Alternative federal budget 2026-27

BRIDGE TO INDEPENDENCE

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Acknowledgments

The Alternative Federal Budget (AFB) offers a collaborative, optimistic vision for a Canada capable of navigating the complex challenges of today—with principle and resilience, proving the tangible possibility of a society that proudly upholds values of social justice, human dignity, and participatory democracy. With bold public leadership, a more equitable and sustainable nation focused on social good and shared prosperity is well within reach.

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Notes

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

Summary

Affordable housing and homelessness: Prioritize people over profits

Year after year, housing affordability remains a top concern for Canadians. Governments at all levels repeatedly promise to prioritize housing investments, yet progress is slow to come. To redirect federal efforts from corporate welfare to housing affordability, the AFB will give the new housing agency, Build Canada Homes, a clear mandate, immediately begin consultations on renewal of the NHS, and turn the *Blueprint for a Renters' Bill of Rights* into strong legislation. The AFB will triple the federal government's proposed $6 billion investment in new community and co-op housing to $18 billion, building one million new non-market and co-op housing units over the next decade, with 500,000 of these units set aside for rent-geared-to-income.

Agriculture: Cultivating food sovereignty

In Canada, the federal government has broken with longstanding values, targeting public services with austerity while funding militarization and the adoption of AI, and exempting large extractive projects from regulatory controls. These dynamics will have serious impacts on agriculture and food systems in Canada. For farmers, the cost of production will go up, environmental and market risks will intensify, and low commodity prices will be unlikely to improve. For consumers, high energy and housing costs will put even more pressure on household food budgets. The AFB will rebuild Canada's agricultural research capacity by reversing the cuts announced in January 2026. The AFB's new Cultivating Food Sovereignty suite of programs will increase Canada's capacity to produce, process, store and distribute food for domestic consumption.

Artificial intelligence: Tech that works for the people

In contrast to the federal government's "all in" approach to AI, the AFB takes a step back from the hype to lay out a more thoughtful and measured approach to the adoption of AI tools in Canada. The AFB will accelerate the development and ensure the swift passage of a new, modernized *Artificial Intelligence and Data Act* that will give the federal government the power to introduce public interest regulation of algorithmic systems in both the public and private sector. The act will employ the precautionary principle to prohibit the introduction of AI tools into high-risk settings, such as education, health care or the delivery of public services, unless there is clear evidence that they will not cause harm. The AFB will ensure existing legislation is brought up to date for the AI era, including privacy, copyright and labour laws, to ensure users, creators and workers are protected from AI systems. The AFB will require that all new data centres be powered with 100 per cent non-emitting electricity, and that at least 50 per cent of that power be provided through new renewable energy generation which data centre developers will pay for themselves. All data centres will be required to report to a public registry, which includes a detailed breakdown of energy use, water use, job creation and other local impacts. The AFB will require the federal government to gradually divest itself of commercial AI services, especially those owned by U.S. companies that put Canadians' sensitive data at risk.

Arts and culture: Storytellers are needed now more than ever

In this era of change, uncertainty, disrupted trading relationships, and U.S. threats to make Canada the 51st state, Canada must have vibrant arts and culture, in every sector, and in every community. The AFB responds to the crisis in the arts and cultural industries by continuing to implement commitments the government has made, including amending the *Copyright Act* to provide a Resale Right. The AFB will continue to increase CBC/Radio Canada funding until it matches the average per capita investment that public broadcasters in other countries receive. In 2024, the government needed to increase CBC's budget by $2 billion to reach that average. 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. The AFB will provide increased funding of $100 million annually to the Canadian Council for the Arts to, among other things, implement programs for Indigenous, Black, gender-diverse, and older artists, artists with disabilities, as well as artists from other marginalized and equity-deserving communities.

Child care: Canada can't work without it

The AFB will provide significant annual increases in operational and capital funding to support provinces and territories to continue to expand the Canada-wide Early Learning and Child Care program. The AFB will work with the provinces and territories to develop, implement and be publicly accountable for achieving plans to increase and equitably distribute the supply of not-for-profit, public and Indigenous child care programs and to cap all parent fees at $10 a day, instead of the present federal goal of "an average of $10 a day." The AFB will provide additional financial mechanisms to ensure that child care is affordable for lower-income families, with no fees for families living below the poverty line. It will also expand the size of the qualified child care workforce by increasing recruitment and retention rates, and by increasing the proportion of staff who have early childhood education post-secondary diplomas and degrees. The AFB will build on the federal government's June 2026 investment and provide an additional $3.7 in operating funding and $4 billion in capital funding in 2028/29.

Climate change and environment: Getting Canada back on track

In recognition of the escalating climate crisis and of the widespread benefits that climate action offers, the AFB shakes Canada free of its fossil-fuel-induced malaise and dons the mantle of climate leadership in a global economy that is moving away from coal, oil and gas. 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. The AFB will reintroduce the federal consumer carbon pricing backstop at its previous schedule. The AFB will introduce climate and biodiversity conditions, also known as "green strings," on all federal spending, including programs, tax policies, and procurement. The AFB will allocate $32 billion over five years toward a national clean electricity grid, including interprovincial transmission infrastructure and demand-side management programs to improve the efficiency of the grid. The AFB will allocate $65 billion over 10 years to expand and accelerate the implementation of the National Adaptation Strategy.

Defence: Refusing the arms race

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. It should also recognize a wider definition of security that includes the value of investing in multilateral engagement, diplomacy, peace and stability, as well as measures to address the climate crisis. The AFB will move Canada's defence budget allocation (set to reach $150 billion a year by 2035) away from an arbitrary percentage of GDP and, instead, determine funding based on the needs of legitimate territorial defence. The AFB will cancel Canada's acquisition of the remaining 72 Lockheed Martin F-35 combat aircraft and reduce the proposed number of submarines to be acquired through the Canadian Patrol Submarine Project from 12 to four to more realistically reflect current Royal Canadian Navy staffing availability. The AFB will cap the NORAD modernization program and refuse any spending on the "Golden Dome" (U.S. President Donald Trump has stated Canada would need to pay US$61 billion to join the missile defence system).

Employment Insurance: It's time for real reform

Federal policymakers first promised comprehensive EI reforms and modernization in 2016. So far, we have seen only piecemeal measures—temporary band-aid solutions fashioned on the fly and narrowly targeted to specific claimants. The AFB will undertake sweeping reforms to strengthen and modernize the Employment Insurance program. The AFB will allow EI benefits for up to 104 weeks for all workers while in approved training. The AFB will introduce a new program of EI Emergency Response Measures, providing an automatic, predictable response in the event of a recession, major climate events, pandemics and other disruptions. The AFB will set a fixed, Canada-wide 360-hour qualifying rule for an entry level EI claim for regular or special benefits (12 weeks if to the claimant's advantage). The AFB will also extend the maximum EI regular benefit period to 50 weeks in all regions and permanently provide at least five additional weeks for eligible seasonal claimants. The AFB will increase the current EI benefit rate to 66.6 per cent from the current 55 per cent—a historical low and provide a floor on benefits of $500 a week.

First Nations: Rights holders and partners

Federal, provincial and territorial governments are fast-tracking infrastructure and resource development on First Nations territories using processes that specifically bypass or exclude them, circumventing their unique rights and interests. The Alternative Federal Budget outlines a strategic investment plan to transition First Nations from marginalized stakeholders to full economic partners by addressing deep systemic gaps through direct fiscal measures. To modernize governance and capacity, the AFB boosts Band Support Funding and provides permanent national funding for the Labour Market Initiative to help close employment and income gaps. The AFB funds Regional Education Agreements to cover the true costs of schooling, provides extensive capital for constructing and maintaining safe schools, and dedicates reliable funding to replace aging school bus fleets. For housing and infrastructure, the strategy doubles community infrastructure investments, protects on-reserve housing, and introduces an innovative infrastructure monetization program to address longstanding deficits. Finally, the AFB operationalizes the First Nations Procurement Authority to deliver a genuine, fraud-resistant certification system that enforces federal procurement targets, while funding a comprehensive constitutional review of natural resource agreements to secure true revenue-sharing and territorial rights.

Food security: A holistic national food strategy

At the household level, food insecurity affects nearly 10 million people, including 2.4 million children—among the highest recorded in 20 years of monitoring. Canada's food security crisis stems from three interconnected problems: an income floor with multiple structural gaps; a food system that is built for export rather than domestic markets; and corporate over-concentration. The AFB will address these issues. The AFB will cut household food insecurity by 50 per cent and eliminate severe food insecurity by 2030. The AFB will invest in mechanisms that enhance food sovereignty and local food infrastructure because income alone cannot solve food insecurity when entire communities lack access to affordable, reliable and culturally appropriate food. It will prioritize Indigenous and Black food sovereignty, domestic procurement, regional infrastructure and a reformed Nutrition North. The AFB will mandate a "Buy Canadian, Buy Local" policy across the federal government's institutional food service market, comprising hospitals, schools, correctional facilities and other public institutions. The AFB will invest $200 million over five years in the regional aggregation, processing and distribution infrastructure that connects producers to institutional and community markets. The AFB will pursue public interest regulation to address corporate concentration. Competition reforms can help improve food affordability and security by regulating anti-consumer practices such as mergers and consolidation, price fixing, price gouging, property controls in grocery retail, exclusivity arrangements and algorithmic pricing.

Gender equality: Investing in a gender-just future

Rising levels of economic insecurity and government neglect now threaten the advance of gender equality in Canada. The federal government's narrow set of "nation-building" priorities are focused on re-creating a past Canadian economy by investing in male-dominated industries and the military. The AFB will prioritize 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). The AFB will also commit $7.5 million per year in additional funding to support an expanded mandate for the Workforce Alliance for the Care Economy. The AFB will increase base funding to WAGE's women's program to $150 million per year for multi-year funding for women's rights and gender equality organizations working at the local, regional and national levels. This will include $10 million per year in operational funding for national women's rights organizations working on systemic change.

Health care: Re-building a system in crisis

The first year of the Carney government saw little movement in supporting health care, despite most Canadians telling pollsters they believe the system is in crisis and that health care remains among their top issues of concern. The AFB has determined that Alberta's two-tier health care law (known as Bill 11) violates the *Canada Health Act*. If the Alberta government moves forward with the law, transfers will be withheld in accordance with the *Canada Health Act*. The AFB will continue to build a national universal pharmacare program. The AFB will take profits out of nurse staffing by funding government-run or non-profit organizations to staff hard-to-recruit posts. The AFB will increase Canadian Dental Care Plan coverage, extending the principle of universality to dental care. A five billion dollars a year primary care infrastructure fund will be created to finally get ahead of wait times in health care. The AFB will create new supervised consumption sites and community-based outreach teams to deliver emergency overdose response and harm-reduction services. The AFB will continue the five per cent escalator in the Canada Health Transfer in 2028-29 and in perpetuity, and will ensure that, at a minimum, federal spending on health care keeps up with inflation.

Health equity: A well-being economy for all

Working towards health equity, where all people have fair access to opportunities to reach their full health potential demands a cross-government framework and approach. As a foundation for health equity, the AFB will re-orient the economy to ensure a just distribution of income, wealth, power and time. The aim is to significantly reduce income and wealth inequality, which negatively affects health at the population level and disproportionately harms certain populations. Towards intergenerational equity, and modelled on the Welsh experience, the AFB will create a new federal *Quality of Life Act*. As a foundation for health equity, the AFB will support efforts to ensure that the shape and purpose of the economy is determined by people's active voices, is locally grounded, and elevates the voices of structurally marginalized and oppressed groups.

Immigration: Reversing the anti-migrant policy push

Over the past year, the federal government has moved from restriction to retrenchment: lowering immigration levels, shrinking temporary resident pathways, narrowing access to refugee protection, introducing new health-care costs for refugee claimants, and cutting the settlement infrastructure that helps newcomers live, work, study, reunite with family, and participate in Canadian society. The AFB will repeal the harmful refugee and immigration restrictions introduced through Bill C-12. The AFB will rescind the *Canada-U.S. Safe Third Country Agreement*, which denies equitable access to refugee protection and pushes people into unsafe crossings. Canada should restore full access to refugee claims at the Canada-U.S. border. The AFB will launch a comprehensive regularization program. It will create a one-step permanent residence pathway for all people without permanent status, including undocumented people, rejected claimants, temporary workers, students, caregivers, and others who have built lives, families, and communities in Canada. The AFB will restore and expand permanent resident pathways. The AFB will reverse settlement services funding cuts at IRCC and rebuild immigrant and refugee-serving infrastructure.

Incarceration: Building a decarceration strategy

Canada's federal prison system is costly, ineffective, and misaligned with both the government's mandate of operating a reintegrative prison system, as well as its current priorities of efficiency, and system modernization. The Alternative Federal Budget proposes a comprehensive roadmap to meaningfully and responsibly reduce incarceration by 30 per cent by 2035, by supporting decarceration while ensuring that the conditions of incarceration provide adequate mental and physical health care, and focus on rehabilitative and reintegrative services.

Industrial development: Domestic capacity, democratic inclusion

Without an industrial strategy grounded in the public interest, the country will remain vulnerable to external shocks and systemic tensions, leaving workers to bear the greatest costs. The AFB will create cohesive, resilient, and inclusive industrial development. The AFB will allocate $300 million per year to establish an Economic Sovereignty Secretariat. The AFB will invest $30 million per year to organize and maintain Sectoral Development Tables. While the current dialogue framework utilizes industry-led economic strategy tables to advise on commercial growth, the AFB's tables are tasked with building a broad grassroots political consensus around national goals through a participatory democratic process with workers and communities across Canada. The AFB will dedicate $30 million per year to fund a comprehensive National Industrial Strategy. The strategy will articulate a clear national vision grounded in the public interest and empower the federal government to act as the primary coordinator of macroeconomic development. The AFB will create an Industrial Transition Benefit at $20 billion over 10 years to protect workers in transitioning industries or otherwise displaced by trade volatility. The AFB will implement a mandatory "Buy and Sell Canadian" procurement directive for all federally funded infrastructure projects.

Infrastructure, cities and transit: Green mobility and housing

Canada requires a new approach to transportation and infrastructure policy that treats public transit, passenger rail, intercity bus service, and sustainable urban development as critical, nation-building public infrastructure. Strategic federal investment in public transportation and sustainable land use can reduce emissions, improve affordability and mobility, and strengthen regional economic connectivity. The AFB proposes major new investments in public transit operations, intercity transportation, passenger rail, sustainable urban growth, and brownfield redevelopment to help build more connected, resilient, and economically sustainable communities across Canada. The AFB will reverse the cut to the Canada Public Transit Fund announced in the 2025 federal budget and significantly expand federal public transit funding, including permanent operating funding for transit agencies to address the growing transit fiscal crisis facing municipalities across Canada. The AFB will make annual investments to establish and maintain a national, publicly operated intercity bus network, operated through Via Rail and integrated with passenger rail service ($250 million a year). The AFB will boost the Rural Transit Solutions Fund by $50 million a year to improve access for smaller communities and reconnect communities abandoned by private carriers. The AFB will significantly expand federal investment in VIA Rail to improve the frequency, affordability, reliability, and connectivity of passenger rail service between communities across Canada, while supporting the procurement of Canadian-made electric trains and related manufacturing capacity. The AFB will tie federal infrastructure and housing funding to anti-sprawl, transit-oriented development, and long-term municipal fiscal sustainability requirements, efficient land use, and reduced infrastructure costs rather than focusing solely on short-term economic growth and development metrics.

International cooperation: Building alliances in a shifting world order

The AFB recognizes that international assistance is both a strategic and cost-effective investment in Canada's long-term resilience, security, and global influence. It therefore proposes a significant expansion of the International Assistance Envelope, alongside policies to ensure Canada's global engagement remains predictable, effective, and focused on reducing poverty and inequality. The AFB will reposition Canada as a credible and effective partner in international cooperation. The AFB will establish a legislated growth path for the International Assistance Envelope (IAE). It will reverse recent cuts and commit to sustained, year-on-year increases in the IAE, placing Canada on track to reach $15.5 billion annually, equivalent to 0.4 per cent of GNI by 2030. The AFB will establish a strengthened protected core for poverty-focused international assistance, at a minimum 75 per cent of the international assistance budget, on track to reach $11.6 billion annually by 2030-31. In a period of growing instability and fragmentation, international cooperation remains one of the most effective tools available to build shared prosperity, reduce global risk, and strengthen Canada's role in the world. Retreating from these commitments would carry significant long-term costs. Sustained and principled engagement is therefore not only a moral imperative, but a strategic necessity.

Post-secondary education: Stabilizing and strengthening universities and colleges

Public funding for post-secondary education has failed to keep pace with rising costs, growing enrolment pressures and expanding institutional responsibilities. Institutions have increasingly relied on unregulated and exorbitant international student tuition to fill funding gaps, leaving the sector vulnerable when the federal government-imposed caps on international student permits. The result has been widespread financial instability across colleges and universities, contributing to over 14,000 layoffs since December 2025, hiring freezes and hundreds of program cuts that reduce educational choice and weaken the quality and comprehensiveness of education available to students and communities. The AFB will accelerate the outstanding 2024 federal budget tri-council funding commitments that are currently being phased in through 2030-31, bringing critical research investments forward to address immediate pressures facing institutions and researchers. The AFB will increase the maximum Canada Student Grant to $8,000 and make it permanent to provide predictable, long-term support for students and families. The AFB will work with provinces and territories to develop a coordinated national framework for post-secondary education grounded in the principle that all people in Canada should have access to fully public high-quality and comprehensive public education and training.

Poverty and income security: Meeting Canada's poverty reduction strategy commitments

The government has four more years to implement the changes necessary to meet its promise to cut poverty reduction by 50 per cent by 2030. The AFB shows how to get there. The AFB will introduce an 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 AFB will create a new Canada Liveable Income (CLI) benefit for working-age adults who do not have children, aren't students and who do not have disabilities. The AFB will immediately increase the maximum Canada Disability Benefit amount to $9,000 a year and expand eligibility. The AFB will increase the maximum Guaranteed Income Supplement payment by 10 per cent for single seniors and couples. These amounts may have to increase further by 2030 as required to contribute to the 50 per cent reduction in poverty. The AFB will broaden eligibility to sponsored immigrant seniors living on low income regardless of the number of years of residency in Canada. The goal of the AFB is to leave no one behind.

Public service: Protecting services that benefit everyone

A strong public service is the backbone of any society that aspires to shared prosperity and high levels of human development. Today, the public service has not just been under strain after decades of neoliberal 'new public management', it is under active threat. The federal government's plan to slash 40,000 federal public service positions from 2023-24 to 2028-29—about 10 per cent of the federal workforce—will weaken Canada's social safety net and hurt workers, families and communities across Canada. The AFB will reverse the Comprehensive Expenditure Review cuts and the four-days-a-week return to office mandate. It will use the savings from the reduced need for office space to fund that renewal. The AFB will ensure that no major decisions are being made by generative AI within the federal government. When it comes to AI, or automation more generally, these systems must be co-created with workers and they must deliver full transparency about when and where AI is deployed.

Racial equity: Addressing systemic racism and hate

The AFB will create an *Anti-Racism Act* that will name and address all forms of systemic racism and hate. This will give a legislative foundation to an independent Anti-Racism Secretariat that reports directly to parliament and has its own budget. The AFB will create a National Action Plan with metrics to accompany the national Anti-Racism Strategy. The plan will have concrete strategies with actionable goals, measurable targets, timetables, and resource allocations for each strategy. It will be used to fund community-based efforts across Canada to address all forms of racism and hate. The AFB will include an intentional racial equity framework in the Gender-based Analysis Plus budget, federal poverty reduction efforts, the National Housing Strategy, and the Canada-wide Early Learning and Child Care Plan. The AFB will mandate intersectional data collection and include a clause on racial equity, with disaggregated data collection in health and the future funding transfers to provinces and territories. The AFB will attach employment equity measures (via community benefits agreements) to all federal investment and recovery programs to ensure racialized and other under-represented groups have equitable access to new jobs and economic opportunities created.

Regulation: Protecting and growing state capacity

Regulations implement laws to protect the public interest, but this system is undermined by the federal government's deregulation efforts, corporate "regulatory capture," and centralization of power. Under initiatives like the "Red Tape Review," the government is accelerating major project approvals by bypassing individual environmental reviews and overriding habitat and species protections. Spending cuts from the Comprehensive Expenditure Review further threaten to weaken regulatory agencies by reducing essential enforcement staff and scientists. In contrast, the AFB prioritizes public safety over corporate profits. The AFB would boost spending to federal government regulatory bodies, and create a fund to strengthen public engagement in the regulatory process.

Seniors' care and long-term care: A critical infrastructure component

The AFB understands seniors' care as a critical infrastructure component, recognizing the human right to quality care and to quality care work. The AFB will transform housing and living options for seniors. This will be done through funding envelopes for publicly owned, publicly delivered and affordable housing options that integrate care services 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 make funding conditional on the demonstrated application of standards that apply to the entire range of services and to 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 seniors' care. The AFB will invest directly in expanding non-profit 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 with the goal of expanding capacity by 100,000 beds over five years. 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.

Taxation: Let's tax wealth and corporate windfall profits

The tax system is an important tool to raise revenue, but also to structure markets so that wealth (and power) cannot concentrate indefinitely. The AFB makes significant changes to Canada's tax system to fund the investments and programs in the rest of the budget while reducing the concentration of wealth and power. The AFB will create a new personal income tax bracket on income above $1,000,000 that would affect only 45,000 people, or 0.135 per cent of tax filers, deter outsized salaries, and raise $1.4 billion in 2027. The AFB will tax extreme wealth directly. Because of the failure to tax the gains of the ultra-wealthy, 1,685 families in Canada have an average of $448 million in wealth—4,041 times the average wealth of the bottom half of Canadian families. The top one per cent hold nearly $4 trillion in wealth, or almost a quarter of all household wealth in Canada. The AFB will tax large inheritances to prevent concentrated wealth from being passed down across generations. Canada is the only G7 country without a comprehensive inheritance tax—this is one reason why Canada's richest families have remained so for generations. The AFB will implement a 50 per cent tax on total lifetime inheritances greater than $2.5 million. Only about 0.01 per cent of Canadians would be impacted by this tax annually and it could raise $1.1 billion in revenue. The AFB will tax the windfall profits of the oil and gas industry made because of U.S. and Iran war. The revenue would be used to end our dependence on volatile fossil fuels markets. The AFB will restore the federal corporate income tax rate to 20 per cent. The AFB would fully include capital gains in income while adjusting initial asset values for inflation so that only real changes in asset values are taxed. The AFB would eliminate fossil fuel subsidies, close tax loopholes and reverse cuts at the CRA.

Trade and investment: A bridge to greater independence

Canada needs to bridge a more independent foreign and international trade posture with a more hands-on economic strategy at home. The AFB diverges from both neoliberal free trade and deeper integration with the United States. The present "rupture" in the so-called international rules-based order that Prime Minister Mark Carney observed in his World Economic Forum speech presents Canada with an opportunity to fashion more flexible but realistic international relations prioritizing economic resiliency, poverty reduction, climate change abatement, and sustainable growth. The AFB will allocate $2 million toward the establishment of a trinational civil society advisory group to help Canada, Mexico and the United States develop worker- and climate-centred reforms for the Canada-U.S.-Mexico Agreement (CUSMA) benefiting all three countries. The AFB will direct Global Affairs Canada to remove investor-state dispute settlement (ISDS) from all existing Canadian trade and investment deals. The AFB will establish and fund an expanded labour-focused 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.

Veterans: Ensuring no one is left behind

The AFB will launch an independent review to ensure that veterans, loved ones, caregivers, survivors and surviving family members receive the benefits, services and supports they need, when and where they need them. The inquiry will produce a public report with concrete, time-bound and measurable recommendations. The AFB will require Veterans Affairs Canada (VAC) to identify and register all eligible veterans proactively, rather than relying on them to come forward when seeking services. Better funding for homeless veterans, a rent supplement and better pension support are also AFB measures.

Introduction

Solidarity makes "Canada Strong"

"Canada Strong" is a catchphrase that government communications teams have been inserting into every place that they can over the past year. From the 2026 federal budget, titled *Building Canada Strong, for all*, to the new sovereign wealth fund being named the "Canada Strong Fund," all the way down to the "Canada Strong Pass" granting free entrance to federal national parks—it's a slogan that the government has not yet tired of. And who can blame them? It's a great piece of marketing, broad and vague enough that it pleases everyone and appeals to the moment of increased patriotism in the face of threats from the U.S., without going into any details. An outfit for all occasions.

But what does it actually mean to be "Canada Strong?" If we're judging by the federal government's actions, one might believe that strength comes from fossil fuels, bombs, austerity, and corporate power. The federal government has, since the election of Mark Carney as prime minister, been on a generational rampage against public services and state capacity: slashing federal public sector jobs, abandoning Canada's climate commitments, shoveling money at new fossil fuel projects, and increasing the military budget to levels not seen since the Second World War. It has abandoned all significant projects to regulate the tech sector (bowing to U.S. pressure), granted major agro-industrial companies the power to use chemical pesticides that Health Canada deems unsafe, and cut taxes on the Canadian billionaire class. The list goes on.

While the federal government may present these choices as natural, inevitable responses to the crisis of U.S. aggression, they are indeed choices—and ones that, in many ways, will create an effect opposite of their stated intentions. Is Canada truly strong if the federal government lacks the capacity to regulate industry? Is Canada stronger when we dismantle Canadian health care and replace it with a U.S.-style user-pay system? Does it make Canada strong when we replace public service workers with AI chatbots? Is Canada stronger when we spend billions of dollars in military spending to transfer money to the U.S. arms industry?

Simply arguing for a strong Canada, without any other criteria, clearly isn't cutting it. While building a strong country is obviously a good thing—so broad that it effectively appeals to everyone—we need to be specific about what we mean by that catchphrase.

So we propose an addition, another Canadian value that Canadians hold dear: solidarity. Canadians care deeply about solidarity, about ensuring dignity for all people. It's one of the principal ways that we distinguish ourselves from the United States. It's why we have universal health care, a social safety net, more affordable education, and active civic life. Canadian solidarity is an inherent part of what makes this country what it is, and must be a part of building anything resembling "Canada Strong."

This year's Alternative Federal Budget is an attempt to bring those concepts. It imagines a federal government that was actually ambitious in making a stronger Canada—a Canada made strong by its commitment to solidarity and dignity for all.

The federal government does have the power to accomplish those goals, as the AFB lays out in painstaking detail for every single sector of Canada's political economy. From building infrastructure that actually serves Canadians, to improving protections for workers, to funding a robust care economy, it acts as a roadmap for what a strong Canada might actually look like—one where that strength is felt by every Canadian and resident of Canada.

As always, this year's AFB was written in collaboration with a wide range of experts and social movements. This collaborative effort makes the AFB a flagship document for Canadian progressives: a single, unified platform outlining the specific, costed vision that progressives have for the country. The vision that is contained within it draws from the collective experience of innumerable organizations and campaigns across the country.

It is also a benchmark: a realistic, achievable outline of the Canada that we could have, if policymakers chose a route of ambition—a route of strength, but also a route of solidarity.

Recent federal budgets have been something of a wishlist from Canada's corporate elites. The AFB, this year as ever, is a wishlist from below—of regular, working people and the movements they build. We hope, most of all, that it can be useful.

Affordable housing and homelessness

Prioritize people over profits

Introduction

Year after year, housing affordability remains a top concern for Canadians. Governments at all levels repeatedly promise to prioritize housing investments, yet conditions on the ground remain largely unchanged.

The federal government, under Mark Carney, created a new housing agency, Build Canada Homes (BCH), with the stated goal to "get the federal government back into the business of home building." Thus far, the BCH is a black box. Some projects have been announced, but little is known about how they were selected, and the agency seems to focus simply on fast-tracking planned projects.

The federal government also introduced a costly GST/HST rebate for new homes that will support the real estate industry but have little impact on affordability, especially for those who need it most. Meanwhile, programs funded through the National Housing Strategy (NHS) and Canadian Mortgage and Housing Corporation (CMHC) are set to expire with no plan to extend them. On housing, the current government is heading in the wrong direction.

Overview

To redirect federal government efforts from corporate welfare to housing affordability, the AFB would give the BCH a clear mandate, immediately begin consultations on renewal of the NHS, and turn the *Blueprint for a Renters' Bill of Rights* into strong legislation.

A transparent and focused Build Canada Homes

Thus far, the BCH has adopted what appears to be an ad hoc approach to increasing the supply of affordable homes. No detailed plans or programs have been announced. While the definition of affordability has improved, using median incomes rather than median market rents, which makes it more likely that completed housing will be affordable to moderate-income households, the new agency has not identified targets or outcomes. The agency also seems to negate the importance of supportive and social housing, emphasizing more ambivalent terms like affordable and non-market housing. Similarly, it remains unclear whether BCH will prioritize funding For-Indigenous, By-Indigenous Community Housing Providers.

Researchers at various institutions have documented the housing needs of population groups across the country.[1] The evidence is available. The BCH should use it to set clear targets and outcomes, ensuring that housing built or acquired with federal support meets existing needs. The BCH should prioritize people over profit.

A new and revamped National Housing Strategy

Existing legislation, and specifically *Canada's National Housing Strategy Act* s. 5, requires the federal government to renew the NHS, taking into account key principles of a human rights-based approach to housing. Consultations must begin immediately and focus on identifying clear goals for addressing homelessness and core housing needs, and on ways of channelling all available resources to programs that deliver housing that meets documented needs.

The NHS had directed too much effort towards supporting private housing developments, which offered little or no affordability.[2] While the CMHC should continue low-cost lending to fuel purpose-built construction, the NHS should focus its efforts on programs that have a direct and quantifiable impact on unhoused populations and households experiencing core housing needs. The new iteration of the NHS should also exclude populist and costly tax expenditures that protect homeowners.

A strong and enforceable renters' bill of rights

The federal government's most palpable omission in housing has been its unwillingness to protect tenants. Hiding behind the tired excuse of jurisdictional authority, the government has repeatedly refused to intervene in the widely documented profiteering in rental housing and related human rights violations. It has also lacked the courage to address the well-documented, negative impacts of the financialization of housing.[3]

A strong renters' bill of rights should establish a standard set of enforceable rights for all renters.

It would include a national maximum cap on rent increases. Like the criminal rate of interest, the cap would not interfere with provincial acts, but would set a legal ceiling, grounded in the federal government's authority and responsibility to protect Canadians against predatory financial practices.

Actions

The AFB will prioritize investments in community and social housing for people experiencing core housing need and homelessness, upholding Canada's commitment to the right to housing for those disproportionately affected by high housing costs, including Indigenous Peoples, racialized and immigrant families, women and gender-diverse people, seniors, veterans, lone parents, and people fleeing domestic violence.

The AFB will ensure that BHC prioritize partnerships with community housing providers and governments, and doesn't become a public-private development matchmaker whose primary role is to entice private developers. It will include specific targets for BCH funding and financing for Indigenous-led housing providers serving urban, rural, and northern communities.

The AFB will triple the Liberal government's proposed $6 billion investment in new community and co-op housing to $18 billion, building one million new non-market and co-op housing units over the next decade, with 500,000 of these units set aside for rent-geared-to-income.

The AFB will double the investment in the Canada Rental Protection Fund.

The AFB will increase Canada Housing Benefit (CHB) funding by 50 per cent while requiring provinces to report on efforts to improve tenant protections.

The AFB will create a new funding stream to assist the operating costs of supportive complex care housing that provides wraparound support for people experiencing homelessness, people experiencing drug-related harms, and people with voluntary mental health or other support needs. The initial amount of the fund will be $100 million.

The AFB will ensure public land remains in public hands by: allocating $100 million annually to support other governments in developing a continuum of community and social housing on public land; investing $10 billion in multi-year funding to redesign and expand the Public Land Acquisition Fund to include the acquisition of private land for social housing construction.

The AFB will also support a federally backed Tenant Opportunity to Purchase (TOPA) program and right-of-first-refusal legislation, which will give tenants—or community housing providers and a land trust representing them—the right of first refusal to purchase the residential property they occupy before the landlord can sell it on the market.

The AFB will establish a public reporting mechanism to ensure that funding delivered through the Unsheltered Homelessness and Encampment Initiative is directed to communities using a rights-based approach consistent with the federal housing advocate's recommendations.

The AFB will develop and enact a robust renters' bill of rights, including protections against displacement and a national cap on rent increases. It will create additional funding conditions for the Canada Housing Infrastructure Fund to advance the bill's implementation.

The AFB will allocate $4 million annually to the Federal Housing Advocate's Office at the Canadian Human Rights Commission, double the Tenant Protection Fund to $30 million over five years, and work to ensure that the funding reaches tenant unions acting locally.

The AFB will eliminate preferential tax treatment for Real Estate Investment Trusts, ensuring they are taxed as operating businesses rather than passive investments.

The AFB will implement a vacant land tax to deter landowners from holding idle, developable land.

The AFB will remove the principal residence capital gains exemption and replace it with a lifetime $1 million principal residence exemption. Canadians can make up to $1 million in profits from selling their principal residences over their lifetime and keep those funds tax free. However, once they've made a million in profit on buying and selling the houses they live in, they'll have to pay tax on it.

Table 4.1 / AFB actions on affordable housing and homelessness

All figures in millions

	2027-28	2028-29	2029-30
Create one million new non-market and co-op housing units over the next decade	$43	$89	$133
Double the Canada Rental Protection Fund	$117	$117	$117
Expand Canada Housing Benefit by 50% and extend beyond 2027-28	$269	$807	$823
Assist the operating costs of supportive complex care housing	$100	$100	$100
Public land development incentive	$100	$100	$100
Expand the Public Land Acquisition Fund	$72	$185	$370
Federal Housing Advocates Officer at the Canadian Human Rights Commission	$4	$4	$4
Close the REIT tax loophole	-$61	-$63	-$66
Vacant land tax	-$808	-$727	-$727
Provide a lifetime principal residence exemption of $1 milllion	-$942	-$978	-$1,016
Double the Tenant Protection Fund	$3	$3	$3
Implement a deferrable property surtax on million-dollar homes	-$3,178	-$3,632	-$4,086

The AFB will raise the capital gains inclusion rate on the sales of secondary properties to 100 per cent (as with all capital gains, see the Taxation chapter).

The AFB will create a deferrable property surtax on properties valued at more than $1 million and invest the revenue in community and social 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. It would also be net of any wealth taxes paid, (see the Taxation chapter).

Notes

1 See, for example, HART, *Housing Assessment Resource Tools*, 2023, hart.ubc.ca; and Carolyn Whitzman, *A Human Rights-Based Calculation of Canada's Housing Supply Shortage*, The Office of the Federal Housing Advocate, November 2023, https://homelesshub.ca/wp-content/uploads/2024/04/Whitzman-Human_Rights_Based_Supply_Report-EN_1.pdf.

2 National Housing Council, *Analysis of Affordable Housing Supply Created By Unilateral National Housing Strategy Programs*, Canada Mortgage and Housing Corporation, February 4, 2022, https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf.

3 Martine August, *The Financialization of Housing in Canada: A summary report for the Office of the Federal Housing Advocate*, The Office of the Federal Housing Advocate, June 2022, https://publications.gc.ca/collections/collection_2023/ccdp-chrc/HR34-7-2022-eng.pdf.

Agriculture

Cultivating food sovereignty

Introduction

The effects of global economic, environmental and social destabilization have made their way to Canada. The United States' war against Iran has caused drastic increases in the price of oil, with knock-on effects on the cost of inputs needed for food production and transportation. Warfare also adds massively to greenhouse gas emissions, worsening climate change.

In Canada, the federal government has broken with longstanding values, targeting needed public service functions with austerity measures while funding militarization and the adoption of AI, and exempting large extractive projects from regulatory controls. These dynamics will have serious impacts on agriculture and food systems in Canada. For farmers, the cost of production will go up, environmental and market risks will intensify, and low commodity prices will be unlikely to improve. For consumers, high energy and housing costs will put even more pressure on household food budgets.

We need budget and policy measures that counter these harmful trends. In this way we can provide greater security and stability, rebuilding a strong, equitable economic and social foundation that can withstand ongoing pressure from international events.

