

Canada-Israel trade relations

Israel’s ground and air assault on the Occupied Palestinian Territories (OPT) of Gaza and the West Bank is nearing the two-year mark. The world reacted with horror to the Hamas-led attack on Israel of October 7, 2023. But the ferocity of the Israeli military response, increasing evidence of the government’s genocidal actions and intentions, and Israel’s blocking of humanitarian aid shipments to Gaza have triggered calls to stop the conflict and investigate war crimes on both sides.

Israeli military operations to September 12, 2025 had killed at least 65,000 people, more than half of them children, and killed or injured as many as 200,000, according to a former Israeli army commander.⁵ That month, a UN commission found that Israeli airstrikes, shelling, burning, and controlled demolitions have destroyed more than 90 per cent of schools and university buildings across Gaza. “We are seeing more and more indications that Israel is carrying out a concerted campaign to obliterate Palestinian life in Gaza,” said Navi Pillay, Chair of the Commission.⁶

In May 2025, the European Union voted to review its free trade agreement with Israel based on concerns that the Israeli government was violating human rights in the Occupied Palestinian Territories of Gaza and the West Bank.⁷ The United Kingdom simultaneously suspended trade negotiations with Israel and imposed additional sanctions on settler outposts in the West Bank.⁸ In October, Colombia paused its free trade deal with Israel and expelled Israeli diplomats following the detention of activists carrying aid to Gaza via flotilla.

While Gazans have welcomed an early October ceasefire deal between Hamas and Israel, illegal Israeli settler land grabs in the West Bank continue. Canada’s free trade deal with Israel violates international

law by categorizing trade from the OPT as originating in Israel, which “erases the Palestinian identity of OPT trade, and provides a material incentive and economic reward to Israel’s ongoing settlement activity.”⁹ Canada continues to approve the sale of weapons and military goods to Israel despite an announced pause in 2024.¹⁰

Investor-state dispute settlement

Investor-state dispute settlement (ISDS) continues to come under intense scrutiny globally. ISDS lets foreign investors bypass domestic courts to sue countries, sometimes for billions or even tens of billions of dollars, when the decision of a government, court, or other public body negatively affects their expected profits.

In December 2024, two Australian coal investors brought an ISDS case against Canada under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) related to Alberta’s planned coal mining phaseout. The Alberta government reversed course in June 2025, announcing it was recommitting to new coal mines because of the high cost of these and other, domestic lawsuits from coal companies.¹¹

The Intergovernmental Panel on Climate Change says the prevalence of such ISDS cases threatens the global response to the climate emergency.¹² In 2015, the Special Rapporteur on the Rights of Indigenous Peoples found that ISDS has “significant potential to undermine the protection of [Indigenous Peoples’] land rights and the strongly associated cultural rights.”¹³ In 2023, another United Nations report found that ISDS poses “catastrophic” risks to the achievement of human rights.¹⁴

Canada continues to negotiate new treaties that include ISDS, primarily to strengthen the hand of Canadian mining firms abroad when faced with public or governmental opposition to their projects.¹⁵ Canadian firms are behind at least 20 of 57 recent ISDS cases related to critical minerals.¹⁶

Canada-Ecuador trade agreement

In October 2024, several leaders of Indigenous and environmental organizations in Ecuador travelled to Canada to share disturbing testimony of human rights violations and ecological harms linked to Canadian mining projects. In meetings with government officials and members of Parliament, the women described the disregard of Ecuadorian officials and private companies for constitutional guarantees, and failures of due diligence with huge consequences for the Amazon and the communities that depend on it.

After hearing this news from Ecuador, leaders of six Canadian labour unions sent a strongly-worded joint letter to the federal government calling for a halt to the free trade negotiations and guarantees of rights protection.¹⁷ The Ecuadorian defenders and Canadian unions expressed special concern that the governments of both Canada and Ecuador sought to include investor-state dispute settlement (ISDS) provisions in the free trade agreement, even though a huge majority of Ecuadorians voted in a referendum in April 2024 to maintain the unconstitutionality of ISDS in their country.

The 2026 CUSMA review

North American nations are about to begin a mandatory review of the Canada-U.S.-Mexico Agreement (CUSMA). According to one former United States Trade Representative, the purpose of the review “is to maintain a certain level of discomfort” in Canada and Mexico, in order to extract further concessions for U.S. corporate interests.¹⁸ Though the process is not without its risks, there may be opportunities to improve labour, environmental and human rights related enforcement mechanisms in the “New NAFTA,” in consultation with civil society in all three countries.

Forced labour

Following the ratification and implementation of the Canada-United States-Mexico Agreement (CUSMA), Canada amended its Customs Tariff to align with a U.S. ban on imports of products made using forced labour. While under the Biden administration U.S. customs agents blocked thousands of shipments a year, Canada’s forced labour import ban has been ineffective, despite repeated promises to improve enforcement. Drastic funding cuts for forced labour programs in the U.S. force Canada to pick up the mantle.¹⁹

In March 2025, the Trump administration cancelled²⁰ US\$577 million in grants administered by the Bureau of International Labor Affairs (ILAB) to various programs meant to promote labour rights abroad. Many people with expertise²¹ on identifying and advocating against forced labour lost their jobs. A number of U.S. labour rights groups have filed a lawsuit²² against the cuts and several groups have issued a public call²³ to restore funding.

International unions and human rights groups are also pushing for a coordinated strategy to deal with forced labour and other core labour rights violations in global supply chains. The 18 members of the Coalition Against Forced Labour in Trade (CAFLT)²⁴, representing groups from

Canada, the U.S., Mexico, Chile, Japan, South Korea, Australia, the U.K. and the EU, advocate that no country should become a safe harbour for forced labour and are calling for worker-centred import bans.

Actions

The AFB will terminate or suspend the Canada-Israel Free Trade Agreement and ban all weapons sales to Israel—including munitions, military fuel, related military equipment, and dual-use items—to pressure the Netanyahu government to heed its international legal and humanitarian obligations towards Palestinians. Canada will also prevent the transit, docking and servicing of international vessels carrying military goods to Israel and review all public contracts, to prevent public funds from supporting Israel's illegal occupation of the Palestinian Territories, as promised by 30 nations at the Emergency Conference of The Hague Group in July 2025.²⁵

The AFB will invest \$2.3 billion over five years in a Canada–Africa Strategy to expand trade and development partnerships across the African continent. This initiative will support inclusive green industrialization in Africa and position Canada as a trusted development partner and climate ally.

The AFB will review Canada's international and internal trade commitments with respect to public procurement to ensure the federal, provincial, territorial and municipal governments have the room to prefer Canadian goods and services (e.g., food, construction materials) when spending public money.

The AFB will allocate \$50 million over two years to expand the number of professions covered by the Interprovincial Standards Red Seal Program, which allows certified workers to ply their trade in any part of Canada. The Red Seal program strengthens Canada's economic union without the risk of a race to the bottom on health and safety standards that is created by current federal and provincial mutual recognition plans.

The AFB will withdraw Canada from the free trade agreement with Ecuador. The agreement is estimated to provide meagre real trade benefits—in the low millions of dollars—for a small number of sectors, but it could have serious human rights impacts by empowering Canadian mining companies over mining-affected communities.

Table 21.1 / AFB actions on international trade

All figures in \$millions

	2026-27	2027-28	2028-29
Invest in a Canada-Africa Strategy to expand trade and development partnerships across the African continent	\$460	\$460	\$460
Expand coverage of Interprovincial Standards Red Seal Program	\$25	\$25	
Convene a broad civil society advisory group to help develop priorities for the 2026 mandatory review of CUSMA	\$2		
Establish an expanded forced labour and inclusive trade branch within Global Affairs Canada	\$20	\$20	\$20

The AFB will allocate \$2 million to convene a broad civil society advisory group to help the Canadian government develop priorities for the 2026 mandatory review of the Canada-U.S.-Mexico Agreement (CUSMA).

The AFB will direct Canada's mission to the World Trade Organization to support an African Group proposal to review the WTO agreements to ensure both major industrialized and industrializing countries can safely use green industrial policies like those adopted by the U.S. and Europe to support domestic green energy, electric vehicle, and semiconductor manufacturing. Canada will also support a "climate peace" clause at the WTO, and in its current free trade agreements, that would block countries from challenging measures aimed at rapidly lowering carbon emissions.

The AFB will direct Global Affairs Canada to remove investor-state dispute settlement (ISDS) from existing Canadian trade and investment deals and to take ISDS off the table in current and future trade negotiations with Mercosur, Indonesia, India, Indonesia and the Association of Southeast Asian Nations (ASEAN).

The AFB will establish and fund an expanded forced labour and inclusive trade branch within Global Affairs Canada, with an annual budget of \$20 million. The branch will facilitate bottom-up monitoring and enforcement of treaty provisions—in Canada and in trading-partner countries—through state-to-state dispute settlement, similar to how the rapid-response labour mechanism functions in CUSMA.

Notes

- 1 Marc Lee, "Those big GDP numbers about interprovincial trade barriers are wrong," *Canadian Centre for Policy Alternatives*, February 21, 2025, <https://www.policyalternatives.ca/news-research/those-big-gdp-numbers-about-interprovincial-trade-barriers-are-wrong/>.
- 2 Stuart Trew and Marc Lee, "Federal 'one Canadian economy' legislation is a power grab," *Canadian Centre for Policy Alternatives*, June 11, 2025, <https://www.policyalternatives.ca/news-research/federal-one-canadian-economy-legislation-is-a-power-grab/>.
- 3 Nathaniel Denaro, "Let's call Bill 5 what it is—a power grab," *Canadian Centre for Policy Alternatives*, June 5, 2025, <https://www.policyalternatives.ca/news-research/lets-call-bill-5-what-it-is-a-power-grab/>.
- 4 Chuck Chiang, "Necessary tool or 'power grab'? B.C. NDP seeks to give itself new powers to fight U.S. threats," *CBC News*, March 20, 2025, <https://www.cbc.ca/news/canada/british-columbia/bill-7-tariffs-greens-conservatives-ndp-1.7489262>.
- 5 Julian Borger, "'We took the gloves off': ex-IDF chief confirms Gaza casualties over 200,000," *The Guardian U.K.*, September 12, 2025: <https://www.theguardian.com/world/2025/sep/12/israeli-ex-commander-confirms-palestinian-casualties-are-more-than-200000>.
- 6 Office of the United Nations High Commissioner for Human Rights, "Israeli attacks on educational, religious and cultural sites in the Occupied Palestinian Territory amount to war crimes and the crime against humanity of extermination, UN Commission says," press release, Geneva, June 11, 2025, <https://www.ohchr.org/en/press-releases/2025/06/israeli-attacks-educational-religious-and-cultural-sites-occupied>.
- 7 Nicholas Vinocur, "EU to launch Israel trade review as Gaza crisis worsens," *Politico Europe*, May 20, 2025, <https://www.politico.eu/article/eu-israel-diplomatic-agreement-review-humanitarian-crisis-gaza-strip/>.
- 8 Al-jazeera, "UK government suspends free trade talks with Israel over Gaza war," *Al-jazeera*, May 20, 2025, <https://www.aljazeera.com/news/2025/5/20/uk-government-suspends-free-trade-talks-with-israel-over-gaza-war>.
- 9 Michael Bueckert, "Annexing Palestine Through Trade: The Canada–Israel Free Trade Agreement and the Occupied Palestinian Territories," *Canadians for Justice and Peace in the Middle East*, September 2023, https://www.cjpme.org/annexing_palestine_through_trade.
- 10 Alex Cosh, "Canada Sold \$18.9 Million Of Military Goods To Israel, Despite 'Pause,'" *The Maple*, June 7, 2025, <https://www.readthemaple.com/canada-sold-18-9-million-of-military-goods-to-israel-despite-pause/>.
- 11 Matthew Scace, "Premier Danielle Smith faces raucous, angry town hall on Alberta's coal policy," *Global News*, June 12, 2025, <https://globalnews.ca/news/11237622/alberta-coal-town-hall-smith-jean/>.
- 12 Intergovernmental Panel on Climate Change, *Climate Change 2022: Mitigation of Climate Change (Chapter 14: International Cooperation)*, Working Group III contribution to the Sixth Assessment Report of the IPCC, April 2022.
- 13 United Nations, *Statement by Victoria Tauli Corpuz, Special Rapporteur on the Rights of Indigenous Peoples 70th session of the General Assembly Third Committee Item # 70 (a), United Nations*, October 20, 2015.
- 14 David R. Boyd "Paying Polluters: the Catastrophic Consequences of Investor-State Dispute Settlement for Climate and Environment Action and Human Rights," Report of the Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment, *United Nations*, July 13, 2023.
- 15 Stuart Trew, "Ecuadorians reject corporate courts in national referendums," *Canadian Centre for Policy Alternatives*, April 25, 2024.

- 16** Madeleine Songy and Martin Dietrich Brauch, “How ISDS Interferes with the Governance of Critical Minerals for a Just Energy Transition—And What to Do About It,” *Columbia Center for Sustainable Investment*, March 27, 2024.
- 17** United Steelworkers Union, “Labour unions express concerns about proposed free trade agreement with Ecuador,” October 18, 2024, <https://usw.ca/labour-unions-express-concerns-about-proposed-free-trade-agreement-with-ecuador/>.
- 18** Alexander Panetta, “U.S. Trade Czar: Don’t Get ‘Too Comfortable’ North American Trade Pact Will Stay as is,” *CBC News*, March 6, 2023.
- 19** Georgina Alonso, “As the U.S. drops the ball on forced labour, Canada must pick it up,” *Canadian Centre for Policy Alternatives*, June 4, 2025, <https://www.policyalternatives.ca/news-research/as-the-u-s-drops-the-ball-on-forced-labour-canada-must-pick-it-up/>.
- 20** Michael Sainato, “US labor groups sue over ‘ignorant’ cuts of programs fighting child labor abroad,” *The Guardian*, April 15, 2025, <https://www.theguardian.com/us-news/2025/apr/15/musk-doge-child-labor-cuts>
- 21** Margaret Spiegelman, “Biden Labor official: ILAB cuts ‘devastating’ to fight against unfair trade,” *Inside U.S. Trade*, April 11, 2025, <https://insidetrade.com/daily-news/biden-labor-official-ilab-cuts-devastating-fight-against-unfair-trade>.
- 22** Solidarity Center, “Stopping the Global Race to the Bottom,” n.d., <https://www.solidaritycenter.org/stopping-the-race-to-the-bottom/>.
- 23** See joint letter, “Civil Society Groups Alarmed by Cuts to ILAB Grants to Address Forced Labour and Child Labor,” 2025, <https://htlegalcenter.org/wp-content/uploads/Restore-ILAB-Grants-Letter-1.pdf>
- 24** Human Trafficking Legal Center, “Coalition Against Forced Labour in Trade,” n.d., <https://htlegalcenter.org/our-work/coalition-against-forced-labour-in-trade/>.
- 25** The Hague Group, “States announce unprecedented measures to halt the Gaza genocide at Bogotá conference,” July 16, 2025, https://thehaguegroup.org/meetings-bogota-en/?link_id=2&can_id=d9aee94d18cd2162e52de18be66f6d3c&source=email-pi-briefing-no-26-the-bogota-breakthrough&email_referrer=email_2819587&email_subject=pi-briefing-no-26-the-bogot_-breakthrough&&.

Post-secondary education

Introduction

Post-secondary education (PSE)—whether at a public college or university or through an apprenticeship program—is foundational to Canadian democracy and quality of life. While much of post-secondary education falls within provincial/territorial jurisdiction and significant investment is needed in their budgets, the federal government also plays a significant financial role. The federal government administers a national student financial assistance program, funding for research and innovation, and the Skilled Trades and Apprenticeship (Red Seal) Program. Per student public funding for PSE has been decreasing for decades. Funding shortfalls have been backfilled by international student tuition revenue. Sudden federal immigration policy changes have disrupted that revenue stream and thrown many colleges and universities into financial chaos. In response, some institutions are scaling back operations: cutting and suspending programs, reducing course offerings, and, through various measures, including layoffs, shrinking the ranks of Canada’s academic staff. While tuition fees are capped in some provinces, affordability and accessibility of PSE remains a significant issue.

The new government’s mandate to bolster Canadian sovereignty through ‘nation building’ must include supporting all Canadians: our people, their skills and talents, are our greatest resource. Canadian sovereignty includes onshoring our talent pipeline. Investments in PSE, science research, and innovation are essential to shore up the foundation

of Canada and to address longstanding public underfunding laid bare by significant losses to international student revenue.

Overview

The world is watching as the American president attacks higher education, creating a hole in global research and education capacity. Canada's ability to fill this void is limited, considering our own scientific research and PSE funding already falls short of our domestic needs. The ideological attacks on education and science, driven by the extreme right, did not start in the U.S. and have not spared Canada.

The Conservative Party has recently attacked 'woke' research at universities¹ and claimed federal research funding decisions are driven by equity, diversity and inclusion (EDI) rather than merit. The Liberal government, for its part, has suggested aligning government research funding with national priorities. This diverges from the traditional—and important—model of funding research based on peer review and expert assessment. Although the Liberals committed in budget 2024 to create the Capstone agency to oversee research funding, it may ultimately enable a future government to target social science and humanities funding, as seen in New Zealand's elimination of government research funding for these disciplines.²

Canada's federal research funding success rates need to be increased. Since 2013, the success rates for Social Sciences and Humanities Research Council (SSHRC) Insight grants have averaged 38.2 per cent. Canadian Institutes of Health Research's (CIHR) Project Grant program funded less than 20 per cent of successful applications in the last year. Natural Sciences and Engineering Research Council of Canada's (NSERC) Discovery Grant program had a 58 per cent success rate in 2023, down from 67 per cent in 2019.³ Projects that were evaluated to have met requirements and were of sufficient promise were not funded because there was not enough funding. Unfunded research means good ideas are left unexplored—ideas that would contribute to our collective knowledge and know-how. If Canada wants to become the world's leading hub for science and innovation (including attracting top talent leaving the U.S.), new programs aren't what we need. Canada's research funding ecosystem is simply starved for more dollars.

Public funding for PSE has been stagnant for decades, lagging inflation and student growth. By 2022, tuition fees and private funding

surpassed government contributions to operating revenue, crossing the 50 per cent threshold.⁴ Canada's public PSE sector used to be held up as another point of contrast between us and the U.S., but that is changing.

Rising tuition costs are exacerbating the affordability crisis; nearly half of students graduate with an average debt of \$25,000.⁵ Rising tuition adds stress to students and families, limits opportunities, and makes higher education less accessible. As more Canadians are excluded from higher education, public support will wane and could embolden anti-education attacks that will harm Canada's productivity, prosperity, and quality of life.

Most colleges and universities are under financial strain. In the past year, institutions have laid off staff and cut programs. McGill University plans to cut up to 500 positions, York University has suspended 18 programs, Carleton University has reduced contract teaching staff by over 50 per cent in the Faculty of Arts and Social Sciences and many other institutions, such as Camosun College, Mohawk College, and Fanshawe College, have announced significant job cuts or program suspensions. These trends may lead to campus closures, mergers, and a significant contraction in Canada's PSE capacity, diminishing opportunities for Canadians to access education, which fosters prosperity.

Reversing this trend will require new money. Recent federal-provincial agreements on child care and mental health funding show that major new federal funding for social programs is possible. The federal government's only commitment for PSE this past election was an apprenticeship grant covering up to \$8,000. This was a welcome commitment—apprenticeship is an important element of post-secondary education—however, as the singular investment into the sector, it failed to acknowledge the value of comprehensive PSE and missed the opportunities of a broad investment across the spectrum of training and education opportunities in Canada. This commitment, on its own, is insufficient to spur the innovation the country needs.

While the promised apprenticeship grants are a great step forward in addressing affordability issues, it is important to note that currently only 46 per cent of apprentices complete their programs. To increase completion rates, beyond financial assistance, there is a need for more wraparound support for apprenticeships, balancing in-class training and work placement, and streamlining Employment Insurance (EI) to ensure portability between jobs while training. Additionally, increased support for the Canadian Apprenticeship Forum, efforts to increase participation of under-represented workers in the trades, and incentives for employers to retain apprentices through multiple training tiers should all be considered.

The 2025 federal budget will be tabled nearly a decade after the Truth and Reconciliation Commission's calls to action. The PSE educational gap between Indigenous and non-Indigenous students has widened in recent years. The federal government must significantly increase support for Indigenous learners, honouring an inherent and treaty right to education that is in accordance with First Nations, Inuit and Métis cultures, values, traditions and languages to support holistic lifelong learning.

Actions

Canada has a chronically underfunded PSE sector which now faces growing challenges in supporting scientific research and accessible education for all Canadians. Stagnant public funding, rising costs, lost international student revenue because of the student visa cap (which also had huge implications for international students—see Immigration chapter), and increasing privatization are limiting access to education and hindering national growth. Federal leadership and action are needed to reverse these trends, support underrepresented groups, and maintain the integrity of academic and research institutions.