Overview

In its 2025 budget, the federal government announced plans to cut 15 per cent of the public service over three years. Departments were ordered to start cutting—except for big-budget National Defence, the RCMP and Border Services. Some smaller departments were also mostly spared, including the already inadequately funded Women and Gender Equality, Crown-Indigenous Relations and Northern Affairs, Indigenous Services, and the federal research granting councils, which were told to cut two per cent.

Agriculture and Agri-Food Canada (AAFC) chose to target agricultural research capacity in its cuts, announcing plans to shut down seven facilities and end the Organic and Regenerative Agriculture program. The impacts of this are severe, affecting Canada's ability to continue public plant breeding, maintain independent regulatory capacity over meat, protect soil health, improve responsible pesticide use and advance climate-resilient farming methods. AAFC's cuts weaken Canada's agriculture sector by making it more vulnerable to climate and market risks, and by reducing farm profitability while creating more opportunities for financialization and wealth extraction by large agri-business corporations.

To counter trends towards excess corporate control of our farms, farmland and food supply, this AFB focuses on structural changes that promote resilience, stability, and farmer/farmworker economic dignity. To develop and sustain an affordable food supply for Canadians, the AFB will establish a public grocery system integrated with improved local and regional food processing, storage and distribution infrastructure. This will make food more affordable while enabling dignified livelihoods for farmers and workers.

The current suite of Business Risk Management (BRM) programs primarily benefits the largest farms. Less than one-third of farms enroll in AgriStability due to program design and cost barriers, yet it accounts for roughly nine per cent of the AAFC budget. Crop Insurance is more widely used, and so it is more equitable than AgriStability, but it's also large and it accounts for an increasing portion of the AAFC budget due to higher payouts because of climate change-related losses. Meanwhile, BRM support for diverse fruit and vegetable production, particularly at smaller scales, is virtually non-existent. The AFB will redesign the BRM programs to promote farm resilience and adaptation, capping payments to prevent the largest, wealthiest farms from taking the lion's share of program dollars. Funding BRM programs will pay off in the long term. Accelerating the transition to more resilient and stable production practices will reduce the overall risk in Canada's agriculture and thus the magnitude of future budget allocations needed for these programs.

Canada's farm numbers continue to trend downward while the average age of farmers trends upward. We are in a generational crisis. Canada's agriculture policies are pushing farmers out, creating an underclass of migrant farmworkers without rights. Without dedicated measures to ensure dignity for resident and migrant farmworkers, and to support young and new farmers to enter and become successful, the future will be farmerless—mega-farms owned by investment companies and operated by itinerant workers and robots. The AFB addresses this crisis with a new Cultivating Food Sovereignty suite of support programs, labour rights for farmworkers, measures to prevent farmland financialization, limits on the digitization of agriculture, and cost-of-production measures.

Actions

1. Reverse AAFC cuts and increase funding for public-interest research

The AFB will rebuild Canada's agricultural research capacity by reversing the cuts announced in January 2026 with the following actions:

- Reinstate all scientific and technical positions and support staff slated for termination.
- Suspend the closure of the research facilities at Lacombe, Scott, Indian Head, Portage la Prairie, Guelph, Quebec City, and Nappan.
- Suspend the closure of the Organic and Regenerative Research Program at Swift Current.
- Restore the public database of scientists and professionals.

The AFB will expand AAFC research capacity funding by an additional 50 per cent, allocating funds to all federal agriculture research centres and farms to compensate for disruption caused by the botched 2026 cuts and the previous cuts under the Harper and Martin governments. Doing so will enhance Canada's public capacity to carry out the following:

- Public plant breeding and farmer/participatory plant breeding.

- Climate resilience research, including low-input and organic production methods, sustainable grazing, integrated weed and pest management, and soil health.
- Independent agronomy research not tied to input sellers' financial interests.
- Research production methods for vegetable and fruit for all regions of Canada.
- Social science research related to agriculture.
- Public engagement, including field days, talks, publications and webinars.

Past governments have inadequately maintained the basic research facilities used by AAFC.[1] **The AFB will** assess past governments' failure to properly maintain the buildings, equipment, outdoor facilities and other assets on all AAFC research centres and farms, then allocate maintenance and improvement funds annually for five years to clear the backlog of deferred maintenance. This will ensure these assets are functional, energy-efficient and equipped for research needed to support Canada's long-term food sovereignty.

2. Next Ag Policy Framework

The AFB will fund the Next Ag Policy Framework, a federal-provincial-territorial policy framework focused on reducing financial and environmental risks, increasing intergenerational and social equity, disengaging from American markets, and democratizing the food system. The framework will incentivize reduced input production, collective marketing, agro-biodiversity, climate resilience, local/regional market development, new farmer/farmworker training, and farmer-led research.

The AFB will replace the current suite of Business Risk Management (BRM) programs with ones that support the multifunctionality of agriculture. BRM program payouts and eligibility will be on a sliding scale and capped to ensure small- and medium-sized farms have adequate coverage. They will exclude the largest farms who have the financial capacity to self-insure.

The AFB's 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 greenhouse gas emissions and support climate-change resiliency.
- 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.
- Rebuild rural community vibrancy and rural quality of life.

3. Creating a public grocery system

The AFB will establish a national, public and democratically operated grocery network. The public grocery distribution system will prioritize purchasing local and domestically produced food from farmers using sustainable farming practices, ensuring that farmers are receiving a fair share for their products while mitigating climate change and safeguarding biodiversity for the future.

4. Cost-of-production measures

The AFB will implement a windfall tax on fuel and fertilizer companies that are making excess profits because of world oil price increases while their own costs have not changed. The windfall tax will provide a disincentive to overcharge for fuel, and tax dollars collected will in part be used to fund on-farm energy conservation, transition to reduced-input production, and infrastructure needed for local and regional food processing, storage and distribution.

The AFB will 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.

5. Labour reforms

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 increase federal funding for public education for farm workforce development and training. The strategy 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 extend eligibility for regular and sickness Employment Insurance (EI) benefits to migrant workers regardless of any "tied employment" to a single employer and shall accommodate access to EI benefit payments even after the migrant worker has returned to their home country. The AFB will also make available short-term EI disability benefits for any farmworker, whether resident or migrant, who experiences mental or physical stress due to extreme heat events.

The AFB will create a fund to provide reliable year-round income opportunities for resident seasonal farmworkers through a combination of extended Employment Insurance options and counter-seasonal employment opportunities as needed.

The AFB will regulate AI and the digitization of agriculture to prevent it from being used to replace farmworkers, surveil workers, restrict their break times, or otherwise be used to reduce their pay or expose them to wage theft.

6. Climate action

The AFB will establish the Canadian Farm Resilience Agency (CFRA), an independent federal research and agricultural extension institution where farmers, scientists and agronomists will work together to solve problems and share knowledge. The CFRA will be independent from the influence of multinational agribusinesses. CFRA-supported production changes (like fertilizer reduction, crop rotation and no-till practices) will counter losses from climate impacts significantly, reducing the annual cost of Business Risk Management (BRM) programs.

The AFB will offer up to 30 per cent of the average transition expenses over three years to producers to offset transitions to organic and minimum-input /no-till agriculture. Organic and low-input agriculture practices provide benefits in terms of soil health, carbon sequestration, reduced greenhouse gas emissions from inputs, and erosion protection. However, the transition costs can be high. During this transition time, farmers will be adjusting their management practices and dealing with a learning curve.

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 transition to single-desk

Table 5.1 / AFB actions on agriculture

All figures in millions

	2027-28	2028-29	2029-30
Cancel the planned closure of seven research stations and the organic research program	$40	$27	$27
Expand AAFC research capacity funding by an additional 50%	$60	$60	$60
Undertake deferred maintenance at AAFC's research facilities	$138	$138	$138
Create the Cultivating Food Sovereignty suite of programs	$750	$750	$750
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
Implement a national agricultural workforce strategy	$10	$10	$10
Reliable year-round income opportunities for resident seasonal farm workers	$30	$30	$30
Establish the Canadian Farm Resilience Agency	$400	$400	$400
Funds already in the fiscal framework	-$400	-$400	-$400
Support transitions to organic and minimum-input/no-till agriculture	$20	$20	$20
Develop a transition plan for single-desk marketing for pork and beef with abattoir capacity	$50	$50	$50
Reverse the Biofuels Production Incentive	$186	$0	$0

marketing will dismantle the corporate cattle–industrial complex, reduce the sector's export-dependency and integration with the U.S. economy, and allow Canada to implement a growth hormone–free, pasture-based, low-emission, production system with financial, social and environmental benefits.

The AFB will reverse the Biofuels Production Incentive that was announced in 2025.

7. Regulating AI and digitization

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 develop a legal framework for the governance of agricultural data. This will allow farmers to benefit from the data generated by technologies on their farms while setting 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.

The AFB will ensure that financial support offered through the Agriculture Clean Technology Fund will exclude artificial intelligence technologies from multinational ag-tech corporations. Artificial intelligence technologies tend to have significant impact on the environment, and thus they will not be classified as "clean" technologies.

Notes

1 The maintenance deficit reached $690 million. See: Kelvin Heppner, "New Data Sheds Light on Financial Picture Behind AAFC Closures," *RealAgriculture*, April 17, 2026, https://www.realagriculture.com/2026/04/new-data-sheds-light-on-financial-picture-behind-aafc-closures/ .

Artificial intelligence

Tech that works for the people

Introduction

So-called artificial intelligence (AI) software has taken the world by storm, driven by the proliferation of accessible chatbots and other tools that can perform tasks previously assumed to be impossible for machines. While AI tools show promise in some areas, they are already causing real harm in others. Canadians are justifiably skeptical of the pace and nature of the AI rollout.[1] In contrast to the federal government's "all in" approach to AI development and deployment, the AFB takes a step back from the hype to lay out a more thoughtful and measured approach to the adoption of AI tools in Canada.[2]

Overview

The release of ChatGPT in fall 2022 ushered in an era of tech industry mania that has dwarfed even the delirium of the dot-com boom. Global investment in the artificial intelligence (AI) supply chain may exceed US$2.5 trillion this year.[3] Technology companies are expected to spend half a trillion dollars on new data centres alone.[4] These sums now account for a substantial share of the global economy and are projected to continue rising through at least the next decade.

At the core of this unprecedented private sector (and, increasingly, public sector) investment boom is the assumption that AI tools will deliver massive productivity gains across every part of the economy even though most commercial AI services are losing money today and most efforts to adopt AI at the institutional level have failed to produce returns.[5] Unless these tools start delivering on their productivity promises, all this investment may amount to one of the largest financial bubbles in history with massive economic and social ramifications. Nevertheless, the narrative that AI represents the future of the economy remains sacrosanct. For many countries, including Canada, a fear of falling behind in the "AI race" is being used as a justification for large speculative investments and an absence of public interest regulation of the AI industry.

"Artificial intelligence" is, itself, a marketing term encompassing a variety of related technologies. These computer systems can make predictions or create new content based on sophisticated pattern matching, but they are neither artificial (AI systems are the product of human labour at every stage of development) nor are they intelligent (AI systems differ significantly from our own cognitive processes). Generative AI systems—which include the large language models (LLMs) such as ChatGPT, Gemini and Claude—are particularly prone to making basic errors because they are designed merely to predict words and do not have a persistent memory or an internalized sense of logic.

Nevertheless, modern AI tools are increasingly capable of producing outputs indistinguishable from many humans, which is already having profound consequences. Among other issues, unregulated AI use by students is undermining the public education system. AI-powered disinformation is running rampant on social media. False AI citations are polluting academic journals and the legal system. AI in the workplace is intensifying surveillance of workers and entrenching practices of algorithmic management. And while the large-scale automation of workers has not come to pass as quickly as many feared, there are early signs that the proliferation of AI tools is destroying jobs in specific sectors, especially junior level positions, which may be contributing to historic youth unemployment levels.[6] Taken together, the proliferation of these tools represents an acceleration of the concentration of economic and political power among a handful of mostly-American tech companies at the expense of workers and the broader public.

The construction and operation of new data centres—the physical backbone of the AI boom—is creating a host of additional problems. A typical modern data centre uses as much electricity as 100,000 homes, which has one of two consequences. Either these facilities draw so much power from the grid that local power markets are distorted, which drives up rates for households, or they bring new electricity online, often in the form of gas-fired generators. The expansion of gas power associated with new data centres is already having a measurable impact on global greenhouse gas emissions.[7]

The data centre rush is also being used to force new infrastructure on vulnerable communities as well as ecologically-sensitive or agriculturally important land without adequate consultation or review. Once built, these facilities create vanishingly few jobs or local benefits.[8] Many U.S. communities have begun to push back on data centres, and calls for a national moratorium are growing louder. Resistance to Canadian data centre proposals is also starting to foment.[9] Canadian governments are not heeding the warning.

Indeed, since the abandonment of the controversial Artificial Intelligence and Data Act (AIDA) in 2025, the federal government has not introduced any AI legislation. In addition, Canada's copyright and privacy laws are woefully outdated, leaving the AI industry essentially unregulated. Lower levels of government have started to step in, but public oversight remains piecemeal. The federal government recently advanced a new vision of "artificial intelligence for all" that acknowledges the need for safeguards, but five of the strategy's six pillars are focused on AI investment and adoption.[10] Instead of asking what problems AI can help solve, the government has taken the view that AI adoption is essential for its own sake. The AFB takes a different approach.

Actions

The AFB will accelerate the development and ensure the swift passage of a new, modernized *Artificial Intelligence and Data Act* that will give the federal government the power to introduce public interest regulation of algorithmic systems in both the public and private sector. To avoid the institutional capture that undermined previous legislative efforts, the new legislation will be administered by a body with a mandate limited to public interest regulation, independent of any department responsible for industry promotion or economic development (see Canadian AI and Data Commission below). The act will employ the precautionary principle to prohibit the introduction of AI tools into high-risk settings, such as education, health care or the delivery of public services, unless there is clear evidence that they will not cause harm. Where harms are already documented, the act will prohibit rather than pause. Prohibited applications will include predictive policing, facial recognition in public spaces, emotion recognition, human behaviour manipulation, and automated decision-making tools that affect the rights and livelihoods of the public, including in immigration and refugee proceedings. In addition, the act will include mechanisms to ensure publicly and commercially-available AI tools meet minimum standards for safety, reliability and transparency, including validation by independent third parties.

The AFB will allocate $250 million over five years toward the creation of the Canadian AI and Data Commission, an independent office of Parliament with a dual mandate of oversight and education. It will independently monitor the AI industry in Canada, empirically documenting both harms and benefits, and ensuring compliance with the new *Artificial Intelligence and Data Act*. It will do so without being constrained by the industry-adjacent innovation mandate that clouds existing government AI institutions. As part of its oversight function, the commission will serve as an ombudsperson for public complaints about AI harms. In its education function, the commission will develop a national AI literacy program in collaboration with trade unions and the public education sector as part of a broader participatory democratic process. This approach will serve as a deliberate counterweight to industry-led literacy initiatives that are increasingly being pushed on students, educators and institutions.

The AFB will ensure existing legislation is brought up to date for the AI era, including privacy, copyright and labour laws, to ensure users, creators and workers are protected from AI systems. Among other elements, updated legislation will ensure AI is not used for surveillance or data collection without the knowledge and, where applicable, the consent of workers or users. Building off the 2025 copyright consultation findings, updated copyright legislation will require consent from and compensation to creators whose work is used to train commercial AI systems. Updated privacy legislation will recognize Indigenous communities' collective ownership and control over data about their lands, languages and cultures, requiring free, prior and informed consent for its collection and use. Updated labour legislation will prohibit algorithmic management practices for high-impact decisions such as hiring and discipline.

The AFB will require that all new data centres be powered with 100 per cent non-emitting electricity, and that at least 50 per cent of that power be provided through new renewable energy generation paid for by data centre developers. All data centres will be required to report to a

Table 6.1 / AFB actions on artificial intelligence

All figures in millions

	2027-28	2028-29	2029-30
Canadian AI and Data Commission	$50	$50	$50

public registry, which includes a detailed breakdown of energy use, water use, job creation and other local impacts.

The AFB will require the federal government to gradually divest itself of commercial AI services, especially those owned by U.S. companies that put Canadians' sensitive data at risk. Canadian ownership and democratic control over the digital infrastructure and software underlying public services, including data storage, cloud computing and AI systems, requires that these tools be developed and managed in-house rather than contracted to foreign-owned vendors. The AFB will ensure the federal government has the technical capacity to manage the transition.

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Arts and culture

Storytellers are needed now more than ever

Introduction

In this era of change, uncertainty, disrupted trading relationships, and U.S. threats to make Canada the 51st state, Canada must have vibrant arts and culture, in every sector, and in every community.

Canada has many measures that support Canadian artists and producers, including funding, preferential treatment, content quotas and others. While these are not exclusionary, and Canadians freely enjoy cultural expressions from everywhere, the U.S. has challenged some measures. The U.S. is likely to seek removal of the cultural exemption in CUSMA.

Arts and culture are an important industry. In *Artworks,* the Canadian Chamber of Commerce October 2025 report found: the arts and culture sector contributed $65 billion in direct GDP to the economy in 2024; 507,000 people worked in arts and culture; the sector supports 13 jobs for every million dollars in output—more than oil and gas, manufacturing, or agriculture. The sector generates an estimated $17 billion in federal and provincial tax revenues. Accounting for total impacts throughout the economy, the sector supports $131 billion of Canada's GDP and 1.1 million jobs across the country. In the past three years, the sector's GDP contribution grew by almost eight per cent.[1] In 2024, Canada exported $27.1 billion of culture products.[2]

Based on these data, arts and culture seem to be strong. But there are growing challenges facing every component of the sector in 2026: rising costs, shrinking audiences, and changing distribution and business models. AI is a threat. There is more competition for stagnant public funding, and declining sponsorships and donations. At best, provincial funding is stagnant. Nova Scotia and Alberta recently cut arts funding significantly.

Artworks reports the sector generates $29 in economic activity for every dollar in federal government investment. But it also reports that, of total federal expenditures, the allocation to arts, culture and heritage was one per cent in 2023-24, 0.94 per cent in 2024-25 and 0.93 per cent in 2025-26. Additionally, total private sector contributions lag at 0.8 per cent of income, well below the global average of 1.04 per cent[3].

The AFB brings a renewed commitment to supporting our arts, artists and culture, so we can tell our stories and hear our voices, in every medium. Telling our stories is more important today than ever. They reflect us to ourselves and to the world. They are tools for social cohesion, intercultural dialogue, social change, health and more.

Overview

It is a difficult time across the full spectrum of arts and culture activities—artistic creation, production, distribution and exhibition.

Overall, philanthropic/charitable giving is falling.[4] The proportion of taxpayers claiming charitable donations was 26 per cent in 1997 and 16 per cent in 2024.[5] Many arts service organizations with charitable status are feeling the impact. In the past few years, major corporate sponsors and donors to arts and culture have stepped away, even from longstanding commitments.

Audiences have shrunk in key areas. In 2018, there were 47,111 live performances across Canada that attracted 13.8 million people. While the low point was 2020, during the pandemic, a complete recovery may not come. In 2024, there were 37,821 live performances that attracted 10.3 million people.[6] Live music venues and festivals are closing.

Telefilm Canada reported that, in 2025, box office revenues for French-language Canadian films were $11.3 million, a decline of 45.5 per cent, and box office revenues for English-language Canadian films were $2.9 million, up by only 0.2 per cent.[7]

Total film and television production in Canada declined by 18.5 per cent in 2023-24, primarily due to U.S. industry strikes. The industry rebounded in 2024-25, but only slightly. Total film and television production increased by 4.6 per cent. Alarmingly, that increase is related exclusively to foreign service productions. Total Canadian feature film and television production slipped by a further 2.2 per cent. The 2024-25 production volume of $3.62 billion was the lowest level since the 2020-21 pandemic shutdowns.[8]

In the book industry, overall sales of print books in 2025 were $1.145 million, up modestly from $1.127 million in 2024.[9] The good news is that Canadian titles accounted for 14 per cent of print book sales, up from 12 per cent in 2024.

Canada's magazines continue to struggle.[10] The latest authoritative data show operating revenue fell by over 16 per cent between 2019 and 2021. Global figures show that consumer magazines' revenue will decline by 2.1 per cent between 2021 and 2026. This decline is driven largely by the loss of print advertising revenue.

Canada's private television and radio broadcasters remain a major source of shared cultural experiences, as well as local news and information. But *Broadcasting in Canada 2025*, a recent study by the Canadian Association of Broadcasters (CAB),[11] found that dominance of streaming has caused a structural crisis in the Canadian broadcasting industry. This report, and CRTC and Statistics Canada data, show that between 2005 and 2024, internet-based video services total revenue increased from $0.2 billion to $5.4 billion. Broadcaster revenue was virtually unchanged, increasing from $4.3 billion to $4.9 billion. Advertising in the broadcasting industry has undergone an even more colossal shift. Total internet-based advertising rose from $0.56 billion to $17.7 billion, while broadcaster advertising revenue fell from $3 billion to $2.6 billion.

These changes in broadcasting have shifted advertising dollars away from Canadian media companies to foreign-owned platforms. According to the report, non-Canadian platforms accounted for only 4 per cent of advertising in Canada in 2005. By 2024, the share is estimated to be 58 per cent. Broadcasters' ability to support Canadian content has been affected by the breakdown of the traditional cross-subsidy model: broadcasters helped sustain Canadian programming through the profits of more lucrative U.S.-based programming. At the same time, Canadian consumers have moved away from traditional broadcasting services: the number of households subscribed to broadcasting distribution undertakings (primarily cable) dropped from 80 per cent in 2015 to 58 per cent in 2023.

The CRTC's 2024 decision to impose a requirement on foreign streamers to contribute five per cent of their gross Canadian revenues to Canadian content productions was designed to stabilize opportunities for Canadian content producers. The requirement is modest and in line with measures in Europe and elsewhere. However, the streamers have challenged the decision in court. In an April 2025 poll conducted by Abacus Data for the CMPA, 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 for audiences.[12]

In response to the challenges in film and television, the CRTC announced on May 21 that large U.S. streaming services must contribute 15 per cent of their Canadian revenue to Canadian content, three times greater than the initial requirement. At the same time, contribution requirements for traditional broadcasters, currently between 30 and 45 per cent, will be lowered to 25 per cent. CRTC expects that these changes will stabilize the funding at more than $2 billion in support of Canadian content.

The challenges in arts and culture are experienced differently in each sector, and are particularly felt by emerging artists, those from equity deserving communities, and older professionals who struggle to earn a living as a writer, singer, visual artist, dancer, actor, director, and other creatives behind the scenes.

The November 2025 federal budget increased arts and culture funding over three years. Given the challenges, the $443 million is only a down payment on what is required.

Actions

The AFB responds to the crisis in the arts and cultural industries by continuing to implement commitments the government has made, including amending the *Copyright Act* to provide a Resale Right.

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. 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.

Expanding the refundable tax credit programs to all sectors will encourage private investment in the production of cultural expressions. Canada currently provides refundable tax credits of up to 25 per cent for qualified labour expenditures 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 federal credit will now 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, and sensitive to the needs of specialist producers/publishers creating culturally significant works.

The AFB will increase $100 million in funding annually to the Canadian Council for the Arts to:

- Implement programs for Indigenous, Black, gender-diverse, and older artists, artists with disabilities, as well as artists from other marginalized and equity-deserving communities.
- Increase support to culturally significant works.
- Provide additional operating grants for arts service organizations.

The AFB will continue to increase CBC/Radio Canada funding until it matches the average per capita investment that public broadcasters in other countries receive. In 2024, the government needed to increase CBC's budget by $2 billion to reach that average.[13] The recent budgetary increases given to the CBC are only a down payment toward the goal. CBC's total funding includes 22 per cent advertising revenue and, as further increases are made in the coming four years, CBC will implement a timeline to eliminate advertising.

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.

Table 7.1 / AFB actions on arts and culture

All figures in millions

	2027-28	2028-29	2029-30
Expand the Canadian Film or Video Production Tax Credit to all arts sectors and boost the refund rate to 35%	$932	$951	$970
Increase funding to the the Canada Council of the Arts	$100	$100	$100
CBC/Radio-Canada funding to match other public broadcasters	$395	$790	$1,185
Targetted measures to support professional artists	$20	$20	$20
Professional artists' income support	$37	$37	$37
Artists permitted to back-average income over four years for income tax	$5	$5	$5

There are more than 202,000 professional artists, roughly one per cent of the labour force.[14] But artists are the original gig workers. Historically, the median individual income of professional artists is around 44 per cent lower than all Canadian workers.[15]

The AFB will amend the *Income Tax Act* to ensure 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. It will be eliminated for artists whose total family income exceeds the median of all workers.[16] 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.[17]

Many artists and related cultural workers must work at jobs outside the sector between their artistic contracts. When they do, they and their employer will pay into the Employment Insurance (EI) program. But when they are without any work (either as an artist or the other employment), many cannot collect EI regular benefits, even if they otherwise qualify.[18]

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 in four-week periods, rather than four-weeks worked. It is anticipated this model will be neutral, except in extraordinary circumstances, such as a pandemic. It may become a model for extending EI benefits to other self-employed gig workers.

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Child care

Canada can't work without it

Introduction

Canada's 2021 federal budget committed to a new social program to ensure "that all families have access to high-quality, affordable and flexible early learning and child care no matter where they live." Canada's first federal child care legislation became law on March 19, 2024.

April 1, 2026, marked the beginning of the second five-year phase of building the Canada-Wide Early Learning and Child Care (CWELCC) program, now commonly known as the $10-a-day program. The program's first five years were foundational, with initiatives and challenges in all parts of Canada. This second five-year phase will be pivotal for the program's expansion. A critical infusion of $5.4 billion over two years was announced in June 2026 which expands transfers to the provinces and territories by a third. However this funding is time-limited.

Since 2021, the infusion of federal funds has led to measurable progress. For the first time in Canada's history, licensed child care provision is primarily publicly funded, with low (albeit varied), country-wide parent fees. There has also been considerable expansion of licensed child care spaces and improved compensation for educators.

The progress made towards meeting the goal of affordable, accessible, high-quality and inclusive child care for all varies across provinces and territories. Despite the failure to use consistent, evidence-based policies to shape this emerging social program, substantial economic returns have already been generated for both levels of government.

Overview

Economist Jim Stanford's 2024 analysis shows that,[1] even in its infancy, the Canada-Wide Early Learning and Child Care program has supported significant growth in employment. Since 2019, 40,000 new positions have been created in the early learning and child care sector. Overall, women's labour force participation has grown by 1.4 percentage points, narrowing the longstanding participation gap between men and women. Stanford estimates that the program generated $32 billion in additional GDP in 2024 compared with 2019.

Economists Gruber, Baker and Milligan's 2026 paper calculates the "enduring positive impact on employment long after children have aged out of the preschool years."[2] Their research shows that "tax remittances grow over the lifecycle, and social assistance and employment insurance receipts fall." They estimate that "the net present value of the flow of fiscal benefits may recapture between 75 and 117 per cent of the upfront costs of the program."

These numbers lead one to speculate about how much greater the economic impact of this program could be if its implementation was consistently aligned with effective, evidence-based public policy. Notably, for example, if:

- Child care workforce issues were addressed.
- Operational funding was better aligned with the actual costs associated with high-quality, inclusive programs.
- The pervasive barriers to not-for-profit expansion were removed.
- Capital funding supported the equitable and rapid expansion of high-quality, publicly owned facilities.

It is abundantly evident that transformational system building requires long-term commitment from all levels of government. The successes, to date, have highlighted the significant demand for high-quality, affordable child care, reflected in frustrated families on long wait lists. Yet expansion has largely been piecemeal rather than coherent, and market-driven rather than publicly planned based on community need. And although educator compensation has increased, it has not reached the level needed to consistently support the recruitment and retention of qualified educators required to maintain existing programs and allow new programs to open.

Despite the obvious need for additional public funding to continue building a child care system that will meet the stated goals, other than the time-limited $5.4 billion over two years (2026-27 and 2027-28) the federal government has committed no new operational funding for 2026-27 and only an inflationary increase of three per cent per year starting in 2027-28. Regarding capital funds, the Early Learning and Child Care Infrastructure Fund will be sunsetted at the end of 2026-27, and the billion dollar capital loan program announced in the 2024 federal budget has not yet launched (and may have been abandoned by the federal government).[3]

Both federal and provincial/territorial governments are using the current context of economic uncertainty and government deficits to justify de-prioritizing the annual increases in public funding needed to enable ongoing child care system-building. Yet the spring economic update showed that the federal government is prioritizing funds to invest in major projects requiring skilled trades workers. The update identified the need for significant labour force growth—up to 1.4 million skilled trades workers before 2033—to support infrastructure, resource development and defence, including $6 billion in funds to recruit and train as many as 100,000 new skilled workers over the next five years.

Meanwhile, Statistics Canada research notes that "women—especially mothers of young children—remain underrepresented in full-time, stable employment relative to men".[4] Research shows women to be very underrepresented in the building trades: in a 2022 Ontario Building and Construction Tradeswomen's (OBCT) survey of Ontario women in the building trades, 76% reported that construction work's hours are a problem when managing child care, while 52% reported turning down work as a result of child care needs.[5]

As Child Care Now noted in its response to the spring economic update,[6] the federal government "does not recognize that a properly funded universal child care system is an essential pillar for every other economic initiative in its plan."

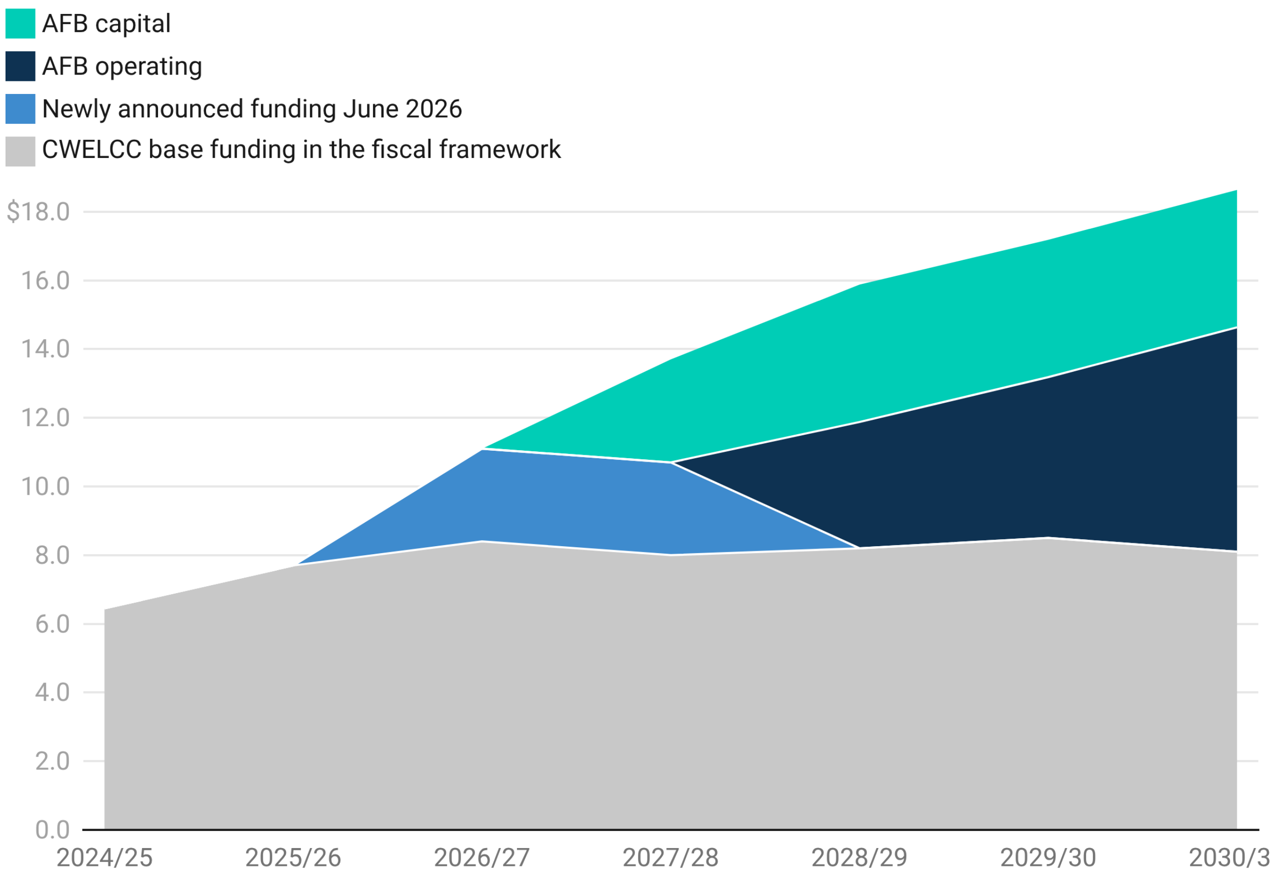
Actions

The actions outlined in this section are aimed to:

- Address the exclusion of women from Canada's current fiscal plan.
- Further advance universal child care as an essential pillar of a robust, workable economic strategy to support Canada Strong.

Figure 8.1 / AFB-proposed annual increases to operational and capital funding

$billions



- Highlight the irrefutable fact that affordable, accessible child care is also key to addressing the affordability crisis for young families.

The AFB will provide significant annual increases in operational and capital funding to support provinces and territories to continue to expand the Canada-wide Early Learning and Child Care program. To ensure that these funds are used most effectively to advance the goal of affordable, accessible, high-quality and inclusive child care for all, the provinces and territories will develop, implement and be publicly accountable for achieving plans to:

- Increase and equitably distribute the supply of not-for-profit, public and Indigenous child care programs.

- Cap all parent fees at $10/day, instead of the present federal goal of "an average of $10 a day."
- Provide additional financial mechanisms as required to ensure that child care is affordable for lower-income families, with no fees for families living below the poverty line.
- Expand the size of the qualified child care workforce by increasing recruitment and retention rates, and by increasing the proportion of staff who have early childhood education post-secondary diplomas and degrees.
- Ensure that all those who work in licensed child care are compensated for all hours they work, including program preparation time, with regularly improved wage scales commensurate with their responsibilities, qualifications and work experience.
- Develop benefit and pension plans for the child care workforce equivalent to those in place in publicly funded sectors such as public education, health care and municipal services.

Furthermore, provinces and territories will ensure that federal funds—whether operational or capital—will not fund new or expanded for-profit child care.

In each of the next five years, it is essential that federal operational funding increase substantially above the previously announced annual federal transfer to provinces and territories, including the three per cent inflationary adjustment in each year. **The AFB will** increase the 2027-28 federal operating funding from the $8 billion projected in the spring economic update to $9.7 billion, rising annually by 11 per cent in the following years.

Each province and territory will receive a share of these funds based on the ongoing per capita formula contingent upon preparation of a detailed five-year operational plan that includes the above elements.

In addition, **the AFB will** provide capital funding for expansion through a renewed Early Learning and Child Care Infrastructure Fund. This will allow each province and territory to apply to receive federal capital funds on a cost-shared 75/25 per cent basis to finance the capital costs of public and non-profit expansion, contingent on submission of comprehensive, publicly led expansion plans. As part of expansion plans, public and non-profit child care will be co-located in non-market housing projects, schools, post-secondary education facilities, public health care facilities, other public buildings, and on public lands and other locations.

Table 8.1 / AFB actions on child care

All figures in millions

	2027-28	2028-29	2029-30
Child care operational funds	$2,700	$3,680	$4,680
Child care capital funds	$3,000	$4,000	$4,000
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

Capital funding will fund only public and non-profit child care facilities, with a goal of public retention of publicly funded capital assets.

The AFB will ensure adequate operational and capital support for the full implementation of the Indigenous Early Learning and Child Care Framework co-developed by First Nations, Métis and Inuit partners and the Government of Canada.

The AFB will convene and support the development of a comprehensive strategy to build a public before- and after-school child care system covering children outside regular school hours from the age of four years to 12. This will include extensive consultations with the child care community, including service providers, parents, researchers and other early childhood experts, public school authorities, and municipalities.

The AFB will require each provincial and territorial government to issue a comprehensive public report each year on the implementation of its operational and capital expansion plans and its workforce strategy, including specific and consistent performance indicators for expansion, operational and workforce targets.