The AFB will raise the maximum Canada Student Grant amount to \$8,000 and lower the income thresholds for accessing grants. It is currently \$4,200 and anticipated to fall to \$3,000 in 2026—well below the average undergraduate tuition of \$7,000 a year.⁶

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

The AFB will provide \$10 billion dollars to the provinces distributed through accountability agreements with the provinces on shared priorities. That amount would have an escalator of five per cent a year. Shared priorities must include reducing—with the aim of eventually eliminating—tuition, implementing an academic workforce strategy, addressing program closures, as well as making a commitment to academic freedom, ensuring that the PSE sector is free of political interference in research and teaching.

The AFB will increase research funding and prioritize fundamental science across all disciplines. At minimum, funding levels will be raised until a minimum success rate of 60 per cent is achieved across all federal funding competitions. Along with increasing the number of grants awarded, the value of grants will also be increased.

Table 22.1 / AFB actions on post-secondary education

All figures in \$millions

	2026-27	2027-28	2028-29
Raise the Canada Student Grant level to \$8,000 and lower the income thresholds	\$4,467	\$4,556	\$4,647
Cancel student loans for graduates working in rural and remote communities	\$40	\$56	\$73
Provide a new tuition reduction transfer to the provinces	\$10,000	\$10,500	\$11,025
Increase SSHRC, NSERC, and CIHR by four billion over five years so at least 60 per cent of research proposals are funded	\$629	\$1,137	\$1,681
Improve data collection on post-secondary education	\$50	\$5	\$5
Double funding for Post-Secondary Student Support Program (PSSSP) and the University and College Entrance Preparation Program	\$247	\$260	\$260
Fund apprenticeship strategy	\$40	\$40	\$40

The AFB will provide \$50 million the first year and \$5 million per year afterwards to improve data collection on post-secondary education. The federal government has long promised to expand the University and College Academic Staff survey to include colleges, contract and part-time staff and demographic data beyond gender. A pilot was completed last year and requires funding for implementation to ensure an accurate picture of the academic workforce. Additionally, funding provided to the Canadian Education Statistics Council and the Canadian Apprenticeship Forum would also allow for more robust and harmonized data collection to close data gaps on student and apprenticeship data, including tracking college tuition, apprenticeship pathways, learning outcomes from work and apprenticeship placements.

The AFB will double funding in the Post-Secondary Student Support Program and the University and College Entrance Preparation Program to help close the gap on educational attainment between Indigenous and non-Indigenous students and to meet inherent and treaty rights obligations. It will also invest in equivalents for Métis and Inuit students.

The AFB will provide \$200 million, per year, for five years in support of an apprenticeship strategy. It will increase funding and conditionality for employers, as well as enhance training portability and funding for wraparound supports for apprenticeships, possibly through an expansion of the role of ApprenticeSearch.

Notes

- 1 Conservative Party of Canada, *Canada First Economic Action Plan*, April 18, 2025, https://canada-first-for-a-change.s3.us-west-2.amazonaws.com/20250418_CPCPlatform_8-5x11_EN_R1-pages.pdf.
- 2 Veronika Meduna, "Amid cuts to basic research, New Zealand scraps all support for social sciences," *Science*, December 6, 2024, <https://www.science.org/content/article/amid-cuts-basic-research-new-zealand-scraps-all-support-social-sciences>.
- 3 SSHRC, CIHR, NSERC Competition Dashboards.
- 4 Canadian Association of University Teachers, "By the Numbers: Less provincial funding shifts more of the cost of post-secondary education to students," *CAUT Bulletin*, January-February 2025, <https://www.caut.ca/bulletin/2025/02/numbers-less-provincial-funding-shifts-more-cost-post-secondary-education-students>.
- 5 Statistics Canada, *Student Debt at Postsecondary Graduation, by Source of Debt, Level of Study and Province of Study*, Table 37-10-0255-02, released May 2, 2025, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710025502>.
- 6 Statistics Canada, *Canadian and International Tuition Fees by Level of Study (Current Dollars)*, Table 37-10-0045-01, released September 4, 2024, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>.

Poverty and income security

Introduction

Poverty, income and wealth inequality exist in Canadian society because it is a choice governments have made. Despite multiple commitments to reduce and eradicate poverty, appropriate action has not been taken. In the last 40 years, the implementation of neoliberal philosophies that protect the free market and rely on the myth that a resulting trickle-down effect will lift everyone up have resulted in unabated poverty rates and rising inequality. Few but the wealthy are doing well off.

Poverty and inequality are rooted in colonialist and discriminatory practices that continue to manifest today, resulting in disproportionately higher poverty rates for those who face systemic marginalization: Indigenous Peoples, racialized people, newcomer and immigrants, 2SLGBTQ+, people with disabilities, in lone-parent families, among others.

Canada is at a critical juncture. The convergence of an affordability crisis, rising costs from protectionist tariffs, stagnant economic growth, and a labour market increasingly disrupted by automation and AI demands urgent policy intervention. These pressures are not isolated—they are systemic—and they threaten the financial security of millions. Now more than ever, we need a coordinated, resilient, and forward-looking income security system that can adapt to economic shocks, support workforce transitions, and uphold social stability.

Canada is a wealthy nation, which has the resources, knowledge and ability to swiftly address income inadequacy, insecurity and inequity.

Human rights obligations dictate that maximum resources available must be deployed to enable the progressive realization of rights, including economic rights. It will require a shift in philosophy and bold political will.

Overview

The Market Basket Measure (MBM) is Canada's Official Poverty Line. It costs out a basket of goods and services for various geographic regions that a family would need to have a 'basic and modest' standard of living. It is an absolute, consumption-based measure of poverty. According to the MBM, four million people live in poverty in the provinces.¹ The rate of poverty in the territories is more than double that of the provinces (22.8 per cent compared to 10.2 per cent).

The Census Family Low Income Measure, After Tax (CFLIM-AT) is a relative measure of poverty. Closely correlated with inequality, it examines the distribution of income across the spectrum. The low-income threshold is set by the median; anyone with an income below 50 per cent of the median is living in poverty. As income rises or falls, so does the threshold. According to the CFLIM-AT, 6.7 million people live in poverty, 17 per cent of the population.² More people are living in poverty now than they were prior to the pandemic. Relative measures are more highly closely correlated with health status and child developmental outcomes than absolute measures.

Not only are poverty rates rising, people are also living with less. The average low-income gap ratio—the poverty gap—shows how far below the low-income measure incomes fall and is expressed as a ratio of the low-income threshold. This can be a useful gauge, although, counterintuitively, the average distance to the poverty line can deteriorate if you lift those closest to the poverty line above it. Instead, the AFB tracks the proportion of those living in deep poverty, those whose income is below 75 per cent of the poverty line. Roughly half of Canadians living in poverty in 2022 lived in deep poverty.³ The AFB strives to lift families above the poverty line and reduce deep poverty. (See the Macroeconomic chapter for the impact of AFB income supports on poverty rates and deep poverty rates.)

The rise of rates and depth of poverty is a significant concern as the cost of living has skyrocketed. Food and housing prices continue to grow at faster rates than overall inflation.⁴ Nearly half of Canadians are reporting that they are having difficulties meeting day-to-day expenses

because of rising costs.⁵ Although higher costs affect everyone, low-income individuals and families spend a much greater share of their income on basic needs. At the same time, high growth in compensation and interest earned from investments has led to market income that grew three times faster, on average, for the top two quintiles than those in the lowest two.⁶

Government transfers important in boosting income and reducing inequality

The rise in poverty rates is often correlated to job losses during recessions. However, Canada saw the lowest rates of poverty in 2020, the first year of the COVID-19 pandemic, despite the severe contraction of the labour force at that time, particularly for low-wage workers. The federal government moved quickly with transfers to individuals and families through their emergency response package, including the Canada Emergency Response Benefit (CERB) and one-time top-ups to existing transfer programs—including the Canada Child Benefit, the Goods and Services Tax Credit, Old Age Security and the Disability Tax Credit. Women, youth, Indigenous Peoples, racialized and marginalized people, and those with precarious attachment to the labour market were more likely to receive the CERB, as its entrance requirements were far lower than Employment Insurance (EI). The CERB had the effect of increasing the income floor in 2020 and reducing inequality. Poverty rates plummeted to 6.4 per cent, according to the MBM, or 13.3 per cent according to the Census Family LIM-AT (CFLIM-AT).

The CERB could be received incredibly quickly, it was more generous than social and disability assistance programs and the full-time minimum wage, and it was based on individual, not family, income, meaning more women could benefit. It enabled people to meet their basic needs, pursue further education and training, and reduce stress. But it missed those in the lowest-income brackets, anyone earning less than \$5,000 was ineligible, and in most provinces and territories, it was clawed back for those who received social or disability assistance. This led to wildly overzealous forced repayments years after the fact. Anyone without regularized immigration status, or without a social insurance number or Canada Revenue Agency account, were ineligible.

The AFB will enhance the current system, raising adequacy levels and reducing barriers in administrative processes and eligibility requirements. In this time of economic uncertainty and affordability crisis, income supports will boost consumer spending and help balance the economy.

The result will be a rights-based income security system that supports the population no matter where people are in the life cycle.

Actions

The AFB will accelerate ambitions for the poverty reduction strategy (PRS). There are only two targets in the federal PRS: to reduce poverty by 20 per cent by 2020 and by 50 per cent by 2030 (measured from 2015). Both targets were achieved well ahead of their timelines. **The AFB will** improve the PRS by implementing accelerated targets to reduce poverty by 50 per cent by 2028, according to multiple available measures: the MBM for the provinces, MBM-N for the territories and the CFLIM-AT. It will eliminate poverty by 2031. **The AFB will** also target a reduction in deep poverty by one third by 2028. This suite of targets will be applied to groups who experience higher rates of poverty as a result of historic and ongoing systemic marginalization, including Indigenous Peoples, racialized people, newcomers and immigrants, 2SLGBTQ+, people with disabilities, in lone-parent families, among others.

Four pillars of income support

Pillar 1: Children

The Canada Child Benefit (CCB) is a powerful program that protected nearly 600,000 children from falling into poverty in 2022.⁷ Although this is substantial, it left nearly 1.4 million children in poverty that same year. **The AFB will** introduce a new End Child Poverty supplement to the CCB (CCB-EndPov) targeted to children in deep poverty and expand eligibility to all children residing in Canada.

The CCB-EndPov will provide a maximum of \$8,500 for the first child in a family earning less than \$19,000, with scaled reductions for each additional child, irrespective of age. For example, in 2026, the maximum CCB amount a child under six is eligible for is \$7,997. The EndPov Supplement would add an additional \$8,500 for a family earning less than \$19,000, raising the total benefit payment to \$16,497 for the tax year, substantially improving family financial stability, in particular for lone-mother families and for children with disabilities.

The AFB will offset the cost of the CCB-EndPov supplement by more quickly scaling back the benefit amount in the final phase out stage. For families with an income greater than \$81,941 reported in 2026, the CCB would be clawed back starting at 25 per cent. This adjustment targets

families in the highest-income quintile, redirecting these public resources to families in the lowest-income quintile.

Pillar 2: Adults

Adults between 18-64 represent the largest proportion of people living in poverty. Income supports for this age group are dismally inadequate. The Canada Worker's Benefit is the main program for this age group but requires individuals to earn working income, leaving out those in the deepest poverty. The Goods and Services Tax (GST) credit, while tiny, is not tied to employment and is one of the few income supports for this age group. Provincial and territorial income assistance programs are programs of last resort. They are punitive and stigmatizing, and do not provide a pathway out of poverty. They are also very difficult to access without a disability.

The AFB will create a new Canada Liveable Income (CLI) benefit for working-age adults who do not have children and who do not have disabilities. Low-income adults with children will be eligible for the new CCB EndPov supplement and adults with disabilities would be eligible for the new expanded Canada Disability Benefit (see below). The CLI will not require earned income to be eligible. This new benefit will provide \$9,000 per year for individuals and \$11,000 per year for couples and will not be subject to claw backs by provincial and territorial assistance programs. A benefit reduction rate of 50 per cent would begin on the first dollar of taxable income. As more income is earned, the benefit would begin to decrease.

A second phase of the CLI would provide an additional \$1,640 per adult, adjusted for family size (two adults, no children). This second phase would start to claw back for family income over \$24,824, at the lower rate of five per cent. The smaller value of the second phase but with a longer phase out would aid those with incomes at or above the poverty line.

Pillar 3: Adults with disabilities

The new Canada Disability Benefit for adults with disabilities rolls out this year for the first time. Federal budget 2024 committed a maximum annual amount of \$2,400, far short of what is needed to address disability poverty. Eligibility for the CDB is determined solely by the Disability Tax Credit Certificate, which is costly and time consuming to obtain. It is also much harder to obtain for certain illnesses, such as mental health or episodic disabilities. More than 1.5 million people with disabilities live in poverty. At maturity, the benefit in its current design would lift only 25,000 people with disabilities out of poverty on an annual basis. At that rate, it would take 60 years to eradicate poverty for people with disabilities.

The AFB will immediately increase the CDB amount to \$9,000 in the first year. **The AFB will** expand eligibility of the CDB to include those who have already been approved for other publicly administered disability income support programs, including the CPP Disability program as well as provincial and territorial disability social assistance programs. **The AFB will** also examine the possibility of receipt of long-term workers' compensation and private disability insurance as eligibility for the purposes of the CDB. The current design of the CDB enables it to be clawed back by provincial and territorial income support programs. Most, but not all, provinces have committed to not claw back the benefit. There are also no safeguards in legislation to prevent private insurance companies from deducting or offsetting the benefit amount from payments provided to an insured person with a disability. **The AFB will** convert the CDB to an automatic refundable tax credit to protect it from being clawed back from disability income supports. **The AFB will** amend the *Canada Disability Benefit Act* to include provisions that prevent the CDB from being recovered by private insurance companies.

Pillar 4: Seniors

The poverty rate for seniors has decreased significantly over the past decades. Government income support programs, including the Canada Pension Plan (CPP) and Old Age Security (OAS) provide a foundation of income for most seniors. The non-taxable Guaranteed Income Supplement (GIS) provides an additional supplement to seniors in low income. Despite these programs, seniors' poverty persists, particularly for single seniors, women, racialized and immigrant seniors.

The new Liberal government platform promised a temporary five per cent increase to the GIS for one year. **The AFB will** double the increase to 10 per cent and make it permanent. **The AFB will** offset this cost by cancelling the recent 10 per cent increase to the OAS for those over 75, while also more quickly reducing OAS payments for seniors who make over \$92,582.53 a year from 15 cents on the dollar to 17 cents on the dollar.

Sponsored immigrant seniors who have lived in Canada for less than 10 years are not eligible to receive the GIS. Given higher rates of poverty and vulnerability of this group, **the AFB will** broaden eligibility to sponsored immigrant seniors living on low income regardless of the number of years of residency in Canada.

Leaving no one behind

The AFB will strive to ensure low or no-barrier access to income supports. **The AFB will** ensure access to income supports to individuals

and families regardless of 1) lack of identification like social insurance number (SIN), 2) immigration or citizenship status, 3) a Canada Revenue Agency (CRA) account or a fixed address, or 4) work status (standard versus precarious, casual or home-based work). Specifically, **the AFB will** repeal s.122.6(e) of the *Income Tax Act*, which ties the eligibility of the CCB to immigration status.

Income security supports are delivered through the personal income tax system and although it is broad, it is not universal. Community volunteer tax clinics that operate during the tax season support people, often who have low income and face compounding barriers to successfully file taxes and receive benefits they are entitled to. **The AFB will** expand the Community Volunteer Tax Program (CVTP) pilot to a year-round program that provides free tax filing support to people with low income. It will do this by adding another \$5.9 million to double the size starting in 2025-26.

While these efforts to broaden access to the personal tax system are important poverty reduction measures, some people experiencing systemic marginalization would still face barriers to accessing benefits they are entitled to. **The AFB will** develop a parallel direct cash transfer system administered by trusted community-based organizations to ensure income benefits reach those who are without a permanent address or bank account, without identification and those who work in informal, cash-based or criminalized economies. **The AFB will** draw from jurisdictions around the world that experienced success reaching low-income and unbanked populations with various forms of digital and cash transfer systems, using methods that could include mobile wallets or reloadable credit cards. Many community-based organizations are already providing various forms of direct cash transfers to their service users in need and **the AFB will** partner with these organizations as they are most likely to reach these populations through trusted relationships.

Most income security benefits are assessed annually, after tax filing, but major life events can drive the need for changes to benefits within the year. The pandemic response—the Canada Emergency Response Benefit (CERB) demonstrated that the CRA does have the ability to assess and deliver benefits quickly throughout the year. **The AFB will** immediately cease all prosecutions for CERB payment in error, except in the case of clear fraud. **The AFB will** ensure rapid responsiveness and strive to deliver benefits within one month of major life changes, such as the onset of a disability, a family change, etc. **The AFB will** use various data points it has to proactively alert residents of benefits they may be eligible for.

Table 23.1 / AFB actions on poverty and income security

All figures in \$millions

	2026-27	2027-28	2028-29
Create the new Canada Child Benefit End of Poverty Supplement	\$5,228	\$5,333	\$5,440
Phase out CCB faster for richest households	-\$1,381	-\$1,408	-\$1,437
Create the Canada Livable Income of \$9,000 a year for those aged 18-64	\$7,955	\$8,114	\$8,276
Replace the Canada Workers' Benefit with the new Canada Liveable Income	-\$4,840	-\$4,937	-\$5,035
Increase the Canada Disability Benefit to \$9,000 a year and expand eligibility	\$8,008	\$8,168	\$8,331
Funds are already in the fiscal framework for the Canada Disability Benefit	-\$1,184	-\$1,285	-\$1,487
Increase GIS by 10% and make it permanent	\$3,186	\$3,249	\$3,314
Cancel the OAS boost for those aged 75 and older	-\$3,059	-\$3,120	-\$3,183
Increase the OAS clawback for those with incomes over \$92,500 a year, from 15 cents to 17 cents on the dollar	-\$154	-\$157	-\$160
Provide sponsored immigrant seniors with a 10 year minimum of residency eligibility for OAS and GIS	\$1,800	\$1,836	\$1,873
Allow immigrant and refugee children access to the Canada Child Benefit, regardless of status	\$160	\$163	\$166
Double the Community Volunteer Income Tax Program to provide free tax-filing assistance year-round	\$6	\$6	\$6
Allow federal benefits to be distributed outside the tax system by developing a direct cash transfer system	\$100	\$100	\$100

Notes

1 Statistics Canada, "Table 3: Persons living below the poverty line (Market Basket Measure, 2018 base), Canada, 2019-2023", *The Daily*, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250501/t003b-eng.htm>.

2 Statistics Canada. Table 11-10-0018-01 After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition, July, 2025, <https://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=1110001801&selectedNodeIds=4D1&checkedLevels=0D1,1D1,2D1,4D1&refPeriods=20190101,20230101&dime nsionLayouts=layout2,layout3,layout2,layout2,layout3,layout2&vectorDisplay=false>

3 Marc-Antoine Dionne and Lucie Raymond-Brousseau, *Deep Income Poverty: Exploring the dimensions of poverty in Canada*, Statistics Canada, 2025, <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2025001-eng.htm>.

4 Statistics Canada, "Chart 2: Transportation prices contribute the most to the slowdown in headline inflation, due largely to lower gasoline prices," *The Daily*, May 20, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250520/cg-a002-eng.htm>.

5 Statistics Canada, "Nearly Half of Canadians Report That Rising Prices Are Greatly Impacting Their Ability to Meet Day-to-Day Expenses," *The Daily*, August 15, 2024, <https://www150.statcan.gc.ca/n1/daily-quotidien/240815/dq240815b-eng.htm>.

6 Office of the Parliamentary Budget Officer, *A Distributional Analysis of the Purchasing Power of Canadian Households Since 2019*, October 8, 2024, <https://distribution-a617274656661637473.pbo-dpb.ca/6edb20c1acaacc6cdcdfae3d8cd266902d19d6592d3d3292b2543848006d92d3>.

7 Campaign 2000, *Ending Child Poverty: The Time Is Now—2024 report card on child and family poverty in Canada*, November 18, 2024, <https://campaign2000.ca/wp-content/uploads/2024/11/Ending-Child-Poverty-The-Time-is-Now-2023-Report-Card-on-Child-and-Family-Poverty-in-Canada-Nov-18-2024.pdf>.

Public service

Introduction

The public service sector provides the support necessary for a healthy, productive, and happy population. Behind these supports are public service workers who ensure the operation of robust programs that deliver vital services for Canadians, including programs that combat socio-economic inequalities and help uplift vulnerable populations. Despite a strong public service being a key indicator of a successful population, the Canadian public service sector is at risk. It is under threat from massive job cuts, a lack of regulations on technology and surveillance, and ongoing discrimination and inequalities in the workplace. The necessity of the public service has grown with the reality of an aging population and worsening economic hardships for Canadian families. The Canadian public deserves top-quality services, and the public service needs strong federal support to be able to meet these needs and respond to contemporary challenges.