The AFB will develop, fund and operationalize a comprehensive Canada-wide early learning and child care data 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 commit the federal government to producing an annual public report on the overall progress of all elements of the Canada-Wide Early Learning and Child Care program, including consistent and comparable key indicators for each province and territory.

Notes

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Climate change and environment

Getting Canada back on track

Introduction

Climate action has fallen off the political agenda in Canada. Over the past year, the federal government has not only failed to advance decarbonization, but it has actively worked to undermine what progress had been made over the previous decade. Yet, on a global scale, climate action continues to accelerate, and Canada is being left behind as one of a shrinking number of petro-states committed to long-term fossil fuel production. In recognition of the escalating climate crisis and of the widespread benefits that climate action offers, the AFB shakes Canada free of its fossil fuel induced malaise and dons the mantle of climate leadership in a global economy that is moving away from coal, oil and gas.

Overview

The costs of climate change are real and rising. Direct insurable losses due to extreme weather events totaled $2.4 billion in Canada in 2025.[1] Overall, the costs of disasters in Canada are rising by nine per cent per year.[2] However, disasters are only the most visible consequence of a warming planet. For example, increased heat and precipitation is causing roads and other physical infrastructure to deteriorate faster, which is already adding $8.8 billion per year to infrastructure maintenance costs in Canada.[3] Crop insurance payments, which are largely a function of droughts and floods, have risen by 18 per cent per year over the past decade.[4] Smoke from climate-fuelled wildfires is leading to tens of thousands of premature deaths domestically and tens of thousands more around the world.[5]

Altogether, climate change is costing the Canadian economy around $25 billion per year today and it is on track to cost as much as $100 billion per year by mid-century.[6] Yet even these figures pale in comparison to longer-term estimates, which put the costs of even one degree of warming at 20 per cent of global GDP within a century.[7] We are currently on track for a catastrophic three degrees of warming by 2100.

Those costs can be significantly reduced through climate action. Fortunately, while tackling the greenhouse gas emissions causing global warming is not easy, the pathways forward are at least well understood. The production and consumption of fossil fuels is overwhelmingly responsible for the global climate crisis, and no more so than in Canada.[8] Oil and gas production alone accounts for 30 per cent of Canada's greenhouse gas emissions, with most of the remainder accounted for by the combustion of fuels in vehicles, factories, homes and so on.[9] Decarbonizing the Canadian economy thus requires an end to the production and consumption of fossil fuels.

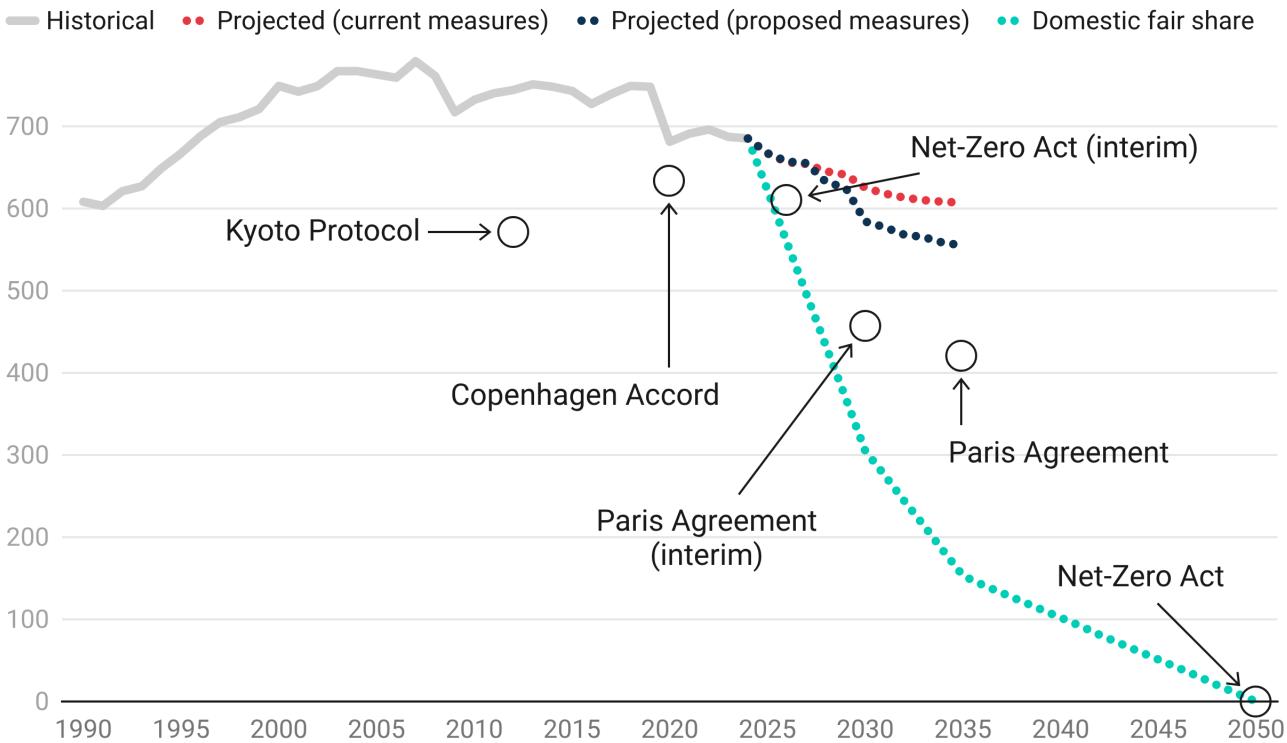
Over the past decade, the federal government has implemented a series of climate strategies and a wide variety of specific climate policies that have shifted the economy in this direction. The most successful to date was the accelerated phase-out of coal-fired electricity generation, which is almost single-handedly responsible for Canada's declining emissions since the early 2000s. Other notable policies include industrial carbon pricing, the clean fuel regulations and the *Net-Zero Act*, which made economy-wide decarbonization by 2050 a legal target for Canada.

Unfortunately, Canada is not on track to meet that 2050 target—or any emissions target the government has set (see Figure 9.1). Current emissions are not falling fast enough and, even if they were, Canada's self-selected targets fall short of Canada's fair share of the global climate effort.

To make matters worse, current projections for declining emissions—insufficient as they may be—now appear optimistic. In the past year alone, the federal government has cancelled or otherwise wound down the consumer carbon pricing system, the Net Zero Accelerator fund, the

Figure 9.1 / Historical and projected greenhouse gas emissions vs. national climate targets

Greenhouse gas emissions in MT CO_2e



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Two Billion Trees program, the Greener Homes Grant, the regulated sales target for zero emission vehicles, and anti-greenwashing regulations. It has reduced funding for the Permanent Public Transit Fund. It has abandoned a long-promised oil and gas sector emissions cap while bringing in new subsidies for the fossil fuel industry, including the temporary elimination of the federal gas tax. And it has put the Clean Electricity Regulations on the chopping block as part of a negotiated agreement with the Government of Alberta—an agreement that lays the groundwork for increased oil production.

The federal government claims it can still meet its climate commitments through a strengthened industrial carbon pricing system, enhanced methane regulations and the deployment of carbon capture technology in the oil sands. Although stronger carbon pricing and pollution regulations would be welcome, there is little evidence that this approach will reduce domestic greenhouse gas emissions in absolute terms, especially if it is used as political cover to increase oil production. The federal government has more recently signalled that it will weaken—rather than strengthen, as promised—the industrial carbon pricing system.[10]

While the outlook for climate action in North America appears bleak, the pace of global climate action continues to accelerate. Canada should choose which path it wants to follow to ensure a prosperous economic future. Global investment in clean electricity now exceeds fossil fuel investment by 50 per cent.[11] Global renewable energy generation surpassed coal power generation for the first time last year.[12] Electric vehicles now account for a quarter of global vehicle sales, including more than half in China.[13] At the policy level, dozens of countries, led by Colombia and the Netherlands, are developing fossil fuel phase-out plans.[14]

Canada often considers itself a climate leader, but we lag far behind other countries both in terms of tackling emissions and reaping the benefits of decarbonization. The AFB puts us on a path that ensures a long-term future for our economy over short-term gains for fossil fuel interests.

Actions

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. Building new infrastructure locks in decades of additional fossil fuel dependency at a time when we must be actively phasing out the production of fossil fuels. A moratorium does not mean existing projects will shut down overnight, but it provides the necessary certainty—to industry, workers and other levels of government—to proceed with a managed transition away from coal, oil and gas.

The AFB will reintroduce the federal consumer carbon pricing backstop at its previous schedule. It will also eliminate loopholes in the industrial carbon pricing system, such as free credits, that allow the most polluting industries in the country to pay a fraction of the headline carbon price. Achieving a $130 per tonne floor for the industrial system, as the federal government originally promised, is only a first step toward the unification of the consumer and industrial carbon pricing systems at the same high level.

The AFB will introduce climate and biodiversity conditions, also known as "green strings," on all federal spending, including programs, tax policies, and procurement. Not all public money must be allocated toward decarbonization, but these conditions will ensure that no new federal money is spent to entrench fossil fuel production or consumption.

The AFB will allocate $295 million over five years toward the creation of an Environmental Justice Secretariat to study environmental racism in Canada and deliver on the federal government's obligations under the *National Strategy Respecting Environmental Racism and Environmental Justice Act*. The impacts of climate change are experienced disproportionately by Indigenous, racialized and other marginalized communities, and Canada lacks a plan for responding to those impacts or for redressing structural inequalities exacerbated by climate change.

The AFB will create a new national Oil and Gas Cleanup Fund to fill in the gaps left by inadequate provincial programs. In the absence of new requirements to set aside money for cleanup, abandoned oil and gas infrastructure is liable to leave behind tens of billions of dollars in environmental damages. The new fund will be fully funded through mandatory contributions by active oil and gas producers, and it will be used exclusively for cleanup needs, so there is no net fiscal cost to the federal government.

The AFB will allocate $32 billion over five years toward a national clean electricity grid, including interprovincial transmission infrastructure and demand-side management programs to improve the efficiency of the grid. Public investment in electricity infrastructure is essential for decarbonization, and the federal government alone has jurisdiction over interregional transmission. Building out the grid makes electricity cheaper and more reliable, and it facilitates additional investment by public utilities and the private sector in new clean electricity generating capacity.

The AFB will allocate $325 million over three years for a national public charging network for electric vehicles. Inadequate charging infrastructure is a major barrier to EV adoption at a moment when Canadian households would most benefit from transitioning away from internal combustion engines. A public network can prioritize new chargers where they are most needed, including in rural areas and lower-income neighbourhoods, rather than focusing on the most lucrative corridors where private chargers are likely to be built anyway.

Table 9.1 / AFB actions on climate change and environment

All figures in millions

	2027-28	2028-29	2029-30
Create an Environmental Justice Secretariat to study environmental racism	$59	$59	$59
National clean electricity grid	$6,400	$6,400	$6,400
National public charging network	$108	$108	$108
National Adaptation Strategy	$6,500	$6,500	$6,500
Recapitalize programs for home energy efficiency retrofits	$1,750	$1,750	$1,750
Nature and biodiversity conservation	$800	$800	$800
International climate finance	$3,000	$3,000	$3,000

The AFB will allocate $65 billion over 10 years to expand and accelerate the implementation of the National Adaptation Strategy. As discussed above, Canada is already facing tens of billions of dollars in climate-related damages every year. For every dollar invested in adaptation, more than $10 in future costs can be avoided.[15] These investments include climate-proofed water infrastructure, disaster management funding, and mapping of fire and flood zones.

The AFB will allocate $8.75 billion over five years to recapitalize programs for home energy efficiency retrofits, including the Canadian Greener Homes Affordability Program for low-income households. Reducing energy consumption reduces pollution and utility bills for households and businesses. One third of this funding will be allocated specifically toward energy efficiency upgrades in Indigenous communities.

The AFB will allocate $4 billion over five years for nature and biodiversity conservation. Although the federal government recently allocated $3.7 billion over five years toward a new nature strategy, some of that money was reallocated from other programs, and it still falls short of the $7.5 billion necessary in that time frame to protect sensitive lands and waters and to accelerate ecosystem restoration.

The AFB will allocate $15 billion over five years toward Canada's international climate finance envelope. As with nature conservation, the federal government's recent announcement of $5.9 billion in climate-related support is welcome, but much of the money was repurposed from other programs and it still falls short of the more than $20 billion over five years that represents Canada's fair share in the global context. The AFB makes up the difference with a focus on accessible, grant-based finance rather than exploitative loans.

Tackling climate change requires an all-of-government approach. Other climate-related measures can be found in the following AFB chapters.

- **Agriculture:** transition to organic/no-till agriculture
- **Artificial intelligence:** data centres
- **Infrastructure, cities and transit:** public transit funding
- **International trade:** eliminate ISDS
- **International cooperation:** climate finance
- **Industrial strategy and sector development:** green investment, just transition
- **Taxation:** excess profits tax on oil and gas industry, elimination of fossil fuel subsidies

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Defence

Refusing the arms race

Introduction

In June 2025, the prime minister announced that Canada had agreed to a North Atlantic Treaty Organization (NATO) Defence Investment Pledge of spending five per cent of gross domestic product (GDP) by 2035.[1]

Then in February 2026, the prime minister announced the Defence Industrial Strategy, describing it as “an investment of over half a trillion dollars” including $180 billion in defence procurement and $290 billion in defence-related capital investment over the next 10 years.[2]

By March 2026, the Government of Canada highlighted that it had achieved the NATO defence spending target (two per cent of GDP) in the 2025-26 fiscal year and affirmed Canada is committed to meeting the five per cent target by 2035.[3]

Despite this unprecedented increase from $41 billion in 2024-25[4] to $63 billion in 2025-26[5] and to an estimated $159 billion per year by 2035-36,[6] it seems that policy-makers are giving more attention to percentage spending targets than a strategic assessment of the specific territorial defence requirements of Canada. These proposed spending increases, without major tax increases, will mean major cuts to social programs, multilateral engagement, international assistance, and actions on fighting the climate crisis.

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. It should also recognize a wider definition of security that includes the value of investing in multilateral engagement, diplomacy, peace and stability, as well as measures to address the climate crisis.

Overview

At the 2025 NATO Summit, Canada pledged to allocate 3.5 per cent of GDP in defence spending and 1.5 per cent of GDP in critical defence and security-related investments.[7]

The prime minister has indicated that the five per cent target would cost $150 billion a year.[8] This could mean about $107 billion in direct military spending and about $43 billion in security-related spending. According to the prime minister, that 1.5 per cent or estimated $43 billion could be spent on "new airports, ports, telecommunication, emergency preparedness systems, and other dual-use investments."[9]

This AFB argues that there should be a greater strategic evaluative assessment of how dollars are allocated for direct military spending and that a wider definition of security-related investments should be developed. There also needs to be a stronger evaluation of the implications, including on human rights, the environment, and labour justice, of this dramatic increase in military spending.

F-35 combat aircraft

On January 9, 2023, the government confirmed that Canada will be procuring the F-35A combat aircraft from Lockheed Martin.[10] By March 2025, the defence minister indicated that Canada had paid for the first 16 F-35s but was "examining other alternatives" for the remainder of the fleet.[11]The Parliamentary Budget Officer has reported that the total estimated life cycle cost of the 88 F-35s is $73.9 billion over a 45-year period.[12]

Concerns have been raised about the reliability of the F-35, its technical suitability in the Arctic, and whether Canada should have combat aircraft with offensive, pre-emptive first strike capabilities.

There has also been speculation that Canada could buy about 40 Lockheed Martin F-35 fighter jets, perhaps for offensive missions, and as many as 80 Saab Gripen E fighter jets for Arctic defence.[13]

There is also the issue[14] that "the U.S. will have full control over upgrades and software improvements necessary to keep the Canadian military's new fleet of F-35 fighter jets flying." This question about long-term support undermines the credibility of the F-35 purchase.

Other notable major purchases

The government has also committed to the $20 billion purchase of 12 new submarines,[15] more than $5 billion for Airborne Early Warning and Control (AEW&C) aircraft,[16] some portion of a $1.1 billion deal with Lockheed Martin for M142 High Mobility Artillery Rocket Systems (HIMARS),[17] and $2.49 billion for 11 new MQ-9 Reaper drones from U.S. defence contractor General Atomics.[18]

In September 2023, the U.S. State Department approved the sale to Canada of $313 million in munitions—including 219 Hellfire missiles and laser guided bombs—for the Reaper drones.[19] It has also been reported that the drones will be able to carry 250- and 500-pound bombs as well as "low collateral damage" bombs.[20]

While armed drones can have both offensive and defensive roles, the Canadian Global Affairs Institute has warned that "Canadians should be concerned about how the Canadian Forces would propose to employ drones, and whether such use would be in compliance with Canada's international law obligations."[21]

"Golden Dome" missile defence

In October 2025, Minister of Defence David McGuinty indicated that Canada is in discussions with the United States about an air defence shield over North America.[22] While the minister did not use the term "Golden Dome" in his remarks at that time, he acknowledged Canada is "talking to the United States now about what we call a continental shield, because we're going to need one."[23]

U.S. President Donald Trump has stated that it would cost Canada US$61 billion (about $83 billion) to join the Golden Dome initiative.[24]

In 2022, Canada pledged to spend $40 billion over 20 years on helping to modernize NORAD, including with new radar and detection systems.[25]

The Defence, Security and Resilience Bank

Canada will be the headquarters for a new Defence, Security and Resilience Bank (DSRB) to "provide long-term, low-cost financing for defence, security, and resilience initiatives,"[26] something akin to a World Bank for financing the arms industry and government arms purchases.[27] In November 2025, the president and chief operating officer of the DSRB organizing group, suggested that Canada might put in $2 billion in direct funding and a further $8 billion in "callable capital" the bank could draw on if needed.[28]

Increasing military exports

In 2024, Canada exported approximately $2.5 billion in controlled military goods and technology to non-U.S. destinations.[29] That was an increase from $2.1 billion in 2023 and $2.1 billion in 2022.

Project Ploughshares has conservatively estimated the total value of contracts of Canadian military exports to the United States at well over $1 billion annually.[30] The Canadian Association of Defence and Security Industries (CADSI) places the figure at about $1.44 billion.[31] They say that "Canadian defence exports to the U.S. account for 32 per cent of all annual sales within our industry, valued at over $4.5 billion."

The government has now committed to increase the export of Canadian-made military goods by 50 per cent by hiring a "new dedicated team for export promotion" and appointing "new trade commissioners in the United Kingdom and key European Union markets to support Canadian business abroad and ramp up Canada's presence at major global defence and aerospace trade shows."[32]

While the government has not put a dollar figure on a 50 per cent increase in the export of military goods, the numbers suggest a $2 billion increase.

When Canadian military equipment is exported to governments implicated in human rights violations or in situations marked by serious violations of international law and human rights norms, it undermines Canada's international reputation, as well as peace and security.

There has been no announcement of any new measures to assess the human rights implications of up to $2 billion in new military exports—and despite documented concerns about the use of U.S. weapons in illegal wars and genocide, parliament voted against the *No More Loopholes Act*, which would have imposed restrictions on those exports.[33] Canada's failure to regulate all of its military exports on a case-by-case basis is inconsistent with its obligations under the *Arms Trade Treaty*.[34]

Red-tagging union activists

In September 2025, the International Trade Union Confederation (ITUC) reported: "Northrop is a serial violator of consumer and labour protections.... The company also has the lowest unionization rate among major U.S. arms manufacturers (just four per cent)."[35] It then comments that "this was no accident. Industry researchers have described it as 'a conscious strategy of the big weapons-making firms to outsource work to non-union subcontractors and states with anti-union 'right to work' laws.'"

The New York City-based Human Rights Watch has further noted: "The Philippine government has accused union leaders and members of being combatants or supporters of communist insurgency, putting them at great risk of harassment and violence. This sinister and at times deadly practice, known as 'red-tagging,' has become a serious threat to labor rights in the Philippines."[36] Despite this, companies, including Lockheed Martin and Elbit Systems,[37,38] sell weapons to the Philippines.

Sam Gindin has also recalled how then-Canadian Auto Workers (CAW) president Bob White opposed a contract for "fighter helicopters" that would have been built in a unionized factory in Winnipeg because "we couldn't ignore the impacts on people who would suffer from Canadian and U.S. militarism, the victims of imperial aggression abroad, people who were going to be bombed."[39]

The current agenda to dramatically increase military spending lacks a scrutiny of the implications for workers in Canada and abroad. The AFB would 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.

CADSI

The Ottawa-based Canadian Association of Defence and Security Industries (CADSI) describes itself as "the unified voice of Canada's defence, security, and emerging technology industries."[40] Its membership includes the world's biggest weapons companies. Despite the profitability of its corporate members, the Government of Canada provides annual funding to CADSI (including $250,000 in 2025, $291,400 in 2024, $208,600 in 2023, and $241,752 in 2022).

CADSI organizes the annual CANSEC "defence, security & emerging technology event" that connects the world's most profitable weapons companies with delegations from 60+ countries,[41] including countries implicated in human rights violations, such as the Philippines, Mexico, Peru, Israel, the United States and Saudi Arabia.

Arctic security

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.

Sovereignty is rooted not only in military presence but also thriving Northern communities. Paths forward must be rooted in reconciliation, ensuring equity for these communities and respect for Indigenous sovereignty, rights, and titles.

Lockheed Martin has highlighted the role of the F-35 in the defence of the Arctic.[42] The government has argued that "a modern fighter jet fleet is essential for defending Canada and Canadian sovereignty and contribute to our NORAD and NATO commitments, now and in the future."[43] And yet Michael Byers has previously commented "The F-35 has only one engine. This fact alone renders it problematic for use in Canada's Arctic and extensive maritime zones."[44]

In April 2026, Ernie Regehr, senior fellow in Arctic Security and Defence at The Simons Foundation Canada, commented that "effective defence, in the Arctic and all of Canada, rests ultimately on war prevention and the peaceful resolution of disputes."[45] He further highlighted that "in the Arctic the Inuit also have sovereign responsibilities in their constitutionally protected homelands, and there is a formal obligation [for the Department of National Defence] to pursue meaningful consultation and consent for developments or initiatives that affect their homelands."

Actions

The AFB will move Canada's defence budget allocation (set to reach $150 billion a year by 2035) away from an arbitrary percentage of GDP and instead determine funding based on the needs of legitimate territorial defence.

The AFB will allocate funds to conduct an independent assessment of the territorial defence needs of Canada and an appropriate level of defence spending on a multi-year basis to fulfill the territorial protection of Canada.

The AFB will cancel Canada's planned $19 billion acquisition of Lockheed Martin F-35 combat aircraft and reduce the proposed number of submarines to be acquired through the Canadian Patrol Submarine Project from 12 to four to more realistically reflect current Royal Canadian Navy staffing availability. While budgetary savings would result from the F-35 cancellation, no contract has yet been awarded for the submarines and buying them isn't yet on the government's books.

The AFB will cap the NORAD modernization program and refuse any spending on the "Golden Dome" (U.S. President Donald Trump has

Table 10.1 / AFB actions on defence

All figures in millions

	2027-28	2028-29	2029-30
Conduct an independent assessment of the territorial defence needs of Canada	$10		
Cancel Canada's planned acquisition of the remaining 72 of 88 F-35 and conduct a review of which aircraft would be best suited to fulfill this role	-$755	-$755	-$755
Review and renegotiate the Defence Production Sharing Agreement	$5	$5	
Rescind Defence Industrial Strategy funding for military exports and trade shows	-$10	-$10	-$10
Eliminate funding for arms manufacturers trade group	-$0.3	-$0.3	-$0.3
Acquire 16 DHC-515 firefighter aircraft	$37	$37	$37
Create the Civil Peace Service (CPS) to promote human rights and peace in crisis zones	$100	$100	$100

stated Canada would need to pay US$61 billion to join the missile defence system).

The AFB will cancel $2 billion in direct funding and a further $8 billion in "callable" capital to the Defence and Security Resilience Bank (DSRB), a proposed financial institution that would accelerate the global arms race and funnel public money directly to arms manufacturers.

The AFB will mandate an independent review and renegotiation of the Defence Production Sharing Agreement (DPSA) with the United States to ensure full public reporting and case-by-case stringent assessments of the estimated $2 billion annual transfer of military goods, including parts and components, in compliance with international law.

The AFB will rescind Defence Industrial Strategy funding aimed at both increasing the export of military goods and technology by 50 per cent and Canada's presence at major global defence and aerospace trade shows.

The AFB will eliminate the annual funding (on average $250,000 a year) allocated to the Canadian Association of Defence and Security Industries (CADSI), the association that organizes the annual CANSEC arms show in Ottawa.

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 allocate funding for multilateral engagement, diplomacy, peace and stability, including for a Civil Peace Service (CPS) to promote human rights and peace on a long-term basis in crisis zones and conflict regions and to strengthen the Protection Mechanism for Human Rights

Defenders and Journalists in Mexico to address the threats they face from military and security forces.

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Employment Insurance

It's time for real reform

Introduction

It is time for a decade of hearings and consultations on Employment Insurance (EI) reform to bear fruit.[1] It requires the kind of political will demonstrated recently with the introduction of the long-awaited tripartite EI Board of Appeal.[2]

Comprehensive EI reforms and modernization were first promised in 2016. So far, we have seen only piecemeal measures—temporary band-aid solutions fashioned on the fly and narrowly targeted to specific claimants. We see this now with the temporary EI measures in response to tariffs, which at minimum must be there for the duration of the trade war.

A broad swath of workers who contribute weekly premiums to this social insurance program are still shut out or managing on the barest of entitlements. The country pays a heavy price when we fail to maintain this critical pillar of our social infrastructure. We saw this most clearly when the 2020 COVID-19 pandemic hit and EI couldn't do its job, necessitating the creation of emergency CERB benefits.

There are the long-standing challenges to expanding workers' access to EI and improving benefits. The problems date back decades,[3] but worrying trends of recent years have brought further deterioration in the share of unemployed contributors receiving EI regular benefits.[4,5]

There are new challenges, too. Economic turmoil and uncertainty abound, making it critical that EI be made recession-ready. The ruptures and harsh realities of today's geopolitics, including erratic U.S. tariffs and conflicts, are already impacting our labour market.[6] At the same time, new technologies and AI are proving highly disruptive in many workplaces. And climate change disasters, from floods to wildfires, repeatedly threaten sudden and dramatic impacts in our communities.

Overview

At its core, Employment Insurance is meant to provide employed workers with income security when they're separated from their job and normal earnings.

Canada established the program in 1940 after having learned the hard lessons of world-wide war and a Great Depression with only local welfare to fall back on. Social insurance that delivers some measure of income security and stability is as important to the larger economy as it is for individuals.

Employment Insurance is our most important automatic economic stabilizer, and it must be treated as such.

This is why this AFB will undertake sweeping reforms to strengthen and modernize the Employment Insurance program. These reforms reflect longstanding proposals advanced by a variety of community and labour organizations, including the Interprovincial EI Working Group,[7] and submissions to government consultations on EI reforms.[8]

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

Actions

The AFB will allow EI benefits for up to 104 weeks for all workers while in approved training (not just extended to those on a skilled trades pathway). This would provide $183 million per year in additional support in to an estimated 10,000 claimants for the full duration of approved training.

The AFB will introduce a new program of EI Emergency Response Measures. The program will provide an automatic, predictable response in the event of a recession, major climate events, pandemics and other disruptions. It will integrate lessons from the response to the COVID-19 pandemic about the most effective measures for accelerating EI access and ensuring economic stabilization for workers and their communities.

The AFB will relax eligibility requirements to the above measures, with affected workers automatically credited with additional hours and given a longer reach-back period for accumulating hours. The one-week waiting period will be waived and the normal rules for declaring other income will not apply. A minimum benefit rate will apply as will a simplified treatment of the reasons for separation. The current temporary measure providing an additional 20 weeks of regular EI benefits will be extended to all claimants and no longer limited to those deemed "long-tenured," a problematic restriction.

The AFB will require employers to expedite records of employment for migrants. Special EI Work-Sharing Measures will be automatically triggered to fast-track applications and limit job losses. This will be modelled on the temporary measures used during the pandemic and now in response to tariffs. The government anticipated the need for automatic measures with the proposed Employment Insurance Disaster Assistance Benefit in its 2019 platform.[9]

The AFB will set a fixed, Canada-wide 360-hour qualifying rule for an entry level EI claim for regular or special benefits (12 weeks if to the claimant's advantage). Regional unemployment rates should have no bearing on access. The current 420 to 700 hours is often onerous for those in jobs without full-year, full-time schedules. Workers in the retail sector average 26.1 hours weekly (including overtime); those in hotels and food service average only 22.7 hours.[10] These workplaces are also subject to shoulder- and slow-season layoffs which means employment is not always full-year. Many of these workers are women and racialized people. These sectors, two of the largest in the labour market, employ the same number of workers as manufacturing and construction combined.[11] When Canada dramatically reduced qualifying hours during the pandemic it greatly improved access, particularly for women and young adults.[12]

The AFB will also extend the maximum EI regular benefit period to 50 weeks in all regions and permanently provide at least five additional weeks for eligible seasonal claimants. One in three workers (34.4 per cent in 2024-25)[13] exhaust their regular EI benefit entitlement 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.[14] Migrant workers already contribute EI premiums. Access to EI regular benefits will be enabled by changes in immigration policies covering work permits, especially closed permits that perpetuate the kind of inequities that restrict access to EI. The Ontario Superior Court of Justice recently certified a class action challenging migrants' exclusion from EI to proceed to court.[15]

The AFB will allow new parents to combine 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 just before, during or soon after a parental leave.[16] The Social Security Tribunal found this limitation to be in breach of the equality provisions of the Charter of Rights and Freedoms and the Federal Court of Appeals upheld that decision.[17] EI's broad economic and social objectives support the replacement of earnings during parental leave as well as during layoffs. In 2024, 78.6 per cent of new parents living outside Quebec had insurable employment, with 90.7 per cent of them receiving maternity or parental benefits. The introduction of a shared EI parental benefit has been instrumental in encouraging more partners to take parental leave. Since 2019 the incidence has continued to rise, with 42.1 per cent of partners accessing EI parental benefits by 2024. Only 11.9 per cent of partners did so in 2017.[18] Other improvements will be reviewed, borrowing from Quebec's QPIP plan and European models, for example, where there is more flexibility in the timing of benefits.[19]

The AFB will increase the current EI benefit rate to 66.6 per cent from the current 55 per cent—a historical low. For many years Canada's unemployment insurance system replaced two thirds of a claimant's normal earnings.[20] Inadequate benefits are punishing for individuals and act to undermine access to EI, deterring some workers from even applying.

The AFB will introduce an EI benefit floor, as was done during the pandemic. This will ensure EI is more relevant to low-wage earners—many of whom are women, racialized, Indigenous or 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/week, 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 2027 maximum insurable earnings (MIE) to $83,000 and increasing it to $103,000 over the following five years. This is linked to Quebec's 2026 MIE for its QPIP parental benefit program.[21]

The AFB will set a 2027 maximum benefit rate of $1,063, triggered by the new MIE maximum and benefit rate percentage ($83,000 ÷ by 52 weeks × 66.6%). It is unacceptable that the many claimants with earnings above the MIE (which was $68,900 in 2026) end up with a benefit rate that is less than 66.6 per cent of their normal earnings. The *EI Monitoring & Assessment Report* reveals that just over half of all regular EI claimants (50.9 per cent)[22] had earnings above the MIE in 2024–25, an all-time high.

The AFB will limit sanctions when a claimant's employer reports an "invalid" job separation to a three-week disqualification. Such claimants are currently denied any EI benefits, including workers who did not file a complaint about harassment, exploitative conditions or wrongful dismissal. Historically, the program limited the sanction to three weeks beginning in 1971, and then seven to 12 weeks until 1993.[23] Other advanced economies apply a shorter disqualification period. The OECD has argued that harsh sanctions or the fear of them "can trap vulnerable individuals in low-wage positions, forcing them to accept the first suitable job offer, leading to skill degradation and reduced long-term earning potential."[24]

The AFB will permanently eliminate EI provisions that treat separation payments as earnings for EI purposes. This will allow workers to start receiving EI benefits sooner. This approach was applied repeatedly in 2020-22 and 2025-26. It has the added benefit of simplifying Service Canada processing.

The AFB will also undertake actions to do the following:

- Establish a government fair share contribution to annual EI costs with an initial contribution of 10 per cent and a pathway to a target of 20 per cent. The AFB measures in this chapter amount to 10 per cent of overall EI benefits. This re-establishes government as a tripartite contributor, a principle that held for most of the history of Employment Insurance in recognition that government bears some responsibility for unemployment. Prior to 1990, program costs were shared by employees, employers and the federal government. The restoration of a government contribution will allow for enhancements, while potentially lightening the premium-load 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.

Table 11.1 / AFB actions on Employment Insurance

All figures in millions

	2027-28	2028-29	2029-30
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	$1,098	$1,080	$1,063
Extend maximum duration to 50 weeks in all regions	$776	$764	$751
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	$65	$65	$65
Raise the standard benefit rate to 66.6% of normal earnings	$4,073	$4,007	$3,942
Establish a minimum benefit floor of $500 weekly, adjusted to inflation	$796	$799	$801
Raise the maximum insurable earnings (MIE)	-$1,476	-$3,010	-$4,515
Raise the maximum EI benefit to $1,108/week (55% of MIE)	$957	$1,883	$2,779
Reduce disentitlement period to three weeks for “invalid” job separations	$2,109	$2,075	$2,041
Discontinue allocation of separation payments to front end of EI claim	$511	$502	$494
Permanently enhance provincial/territorial transfers for training and employment supports		$190	$190
Provide benefits for the full duration of approved training	$183	$183	$183

- Offer self-employed workers a new “Special Benefits Plus” package with a training support benefit and an adjusted premium.
- Revise outdated provisions, such as making EI unavailable to unemployed teachers. Historically, when unemployment insurance was first introduced, teachers were able to cover their expenses over a 12-month period with the pay they received during the school year. Today there are other lower-paying arrangements in place for part-time and newer teachers on fixed-term contracts who are only paid for 10 months of teaching. They pay EI premiums and should have access to EI benefits if they’re available for other work in the non-teaching, non-paid months.
- Permanently enhance EI Part II transfers for training and employment supports via provincial/territorial labour market agreements with the addition of the $570 million temporarily allocated in response to tariffs and global market shifts. Such transfers will require a new emphasis on adjustment programming. They will also prioritize delivery using public education institutions, union training centres and community literacy organizations for all training and upgrading, including new EI Work-Sharing while learning agreements. Many current labour market agreements exhibit weak accountability and a lack of strategic focus, requiring a strengthened planning role for labour and business.

All the measures proposed here 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.

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First Nations

Rights holders and partners

Introduction

Federal, provincial and territorial governments are fast-tracking infrastructure and resource development on First Nations territories using processes that specifically bypass or exclude them, circumventing their unique rights and interests. This reflects ongoing patterns in which First Nations are positioned as stakeholders rather than rights holders, limiting meaningful participation in decisions that directly impact their communities and lands.

The way forward is to establish robust mechanisms to ensure that development proceeds in a way that benefits industry and all orders of government, including First Nations, and in a manner that respects First Nations' rights.

This chapter is focused on the following:

- Investing in First Nations students, workers and businesses to ensure they are supported and prepared to participate as full partners to development in their territories.
- Establishing mechanisms that ensure First Nations' participation in and economic benefit from those projects.

Doing so would support the broader pursuit of First Nations' fiscal autonomy, self-determination and the opt-in statutory funding regime that is necessary to establish the New Fiscal Relationship (NFR) between

First Nations and Canada. These actions would also reduce long-term costs associated with litigation, mediation, project delays, environmental remediation and court-ordered compensation.

Overview

As Canada seeks to become a global energy superpower, it has chosen not to treat First Nations as partners. Noting commendable exceptions such as the first two guarantees under the federal Indigenous Loan Guarantee Program (ILGP),[1] Canada is not leveraging First Nations business acumen, expertise and knowledge of their lands and waters.

This won't work. No development project will succeed long-term if it does not obtain First Nations' free, prior and informed consent. These requirements are enshrined in instruments like the *United Nations Declaration on the Rights of Indigenous Peoples*[2] (UN Declaration), which provides that:

Article 23: Indigenous peoples have the right to determine and develop priorities and strategies for exercising their right to development, to be actively involved in economic programs that affect them, and to administer such programmes through their own institutions.

Article 32(1): Indigenous peoples have the right to decide how their lands, territories, and resources are developed and used.

Article 32(2): States must consult and work in good faith with Indigenous representative bodies and obtain their free, prior, and informed consent before approving projects that affect their lands or resources, especially resource extraction.

Article 32(3): States must provide fair remedies and take steps to prevent or lessen environmental, economic, social, cultural, or spiritual harms caused by such activities.

Reconciling with First Nations is the surest way to secure sustainable economic growth. The recommendations at the end of this chapter outline how Canada can effect economic reconciliation through investments that advance First Nations' education, skills/training/certification, procurement, employment and entrepreneurial opportunity, and fiscal autonomy.

Health and socio-economic outcomes depend largely on social and environmental determinants,[3] with income, income security and educational attainment considered to be among the most important. First

Nations have also always known that language, cultural continuity and self-determination are also among the most important determinants.

As former Truth and Reconciliation Commission of Canada Chair, The Honourable Murray Sinclair, famously said, "Education is what got us into this mess and education is key to getting us out of it." Sinclair also observed that education did not merely fail First Nations. It was central to creating the conditions that produced and sustain intergenerational poverty, housing and infrastructure gaps, and economic exclusion. Education and gainful employment are the key to dismantling longstanding barriers to health, wellness and economic self-determination.

The new fiscal relationship

In 2016, the Assembly of First Nations (AFN) and Indigenous Services Canada (ISC) agreed to establish initiatives that would advance First Nations' right to self-determination and support efforts to close persistent socio-economic gaps.

The creation and uptake of New Fiscal Relationship (NFR) 10-year grants represents significant progress in economic reconciliation. This is a successful first step in the transition to fiscal autonomy for First Nations because it provides more flexibility and predictability in how First Nations governments can use funding to address their priorities. It consolidates and escalates program funding for the areas enumerated in section 6(2) of the Department of *Indigenous Services Act*,[4] including health, infrastructure, economic development, education, and governance through Band Support Funding (BSF) and other Indigenous governance and capacity supports provided by ISC.

By the end of 2024-25, ISC had provided more than $6.5 billion in NFR grants to 160 First Nations.[5] By 2026 there were 191 recipients,[6] 173 of which are First Nations. Average grant escalation was 4.9 per cent, adding $48 million to recurring recipients. However, the Office of the Auditor General of Canada reported in May 2026 that, over a period of 10 years, ISC had not effectively implemented, monitored or assessed the NFR initiatives it had committed to. These included replacing the Default Prevention and Management Policy[7] and the development and implementation of a mutual accountability framework that would be centered on measurable outcomes for closing socio-economic gaps between First Nations and other Canadians.

The Joint Advisory Committee on Fiscal Relations (JACFR)[8] has outlined many more elements of the NFR, that remain unimplemented.

Among these are building First Nations statistical[9] and fiscal policy[10] institutions and establishing a First Nations Auditor General.[11]

It is in Canada's interest to prioritize the ongoing transition to the NFR. Ultimately, that means implementing JACFR Recommendation 11, developing a regime of optional statutory transfers to be made available to First Nations governments, where eligibility for those transfers is tied to a commitment to collect and share statistics and to be subject to performance audits by a First Nations Auditor General.

Meanwhile, Band Support Funding is the key source of capacity support for First Nations governments and funding for community-based professional personnel. This funding is a core constituent of NFR grants. Although NFR grants ease reporting and provide escalation, funding still falls far short of actual governance needs.

A recent AFOA Canada report[12] on modernizing Indigenous governance and capacity programs reconfirmed what First Nations have long expressed: funding is well below the level of actual expenditures in each of the ten governance functions ISC recognizes. Further, it does not account for the seven additional functions of modern governance: human resource management; information management and technology; robust financial management systems; creation and implementation of laws, bylaws and codes; community planning; and accountability and community engagement processes.

Current funding only meets, on average, 30 per cent of First Nations' financial governance needs. An immediate tripling of BSF is warranted.

Canada must also:

- Support more First Nations to qualify for the NFR grant.
- Before the first 10-year grants are up for renewal in 2029, create an optional regime for eligible First Nations to graduate into a statutory funding arrangement rather than renew.

First Nations Benefits Sharing Framework

To supplement this federal funding, industry and all orders of government should work to develop a First Nations Benefits Sharing Framework (FNBSF) that guarantees First Nations' participation and revenue-sharing in all projects occurring in their territories. This is not only to support fiscal autonomy for First Nations, but to ensure Canada is successful in its nation-building ambitions. It is true partnership with First Nations that will improve project certainty, avoid delays, and promote the increased foreign direct investment and competitiveness in global energy markets that Canada aspires to.

Education and labour market initiative

The First Nations Labour Market Initiative (LMI) pilot, under the Indigenous Skills and Employment Training (ISET) Program, is a critical tool for strengthening employment strategies and advancing economic development in First Nations. By filling longstanding data gaps, the project equips communities with accurate, First Nation-specific labour market information to identify workforce needs, design training programs, and create targeted employment strategies that support long-term growth, wellness and self-sufficiency.

In value-for-money terms, the LMI represents the best-known strategy[13] for addressing First Nations-specific challenges with respect to labour productivity, unemployment and underemployment. Transitioning the pilot into a national, permanent component to the ISET Program would go a long way to closing the educational attainment rate, employment rate, employment income, and employment productivity gaps between First Nations and non-Indigenous Canadians. The Centre for the Study of Living Standards has estimated cumulative GDP gains of $457 billion by 2041 if Indigenous labour outcomes improve.[14] Other estimates[15] project a $26.7 billion annual GDP increase and $6.7 billion in net fiscal benefits from fewer people living on low income.

First Nations procurement authority

Adequate labour information and training will only add to the fact that First Nations are poised to participate more fully in the domestic and global economies and to contribute to Canada's nation-building ambitions. Since 1996, the Procurement Strategy for Indigenous Business has been well-intended but largely ineffective in advancing First Nations' economic participation. Efforts to ensure that a minimum five per cent of the total value of federal contracts is held by Indigenous businesses have been characterized primarily by fraud and lack of due diligence. This has been documented extensively, including by the Office of the Auditor General of Canada and the Procurement Ombud,[16] who recently summarized the Procurement Strategy for Indigenous Business as a "cascading failure."

The way forward is First Nations–led certification and procurement support. The First Nations Procurement Authority (FNPA) was incorporated in May 2025. All levels of government and industry should commit to supporting and partnering with the FNPA and to attaining a five per cent First Nations procurement target.

This, alongside other investments in First Nations education outlined in the actions listed below, will support First Nations workers and businesses to contribute to the One Canadian Economy as well as the global economy.

Actions

The AFB will increase Band Support Funding to $1.329 billion per year (5.06 per cent escalator) beginning in 2027-28 to support the modernization of governance funding and the New Fiscal Relationship (NFR) transition.[17]

The AFB will invest $65.68 million in contributions annually to First Nations Indigenous Skills and Employment Training (ISET) agreement holders, to transition the First Nations Labour Market Initiative (LMI) pilot into a fully funded national program that includes all 95 First Nations ISET agreement holders.

The AFB will invest $36.6 million over five years to support the operations of the First Nations Procurement Authority in delivering a national certification and procurement support system. Further, it will commit all federal departments and new entities like Build Canada Homes and the Build Communities Strong Fund to achieving a five per cent target for genuine First Nations procurement.[18]

The AFB will establish new, reliable financing mechanisms for First Nations to better address housing and infrastructure needs, including $200 million per year over 20 years to establish a dedicated Infrastructure Monetization Program.[19]

The AFB will renew and double the Indigenous Community Infrastructure Fund to $8.6 billion over four years and include a First Nations-specific stream.

The AFB will renew the $2.4 billion over five years announced in budget 2022 to support First Nations on-reserve housing.

The AFB will enhance funding for First Nations education infrastructure to meet safety and overcrowding standards and adhere to best practices in asset management with $2.59 billion in operations and maintenance funding and $5.76 billion in capital funding to construct, operate, and maintain First Nations schools and teacherages over the next five years.[20]

The AFB will establish a new permanent First Nations adult education program to close the secondary school attainment gap, reduce poverty and increase employment opportunities for First Nations adults. This stream of funding would replace the time-limited $350 million over five

Table 12.1 / AFB actions on First Nations

All figures in millions

	2027-28	2028-29	2029-30
Increase Band Support Funding	$1,122	$1,190	$1,260
Transition the First Nations Labour Market Initiative (LMI) pilot into a fully funded program	$66	$66	$66
Support the operations of the First Nations Procurement Authority	$7	$7	$7
Establish a dedicated Infrastructure Monetization Program	$200	$200	$200
Renew and double the Indigenous Community Infrastructure Fund	$2,150	$2,150	$2,150
First Nations on-reserve housing	$480	$480	$480
Education - Operations and Maintenance	$330	$510	$710
Education - Capital	$246	$392	$541
Establish a new permanent First Nations adult education program	$194	$194	$194
Replace aging First Nations school buses	$304	$304	$304
Sign Regional Education Agreements (REAs) for First Nations education	$846	$846	$846
Renew and expand the Indigenous Languages Act Section 8 & 9 agreements	$45	$45	$45
Support First Nations to research their specific claims	$35	$35	$35
Initiate a constitutional review of the Natural Resources Transfer Agreements and re-commit to a National Benefits Sharing Framework	$28	$28	$28
Enhance the Pacific Salmon Strategy Initiative	$47	$47	$47
Support First Nations' engagement in the Canada Water Agency legislation development	$25	$25	

years investment announced in budget 2021. It would amount to $194 million per year.

The AFB will ensure reliable access to education for First Nations by investing an additional $1.52 billion over five years to replace aging school buses.

The AFB will restore and enhance First Nations elementary and secondary education with $4.23 billion over five years to sign Regional Education Agreements and cover the true costs of First Nations education.

The AFB will renew and expand the sunsetted funding for *Indigenous Languages Act* section 8 & 9 agreements with a total of $233 million over five years. These agreements allow First Nations and First Nations organizations to enter into collaborative agreements with the federal government and provincial and/or territorial governments (tripartite) to advance language revitalization efforts.

The AFB will renew and increase Specific Claims research funding to $35 million per year over five years as called for by the First Nations-in-Assembly through AFN Resolution 57/2025, Condemning Canada's Specific Claims Research Funding Cuts.

The AFB will:

- Initiate a constitutional review of the Natural Resources Transfer Agreements and their equivalents in other provinces and territories, for compatibility with section 35 of the *Constitution Act*, 1982.
- Work with First Nations and their representative institutions to develop a First Nations Benefits Sharing Framework (FNBSF) that guarantees participation and revenue sharing for First Nations in the development of infrastructure and natural resources on their territories.
- Commit $142 million over five years to support these activities, which are of a scope and scale akin to the Royal Commission on Aboriginal Peoples.[21]

The AFB will enhance the recently renewed Pacific Salmon Strategy Initiative ($412.9 million over five years) to the $647 million announced in budget 2021. The additional $234 million will be dedicated to First Nations-led initiatives for the long-term protection and restoration of both Atlantic and Pacific salmon.

The AFB will invest $25 million per year for two years to support First Nations' engagement in the development of Canada Water Agency legislation, policies and programs. This will include the modernization of the *Canada Water Act* and a National Water Security Strategy.

Notes

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3 This was well established even before the landmark 1974 Lalonde Report. See: Marc Lalonde, *A New Perspective on the Health of Canadians: A working document*, Government of Canada, April 1974, https://www.phac-aspc.gc.ca/ph-sp/pdf/perspect-eng.pdf.

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10 *Ibid*., JACFR Recommendation 19.

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Food security

A holistic national food strategy

Introduction

Canada's food security is facing systemic failure. This is playing out at the household, community and national levels.

At the household level, food insecurity affects nearly 10 million people, including 2.4 million children.[1] Despite a small decline in 2025, the current rate remains among the highest recorded in 20 years of monitoring.[2]

At the community level, Indigenous and Black people face food insecurity at rates far exceeding the national average. This is driven by the lasting impacts of colonialism, land dispossession, structural racism, land access barriers and chronic underinvestment in community-led food systems.[3]

At the national level, heavy reliance on concentrated global commodity chains, underdeveloped regional infrastructure and a grocery retail sector where five chains control roughly 80 per cent of the market are all making food security fragile.[4] An agricultural sector based on raw export and a high reliance on highly processed imports also leads to downstream effects like biodiversity loss and high carbon emissions from agriculture, low resilience to things like extreme weather and trade disruption, and some of the highest levels of diet-related diseases in the OECD.[5]

In January 2026, the federal government announced plans to develop a National Food Security Strategy. It also introduced new income supports such as the Grocery and Essentials Benefit and it promised to support the Competition Bureau and invest in food infrastructure.[6] This is a promising recognition that food security spans household income, food supply chains and market concentration.

The AFB will take action across three linked areas: fulfilling the right to food through income supports; strengthening food system resilience through food sovereignty and infrastructure investments; and addressing corporate concentration across the food chain.

Overview

Canada's food security crisis stems from three interconnected problems: an income floor with multiple structural gaps; a food system that is built for export rather than domestic markets; and corporate over-concentration.

1. Gaps in the income floor

There is clear evidence that adequate income supports are essential for eradicating household food insecurity. When low-income seniors began receiving Old Age Security and the Guaranteed Income Supplement at age 65, household food insecurity in Canada was cut in half.[7] Food insecurity stabilized in 2020 and 2021 due to pandemic benefits, but it spiked in 2022 when those benefits were phased out.

Today, the income floor has significant structural gaps. Working-age adults between 18 and 64, especially those living alone, fall through nearly every current income support program, with only provincial social assistance sometimes available. One in three of these adults is food insecure.[8] About 70 per cent of households on social assistance are food insecure.[9] For many workers, wages cannot keep up with increasing rents. Almost 90 per cent of main income earners in food insecure households have permanent and full-time employment.[10]

People with disabilities face food insecurity at twice the national rate,[11] yet the Canada Disability Benefit is set at $200 per month. The Disability Tax Credit, which is required to access the Canada Disability Benefit, remains inaccessible to many who need it.

Households earning below the poverty threshold are twice as common among Indigenous, Black and racialized people.[12] In Northern, rural and remote communities, the income problem is compounded by extreme cost-of-living gaps. In these regions, food costs are often two to three times higher than in the rest of Canada.[13]

2. Canada's food system is built for export markets, not Canadians

Decades of federal agricultural investment oriented towards raw exports have left Canada's domestic food system thin and fragmented. We import most of our fresh produce and processed foods, while exporting bulk commodities. Our agricultural system produces plenty, but it's not aligned with the nutritional or cultural needs of our population.

There is a "missing middle" of regional processing, cold storage and distribution infrastructure, particularly in Northern and remote areas. Small- and medium-scale producers face challenges accessing institutional markets without intermediaries that capture most of the value. The public funding used for procurement in hospitals, schools, correctional facilities and military bases remains almost entirely untapped as a tool for building regional food resilience.[14]

Canada is also facing a farmland crisis. With 40 per cent of farmers approaching retirement, new and/or equity-deserving farmers face high risk and insecurity due to the lack of protection of prime farmland from development, high debt burdens and increasing rents on farmland arising from speculation.[15]

For Indigenous and Black communities, the barriers are much bigger. Colonial policies have disrupted traditional food systems and severed ties to ancestral lands for Indigenous communities.[16] Regulatory frameworks designed for industrial food production block their traditional harvesting practices and create structural barriers to the trade of wild game between communities. Indigenous food sovereignty initiatives face chronic underinvestment and funding models that are misaligned with seasonal harvesting cycles and Indigenous governance. Black food insecurity disparities are also connected to broader inequities in income, housing, employment, land and resource access.

3. Corporate concentration has led to a market failure

Five chains control approximately 80 per cent of Canadian grocery retail. This is not a competitive market. It is an oligopoly that uses property controls, exclusionary contracting and market dominance to entrench itself, suppress alternatives and extract value from every part of the supply chain. Between 2020 and 2023, grocery prices increased by more than 30 per cent while mega-grocers more than doubled their profit margins and grew total profits by more than 120 per cent.[17]

The Nutrition North Canada program is the clearest case study of what happens when public money flows through a concentrated system without accountability. Since 2011, more than $1 billion in subsidies has flowed in great part to large retailers in the south rather than to Northern communities.[18] Meanwhile, food insecurity in Nunavut affects 56.4 per cent of all residents and 67.6 per cent of children.[19] Research has shown that the program has subsidized private monopoly retail while often not passing on the subsidy to lower grocery prices.[20]

We need a holistic National Food Security Strategy

Taking stock, we can see how Canada is failing to achieve five dimensions of food security as defined by the Food and Agriculture Organization (FAO) of the United Nations:

- Availability: Canada produces sufficient food, but supply chains for domestically produced foods are fragile. There are critical gaps and access to made-in-Canada products is uneven.
- Access: Inadequate income is the primary driver of household food insecurity.
- Utilization: Even when food is available and affordable, communities may lack the infrastructure (such as accessible retail, kitchens, means of transport and clean water), and culturally appropriate options for using it well.
- Stability: Supply chain shocks, climate change and corporate concentration all undermine the stability of food access over time.
- Agency: Communities are systematically unable to participate in and shape the food systems they depend on.

These failures are intertwined and demand a simultaneous, multi-faceted response. Raising incomes without building food infrastructure such as processing, transport, storage and institutional kitchens means income supports will act as an indirect subsidy to private actors who have captured the market. Building food infrastructure without income supports means not reaching those most in need. Both will be undermined as long as corporate concentration captures public investment and Northern communities remain dependent on subsidized private monopolies.

Actions

1. Fulfilling the right to food

The AFB will legislate national food insecurity targets by fall 2027. It will cut household food insecurity by 50 per cent and eliminate severe food insecurity by 2030 (using 2021 as the baseline). These targets align with Canada's Poverty Reduction Strategy and United Nations Sustainable Development Goals.

The AFB will establish an advisory Food Security Council modelled after Brazil's National Food Council, which advised that country's government on food security strategy and helped take it off the FAO's hunger map.[21] Accountability mechanisms will include participatory governance between civil society and delegates from government ministries. It will also convene national consultation processes. Progress will be tracked annually using disaggregated data by race, Indigeneity, age, gender, sexual orientation, disability and geography.

The AFB will strengthen income supports across people's lifespans, including a new $9,000 Canada Livable Income for working-age adults living in poverty, a top-up for families with children in poverty, and major improvements in the Canada Disability benefit.

The AFB will introduce a $5,000 annual Northern Supplement for territorial recipients, recognizing that food costs two to three times more in many Northern communities. This will be shared along the Canada Disability Benefit, the Canada Child Benefit, and the Canada Grocery and Essentials Benefit, ensuring that no children or adults in Northern regions are excluded.

The AFB will expand income and other supports for land-based food providers. It will:

- Expand the hunters and harvesters benefit, one of the most successful existing components of Nutrition North.
- Fund permanent, salaried land-based positions, hunters, fishers and foragers as recognized community infrastructure, at $100 million over five years.
- Explore pathways for hunting and harvesting to be recognized as skilled trades, providing workers access to training and professional recognition.

The AFB will mandate race-based data collection on land access, farming and food insecurity across all relevant federal programs. This addresses a critical gap that has limited the targeting of support to the communities that need it most.

2. Strengthening food system resilience

The AFB will invest in mechanisms that enhance food sovereignty and local food infrastructure because income alone cannot solve food insecurity when entire communities lack access to affordable, reliable and culturally appropriate food. It will prioritize Indigenous and Black food sovereignty, domestic procurement, regional infrastructure and a reformed Nutrition North.

The AFB will mandate a "Buy Canadian, Buy Local" policy across the federal government's institutional food service market, comprising hospitals, schools, correctional facilities and other public institutions. This includes tiered regional sourcing targets for small and medium producers, dedicated procurement pathways for Indigenous food producers and traditional foods, and a requirement that 30 per cent of the food for the National School Food Program, correctional facilities and hospitals food is sourced locally or regionally. **The AFB will** also call for a renegotiation of CETA, which will enable local food procurement by public institutions. This policy creates a transformative demand signal for regional food economies at essentially no net cost.

The AFB will invest $200 million over five years in the regional aggregation, processing and distribution infrastructure that connects producers to institutional and community markets. This includes physical infrastructure (meat processing, fruit and vegetable preparation, cold and dry storage, commercial kitchens, refrigerated transport) and soft infrastructure (inter-hub trade facilitation, training and extension, traceability and safety compliance, co-operative marketing strategies, national food network organizations). Funding is to be for applicants that are small and medium businesses, co-operatives, social enterprises, non-profits and Indigenous organizations. Funding is to be flexible, outcome-oriented and accessible to organizations without large capital reserves. It must also link food hub development to institutional procurement commitments, creating the reliable anchor demand that makes hubs economically viable.

The AFB will undertake a comprehensive reform of Nutrition North Canada, in partnership with Indigenous leaders and communities. The program has spent more than a billion dollars in public subsidies since 2011, yet food insecurity in Northern territories remains extremely high. As such, **the AFB will**:

- Adjust subsidy rates to reflect actual community needs, supported by a full independent audit of program outcomes conducted with Indigenous community oversight.
- As stated above, significantly expand the hunters and harvesters benefit, recognizing land-based food provisioning as the foundation of Northern food sovereignty.
- Introduce subsidy claw backs and accountability mechanisms for monopoly retailers that are not passing subsidies on to consumers, redirecting those funds to community-led alternatives.
- Expand funding for alternatives to monopoly grocery in the North, including community buying alliances, co-operative stores, and community-owned retail models that keep value within communities.

The AFB will commit $50 million to fully implement the *United Nations Declaration on the Rights of Indigenous Peoples* and co-develop an *Indigenous Food Sovereignty Act*, affirming Indigenous jurisdiction over food systems through land access, resource rights and climate-resilient strategies. Indigenous governing bodies will have co-governance roles in all national food security architecture.

The AFB will provide $200 million over 10 years in unrestricted, multi-year, community-controlled core funding for Indigenous-led food sovereignty initiatives, aligned with Indigenous governance protocols and seasonal harvesting cycles.

The AFB will allocate $50 million over five years to reform food safety regulations that currently block traditional food practices from participating in formal food systems, and to address the interprovincial and territorial regulatory barriers that prevent wild game from being traded and shared between communities. Indigenous food producers will have dedicated pathways in all institutional procurement streams.

The AFB will fund $50 million to co-develop a National Black Food Sovereignty Strategy with Black-led organizations, covering land access, food infrastructure and culturally rooted food systems. Black Canadians experience household food insecurity at a rate of 41.3 per cent, double the national rate. This reflects structural racism in income, employment, housing and land access accumulated over generations. Dedicated, sustained investment is required.

The AFB will also invest $200 million over 10 years in unrestricted funding for 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; and invest $50 million over five years in Black-led food sovereignty research.

The AFB will invest $100 million over three years in grants, loans and training for non-profit, co-operative and solidarity grocery models. This includes community-owned stores in food deserts and in Northern communities. These models will be connected to regional food hub networks as priority distribution outlets.

The AFB will invest $5 million into research and consultation on a national public grocery network. The infrastructure that moves food from producer to consumer is dominated by the same concentrated corporate interests that have made Canadian groceries among the most expensive in the OECD. Without public intervention, investment in local food infrastructure will continue to be absorbed or marginalized by monopolies, while public funds such as school food programs will go straight to private monopolies.[22]

3. Increasing competition in food retail and community control over it

The AFB will pursue public interest regulation to address corporate concentration. Competition reforms can help improve food affordability and security by regulating anti-consumer practices such as mergers and consolidation, price fixing, price gouging, property controls in grocery retail, exclusivity arrangements and algorithmic pricing.[23] These all limit the power of the consumer and small players in the face of a highly concentrated and unfair playing field. They increase unaffordability for the wider population.

The AFB will develop a regulatory framework that supports small- and medium-sized producers and makes those enterprises eligible for public support, funded by windfall taxes on concentrated corporate profits. The AFB Implementation Act will legislate an exemption to trade agreements enabling progressive tariffs on processed foods and commodities used for domestic food processing so that domestic food processing, storage and distribution enterprises can develop without pressure from global competition. This will increase food security, shorten and strengthen supply chains, increase employment, and promote the development of a Canadian food culture. Non-profit and co-operative models are the preferred vehicle for this as surplus will stay within the enterprise and cannot be extracted by shareholders.

The AFB will increase the Competition Bureau's budget by 25 per cent to $93 million and strengthen its powers to block mergers, dismantle property controls and exclusionary contracting, regulate deceptive

Table 13.1 / AFB actions on food security

All figures in millions

	2027-28	2028-29	2029-30
Establish Food Security Council	$50	$50	$50
Introduce the Northern supplement to offset high food prices in the north	$680	$706	$733
Double the hunters and harvesters benefit	$20	$20	$20
Fund permanent salaried land-based positions, hunters, fishers, and foragers	$20	$20	$20
Regional food infrastructure	$40	$40	$40
Implement the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and enact an Indigenous Food Sovereignty Act	$25	$25	
Indigenous-led food sovereignty initiatives	$20	$20	$20
Reform food safety to support traditional practices	$10	$10	$10
Develop National Black Food Sovereignty Strategy	$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
Support non-profit and co-operative food retailers and public markets	$33	$33	$33
Research and consult on a national public grocery network	$5		
Increase the Competition Bureau's budget and powers to address corporate concentration	$19	$19	$20

practices, and enforce pricing transparency across the grocery sector. **The AFB will** allow the Competition Bureau to track corporate profits and price gouging, and will mandate transparent shareholder reports every quarter. **The AFB will** make it easier to file complaints with the Competition Bureau, including through dedicated support for navigating the complaints process, a simplified online intake system, and funded consumer and food sector advocacy organizations.

The AFB will extend windfall taxation to excess profits across the food supply chain, including in oil, fertilizer, machinery, seed, processing, slaughterhouses, distribution and retail, directing revenues to fund local food system support. Unit price labelling will be mandated across all grocery and food retail formats.

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Gender equality

Investing in a gender-just future

Introduction

Rising levels of economic insecurity and government neglect now threaten the advance of gender equality in Canada. The federal government's narrow set of "nation-building" priorities are focused on re-creating a past Canadian economy by investing in male-dominated industries and the military.[1] The 2026 Spring Economic Update (SEU) doubled down on this framing by introducing a Canada Strong Fund and a Canada Strong Team strategy wholly focused on housing, physical infrastructure and defence.[2]

There's no mention of the commensurate investments needed to sustain and enhance Canada's care economy or the health and social services that we all rely on, sectors where women workers predominate. There's no word about future investments in child care, pharmacare, gender-based violence, health care, education or labour—the things that make all other nation-building possible. There is no concern about the widening gap in wealth and income.

The government's economic plan reinforces the myth that women's labour is not essential to the economy, that the care economy itself is not the foundation of a strong and resilient country. It also ignores the reality that service industries 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, the AFB will make the investments necessary to strengthen

Canada's essential physical *and* social infrastructure. This will create the conditions necessary for all to thrive, providing the foundation of a resilient, inclusive and gender-just future.

Overview

Federal budgets of the recent past delivered important gains for women and gender-diverse people, including historic investments in child care and pharmacare as well as the first-ever National Action Plan to End Gender-based Violence[3] and Federal 2SLGBTQI+ Action Plan.[4] 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 create much-needed shelter spaces.[5]

The new Liberal government elected in April 2025 had promised to preserve these programs.[6] Then it was revealed in July 2025 that Women and Gender Equality Canada (WAGE) was facing an 80 per cent funding cut, with several time-limited funding programs set to expire.

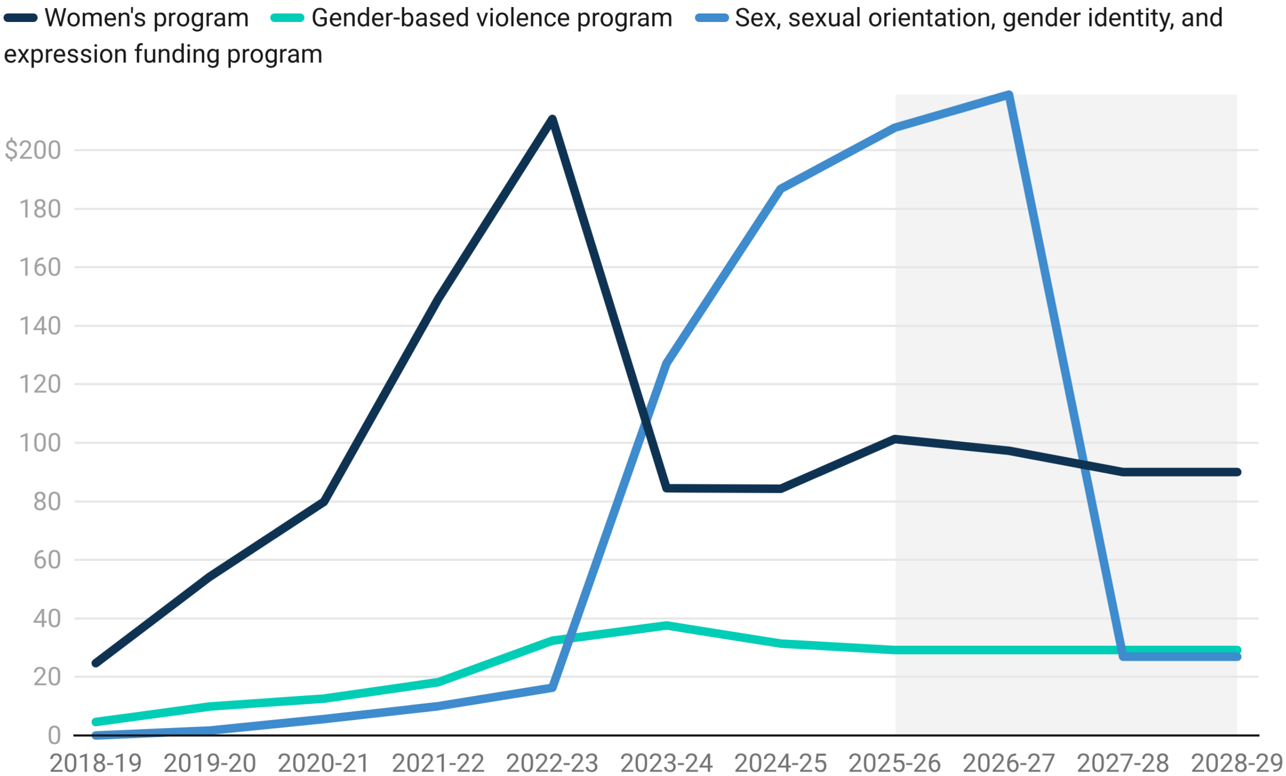
Gender equality organizations rallied to save critical community services and supports along with the national infrastructure that has been key to advancing gender equality in Canada over the past decade. On October 29, 2025, six days before the budget, the government changed course. A total of $660.5 million was announced, to be spent over five years, with $132.1 million ongoing, for the three grants and contributions programs hosted by WAGE.[7]

November's federal budget confirmed new funding for WAGE. It also introduced a refundable tax credit for personal support workers of up to $1,100 and promised to create a voluntary code of conduct for federally regulated banks aimed at preventing economic and financial abuse, particularly affecting women and Indigenous communities.[8] A new Workforce Alliance on the Care Economy was announced,[9] something of a surprise because a Sectoral Table on the Care Economy had been struck in 2024 and then quietly disbanded in 2025 without ever having met.

Not long after he became the new Liberal leader, Mark Carney dropped the Minister of Women and Gender Equality from his first cabinet and folded WAGE into Heritage Canada.[10] Once elected, his new Liberal government walked back the WAGE demotion, but questions linger about the depth of its commitment to gender equality. What's the status of the National Action Plan to End Gender-based Violence and Calls for Justice

Figure 14.1 / WAGE grants and contributions funding by program

$millions, 2026 dollars, 2025-26 are forecast values, 2026-29 are planned values



Note GBV projects are funded under the GBV program and the Women's program. Provincial and territorial transfers under the National Action Plan to End Gender-based Violence are included under the SSOGIE program.
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from the National Inquiry into Missing and Murdered Indigenous Women and Girls? Where is the new *Employment Equity Act*? What's holding up the implementation of pay equity in the federal public service?[11] What about the Federal 2SLBGTQI+ Action Plan? What about the plans for increasing and expanding the Canada Disability Benefit? Will Canada meet its 2023 poverty reduction targets?

We continue to wait for the answers.

Meanwhile, violent crime is rising. Violence committed by intimate partners against women was up by 6.8 per cent between 2019 and 2024. The rate of increase in violence committed by non-intimate partners was even higher: 11.4 per cent.[12] Rates of sexual assault, physical assault and criminal harassment targeting women and girls are all much higher than in 2019 and higher than a decade ago.[13] 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 its 2022 ten-year National Action Plan to End Gender-based Violence, initially flowing $525 million over five years to the provinces and territories via bilateral agreements to support GBV services.[14] In July 2026, after considerable pressure from advocates and service providers, the bilateral agreements were renewed with an investment of $607.4 million over four years to start in 2027-28.[15] These agreements provide crucial support, but concerns remain about what is being achieved in the absence of strong national standards and accountability.[16] Evidence suggests 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. The federal government's contribution to the National Action Plan is confined largely to support for research and training with, at this time, no independent oversight, specific action items or long-term planning.[17]

Last-minute bridge funding for the National Family and Survivors Circle was included in the SEU, but no word about the renewal of the Ending Violence Against Indigenous Women, Girls, and 2SLGBTQQIA+ National Action Plan set to expire in 2028.[18] Budget 2021 set aside $2.2 billion to "accelerate" work towards "a transformed Canada where Indigenous women, girls, and 2SLGBTQI+ people, wherever they are, live free from violence."[19] Five years later, many commitments have been made but Canada has failed to deliver the transformative change it promised.[20]

The Native Women's Association of Canada (NWAC) writes in its 2024-25 scorecard that "the lack of transparency, inadequate funding, and absence of Indigenous-led accountability mechanisms have undermined trust and jeopardized progress."[21, 22] Indigenous groups are sounding the alarm about the potential expiry of many critical health and social services.[23]

One of the key issues in fighting gender-based violence is difficulty in recruiting and retaining frontline staff,[24] a common issue across all sectors in Canada's care economy. People in these sectors have been working flat out since the pandemic, amid funding shortfalls, stagnant wages, workforce shortages, entrenched service silos and the steady creep of privatization. With a precarious workforce largely composed of women and racialized people, the state of our care economy needs much more attention. Public-sector job losses and provincial austerity programs are already hitting workers hard.[25]

There have been several positive steps to strengthen women's labour market position in recent years, but new federal initiatives have repeatedly lacked the vision and resourcing to generate real change. For example, proactive pay equity legislation has come into force for 5,000 federally regulated employers, but the deadline for submitting pay equity plans has been pushed years beyond the original 2024 cut-off.[26] There is still no government response to the *Report of the Employment Equity Act Review Task Force*, submitted in December 2023[27] regarding proposed reforms or recognizing Black people and 2SLGBTQI+ people as designated groups under the act.[28]

It is hard to escape the conclusion that Trudeau-era policy initiatives are being sidelined—or addressed as afterthoughts, like the legislated requirement to do equity analyses of new budget measures, reduced to a list of bullet points in the 2026 SEU.

Nowhere is this more evident than in the resounding silence of the future of pharmacare. National pharmacare legislation and the initial investment of $1.5 billion to provide free coverage of diabetes medication and contraception through a single-payer system was a huge advance for all Canadians, especially women and low-income families.[29] Four agreements were quickly signed with British Columbia, Manitoba, Prince Edward Island and Yukon before the federal election.[30] Early evidence from British Columbia shows that the program is already generating benefits for residents as access to birth control has expanded.[31]

Now it appears that the government is backtracking, positioning the four existing programs as "pilots," thus leaving those provinces potentially holding the bag when their funding agreements expire.[32] The federal government has moved to make the Sexual and Reproductive Health Fund permanent,[33] but these efforts can only be truly successful within the context of an inclusive, high-quality public health care system, which includes universal pharmacare.