Overview

While economic fears grow due to tariffs and job losses, it is important to remember that public sector jobs are key to a strong economy.¹ They are reliable economic drivers, providing stability and diversification to the communities in which they are located. Yet, following the last election, public service workers and the people who depend on their services have been threatened with major cuts. By the fall of 2025, ministries

have been instructed to identify 15 per cent cuts across operational expenditures and transfers by 2028-29.² This would amount to \$25 billion dollars a year worth of cuts that would have a devastating impact on their capacity to provide services. These would be over and above the already implemented “refocusing government spending” cuts that will hit \$3.4 billion in annual cuts in the 2025-26 fiscal year and are already resulting in significant job losses.

The Liberal government’s priority to cut spending by capping the size of the public service was announced at the same time as promises to deliver major nation-building projects in record time. Deep cuts to the levels promised would require across-the-board job losses and major service reductions, not just public service caps,³ leaving many workers wondering how so much can be accomplished with fewer people to get the work done. The government cannot meet its nation-building goals without a strong public service.

This Alternative Federal Budget (AFB) proposes measures to support and strengthen Canada’s public service so that it can effectively implement proposals presented in other chapters, ensuring that no one gets left behind. The AFB prioritizes building a strong, well-funded federal public service. From keeping our food, coasts, and borders safe, to preserving our parks, ensuring our roads, rails, and skies are safe for travellers, and delivering vital public services, the federal public service is the backbone of a strong and safe Canada.

AI, efficiency, and productivity

Prime Minister Mark Carney’s election platform promised he would be “relentless” in finding ways to make government more efficient. Artificial Intelligence (AI) is identified as a primary tool to find these savings. There are now three cabinet ministers with mandates that intersect over federal public service efficiency.⁴ Combine these commitments with the promise to increase spending in defence and border security while, at the same time, capping the overall size of the federal public service, and it is obvious that deep cuts will be needed to achieve these goals. The overall operating budget for the federal government is stable at \$130 billion a year and is not increasing. There is no growth to cut.

We risk a hasty and aggressive implementation of new technology without adequate guardrails. The need for AI could then become self-fulfilling in order to fill gaps created by the cuts required to meet the corresponding spending promises in the Liberal platform. This is a recipe for disaster.

When parliament dissolved in early 2025, so died the only federal bill attempting any AI regulation, the *Digital Charter Implementation Act*. Bill C-27 was weak: it provided guidelines for federally regulated workplaces but not the federal public service itself. It did not require accountability, oversight, consultation, or protections for impacted workers. But it was more than the nothing we have now. (See the AI chapter)

There are widespread critiques that forecast existential threats posed by AI. However, even among the tech optimists, there are recommendations about how AI should and should not be implemented. It should be done in a way that augments human capabilities and improves public services, not with the primary interest of replacing workers and finding cost savings. In this case, the federal government appears to be doing the latter. In a similar era of cost cutting, the Government of Canada implemented the Phoenix pay system to find efficiency and cost savings through technology. That was a debacle costing billions of dollars to fix and causing significant and ongoing harm to thousands of public service workers,⁵ but the consequences of similar mistakes now could be worse by many orders of magnitude.

The federal public service has already shrunk by 10,000 jobs this year and layoff announcements continue without interruption.⁶ This is due to the rolling out of “refocusing government spending” cuts initiated in budgets 2022 and 2023 by the Trudeau Liberals.⁷ Beyond the devastating human impacts of further job cuts and lost services, those who remain are dealing with increasingly dystopian surveillance in their workplace. There are concerns about robots roaming the halls⁸ taking attendance, and departments using a measure called “connectivity” to assess whether workers are adequately anchored to their desks.

Contracting out and workforce adjustment

The conventional, yet mistaken, wisdom in public policy debates is that the public service is too large. The public service employment share—i.e., the aggregated general government share—having risen somewhat from the lows of the 1990s, remains below the norm of the 1970s and 1980s. Moreover, the government consumption expenditure share of GDP remains within historical norms, despite the recent pandemic-related cyclical peak, which has since subsided.⁹

Too few public sector workers lead to backlogs and growing wait times, which negatively impact vulnerable populations. For example, prolonged underfunded staffing has led to significant wait times for veterans seeking disability benefits (see Veterans chapter).

Cutting the government workforce beyond ending temporary employment contracts triggers the workforce adjustment (WFA) process. This process, agreed to by both the government and its bargaining agents, notifies affected employees that their position may be cut, and provides possibilities for maintaining employment or finding work beyond government with support for that transition. The program neither guarantees that the results will be equitable nor ensures that the federal public service will retain the talent and knowledge it needs to carry out its mission.

The proposed reductions in public service expenditures from the Liberal election platform will surely lead to further staffing cuts. When departments need to increase staffing in certain areas, they often look to contracting out instead of internal solutions. While past budgets have implied the government will reduce contracting out, particularly on management consulting, there have been no obvious reinvestments in public services to indicate work will be brought in-house. The government could realize roughly 25 per cent savings on bringing work back in-house while it improves the quality of work.¹⁰

GBA+ and DEI

Recent rollbacks of diversity, equity, and inclusion (DEI) programs in the United States and around the world raise concerns about the future of these same programs and equity goals in terms of Canadian government policy and programs, and in terms of their workforce.

The federal government has reported on employment equity in the federal public service for more than 25 years,¹¹ tracking its progress toward a public service whose diversity matches that of the Canadian population. The government has made slow but steady progress toward this goal; however, austerity measures, including workforce adjustment, threaten recent progress.

Many workers establish careers in the federal public service as term or temporary employees before becoming permanent employees. These employees are also the first to go when cuts are made to the public sector workforce. When it comes to the permanent workforce, younger workers with less experience will often be less able to compete for the remaining jobs when cuts occur. Measures should be taken to ensure that progress toward diversity does not reverse due to younger and more diverse workers being disproportionately laid off.

Equity and inclusion goals should remain front and centre in recruitment, retention and career advancement, and efforts to remove barriers to full inclusion in the federal public service for racialized,

Indigenous, 2SLGBTQ+, disabled workers, and others, need to remain on track, regardless of the government's short-term goals to adjust the size of the federal public service.

2025 marks the 30th anniversary of the federal government's commitment to institute gender-based analysis into its policies and practices. This analysis helps to uncover the gendered impacts of policies, programs, and spending—and is used to help ensure federal initiatives provide equitable benefits to women and men. Updated in 2011 to reflect the impacts of policy and programs across more areas of difference, the framework can be used to ensure equitable treatment of different genders, racial groups, and cultures. However, early bills introduced under the current federal government show a strong focus on infrastructure, military spending, and energy projects, and do not show the same commitments to equitable benefits in federal policy and spending.

Equity is at the centre of all AFB recommendations. All supports for the public service will be approached through a Gender-Based Analysis Plus (GBA+) lens, with a focus on decolonization of the public service and an anti-racist lens that seeks to provide remedies for past and current inequities.

Actions

The AFB will implement AI without cutting jobs. Tasks completed should still require human review, and ensure human expertise remains essential.

The AFB will replace Bill C-27 with a stronger alternative that includes regulations and oversight within the federal public service. (See AI chapter).

The AFB will stop the job cuts being implemented as part of the “refocusing government spending” plan, so that people in Canada can access the critical services they rely on without delays. It will bring contracted services back in-house to ensure better oversight, improve service delivery, and achieve cost efficiencies in the federal government.¹²

The AFB will abandon plans for radical 15 per cent cuts to operational expenditures and transfers that would substantially reduce service levels and seriously hamper the federal government's ability to tackle major new projects in housing construction and reinvigorating the Canadian economy in the face of U.S. threats.

Table 24.1 / AFB actions on public service

All figures in \$millions

	2026-27	2027-28	2028-29
Stop the job cuts from the “refocusing government spending” effort	\$2,441	\$2,441	\$2,441
Track and report on the gender and equity impacts of workforce adjustment measures by department	\$1	\$1	\$1

The AFB will maintain and enhance recruitment, retention, and advancement programs for diverse groups in the federal public sector workforce.

The AFB will track and report on the gender and equity impacts of workforce adjustment measures by department.

The AFB will ensure GBA+ analysis is consistently implemented on all new government spending and policy.

Notes

1 Institut de recherche et d'informations socioéconomiques (IRIS), *The Public Services: An Important Driver of Canada's Economy* (Montréal: IRIS, March 2021), PDF, https://iris-recherche.qc.ca/wp-content/uploads/2021/03/Public_Service_WEB.pdf.

2 Alex Ballingal, “Brace for Layoffs, Budget Watchdog Says, as Carney Government Aims to Slash Spending by \$25B,” *Toronto Star*, June 20, 2025, https://www.thestar.com/politics/federal/brace-for-layoffs-budget-watchdog-says-as-carney-government-aims-to-slash-spending-by-25b/article_ce08c9ef-a3be-430a-a36b-7f38fa22f70d.html.

3 David Macdonald, “Liberals Will Need to Rethink Their Promised Budget Cuts,” *Canadian Centre for Policy Alternatives*, June 30, 2025, <https://www.policyalternatives.ca/news-research/liberals-will-need-to-rethink-their-promised-budget-cuts/>.

4 Joël Lightbound, minister of Government Transformation, Public Works and Procurement, Evan Solomon, minister of Artificial Intelligence and Digital Innovation and Minister responsible for the Federal Economic Development Agency for Southern Ontario, and Shafqat Ali, president of the Treasury Board.

5 Public Service Alliance of Canada, “Cuts to Canada’s public service leading to overwork, burnout, and worsening conditions for workers,” *PSAC News*, July 2, 2025, <https://psacunion.ca/cuts-canadas-public-service-leading-overwork>.

6 Huston, Gabrielle, “Federal public service shrinks for 1st time in a decade Nearly 10,000 jobs shed over the last year, including more than 6,000 at Canada Revenue Agency,” *CBC*, May 23, 2025. <https://www.cbc.ca/news/canada/ottawa/canada-public-service-size-jobs-cuts-2025-1.6302059>

7 Department of Finance Canada, *Budget 2023: A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*, Section: Refocusing Government Spending to Deliver for Canadians, March 2023, <https://www.budget.canada.ca/2023/report-rapport/chap6-en.html#:~:text=Refocusing%20Government%20Spending%20to%20Deliver%20for%20Canadians>.

- 8** Arthur White-Crummey and Estelle Côté-Sroka, "Public Servants Uneasy as Government 'Spy' Robot Prowls Federal Offices," *CBC News*, June 20, 2024, <https://www.cbc.ca/news/canada/ottawa/public-servants-uneasy-as-government-spy-robot-prowls-federal-offices-1.7239711>.
- 9** Statistics Canada, Table 14-10-0270-01, *New settlements in collective bargaining units of 500 or more employee*, <https://www150.statcan.gc.ca/n1/en/catalogue/1410027001?wbdisable=true>; Statistics Canada, Table 36-10-0104-01, *Gross domestic product, expenditure-based, Canada, quarterly*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610010401>.
- 10** Mark Creighton, Jill Giswold, and Kaitlyn Vanderwees, "Fiscal cost of task-based IT contracting," Parliamentary Budget Office, January 2025, <https://www.pbo-dpb.ca/en/publications/RP-2425-024-S--fiscal-cost-task-based-it-contracting--cout-financier-passation-contrats-ti-centres-taches>.
- 11** Treasury Board of Canada Secretariat, "Employment Equity in the Public Service of Canada for Fiscal Year 2022 to 2023," <https://www.canada.ca/en/government/publicservice/wellness-inclusion-diversity-public-service/diversity-inclusion-public-service/employment-equity-annual-reports/employment-equity-public-service-canada-2022-2023.html#ToC5>.
- 12** Recent data from Carleton University's School of Public Policy and Administration show that contracting out cost the federal government \$15.1 billion in fiscal year 2021-22; Carleton University School of Public Policy and Administration, *Government of Canada Contract Analysis: Core Public Service Contracts 2021-22*, accessed 2025, <https://govcanadacontracts.ca/>.

Racial equity

Introduction

Indigenous, Black, and other racialized peoples continue to face historic and ongoing systemic racism in virtually every aspect of life in Canada. Over the past 12 months, data and lived experience underscored widening disparities in hate-crime victimization, economic opportunity, environmental health, and representation in decision-making spaces. Addressing these inequities¹ is not only a moral imperative but also a strategic investment in Canada's collective economic growth, competitiveness, innovation, and social cohesion. While the federal government announced targeted initiatives and consultations, progress remain uneven and largely piecemeal.

Overview

Canada's obligations under the *Canadian Charter of Rights and Freedoms*, the *Canadian Human Rights Act*, and international instruments, such as the *International Convention on the Elimination of All Forms of Racial Discrimination* remain unchanged. The period under review saw incremental steps, most notably the passage of the *National Strategy Respecting Environmental Racism and Environmental Justice Act*, but no comprehensive legislative framework to dismantle systemic racism across federal institutions.

Some of the key developments/data over the past 12 months include:

- *National Strategy Respecting Environmental Racism and Environmental Justice Act* (S.C. 2024, c. 11) received Royal Assent on June 20, 2024, mandating a national strategy within two years.²
- The 2024 fall economic statement earmarked \$77.9 million over two years (starting 2025-26) to launch Canada's Black Justice Strategy, but implementation details remain unclear.³ The strategy has a 10-year framework.
- Bill C-63 (*Online Harms Act*) was introduced February 26, 2024, but died on the *Order Paper* following the prorogation of parliament on January 6, 2025.⁴
- *Employment Equity Act* modernization consultations ran May 3 to August 30, 2024; no bill implementing the Blackett Task Force recommendations has yet been tabled.⁵
- Police reported 4,777 hate-crime incidents in 2023, a 32 per cent increase over 2022; anti-Black, anti-Muslim, anti-Arab, and anti-Indigenous incidents led the rise.⁶ Black individuals experienced the highest proportion of hate crimes, at 36 per cent, which is, on average, over 300 per cent greater than the average for all other racial/ethnic groups combined.⁷ Preliminary data show 2,384 hate-crime incidents in the first half of 2024, 48 per cent of which targeted race or ethnicity.⁸
- The 2023-24 Public Service Commission report confirmed Black public servants remain the least likely to be hired or promoted.⁹
- The Federal Court dismissed the \$2.5 billion Black Class Action in March 2025; plaintiffs have appealed.¹⁰
- The Canadian Human Rights Commission released an update to its Anti-Racism Action Plan in June 2025, outlining reforms to complaint handling and recruitment.¹¹

National anti-racism legislation remains essential. A stand-alone Anti-Racism Act for Canada would embed a whole-of-government commitment to racial equity, provide statutory authority for an independent Anti-Racism Secretariat, and mandate uniform and consistent disaggregated data collection and require departments to act on disaggregated data and equity outcomes.

The Equi'Vision employment-equity dashboard and ongoing work by Statistics Canada to publish race-disaggregated census and survey data illustrate the power of good data to surface inequities. However,

gaps persist in justice, immigration, and health datasets. Immigration status is sometimes incorrectly and inappropriately used as a proxy for racialization and ethnicity. Canada launched a Disaggregated Data Action Plan in 2021 with funding attached: \$172 million over five years, with \$36.3 million ongoing.¹² The plan is almost at the end, and has not achieved uniform, consistent and comparable disaggregated data collection across government. The plan must be renewed and strengthened by giving it legislative foundation in a National Anti-Racism Act.

Racialized communities, especially Black, Indigenous, Muslim, Arab, and Palestinian peoples, continue to report disproportionate discrimination in employment, policing, housing, government funding, and online spaces. Aside from one-time grants, such as the National Black Canadians Summit funding announced in January 2025, core operational funding for Black-led social-justice organizations remains insufficient.

Trust in law enforcement and government redress mechanisms remains low, reinforcing under-reporting and cyclical harms. The 2019 *General Social Survey on Canadians' Safety* showed a significant disparity between the number of police-reported hate crimes and actual hate-motivated incidents and crimes reported by Canadians.¹³ Systemic barriers and bias in the process of recognizing and addressing hate incidents discourage Indigenous, Black and other racialized peoples from reporting racism and hate. The increase in hate incidents, including online harms, has detrimental social and economic effects on individuals and communities.

Actions

The AFB will require every budget measure to publish its Racial Equity Impact Assessment (REIA) findings.

The AFB will enact an *Anti-Racism Act*, establishing an independent, well-resourced secretariat reporting directly to parliament.

The AFB will modernize the *Employment Equity Act* by 2026, adopting all Blackett Task Force recommendations and expanding designated groups.

The AFB will dedicate at least three per cent of federal program spending and procurement to Black- and other racialized-led organizations and businesses.

Table 25.1 / AFB actions on racial equity

All figures in \$millions

	2026-27	2027-28	2028-29
Enact an Anti-Racism Act, establishing a secretariat reporting directly to parliament.	\$5	\$100	\$125
Fully fund and implement Canada's Black Justice Strategy		\$50	\$50
Make the Supporting Black Canadian Communities Initiative permanent	\$36	\$36	\$36
Launch a public education campaign on anti-Muslim, anti-Black and anti-Indigenous racism, co-designed with affected communities.	\$6	\$3	\$3
Establish an independent study on policing responses to hate crimes and racial profiling	\$1	\$2	

The AFB will alter existing government contract reporting requirements for contracts over \$10,000 to report annually if that contract went to a Black or other racialized-led business or group, similar to how it presently reports on whether a business is Indigenous or not.

The AFB will fully fund and implement Canada's Black Justice Strategy, including sustainable operational funding for Black community organizations.

The AFB will make the Supporting Black Canadian Communities Initiative permanent and expand the Black Entrepreneurship Program's capital envelope.

The AFB will mandate uniform and consistent federal collection and public release of race-disaggregated data across all of government, and work with provincial and territorial governments to advance data transparency and equity reporting.

The AFB will amend the *Canada Labour Code* to explicitly recognize racism as a form of workplace violence and require employer reporting.

The AFB will attach Community Benefits Agreements with racial-equity hiring and procurement clauses to all federal investments over \$10 million.

The AFB will launch a public education campaign on anti-Muslim, anti-Black and anti-Indigenous racism, co-designed with affected communities.

The AFB will establish an independent study on policing responses to hate crimes and racial profiling.

The AFB will re-introduce Bill C-63 to enact the *Online Harms Act Bill*, addressing online hate while protecting freedom of expression.

The AFB will mandate the Canadian Human Rights Commission to publicly report disaggregated data on anti-Black racism in its workforce

and complaint handling to ensure transparency, accountability, and restored public trust.

Notes

- 1 Equity is the recognition that in certain circumstances different treatment may be required to achieve fairness and justice. Equality is to treat everyone the same.
- 2 Parliament of Canada, Bill C-226, *Environmental Racism and Environmental Justice Act*, retrieved June 18, 2025, from <https://www.parl.ca/legisinfo/en/bill/44-1/c-226>.
- 3 Department of Finance Canada, *Fall Economic Statement—Safer, Healthier Communities: Black Justice Strategy Funding*, December 2024.
- 4 Mandy Lau, “Canada’s Online Harms Bill Is Dead (Again): Three Questions to Consider for the Next Round,” *TechPolicy Press*, April 28, 2025, <https://www.techpolicy.press/canadas-online-harms-bill-is-dead-again-three-questions-to-consider-for-the-next-round/>.
- 5 Employment and Social Development Canada, *Consultation on the Employment Equity Act Modernization*, May 3 to August 30, 2024.
- 6 Statistics Canada, *Table 35-10-0191-01: Police-reported hate crime, number of incidents and rate per 100,000 population (2023)*, released July 25, 2024, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3510019101>.
- 7 Statistics Canada, “Chart 5: Number of police-reported hate crimes motivated by race or ethnicity, Canada, 2019 to 2023,” *Police-reported hate crime in Canada, 2023*, March 25, 2025, <https://www150.statcan.gc.ca/n1/daily-quotidien/250325/dq250325a-eng.htm>.
- 8 Statistics Canada, “Police-reported hate crime and cybercrime, preliminary 2024,” *The Daily*, October 24, 2024.
- 9 Public Service Commission of Canada, *Employment Equity Promotion Rate Study—Five-Year Update*, 2025, <https://www.canada.ca/en/public-service-commission/services/publications/open-info/employment-equity-promotion-rate-study-five-year-update-2024.html>.
- 10 Eleanor A. Vaughan and Sean M. Reginio, “Federal Court Dismisses \$2.5 Billion Class Action Alleging Systemic Anti-Black Racism in Federal Public Service Hiring Decisions and Promotional Opportunities,” *Hicks Morley*, March 24, 2025, <https://hicksmorley.com/2025/03/24/federal-court-dismisses-2-5-billion-class-action-alleging-systemic-anti-black-racism-in-federal-public-service-hiring-decisions-and-promotional-opportunities/>.
- 11 Canadian Human Rights Commission, *Update on the Canadian Human Rights Commission’s Anti-Racism Efforts*, June 2025, <https://www.chrc-ccdp.gc.ca/resources/publications/update-canadian-human-rights-commissions-anti-racism-efforts>.
- 12 Statistics Canada, “Disaggregated Data Action Plan,” modified November 27, 2024. <https://www.statcan.gc.ca/en/trust/modernization/disaggregated-data>.
- 13 Statistics Canada, “2019 General Social Survey—Canadians’ Safety: Technical Report”, modified July 2, 2025. https://www.statcan.gc.ca/en/statistical-programs/document/4504_D1_V1.