Likewise, there are mounting concerns that the government is preparing to scale back support for its new child care program even as demand for service has exploded.

All of this is happening amidst far-right attacks and widespread disinformation campaigns on gender equality and 2SLGBTQI+ rights. This has become especially urgent as several provinces are introducing laws that target protections for queer and trans youth in schools and restricting access to public services. Alberta is the most recent example, introducing legislation and preventing courts (via the use of the notwithstanding clause) from reviewing three laws that restrict the rights of trans youth and adults in health care, education and sport.[34]

In the context of rising intolerance and hate, new funding for 2SLGBTQI+ groups and resourcing for projects that build and sustain 2SLGBTQI+ community resilience are crucial.[35] 2SLGBTQI+ groups were looking for reassurance that the Federal 2SLGBTQI+ Action Plan will be renewed. They are still waiting; no word in the SEU.

Actions

1. The AFB will prioritize 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.[36] An additional $20 million over three years will be invested to expedite the work of the Office of the Pay Equity Commissioner and the Office of the Accessibility Commissioner. These offices will 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.

The AFB will also commit $7.5 million per year in additional funding above what is currently being allocated to support an expanded mandate for the Workforce Alliance for the Care Economy, pursuant to Canada's obligations as a member of the Global Alliance for Care[37] and the requirements set out in the International Labour Organization's 5R framework for decent care work.[38]

The AFB will also modernize and strengthen social protections for workers, such as Employment Insurance, to reflect current and future labour realities such as ensuring migrant care workers have decent work and the opportunity to apply for permanent residency.[39] **The AFB will** allow new parents to stack regular EI benefits with special benefits for parental leave, extending parents' reference and benefit period to 104 weeks, and it will boost benefit levels for new parents in line with Quebec's program. **The AFB will** also prioritize opportunities for women, youth, people with disabilities and other underrepresented groups through new investments in decent jobs in strategic industries and infrastructure projects, including the care economy and climate action.

2. The AFB will invest $360 million over three years to stabilize the gender-based violence shelter and transition-house sector and address fundamental funding gaps in the National Action Plan to End Gender-based Violence, including support for sexual assault centres and legal aid services. The AFB will also support the creation of an independent mechanism to monitor and publicly report on progress and lessons learned from the Federal Gender-based Violence Strategy and the National Action Plan, setting the standards for systemic change.

These funds will also support the development of an independent mechanism to monitor and publicly report on progress and lessons learned from the Federal Gender-based Violence Strategy and the National Action Plan. **The AFB will** initiate negotiations to renew the National Action Plan by March 2027, with an investment of $200 million annually for five years.

The AFB will create an implementation plan to accelerate the fulfillment of the Missing and Murdered Indigenous Women and Girls Calls for Justice, with a view to renewing the Ending Violence Against Indigenous Women, Girls, and 2SLGBTQI+ National Action Plan. 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, to include women who are federal workers and current and former members of the military and RCMP. **The AFB will** also expand access to domestic violence leave to a minimum of 10 paid days and 10 unpaid days in federally regulated sectors (at a cost of $5 million per year) and commit additional funds for measures to counter anti-2SLGBTQI+ hate and gendered digital hate, violence and harassment in all its forms.[40]

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 plus other essential medications and supports. It will also expand and make permanent the Canadian Sexual and Reproductive Health Survey. It will also enhance and make permanent the national sexual and reproductive health survey and the Sexual and Reproductive Health Fund.

The AFB will also set a March 31, 2031, target for the expansion of the Canada-Wide Early Learning and Child Care program to ensure at least 65 per cent of children under the age of six in every province and territory have access to $10-a-day child care and to establish an Early Learning and Child Care Workforce fund to increase and regulate wages for workers in licensed child care settings and provide access to pension benefits.

Table 14.1 / AFB actions on gender equality

All figures in millions

	2027-28	2028-29	2029-30
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
Boost funding for the Workforce Alliance for the Care Economy	$8	$8	$8
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
Renew funding under the National Actional Plan to End Gender-based Violence	$200	$200	$200
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
Increase funding to counter anti-2SLGBTQI+ hate and gendered digital hate, violence, and harassment	$8	$8	$8
Renew the federal 2SLGBTQI+ Action Plan	$20	$20	$20
Increase base funding to WAGE's women's programs	$60	$60	$60
Create a national gender equality plan and independent monitoring system	$2	$2	$1

4. The AFB will launch negotiations with the community and provide resources to review and update the Federal 2SLGBTQI+ Action Plan and to sustain core programs and bodies, such as the 2SLGBTQI+ Secretariat at Women and Gender Equality Canada (WAGE).

The AFB will increase base funding to WAGE's Women's Program to $150 million per year for multi-year funding for women's rights and gender equality organizations working at the local, regional and national levels. This will include $10 million per year in operational funding for national women's rights organizations working on systemic change.

The AFB will invest $5 million over three years to create a national gender equality plan and an 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. One of the key tasks of this new mechanism will be to track, using an intersectional lens, the impacts of the ongoing economic crisis on women and gender-diverse people.

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Health care

Re-building a system in crisis

Introduction

The first year of the Carney government saw little movement in supporting health care, despite most Canadians telling pollsters they believe the system is in crisis and that health care remains among their top issues of concern.

Indeed, the federal government currently sees public health care strictly as a provincial responsibility, which allows it to prioritize "hard power" spending on national defence, infrastructure, and attracting foreign investment through tax cuts and subsidies.

The only health care program of note in this government's first budget, $5 billion over three years in matching spending with provinces for new health infrastructure projects like hospitals, was not given to the Minister of Health to administer (as is usually the case for major health care transfers). Instead, it was handed over to the Minister of Housing and Infrastructure.

This stands in stark contrast to the previous government's approach under Justin Trudeau, which acknowledged an important federal role and increased federal contributions through the Canada Health Transfer, bilateral agreements, and by establishing the Canadian Dental Care Plan and the *Pharmacare Act*.

Despite campaigning on these popular health care programs, the Carney government has frozen and even rolled back federal health care programs. This includes cutting over a thousand jobs at Health Canada and related agencies.

Overview

Pharmacare

The long-promised national universal pharmacare program has stalled, leaving only four provinces and territories receiving federal funding to provide residents with free contraceptives and diabetes treatments. This means only one in five Canadians can benefit from the program.[1]

The *Pharmacare Act* received Royal Assent in 2024, and the Trudeau government signed three funding agreements with Manitoba, British Columbia and Prince Edward Island. The Carney government signed a fourth agreement with Yukon before the federal election, but no new agreements have been signed since.[2] The Newfoundland and Labrador's health minister has complained publicly that her federal counterpart has refused to initiate negotiations for that province to join the federal program.[3]

The medical community agrees that pharmacare will save lives, prevent more costly preventable conditions and help the economy through a healthy workforce.[4] Provinces and territories are being denied hundreds of millions in funding because the federal government is dragging its feet.

The nursing shortage

Nurses' working conditions have been deteriorating for decades. Hospitals routinely operate over capacity and are understaffed. Violence and harassment are increasing, as are burnout and psychological distress. There are nearly 30,000 nursing vacancies in Canada, and filling these positions would only achieve the bare minimum required to operate the health care system.[5] As a stop gap, employers are relying on private nursing agencies. This costs the public significantly more than hiring permanent nurses while destabilizing health care teams.[6]

More than one in three nurses are considering leaving their current job or the nursing workforce within the next year, with insufficient staffing levels ranked as the top factor considered when leaving a job.[7] Staffing levels and nurse attrition are locked in a vicious cycle: low staffing levels lead to worse working conditions, which lead to nurses leaving the profession, which leads to lower staffing levels, etc.

Job cuts

Health Canada and the Public Health Agency of Canada play central co-ordination and regulation roles in our health system. On-the-ground medical care falls to the provinces, but this work is backstopped by federal regulations on health products and food, federal investments in chronic disease prevention and health promotion, and federal surveillance of infectious diseases to limit future outbreaks.

Provincial and territorial health care systems across the country are struggling under the weight of a growing and aging population with more complex health needs. Health care workers are doing their utmost within a system that is starved of the resources needed to provide high-quality, public health care within service standards and where privatization threatens it from all directions. In this environment, the federal role in upstream prevention, disease surveillance and consumer protection has become more important than ever.

Dental care

The government proudly announced its ongoing support for the Canadian Dental Care Plan with budget 2025, yet long-term funding for this program is far from assured. While the plan has helped more than four million people who have no dental coverage whatsoever, the program must be enhanced to meet the needs of more Canadians and to ensure that fees are not a barrier to this essential health care.

Balance billing and co-pays function as barriers to service. They mean that plan beneficiaries must shop around to try to make their coverage go farther, which effectively limits access. Under the plan, co-pays of 40 to 60 per cent are levied on households earning $70,000 to $90,000 annually. Even the lowest-income households (earning under $70,000 per year), of whom co-pays are not required, are still subject to “balance billing” fees from dentists because reimbursement rates under the plan remain below the fee guides for dental services in many provinces.

Funding for community health centres

Primary care should serve as the entryway into the health care system, yet one in five people in Canada do not have access to it.[8] Evidence demonstrates that countries with a strong primary health care orientation have lower health care costs, better health outcomes and fewer inequities.

If people don’t have timely access to a regular primary care provider or team, they often end up in emergency departments, or they delay necessary health care until they’re in a health crisis. This is much more costly to the public system. But the federal government does not provide direct infrastructure funding in support of non-profit primary care services.

The Canada Health Transfer

The Canada Health Transfer (CHT) is the largest federal contribution to provinces and territories—and the AFB has long called for greater transparency and accountability in how federal health transfers are spent. In 2023, the Trudeau government committed to a guaranteed five per cent annual increase, or "escalator," for the CHT. This five per cent escalator will continue through 2027-28. In 2028-29, without a new commitment, the CHT escalator drops to nominal GDP growth or three per cent, whichever is greater. If the federal government does not commit to maintaining the five per cent escalator, the CHT will be reduced by $723 million in 2028-29 and $1.4 billion in 2029-30. This is assuming 3.8 and 3.9 per cent escalators, which are expected with such economic uncertainty.

Funding agreements with provinces and territories

Multiple bilateral agreements with the provinces and territories are due to expire in the next year or two.[9]

The federal government won't be renewing the Aging with Dignity agreements worth $1.2 billion in annual transfers to the provinces to support long-term-care standards and improvements to home and community care, which expire after 2027-28.[10]

The National Strategy for Drugs for Rare Diseases, worth $1.4 billion over three years, increases Canadians' access to expensive drugs for rare diseases. It won't extend beyond 2026-2027.[11] The bilateral agreements devoting $600 million a year through 2026-27 towards mental health and substance use are not scheduled to be renewed either.[12]

The toxic drug crisis

The toxic drug crisis continues to kill people in Canada, surpassing 55,000 opioid-related deaths over 10 years.[13] The unregulated drug supply, which has evolved to contain novel and highly potent substances, is the primary driver of preventable death.[14] Hypoxic brain injury following consumption of unregulated drugs has also become increasingly common.[15] The unpredictable nature of the drug supply intersects with pre-existing socioeconomic barriers to health care, causing disproportionately high rates of death among people who experience poverty and housing insecurity[16] and people who are Indigenous.[17]

Despite the severity of this crisis, the Carney government ended funding in 2025 for programs under Health Canada's Substance Use and Addictions Program, which provided prescribed alternatives to the unregulated drug supply. In addition, some provinces have ended funding for harm-reduction services, including supervised consumption, a proven initiative that provides emergency overdose response and reduces HIV and hepatitis C transmission. This happened despite stated federal support for supervised consumption in the federal Sexually Transmitted and Blood-Borne Infections Action Plan and the Canadian Drugs and Substances Strategy.

For those who seek treatment, the substance use treatment sector in Canada lacks national minimum standards of care for service delivery. Transparency and accountability measures are also lacking. Currently, treatment service providers are not required to report on clinical outcomes, including deaths and injuries, and it is difficult for patients to seek recourse for human rights abuses occurring in these facilities.

Actions

The AFB will continue to build a national universal pharmacare program by enrolling the remaining provinces and territories at a cost of $5.3 billion over four years in addition to the $928.5 million already committed, and funding public coverage of essential prescription medications at $13.4 billion per year.[18]

The AFB will take profits out of nurse staffing by funding government-run or non-profit organizations to staff hard-to-recruit posts. It will also require public health care employers to develop, publish and implement strategies to phase out private, for-profit nurse staffing agencies. These will include targets, timelines, regular evaluation and penalties for non-compliance.

The AFB will use conditional health funding agreements to require provinces and territories to include minimum nurse-to-patient ratios in health human resources strategies.

The AFB will reverse job cuts to Health Canada and the Public Health Agency of Canada. This funding will help ensure enforcement of the *Canada Health Act* and will put the population's health and well-being at the forefront.

The AFB will increase Canadian Dental Care Plan coverage to remove co-pays and eradicate balance billing. Dental care providers will be reimbursed at rates commensurate with the provincial and territorial fee guides.

The AFB will extend the principle of universality to dental care. This universal dental care program would cover everyone equally, including self-employed or gig workers who have no benefits but have a family income of more than $90,000. The AFB will implement a fourth phase to the Canadian Dental Care Plan in 2027 that will remove the income restriction.

The AFB will create a $5 billion primary care infrastructure fund, indexed to inflation, to help provinces finance non-profit primary care infrastructure, including community health centres and non-profit primary care organizations.

The AFB will continue the five per cent escalator in the Canada Health Transfer in 2028-29 and in perpetuity, and will ensure that, at a minimum, federal spending on health care keeps up with inflation.

The AFB will negotiate extensions to existing bilateral agreements that are due to expire or replace them with new agreements. These include the Aging with Dignity agreements, the bilateral agreements for mental health and substance use, and the National Strategy on Drugs for Rare Diseases.

The AFB has determined that Alberta's two-tier health care law (known as Bill 11) violates the *Canada Health Act*. If the Alberta government moves forward with the law, transfers will be withheld in accordance with the *Canada Health Act*.

The AFB will cancel the Interim Federal Health Program co-payment policy and expand status-blind health care, working with the provinces and territories to guarantee health coverage for all migrants, regardless of status. It will restore full program coverage for prescription drugs, dental care, vision care, counselling, assistive devices and other supplemental care.

The AFB will provide funding in the amount of $492 million over three years to establish 20 new supervised consumption sites that provide 24-hour service delivery, and 20 new community-based overdose response outreach teams composed of peer workers, medical professionals and social service workers.

The AFB will establish national standards for substance use treatment, including quality assurances and minimum standards of care, client redress mechanisms, mandatory evaluation of outcomes, and reporting of deaths and injuries.

Table 15.1 / AFB actions on health care

All figures in millions

	2027-28	2028-29	2029-30
Public coverage of essential prescription medications	$1,330	$1,330	$1,330
Reverse the job cuts to Health Canada and the Public Health Agency of Canada	$236	$336	$336
Remove the Canadian Dental Care Plan co-pays	$400	$408	$416
Increase Canadian Dental Care Plan reimbursement guides to match provincial and territorial fee guides	$362	$370	$377
Eliminate the Canadian Dental Care Plan income restriction in 2027	$1,450	$1,479	$1,509
Create the new primary care infrastructure fund	$5,000	$5,100	$5,202
Continue with 5% escalator in the Canada Health Transfer		$723	$1,448
Renew bilateral health agreements on mental health and rare disease drugs	$500	$1,100	$1,100
Establish 20 new 24-hour supervised consumption sites and 20 new community-based overdose response teams	$164	$164	$164

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Health equity

A well-being economy for all

Introduction

Health inequities are differences in mental or physical health, associated with structural and social disadvantages, that are systemic, avoidable and unfair. Health inequities are rooted in social inequities: unequal social, economic and environmental conditions and power imbalances.[1]

In other words, white-supremacist, colonial, patriarchal, cis-heteronormative, ableist capitalism manifests in harmful and rights-violating policies that make certain people—including Black, Indigenous and other racialized people; women and gender-diverse people; those with disabilities; and certain workers—sicker and die sooner than others.[2] In addition to being unacceptable and unfair, these health inequities are fundamentally inconsistent with Canada's international human rights commitments.[3]

The root causes of health inequities transcend all public policy domains and sectors. Working towards health equity, where all people have fair access to, and can act on, opportunities to reach their full health potential, therefore demands a cross-government framework and approach. This chapter recommends a well-being economy, anchored in principles of dignity, fairness, nature, purpose and participation.

Overview

Root causes of health inequities

Social inequities manifest as inequities in sickness. Those most negatively impacted by unfair social and economic policies disproportionately end up in hospitals and other health care settings.

Under neoliberalism, the particularly harsh incarnation of capitalism that has been dominant globally since the early 1980s, the erosion of the public sector has meant that working conditions for many front-line workers, such as nurses, have become immensely more challenging in recent years. Improvements to working conditions, including pay, job security and workload, are necessary to support recruitment and retention—as well as the health and well-being—of front-line workers in health care and public health settings.

It is imperative to recognize that worsening health inequities and corresponding demands on health care systems reflect a failure to address the upstream reasons that people get sick in the first place: the conditions in which we live, work, and play.[4] These conditions are unequally distributed due to public policy that is deeply unfair and exclusionary. For example, maintaining good health without stable housing is essentially impossible, a problem that is magnified for communities experiencing discrimination due to intersecting social identities. Housing inequities are caused by policy decisions that support financialization of housing, i.e., treating housing as an investment rather than a home. In the absence of regulation, this leads to practices like unaffordable rents and renovictions due to a general lack of affordable housing.

Housing is only one example of a much broader phenomenon. Under neoliberalism upstream determinants of health have been significantly eroded. Neoliberal policy, including in Canada, includes *budget cuts and privatization* of public services;[5,6] *deregulation* that weakens the guardrails that protect people (e.g., worker safety) and environments; and an *erosion of redistributive mechanisms* (tax and transfer policy) that has widened social and economic inequality and led to an increasing concentration of wealth and power.[7] Collectively, this set of policies has severely worsened the conditions that all people, and our planet, need to be well. These conditions intersect with racism, sexism, ableism and other forms of systemic discrimination to create highly unequal—and avoidable—health damage.[8]

A policy-by-policy or sector-by-sector approach is insufficient to redress this wholescale erosion of upstream determinants of health because it is grounded in an overarching ideology that places the interests of big business and private wealth over public health. Working towards health equity demands identifying and shifting the purpose and goals of our economy and society. This includes working to overcome political and institutional challenges, including governance barriers and competing interests, to create equity-centred system transformation.

A cross-government approach to advancing health equity

We take inspiration from a growing international social movement working to advance a *well-being economy:* an economy in service of life.[9] In contrast to (neoliberal) capitalism, a well-being economy is designed to serve all people and the planet, not the other way around. In a well-being economy, the rules, norms and incentives are set up to deliver quality of life and flourishing for *all* people, in harmony with our environment. This is done by default through budget decisions, taxation approaches, regulatory decisions, labour protections, public investments and so on. It is therefore highly consistent with an *upstream* approach to addressing health inequities and with renewed interest in well-being in the Canadian public health context.[10;11]

A well-being economy first invites us to reclaim what "economy" means. We can redefine it as *how we provide for one another*, or even more simply, *how we care for one another*. It is by no means fixed and unchangeable. The rules, social norms and stories that underpin our current system were designed by people; therefore, they can also be changed by people. We are the economy.

A well-being economy next invites us to re-imagine what it means to have a prosperous society. Canada's current vision of prosperity is deeply and narrowly grounded in economic growth measured by GDP—something that progressive economists have long insisted is deeply problematic.[12] First, many activities that are harmful to human and environmental health, like fossil fuel extraction, are considered beneficial to GDP. Second, a narrow focus on GDP omits (and thus de-values) many activities that promote a healthy and thriving society, like unpaid caregiving and volunteering.[13] Third, the recalcitrant, narrow focus on GDP is based on a false belief that economic growth will trickle down and benefit everyone. This is patently false. Indeed, "economic growth at any cost fails us all"[14] and results in many people being left behind.

A well-being economy framing allows us to think about different foundations for how we care for each other and the earth. It allows us to move away from relationships of competition, exploitation and extraction and then towards relationships grounded in reciprocity, solidarity and equity.

Several countries around the world are embracing well-being economy principles. In Canada, the federal government introduced a Quality of Life Framework intended to support moving "beyond GDP" in 2021[15] and created a cabinet committee dedicated to Quality of Life and Well-Being in 2025.[16] Unfortunately, the two initiatives are not well connected and they are not shaping public policy in any meaningful way. While Canada participates in WEGo, the Wellbeing Economy Governments partnership, it has stopped short of joining as a full member.[17] This raises questions about how serious the federal government is about the vision of a transformative well-being economy.

Below, we articulate some policy contours for Canada as a well-being economy, grounded in the pursuit of social and health equity. We organize the actions below using Scotland's *Manifesto for a Wellbeing Economy*.[18] It outlines policy options for meeting five needs that underpin the goal of delivering good lives for all people and protecting our natural environments, on which the health of all species ultimately depends: dignity, fairness, nature, purpose and participation.

Actions

1. Dignity

As a foundation for health equity, everyone in Canada should have enough to live with dignity, free from the injustices of poverty and debt. Due to intersecting structures of oppression, health inequities stemming from poverty disproportionately affect certain populations: Black, Indigenous and other racialized people; women and gender-diverse people; people with disabilities; and others.

The AFB will support workers by supporting a much tighter labour market with lower unemployment (which drives up wages) that shifts benefits from corporate profits to workers' wages. This will mean much better opportunities for workers, no matter their education levels.

The AFB will strengthen and insist on public ownership and delivery of services for essential needs, including transport, child care, social care, health care and education. This will ensure that people have more freedom in their lives and their daily living costs will be reduced.

The AFB will strengthen and co-ordinate income support programs so that they collectively provide a minimum income guarantee for Canadians who are unable to work, unable to find suitable work, or face additional costs due to ill health or disability.

2. Environment and nature

As a foundation for health equity, the AFB insists on an economy that operates within planetary boundaries. Climate change, biodiversity loss and pollution threaten the foundations of good health in highly inequitable ways, including disproportionate consequences for northern Indigenous communities.[19,20]

The AFB will withdraw the *Draft 2026–2029 Federal Sustainable Development Strategy* and revise it entirely in accordance with the Well-being Economies Alliance for Canada's[21] submission, which urges the following:

- Explicit recognition that Canada has an unsustainable ecological footprint.
- Foundational economic reframing, to embrace a well-being economy that places human and ecological flourishing ahead of GDP growth.
- Recognition that upholding and advancing the Sovereignty and Rights of Indigenous Peoples is foundational to ensuring a just and sustainable future.
- Grounding in ensuring equity and justice for impacted communities and workers
- Substantive linking to Canada's Quality of Life Framework, which explicitly aims to move "beyond GDP".
- Enshrining in legislation a commitment to future generations.
- Building and nurturing the strong public foundation required for policy and sustainable governance.

3. Fairness

As a foundation for health equity, the AFB will re-orient the economy to ensure a just distribution of income, wealth, power and time. The aim is to significantly reduce income and wealth inequality, which negatively affects health at the population level[22] and disproportionately harms certain populations.

The AFB will meaningfully tax the wealthiest members of our society through a wealth tax and an excess profits tax for sectors like oil and gas.

The AFB will continue to support and expand democratic employee ownership in Canadian businesses.[23] This will include providing seed grants to regional democratic employee ownership centres and development agencies through a new $10-million fund to be dispersed over three years. The AFB would provide a five per cent discount on the rate for democratic employee-owned firms and ensure that they are eligible for existing public investment funds and business support.

Towards intergenerational equity, and modelled on the Welsh experience,[24] **the AFB will** create a new federal *Quality of Life Act*. This will give a legally binding common purpose for the federal government and for provincial/territorial governments via new and existing mechanisms. It will also introduce a new position of Quality of Life Commissioner, to be situated in the Office of the Auditor General and strongly connected to the Cabinet Committee on Quality of Life. Taking both a watchdog and advocacy role, the commissioner will provide advice and support to public bodies in taking a longer-term, equity-oriented and coherent view on all policy decisions ($5 million per year for three years).

The AFB will support leading public health organizations in convening Expert Advisory Committees on Equity with a mandate to ensure intentional, substantive and consistent application of an anti-racist and anti-oppressive stance throughout all cross-government policy. The committees will work closely with the Quality of Life Commissioner and will comprise communities most negatively affected by health inequities ($5 million per year for three years).

The AFB will fund a systematic, co-ordinated Canada-wide approach to health equity data. Informed by the Wellesley Institute's Consensus Statement on Race-based Data for Health,[25] the AFB will fund efforts by organizations and governments to build or strengthen capacity for collection, interpretation, reporting and use of health data that is disaggregated by race, gender, ability, Indigenous identity, etc., and that is grounded in community governance ($5 million per year for three years).

4. Purpose and participation

As a foundation for health equity, the AFB will support efforts to ensure that the shape and purpose of the economy is determined by people's active voices, is locally grounded, and elevates the voices of structurally marginalized and oppressed groups. This will include people directly affected by harmful state intervention: people who use drugs; people who are unhoused; criminalized communities; and Indigenous, Black and other racialized communities.

The AFB will support the Well-being Economies Alliance for Canada in co-ordinating an ongoing process of nation-wide community-based conversations about the future we want for our children, grandchildren

Table 16.1 / AFB actions on health equity

All figures in millions

	2027-28	2028-29	2029-30
Seed grant fund to regional democratic employee ownership centres	$2	$3	$5
5% discount on corporate income taxes for democratic employee-owned firms	$50	$52	$54
Create a federal Quality of Life Act and a Quality of Life Commissioner	$5	$5	$5
Convene expert advisory committees on equity	$5	$5	$5
Fund health equity data gathering, reporting, and use	$5	$5	$5
Support the Well-being Economies Alliance for Canada	$5	$5	$5
Support Quality of Life Commissioner's mandate to outreach	$5	$5	$5

and planet, grounded in an anti-racist and anti-oppressive stance, towards creating a new economic strategy for Canada that aligns with a well-being economy ($5 million per year for three years).

In collaboration with the Well-being Economies Alliance for Canada and towards visioning a well-being economy, **the AFB will** support the Quality of Life Commissioner's mandate to include publishing annual reports and regular newsletters, holding cross-country town hall events, and being available to speak at public and non-profit events ($5 million per year for three years).

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Immigration

Reversing the anti-migrant policy push

Introduction

Canada's immigration system is being restructured at remarkable speed, with little to no public consultation or input, and with all a wide variety of problems, such as the recent court challenge of the federal government's new immigration law, Bill C-12.[1] Over the past year, the federal government has moved from restriction to retrenchment: lowering immigration levels, shrinking temporary resident pathways, narrowing access to refugee protection, introducing new health-care costs for refugee claimants, and cutting the settlement infrastructure that helps newcomers live, work, study, reunite with family, and participate in Canadian society.

The federal government is justifying this shift as economic discipline. But the government's own documents continue to acknowledge that immigration is central to Canada's labour market, rural and remote communities, innovation, and long-term economic future. The contradiction is stark: Canada continues to rely on migrants to sustain its economy, communities, and public institutions, while dismantling the pathways, protections, services, and family reunification systems that make migration just, humane, rights-respecting, and consistent with Canada's international obligations. The result is not a more sustainable immigration system. It is a more precarious one.

For racialized communities, the impacts are not neutral. Federally-produced precarious immigration status produces and maintains poverty. Racialized migrants, women, migrant workers, international students, refugee claimants, people without status, 2SLGBTQI+ migrants, disabled migrants, and survivors of gender-based violence are more likely to experience exclusion from housing, employment protections, health care, income supports, legal aid, and family reunification.

Overview

The 2026-2028 Immigration Levels Plan[2] confirms the federal government's new restrictionist direction. Permanent resident admissions are being stabilized at 380,000 per year, while the target for new temporary residents is being significantly reduced. The federal government says this will keep permanent resident arrivals below one per cent of the population and reduce the temporary resident population below five per cent.

International students have been particularly affected. The number of study permit holders has fallen sharply, and the federal government has set a lower 2026 study permit target. The federal government has cut new international student permit levels dramatically, and arrivals have declined concurrently compared with previous years, while new temporary foreign worker arrivals have also declined. These changes have disrupted the lives of students and workers who came to Canada under one set of expectations and now face rapidly changing pathways to work, study, and permanent residence, not to mention destabilizing the post-secondary sector (see the post-secondary education chapter).

Meanwhile, Bill C-12, the *Strengthening Canada's Immigration System and Borders Act*,[3] received royal assent in March 2026. It renders ineligible any asylum claims made on or after June 3, 2025, (including if the person is making their claim more than one year after their first entry into Canada or if they entered Canada at irregular entry points and made a claim after 14 days—two previously common asylum claim routes). These claims will no longer be referred to the Immigration and Refugee Board.

These changes deepen the harm caused by the Canada-U.S. Safe Third Country Agreement. Rather than ensuring access to a fair refugee hearing, Canada is increasingly using technical timing rules, border rules, and procedural exclusions to keep people out of the refugee determination system. This will disproportionately affect people fleeing gender-based violence, anti-Black racism, religious persecution, homophobia and transphobia, disability-related persecution, and other forms of harm who may not be able to claim protection immediately after arrival.

The federal government is also narrowing health access for migrants. Beginning May 1, 2026, Interim Federal Health Program (IFHP) beneficiaries must pay a co-payment for each eligible prescription medication and a percentage of the cost of other eligible supplemental and preventive health products and services, including dental care, vision care, counselling, and assistive devices. Basic doctor and hospital care remain covered, but the new co-payments create immediate barriers to treatment for people with little or no income. This is particularly concerning because access to early health care prevents serious health issues and costly emergency interventions caused by delayed care. The likely outcome isn't a shift in expenses to refugees, rather it's the avoidance of treatment that will lead to higher cost interventions later and needless suffering in the meantime.

The federal government is also significantly cutting support for federally-funded settlement services at the very moment migrants face more complex legal and economic precarity. While other departments face 15 per cent cuts due to the Comprehensive Economic Review, settlement funding is subject to additional reductions. This is because the funding formula depends on the number of arriving immigrants, and lower immigration numbers lead to further cuts. The Parliamentary Budget Officer[4] has identified IRCC among the five government agencies with the highest level of funding cuts, with an immediate and effective annual budget reduction of 26 to 28 per cent. Settlement agencies across the country have warned that beyond harming both the people who rely on settlement services and the sector itself, these cuts directly contradict the government's stated goal of strengthening Canada's economy. These cuts will be borne not only by newcomers, but also by a workforce made up largely of racialized women, immigrants, and refugees working in underpaid social service jobs.

Canada's child welfare system systematically failed to apply for citizenship status for children who arrived in Canada and were placed in state care, and as a result many of those children lost their immigration status and risk deportation. The previous government had committed to introducing legislation to close this policy gap. Bill C-274,[5] a private member's bill, now proposes a clear pathway to citizenship for these children and would protect them from removal while their citizenship applications are pending.

Policymakers are painting migrants as the scapegoat for decades of government underinvestment in housing, health care, schools, transit, legal aid, and settlement services. The real failure is not migration; it is that governments have depended on migrants to sustain Canada's economy while refusing to invest in the systems that allow all communities to live with dignity. A fair and rights-based immigration system requires expanded status, family reunification, services, housing, health care, and labour protections for all residents, regardless of immigration status.

Actions

The AFB will repeal the harmful refugee and immigration restrictions introduced through Bill C-12. It will restore access to the Immigration and Refugee Board for claimants excluded by the one-year and 14-day bars. Further, it will end the retroactive application of asylum ineligibility rules and ensure all people seeking protection have access to a fair, independent, oral refugee hearing.

The AFB will rescind the Canada-U.S. Safe Third Country Agreement. The STCA denies equitable access to refugee protection and pushes people into unsafe crossings. Canada should restore full access to refugee claims at the Canada-U.S. border.

The AFB will launch a comprehensive regularization program. It will create a one-step permanent residence pathway for all people without permanent status, including undocumented people, rejected claimants, temporary workers, students, caregivers, and others who have built lives, families, and communities in Canada.

The AFB will restore and expand permanent resident pathways. It will reverse the shift toward long-term temporariness by increasing family-class, humanitarian, refugee, caregiver, and low-wage worker pathways, and ending the two-step system that leaves people in Canada for years without secure status.

The AFB will guarantee permanent status on arrival and open work permits for all workers. It will eliminate closed and employer-specific work permits across all labour migration programs so migrant workers have labour mobility, access to justice, and the practical ability to leave abusive employers without risking deportation.

The AFB will create binding national employment and housing standards for migrant agricultural and low-wage workers in collaboration with provinces and territories. It will make employer participation in migrant worker programs conditional on enforceable standards for wages, housing, heat protections, health and safety, transportation, inspections, and access to complaints mechanisms.

The AFB will ensure access to federal benefits and income supports regardless of immigration status. Migrants who pay into Employment Insurance, the Canada Pension Plan, workplace insurance systems, and other public programs must be able to access the benefits they fund.

The AFB will cancel the IFHP co-payment policy and expand status-blind health care. It will restore full IFHP coverage for prescription drugs, dental care, vision care, counselling, assistive devices, and other supplemental care, and work with provinces and territories to guarantee health coverage for all migrants, regardless of status.

The AFB will reverse settlement services funding cuts and rebuild immigrant and refugee-serving infrastructure. It will restore and increase funding to settlement agencies, legal clinics, migrant worker support centres, and community-based organizations, recognizing that settlement services are economic infrastructure, not discretionary charity.

The AFB will protect legal aid and community-based immigration supports. It will increase federal support for refugee and immigration legal aid, including for Bill C-12-affected claimants, Pre-Removal Risk Assessment (PRRA) applications, detention reviews, humanitarian applications, and judicial reviews. It will remove barriers that prevent trusted community organizations from providing basic immigration navigation and support.

The AFB will end immigration detention. In the interim, it will implement alternatives to detention, including community-based supervision models.

The AFB will create a permanent citizenship pathway for children and youth in care. Enact Bill C-274, It will implement legislation that creates a clear path to citizenship for children in care who came to Canada as minors and protects them from removal while their citizenship applications are pending.

The AFB will mandate an independent racial-equity audit of the immigration and refugee system. It will review approval rates, refusal reasons, processing times, automated triage tools, enforcement practices, detention decisions, and removals by country of origin, race, gender, disability, language, religion, caste, and other relevant factors, with binding remedies and public reporting.

The AFB will regulate AI and automated decision-making in immigration. It will require transparency, independent audits, notice

Table 17.1 / AFB actions on immigration

All figures in millions

	2027-28	2028-29	2029-30
Launch a comprehensive regularization program	$50	$50	$50
Cancel the IFHP co-payment policy	$143	$146	$148
Guarantee status-blind health coverage	$565	$576	$588
Reverse settlement services funding cuts and rebuild newcomer-serving infrastructure	$221	$276	$332
Increase federal support for refugee and immigration legal aid	$75	$85	$95
Replace immigration detention with community-based supervision models	-$57	-$58	-$59
Establish an independent racial-equity audit of the immigration and refugee system	$3		
Ensure the Public Complaints and Review Commission of the CBSA is adequately funded and accessible	$10	$10	$10

to applicants, appeal rights, public Algorithmic Impact Assessments, and a prohibition on automated tools that reproduce discrimination or undermine procedural fairness.

The AFB will fully implement independent Canada Border Services Agency (CBSA) oversight. It will ensure the Public Complaints and Review Commission is adequately funded, accessible to migrants regardless of status, empowered to conduct systemic reviews, and required to report publicly on racism, use of force, detention, removals, border practices, and treatment of refugee claimants.

The AFB will ratify and implement international migrant-rights obligations. Canada should ratify the *UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families* and relevant International Labour Organization conventions, including the *Migrant Workers Convention, the Migrant Workers Supplementary Provisions Convention*, and the *Domestic Workers Convention*.

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Incarceration

Building a decarceration strategy

Introduction

Canada's federal prison system is costly, ineffective, and misaligned with both the government's mandate of operating a reintegrative prison system, as well as its current priorities of efficiency, and system modernization. Despite spending 3.79 billion dollars in 2025–2026 on federal incarceration,[1] the system is failing—producing and deepening many barriers for people who become incarcerated, their families, and Canadian society.