Seniors' and long-term care

Introduction

The title of the 2025 speech from the throne was “Building Canada Strong: A bold, ambitious plan for our future.”¹ This contrasted sharply with “Fairness for every generation,”² the title of the 2024 federal budget.

Even though budget 2024’s subsequent policies and practices fell decidedly short of its stated goal, at least there was a notion that a strong Canada is about fairness and equity. It is hard to see such a commitment in the 2025 federal plan, especially when it comes to seniors and their care. There is virtually nothing about care at all, even though Canada’s universal health care has long provided a critical basis for Canadian identity and for making Canada strong—both economically as well as in terms of equity.

The previous government did introduce, after long promises, pharmacare and dental care programs.³ Both are critical to seniors—especially to the most vulnerable older populations. However, these essential programs were far from the universal principles of the *Canada Health Act*, which created a vital basis for fairness and Canadian solidarity (see the Health care chapter).

The previous government also funded the development of national standards for the physical structure of and services in long-term care, but it failed to make funding for provinces and territories conditional on implementing these standards. It consulted widely on the promised *Safe*

Long-term Care Act, outlining promising practices for transforming the system, but the legislation was not introduced.

This pattern of new money, new initiatives, and new promises has been repeated in other areas, such as support for paid and unpaid care providers and workforce planning. However, there has been little indication that provinces and territories have been held to account for promised programs. It has been hard to find out about the impact of federal or provincial/territorial programs that have been introduced, even though many had tracking their impact as a requirement. The COVID-19 pandemic revealed the need for fundamental systemic change in seniors' care, prompting new programs, but instead we have seen piecemeal strategies and lots of money spent without clear evidence that fairness is a result.

Clearly, these are new times and we have a new government with new priorities. We know little about its intentions for either health care overall or seniors' care in particular. The Throne Speech only promised to "protect the programs that are already saving families thousands of dollars every year," explicitly naming pharmacare and dental care.⁴ There was also some attention to housing, employment, and the cost of living—all of which have a critical impact on seniors' care. At the same time, promises to increase NATO funding have been accompanied by warnings that this will mean spending cuts in other areas.⁵ Finally, there was a promise to stay "true to Canadian values."⁶ There can be little doubt that universal access to care is central to Canadian values.

We cannot continue to put off the necessary work to secure the health and social care services that seniors need today and in the future.

Overview

The devastating impact of the COVID-19 pandemic on seniors exposed the fundamental weaknesses in an uncoordinated, underfunded care landscape. It prompted demands from families, experts, and advocates for a bold transformation of care—one that would be based on the human rights to access quality care and to provide quality care work.

There is a clear evidence base with multiple international examples of promising practices that could be adapted to our varied Canadian contexts and populations to create an integrated, accessible care system. Doing so would mean articulating in policies and practices a shared vision of the right to care for seniors and all those providing that care. It

would require a commitment to putting the well-being of seniors and care providers ahead of both profits and partisan politics.

This vision of care is based on principles rather than uniformity; principles that allow adaptation to geography, populations, and cultures. Care like this is only possible if it is prioritized within federal budgets—with dedicated funds, defined actions, principles, standards, and accountability. This requires much more than protecting existing programs. It means recognizing that universal care systems can be not only the most equitable, but also the most economically beneficial.

Over the last decade, there have been significant budget allocations, federal programs, bilateral agreements, and proposed legislation. Although many have been beneficial, the various parts do not add up to a system. There are major gaps, a lack of co-ordination, and limited enforcement of standards in many areas. All of this makes it difficult to not only access and provide care, but also to track the most effective strategies for providing it.

Some of the pieces have included funding, both short- and long-term, to provinces and territories for the following:

- Services in home and community care, and in long-term care, and for a safe restart after the pandemic.
- Protective equipment and improvements in long-term care quality and safety
- Implementing new standards for the design and operation of nursing homes as well as for care within them.⁷
- Staff for personal support workers and related professions, for those practicing in remote areas.

Some pieces included funding for federal programs, for the following:

- Developing and distributing vaccines.
- Developing standards for the design and delivery of long-term care.
- Recruiting international health care workers.
- Creating and supporting organizations for policy development in unpaid care.⁸
- Collecting data in areas such as the health workforce.

- Offering housing supports, through low-interest and/or forgivable loans, or through contributions to help build new affordable housing and renovate and repair existing, affordable, and community housing.⁹
- Targeting particularly vulnerable populations, such as \$2 billion for Indigenous health.
- Increasing Old Age Security for those over age 75.

Although the list of examples does not include the passing of the *Safe Long-term Care Act*, as promised by the previous government, it is clear that the federal government provided significant money and introduced multiple initiatives that had some potential to promise fairness for many seniors. However, it is hard to see how many of these promising features were realized in practice. This was in part because the measures were limited in terms of accountability, enforcement, dedicated or earmarked funding, and public assessment of their impact. In some cases, provinces and territories even failed to take up the money offered, or they failed to spend it in the broadly designated areas of bilateral agreements.

Despite the large body of evidence that private, for-profit care is detrimental to seniors and the workers who care for them, the federal government has taken little effective action against the increasing shift of public funding to privatized delivery of seniors' care. While some attention has been paid to workers' wages and the need for sick leave—at least during the COVID-19 pandemic—there is no broader plan to address the conditions of work that are the conditions of care. This lack of an overall vision was reflected in the piecemeal, uncoordinated approach to seniors' care and the very limited, unequal impact made on it.

A bold, ambitious plan is required for seniors' care. We need a vision based on recognizing the human right to quality care *and* quality care work, on recognizing our shared responsibility for public services and their benefits, on recognizing the need for integration and continuity through public services, and on recognizing that the conditions of work are the conditions of care.

The argument the federal government makes about defence spending creating infrastructure and jobs also applies to seniors' care, with the added benefit that such investment reflects and builds on Canadian values of equity and inclusion.

Actions

The following actions focus on putting forward a dedicated, funded, and accountable vision for transforming seniors' care that supports quality of care, quality of work, and quality of life. Building on a large body of research, funding will be based on enforceable standards, removing profit from care, affordability for seniors, and providing appropriate compensation and conditions for those who do care work.

The AFB will transform housing and living options for seniors. This will be done through funding envelopes for publicly owned, publicly delivered, affordable housing options that integrate care services within them and provide smooth transitions as care needs change.

The AFB will transform how seniors' care is delivered by funding the development of standards for home care, social housing for seniors, assisted living, and retirement homes. The AFB recognizes that standards do not mean standardization, and that accountabilities should therefore indicate how populations, locations, cultures, language, and other conditions are taken into account.

The AFB will make funding conditional on the demonstrated application of standards that apply to the entire range of services and those who provide care. This means funding for long-term care, home care, and seniors' assisted living will be conditional on addressing working conditions for senior's care. This may include setting provincial/territorial wage floors for common classifications, implementing minimum sick leave entitlements, reducing inequities among care workers employed in different sectors of seniors' care, and other provisions across all health care settings.

The AFB will invest directly in expanding home care and facility-based long-term care to ensure that care can be provided to everyone who needs it, where it is needed most. It will also invest in funding options for seniors' housing that can provide intermediate care, such as assisted living, retirement homes, and co-operatives.

The AFB will, in keeping with the proposed federal housing strategy, provide funding to provinces and municipalities to build, own, and operate high-quality, public, non-profit seniors' care facilities.

The AFB will make any funding for long-term care, home care, and seniors' assisted living conditional on phasing out the use of for-profit staffing agencies, working with provinces and territories to establish a central non-profit agency to supply staff to address temporary shortages, ensuring wages and conditions are harmonized with local employers.

Table 26.1 / AFB actions on seniors' and long-term care

All figures in \$millions

	2026-27	2027-28	2028-29
Capital funding for housing and care facilities to increase capacity by 50%	\$850	\$850	\$850
Direct care hours	\$5,800	\$6,040	\$6,280
Double the Health Canada grant to Health Workforce Canada	\$9	\$9	\$9
Double the Canada Caregiver Credit and make it refundable	\$989	\$1,008	\$1,029

The AFB will make funding for long-term care, home care, and seniors' assisted living conditional on establishing daily hours of direct care standards that are enforceable and that would ensure minimum requirements for full-time work in every workplace.

As the recommended best practice for care evolves, **the AFB will** fund more than 115 million additional hours of direct care annually, to a minimum of 4.2 direct care hours per day. This will be met through a commitment of \$18.1 billion over three years. It is estimated that direct care hours provided in seniors' facilities averaged just three hours per day across the country, with the costs of meeting a minimum of four hours per day of direct care assessed at \$4.3 billion annually.¹⁰

The AFB will double the Health Canada grant to Health Workforce Canada so it can expand the implementation of an in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis in seniors' care. To this end, the AFB will commit \$9 million annually.

The AFB will increase and make refundable the Canada Caregiver Credit for those providing care for dependents over age 65. This would not impact eligibility for government-funded home care services.

Notes

1 Government of Canada, Building Canada Strong: A bold, ambitious plan for our future, (Speech from the Throne, Canadian Parliament, Ottawa, Ontario, May 27, 2025), <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2025/building-canada-strong.html>.

2 Government of Canada, Budget 2024: Fairness for every generation, 2024, <https://budget.canada.ca/2024/home-accueil-en.html>.

3 Government of Canada, *Dental Care Plan: Coverage Overview*, modified June 2025, <https://www.canada.ca/en/services/benefits/dental/dental-care-plan/coverage.html>.

- 4** Government of Canada, Building Canada Strong: A bold, ambitious plan for our future, (Speech from the Throne, Canadian Parliament, Ottawa, Ontario, May 27, 2025), <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2025/building-canada-strong.html>.
- 5** Alex Ballingall, "Carney Warns of Cuts amid Defence Spending," *Toronto Star*, June 26, 2025, <https://www.pressreader.com/canada/toronto-star/20250626/281500757237127>.
- 6** Government of Canada, Building Canada Strong: A bold, ambitious plan for our future, (Speech from the Throne, Canadian Parliament, Ottawa, Ontario, May 27, 2025), <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2025/building-canada-strong.html>.
- 7** The author served on the technical committee developing these standards for the Health Standards Organization.
- 8** For example, Health Workforce Canada, Coalition for Action for Health Workers, and Healthcare Excellence Canada.
- 9** Canada Mortgage and Housing Corporation, "Federal Government Supports Homes for Seniors in Saint-Basile," *CMHC News Release*, March 20, 2025, <https://www.cmhc-schl.gc.ca/media-newsroom/news-releases/2025/federal-government-supports-homes-seniors-saint-basile>
- 10** Yves Giroux, "Cost Estimate for Motion 77: Improvements to Long-term Care," Parliamentary Budget Office, August 04, 2021, <https://distribution-a617274656661637473.pbo-dpb.ca/46d6a48451ea460cb2beefb46620819308f298940c57227ea95ae03edd39f61d>.

Veterans

Introduction

Decades of institutional neglect have left today's veterans with a patchwork of benefits and solutions that often fail to meet their needs despite many years of calling for reform.

Veterans with similar service-related injuries or illnesses are still being compensated differently based on where and when they served. The current system is still not meeting the needs of veterans from equity-denied groups (women and gender-diverse people, 2SLGBTQ+ people, racialized people, Indigenous Peoples, francophones, etc.). It is still failing to address the disproportionate number of homeless veterans.

Veterans' family members continue to face mental health problems related to frequent postings, long and multiple absences, and the inherent risks of military service. For four years, the Office of the Veterans Ombudsman has called for investments to provide mental health treatment benefits for family members of Canadian Armed Forces veterans in their own right.¹

With increased attention and spending on national defence, now is the time to take a more holistic approach and remember that active service members eventually become veterans. We cannot fund one part of people's lives and then leave them to languish for the remainder.

Overview

A long overdue inquiry into programs and services for veterans

The last time that the federal government undertook a comprehensive independent review of veterans' benefits and services was in the 1960s. Veterans Affairs Canada (VAC) programs and services that provide care and support to ill and injured veterans and their families are still based on programs that were established to meet the needs of aging World War II and Korean War Veterans. As of 2023, those veterans represented just 4,162 of VAC's more than 194,098 clients.

The New Veterans Charter of 2006 brought dozens of legislative changes, new benefits, and "enhancements" to programs and services for veterans. Rather than meeting veterans' needs in a straightforward way, these layers of regulations, policies, and eligibility criteria led to duplication, complexity, confusion, frustration, and feelings of institutional betrayal.

The Office of the Veterans Ombudsman² has called for a national conversation to identify a clear vision and clear outcomes for Canada's veterans and their families. It is time to hold an independent inquiry to ensure that ill and injured veterans, their families, and the larger, diverse community of veterans all receive the care they need and deserve.

Medical care that truly meets the needs of veterans and their families

Veterans continue to experience issues in transitioning to provincial "civilian" medical systems. They need medical professionals who are trained to care for them properly—physicians and other care providers who understand military sexual trauma, operational stress injuries, chronic pain, post-traumatic stress disorder, and moral injuries, among others.

This type of care may need to be delivered in person to be most effective. The 2024 budget included \$9.3 million over five years to fund telemedicine for veterans and their families, but there continue to be questions about its efficacy. Veterans using telemedicine reported³ they felt rushed, were concerned about limited privacy in their homes, had difficulty concentrating, had to deal with long wait times, found only limited accommodations for hearing and visual impairments, and experienced miscommunications that led to errors. In general, treatment via telemedicine is less effective for substance use problems, chronic pain, and many women's health needs.

Veterans experiencing homelessness

Veterans are two to three times more likely to experience homelessness than the general population. The estimated number of unhoused veterans in Canada is somewhere between 2,400 to more than 10,000.⁴

Women veterans represent 30 per cent of veterans experiencing homelessness.⁵ They are also more likely to have dependents, to have experienced intimate partner violence, and to have experienced military sexual trauma (MST).⁶ The services currently available from VAC and city-run homeless shelters often focus on supports for veterans who are men, and do not necessarily meet the needs of women and gender-diverse individuals. Women with multiple intersectionalities are more likely to be at risk (i.e., racialized, Indigenous, 2SLGBT+, people with disabilities, etc.).

Investments must be made to address these gaps. They must include a prevention focus—many “downstream” cases of housing insecurity and homelessness have hinge moments where, if needed help or supports were made available at the time, could have been prevented.

Addressing backlogs

All of the issues identified in this chapter are compounded by the unwillingness of previous governments to properly fund staffing to address backlogs, wait times, and overburdened case manager workloads. VAC is still not meeting most of its service targets. Decisions are still often taking significantly longer than they should, with wait times for disability benefit decisions remaining the number one complaint received by the Office of the Veterans Ombudsman.

The ratio of veterans to case managers has reached 31:1; some case managers have as many as 50 veterans in their caseloads. Many case managers also lack appropriate training, with some veterans reporting inconsistent levels of knowledge among case managers.

Investments in staff resources must be made to ensure that issues are dealt with in a reasonable amount of time.

Less reliance on privatization

We are now several years into the contract VAC issued (valued at \$560 million over an initial five-and-a-half-year term) to Partners in Canadian Rehabilitation Services (PCVRS), a private venture between Lifemark Health Group (owned by Loblaw Companies Limited) and WCG International, to administer VAC’s rehabilitation program (previously administered by Medavie Blue Cross).

The Union of Veterans’ Affairs Employees (UVAE) condemned the lack of consultation taken and information given around this decision,

expressing concerns that the contract would not provide quality services to veterans.⁷ The union also calculated that the contract would cost 25 per cent more than it would to provide the same services by the public service.

Veterans' groups, such as the Minister's Advisory Group on Service Excellence, felt they had not been adequately consulted on the decision.⁸ Individual veterans have also been critical of the decision. One veteran told the *Ottawa Citizen* that privatization has led to traumatizing experiences: "I was treated not so much like a veteran or a client, but more as someone to get in, get paid and then push out the door."⁹

Health care providers have also been critical of the arrangement, releasing an open letter outlining numerous red flags, including Lifemark's failure to consider the complex nature of the client population and failures to mention trauma or post-traumatic stress disorder in documents sent to practitioners.¹⁰

A Standing Committee on Veterans Affairs study¹¹ also outlined several issues with the new rehabilitation program: a risk of disengagement on the part of professionals with long experience working with veterans; a lack of oversight (PCVRS is responsible for its own performance evaluation); and lack of information provided to case managers, veterans, and care providers.

In short, this contract is providing lower-quality service than an experienced public service could provide, and at a higher cost. It's time for it to end.

Ensuring equity for women veterans

Sex and gender invisibility in military and veteran systems, including in health care, have created a number of problems for women service members and veterans. These include systemic biases, research gaps, and increased rates of injury and illness that result in unnecessarily high rates of medical releases for women. Up to 47 per cent of women's releases from the military are medical,¹² with the number one reason for women's release being musculoskeletal injuries.

This invisibility also creates barriers in women's¹³ veterans' access to VAC benefits and programs, as documented in a 2024 Standing Committee on Veterans Affairs report¹⁴ that identified several areas that could improve outcomes for women veterans: research, addressing specific medical and health needs, recognition and commemoration, and removing barriers to services and support. The committee's recommendations should be implemented in a way that meaningfully reflects the perspectives of women veterans.

If we are to fully analyze and assess the impacts of veterans' programs on sex, gender and diversity, and ensure equitable outcomes and change,¹⁵ there needs to be a consistent and transparent application of Sex and Gender Equity in Research (SAGER), Sex and Gender-based Analysis (SGBA), and Gender-Based Analysis Plus (GBA+) lenses within Veteran Affairs Canada and the Canadian Armed Forces/Department of Defence.

The specific impacts of military service on the health and well-being of women veterans and their families must be acknowledged and addressed within the Canadian Armed Forces and through compensation and support services from VAC. For example, VAC has committed to updating its tools and guidelines for assessing disability benefits and to applying a GBA+ lens. While some work is being done, the meaningful implementation of this initiative is still pending. It is also unclear at this time what role SGBA will play in this update, although we note Dr. Barbara Clow's 2019 internal report entitled "SGBA and Disability Benefits" made a number of findings and recommendations.

Actions

The AFB will launch an independent inquiry to ensure that all veterans, loved ones, caregivers and surviving family members receive the benefits and support they need, when and where they need it. The inquiry will produce a report with tangible and measurable recommendations.

The AFB will register all unregistered veterans. To date, VAC has taken a limited, reactive approach to service delivery that focuses on those who actively seek out their services. Registering all veterans with VAC would enable a better understanding of the veteran population, fostering a more preventative approach and facilitating the design of targeted benefits.¹⁶

The AFB will ensure that caregivers and family members, including spouses, former spouses, survivors, and dependent children, have access, independent of the veteran's treatment plan, to mental health treatment in their own right when their mental health issues are related to conditions of military service experienced by their family member.

The AFB will provide funds for occupational medicine (particularly for veterans without a family doctor), and civilian physicians accepting veterans as patients. It will give these practitioners barrier-free access to educational resources and training on military sexual trauma, operational

Table 27.1 / AFB actions on veterans

All figures in \$millions

	2026-27	2027-28	2028-29
Fund an independent inquiry to ensure that all veterans receive the support they need	\$5	\$5	
Register all (over 330,000) unregistered veterans	\$2	\$2	\$2
Independent mental health treatment funding for family members	\$6	\$6	\$6
Provide physician training on veterans' specific issues	\$2	\$2	\$2
Provide in-depth training on trauma- and violence-informed practices for Veterans Affairs Canada (VAC) personnel	\$13	\$13	
Move the Partners in Canadian Veterans Rehabilitation Services (PCVRS) program in-house		-\$19	-\$25
Hire more case managers and indeterminate staff	\$53	\$24	\$24
Enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs	\$49	\$52	\$53
Implement a long-term research program regarding service women and women veterans	\$5	\$5	\$5
Onboard veteran-serving organizations onto Homeless Management Information Systems (HMIS) to better capture data on veterans experiencing homelessness	\$1		
Double the Veteran Homelessness Program to veterans experiencing homelessness and extend it to 2028	\$21	\$21	\$42

stress injuries, chronic pain, post-traumatic stress disorder, substance use, VAC documentation, occupational hazard exposures, and other pertinent areas.

The AFB will fund mandatory, in-person sessions for all VAC personnel, offering in-depth training on trauma-informed and violence-informed best practices.

The AFB will not renew the private contract with Partners in Canadian Rehabilitation Services. It will move the administration of the Veterans Affairs Rehabilitation Program to the public service as of June 30th, 2027.

The AFB will increase funding for more indeterminate staff and case managers, and review location of staff (a large number currently work out of Prince Edward Island) and possible decentralization.

The AFB will consolidate and enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs, including programming to target risk factors for homelessness. Funding will be used to increase the number of case managers, collect data on risk factors, and provide pre-release counselling along with a transition curriculum that includes career transition services, community reintegration, and mental health literacy.

The AFB will fund and implement a long-term research program on servicewomen and women veterans, as well as multi-departmental,

women-specific research to include the Canadian Armed Forces and Veterans Affairs Canada.

The AFB will expedite the update of the Entitlement Eligibility Guidelines and the Table of Disabilities for medical conditions that affect women, applying transparent SAGER, SGBA, and GBA+ process to address gender biases and research gaps to achieve data equity.

The AFB will onboard veteran-serving organizations onto homeless management information systems to better capture data on veterans who are experiencing homelessness and provide them with services.

The AFB will establish a housing certificate program providing individualized rent supplements to veterans experiencing homelessness.

The AFB will direct the Canada Mortgage and Housing Corporation to develop veteran-specific streams of National Housing Strategy funds for housing projects and to provide capital through low-interest and forgivable loans (see the Affordable Housing and Homelessness chapter). This will include accessible women-specific housing and housing that includes support for dependants and service animals.

Notes

1 Office of the Veterans Ombudsman, "2024 Spotlight," Government of Canada, April 24, 2025, <https://www.ombudsman-Veterans.gc.ca/en/publications/report-cards/spotlight-progress-update-on-ovo-recommendations-to-vac-2024>.

2 Office of the Veterans Ombudsman, *Financial Compensation for Canadian Veterans: A Comparative Analysis of Benefit Regimes*, 2020, <https://ombudsman-Veterans.gc.ca/en/publications/systemic-reviews/financial-compensation-analysis>.

3 Deanna L Walker, M.S. Nouri, R.A. Plouffe, J.J. W. Liu, T. Le, C.A. Forchuk, D. Garlaga, K. St-Cyr, A. Nazarov, and J.D. Richardson, "Telehealth experiences in Canadian veterans: associations, strengths and barriers to care during the COVID-19 pandemic," *BMJ Military Health*, May 12, 2023, <https://militaryhealth.bmj.com/content/early/2023/05/11/military-2022-002249>.

4 Taylor Chase, Alison Clement, Sandrine Desforges and Anmol Gupta, Addressing Veteran Homelessness in Canada, McGill, July 2023, https://www.mcgill.ca/veteran/school/files/maxbellschool/ofha_veteran_homelessness_policy_brief_-_2023.pdf.

5 Homelessness here includes individuals who reside in emergency shelters, provisional accommodations, or unsafe housing situations.

6 Michael Short, Stephanie Felder, Lisa Veteran Baird and Brenda Gamble, "Female veterans' risk factors for homelessness: Veterans review," *Journal of Military, Veteran and Family Health*, 2023.

7 Emmanuel Dubourg, "New Contract for the Administration of Veterans Affairs Canada's Rehabilitation Program," Report of the Standing Committee on Veterans Affairs, June 2023, <https://www.ourcommons.ca/Content/Committee/441/ACVA/Reports/RP12515046/acvarp11/acvarp11-e.pdf>.

8 Ibid.

- 9** Catherine Morrison, "Unions and veterans decry privatization of rehabilitation services," *Ottawa Citizen*, March 2, 2023, <https://ottawacitizen.com/news/local-news/unions-and-veterans-decry-privatization-of-rehabilitation-services>.
- 10** Lee Berthiaume, "Rehab contract sparks new fight between veterans and the Liberal government," *The Canadian Press*, February 12, 2023, https://www.thecanadianpressnews.ca/health/rehab-contract-sparks-fresh-battle-between-veterans-and-the-liberal-government/article_afccf23a-c02b-5f51-a1b2-595155408ecc.html.
- 11** Emmanuel Dubourg, New Contract for the Administration of Veterans Affairs Canada's Rehabilitation Program, *Report of the Standing Committee on Veterans Affairs*, June 2023, <https://www.ourcommons.ca/Content/Committee/441/ACVA/Reports/RP12515046/acvarp11/acvarp11-e.pdf>.
- 12** Ibid.
- 13** The AFB recognizes that the term "women" includes intersectionality of Indigenous, 2SLGBTQ+, and racialized people.
- 14** Emmanuel Dubourg, "Invisible No More. The Experiences of Canadian Women Veterans," *Report of the Standing Committee on Veterans Affairs*, June 2024, <https://www.ourcommons.ca/documentviewer/en/44-1/ACVA/report-15>.
- 15** Maya Eichler, "Equity in Military and Veteran Health Research: Why It Is Essential to Integrate a Sex and Gender Lens," *Journal of Military, Veteran and Family Health*, 2021.
- 16** Ibid.

Taxation

Introduction

Unfortunately, new federal government policies are taking us backwards on tax fairness. The government recently eliminated the consumer carbon tax, which returned more money to most low-income families than they paid.¹ A few days later, it cancelled the partial closure of the capital gains loophole, one of the features of our tax system that most benefits the ultra-wealthy. The first bill the new government introduced lowered the marginal tax rate on the first income bracket, which returns more dollars to higher-income earners than to lower-income earners.²

Transferring more money to the wealthy will not solve the multiple, intersecting crises Canada faces. We will need a collective approach to use available resources to fund a green transition and affordable housing. Getting this done is not a matter of feasibility—it's just a matter of political will. Billionaire wealth in Canada increased by \$309 million every day in 2024.³ Because of myriad loopholes and tax planning mechanisms, increasing billionaire wealth is typically taxed at a lower rate than the income of an average earner in Canada. When all taxes are considered, the top one per cent of earners paid 23.6 per cent of their income in tax in 2022, while the average earner paid 36.7 per cent of their income in tax.⁴

The outcome of a system that increasingly concentrates income, wealth and power among a select few can be seen south of the border right now. Canadians made clear in the 2025 federal election that they do not want to go down that path. Building a sustainable democratic society in which we can all thrive will require mobilizing Canada's vast resources. The tax system is a powerful tool that can be used to free up

Canada's resources to fund the important projects laid out in the rest of this platform.

Overview

The cost of living crisis that followed the COVID-19 pandemic revealed the enormous power that large corporations have over the rest of us through their price-setting power. They used input price increases as cover to increase their profits to never-before-seen levels.⁵ Through their ownership of large corporations, this led to an explosion in the wealth of billionaires. Even as inflation has slowed, corporate profits and billionaire wealth have remained well above pre-pandemic levels.

The tax system can act as a powerful tool to incentivize the private sector to act. Unfortunately, the tax system is currently sending the wrong signals. Measures like subsidies for fossil fuel extraction and tax breaks for real estate investment trusts encourage increased carbon emissions and the financialization of housing.

Actions

The AFB will create a new personal income tax bracket on income above \$1,000,000. During the mid-20th century, Canada had top marginal tax rates over 80 per cent for extremely high income. The purpose of such rates is not just to raise revenue, it is to discourage incomes from being so high. In 1971, the marginal tax rate on income over \$400,000 (\$3.16 million in today's dollars) was 82.4 per cent.⁶ This rate would have applied to less than 0.01 per cent of taxpayers because it effectively discouraged such outrageous incomes. Today, the top personal income tax bracket, with rates of 44.5-54.8 per cent across provinces and territories, applies to two per cent of taxfilers. A new federal income tax bracket with a rate of 37 per cent on income over \$1,000,000 would affect only 43,000 people, or 0.135 per cent of taxfilers, deterring outsized salaries and raising \$1.5 billion in 2025.

The AFB will tax extreme wealth. Since wealth tends to grow faster than the economy, wealth and power can become more concentrated in the hands of a few. Currently, the 20 richest Canadians have over \$239 billion in wealth, equivalent to over 10 per cent of Canada's GDP.⁷ This

level of wealth concentration gives individuals outsized influence over our society. A progressive wealth tax on net worth over \$10 million would redistribute wealth and power, while raising over \$37 billion in the first year;⁸ 99.4 per cent of Canadians would not be affected by this tax.

The AFB will prevent corporate profiteering during crises. The AFB will implement a permanent windfall profits tax, triggerable during social and economic crises, on taxable profits above 120 per cent of pre-crisis profit levels. This would disincentivize corporations from jacking up prices to inflate their profits during crises. A mechanism like this would have raised \$50 billion from 2021-23, although, if effective, it would have raised less revenue but limited inflation.

The AFB will make the corporate income tax system more progressive. Individuals who earn larger employment income pay a higher marginal income tax rate—why don't corporations? Initial corporate income taxes in the U.S. did have graduated rates, and this system still exists, to a limited extent, through the small business deduction.⁹ In addition to raising more revenue from those with a greater ability to pay, graduated corporate income tax rates can act as an antitrust measure, discouraging corporate consolidation. Corporate consolidation has increased firms' price-setting power, one of the driving factors of the recent bout of inflation.¹⁰ To combat this, the AFB proposes a super-profits tax of five per cent on corporations with taxable income over \$100 million on a consolidated basis.¹¹ The AFB would also increase the general federal corporate income tax rate from 15 per cent to 20 per cent, partially offsetting the corporate income tax cuts that took place between 2007 and 2012. These cuts gutted public revenue without spurring investment, which remains below 2012 levels.¹² These measures would raise \$23 billion in revenue annually.

The AFB will eliminate the dividend tax credit (DTC). This credit reduces the tax rate on dividends, meaning that investors pay a lower tax rate on their income than workers. In theory, the DTC prevents double taxation but it "is essentially a windfall for the investors who own eligible stocks."¹³ It also incentivizes firms to use cash to pay investors instead of re-investing in productive capital. This tax break is regressive, since a full one third of dividends are received by the top one per cent of income earners.¹⁴ Eliminating this credit could raise \$7.8 billion per year.¹⁵

The AFB will implement a minimum tax on book profits (profits that corporations report to their shareholders, which are typically larger than taxable profits because of a wide range of tax avoidance strategies). This tax will ensure large corporations cannot combine loopholes to eliminate their tax burden. Canada already has a similar tax for individuals

(alternative minimum tax) and the United States implemented such a tax in 2023. A book profits tax of 21 per cent would bring in over \$5.4 billion in revenue per year.

The AFB will prohibit the use of tax havens by large corporations and the wealthy to avoid taxes. The Tax Justice Network estimates that corporate tax abuse and failure to declare offshore wealth costs Canada \$15 billion annually.¹⁶ The implementation of the *Global Minimum Tax Act* is a welcome step but falls far short of addressing this problem.¹⁷ The 15 per cent minimum tax rate still provides a huge incentive for profit shifting, and the carve outs for real economic activity and tax credits further encourage the race to the bottom. To ensure corporations pay their fair share of taxes, the AFB will end the tax agreements with tax havens that incentivize profit-shifting, it will require corporations to provide a genuine business reason for setting up offshore subsidiaries, it will subject all corporate entities to the minimum book profits tax of 21 per cent, and it will make corporate country-by-country financial information public—92 per cent of Canadians support measures to prevent the use of tax havens.¹⁸ These measures could raise \$14 billion in revenue per year.

The AFB will fund the Canada Revenue Agency (CRA) to crack down on tax avoidance by the wealthy and large corporations. The Parliamentary Budget Office (PBO) estimates a payback of \$4-5 for every extra dollar invested in business tax compliance.¹⁹ Increasing the budget of the CRA would allow workers to investigate the complex international schemes devised for corporations and wealthy tax avoiders. Therefore, the AFB will invest an extra \$2 billion over three years in the agency.

The AFB will provide the CRA with \$25 million per year to support the charitable sector in a way that ensures tax-exempted dollars benefit the public, while protecting against possible individual harms and damaging labour force implications resulting from recent regulatory changes. In December 2023, the CRA released its final policy guidelines on making grants to non-qualified donees. Content in the newly revised CRA Charities Directorate's T3010 Form points to some troubling possibilities, as it makes clear the ability for charities to provide funding to for-profits to deliver education and health care programs. Other jurisdictions with similar regulatory allowances show a common practice of large, for-profit corporations receiving tax-exempted dollars. The tax implications for individuals receiving gifts, and how the new legislation interacts with employment status, are areas of concern. In 2023, around \$729 million were disbursed to non-qualified donees.²⁰ As the CRA only requires reporting for grants over \$5,000, there is approximately \$127 million that

was disbursed to 38,297 grantees with no public reporting accessible. While these regulatory changes have been described as the most significant the charitable sector has seen in decades, the CRA does not appear to have the requisite resources to monitor unintended harms. Additional CRA staff would provide proactive support to charities and would-be grantees to help them navigate these new regulations, reducing the possibilities of abuse or unintended harms, is a critical investment. The CRA also requires specific capacity to analyze the impacts of this regime in relation to employment, taxation, and privatization.

The AFB will revert to the 2023 alternative minimum tax (AMT) proposal, reaffirming the government's commitment to a progressive tax policy. According to the House of Commons Standing Committee on Finance, "from a global perspective, Canada provides the most generous tax support for charitable donations by individuals."²¹ To address this, the Government of Canada's 2023 budget introduced a transformative update to the AMT, aimed at ensuring that high-income individuals and trusts contribute a fairer share to the national tax base. Under the proposed revised AMT, only 50 per cent of the value of charitable donation tax credits can be claimed when calculating AMT liability, down from 100 per cent under the current tax system. This change ensures that high-income earners cannot use large charitable donations to eliminate their tax obligations entirely, while still preserving a meaningful incentive for philanthropy. In response to feedback from parts of the charitable sector, budget 2024 increased the inclusion rate for charitable donation tax credits from the initially proposed 50 per cent to 80 per cent. The original budget 2023 proposal strikes a balance by continuing to incentivize charitable donations, while also serving as a tool to address wealth inequality and generate public revenue.

The AFB will eliminate all subsidies and financing for the fossil fuel sector. Environmental Defence estimates that the Government of Canada provided nearly \$30 billion in financing and subsidies to the oil and gas industry in 2024.²² Quietly, the government abandoned its modest pledge to eliminate "inefficient" fossil fuel subsidies by extending tax credits for the oil and gas industry in the 2024 fall economic statement. The AFB will stop providing any public funding to this sector, which contributes more to Canada's carbon emissions than any other sector.²³ (See the Environment and climate change chapter for how the AFB would change the carbon pricing system.)

The AFB will undertake a comprehensive review of federal tax expenditures for corporations. Giving money directly to corporations through tax credits has become government's de facto response to

problems from climate change to depressed business investment to skyrocketing housing prices. Despite the tens of billions in lost revenue,²⁴ there is no evidence that these corporate giveaways have contributed to solving any of these pressing problems. The AFB would cancel the renewal of the accelerated investment incentive, the new AI tax credit and the expansion of mining tax credits, saving over \$2.5 billion annually.²⁵ Tax credits for clean energy would be maintained but be subject to strict labour and community benefit conditions that required corporations to pay sufficient wages, have high labour standards, and ensure investments met the needs of local communities.

The AFB will close the REIT tax loophole. Real Estate Investment Trusts (REITs), a type of financialized landlord, are not subject to corporate income tax, supposedly to incentivize real estate investment. However, REITs are more likely to acquire existing stock than to build new housing stock. Moreover, financialized landlords like REITs charge higher rents than any other type of landlord.²⁶ Rather than ensuring new supply is built, this tax loophole ensures more housing is owned by financial investors who prioritize investors' returns over providing affordable housing. Improving housing affordability will require reducing investor demand for housing. Eliminating this loophole would bring in at least \$59 million per year in net revenue (see the Affordable housing chapter).²⁷

The AFB will eliminate the First Home Savings Account. This policy will do little to increase housing affordability and may even lead to further increases in housing prices. Eliminating this ill-advised measure will save the federal government \$595 million.²⁸

The AFB will end tax deductibility for foreign internet advertising. The Canadian media ecosystem is in crisis. Local media is disappearing, being replaced by foreign internet giants. Currently, advertising on foreign internet media is tax deductible, incentivizing companies to shift their advertising to foreign media platforms—furthering the collapse of Canadian media. Advertising on foreign newspaper and broadcast media is already not tax deductible, and this tax treatment should be extended to foreign internet media. This could raise \$400 million annually in additional corporate income tax revenue.²⁹

Table 28.1 / AFB actions on taxation**All figures in \$millions**

	2026-27	2027-28	2028-29
Create a new income tax bracket over \$1,000,000 with a rate of 37%	-\$1,515	-\$1,545	-\$1,576
Wealth tax (net of the million dollar windfall home tax)	-\$37,772	-\$38,527	-\$39,298
Increase corporate income taxes from 15% to 20% and add a 5% surtax on excess profits	-\$22,953	-\$23,412	-\$23,880
Eliminate the Dividend Gross up and Tax Credit	-\$7,820	-\$8,150	-\$8,494
Minimum tax on book profits	-\$5,400	-\$5,508	-\$5,618
Prohibit the use of tax havens	-\$14,000	-\$14,280	-\$14,566
Invest in CRA investigations, auditing, and enforcement	\$667	\$667	\$667
Revenue from increased investigations	-\$2,667	-\$2,667	-\$2,667
Aid charities in navigating new regulatory changes	\$25	\$25	\$25
Revert to the 2023 alternative minimum tax (AMT) proposal	-\$113	-\$113	-\$108
Eliminate subsidies for oil and gas	-\$1,834	-\$1,871	-\$1,908
Cancel the renewal of the accelerated investment incentive, the new AI tax credit and the expansion of mining tax credits	-\$2,500	-\$2,550	-\$2,601
Close the REIT tax loophole	-\$59	-\$61	-\$61
Eliminate the First Home Savings Account	-\$595	-\$607	-\$619
End tax deductibility of foreign internet advertising	-\$400	-\$385	-\$370

Notes

- 1 Parliamentary Budget Officer, "A distributional analysis of the federal fuel charge—update," October 10, 2024, <https://www.pbo-dpb.ca/en/publications/RP-2425-017-S--distributional-analysis-federal-fuel-charge-update--analyse-distributive-redevance-federale-combustibles-mise-jour>.
- 2 David Macdonald, "Platform Crunch 2: Comparing four parties' tax cut and cash transfers promises," Canadian Centre for Policy Alternatives, March 28, 2025, <https://www.policyalternatives.ca/news-research/platform-crunch-comparing-all-parties-tax-cut-and-cash-transfers-promises/>.
- 3 Oxfam Canada, "Billionaire wealth surges by \$2.8T in 2024, poverty unchanged since 1990," January 20, 2025, <https://www.oxfam.ca/news/billionaire-wealth-surges-by-2-8-trillion-in-2024-three-times-faster-than-the-year-before-while-the-number-of-people-living-in-poverty-has-barely-changed-since-1990/>.
- 4 Marc Lee and DT Cochrane, "Canada's shift to a more regressive tax system, 2004 to 2022," Canadian Centre for Policy Alternatives, April 2024.
- 5 Jim Stanford, "Canadian corporate profits remain elevated despite economic slowdown," Centre for Future Work, February 2024.
- 6 E.J. Benson, "Summary of 1971 tax reform legislation," Government of Canada, 1971.
- 7 Calculated from *Forbes*, "The world's real-time billionaires," *Forbes*, retrieved June 16, 2025.
- 8 Alex Hemingway, "A wealth tax could raise half a trillion dollars for a stronger, fairer Canada," *BC Society for Policy Solutions*, June 4, 2025.
- 9 Reuven Avi-Yonah, "Corporate taxation to curb monopoly power: a brief history and a proposal," *Tax Justice Network*, November 2, 2022.
- 10 Weber, Isabella M., and Evan Wasner, "Sellers' inflation, profits and conflict: why can large firms hike prices in an emergency?," *Review of Keynesian Economics* 11(2), 2023: 183-213.
- 11 Silas Xuereb, "Taxing excess profits in Canada: An urgent proposal for action," *Canadians for Tax Fairness*, November 25, 2024.
- 12 Statistics Canada, "Table 33-10-0225-01: Quarterly balance sheet, income statement and selected financial ratios, by non-financial industries, non seasonally adjusted (x 1,000,000)," May 23, 2025.
- 13 Peter Spiro, "Tax exemptions for investment income: Boon or bane?," *Mowat Centre*, 2017.
- 14 Statistics Canada custom tabulation from Longitudinal Administrative Databank.
- 15 Department of Finance, "Report on Federal Tax Expenditures: 2025," Government of Canada, April 14, 2025.
- 16 Tax Justice Network, "State of Tax Justice 2024," November 2024.
- 17 Annette Alstadsæter et al., "Global Tax Evasion Report 2024," *EU Tax Observatory*, October 2023.
- 18 David Coletto, "Canadians think their tax system is unfair and support new revenue tools that bring down the deficit and reduce inequality now," *Abacus Data*, August 4, 2021.
- 19 Diarra Sourang and Varun Srivatsan, "Estimating the Return of Additional Federal Spending on Business Tax Compliance," *Office of the Parliamentary Budget Officer*, October 8, 2020.
- 20 Mark Blumberg, "Blumbergs' Snapshot of the Canadian Charity Sector 2023," *Canadian Charity Law*, April 2025, <https://www.canadiancharitylaw.ca/blog/blumbergs-snapshot-of-the-canadian-charity-sector-2023>.
- 21 James Rajotte, "Tax incentives for charitable giving in Canada," *House of Commons Standing Committee on Finance*, February 2013, <https://www.ourcommons.ca/Content/Committee/411/FINA/Reports/RP5972482/finarp15/finarp15-e.pdf>.