Overview

The 2025 federal budget marked a tragic but pivotal moment for Canadian penitentiaries, especially through the government's Comprehensive Expenditure Review. Together they required the Correctional Service of Canada (CSC) to cut $132 million in operational spending over the next three years,[2] notably scaling back or canceling reintegrative programs such as postsecondary education, vocational training, prison librarian and other staff positions. The federal government also reduced or deferred infrastructure maintenance and healthcare staffing. These cuts further weaken a system already known to produce very preventable harms, deepening the gap between the CSC's legislated mandate and its capacity to deliver a safe, reintegrative environment. The Canadian federal prison system is so dysfunctional that in 2025, Canada's federal Ombudsman Dr. Ivan Zinger left his appointment early, due to inability to improve on known priority areas.[3] Prior to these cuts, Canadian penitentiaries already produced consistent poor outcomes across health, education, employment, and reintegration outcomes.

In 2026, there are approximately 23,000 federally sentenced people in Canada (those incarcerated and those on parole).[4] In 2024-2025, federal incarceration cost a staggering $3.86 billion. The average costs of federal incarceration per individual are vast:

- It costs $150,505 to incarcerate a person for one year in a men's prison
- That cost is $259,654 per person per year in women's prisons
- Parole monitoring costs $38,418 per parolee per year

Incarceration remains one of the most expensive and least efficient interventions in Canadian society. Federal prisons are crowded, with increased double bunking and prisoner transfers which move people far from their communities and supports. Being on remand, or awaiting trial or sentencing while incarcerated, is associated with high risk of death in custody due to suicide or drug toxicity, as a review of deaths in custody from 2014 to 2021 from the Ontario Chief Coroner found.[5] And these are just the direct costs of incarceration. Importantly, the United Nations Office on Drugs and Crime emphasizes that incarceration has a "detrimental social impact" and that mass incarceration produces a "deep social transformation in families and communities," all of which point to the need for change.[6]

Canada's reliance on incarceration is inconsistent with its international human rights obligations such as the *United Nations Declaration on the Rights of Indigenous Peoples*, the *Mandela Rules*, and the *Bangkok Rules*.

Indigenous people continue to be incarcerated at crisis levels, representing over 50 per cent of all people in prisons designated for women and over 30 per cent of all people in prisons designated for men, despite comprising only 5.0 and 4.9 per cent of the population, respectively.[7] Neither Budget 2025 nor the 2026 Spring Economic Update made any mention of this national human rights crisis[8] despite a federal action plan to reduce Indigenous overincarceration.[9]

A prevalence of disadvantage meets a system of punishment and barriers

Canada's federally sentenced population represents some of the most disadvantaged people in the country. One indication of the socioeconomic barriers faced by people who become incarcerated is that the average educational completion level at the onset of a federal sentence is only grade eight.[10]

While CSC does prioritize high school completion for incarcerated people, their access to postsecondary education remains extremely limited. The absence of technological preparation, too, produces costly barriers to employment for previously incarcerated people upon release. Completing postsecondary education while incarcerated is strongly associated with improved safety, reduced recidivism, and better employment outcomes. Despite this, CSC recently cancelled a 50-year funding arrangement providing Quebec prisoners with CEGEP-level education.[11]

Incarcerated people have no access to the internet in federal penitentiaries and most are still required to use floppy disks to save any school work. They rely on sparse access to shared computers, sometimes only two per penitentiary. This is hardly modern or efficient practice. During incarceration, families are financially responsible for incarcerated loved ones, who work for dollars a day while facing inflated costs for food, communication, and basic necessities. This produces generational poverty and systemic inequality.

The federal prison system is underpinned by assumptions that incarcerated people need to be punished, and those assumptions justify intentionally harsh conditions in Canadian prisons. These assumptions persist despite clear evidence of the harmful nature and costliness of such deprivation.

Post-release, barriers to work and housing prevent people from economic and social participation. Incarceration in Canada continues to lead to disproportionately poor social, economic, physical health, mental health outcomes, and all cause mortality compared to the general public. These barriers fuel cycles of incarceration and undermine public safety.

Health, aging, and the high costs of incarceration in Canada

Canada's prison population is an aging population, in no small part due to the rise of life-sentenced people (a figure now approaching almost 29 percent of all federally sentenced people),[12] despite the well-documented reality that people "age out" of crime and pose significantly lower public-safety risks as they grow older. Maintaining an aging prison population is both illogical and costly, with escalating healthcare expenditures. Compounding the lack of infrastructure and resources is the fact that long-term incarceration reduces life expectancy by approximately 20 years.

Prisons' harsh, violent, and unstable living conditions exacerbate pre-existing conditions and create disorders in previously healthy people. The burden of chronic illness created in prisons is ultimately downloaded onto provincial health systems.

The majority of federally sentenced people have substance-use and mental health considerations. CSC data indicates that between 75 and 80 per cent of federally sentenced people have identified mental-health or substance-use needs,[13] underscoring the scale of unmet care. Addictions treatment programs are not part of prison programming. Instead, most federally sentenced people are placed on opioid agonist therapy without accompanying therapeutic support. In the community, these medications are meant to be paired with counseling; in prison, they simply replace street drugs.

Decarceration strategy

As the United Nations recognizes, and as is entrenched in Canadian law, incarceration must be a last resort. 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 penitentiaries 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, and positive support networks.[14]

The act then directs the government to 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.

The federal government released an implementation plan for the framework in November 2023, but made no investment to implement it.[15]

One clear action Canada can take 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. Currently, 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, leaving 4.3 million people directly impacted,[16] and at least eight million more as family members and dependents of people with criminal records.

Replenish grants and contribution programs

Canada's community-based reintegration sector—organizations such as the Canadian Association of Elizabeth Fry Societies, the John Howard Society of Canada, the St. Leonard's Society, and beyond—rely on the Nonprofit, Voluntary, and Community Organizations Grants and Contributions Program administered by Public Safety Canada—a very small but stable grant that has operated in Canada since the 1970s and provided core funding to the reintegrative sector.

This grant has entered the final cycle of its five-year funding stream, distributing a remaining 1.8 million across National Organizations serving reintegrative aims.[17] These organizations are essential to achieving the goals of the *Federal Framework to Reduce Recidivism*, the *Black Justice Strategy*, the *Indigenous Justice Strategy*, and the *United Nations Declaration on the Rights of Indigenous Peoples Action Plan*. Replenishing the program is essential to achieving the government's current priorities.

Moving health care to health providers

One legislative reform that would greatly reduce costs, improve individual health outcomes, facilitate continuity of care and support successful reintegration is an amendment to the *Canada Health Act's* definition of "insured person." The law presently excludes people sentenced to two years or more from access to public healthcare. There is nothing in a criminal sentence that relieves the provincial governments from their constitutional responsibilities around health care.

While continuing coverage for the approximately 14,000 people actively incarcerated across federal penitentiaries would be a minimal and appropriate expense for the provinces, it would be a saving to CSC. At present, the amounts the CSC pays to cover health care services provided by outside hospitals to federal prisoners have been increasing and were close to 27 million dollars in 2024–25.

Actions

The Alternative Federal Budget proposes a comprehensive roadmap to meaningfully and responsibly reduce incarceration by 30 per cent by 2035, by supporting decarceration while ensuring that the conditions of incarceration provide adequate mental and physical health care, and focus on rehabilitative and reintegrative services. To measurably achieve this:

The AFB will reverse the Correctional Service of Canada's reintegrative program reductions and restore funding for postsecondary education, vocational training, reintegration supports, and institutional programming. It will invest in rehabilitative services to ensure that federally sentenced people have meaningful opportunities to prepare for safe and successful reintegration. This restoration is essential given that CSC's 2026 cuts eliminated or reduced core educational and reintegration programs, further undermining its legislated mandate.

The AFB will amend the *Corrections and Conditional Release Act* to create a mechanism allowing the Correctional Service of Canada to authorize the discharge of individuals from custody at the point of readiness, which may occur prior to fixed parole eligibility or statutory release dates. This is an essential step toward shifting Canada's overreliance on incarceration. This mechanism is particularly important in the context of CSC's reduced rehabilitative capacity following Budget 2025 cuts, which otherwise prolong incarceration without improving public safety.

The AFB will amend the *Canada Health Act* to remove the exclusion of federally sentenced people from the definition of "insured person," ensuring continuity of care, improved health outcomes, and reduced Correctional Service of Canada healthcare expenditures.

The AFB will establish a *National Older-Adult Decarceration Strategy* that creates clear pathways for transitioning aging and medically complex individuals out of federal custody and into provincial healthcare systems, long-term care, palliative care, or community-based supports. This strategy will reduce federal healthcare expenditures, improve health outcomes, and ensure that older adults receive care in appropriate settings rather than in prisons that are structurally and clinically unequipped to meet their needs.

The AFB will amend section 121 of the *Corrections and Conditional Release Act* and the corresponding provisions of the Corrections and Conditional Release Regulations to expand eligibility for compassionate release to include older adults, including those serving life sentences who no longer pose a public-safety risk. This will require removing the current exclusions in subsection 121(2) that prevent people serving life or indeterminate sentences from accessing compassionate release on the grounds of serious health deterioration or excessive hardship. This reform will modernize Canada's release framework, align it with public-safety evidence and demographic realities, and prevent federal prisons from functioning as long-term care facilities for aging people whose needs cannot be met in carceral environments.

The AFB will amend the *Criminal Records Act* to implement a free and automatic spent-record process**.** This will ensure that people who have completed their sentences are not permanently excluded from employment and housing. This amendment will save Canadians an estimated twenty-five million dollars over five years, which can be allocated to implementing the *Federal Framework to Reduce Recidivism*.

The AFB will replenish and expand the *Nonprofit, Voluntary, and Community Organizations Grants and Contributions Program* at Public Safety Canada to ensure stable, long-term funding for the organizations that deliver essential reintegration supports.

The AFB will invest one hundred million dollars annually to support community organizations advancing the solutions identified across the *Federal Framework to Reduce Recidivism*, the *Indigenous Justice Strategy, the National Action Plan on Mental Health and Criminal Justice*, and the *Black Justice Strategy*, prioritizing commitments to reduce the overincarceration of Indigenous people, women, Black people, and those with mental health considerations.

The AFB will introduce integrated substance-use treatment in federal prisons that aligns with community standards and will modernize partnerships with community-based treatment providers to ensure people can address their addiction while incarcerated.

The AFB will transform the mental-health service model in federal prisons to ensure that it is measurably consistent with Canadian and World Health Organization standards of care.

Table 18.1 / AFB actions on incarceration

All figures in millions

	2027-28	2028-29	2029-30
Restore funding to various education, training and integration supports	$58	$58	$58
Amend the Canada Health Act to remove the exclusion of federally sentenced people	-$51	-$63	-$78
Establish a National Older-Adult Decarceration Strategy	-$31	-$50	-$84
Implement a free and automatic spent record process	-$5	-$5	-$5
Replenish and expand the nonprofit, voluntary, and community organizations supports	$7	$7	$9
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
Introduce vocational development assessments at intake and expand access to vocational opportunities	$10	$10	$10
Introduce internet access in federal prisons	$5	$1	$1
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 impact evaluation of Canada's decarceration and prison reform strategy	$2	$2	
Create a public education campaign on why punishment models fail, at a cost to everyone	$5	$5	

The AFB will introduce vocational development assessments at intake**,** expand access to meaningful vocational opportunities through partnerships with community-based employment programs, and support postsecondary access for incarcerated people, including initiatives such as Walls to Bridges and Inside Out.

The AFB will introduce internet access in federal prisons to facilitate access to education and meaningful contact with family and community.

The AFB will support training and bridging initiatives to help frontline correctional staff transition into rehabilitative and community-based roles.

The AFB will support research into policy solutions for decarceration, including the development of community-based alternatives rooted in transformative justice, diversion programs, and Indigenous justice models. It will expand existing but underutilized community-based sentencing alternatives and develop a consistent metric to measure recidivism.

The AFB will conduct an external impact evaluation of Canada's decarceration and prison reform strategy to ensure that it meaningfully reflects the experiences and outcomes of impacted populations, and measures the government's responsibility to calls from the Office of the Correctional Investigator and other advocacy groups.

Finally, **the AFB will** invest in a public education campaign delivered by the Department of Justice and Public Safety Canada to build informed public understanding of why punishment-based models fail and how decarceration strengthens communities, combatting harmful fear-based narratives calling for more use of unproductive incarceration.

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Industrial development

Domestic capacity, democratic inclusion

Introduction

Canada finds itself at a confluence of the powerful currents of its past, present, and future, yet lacks the policy fortitude to withstand global economic winds and protect the social good. Without an industrial strategy grounded in the public interest, the country will remain vulnerable to external shocks and systemic tensions, leaving workers to bear the greatest costs.

Immediate pressures—such as threats to sovereignty from the United States regime, a stagnant economic outlook, and aging demographics[1]—sit alongside long-term goals of revitalization, income and social equity, and climate resilience. The contradictions of current policy leave Canadians to foot the bill for de-risked private profits while absorbing the impacts of austerity and a retreat from climate action.

A clean, inclusive industrial strategy must work backwards from long-term goals, requiring large-scale public interventions aimed at improving quality-of-life. The Alternative Federal Budget (AFB) proposes a sweeping vision of national development within a mixed economy, measured by the tangible effectiveness of its outcomes. This cohesive strategy builds durable democratic legitimacy through effective and accountable institutions, a thoughtful just transition for labour, and a nationwide participatory process.

By exercising collective self-determination, Canadians can set a sovereign direction and decide what they want their country to look like in 2050. Setting this bold direction enables the government to lead with public coordination, strengthen state capacity, minimize corporate concentration, support the democratization of workplaces, and uphold worker dignity and social welfare.

Overview

Not unlike the 1930s economic reforms of Franklin D. Roosevelt's New Deal in response to the Great Depression, the emerging economic landscape provides Canada with a historic opportunity to fundamentally redefine its priorities and path of development.

In doing so, Canada must learn from past implementations of industrial strategy. Fundamentally, the term refers to any suite of government policies or state interventions in the economy used to coordinate, advance, and expand certain industries. Taiwan, for instance, achieved global leadership in advanced semiconductor manufacturing by establishing the Industrial Technology Research Institute in 1973;[2] they started small from achievable goals, cultivated a skilled Research and Development (R&D) workforce, and aligned private firm incentives with continued R&D activities. Conversely, the checkered history of the Import Substitution System—which subsidized domestic industry—saw examples of serious failure and inefficiency in Latin America and Africa; economist Daron Acemoğlu argues in favour of support for broad sectors as correction for market failures over "government picking winners."[3]

Successful industrial planning requires establishing a clear mission, cultivating political consensus and broad democratic buy-in, and leading with public coordination to strengthen domestic capacity in areas of comparative advantage.[4] This framework should stimulate persistent economic growth while ensuring prosperity flows back to Canadians through public ownership and principles of inclusion.

Becoming principled and pragmatic

Canada can establish goals in the public interest through understanding its ongoing challenges and the contradictions of its current policy regime.

While industrial policy is being hinted at in certain areas—including the sectoral Economic Strategy Tables, Defence Industrial Strategy (DIS), the Canada Strong Fund, and the "AI for All" strategy—these initiatives present limited benefits. The DIS, for example, reinforces structural reliance on the United States military-industrial complex—which accounts for 32 per cent of arms exports and owns the majority of Canada's 10 largest firms[5]—and allocates capital towards U.S. supply chains (see Defence chapter).

Meanwhile, the broader domestic economy remains stagnant,[6] characterized by rising inequality and unaffordability. Canada's slow growth is compounded by an aging demographic profile that will shrink its working-age cohort and therefore its tax and labour base. Canadian overdependence on the U.S. exacerbates these vulnerabilities and cannot be entirely offset by diversification to new trading partners. Trade volatility and rising costs make it more profitable for firms to import intermediate components than to manufacture them regionally, causing serious supply chain implications and indefinite delays in critical domestic industrial investments.

While a retreat from climate action might be framed as a matter of practicality—with two out of three Canadians now prioritizing growth over environmental protection and half wanting more to be done to build pipeline capacity[7]—this focus is short-sighted as the scientific and economic realities remain unchanged. In contradiction to goals of emissions reductions, the federal government has dismantled the consumer carbon pricing system, wound down home efficiency retrofits, and suspended Clean Electricity Regulations in Alberta as part of its Memorandum of Understanding to boost oil production.[8]

Canada is far off track to meet its emissions reductions targets while climate change costs the Canadian economy $25 billion per year,[9] a figure expected to reach $100 billion by mid-century (see Climate Change and Environment chapter). Oil and gas production accounts for 30 per cent of Canada's greenhouse gas emissions.[10] A failure to transition from fossil fuels will both result in massive climate costs and a loss of competitive standing in a global marketplace where investment in clean electricity exceeds fossil fuel investment.[11] Left to their own devices, a market-led transition simply will not happen fast enough, meaning the government must step forward.

The public interest is also not being served by the ongoing financialization of public assets, such as the possible privatization of infrastructure like airports,[12] nor by austerity and the erosion of public services. If the government is willing to apply industrial planning to the defence and artificial intelligence sectors, then why not extend this approach much more broadly, such as to the care economy, which accounts for 21 per cent of total national employment but is often overlooked?[13] Canada must orient public coordination towards these fundamental domestic priorities.

Fostering green economic growth and a just transition

A thoughtful economic transition to a low-carbon economy will require working alongside fossil-fuel-reliant regions to minimize the costs of the economic shift. The development of the oil sands is itself an example of state-led industrial policy. In the 1970s, Alberta Premier Peter Lougheed directed conventional oil royalties into high-risk oil sands through a crown corporation when private capital refused to invest.[14] Modern green industrial policy should mirror this bold approach by taking risks and leveraging pre-existing comparative advantages.

To achieve this, the federal government must lead with public coordination, direct regulation, and robust funding. Relying primarily on market-based private-sector tax credits and subsidies leaves climate policy highly vulnerable to political rollbacks and dependent on private profitability. Canada must leverage structural strengths by utilizing established oil sector drilling expertise for geothermal energy development and pivoting heavy manufacturing, forestry, and mining towards EVs, green steel, aluminum, and advanced biofuels. Mining and critical mineral projects must meet minimum conditions of social licence, low environmental impact, and value-added benefits. Institutions should be structured with autonomy from the government of the day to ensure the long-term durability necessary to manage a multi-decade industrial transition.

This strategy cannot gloss over job losses in regions like Alberta, where memories of the 2015 downturn remain raw but 82 per cent support a more active government role in planning for future job opportunities for energy workers.[15] Securing broad democratic buy-in requires placing these communities at the geographic and decision-making centre of economic interventions through partnerships with firms to deliver workforce retraining programs along with an emphasis on democratic participation.

Advancing sovereignty through domestic capacity and democratic inclusion

To secure genuine economic self-determination and maximize social welfare, Canada must build robust institutions for democratic and demographic inclusion while boosting domestic capacity within strategic sectors. This requires mobilizing government, labour, and industry to defend and modernize vulnerable manufacturing, automotive, and forestry clusters backed by "Buy Canadian" procurement frameworks that anchor local jobs for major public infrastructure projects.[16] While major projects require efficient execution to achieve efficacious outcomes, legislative overreach overrides environmental reviews and Indigenous consultation in the name of fast-tracking.[17] Furthermore, communities must be structurally involved in the planning stages of projects to ensure economic value is retained within the region.

Maximizing social welfare also requires expanding public options and deeply investing in the care economy. To raise productivity in service sectors and sustain long-term living standards,[18] the state must empower the sector through vocational training, targeted inputs, and supportive technologies.

Managing critical infrastructure as strategic assets under democratic control helps challenge the negative impacts of corporate oligopolies while shielding Canada from trade volatility.[19] To ensure these public options genuinely serve the common good, state support should carry stringent conditions for the guaranteed creation of stable local jobs, affordable and regulated consumer rates, and equitable access for underserved and marginalized communities.

Actions

The Alternative Federal Budget will take the following actions for cohesive, resilient, and inclusive industrial development:

The AFB will allocate $300 million per year to establish an Economic Sovereignty Secretariat. Designed with structural autonomy from the political cycle, the body will institutionalize long-term planning by serving as the central administrative hub responsible for overseeing the national strategy, managing transitions, and synthesizing democratic dialogue into cohesive federal policy.

The AFB will invest $30 million per year to organize and maintain Sectoral Development Tables. While the current dialogue framework utilizes industry-led Economic Strategy Tables to advise on commercial growth, the AFB's tables are tasked with building a broad grassroots political consensus around national goals through a participatory democratic process with workers and communities across Canada.

Monitored by the Secretariat, membership will emphasize balanced economic coordination and consist of representation from government, labour, industry, equity-seeking groups, community organizations, and Indigenous Peoples. Dedicated regional tables will be permanently established in fossil-fuel-reliant regions like Alberta to ensure local communities guide regional diversification and community-level implementation strategies.

The AFB will dedicate $30 million per year to fund a comprehensive National Industrial Strategy. The strategy will articulate a clear national vision grounded in the public interest and empower the federal government to act as the primary coordinator of macroeconomic development. The framework will work backwards from long-term "2050" goals established by the Sectoral Development Tables and the Economic Sovereignty Secretariat to build resilient domestic supply chains, reduce foreign import dependencies, and organize an economy-wide roadmap with transparent timelines for the transition from oil and gas production while scaling up green sectors.

The AFB will establish a National Industrial Investment Bank which will take over the capitalization from the Canada Strong Fund. Instead of targeting a return for investors, the new bank will prioritize a return for the Canadian economy. The goal will be to loan public money to accelerate innovation, stimulate domestic capacity, and ensure shared prosperity. The bank will directly invest in clean energy infrastructure, care economy projects, and proactive economic diversification within transitioning regions while also taking risks on technologies such as geothermal energy development and low-carbon steel. Financing managed by the bank will carry binding labour, equity, green, and domestic procurement conditions.

The AFB will create an Industrial Transition Benefit at $20 billion over 10 years to protect workers in transitioning industries or otherwise displaced by trade volatility. The program will provide comprehensive wage insurance, income continuity, and training allowances for workers impacted by climate change mitigation, trade disputes, or structural shifts in the energy sector. Access to the benefit will be strictly integrated into coordinated efforts with governments and training institutions to ensure smooth pathways into adjacent, high-wage domestic industries aligned with emerging skills requirements.

The AFB will launch an Inclusive Workforce Development program allocated at $5 billion over five years to promote opportunities for underrepresented groups. Administered in partnership with educational institutions, unions, and community groups, this initiative will focus on

Table 19.1 / AFB actions on industrial development

All figures in millions

	2027-28	2028-29	2029-30
Establish an Economic Sovereignty Secretariat	$300	$300	$300
Organize and maintain Sectoral Development Tables to build grassroots consensus	$30	$30	$30
Fund a comprehensive National Industrial Strategy	$30	$30	$30
Create an Industrial Transition Benefit to protect displaced workers	$2,000	$2,000	$2,000
Launch an Inclusive Workforce Development program	$1,000	$1,000	$1,000

removing systemic barriers and expanding technical, vocational, and manufacturing opportunities. It will also ensure that investments in skilled trades are matched by robust workforce funding for the care, health, and education sectors to drive productive upgrading in the service economy.

The AFB will implement a mandatory "Buy and Sell Canadian" procurement directive for all federally funded infrastructure projects. This policy framework will mandate that major public works prioritize domestic materials and regional manufacturing clusters to insulate Canada from trade volatility. All procurement contracts will feature strict labour, union, prevailing wage, and equity conditions while asserting efficacious environmental and Indigenous review processes.

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Infrastructure, cities and transit

Green mobility and housing

Introduction

Canada's transportation and transit systems, along with municipalities, face a growing funding crisis driven by chronic underinvestment from senior levels of government, urban sprawl, and the absence of a cohesive and integrated national transportation strategy.

Municipal transit agencies across the country face severe and chronic operating shortfalls, cumulatively in the billions of dollars. Intercity bus and passenger rail have declined dramatically over recent decades—leaving many rural, northern, and Indigenous communities increasingly isolated if people don't have cars or can't drive. At the same time, federal infrastructure policy continues to support urban sprawl that increases emissions, car dependence and the cost of infrastructure maintenance, undermining any positive investments in transit-oriented development and mixed-use densification.

Canada requires a new approach to transportation and infrastructure policy that treats public transit, passenger rail, intercity bus service, and sustainable urban development as critical, nation-building public infrastructure. Strategic federal investment in public transportation and sustainable land use can reduce emissions, improve affordability and mobility, and strengthen regional economic connectivity. The Alternative

Federal Budget proposes major new investments in public transit operations, intercity transportation, passenger rail, sustainable urban growth, and brownfield redevelopment to help build more connected, resilient, and economically sustainable communities across Canada.

Overview

The transit funding crisis and a national transportation strategy

Canada continues to fall behind other countries on mobility. This is true in both urban and rural communities where investment from provincial and federal levels of government in local transit networks, intercity bus systems and passenger rail have steadily declined year after year. This has left us with a broken and fragmented transportation system that is expensive, polluting, and increasingly unreliable for millions of Canadians wherever they live.

As a result of the lack of investment, many municipalities have been forced to shoulder the burden themselves, pulling the costs from an already overburdened property tax base and individual fares which make up 40 to 60 per cent of total operating funding.[1] This level of funding is insufficient for sustaining reliable transit operations, and leads to the "transit death spiral" where poor service and high fares lead to declining ridership, which reduces fare revenue, forcing transit agencies to cut service, which makes the system less convenient and drives away more riders.

It doesn't help that the money that is often announced for public transit is usually for capital funding, i.e. funding for new projects like stations or new trains. Operating funding—that is, funding to actually run and maintain service day-to-day—is far more limited and inconsistent. The result is that cities are encouraged to build new lines and expand systems, but are not given the tools to operate them at the level riders need. This fiscal deficiency has been made worse by a recent decision from the federal government to cut $5 billion from the Canada Public Transit Fund (CPTF). Despite their claims that the money would be redeployed to new funds, there are no details as to what those funds could be.

At the same time rural, remote and Indigenous communities are facing challenges that make it difficult to have any transportation at all, besides cars. Over the past decade, the country has seen a steady unraveling of services that once connected hundreds of communities, particularly across the Prairies. Between 2017 and 2021, Canada saw a significant loss of routes with the full departure of Greyhound in 2021 and the closure of the publicly owned and run Saskatchewan Transportation Company (STC).

In their stead, a patchwork of private companies have replaced them, increasingly isolating these remote and rural communities. Quebec has also faced a significant decline, losing 85 per cent of its intercity bus service since 1981.[2] Deregulation of the intercity transportation network in Ontario has only made the issue worse. With the dissolution of the Highway Transportation Board, operators abandoned low-revenue areas for lucrative routes, leaving remote communities stranded and increasing consumer confusion due to fragmented, uncoordinated services.[3] It is clear that, when it comes to intercity buses, connectivity cannot be left to the market alone as they often leave rural, remote and Indigenous communities increasingly stranded.

A functioning national transportation network must be intentionally planned, funded, and protected as a public good one that ensures people in every region, not just the most lucrative corridors, can access essential services and remain connected to the rest of the country, especially with the onset of Canada's prospective high-speed rail project. Without a commitment to stable funding, the gaps we see today will only continue to widen.

Undermining infrastructure investment

Federal infrastructure investments are often undermined by land-use patterns that encourage continued sprawl and low-density development. While recent federal housing initiatives have supported mixed-use densification within existing urban areas, many governments continue to subsidize outward expansion through investments that enable greenfield development on agricultural and undeveloped land. This approach increases long-term costs, deepens car dependency, and weakens the effectiveness of investments in public transit and sustainable urban infrastructure. In addition, this style of urban development is not economically sustainable for cities, which primarily rely on property taxes to fund infrastructure renewal. Without sufficient density of development, there is not the critical mass of properties paying taxes to sustain the infrastructure in many circumstances.

Canada lacks a coordinated strategy for brownfield redevelopment. Existing support through programs such as the Federation of Canadian Municipalities' (FCM) Green Municipal Fund has provided important funding for remediation and redevelopment projects but it is quite limited, at only around $150 million out of the $550 million fund.[4] There is currently no large-scale dedicated federal fund designed to transform contaminated and underused industrial lands. As a result, municipalities and developers often pursue easier and more profitable greenfield development despite the higher long-term economic and environmental costs. Housing sprawl may lead to cheaper sale prices, but it is not actually cheaper when you account for the underlying infrastructure. It simply ends up shifting the cost from developer to homebuyers or the municipality.

A more sustainable approach would prioritize redevelopment within existing urban boundaries and tie federal infrastructure and housing funding to clear anti-sprawl, affordable and transit-oriented development requirements. Federal funding should prioritize compact, connected, and fiscally sustainable communities by incentivizing mixed-use densification, brownfield redevelopment, and efficient land use rather than subsidizing continued outward expansion that undermines climate goals and increases future infrastructure liabilities. This fund should also prioritize the building of non-profit and affordable housing on brownfield land.

Actions

The AFB will reverse the cut to the Canada Public Transit Fund announced in the 2025 federal budget and significantly expand federal public transit funding, including permanent operating funding for transit agencies to address the growing transit fiscal crisis facing municipalities across Canada.

The AFB will make annual investments to establish and maintain a national, publicly operated intercity bus network, operated through Via Rail and integrated with passenger rail service ($250 million a year). **The AFB will** boost the Rural Transit Solutions Fund by $50 million a year to improve access for smaller communities and reconnect communities abandoned by private carriers.

The AFB will significantly expand federal investment in VIA Rail to improve the frequency, affordability, reliability, and connectivity of passenger rail service between communities across Canada, while supporting the procurement of Canadian-made electric trains and related manufacturing capacity. (Cost: $2 billion a year).

Table 20.1 / AFB actions on infrastructure, cities and transit

All figures in millions

	2027-28	2028-29	2029-30
Reverse the Canada Public Transit Fund cuts	$516	$772	$616
Permanently support transit operational budgets	$586	$598	$610
Establish and maintain a national intercity bus network	$250	$250	$250
Expand the Rural Transit Solutions Fund	$50	$50	$50
Fund mandate for VIA Rail	$2,000	$2,038	$2,079
Federal brownfield redevelopment fund to support sustainable urban growth	$500	$500	$500

While recent federal housing policies have encouraged densification within existing urban areas, they have not adequately prevented simultaneous greenfield expansion that undermines these gains. **The AFB will** tie federal infrastructure and housing funding to anti-sprawl, transit-oriented development, and long-term municipal fiscal sustainability requirements, efficient land use, and reduced infrastructure costs rather than focusing solely on short-term economic growth and development metrics.

While some limited support for brownfield remediation currently exists through programs such as the FCM's Green Municipal Fund, Canada lacks a large-scale dedicated federal strategy or funding stream for transforming former industrial lands into productive community assets.

The AFB will create a federal brownfield redevelopment fund to support sustainable urban growth. The fund will be used to support the remediation and re-development of contaminated and underused industrial lands for housing, clean industry, renewable energy, and transit-oriented communities. This fund would also prioritize the building of non-profit and affordable housing on brownfield land. (Cost: $500 million annually).

The AFB will provide municipalities with stable long-term infrastructure transfers and new revenue tools to reduce overreliance on property taxes and fare revenue to fund critical public transit and infrastructure services. Along with new transfers for things like stable operating funding this budget would enact new revenue tools specifically: it would replace the current unpredictable grant system with direct financial transfers indexed to nominal GDP growth and implement a revenue-sharing agreement that would authorize the Canada Revenue Agency to administer a municipal surcharge on top federal tax brackets, providing a progressive revenue stream that grows faster than property taxes.

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International cooperation

Building alliances in a shifting world order

Introduction

The global order Canada has relied on for decades is under strain and these disruptions are reshaping the conditions that underpin its own prosperity and security.

Canada has long positioned itself as a leader in international cooperation. Yet cuts to international assistance are moving the country in the opposite direction at precisely the moment when global cooperation is most needed. As fiscal restraint and hard-power security spending increasingly dominate federal priorities, the AFB advances a different vision of security and prosperity grounded in international cooperation. In a more volatile world, disengagement is costly.

The AFB recognizes that international assistance is both a strategic and cost-effective investment in Canada's long-term resilience, security, and global influence. It therefore proposes a significant expansion of the International Assistance Envelope, alongside policies to ensure Canada's global engagement remains predictable, effective, and focused on reducing poverty and inequality.

Overview

Conflict is intensifying, climate impacts are accelerating, democratic institutions are weakening, and humanitarian needs are acute—and those who have contributed the least to these crises, especially women and girls, are paying the highest price. Previous progress on poverty reduction is actually reversing, and countries' ability to invest in long-term stability and growth is diminishing. In 2026, an estimated 239 million people will require humanitarian assistance.[1] In addition, half of those living in extreme poverty are concentrated in fragile and conflict-affected contexts where access to other sources of financing remains limited.[2] These pressures are unfolding at a time of increasing strain on the international order.

These dynamics are not contained within national borders. They directly affect Canada's economic prosperity and national security by disrupting markets, supply chains, and investment conditions, while increasing displacement pressures and security risks. Canada is also facing a broader rupture in the international order on which it has long relied for its economic prosperity and security.

In this context, Canada must reassess how it engages globally to protect its economic security and long-term prosperity. As reliance on the United States becomes increasingly uncertain, trade diversification is no longer optional. Many of the economies expected to drive future global growth are in Africa, Asia, and Latin America, including regions facing rising climate vulnerability, debt distress, and development challenges. The countries Canada supports today will help shape tomorrow's global economy. Sustained international cooperation therefore helps build the conditions for stronger economic partnerships, deeper diplomatic ties, and more resilient supply chains over the long term. In this context, international assistance is not separate from Canada's economic strategy, but an integral part.

International development cooperation is a core instrument of that engagement. As a central pillar of Canada's foreign policy, it enables sustained partnerships in regions where diplomatic and commercial ties are still developing. By addressing the root causes of poverty and instability, international assistance helps prevent crises, strengthens institutions, and supports inclusive economic growth. These conditions are necessary for stable markets and long-term investment.

It is also a cost-effective tool to manage global risk. Preventing conflict is up to 100 times less costly than responding to it,[3] with the global economic impact of violence reaching nearly $20 trillion in

2024.[4] Investments in international cooperation also deliver measurable economic returns, with each dollar invested in official development assistance (ODA) generating approximately $1.19 in Canadian exports as a spillover effect.[5]

At the same time, 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.[6] 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.[7]

The climate crisis is further intensifying these pressures, reversing development gains and worsening food security, displacement, and instability, especially in lower-income countries. Without a major increase in high-quality public climate finance, these impacts will continue to accelerate. Climate finance must therefore be additional to Canada's core ODA commitments, ensuring that efforts to address the climate crisis do not come at the expense of poverty reduction and other development priorities.

Yet as global needs rise, resources are tightening. In 2025, the top five providers all reduced their ODA budgets, resulting in the largest annual decline in history.[8] Canada's own reductions, announced in budget 2025, risk weakening its ability to engage consistently and strategically at a moment when sustained international cooperation is increasingly important.

The 2026 budget therefore provides an opportunity to ensure that Canada's international assistance remains both a lifeline for communities around the world and a strategic investment for Canada. Indeed, these investments would enable Canada to strengthen economic resilience, support national security, and sustain its global influence in an increasingly complex and contested world. Strong development outcomes are not at odds with Canada's interests. They are the foundation of long-term, stable, and mutually beneficial partnerships.

Actions

Building on this approach, the AFB will implement the following actions to reposition Canada as a credible and effective partner in international cooperation.

Core fiscal commitments

The AFB will establish a legislated growth path for the International Assistance Envelope (IAE). It will reverse recent cuts and commit to sustained, year-on-year increases in the IAE, placing Canada on track to reach $15.5 billion annually, equivalent to 0.4 per cent of GNI by 2030. While still below historical highs, international commitments, and the levels of several peer donors, this target would reverse recent declines and place Canada back on a credible trajectory toward supporting mutual prosperity and global stability. At a time when many major donors are reducing their aid budgets, this commitment would signal that international cooperation remains a strategic priority for Canada and a long-term investment in shared security, economic resilience, and prosperity.