- 22** Julia Levin, "Fossil fuel funding in 2024," *Environmental Defence*, 2025, https://environmentaldefence.ca/wp-content/uploads/2025/04/Canadas-Fossil-Fuel-Funding-in-2024-EDC_April-2025-1.pdf.
- 23** Government of Canada, "Greenhouse gas emissions," March 21, 2025, <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.html>.
- 24** Department of Finance, "Report on Federal Tax Expenditures: 2025," *Government of Canada*, April 14, 2025.
- 25** Liberal Party of Canada, "Canada strong: Fiscal and costing plan," 2025, https://liberal.ca/wp-content/uploads/sites/292/2025/04/Canada_Strong_-_Fiscal_and_Costing_Plan.pdf.
- 26** Martine August and Corinne St-Hilaire, "Financialization, housing rents, and affordability in Toronto," *Environment and Planning A: Economy and Space*, 2025, <https://doi.org/10.1177/0308518X251328129>.
- 27** Office of the Parliamentary Budget Officer, "Removing tax exemptions for Real Estate Investment Trusts," April 19, 2025.
- 28** Department of Finance, "Report on Federal Tax Expenditures: 2025," *Government of Canada*, April 14, 2025.
- 29** Peter Miller and David Keeble, "Close the loophole! The deductibility of foreign internet advertising," 2024, <https://friends.ca/wp-content/uploads/Close-the-Loophole-2024-update-March-6-FINAL-1.pdf>.

Macroeconomic and fiscal projections

Debt across the Canadian economy

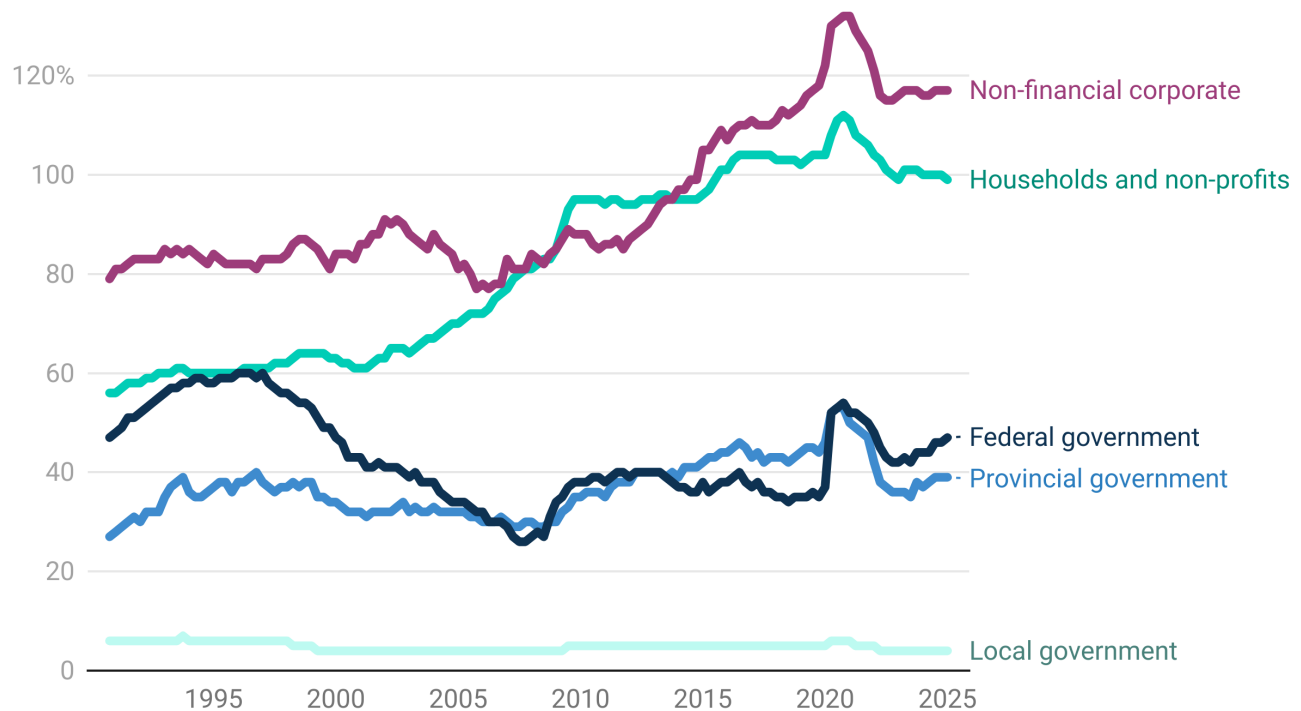
Whenever the federal government's budget is discussed, the focus quickly turns to the deficit and debt. The discussion of government debt is rarely considered in the context of debt in all segments of the Canadian economy. Other sectors of Canada's economy continually have substantial debt that rarely goes down. Individual people and individual businesses take out debt and then pay it off over time. At the sector level, debt is almost always increasing, but so are assets. This is due to economic and population growth.

Debt is the counterpart of the creation of asset value. If no one can obtain a loan to purchase an asset, particularly a very expensive asset like a house, then the transaction can't take place and the asset's value cannot be converted into cash. If you can't transact an asset, then its value is in serious doubt and large assets are rarely, if ever, purchased in cash—they are almost always purchased with debt.

With that in mind, let's look at all sectors of the Canadian economy and their debt levels relative to GDP, in Figure 29.1. In this context, local government debt is the lowest. Most municipal governments carry little, if any debt, often because provincial legislation doesn't allow it.

Provincial and federal government debt is also relatively small compared to other sectors in Canada. Since the pandemic, the federal government holds slightly more debt than the provinces. This is as it

Figure 29.1 / Debt to GDP by sector in Canada



Source Statistics Canada table 36-10-0580-01, 36-10-0103-01 and author's calculations.

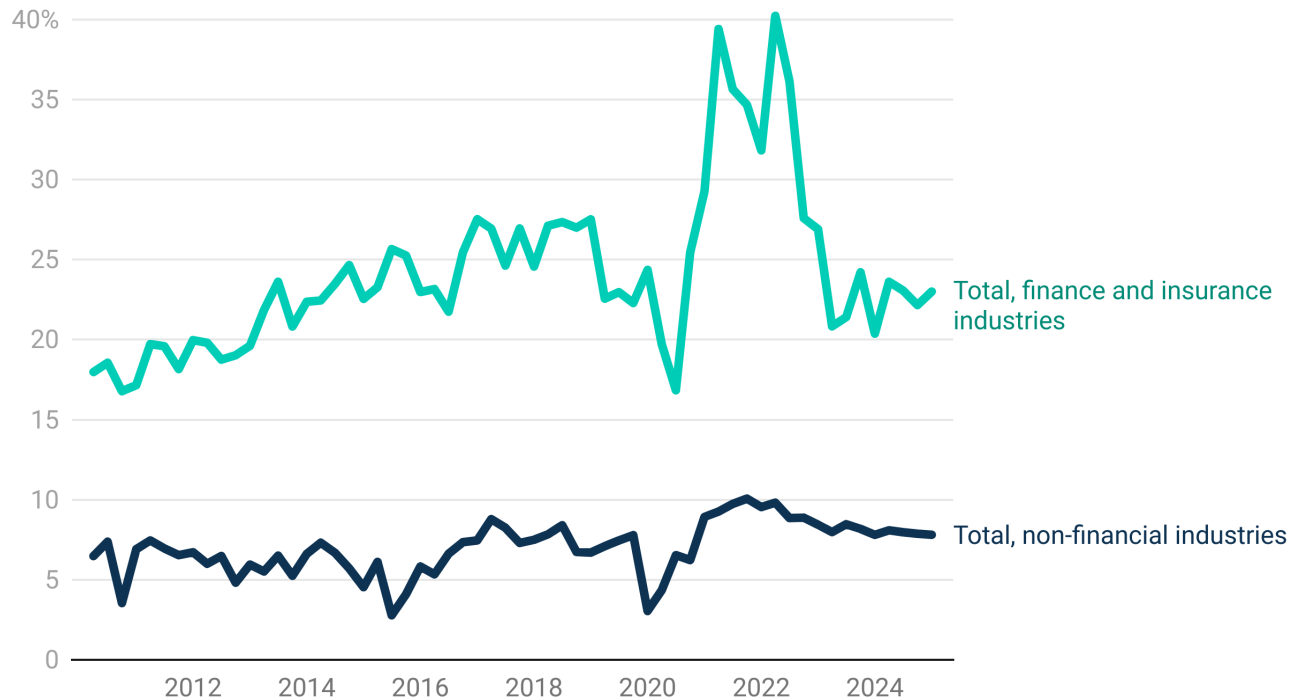
should be because federal bond rates are lower, making interest costs more affordable.

Household and corporate debt are much higher: essentially double the level of the federal government's. Federal debt has come down as a percentage of GDP since the 1990s, but household debt increased substantially from 2000 to 2009. Corporate debt for rose substantially starting in 2011 and has stayed higher ever since.

What is common across all sectors is the uptick, and then reversal, in debt to GDP during the pandemic. Debt rose as the economy shut down during COVID-19. This hit governments particularly hard as they dealt with major health and economic impacts. It also hit corporate profits, leading to higher debt. However, the debt load rapidly fell in all sectors during the re-opening of the economy; high nominal GDP growth cut its relative value. The debt didn't go away, but a larger economy made it easier to pay down.

The real concern isn't government debt, it should be household debt and, to some extent, debt in the corporate sector. The typical answer is to provide them with tax cuts, but this would produce a larger federal deficit,

Figure 29.2 / Net pre-tax profit margins



Source Statistics Canada tables 33-10-0225-01 and 33-10-0227-01

exactly matched by a larger surplus on the receiving end of the tax cut. This just moves debt around, creating higher federal and provincial debt and lower household debt, for example.

The rapid reduction in debt to GDP in 2020 through 2022 gives us another path: higher nominal GDP growth. Debt in the household sector is mostly mortgage debt. Strong wage growth and more affordable housing is a path to lower household debt—if you're concerned about debt, affordable housing is where the focus should be. These are certainly areas that the AFB would act to address debt, particularly in the housing chapter.

Rapid nominal GDP growth was part of the reason why corporate debt to GDP came down, but another part of the story was that corporate profits soared during the economic re-opening. Actual dollar profits are well above pre-pandemic levels, but so are profit margins.

Pre-tax profit margins hit historic highs in the years following the pandemic, as shown in Figure 29.2. These far higher margins happened in both the financial and non-financial sectors.

While the financial sector profit margins are now back to pre-pandemic levels, in the 20 per cent to 25 per cent range, non-financial margins are not. They are still well above pre-pandemic norms, eight per cent would have been considered a record margin prior to the 2021-23 boom, but now it is seemingly the norm.

At this point, non-financial margins do seem to be slowly coming down after a period of extended high profits. It bears remembering that there were beneficiaries of high inflation long after the initial price increases. Corporate profits in the non-financial sector took advantage of higher prices by converting them to sustained higher-profit margins.

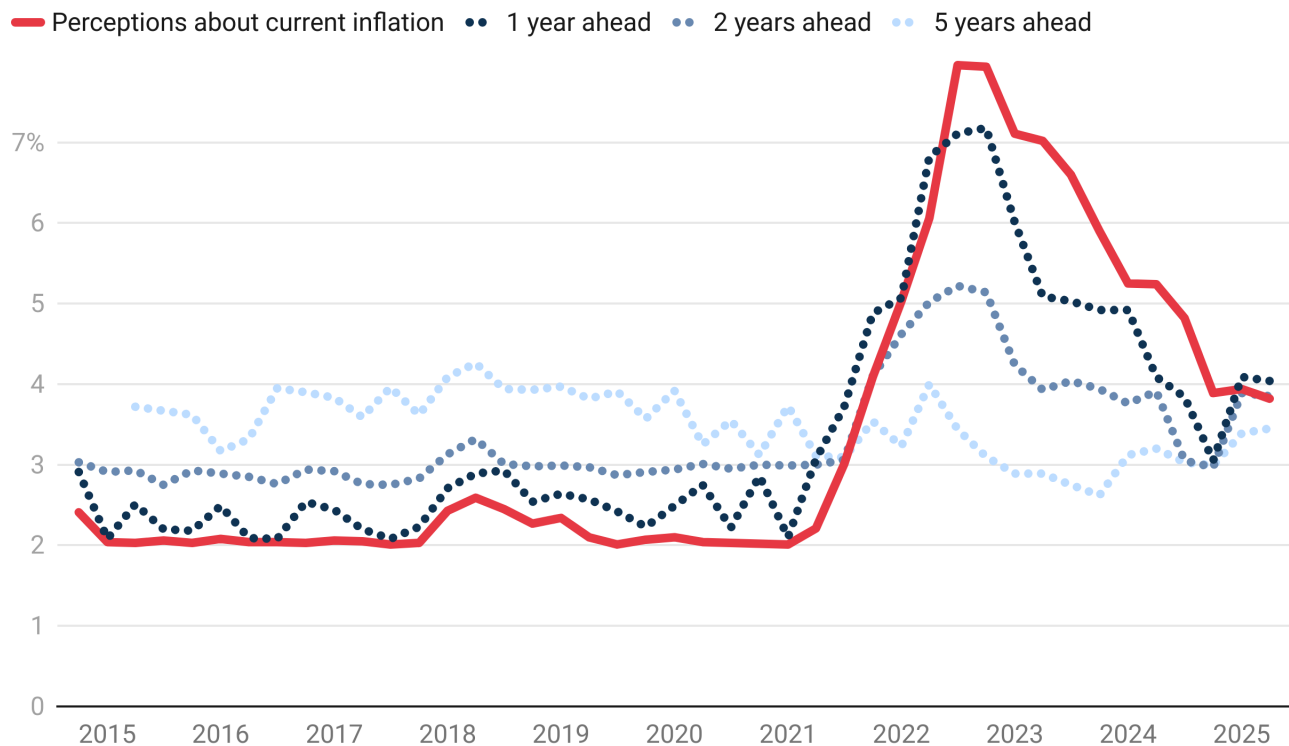
The new threat of tariffs could easily set the conditions for another round of corporate profiteering. At this point, there is plenty of confusion among consumers about the actual level of tariffs on goods entering Canada. Right now, their practical impact is quite low. At the same time, the inflation expectations of consumers, across multiple time frames, remain elevated. Particularly on shorter-term time frames, consumers are primed and expect to pay more, roughly double what the current inflation rate. Consumers see tariffs as a valid excuse for higher prices, according to a Bank of Canada survey. Without guardrails on corporate behaviour, we could easily see a repeat of the inflation-profit spiral Canada experienced in 2021-22.

Inflation isn't a force of nature—it's the result of decisions made by the corporate sector to raise their prices. We need to be better prepared for future price surges. We need excess profits taxes (see the Taxation chapter) to disincentivize corporations from doing this again. We need to also better understand key inputs into the Canadian economy that can drive prices up along the entire supply chain. These interconnections of key inputs to other goods production are poorly understood. With a better understanding, we could produce better price regulation to avoid rapid price increases. We could also consider strategic reserves as a buffering stock to guard against inflation in key inputs and, therefore, better protect the economy.

Federal capital and operating budgets

The federal government is focused on balancing the operating budget as a substitute for balancing the budget generally while running a capital deficit. It's worth examining what this might mean through the AFB lens.

Figure 29.3 / Consumer expected inflation across different time frames



Source Bank of Canada, "Consumer survey of expectations—second quarter of 2025," July 21, 2025, <https://www.bankofcanada.ca/2025/07/canadian-survey-of-consumer-expectations-second-quarter-of-2025/>

The federal budget already adjusts for capital expenditures through accrual accounting. If the government purchases or builds an asset, like a bridge, the cost of building that bridge is accrued over the life of the asset (30 to 50 years for a bridge).

The trouble for the federal government is that much of its spending is transfers to other levels of government that end up owning the assets that federal transfers may have built. A municipality builds the bridge, with federal help, then owns it. A transfer from the federal government to another level of government cannot be accrued over an asset's life span in the same way; it shows up as cash in a federal budget.

This year, the AFB has experimented with an Accrual+ structure. Capital owned by the federal government, in addition to repayable loans it makes to build infrastructure, are accrued over the useful life of the asset, as has always been the case. However, the AFB is also tracking transfers to other levels of government that will be used to build assets. We can look at capital spending on a cash basis while separating capital under

Accrual+ versus operating expenditures. In the AFB, 41 to 50 per cent of cash spending is on capital, depending on the year examined. Roughly half of the programs will result in the creation of new assets.

Simply subtracting total federal revenues from federal operating expenses would produce an operating surplus. One might then say the aggregate deficit is caused by capital investments, which have returns. But the total increase in debt and debt to GDP will be the same.

Bottom line: there is an artificial distinction between capital and operating expenses. We also need to be careful in introducing moral implications to accounting identities: capital deficits are good, operating deficits are bad. Both capital and operating spending are needed for high-quality public services. Hospitals without staff are just as bad as staff without a hospital.

Capital doesn't exist without operating spending and vice versa. If you just build buildings, but don't maintain them with operating funding, then they rapidly degrade. Capital doesn't provide services on its own.

In the challenge of maintaining high-quality public services, a particular service may sometimes need capital and/or operating funding. There will be different needs in different sectors. If you have a problem with staff retention, a new hospital (capital) won't help, but higher wages (operating) might.

There is also the viewpoint that capital spending is an "investment" that provides a return (justifying a deficit), whereas operating spending has no return and, therefore, should be balanced. But operating expenditures can easily provide a long-term return on investment. If a health care intervention allows someone to return to work, there is a clear return to that person, the economy and government revenues. If that intervention was early in life, the returns could be over a lifetime.

AFB macroeconomic baseline

The AFB starts with the most recent projections from Finance Canada—the Fall Economic Statement released in December 2024. Upon that baseline, it builds its programs so that differences in the AFB and the federal budget are due to differences in programs and not differences in economic growth projections.

Due to trade uncertainty, the federal government skipped its spring 2025 budget. The March 2025 Parliamentary Budget Office (PBO) deficit projections that were created for federal election costing are the most

Table 29.1 / Base case (Finance Canada), macroeconomic indicators

Macroeconomic indicators	2026	2027	2028	2029
Nominal GDP (\$millions)	\$3,173,000	\$3,306,000	\$3,442,000	\$3,579,000
Real GDP growth	1.7%	2.1%	2.1%	2.0%
GDP inflation	1.9%	2.0%	2.0%	2.0%
Nominal GDP growth	3.7%	4.2%	4.1%	4.0%
Employment				
Participation rate	65.4%	65.4%	65.4%	65.4%
Labour force (thousands)	22,559	22,875	23,195	23,520
Employed (thousands)	21,047	21,456	21,803	22,155
Employment rate	61.0%	61.3%	61.5%	61.6%
Unemployed (thousands)	1,511	1,418	1,392	1,364
Unemployment rate	6.7%	6.2%	6.0%	5.8%

Source 2024 Fall Economic Statement

recent estimates of the federal deficit.¹ The PBO estimates the deficit at \$33 billion for 2026-27 and 2027-28 and \$29 billion in 2028-29. For 2026-27, this is \$2 billion larger than the 2024 Fall Economic Statement, \$3 billion more in 2027-28 and \$1 billion more in 2028-29. However, detailed estimates of expenditures and revenues weren't included in the PBO projections.

The Bank of Canada *Monetary Policy Report* of July 2025² forecasts real GDP as 1.4 per cent in 2026 and 1.1 per cent in 2027. This is 0.6 per cent lower in 2026 and 0.3 per cent lower in 2027 compared to the baseline the AFB is using.

In contrast to previous AFBs, this year we're including an expanded projection of personal and corporation income taxes. In a first, we're including the statutory tax liability in both tax categories. This is the tax that would have been collected without exceptions to the basic statutory tax system. In other words, if all tax credits, tax exemptions, tax breaks, tax refunds, etc. were removed, we calculate what would be collected.

The total of those exemptions is summarized in the "tax expenditures" line for both systems. The total on the third line is the amount that is projected to be collected through these taxes.

Roughly \$100 billion in personal income taxes is given up in tax breaks or tax expenditures. This has never been recorded anywhere as a cost before in a budget statement. It is one of the largest single expenditures categories the federal government makes. It is larger than provincial

Table 29.2 / Base case (Finance Canada), budgetary transactions

Personal Income tax (\$millions)	2025-26	2026-27	2027-28	2028-29
PIT, statutory tax liability	\$340,038	\$353,869	\$371,605	\$389,059
PIT, tax expenditures	\$-96,838	\$-102,469	\$-107,605	\$-112,659
Personal income tax revenue	\$243,200	\$251,400	\$264,000	\$276,400
Corporate Income tax (\$millions)				
CIT, statutory tax liability	\$144,989	\$146,696	\$155,875	\$156,542
CIT, tax expenditures	\$-58,889	\$-58,796	\$-62,475	\$-62,742
Corporate income tax revenue	\$86,100	\$87,900	\$93,400	\$93,800
Total tax values (\$millions)				
Non-resident income tax	\$13,800	\$13,900	\$14,000	\$14,200
Total income taxes	\$343,100	\$353,200	\$371,400	\$384,400
Total all other revenue	\$173,100	\$183,900	\$191,700	\$201,900
Total budgetary revenues	\$516,200	\$537,100	\$563,100	\$586,300
Budgetary transactions (\$millions)				
Revenues	\$516,200	\$537,100	\$563,100	\$586,300
Program spending	\$504,100	\$510,400	\$531,500	\$547,800
Debt service	\$54,200	\$57,600	\$62,000	\$66,300
Budget balance (surplus/deficit)	-\$42,100	-\$30,900	-\$30,400	-\$27,800
Closing debt (accumulated deficit)	\$1,323,600	\$1,354,500	\$1,384,900	\$1,412,700
Budgetary indicators as a percentage of GDP				
Revenues/GDP	16.3%	16.2%	16.4%	16.4%
Program spending/GDP	15.9%	15.4%	15.4%	15.3%
Budgetary balance/GDP	-1.3%	-0.9%	-0.9%	-0.8%
Debt service/GDP	1.7%	1.7%	1.8%	1.9%
Debt/GDP	41.7%	41.0%	40.2%	39.5%

Source 2024 Fall Economic Statement, 2025 tax expenditures and evaluation report and author's calculations

health transfers, larger than transfers to seniors or for children's programs. The personal income tax system gives back three out of every 10 dollars it could have collected in tax expenditures.

The corporate income tax system gives back roughly \$90 billion a year in tax expenditures—roughly four out of every 10 dollars collected from corporations that is immediately given back through various tax credits and exemptions.

Table 29.3 / AFB plan

	2025-26	2026-27	2027-28	2028-29
Nominal GDP (\$millions)	\$3,173,000	\$3,388,000	\$3,549,000	\$3,712,000
Nominal GDP growth	3.7%	6.8%	4.8%	4.6%
Revenues (\$millions)				
Base case	\$516,200	\$537,100	\$563,100	\$586,300
Net AFB revenue measures		\$109,100	\$111,900	\$114,700
Additional tax revenue due to higher GDP		\$13,500	\$17,500	\$21,700
Total	\$516,200	\$659,700	\$692,500	\$722,700
Program spending (\$millions)				
Base case	\$504,100	\$510,400	\$531,500	\$547,800
Net AFB program measures		\$119,800	\$134,000	\$147,800
Total	\$504,100	\$630,200	\$665,500	\$695,600
Debt service	\$54,200	\$57,500	\$62,100	\$66,700
Budget balance (surplus/deficit)	-\$42,100	-\$28,000	-\$35,100	-\$39,600
Closing debt (accumulated deficit)	\$1,323,600	\$1,351,600	\$1,386,700	\$1,426,300
Budgetary indicators as a percentage of GDP				
Revenue/GDP	16.3%	19.5%	19.5%	19.5%
Program spending/GDP	15.9%	18.6%	18.8%	18.7%
Budgetary balance/GDP	-1.3%	-0.8%	-1.0%	-1.1%
Debt service/GDP	1.7%	1.7%	1.7%	1.8%
Debt/GDP	41.7%	39.9%	39.1%	38.4%

Source 2024 Fall Economic Statement, all costed AFB items and author's calculations

The AFB closes several of these tax expenditures in its taxation chapter, trimming these massive expenditures so their proceeds can be better spent elsewhere.

The AFB has important economic and employment impacts. Unlike the base case, which accepts meagre growth, the AFB kicks growth into high gear. Many of Canada's planned capital projects, particularly housing capital projects, would be owned by the federal government. Some would be initiated by federal loans that would be paid back, keeping the costs recorded in a federal budget low. The capital cost is spread over a project's lifetime, but there would be a spurt of construction along with the GDP and employment growth that comes with it. Extra economic activity would also bring in new tax revenue, which is accounted for by

Table 29.4 / AFB employment impact

	2026	2027	2028	2029
AFB jobs created or maintained (thousands)		698	912	1,139
Population (thousands)	34,494	34,977	35,466	35,963
Participation rate	65.4%	66.5%	67.1%	67.7%
Labour force (thousands)	22,559	23,259	23,798	24,347
Employed (thousands)	21,047	22,154	22,715	23,295
Employment rate	61.0%	63.3%	64.0%	64.8%
Unemployed (thousands)	1,511	1,105	1,083	1,052
Unemployment rate	6.7%	4.8%	4.5%	4.3%

Source 2024 Fall Economic Statement, all costed AFB items and author's calculations

assigning all AFB measures a multiplier type, both positive and negative, and aggregating them in Table 29.3.

The AFB, in the aggregate, expands both expenditures and revenues by roughly \$100 billion a year. As a result, there are very little changes to the AFB baseline deficit. The AFB pays for new spending with cuts elsewhere, as well as new revenue sources. The AFB's new programs create a bigger economic impact. Wealth, corporate income taxes and tax dodging, whose economic multipliers are low, are used to provide better child care, First Nations' services and support for low-income Canadians, whose economic multipliers are high.

The AFB maintains a deficit worth roughly one per cent of GDP, however, its focus on Canadian growth yields a falling debt-to-GDP ratio, which drops from 42 per cent down to 38 per cent. This relative reduction was due to rapid nominal GDP growth, as happened following the pandemic fallout and that's the device the AFB is employing here.

The benefits of the AFB aren't only counted in GDP statistics—they would result in important job creation, as shown in Table 29.4. By its third year, the AFB would add an additional million jobs. The result would be lower unemployment, stronger wage growth and a better deal for workers.

The result for businesses would be to push them to invest in workers in order to retain them. This would come in the form of investments in technology as well as better workplace training, resulting in more productive workers. More jobs at higher wages are also a poverty alleviation strategy. Combined with strong income supports (see the

Poverty and income security chapter) the AFB creates more opportunities for earned income at higher hourly rates for those who can work.

Income distribution of the AFB measures

All direct personal taxes and transfer changes in the AFB are modelled in Statistics Canada's tax modelling software.³ These occur in the chapters on taxation, Employment Insurance and poverty and income security. This allows us to look at the distribution of direct benefit or cost by economic family income decile.⁴

The AFB provides the largest dollar benefits to the lowest-income families—those making under \$28,000. They see an average benefit of \$4,240 a year from all AFB direct support programs. The major transfers driving this improvement are a Guaranteed Income Supplement (GIS) boost for low-income seniors, the Canada Child Benefit (CCB) to end poverty supplement for low-income families with children, a major improvement in the Canada Disability Benefit and the new Canada Livable income program for adults.

The direct benefits from AFB programs continue through much of the income spectrum, all the way up to the 8th decile. Families making up to \$180,000 would still see an average benefit.

However, some would pay more under the AFB plan. Those making \$180,000 to \$250,000 (the 9th decile) would see a small net cost of higher taxes net of transfers. The richest 10 per cent would pay more under the AFB. Families pulling in a quarter million or more would pay, on average, \$2,000 more. This is due to the AFB's new millionaire tax and the elimination of the dividend gross up/tax credit.

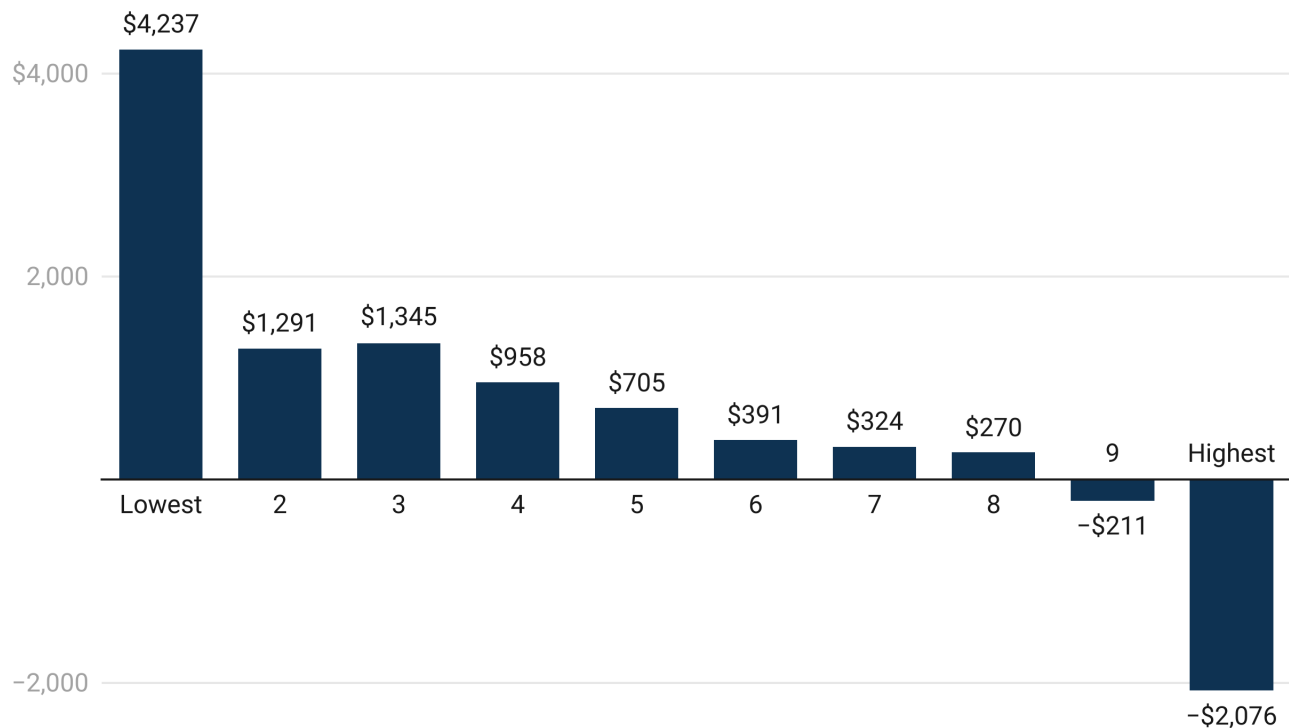
Since many of the AFB programs are targeted to those most in need, we see a marked improvement in poverty rates. In the aggregate, the AFB would lift 836,000 people out of poverty according to the Market Basket Measure (MBM) or 718,000 people according to the Census Family Low Income Measure—After tax (CFLIM-AT).

Child poverty, according to the MBM, would be cut in half by the AFB measures, lifting almost 300,000 children out of poverty. There would be a more limited impact on adults aged 18 to 64, where 470,000 would be lifted out of poverty. About 70,000 seniors would also be lifted out of MBM poverty by the AFB.

Determining the poverty impact of policies can be helpful, but they have significant threshold effects. Someone could make \$1 below the

Figure 29.4 / Average change in family income from AFB tax or transfer measures by decile

2026



Note Excludes the change in increase MIE

Source SPSP/M 30.3

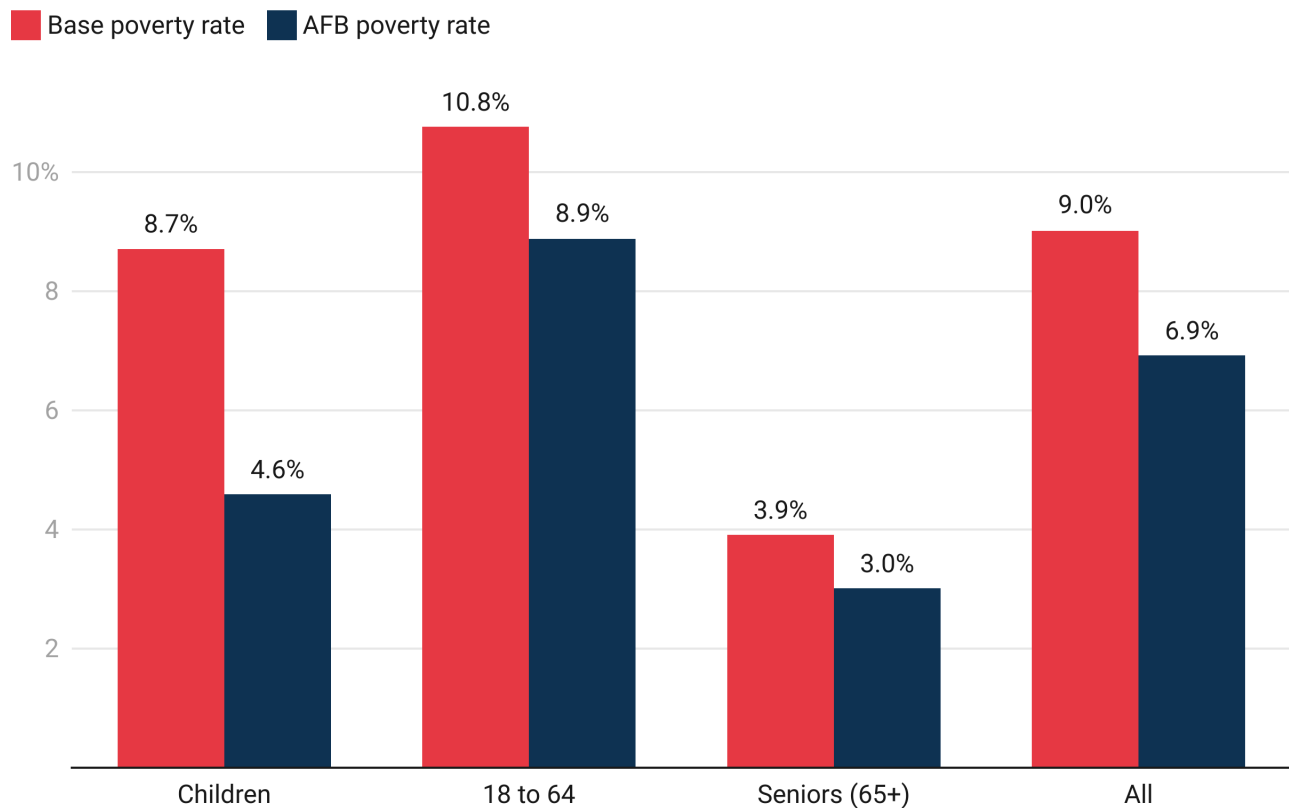
poverty line and, if they received \$1 from an AFB program, they would be considered lifted “out of poverty.” But, practically speaking, their circumstances would be the same. Policies can also be developed that essentially game poverty statistics. They identify those just below the poverty line and lift them just slightly over it, at low cost, giving the illusion of poverty reduction.

As a result, it’s worth looking at those who would remain in poverty, even after the AFB programs are implemented, to see how their depth of poverty changes. For this exercise, we’ll look at those in deep poverty—those whose income is 75 per cent lower than the general poverty line.

A family of four is in poverty⁵ if its after-tax income is under roughly \$60,000 and, for a single person, if their after-tax income is under roughly \$30,000. If we had a family of four in deep poverty, it would mean their after-tax income would be under \$15,000; for an individual, it would mean

Figure 29.5 / AFB impact on poverty rates by age group

MBM, 2026



Source SPSPD/M 30.3

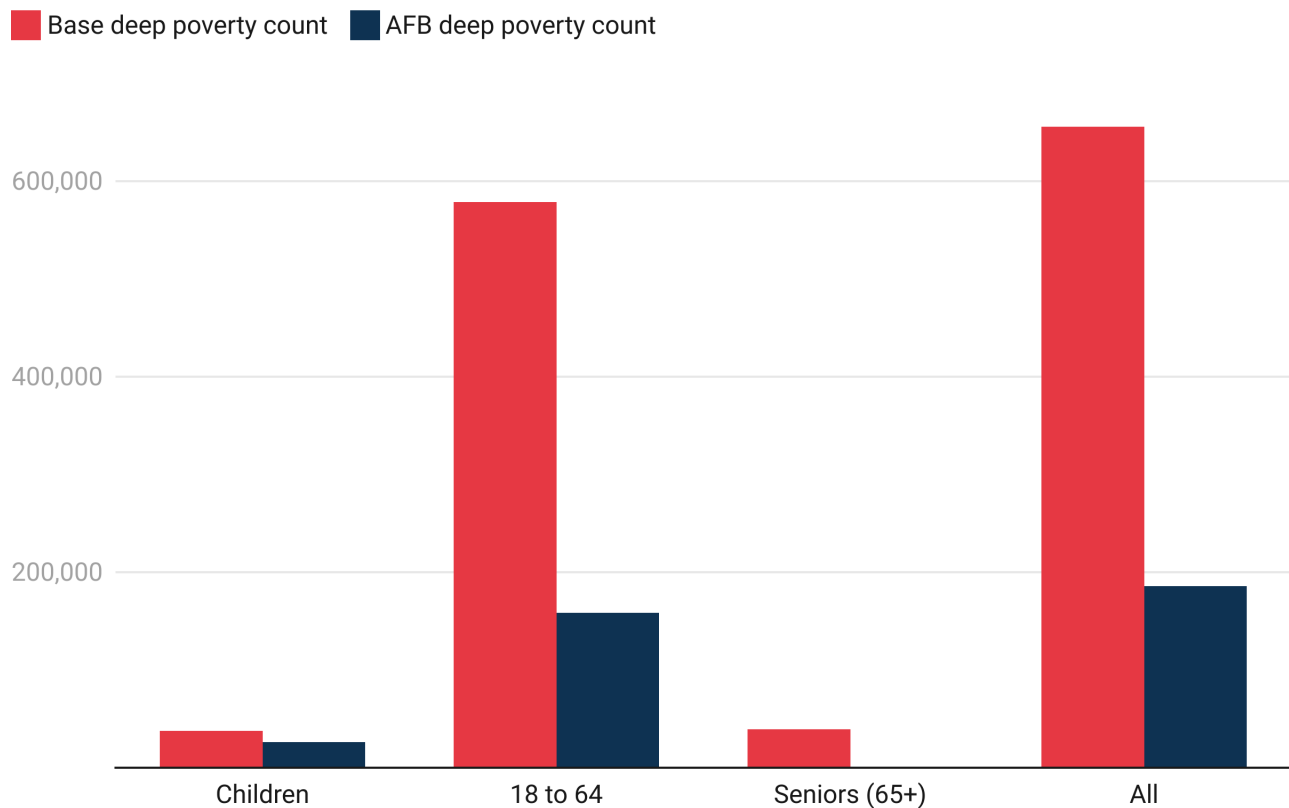
income of under \$7,500. These would be families in very low income and in very deep poverty, something that should be unacceptable in a country as rich as Canada.

Given existing income support programs, like the Canada Child Benefit, there are few children who live in families with income that low. While the AFB programs would have a big effect on child poverty rate reduction, they would have little impact on deep poverty for families with children, only because most aren't that low income to begin with.

For adults aged 18-64, it's quite a different story. There are few income supports outside of the small GST credit and provincial social assistance, which is very hard to obtain. The AFB programs—the Canada Livable Income and major improvements to the Canada Disability Benefit—would have a huge impact on those in deep poverty. The AFB would slash the number of adults living in deep poverty by three quarters, pulling 420,000

Figure 29.6 / AFB impact on deep poverty counts by age group

2026



Note Using the CFLIM-AT. Deep poverty is defined as 75% below the poverty line.

Source SPSPD/M 30.3

adults out of very deep poverty, although not necessarily above the poverty line.

Like children, there are few seniors who live in deep poverty because of important supports, like the Guaranteed Income Supplement (GIS). However, the AFB effectively wipes out deep poverty among the 40,000 seniors. The main AFB mechanism is allowing newly immigrated seniors access to senior support programs, like GIS and Old Age Security (OAS). If seniors have been in Canada for less than 10 years, they wouldn't be able to access OAS, thereby leaving some in deep poverty. The AFB would credit them with that first 10 years of residency, allowing them access to seniors' support.

Conclusion

The AFB charts a different path. It would implement new programs to be sure, but it would pay for them as well, resulting in little change to the government deficit. The programs it would create would have high economic and employment impacts. Many of the larger construction programs would have little effect on the deficit because they benefit from accrual accounting. Other new spending would be paid for with tax increases on less economically productive activities, like wealth generation, tax dodging and corporate profit generation and distribution.

Higher growth provides more employment, better wages and lower poverty (with help of new income supports). Higher growth also keeps federal debt to GDP going down. This is the solution that Canada needs now in the face of external threads and internal challenges.

Table 29.5 contains full list of AFB measures, grouped by chapter.