The AFB will establish a strengthened protected core for poverty-focused international assistance, at a minimum 75 per cent of the international assistance budget, on track to reach $11.6 billion annually by 2030-31. As development resources are increasingly redirected toward competing priorities yet still counted toward international assistance, this core will prioritize least developed countries, low-income contexts, and fragile settings, where needs are greatest and alternative sources of financing are limited. All other spending, particularly tied to trade, subsidizing private investment or geopolitical objectives, must be additional to this floor.

The AFB will stabilize humanitarian assistance by establishing a minimum annual allocation for humanitarian assistance equivalent to the latest humanitarian assistance levels reported by GAC, which will increase relative to the growth of the IAE and respond to global needs. 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.

The AFB will commit Canada's fair share to international climate finance through new and additional funding that does not come at the expense of poverty-focused assistance. Funding will be allocated across mitigation, adaptation, and loss and damage on a 40-40-20 basis. At least 60 per cent of financing will be delivered as grants, with all adaptation and loss and damage funding provided exclusively in grant form in order to avoid worsening debt burdens in climate-vulnerable countries. As Canada increases the use of blended and mobilized finance, strong safeguards, transparency, and accountability measures will be essential to ensure that private investment complements, rather than replaces, high-quality public climate finance.

Governance and accountability

The AFB will protect the integrity of international assistance by ensuring that all ODA-funded initiatives comply fully with both the letter and the spirit of the Official Development Assistance Accountability Act (ODAAA). This means that poverty reduction must remain the primary objective. Trade and investment initiatives funded through ODA must demonstrate clear and measurable development benefits.

In practice, this means prioritizing development outcomes over short-term commercial gains. Benefits for Canadians should flow from strong development results, not from transactional or conditional approaches. It also requires a clear commitment to untied aid, support for local private sector development, and sustained investment in the institutional and economic conditions that enable equitable and durable trade relationships.

The AFB will implement transparency measures in every annual budget going forward. This includes reporting the budgeted and estimated actual IAE for the previous fiscal year, the IAE budgeted for the upcoming fiscal year, the budgeted IAE for the next five years, 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 champion global debt relief efforts by supporting international initiatives that meaningfully address the debt crisis, using multilateral channels to shape debt relief frameworks and advocate for financial reforms that build sustainable economies in an equitable manner. Debt relief initiatives that allow countries in the Global South to redirect resources to critical sectors such as health, education, and climate adaptation will be prioritized. This includes supporting unsustainable debt cancellation, as well as pushing for reforms to

Table 21.1 / AFB changes to the International Assistance Envelope

millions

	2025-26	2027-28	2028-29	2029-30	2030-31
International Assistance Envelope	$7,200.0	$10,008.6	$11,821.8	$13,399.5	$15,454.1
International Assistance Envelope annual increase	$0.0	$2,808.6	$1,813.3	$1,577.7	$2,054.6
Additional over baseline ($7.2B)		$2,808.6	$4,621.8	$6,199.5	$8,254.1
Percentage of GNI	0.22%	0.29%	0.33%	0.36%	0.40%
Core (75% of IAE)	$5,400.0	$7,506.4	$8,866.4	$10,049.6	$11,590.6
Humanitarian (17% of Core)	$962.7	$1,338.2	$1,580.7	$1,791.6	$2,066.3

increase fiscal space for Global South countries and a debt resolution framework within the United Nations that is transparent, binding and fair.

Enabling measures

The AFB will prioritize defending civic space and human rights by contributing to rapid response funding for civil society organizations and human rights defenders operating under threat. Canada previously supported Lifeline, a rapid response mechanism that closed with the demise of USAID. Its successor, the Lighthouse Global Protection Fund now fills this gap. Canada should shift its support to this Fund to enable timely, flexible assistance for those under immediate threat, while coordinating with like-minded donors to address broader systemic risks.

The AFB will reduce administrative burden by reforming reporting to focus on impact and meaningful accountability, while making federal funding more reliable and responsive to better serve communities.

The AFB will recommit to gender equality and inclusive development across all sectors of international assistance. It will safeguard and build on the core principles and demonstrated gains of the Feminist International Assistance Policy, ensuring gender equality remains both a foundational and cross-cutting priority while advancing its foreign policy objectives. This approach would also reinforce commitments such as the *10-Year Commitment to Global Health and Rights*. Delivering on this requires sustained institutional capacity within Global Affairs Canada, including dedicated human resources, strong Gender-Based Analysis Plus capacity, and the systematic use of disaggregated data to inform decision-making and accountability.

In a period of growing instability and fragmentation, international cooperation remains one of the most effective tools available to build shared prosperity, reduce global risk, and strengthen Canada's role in the

Table 21.2 / AFB actions on international cooperation

All figures in millions

	2027-28	2028-29	2029-30
Establish a legislated growth path for the International Assistance Envelope (IAE) to 0.4% of GNI by 2030	$2,809	$4,622	$6,200

world. Retreating from these commitments would carry significant long-term costs. Sustained and principled engagement is therefore not only a moral imperative, but a strategic necessity.

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Post-secondary education

Stabilizing and strengthening universities and colleges

Introduction

Canada's public colleges and universities are among the country's most important economic and social drivers. Recent analysis found that post-secondary education institutions contributed approximately $61 billion to Canada's GDP in 2025—more than sectors such as oil sands extraction, mining, or transportation manufacturing—and directly employed nearly 488,000 people across the country.[1]

Beyond their economic impact, public post-secondary education institutions are anchors in communities, large and small. They are essential—not only to economic growth, but to Canada's social mobility, cultural life and democratic capacity.

Yet despite their importance, public funding for post-secondary education has failed to keep pace with rising costs, growing enrolment pressures and expanding institutional responsibilities. Institutions have increasingly relied on unregulated and exorbitant international student tuition to fill funding gaps, leaving the sector vulnerable when the federal government-imposed caps on international student permits. The result has been widespread financial instability across colleges and universities, contributing to over 14,000 layoffs since December 2025,[2] hiring freezes and hundreds of program cuts that reduce educational choice and weaken the quality and comprehensiveness of education available to students and communities.[3] At the same time, affordability for domestic students continues to deteriorate as tuition, which has outpaced inflation for decades, again rises sharply, as high as 6.5 per cent for domestic students in the coming academic year.[4]

The Alternative Federal Budget (AFB) sets out a comprehensive plan to improve affordability, quality and accessibility. This includes immediate financial stabilization, long-term funding reform, and targeted investments to support students, workers, and communities across Canada.

Overview

Canada's post-secondary education system is at a turning point. Years of declining and uneven public funding have left colleges and universities increasingly dependent on private revenue sources, particularly international student tuition. Recent federal policy changes to the International Student Program have exposed the fragility of this model, triggering widespread layoffs, hiring freezes and program cuts across the country. These pressures are reducing educational choice, weakening program quality and undermining equitable access to public post-secondary education, particularly in smaller, rural and northern communities where institutions are central to local economic and social life.

Despite the importance of public post-secondary education as essential national knowledge infrastructure, Canada has lacked a long-term strategy to sustain and strengthen the sector. Historically, the federal government played a stronger role in post-secondary education through cost-sharing arrangements with provinces that helped expand access and institutional capacity. Yet, unlike other key sectors of primarily provincial responsibility—such as health care, housing and early learning and child care—there is no legislation, multilateral framework, coordinating body or national strategy to align investments, establish shared priorities or ensure accountability. This gap has allowed systemic challenges to deepen and has limited the effectiveness of federal spending.

Federal investments acknowledge some of these pressures, but they remain fragmented and insufficient to address the scale of the challenge.

Budget 2024 commitments to increase federal research funding were welcomed across the sector, but much of the funding is being phased in gradually through 2030-31. Accelerating these investments is essential not only to support investigator-led research and talent retention, but also to ensure more institutions can contribute meaningfully to national objectives.

Similarly, while the new Build Communities Strong fund makes universities and colleges eligible for infrastructure funding, concerns remain about the limited scale of available funding, matching requirements and the emphasis on private-sector partnership models.[5] Canada needs a renewed, dedicated post-secondary infrastructure stream focused on deferred maintenance, classroom expansion, research infrastructure and student housing. Such investments are necessary to expand training capacity, reduce overcrowding—a growing concern for students—and support federal priorities, such as Team Canada Strong, which aims for rapid apprenticeship growth.

Measures to support students have also fallen short of what is needed. The one-year extension of the maximum Canada Student Grant, at $4,200, is inadequate in amount and predictability.[6] Rising tuition, housing costs and food insecurity continue to limit access to post-secondary education, particularly for lower-income, Indigenous, rural and first-generation students. Without broader action to stabilize institutional funding and reduce reliance on tuition revenue, needed increases in student financial assistance risk being consumed by rising education costs, limiting their policy effectiveness in improving affordability.

The federal government should work with provinces and territories to establish a renewed cost-sharing framework tied to accountability measures that incentivize sustained public investment and protect educational quality and access. This should include immediate stabilization funding to prevent further layoffs and program closures, accelerated research investments, a permanent increase to Canada Student Grants, and a dedicated federal infrastructure program for public post-secondary institutions. Establishing a federal post-secondary education secretariat could also help coordinate long-term planning, improve accountability and align federal investments with shared national objectives. Together, these measures would help restore stability, strengthen research and innovation capacity, improve affordability and ensure Canada's public post-secondary education system can continue to support inclusive economic and social development for decades to come.

Actions

1. Stabilize and strengthen Canada's research ecosystem

The AFB will invest $1.3 billion to accelerate the outstanding 2024 federal budget tri-council funding commitments that are currently being phased in through 2030-31, bringing critical research investments forward to address immediate pressures facing institutions and researchers.[7] This accelerated investment is necessary to strengthen investigator-led fundamental research, improve declining grant success rates, support domestic talent retention and ensure Canada's research ecosystem can absorb and sustain new federal initiatives, such as the 2025 budget Impact Canada Research Chairs program.[8] The AFB will also work toward long-term growth in federal research funding, with the goal of restoring stable and predictable support for discovery research across all disciplines.

2. Improve student financial aid and affordability

The AFB will increase the maximum Canada Student Grant to $8,000 and make it permanent to provide predictable, long-term support for students and families. Eligibility thresholds will be expanded to improve access for middle- and lower-income households. These measures are necessary to address rising tuition, housing and living costs that continue to limit access to post-secondary education, particularly for lower-income, rural and first-generation students. Increased student aid must also be paired with stronger public investment in institutions to reduce reliance on tuition increases and prevent affordability gains from being offset by rising education costs.

3. Expand Indigenous access to post-secondary education

The AFB will double funding for the Post-Secondary Student Support Program and the University and College Entrance Preparation Program to help close longstanding educational attainment gaps for First Nations, Inuit and Métis students. These investments will improve access to post-secondary education and training, reduce financial barriers and support Indigenous learners across Canada.

4. Dedicate and expand federal infrastructure investments in post-secondary education

The AFB will establish a dedicated post-secondary education infrastructure program focused on deferred maintenance, classroom expansion and public and non-market student purpose-built housing.

While universities and colleges are eligible under the federal Build Communities Strong fund, concerns remain about the limited scale of funding, matching requirements and emphasis on private-sector partnership models. A dedicated public infrastructure stream is needed to modernize aging campuses, reduce overcrowding, expand training capacity and support federal priorities related to apprenticeship training, for example. **The AFB will** prioritize public and non-market approaches to student housing and eliminate requirements for public-private partnerships in post-secondary education infrastructure projects.

5. Establish a national framework for post-secondary education

The AFB will work with provinces and territories to develop a coordinated national framework for post-secondary education grounded in the principle that all people in Canada should have access to fully public high-quality and comprehensive public education and training. It will include accountability mechanisms tied to federal funding to encourage sustained provincial investment and improve transparency in how public funds are used to increase affordability and the integrity of the academic job, essential to maintain quality.

6. Change escalator on CST to include minimum GDP growth

As an interim measure while a broader national post-secondary framework is negotiated with provinces and territories, **the AFB will** also reform the Canada Social Transfer by introducing a nominal GDP-linked escalator with a three per cent funding floor, like the Canada Health Transfer, to help stabilize federal support and prevent further erosion of public post-secondary funding.

7. Establish a federal post-secondary education and research secretariat

The AFB will establish a federal secretariat for post-secondary education and research to improve coordination across federal departments and support implementation of a national post-secondary strategy. The secretariat will coordinate policy and programs across Innovation, Science and Economic Development Canada, Employment and Social Development Canada, Global Affairs Canada, Immigration, Refugees and Citizenship Canada, Canadian Heritage, Statistics Canada, Indigenous Services Canada and more. It will also serve as a central point of engagement for institutions, researchers, students and provinces, improve

Table 22.1 / AFB actions on post-secondary education

All figures in millions

	2027-28	2028-29	2029-30
Accelerate tri-council funding commitments, bringing critical research investments forward to address immediate pressures	$1,288		
Raise the Canada Student Grant level to $8,000 and lower the income thresholds	$4,988	$5,087	$5,189
Double funding for Post-Secondary Student Support Program (PSSSP) and the University and College Entrance Preparation Program	$329	$330	$330
Establish a dedicated post-secondary infrastructure program	$574	$586	$598
Escalate the Canada Social Transfer with economic growth	$126	$149	$174
Establish a federal post-secondary education and research secretariat	$10	$10	$10
Improve data collection on post-secondary education	$50	$5	$5

data collection and policy coherence, and support long-term planning for Canada's post-secondary and research ecosystem.

8. Improve post-secondary data collection, transparency and workforce planning

The AFB will invest in improved national data collection and reporting to support evidence-based policy-making, accountability and long-term planning. This will include standardized national data on college tuition levels, student housing availability and affordability, apprenticeship participation and disaggregated data on the science and research workforce and student populations. Improved coordination and reporting will help governments, institutions and communities better identify emerging pressures, address regional workforce needs and evaluate the effectiveness of public investments in post-secondary education and training.

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Poverty and income security

Meeting Canada's poverty reduction strategy commitments

Introduction

Effective policy to enhance income security and adequacy would produce strategic advantages for Canadians and for our governments in fulfilling their basic function of supporting the well-being of citizens and residents. It would reduce, and ideally eliminate, poverty, which is a major factor impairing the population's well-being. It would also decrease insecurity for the nearly six in 10 working Canadians struggling to make ends meet each month.[1] Because income is a determinant of so many outcomes, effective income support policy would improve health and mental health status,[2] optimize child development,[3] enhance educational outcomes[4] and decrease property crime.[5] These improved outcomes will lead to decreased government costs.

On August 21, 2018, the federal government introduced its first national poverty reduction strategy (PRS): *Opportunity for All—Canada's First Poverty Reduction Strategy.*[6] To its credit, the government included the commitment to "by 2030, reduce the poverty rate by 50% from its 2015 level" in this strategy. In so doing, the government acknowledged its ability to significantly influence the poverty rate. Canadians should expect their government to fulfill this commitment. The poverty metric specified by the federal government is the Market Basket Measure, (MBM), Canada's official poverty line.

This chapter focuses on what actions the federal government must take to meet the target specified in *Opportunities for All.*

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 of two adults and two children would need to have a 'basic and modest' standard of living. It is an absolute, consumption-based measure of poverty adjusted to family size. According to the MBM, 4,477,500 persons lived in poverty in 2024. This is a rate of 11 per cent. The rate of poverty in the territories is more than six percentage points higher, at 17.3 per cent.

The Census Family Low-Income Measure, After Tax (CFLIM-AT) is a relative measure of poverty. Relative measures are policy relevant because of their stronger relationship with health and child developmental outcomes.[7] 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 for all Canadians rises or falls, so does the threshold. According to the CFLIM-AT, 6,651,390 people lived in poverty in 2023, 17 per cent of the population. More people are living in poverty now than they were prior to the pandemic.

The AFB projects the poverty rate in 2030 based on no changes in federal government income support programs. The average of two estimation methods, which yielded similar results, was used to ensure a valid projection. The first method is based on the average difference when the Market Basket Measure is re-based. Re-basing involves changes in the content of the basket and/or changes in the methodology used to calculate the cost of items. Rebasing generally results in a two percentage point increase in the poverty rate. The federal government has made a commitment to rebase the MBM every five years to ensure accuracy; the MBM will be rebased again in 2028. This analysis projects an 11.3 per cent poverty rate in 2030. The second method used was ordinary least squares linear regression, using the year as the independent variable and the poverty rate as the dependent variable. This analysis yielded a similar projected 2030 poverty rate of 11.8 per cent. We averaged the two estimates to yield a 2030 poverty rate of 11.6 per cent, 4.4 percentage points above the 7.25 per cent promised in Canada's Poverty Reduction Strategy. Based on the highest medium population growth scenario[8] for 2030, this would leave 4,935,626 Canadians in poverty—1,903,144 more than if the promised 7.25 per cent rate was achieved.

Actions

The government has four more years to implement the changes necessary to meet the target promised to Canadians.

The AFB proposes changes in programs in the four pillars below to achieve an overall reduction of 50 per cent from the 2015 poverty rate. These are phased in over four years. In addition, the AFB will report resulting changes in the deep poverty rate (75 per cent or more below the MBM threshold) and in the poverty rate, as measured by the CFLIM-AT.

Pillar 1: Children

The Canada Child Benefit (CCB) is a powerful program that protected 581,080 children from falling into poverty in 2023.[9] Although this is substantial, it left 1,386,950 children in poverty that same year. **The AFB will** introduce an 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 must provide a maximum of $9,000 for the first child in a family earning less than $21,000, with scaled reductions for each additional child under 18, to contribute sufficiently to the 50 per cent reduction target. For a family of two young children living with little income, this would amount to an additional $12,700 a year in support over and above the $16,400 in 2027 that the base CCB already provides. Further improvements in the credit may be necessary to hit the 50 per cent reduction target. This would substantially improve family financial stability, especially for lone-mother families and 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 $83,000 reported in 2027, the CCB would be clawed back at rates a quarter higher.

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 deepest poverty. The recently re-named Canada Groceries and Essentials Benefit, while tiny, is not tied to employment and is one of the few income supports for this age group. Some temporary increases over the Goods and Services Tax Credit partially compensate for increased costs. Provincial and territorial income assistance 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, aren't students 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 AFB's improved Canada Disability Benefit (see below). The CLI will not require earned income to be eligible. This new benefit must provide $9,000 per year for individuals and $11,000 per year for couples. Importantly, it 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 earned income.

Pillar 3: Adults with disabilities

The Canada Disability Benefit (CDB) for adults with disabilities rolled out in 2025 for the first time. The 2024 federal budget committed a maximum annual amount of $2,400, adjusted to inflation—far short of what is needed to address disability poverty. The 2025 federal budget ensured the benefit is not taxable and added a $150 one-time supplement to subsidize the cost of obtaining the Disability Tax Credit Certificate. Eligibility for the CDB is determined solely by the Disability Tax Credit Certificate, which is costly and time consuming to obtain, even after administrative improvements in the recent spring economic update. 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.

The AFB will immediately increase the maximum CDB amount to $9,000 a year and possibly more over the coming years in order to contribute sufficiently to meeting the 50 per cent reduction target.

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 examine the possibility of receipt of long-term workers' compensation, 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. Only Alberta claws back the benefit, but nothing prevents others from doing so in future. 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 low-income seniors. Despite these programs, seniors' poverty persists, particularly for single seniors, women, racialized and immigrant seniors.

The AFB will increase the maximum GIS payment by 10 per cent to $12,622 for single seniors and $8,335 for those in couples. These amounts may have to increase further by 2030 as required to contribute to the 50 per cent reduction in poverty.

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. While the AFB applauds the government's first steps toward automatic tax filing for low-income Canadians, it finds that additional measures are necessary. 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 grants that support these clinics were extended in the 2026 spring economic statement through to the 2028-29 tax season.

The AFB will expand the Community Volunteer Income Tax Program (CVITP) grant to a year-round program that provides free tax filing support to people with low income. It will do this by adding another $5 million to double the size starting in 2026-27 and will make the program permanent.

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 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; **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.

Table 23.1 / AFB actions on poverty and income security

All figures in millions

	2027-28	2028-29	2029-30
Create the new Canada Child Benefit End of Poverty Supplement	$6,075	$6,197	$6,320
Phase out CCB faster for richest households	-$1,436	-$1,465	-$1,494
Create the Canada Livable Income of $9,000 a year for those aged 18-64	$8,854	$9,031	$9,212
Replace the Canada Workers' Benefit with the new Canada Liveable Income	-$4,714	-$4,808	-$4,904
Increase the Canada Disability Benefit to $9,000 a year and expand eligibility	$10,623	$10,835	$11,052
- Funds already in the fiscal framework for the Canada Disability Benefit	-$1,220	-$1,420	-$1,448
Increase GIS by 10% and make it permanent	$3,225	$3,290	$3,355
Provide sponsored immigrant seniors with a 10-year minimum of residency eligibility for OAS and GIS	$1,589	$1,621	$1,653
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	$5	$7	$7
Allow federal benefits to be distributed outside the tax system by developing a direct cash transfer system	$100	$100	$100

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.

Notes

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Public service

Protecting services that benefit everyone

Introduction

A strong public service is the backbone of any society that aspires to shared prosperity and high levels of human development. The public service is the system that keeps communities safe, supports people through hardship, and ensures fairness in how opportunities are distributed. Canada has long benefited from such a foundation—yet the strength of that foundation is no longer guaranteed.

Today, the public service has not just been under strain after decades of neoliberal 'new public management'[1], it is under active threat. New technologies are being introduced without adequate oversight, exposing workers and the public to risks related to privacy, surveillance, and algorithmic decision-making. The federal government's plan to slash 40,000 federal public service positions from 2023-24 to 2028-29—about 10 per cent of the federal workforce—will weaken Canada's social safety net and hurt workers, families and communities across Canada.

Overview

In an uncertain macroeconomic environment, it is important to remember that a strong economy requires a strong public service.[2] Without a doubt, the policies of the United States—from the imposition of tariffs to military aggression in Latin America and the Middle East—has led to employment and price shocks, which are reverberating across the global economy. Despite these external threats to employment, the largest job shock came from the federal government. Ottawa public sector worker cuts in the past year have resulted in, by far, the worst job performance of any city in Ontario.[3]

This is exactly why the Alternative Federal Budget (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. This 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.

Reversing the cuts

Two major rounds of cuts have hit the federal public sector over the past two years. The first was the "refocusing government spending" cuts introduced under the Trudeau government in budget 2023, which led to major staff cuts at Canada Revenue Agency (CRA), Immigration, Refugees, and Citizenship Canada (IRCC), Health Canada (HC) and Public Health Agency of Canada (PHAC), and Canadian Food Inspection Agency (CFIA). These hit in 2025.

Then the Comprehensive Expenditure Review (CER) of budget 2025 hit in the winter of 2026, leading to cuts across all departments. Although some departments were protected from the deepest cuts—with the Department of National Defence (DND), the RCMP, and Canada Border Services Agency (CBSA), initially facing only a two per cent reduction, later joined by the research granting councils, Women and Gender Equity (WAGE), Crown-Indigenous Relations and Northern Affairs, and Indigenous Services. All other departments faced 15 per cent cuts in order to transfer all that money to DND. These cuts are layered on top of each other.

While the total amounts of the cuts were reported in budget 2025, the staffing impacts were not. They are only slowly being reported.[4] Critically, what's missing from this disclosure is what's being cut: which programs, which services, how service levels will be impacted. The specific programs being cut are only being revealed in a haphazard manner. They should have been revealed in the 2026-27 departmental reports, but, by and large, they weren't. Canadians deserve to know what they're losing to pay for massive military equipment spending increases.

Moreover, we know nothing about who is being cut. Given the concerning possibility that women, racialized workers, Indigenous workers, and those with disabilities could disproportionately face layoffs,[5] this is critical information to determine the equity implications of these cuts.

What we do know, so far, is that immigration application backlogs skyrocketed when the "refocusing government" cuts laid off many of the people keeping the backlogs under control. We also know that most of the Immigration, Refugees and Citizenship cuts are either downloading costs onto cities housing new Canadians or cuts in health care to asylum seekers and integration services.[6]

Food safety is under threat as the CFIA lost 450 positions in the 2025 refocusing government cuts and another 587 positions are to be cut under the CER. All told, the Food Inspection Agency will have lost 15 per cent of staff in three years. This is paired with major cuts at Agriculture and Agri-food Canada, where 13 per cent of staff will be lost (see the Agriculture chapter).

Health Canada and the Public Health Agency of Canada have experienced major cuts as well. These are the departments that focus upstream disease prevention, such as preventing the next Walkerton water crisis before it happens. They've scheduled staff cuts of 16 per cent and 22 per cent, respectively, and represent some of the hardest-hit departments across the two waves of cuts.

Let's be clear: these cuts are not about efficiency—they are about major service reductions implemented so quickly that they will inevitably cause harm. Their non-transparent nature means the harm caused will likely only be known well after the programs are cut and the staff lost. This dismantling of important programs, by stealth, is the wrong way to review programs to determine if they continue to be relevant.

Artificial Intelligence and the federal public sector

AI continues to permeate modern work. While aspects of it can be a time saver, it routinely, and unavoidably, makes up answers when it doesn't know the correct response and, most worrisome, it does this in a way that seems convincing upon cursory inspection (see the Artificial Intelligence chapter). These sorts of AI hallucinations are already doing real and demonstrable harm to Canadians as half-baked AI software is given the power over high-stakes decisions.[7]

The AFB vehemently opposes AI being used instead of human judgement for high-stakes approvals in any federal department. Immigration decisions, support programs qualifications, benefit determinations are simply too important to be blindly handed off to AI in the interest of speed. Staffing levels must be appropriate to ensure these decisions remain in human hands, rather than being outsourced to imposed AI systems.

Transparency and accountability must be at the forefront of how the federal government uses AI.

Canada's regulatory framework— a project of national importance for the public sector

In many areas of our federation, legislative powers are distributed across multiple levels of government. Often, municipal, provincial and territorial governments deliver on-the-ground services while the federal government holds national responsibility for regulation, protecting Canadians by ensuring high standards for food, consumer products and infrastructure. This essential work impacts everyone in Canada and represents a project of national importance and should be protected and funded instead of being cut due to arbitrary austerity measures.

When Canadians purchase groceries, federal regulation and inspection ensures that the food they purchase is safe for consumption. Behind the scenes, this work happens thanks to scientists studying food products to ensure their safety, to policy and regulatory analysts setting regulations and advising on minimum standards, and to food inspectors working on the ground to verify that food producers are following these regulations.

Similarly, environmental regulations are backstopped by scientists, policy professionals, and enforcement and monitoring agents. These groups—and many more—work together to set regulatory standards for pollution and emissions, monitor compliance, and engage with provinces, territories and First Nations to ensure coordination. Together, the regulatory framework and the workers who support it preserve Canada's environment for generations to come.

With all these essential roles and more, the regulatory framework is of national importance and should be strengthened to ensure that Canadians can count on the safety of their food, quality infrastructure, and a clean environment. A strong regulatory framework lays the foundation for sustainable growth, ensures that our food and consumer products meet standards for domestic and international markets, and ensures that our transportation infrastructure can keep pace with a growing population.

The return-to-office mandate

The federal government is engaged in an extremely costly and counter-productive return-to-office (RTO) mandate of four days a week, beginning on July 6, 2026. The pandemic illustrated how much more accommodating federal employment could be for workers. Parents could spend less time commuting, making child care pick up and drop off much easier. Departments had access to much larger pools of talent if workers didn't have to live in a particular city. The government real estate savings were substantial, as workers used their own space at essentially no cost to the federal government. Many federal workers are interacting with other workers across the country and are routinely on videoconference calls, no matter where they are.

The benefits of remote work do not accrue to all federal employees because not all employees work in an office, but there are major benefits to many workers who do have office jobs.

The RTO mandate comes at tremendous cost to the federal government. In budget 2024, the federal government anticipated savings of $3.9 billion over ten years by reducing its real estate footprint.[8] However, the RTO mandate meant those savings wouldn't be nearly as large, coming at $2.45 billion instead.[9] In other words, the RTO mandate will cost the federal government $1.45 billion over the next 10 years and $400 million a year after that. The government was going to dispose of underused office space, but it now must scale that back contradicting the cost-cutting objectives of the CER. There is a real contradiction between cuts to major programs and staff layoffs while the federal government continues to rent expensive office space.

This isn't the right approach. The AFB would take full advantage of federal employees' willingness to work from home and save the federal government billions in office rent. Those savings would be better spent improving services rather than cutting them.

Actions

The AFB will reinvest in the federal public sector to ensure the regulatory framework remains robust. The AFB will increase the regulatory budgets

Table 24.1 / AFB actions on public service

All figures in millions

	2027-28	2028-29	2029-30
Reverse the Comprehensive Expenditure Review cuts	$10,381	$12,842	$12,442
Reversals already accounted for in other AFB chapters	-$2,350	-$3,092	-$3,025
Real estate savings from eliminating the Return to Office mandate	-$183	-$255	-$306

of multiple key departments and agencies, including CFIA, Agriculture and Agri-food, the competition bureau and more (see the Regulation chapter).

The AFB will reverse the Comprehensive Expenditure Review cuts.

The AFB will ensure that no major decisions are being made by generative AI within the federal government. When it comes to AI, or automation more generally, these systems must be co-created with workers and they must deliver full transparency about when and where AI is deployed.

The AFB will reverse the four-days-a-week RTO mandate and move to a new system of "presence with purpose", where positions would have a case-by-case designation of the requirement for physical presence. Some positions would be fully digital, others would be fully in person, and most would have some physical requirements for critical meetings and tasks but no mandatory number of days a week as a performative requirement. The AFB will use the $1.45 billion saved in real estate costs to help rehire and restart the programs cancelled under the CER.

Notes

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Racial equity

Addressing systemic racism and hate

Introduction

With news of the Ebola outbreak spreading, Canada took on the unenviable distinction of being the first country in the world to ban immigration from Ebola-affected regions in Africa—specifically the Democratic Republic of the Congo, Uganda, and South Sudan. The government used new powers granted to the immigration minister under Bill C-12—*Strengthening Canada's Immigration System and Borders Act*[1] to mass cancel visas and suspend processing of all other immigration documents[2] (See Immigration chapter). Canada and the U.S. are the only countries to suspend non-citizen entries for people from the specified regions. Meanwhile, Canada's own assessment at the time acknowledged the risk remained low, consistent with the risk assessment by the World Health Organization.[3]

This response reflects a lack of principled policy approach and appears opportunistic. Such actions risk being either explicitly discriminatory or may result in disproportionate adverse impacts on Black and racialized populations. A commitment to racial equity and other equity considerations, such as (but not limited to) the current federal anti-racism strategy,[4] is virtually invisible under this government. Investments in equity measures are done quietly. Progress reports on ongoing commitments—such as the Anti-Racism Framework for the Federal Public Service, including the current anti-racism strategy[5]—are missing or not shared with the public.

Overview

Canada proposed and was successful in having the UN adopt a second International Decade for People of African Descent but has been silent on any progress since the announcement.[6]

This is deeply troubling against a background of ongoing systemic discrimination, rising racism and xenophobia in public discourse, and deepening discrimination at the intersections of citizenship status, religious identity (especially Muslim), gender, and gender identity. Many civil society actors, as well as Black and racialized people in the public service, worked long and hard to gain acknowledgment that racial inequality is deeply rooted in Canadian structures such as the labour market, criminal justice system, education, housing, and health care. These systems exclude Indigenous, Black, and racialized communities from full economic and social participation. It is, therefore, discouraging that the government is now silent on these issues, especially as Canada heads into harsh economic times (see Gender equality chapter).

Investments and misses

While the 2025 budget was silent on the following, this year's spring update extended support for Canada's Anti-Racism Strategy to 2027-28 ($33 million per year) and a very small investment ($3 million per year to 2027-28) for the Federal Anti-Racism Secretariat.

The spring update also contained measures that would positively impact Black and racialized people who are disproportionately represented in the affected populations, including support for sheltering asylum claimants ($188 million per year to 2029-30) and funding for the migrant worker support program (for 2026-27). Last year's budget mentioned the over-representation of Indigenous, Black, and racialized people in low-wage work, poverty, poor health outcomes, housing insecurity, and food insecurity, but did not then go onto dismantle systemic barriers that create economic exclusion—such as removing immigration status criteria from the Canada Child Benefit and residency requirements for Old Age Security; measures that have a disproportionate impact on racialized immigrants. While the budget did include some positive measures, such as making the national school food program permanent, supporting the recognition of foreign credentials and the personal support worker (PSW) tax credit, these are limited in scope and do not dismantle the underlying systemic inequities that create significant disparities.

Immigration system changes impact racialized people

Bill C-12's changes to the immigration and refugee system, including cuts to refugee health care, will have disproportionately harmful impacts on Black and racialized people, as covered in greater detail in the AFB immigration chapter.

Of the three countries at the centre of the Ebola health emergency—where the government has suspended temporary visas and paused immigration processing—there is an administrative deferral of removals to Sudan and a temporary suspension of removal to the Democratic Republic of Congo. Uganda is not on the moratorium list, despite the cancellation of visas and temporary pause on processing.[7]

The government has failed to go ahead with recommended changes to Employment Insurance to extend eligibility to workers who are currently under-represented among claimants (see Employment Insurance chapter). A class action Charter of Rights and Freedoms challenge was filed on behalf of 75,000 Caribbean and Mexican farmworkers in the Seasonal Agricultural Workers Program, including the systematic exclusion of those workers from Employment Insurance benefits despite being required to pay premiums. The challenge was certified in the Ontario Superior Court of Justice.[8] As the government itself warns Canadians of harsh economic times ahead, including job loss, we know from history that racialized people will be the first to lose jobs and will take the longest to regain employment and earnings.

Bail reform and over-incarceration

Following the passage of Bill C-12, bail provisions have been changed, with further changes pending from Bill C-2. Indigenous and Black people are disproportionately represented in the carceral system and will feel the greatest impacts.[9] They are also more likely to be low-income and have fewer financial and non-financial supports. Further, the Auditor General's report on Correctional Services documents how racialized people are over-incarcerated and treated differently within correctional facilities.[10]

Enforcement of drug laws and biased policing practices disproportionately incarcerate Black, Indigenous and racialized people. Justice Canada found that between 2007-08 and 2016-17, drug offences were the majority of all mandatory minimum offences for which people were admitted into a federal institution, and Indigenous, Black, and racialized people are overrepresented in these numbers.[11] Canada's Black Justice Strategy recommends the removal of criminal penalties and criminal records for drug convictions to address the overrepresentation of Indigenous, Black and racialized people in carceral institutions.[12] These concrete recommendations are yet to be realized.

Community-based supports for people facing criminal charges are insufficient, particularly in Indigenous and Black communities outside large urban centres. There is urgent need for bail reform, an end to the over-incarceration of Indigenous and Black people, and community-based supports for those facing criminal charges.

Need for anti-racism legislation

We still do not have federal anti-racism legislation (Ontario remains the only province with anti-racism legislation).[13] We need it to provide a legislative foundation for the Federal Anti-Racism Secretariat. While the secretariat is tasked with combatting systemic racism and racial discrimination, it does not have the legislative power or tools to effectively carry out that mandate. The secretariat was moved in late 2024 from the Department of Canadian Heritage to Employment and Social Development Canada, under the junior Minister of Diversity, Inclusion and Persons with Disabilities. The secretariat leads the implementation of the national anti-racism strategy and has its own budget, but it does not report independently to parliament.

Legislation is necessary to support a whole-of-government approach, including making the commitment to racial equity explicit in GBA+ budgeting and dismantling systemic racism.

The government's previous commitment to ongoing funding to Statistics Canada for disaggregated data collection is a significant win.[14] Disaggregated data has helped identify racial inequalities and document trends in areas such as income inequality, rates of criminal incarceration and immigration detention, health outcomes, environmental racism, equitable representation in federal public service jobs, and investment in services. This must be strengthened by mandating the collection of disaggregated data across all government activities to ensure all Canadians are included and benefit equitably.

Racism and discrimination

Indigenous, Black and racialized people continue to face systemic discrimination, racism and hate, poorer life chances and are more likely to face criminalization.

Black people experience the highest rate of violence and hate in Canada, with no dedicated funding stream to address it. Recent data shows anti-Indigenous hate is now the highest, followed by anti-Black hate. Statistics Canada acknowledges these crimes are significantly under-reported, meaning actual rates are higher than data suggests.