Notes

1 Jill Gisold et al., “2025 Election Proposal Costing Baseline”, Office of the Parliamentary Budget Officer, March 24, 2025, <https://www.pbo-dpb.ca/en/additional-analyses--analyses-complementaires/BLOG-2425-011--2025-election-proposal-costing-baseline--cout-mesures-proposees-pendant-campagne-electorale-2025-prevision-reference>.

2 Bank of Canada, “Monetary Policy Report – July 2025,” July 30, 2025, <https://www.bankofcanada.ca/publications/mpr/>.

3 This analysis is based on Statistics Canada’s Social Policy Simulation Database and Model 30.3. 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.

4 Economic families are families living together of any age related by blood or marriage, including extended families.

5 Statistics Canada, Table 11-10-0232-01, Low income measure (LIM) thresholds by income source and household size, May 1, 2025, <https://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=110023201&selectedNodeIds=2D2,3D2,4D1,4D4&checkedLevels=0D1&refPeriods=20210101,20230101&dimensionLayouts=layout2,layout2,layout2,layout3,layout2&vectorDisplay=false>.

Table 29.5 / AFB actions

All figures in \$millions

	2026-27	2027-28	2028-29
Affordable housing and homelessness			
Create one million new non-market and co-op housing units over the next decade	\$38	\$79	\$122
Cancel Apartment Construction Loan Program	-\$80	-\$211	-\$364
Expand the Rapid Housing Initiative	\$2,400	\$2,400	\$2,400
Universal design incentives	\$1,000	\$1,000	\$1,000
Invest in Public Land Acquisition Fund—\$10 billion a multi-year funding	\$64	\$165	\$340
Expand the Housing Accelerator Fund	\$880	\$880	\$880
Public land development incentive	\$100	\$100	\$100
Additional capital gains taxes on short-selling of rental properties	-\$95	-\$97	-\$99
Federal Housing Advocates Officer at the Canadian Human Rights Commission	\$4	\$4	\$4
Invest in Tenant Protection Fund	\$30	\$30	\$30
Expand Canada Housing Benefit	\$3,400	\$3,400	\$3,400
Vacant Land Tax	-\$808	-\$727	-\$727
Implement a deferrable property surtax on million-dollar homes	-\$3,178	-\$3,632	-\$4,086
Investment in Canada Rental Protection Fund	\$667	\$167	\$167
Agriculture			
Establish the Canadian Farm Resilience Agency	\$400	\$400	\$400
Funds already in the fiscal framework	-\$400	-\$400	-\$400
Increase annual core funding for regulatory bodies by 25%	\$371	\$335	\$335
Eliminate flow-through treatment of all private equity firm investments in farmland, eliminate capital gains exemptions for private equity farmland investments and require non-resident Canadian owners to pay a 100% surtax on all dividends from private equity funds with farmland holdings	-\$25	-\$25	-\$25
Convert five million acres of uneconomical farmland into wildlife habitats	\$11	\$23	\$36
Establish a Foodshed Lands Trust	\$96	\$198	\$306
Artificial intelligence			
Royal Commission on Artificial Intelligence	\$20		
AI crown corporation	\$2,000	\$2,000	\$2,000
Arts and culture			
CBC/Radio-Canada funding to match other public broadcasters	\$407	\$814	\$1,221
Expand the Canadian Film or Video Production Tax Credit to all arts sectors and boost the refund rate to 35%	\$707	\$707	\$707
Increase funding to the the Canada Council of the Arts for inclusive program funding	\$150	\$150	\$150
Professional artists' income support	\$37	\$37	\$37
Artists permitted to back-average income over four years for income tax	\$5	\$5	\$5

	2026-27	2027-28	2028-29
Child care			
Early Learning and Child Care Workforce funds (\$10 billion over 5 years)	\$3,000	\$4,000	\$2,000
Boost the existing Early Learning and Child Care Infrastructure Fund (\$15 billion over 5 years)	\$1,500	\$3,000	\$6,000
Develop a strategy for school-age child care system to age 12	\$5	\$5	
ELCC Data Strategy	\$10	\$5	
ELCC research program to evaluate policy and program change	\$10	\$5	\$5
Defence			
Establishment of Defence Procurement Canada	\$100		
Cancel Canada's planned acquisition of the remaining 72 of 88 Lockheed Martin F-35 Joint Strike Fighters and conduct a review of which aircraft would be best suited to fulfill this role	-\$755	-\$755	-\$755
Acquire new fighter jets for Canada unconnected to the United States (such as the Gripen-E)	\$749	\$749	\$749
Acquisition of 16 DHC-515 Firefighter aircraft	\$37	\$37	\$37
Civilian and dual-use infrastructure programs in Arctic	\$500	\$1,000	
Dual-use domain awareness capabilities: Security and climate	\$500	\$1,000	\$1,000
Strengthen Canada's peace operations	\$200	\$200	\$200
Recruit 6,000 primary reserve personnel to act as climate-event first responders	\$80		
National Climate-Security Task Force	\$25	\$25	
Employment Insurance			
Introduce new "EI Emergency Response Measures"	\$20	\$20	\$20
Lower qualifying hours to 360 in all regions, or 12 weeks when to worker's advantage	\$1,080	\$1,045	\$1,010
Extend maximum duration to 50 weeks in all regions	\$584	\$565	\$547
Restore EI Special Benefits for temporary foreign workers who pay into EI	\$36	\$36	\$36
Allow parental and regular EI to be combined to a 104-week maximum	\$15	\$15	\$15
Raise the standard benefit rate to 66% of normal earnings	\$3,092	\$2,992	\$2,893
Establish a minimum benefit floor of \$500 weekly, adjusted annually	\$802	\$776	\$750
Raise the maximum insurable earnings (MIE) to \$97,400	-\$6,984	-\$7,124	-\$7,266
Raise the maximum EI benefit to \$1,030/week (55% of MIE)	\$1,670	\$1,616	\$1,562
Reduce disentanglement period to three weeks for "invalid" job separations	\$1,298	\$1,256	\$1,214
Establish a panel to find alternatives to the seven days without pay EI qualification	\$2		
Allow workers to supplement EI benefits by eliminating the clawback on first \$100 when 'Working While on Claim'	\$547	\$529	\$512
Discontinue allocation of separation payments to front end of EI claim	\$890	\$861	\$832
Environment and climate change			
Carbon border adjustment mechanism (net of re-export rebate)	-\$1,487	-\$1,690	-\$1,892
National Adaptation Strategy, including National Response and Recovery Strategy	\$8,250	\$8,250	\$8,250
Nature conservation and biodiversity restoration	\$2,000	\$2,000	\$2,000

	2026-27	2027-28	2028-29
Energy efficiency retrofits for low-income and Indigenous households	\$2,500	\$2,500	\$2,500
International climate finance	\$4,000	\$4,000	\$4,000
Youth Climate Corps	\$1,000	\$1,000	\$1,000

First Nations

Support First Nations to research their specific claims	\$30	\$30	\$30
Support First Nations' engagement on specific claims policy reform	\$5	\$5	\$5
Enhance additions-to-reserve funding	\$18	\$18	\$18
Support all interested First Nations to participate in negotiation tables	\$20	\$20	
Develop alternatives to the comprehensive lands claims and inherent rights policies	\$6	\$6	\$6
Enhance band support funding to meet basic, modern governance needs	\$1,330	\$1,330	\$1,330
Infrastructure, Operations and Maintenance	\$1,520	\$2,400	\$3,320
Infrastructure, Capital	\$1,179	\$1,857	\$2,574
Housing, Operations and Maintenance	\$1,890	\$2,450	\$3,030
Housing, Capital	\$3,564	\$5,610	\$7,779
First Nations government specific, Capital	\$1,720	\$2,706	\$3,753
Education, Operations and Maintenance	\$330	\$510	\$710
Education, Capital	\$246	\$392	\$541
Drinking water advisories, Operations and Maintenance	\$30	\$50	\$60
Drinking water advisories, Capital	\$9	\$13	\$18
All season roads access, Operations and Maintenance	\$450	\$710	\$980
All season roads access, Capital	\$906	\$1,426	\$1,976
Climate Change adaptation, Operations and Maintenance	\$460	\$720	\$1,000
Climate Change adaptation, Capital	\$761	\$1,197	\$1,659
Net Zero Carbon, Capital	\$396	\$620	\$862
Connectivity, Capital	\$163	\$255	\$352
Accessibility, Capital	\$48	\$79	\$110
First Nations-led approaches to addressing homelessness	\$780	\$780	\$780

Food security

Support non-profit and co-operative food retailers and public markets	\$33	\$33	\$33
Community-led alternatives to corporate-controlled grocery stores, like food hubs	\$17	\$17	\$17
Implement the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and enact an Indigenous Food Sovereignty Act	\$25	\$25	
Support sustainable, community-led, land-based food sovereignty work	\$20	\$20	\$20
Salaried land-based positions for hunters, foragers and knowledge keepers	\$20	\$20	\$20
Reform food safety to support traditional practices	\$10	\$10	\$10
Develop a Federal Black Food Sovereignty Plan (FBFSP)	\$25	\$25	
Strengthen Black-led food systems	\$20	\$20	\$20
Support equitable land access for Black farmers	\$40	\$40	\$40

	2026-27	2027-28	2028-29
Strengthen Black-led food infrastructure through the Local Food Infrastructure Fund	\$20	\$20	\$20
Support Black-led research on food insecurity and food sovereignty	\$10	\$10	\$10
Gender equality			
Implement the Employment Equity Act	\$7	\$7	\$7
Expedite work of Office of the Pay Equity Commissioner and Office of the Accessibility Commissioner	\$7	\$7	\$7
Fund operation of a Sectoral Table on the Care Economy	\$10	\$10	\$10
Address funding gaps in the National Action Plan to End Gender-Based Violence and stabilize operations at women's and children's shelters.	\$120	\$120	\$120
Create an implementation plan to accelerate the Missing and Murdered Indigenous Women and Girls calls to action	\$5		
Implement ILO Convention C190 on violence and harassment at work	\$20	\$20	\$20
Expand access to domestic violence leave to 10 paid days and 10 unpaid days in federally regulated sectors	\$5	\$5	\$5
Develop and launch a national five-year strategy for comprehensive and equitable access to sexuality education across Canada	\$4	\$4	\$4
Support national gender-equality organizations	\$7	\$7	\$7
Increase and make permanent annual funding under the Women's Program	\$124	\$131	\$150
Create a national gender equality plan and independent monitoring system	\$2	\$2	\$1
Health care			
Eliminate the Canadian Dental Care Plan income restriction in 2026	\$1,450	\$1,479	\$1,509
Expand list of medicines covered by provincial pharmacare agreements	\$3,500	\$3,570	\$3,641
Increase the funding for mental health services to 12% of the Canada Health Transfer over 5 years	\$3,419	\$4,271	\$5,182
Fund public colleges and universities to increase training capacity for health care workers	\$192	\$84	\$48
Health equity			
Outreach for the Cabinet Committee on Quality of Life and Well-being	\$2	\$2	\$2
Create a federal Quality of Life Act and a Quality of Life Commissioner	\$9	\$9	\$9
Senate Standing Committee on Equity-centered Quality of Life and Well-being	\$5	\$5	\$5
Convene expert advisory committees on equity	\$5	\$5	\$5
Well-being Economy Transition Fund	\$20	\$20	\$20
Research funding for upstream and equity-oriented research	\$15	\$15	\$15
Improve Statistics Canada's Quality of Life Hub	\$4	\$4	\$4
Office of Health Equity data and reporting	\$15	\$15	\$15
Immigration			
Replace immigration detention with community-based supervision models	-\$57	-\$58	-\$59
Launch a comprehensive regularization program	\$50	\$50	\$50
Establish an independent racial-equity audit of the immigration and refugee system	\$3		

	2026-27	2027-28	2028-29
Guarantee status-blind health coverage	\$565	\$576	\$588
Extend funding for migrant worker support centres	\$18	\$18	\$18
Clear the backlogs and speed processing at Immigration, Refugees and Citizenship Canada	\$100	\$100	\$75
Reverse staffing reductions from "refocusing government" cuts	\$109	\$49	\$49
Adopt a National Plan for Asylum with Dignity	\$40	\$40	\$40
Expand settlement services and language training to all temporary residents	\$5	\$5	\$5
Incarceration			
Implement a free and automatic spent record process	-\$5	-\$5	-\$5
Implement solutions identified in: Federal Framework to Reduce Recidivism, Canada's Black Justice Strategy, Canada's Indigenous Justice Strategy and The Action Plan on Criminal Justice	\$100	\$100	\$100
Introduce integrated substance use treatment in penitentiaries	\$10	\$10	\$10
Diversify and expand access to meaningful vocational and post-secondary opportunities	\$10	\$10	\$10
Provide training opportunities to transform correctional security positions into rehabilitative and supportive roles	\$5	\$5	\$5
Research policy solutions to move toward decarceration and develop viable alternatives to incarceration	\$7	\$7	\$7
Conduct an evaluation of Canada's decarceration strategy	\$2	\$2	
Create a public education campaign on why punishment models fail, at a cost to everyone	\$5	\$5	
Industrial strategy and sector development			
Re-invigorate Canada's Sector Councils program model	\$25	\$25	\$25
Recapitalize the Strategic Innovation Fund (SIF) to \$10 billion over five years	\$1,000	\$1,500	\$2,000
Create a supplementary transition benefit	\$150	\$150	\$100
Fund the new Inclusive Workforce Development Program	\$500	\$1,000	\$1,500
Infrastructure, cities and transit			
Change the Canada Community-Building Fund growth rate to economic growth	\$104	\$266	\$532
Fund mandate for VIA Rail	\$2,000	\$2,040	\$2,081
High speed rail capital	\$333	\$333	\$667
Build a clean electricity grid and charging network	\$133	\$133	\$133
Invest in a 10-year Public Transit Fund (2026-36)	\$1,609	\$1,609	\$3,218
International cooperation			
Maintain Canada's Official Development Assistance at 2023-24 level (\$10.2 billion) and adjust for inflation	\$204	\$412	\$624
International trade			
Invest in a Canada-Africa Strategy to expand trade and development partnerships across the African continent	\$460	\$460	\$460
Expand coverage of Interprovincial Standards Red Seal Program	\$25	\$25	

	2026-27	2027-28	2028-29
Convene a broad civil society advisory group to help develop priorities for the 2026 mandatory review of CUSMA	\$2		
Establish an expanded forced labour and inclusive trade branch within Global Affairs Canada	\$20	\$20	\$20
Post-secondary education			
Raise the Canada Student Grant level to \$8,000 and lower the income thresholds	\$4,467	\$4,556	\$4,647
Cancel student loans for graduates working in rural and remote communities	\$40	\$56	\$73
Provide a new tuition reduction transfer to the provinces	\$10,000	\$10,500	\$11,025
Increase SSHRC, NSERC, and CIHR by four billion over five years so at least 60 per cent of research proposals are funded	\$629	\$1,137	\$1,681
Improve data collection on post-secondary education	\$50	\$5	\$5
Double funding for Post-Secondary Student Support Program (PSSSP) and the University and College Entrance Preparation Program	\$247	\$260	\$260
Fund apprenticeship strategy	\$40	\$40	\$40
Poverty and income security			
Create the new Canada Child Benefit End of Poverty Supplement	\$5,228	\$5,333	\$5,440
Phase out CCB faster for richest households	-\$1,381	-\$1,408	-\$1,437
Create the Canada Livable Income of \$9,000 a year for those aged 18-64	\$7,955	\$8,114	\$8,276
Replace the Canada Workers' Benefit with the new Canada Liveable Income	-\$4,840	-\$4,937	-\$5,035
Increase the Canada Disability Benefit to \$9,000 a year and expand eligibility	\$8,008	\$8,168	\$8,331
Funds are already in the fiscal framework for the Canada Disability Benefit	-\$1,184	-\$1,285	-\$1,487
Increase GIS by 10% and make it permanent	\$3,186	\$3,249	\$3,314
Cancel the OAS boost for those aged 75 and older	-\$3,059	-\$3,120	-\$3,183
Increase the OAS clawback for those with incomes over \$92,500 a year, from 15 cents to 17 cents on the dollar	-\$154	-\$157	-\$160
Provide sponsored immigrant seniors with a 10 year minimum of residency eligibility for OAS and GIS	\$1,800	\$1,836	\$1,873
Allow immigrant and refugee children access to the Canada Child Benefit, regardless of status	\$160	\$163	\$166
Double the Community Volunteer Income Tax Program to provide free tax-filing assistance year-round	\$6	\$6	\$6
Allow federal benefits to be distributed outside the tax system by developing a direct cash transfer system	\$100	\$100	\$100
Public service			
Stop the job cuts from the "refocusing government spending" effort	\$2,441	\$2,441	\$2,441
Track and report on the gender and equity impacts of workforce adjustment measures by department	\$1	\$1	\$1

	2026-27	2027-28	2028-29
Racial equity			
Enact an Anti-Racism Act, establishing a secretariat reporting directly to parliament.	\$5	\$100	\$125
Fully fund and implement Canada's Black Justice Strategy		\$50	\$50
Make the Supporting Black Canadian Communities Initiative permanent	\$36	\$36	\$36
Launch a public education campaign on anti-Muslim, anti-Black and anti-Indigenous racism, co-designed with affected communities.	\$6	\$3	\$3
Establish an independent study on policing responses to hate crimes and racial profiling	\$1	\$2	
Seniors' care and long-term care			
Capital funding for housing and care facilities to increase capacity by 50%	\$850	\$850	\$850
Direct care hours	\$5,800	\$6,040	\$6,280
Double the Health Canada grant to Health Workforce Canada	\$9	\$9	\$9
Double the Canada Caregiver Credit and make it refundable	\$989	\$1,008	\$1,029
Veterans			
Fund an independent inquiry to ensure that all veterans receive the support they need	\$5	\$5	
Register all (over 330,000) unregistered veterans	\$2	\$2	\$2
Independent mental health treatment funding for family members	\$6	\$6	\$6
Provide physician training on veterans' specific issues	\$2	\$2	\$2
Provide in-depth training on trauma- and violence-informed practices for Veterans Affairs Canada (VAC) personnel	\$13	\$13	
Move the Partners in Canadian Veterans Rehabilitation Services (PCVRS) program in-house		-\$19	-\$25
Hire more case managers and indeterminate staff	\$53	\$24	\$24
Enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs	\$49	\$52	\$53
Implement a long-term research program regarding service women and women veterans	\$5	\$5	\$5
Onboard veteran-serving organizations onto Homeless Management Information Systems (HMIS) to better capture data on veterans experiencing homelessness	\$1		
Double the Veteran Homelessness Program to veterans experiencing homelessness and extend it to 2028	\$21	\$21	\$42
Taxation			
Create a new income tax bracket over \$1,000,000 with a rate of 37%	-\$1,515	-\$1,545	-\$1,576
Wealth tax (net of the million dollar windfall home tax)	-\$37,772	-\$38,527	-\$39,298
Increase corporate income taxes from 15% to 20% and add a 5% surtax on excess profits	-\$22,953	-\$23,412	-\$23,880
Eliminate the Dividend Gross up and Tax Credit	-\$7,820	-\$8,150	-\$8,494
Minimum tax on book profits	-\$5,400	-\$5,508	-\$5,618
Prohibit the use of tax havens	-\$14,000	-\$14,280	-\$14,566
Invest in CRA investigations, auditing, and enforcement	\$667	\$667	\$667
Revenue from increased investigations	-\$2,667	-\$2,667	-\$2,667
Aid charities in navigating new regulatory changes	\$25	\$25	\$25

	2026-27	2027-28	2028-29
Revert to the 2023 alternative minimum tax (AMT) proposal	-\$113	-\$113	-\$108
Eliminate subsidies for oil and gas	-\$1,834	-\$1,871	-\$1,908
Cancel the renewal of the accelerated investment incentive, the new AI tax credit and the expansion of mining tax credits	-\$2,500	-\$2,550	-\$2,601
Close the REIT tax loophole	-\$59	-\$61	-\$61
Eliminate the First Home Savings Account	-\$595	-\$607	-\$619
End tax deductibility of foreign internet advertising	-\$400	-\$385	-\$370
Totals			
Total AFB expenditure changes	\$119,833	\$133,974	\$147,815
Total AFB revenue changes	-\$109,124	-\$111,871	-\$114,747
Total AFB net expenditures	\$10,709	\$22,103	\$33,068

This report is available free of charge at www.policyalternatives.ca. The Canadian Centre for Policy Alternatives (CCPA) is an independent policy research organization. This report has been subjected to peer review and meets the research standards of the centre. The opinions in this report, and any errors, are those of the author(s) and do not necessarily reflect the views of the CCPA or funders of the report.

We acknowledge the Anishinaabe Algonquin People whose traditional unceded, unsurrendered territory is where this report was produced.





45
EST/ÉTABLI
1980

CANADIAN CENTRE
for POLICY ALTERNATIVES
CENTRE CANADIEN
de POLITIQUES ALTERNATIVES