As police-reported crimes are often the only yardstick to plan budgets, government investment typically overlooks and excludes Indigenous, Black and racialized people. Racialized communities are facing higher incidents of racism and discrimination, with certain communities facing higher levels of racist attacks linked with religious identity—particularly Muslims—and at the intersections of race and gender. The government has been framing issues as "hate" rather than "racism", which leaves a gap in how systemic discrimination is addressed and resourced.

Racial disparities are also evident in Canada's response to international humanitarian crises, both in international aid as well as immigration and refugee measures, and they must be addressed through an independent inquiry (see Immigration chapter).

Time-limited funding for key strategies

Funding for the Black Justice Strategy and the The Mental Health of Black Canadians Fund is only until 2027, despite clear evidence of the need for ongoing funding for both.

The government committed funding until 2026 to advance equity and racial justice, to comprehensively root out the barriers to equal opportunity that marginalized communities continue to face, and to establish a trilateral Racial Equity and Inclusion Expert Network from a tripartite agreement between Canada, the United States, and Mexico.[15] This funding led to the creation of the Canadian Network for Equity and Racial Justice (CNERJ), which has brought together Indigenous knowledge keepers, grassroots organizers, policy experts, labour, the private sector, academic researchers, and engaged young people from across Canada, Mexico, and the United States. CNERJ contributes directly to national efforts to advance equity and racial justice, and in the present climate, provides guidance on how to pursue economic stability and growth rooted in fairness while including all Canadians, particularly those challenged by barriers to equity. Ongoing funding is needed to continue this important initiative.

Systemic anti-Black racism

In December 2023, the Senate Standing Committee on Human Rights re-affirmed the March 2023 findings of the Treasury Board of Canada Secretariat that discrimination and systemic anti-Black racism occurred at the Canadian Human Rights Commission. Black federal public service employees and Black and racialized complainants to the commission were impacted by anti-Black racism and racism. The committee made 11 recommendations to combat anti-Black racism and bring about systemic change, including by appointing a Black Equity Commissioner. They include the recommendation to remove the term 'visible minority' from the act. The federal *Employment Equity Act* covers the workforce under federal jurisdiction and the expanded scope of the Federal Contractors Program; this represents a small number of all workplaces and workers in Canada, yet the act and its full implementation have the potential to lead and exert a positive influence over other jurisdictions. The act was reviewed and final report submitted to the government, containing comprehensive recommendations to move Canada closer to dismantling systemic anti-Black racism and racism and establish substantive equality. However, implementation is at a standstill.

Actions

The AFB will create an *Anti-Racism Act* that will name and address all forms of systemic racism and hate. This will give a legislative foundation to an independent Anti-Racism Secretariat that reports directly to parliament and has its own budget.

The AFB will create a National Action Plan with metrics to accompany the national Anti-Racism Strategy. The plan will have concrete strategies with actionable goals, measurable targets, timetables, and resource allocations for each strategy. It will be used to fund community-based efforts across Canada to address all forms of racism and hate.

The AFB will include an intentional racial equity framework in the Gender-based Analysis Plus budget, federal poverty reduction efforts, the National Housing Strategy, and the Canada-wide Early Learning and Child Care Plan.

The AFB will mandate a racial equity framework for all reviews—including funding programs by federal government departments—and specific action plans on eliminating racial disparities and inequalities in Indigenous, Black, and racialized communities in the targeted areas.

The AFB will mandate intersectional data collection and include a clause on racial equity, with disaggregated data collection in health and the future funding transfers to provinces and territories. Disaggregated and intersectional data will also be collected across all relevant Sustainable Development Goals.

Table 25.1 / AFB actions on racial equity

All figures in millions

	2027-28	2028-29	2029-30
Enact an Anti-Racism Act, establishing a secretariat reporting directly to parliament	$5	$10	$10
Create a National Action Plan for the national Anti-Racism Strategy	$150	$150	$150
Improve reporting on racial equity in health transfers, federal business contracting and public boards	$5	$5	$5
Provide anti-oppression, anti-racism, and anti-discrimination training to all public service workers	$25	$25	$25
Ongoing funding for the Canadian Network on Equity and Racial Justice	$1	$1	$1

The AFB will collect data and report on the percentage and dollar values of federal funding to racialized-led and -focused organizations and federal contracts to racialized-owned businesses.

The AFB will collect data and report on the diversity of senior management and boards within the federal government and in federally regulated organizations.

The AFB will implement the recommended federal *Employment Equity Act* reform, including elimination of the term 'visible minorities', and strengthen the implementation of the *Employment Equity Act* across all positions to address the under-representation of Indigenous, Black, and other racialized federal employees—particularly in executive and management positions.

The AFB will attach employment equity measures (via community benefits agreements) to all federal investment and recovery programs to ensure racialized and other under-represented groups have equitable access to new jobs and economic opportunities created.

The AFB will address all forms of oppression within the federal public service in consultation and collaboration with Indigenous, Black, and racialized employees, and make anti-oppression, anti-racism, and anti-discrimination training mandatory for all public service employees and managers.

The AFB will act on and report on the progress of the recommendations made by the United Nations Working Group of Experts on People of African Descent mission to Canada.

The AFB will provide ongoing funding for the Canadian Network on Equity and Racial Justice to continue the work already begun to establish the trilateral Racial Equity and Inclusion Expert Network.

The AFB will implement recommendations in Canada's Black Justice Strategy, including the removal of criminal penalties for drug possession and criminal records suspension for drug possession-related offences.

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Regulation

Protecting and growing state capacity

Introduction

Regulations are a critical—though often under the radar—function of government.[1] They interpret, implement, and enforce government laws and policies largely away from public scrutiny. The number of regulatory agencies is extensive, covering, health, food, drugs, energy, finance, transportation, workplace health and safety, environment, etc.

According to the government's Cabinet Directive on Regulation,[2] their primary purpose is to advance the public interest including protecting citizens' health, safety, security, social and economic well-being, and the environment.

Their purpose, as stated, is also to support a fair and competitive economy that benefits Canadians and Canadian businesses. The regulatory apparatus is, however, being undermined by the *Red Tape Reduction Act*, which contains the "one-for-one" rule that mandates each new regulation put forward by a regulatory agency be offset by the removal of an existing regulation.[3]

The tension between these goals, under the current corporate-government power relationship—termed regulatory capture—has often compromised the public interest in favour of corporate interests of profits and shareholder value.[4]

Particularly given the current government's centralization of power in the prime minister's office, regulations prioritizing the public interest over corporate interests are increasingly at risk. Prime Minister Mark Carney's statement that "Canada has too much regulation and not enough action," underlines the risk.[5]

Overview

Carney government measures eroding regulations that prioritize public interest

The government's "Red Tape Review" of regulations across federal departments, seeks to eliminate "outdated regulations" and "reduce duplication with provincial rules.[6] If history is any guide,[7] "eliminating red tape" (that is, deregulation) is invariably accompanied by fiscal austerity—including cuts to regulatory agencies.

Past governments' obsession with eliminating red tape putting corporate interests before the public interest, has at times led to disastrous consequences such as the Lac-Mégantic railway catastrophe.[8]

The Red Tape Review is consistent with the Carney government's *Free Trade and Labour Mobility in Canada Act* and *Building Canada Act* (Bill C-5).[9] The so-called *One Canadian Economy Act,* risks lower regulatory standards.[10]

Acceleration of major project approvals

In May, the government announced further changes to the regulatory architecture to accelerate the deregulation process,[11] and speed up and broaden major project approvals it deems to be in the national interest.

It released two discussion papers, *Getting Major Projects Built* and *Strengthening One Economy Through Trade and Transportation,*[12] detailing its planned changes to regulations and legislation, which will be implemented after a 30-day consultation period with the public, organizations, etc. The consultations are largely rubber stamps for what the government plans to implement.

The cabinet will be granted power to pre-approve projects in "federal economic zones"—namely, transportation corridors, telecommunications networks, energy production and transmission infrastructure including pipelines, and industrial regions—thereby removing the need for separate project reviews, and exempt projects from requiring individual environmental reviews.

It will be granted exemptions from rules governing fossil fuel and nuclear oversight, habitat preservation, and laws which protect species at risk of extinction. It will also have the power to declare pipelines "in the public interest," before the energy regulator is required to complete its review of the project's conditions or path of the pipeline.

Proposed changes to major project development rules risk trampling on the rights of First Nations.

Several weeks after the release of the proposed regulatory changes, the federal and Alberta governments reached an Orwellian style climate and energy agreement that could see construction of an oil pipeline to the West Coast begin as early as September 2027.[13]

The 2025 federal budget outlined plans to reduce federal spending by $60 billion over the next five years—eliminating an estimated 40,000 positions in the public service by 2028-29, roughly 10 per cent of the total workforce. This will undoubtedly include cuts to regulatory agencies, including staff that design, implement, oversee, and enforce regulations.

One example: 800 positions at Environment and Climate Change Canada will be cut removing the scientists on which the regulatory system depends.[14] This will weaken the health of Canadians and remove environmental protection

Actions

The AFB will ensure that regulations protecting the public interest are prioritized over corporate interests.

The AFB will ensure that the constitutional rights of First Nations are protected.

The AFB will rebalance the executive-legislative branch relationship. Cabinet will no longer be able to exempt a company from any law or regulation without parliamentary approval.

Under the AFB, federal and provincial governments working to smooth out trade restriction differences should adopt an upward harmonization of regulations framework.

The AFB will ensure that all regulatory agencies are adequately funded, including with the necessary staff to develop, evaluate, implement, oversee, and enforce regulations consistent with legislation. To do this, the AFB will increase the regulatory budgets of multiple departments by 25 per cent including: Health Canada, Canadian Food Inspection Agency, the financial institutions and pension plan regulator, the Competition Bureau and others.

The AFB will ensure that strong regulatory architecture is constructed to prevent AI harms to privacy and human rights, safety, transparency,

Table 26.1 / AFB actions on regulation

All figures in millions

	2027-28	2028-29	2029-30
Boost regulatory budgets of federal government by 25 per cent	$402	$410	$418
Create the citizen engagement fund	$10	$10	$10

accountability, proper governance, systemic bias, environmental harms, and job displacement[15] (see the Artificial Intelligence chapter).

The AFB will adopt the updated version of the *Climate Aligned Finance Act* (Bill S-238),[16] re-introduced by Senator Rosa Galvez. It enables the alignment of federal financial institutions and federally regulated entities with Canada's legally binding international climate commitments notably the 2015 Paris treaty.

The AFB will reverse budget 2025's amendments to the *Competition Act* weakening fossil fuels industry anti-greenwashing regulations.

The AFB will ensure that with respect to mega projects under the *Build Canada Act*, federal laws and regulations designed to safeguard the environment, health and safety, and Indigenous rights will be upheld.

The AFB, in accordance with the findings of pharmacology expert Joel Lexchin,[17] **will** not cave to the demands of the Canadian drug industry and ensure Health Canada does not rely on foreign regulatory agencies' drug approval decisions as the basis for automatically approving new drugs in Canada. It will also ensure that speed of drug approval does not sideline public safety.

The AFB will create a $10 million a year citizen engagement fund. Its goal will be to provide financial and other forms of support to public interest groups, municipalities, etc., to enable broad-based citizen engagement in the legislative and regulatory process.

The AFB will ensure mechanisms for public participation in regulatory processes, including ensuring that notice and comment requirements, rights of third-party appeal, are strengthened.

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Seniors' care and long-term care

A critical infrastructure component

Introduction

The two most recent budget statements have largely ignored seniors' care. Even if you leave aside the human right to care, regardless of age, and the federal commitment to gender equity, this doesn't make economic sense.

A growing number of seniors are still employed[1] and many seniors make critical contributions to the economy through volunteer work. Although they make up 13 per cent of the population, Canadians aged 65 to 74 contribute 20 per cent of total volunteer hours.[2] Both kinds of work help keep seniors healthy but require support. For example, significantly improved access to safe long-term care would be especially important for keeping both senior and younger women in the labour force, given that women currently do the bulk of unpaid care provision—often to the detriment of their own health. Equally important, ensuring timely access to health care and community services can help keep seniors healthy enough to participate while reducing the demand for more long-term care.[3]

Yet neither the 2025 fall budget nor the 2026 spring economic statement provides support for even continuing the pharmacare that has helped so many seniors with diabetes. The federal government has reduced support for health and homecare services. There is no mention of a previously promised *Safe Long-Term Care Act* nor any support for the workers—primarily women and often racialized—who are leaving long-term care work because of the poor conditions.

Overview

The AFB understands seniors' care as a critical infrastructure component, recognizing the human right to quality care and to quality care work. With the COVID-19 pandemic's devastating impact on seniors, its exposure of the weak and asymmetrical supports for seniors' care across Canada, and the resulting demands for action, the federal government introduced a host of programs examined in previous AFBs.

The Trudeau government provided funding for the development of new long-term care standards and for their operation and design, promising a *Safe Long-Term Care Act* in its wake.[4] There was additional funding to pay and hire long-term care (LTC) staff (with extra for those in remote areas), for international recruitment, for protective equipment and vaccines, and for data-tracking of the care labour force. Home and community services also received additional funding and support for restart programs. And there was funding to create and support organizations to do policy development on unpaid care. The dental plan, even though means-tested, undoubtedly helped many seniors eat and have broader health issues detected. Pharmacare covering diabetes medication, although only introduced in four provinces, also contributed to seniors' health, as did the increases in Old Age Security for those over 75, money for housing repairs and targeted funding for Indigenous health.

But there was little enforcement of the principles underlying the funding to ensure the money was spent as promised, to ensure that standards were met, or to prevent it from going to profit instead of to care. Now, very few of these initiatives are being continued, let alone expanded, by the current federal government. In the 2025 budget, the few references to seniors are about existing, legislated programs, such as Old Age Security (OAS), or small programs, such as the old Horizons program, which has been touted as a health program that keeps people in their communities. The other references to seniors list them along with "other vulnerable groups" who can receive advice on finances, taxes and fraud prevention, or improvements in weather forecasting, or Veterans Independence Allowance (VIA), or more efficient government services and support for housing and food programs. There seems to be no intention to expand pharmacare to other drugs or to other provinces—as promised by the Trudeau government—or to make dental care universal. There is nothing to address the labour crisis in paid and unpaid seniors' care.

That many of these areas are under provincial/territorial jurisdiction is no excuse. The federal government has long used its spending power to establish principles, standards and enforcement mechanisms that provide national programs based on shared values while allowing for jurisdictional differences.

Actions

The AFB will transform housing and living options for seniors. This will be done through funding envelopes for publicly owned, publicly delivered and affordable housing options that integrate care services 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, languages 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 to 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 seniors' 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, as well as other provisions across all health care settings.

The AFB will invest directly in expanding non-profit 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 with the goal of expanding capacity by 100,000 beds over five years.

Table 27.1 / AFB actions on seniors' care and long-term care

All figures in millions

	2027-28	2028-29	2029-30
Capital funding to adding 100,000 more beds in non-profit seniors' housing that can provide intermediate care, retirement homes and long-term care	$850	$850	$850
Direct care hours	$4,300	$4,463	$4,637

The AFB will, in keeping with the 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.

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 research-informed 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 per facility. 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.

The AFB will continue with pharmacare expansion. It will renew the Trudeau era Aging with Dignity program and mental health parts of the "working together" bilateral agreements which are to expire soon and are essential for seniors (see the Health care chapter).

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Trade and investment

A trade strategy for today's challenges

Introduction

This year's Alternative Federal Budget comes out amidst continued chaos in global trade and foreign relations. U.S. imperialism, war and beggar-thy-neighbour trade actions have sown destruction and death in Latin America, Africa and the Middle East, produced shortages of economically critical goods such as oil and gas, fuels, chemicals, fertilizer and pharmaceutical supplies, and suppressed business investment in almost everything but U.S. data centre construction.

The Canadian economy fared better than worst-case scenarios at the start of the second Trump presidency. However, tens of thousands of jobs have been lost to Trump's trade war on Canada and Mexico, while the federal and provincial governments have been forced to subsidize export-dependent production or permanently lose critical industrial capacity. A federal trade diversification strategy focused mainly on signing more free trade agreements will not sufficiently replace lost U.S. exports.

Overview

Canada needs to bridge a more independent foreign and international trade posture with a more hands-on economic strategy at home. Like last year, the AFB diverges from both neoliberal free trade and deeper integration with the United States. The present "rupture" in the so-called international rules-based order that Prime Minister Carney observed in his World Economic Forum speech presents Canada with an opportunity to fashion more flexible but realistic international relations prioritizing economic resiliency, poverty reduction, climate change abatement, and sustainable growth.

U.S. trade war on Canada

The Trump administration's sectoral tariffs on Canadian imports of automotive goods, lumber, wood products and metals (and their derivatives) have triggered or contributed to significant declines in Canadian manufacturing capacity and employment. Far from addressing "national security" concerns, these U.S. tariffs are designed to incentivize the relocation of industrial production from Canada to the United States. The threat is existential for Canadian automotive and steel production. Buy Canadian conditions on public infrastructure spending and trade diversification can make up for some, but not all, of the market access losses in the United States. A regional production-sharing arrangement involving Canada, the U.S. and Mexico could potentially preserve jobs and foster a large North American market for current and next-generation goods.

According to Article 34.7 of the Canada-U.S.-Mexico Agreement (CUSMA), the parties must meet, through the CUSMA Joint Commission, every six years to conduct a joint review of the operation of agreement, "review any recommendations for action submitted by a Party, and decide on any appropriate actions." The first review commenced on July 1. In 2025, the federal government consulted widely on how Canada should approach the review but ignored recommendations from labour unions and civil society to strengthen the agreement's relatively strong labour guarantees and first-of-its-kind facility-specific rapid response labour mechanism (RRM). A reshuffled Canada-U.S. advisory group, which will act as a sounding board for Canada-U.S. and CUSMA trade talks, contains two labour representatives and is largely made up of CEOs and former conservative politicians.

A renewed CUSMA that maintains U.S. tariffs on Canadian and Mexican imports while making concessions to Trump administration demands in new areas, including possibly critical minerals and artificial intelligence, would be the worst possible outcome from the current review. Civil society groups in all three countries are demanding, instead, that the agreement's labour and environmental chapters be strengthened and its intellectual property rights and digital trade provisions weakened to expand sovereign capacity to contain pharmaceutical prices, better regulate potentially harmful practices by online firms, and foster domestic innovation in high-tech sectors.

Canada's support for Israeli apartheid and genocide

Between October 2023 and April 2026, Israeli military operations in Gaza have killed at least 72,000 people and wounded at least 172,000. More than 1,000 Palestinians were killed by Israeli security forces or illegal settlers in the West Bank in the same period.[1] Daily killings continued through May, despite an October 2025 ceasefire, while Israeli defence forces continued to restrict humanitarian aid to Gaza, including by unlawfully intercepting 22 boats and detaining 180 civilians aboard an international flotilla on April 27. Crew on one boat reported severe mistreatment and sexual assault "that may amount to torture," according to the UN.[2]

The federal government as a non-derogable obligation to take actions to stop the further genocide of Palestinians by the Israeli government. Canada's free trade deal with Israel violates international law by categorizing trade from the Occupied Palestinian Territories (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."[3] In March, the group Just Peace Advocates released a report that identified 169 unique wines and alcohol for sale as "Products of Israel" in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.[4]

Canada continues to approve the sale of weapons and military goods to Israel via the United States, despite an announced pause in 2024.[5] Israel has used these imported weapons to wage an expanded war in Lebanon and Iran resulting in thousands of casualties. Canada supplies critical components to Israel's F-35 fighter jet fleet, "a weapon that is central to Israel's campaign of destruction in Gaza, where some estimate the total explosives dropped since 2023 are equivalent to more than six nuclear bombs."[6] One Quebec company manufactures propellants and mortar cartridges that are sent to the United States for final assembly before being shipped to Israel, according to Oxfam Canada.[7]

Investor-state dispute settlement

International investment arbitration is under intense scrutiny globally. The investor-state dispute settlement process (ISDS) found in hundreds of Canadian trade and investment treaties 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 a $2 billion ISDS claim against Canada under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) related to Alberta's coal mining regulations.[8] Canada is also facing a $1 billion (at least) lawsuit from U.S. groups under the expired ISDS process in NAFTA, claiming unfair treatment from an impartial impact assessment that resulted in the rejection of a liquefied natural gas project in Quebec.

The Intergovernmental Panel on Climate Change says the prevalence of such ISDS cases threatens the global response to the climate emergency.[9] 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."[10] In 2023, another United Nations report found that ISDS poses "catastrophic" risks to the achievement of human rights.[11]

Canada continues to negotiate new treaties containing ISDS, including free trade agreements with Indonesia, Ecuador and Association of Southeast Asian Nations (ASEAN), primarily to strengthen the hand of Canadian mining firms abroad when faced with public or governmental opposition to their projects.[12] The presence of investment treaty protections does not noticeably increase foreign direct investment or make projects more likely to succeed. Canadian firms are behind at least 20 of 57 recent ISDS cases related to critical minerals.[13]

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 U.S. customs agents block thousands of shipments a year, Canada's forced labour import ban has been ineffective, despite repeated promises to improve enforcement. Canada is one of several countries under a Section 301 trade investigation by the United States Trade Representative into ineffective enforcement of forced labour import bans.

International unions and human rights groups are 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)[14], 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 allocate $2 million toward the establishment of a trinational civil society advisory group to help Canada, Mexico and the United States develop worker- and climate-centred reforms for the Canada-U.S.-Mexico Agreement (CUSMA) benefiting all three countries. During the present six-year review of CUSMA, the group will reinforce and help build out proposals by labour unions in all three countries for expanding the CUSMA rapid-response labour mechanism, for example, to include Canadian farms and U.S. “Right to Work” states as “covered facilities” for the purpose of challenging unfair labour practices.

The AFB will extend support for the Mexico Labour Solidarity Project established under CUSMA to help democratic unions in Mexico monitor and implement ongoing reforms to Mexican labour laws and enforce their rights under the trade agreement’s labour chapter and rapid-response labour mechanism. The AFB will allocate $2.5 million per year over five years toward projects in conjunction with labour unions in Canada and Mexico.

The AFB will terminate the Canada-Israel Free Trade Agreement and ban all weapons sales to Israel—directly or via the United States—to pressure the Israeli government to end its genocidal campaign in the Occupied Palestinian Territories and wars against Lebanon and Iran. Canada will 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.[15]

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.

Table 28.1 / AFB actions on trade and investment

All figures in millions

	2027-28	2028-29	2029-30
Establish a civil society advisory group to help develop worker- and climate-centred reforms for CUSMA	$2		
Support the Mexico Labour Solidarity Project	$3	$3	$3
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	
Establish an expanded forced labour and inclusive trade branch within Global Affairs Canada	$20	$20	$20

The AFB will allocate $50 million over two years to expand the number of professions covered by the Interprovincial Standards Red Seal Program, complementing the government's Team Canada Strong funding to recruit, train and hire up to 100,000 new Red Seal trades workers in the next five years. 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 federal and provincial mutual recognition plans.

The AFB will withdraw Canada from the free trade agreement with Ecuador and free trade negotiations with the United Arab Emirates. The Ecuador agreement, which will have negligible economic benefits for either party, could worsen the already terrible human rights situation in Ecuador by empowering Canadian mining companies over mining-affected communities, who face increased persecution from the Noboa government.

The AFB will direct Global Affairs Canada to remove investor-state dispute settlement (ISDS) from all existing Canadian trade and investment deals and to take ISDS off the table in current and future trade negotiations with Mercosur, the Philippines, and the Association of Southeast Asian Nations (ASEAN). Current investment treaty negotiations and modernizations will be cancelled. Instead, the government will join international efforts to plan a coordinated exit from the ISDS regime.

The AFB will establish and fund an expanded labour-focused 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.

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Veterans

Ensuring no one is left behind

Introduction

As military spending commitments increase, so too must our investment and commitment in the well-being of those who have served.

People are more likely to serve, stay and have confidence in the institution when they and their families are supported after service. Yet the support system from Veterans Affairs Canada has not kept pace with the changing realities of military, RCMP and family service. Veterans and families continue to face fragmented benefits, difficult transitions, uneven access to care, housing insecurity, backlogs, and gaps in research and support. This is particularly the case for women and other under-serviced groups.

Every veteran deserves a transition experience that supports timely care, financial security and respectful acknowledgement of their time in service—and it can't be one-size-fits-all. A modern veteran system must treat care of service members as a life-course obligation, and measure success through real outcomes.

As Canada expands and strengthens its military, it must also invest in the people who served, the families and those that support them, and the systems and services needed to ensure no one is left behind.

Overview

A comprehensive review of 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. The current system reflects structures originally designed around the needs of aging World War II and Korean War veterans. As of March 31, 2023, war service veterans represent 4,162 of VAC's 194,098 clients—approximately two per cent.[1]

VAC programs and services are slow to evolve with the needs of all veterans and their families. Canada's veteran population is diverse in age, service experience, family composition, health needs and identity. Women veterans, reservists, RCMP veterans, Indigenous veterans, 2SLGBTQI+ veterans, and veterans living in rural and remote regions all continue to report barriers in accessing equitable services and recognition.

Canada's veteran support system remains fragmented, reactive and too often difficult to navigate. The *New Veterans Charter* of 2006 brought dozens of legislative changes, new benefits and "enhancements" to programs and services. Policy objectives are aimed at providing supports for optimizing health and well-being, but in practice many veterans and families continue to experience long wait times, inconsistent access to care, complex eligibility systems, and gaps in support during and after military transition, which have also led to feelings of institutional betrayal.

Health care and transition gaps

Veterans continue to struggle when transitioning from federal military to provincial civilian health systems, especially those without access to a family physician.[2] Many civilian providers have limited familiarity with military occupational exposures, operational stress injuries, chronic pain, military sexual trauma, musculoskeletal injuries, or the long-term impacts of repeated deployments and service-related trauma.

The importance of access to adequate continuity of care was also addressed in the 2026 report from the Standing Committee on Veterans Affairs on suicide prevention among Canadian veterans.[3] Veterans are at a higher risk for death by suicide than the general population, but programs that could help are underfunded or difficult to access.

While telemedicine can improve access in some situations, there are limitations in its ability to meet complex mental health, chronic pain, rehabilitation or women's health needs. Veterans using telemedicine have reported concerns such as feeling rushed, having limited privacy in their homes, experiencing long wait times and finding limited accommodation for accessibility needs.[4]

Family members and caregivers are also affected by military service, yet they often lack independent access to appropriate mental health support. For years, the Office of the Veterans Ombud has called for investments in mental health coverage for family members of the Canadian Armed Forces veterans in their own right.[5] Programs and services to support aging veterans, such as the Veterans Independence Program, will also need to evolve to meet changing needs, including support for families and unpaid caregivers.[6]

Preventing homelessness and housing insecurity

Veterans are disproportionately represented among unhoused populations. Experts note the nature of veteran homelessness makes it difficult to quantify; estimates of the number of unhoused veterans vary from 2,400 to more than 10,000.[7] Women veterans represent 30 per cent of veterans experiencing homelessness,[8] and often face additional challenges related to military sexual trauma, intimate partner violence, caregiving responsibilities, disability and poverty.

As current shelter systems and veteran services are still largely designed around male veterans, they do not always provide safe, accessible or trauma-informed supports for women and gender-diverse veterans.[9,10] Veteran policy needs to place greater focus on prevention, recognizing the downstream impacts of challenges with transition health care, income instability and access to timely services.

Backlogs and staffing pressures

Wait times for Veterans Affairs Canada (VAC) disability benefit claims remain one of the most common complaints raised by veterans. While efforts have been made to reduce the backlog of claims, case managers are still carrying high caseloads and staffing pressures remain unresolved. The ratio of veterans to case managers is currently about 32:1[11] and some case managers have reported as many as 50 veterans in their caseloads.[12] The Bureau of Pension Advocates within VAC faces staffing reductions, despite a significant backlog, risking lengthened wait times and limited access to free legal support for appeals.[13]

Sustained investment in resources and staffing with improvements to benefit entitlement claims processing are necessary to manage growing claim volumes, meet client needs and ensure veterans receive their eligible entitlements in a timely manner.

Less reliance on privatization

The contract issued to administer the VAC rehabilitation program with Partners in Canadian Rehabilitation Services (PCVRS), a private venture between Lifemark Health Group and WCG International, is approaching its end.

Veterans' concerns about the rehabilitation program include excessive bureaucracy, inadequate care and threats to benefits.[14,15] Health care providers have also raised concerns, 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.[16] The Union of Veterans' Affairs Employees has called for the end of the contract.[17]

A Standing Committee on Veterans Affairs study outlined a lack of oversight (PCVRS is responsible for its own performance evaluation); and lack of information provided to case managers, veterans and care providers.[18] In 2026, the committee began a subsequent study to monitor the rehabilitation contract awarded to PCVRS.

These concerns call into question the ability of the current, privately contracted, model to deliver the timely, trauma- and violence-informed, accountable and veteran-centred rehabilitation that veterans deserve at value for money.

Equity for women veterans

Sex and gender invisibility in military and veteran systems has led to research gaps, bias and ultimately a system that is designed around male military norms.

These gaps have wide-reaching impacts: from disability adjudication and rehabilitation to homelessness risk, chronic pain management, reproductive health, menopause-related impacts and recognition of military sexual trauma.

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 the Canadian Armed Forces/ Department of National Defence is needed.

A 2024 Standing Committee on Veterans Affairs report, *Invisible No More*, 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.[19]

Meaningful implementation of these recommendations will drive transformative policy shifts. They should be integrated into modernization efforts system-wide across the Canadian Armed Forces/Department of National Defence, the Royal Canadian Mounted Police and Veterans Affairs Canada—not viewed as a separate women's issue. Modernization requires current and timely data (including publicly disaggregated data), equity and accountability.

Actions

The AFB will launch an independent review to ensure that veterans, loved ones, caregivers, survivors and surviving family members receive the benefits, services and supports they need, when and where they need them. The inquiry will produce a public report with concrete, time-bound and measurable recommendations.

The AFB will require Veterans Affairs Canada (VAC) to identify and register all eligible veterans proactively, rather than relying on them to come forward when seeking services. This will provide a more accurate view of the veteran population in Canada and allow VAC to design more preventative, targeted supports.

The AFB will ensure that caregivers and family members, including spouses, former spouses, survivors and dependent children, can access mental health care when their mental health concerns are connected to the veteran's military service.

The AFB will fund occupational medicine supports for veterans, especially those without a family doctor. It will also provide civilian health care providers with barrier-free training on military sexual trauma, operational stress injuries, chronic pain, post-traumatic stress disorder, substance use, VAC documentation, military occupational exposures, and other veteran-specific health issues.

The AFB will require mandatory, in-person training sessions for all VAC personnel on trauma- and violence-informed, culturally safe and veteran-informed best practices.

The AFB will not renew the private contract with Partners in Canadian Rehabilitation Services. It will return the administration of VAC's rehabilitation program to the public service as of June 30, 2027.

The AFB will increase funding to hire more permanent staff and case managers if wait times don't improve, however, the budget 2025 commitments to stabilize processing capacity for disability support benefit applications may be sufficient.

The AFB will consolidate and enhance existing transition programs, with specific attention to homelessness prevention, mental health literacy, career transition, community re-integration, family support and early identification of at-risk members.

The AFB will require proactive transition planning for all regular force and reserve force members, including Class A, B, and C reservists. This will include VAC registration, pre-release screening, injury documentation and clear referral pathways before release.

The AFB will fund and implement a long-term research program on servicewomen and women veterans, including co-ordinated research across VAC, Canadian Armed Forces/Department of National Defence, the Royal Canadian Mounted Police, Statistics Canada, Canadian Institutes of Health Research and community-based researchers.

The AFB will fully fund the implementation of the recommendations in the report of the Standing Committee on Veterans Affairs, *Invisible No More*, in collaboration with women veterans. This will include public timelines, outcome measures and annual progress reporting.

The AFB will expedite updates of VAC entitlement eligibility guidelines and the table of disabilities for medical conditions that affect women veterans. This work will apply transparent SAGER, SGBA and GBA+ methods and processes to address gender bias, evidence gaps and data equity.

The AFB will establish a dedicated military sexual trauma policy and adjudication framework at VAC. This will include trauma- and violence-informed claims processing, recognition of secondary conditions, access to specialized treatment and public reporting on outcomes.

The AFB will ensure veteran-serving organizations are connected to homelessness management information systems so veterans who are unhoused can be better identified and supported.

The AFB will establish a housing certificate program that provides individualized rent supplements to veterans experiencing homelessness or housing instability.

The AFB will direct the Canada Mortgage and Housing Corporation to create veteran-specific streams under the National Housing Strategy. This will include funding through low-interest and forgivable loans, women-specific housing, family-inclusive housing, and housing that accommodates dependants and service animals.

The AFB will develop a new joint suicide prevention strategy for military members and veterans, including reservists. The strategy will include measurable objectives, public reporting and a dedicated veteran

Table 29.1 / AFB actions on veterans

All figures in millions

	2027-28	2028-29	2029-30
Fund an independent inquiry to ensure that all veterans receive the support they need	$5	$5	
Register all eligible unregistered veterans	$2	$2	$2
Independent mental health treatment funding for family members	$6	$6	$6
Fund occupational medicine supports and provide civilian physicians with training	$2	$2	$2
Provide in-depth training on trauma- and violence-informed practices for Veterans Affairs Canada (VAC) personnel	$13	$13	$2
Consolidate and enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs	$80	$80	$80
Require proactive transition planning for all regular and reserve force members	$10	$10	$10
Implement a long-term research program regarding service women and women veterans	$15	$15	$15
Ensure veteran-serving organizations are connected to homelessness management information systems	$2		
Provide individualized rent supplements to veterans experiencing housing instability	$19	$20	$20
Ensure that the 9-8-8 crisis line includes a dedicated veteran option	$3	$3	$3
Restore and expand Bureau of Pension Advocates staffing	$12	$13	$13

pathway through Canada's 9-8-8 crisis line to improve timely access to veteran-informed crisis support.

The AFB will require Veterans Affairs Canada, the Canadian Armed Forces/Department of National Defence and the Royal Canadian Mounted Police to publish annual disaggregated data on transition outcomes, disability claims, wait times, homelessness, suicide risk factors, medical releases, rehabilitation outcomes, appeals and client satisfaction. These are to be broken down where possible by sex, gender, race, Indigenous identity, disability, service component and region.

The AFB will restore and expand Bureau of Pension Advocates staffing so veterans have timely access to free legal advice and representation for disability benefit reviews and appeals. Staff will be expanded to 250 to clear backlogs.

The AFB will co-develop an Indigenous veterans strategy with First Nations, Inuit and Métis veterans. This strategy will address culturally safe services, rural and remote access, housing, commemoration, claims support and family needs.

The AFB will review gaps affecting Royal Canadian Mounted Police veterans and ensure federal veteran policies address RCMP-specific service injuries, operational stress injuries, sexual misconduct, transition, disability adjudication and family supports.

The AFB will require public annual reporting on veterans programs, including the Veterans Homelessness Program, that detail measurable outcomes for veterans, in addition to program creation and spending. This reporting will include independent evaluation, lived-experience feedback and performance-improvement measures.

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Taxation

Let's tax wealth and corporate windfall profits

Introduction

Dominant narratives tell us that wealth and power are separate: wealth is the realm of the market and power is the realm of politics. We must leave the market to distribute wealth as it sees fit, while power will be effectively shared through electoral democracy. But, in reality, we know that these two things go hand-in-hand. With great power, wealth often follows, and with great wealth comes significant political influence.[1]

That is why Canadians are concerned about the extreme concentration of wealth,[2] which is reaching unprecedented levels. Forty Canadian billionaires alone hold over half a trillion dollars in wealth.[3] The wealthiest one per cent of Canadian households hold nearly $4 trillion in wealth, nearly one quarter of total household wealth.[4] And we are seeing with our own eyes where this path can lead. Billionaires are playing a disproportionate role in the Trump administration that is threatening civil rights, democratic processes, and environmental progress.[5] Canadians do not want to go down that same path.

The tax system is an important tool that we have to raise revenue, but also to structure markets so that wealth (and power) cannot concentrate indefinitely. The AFB makes significant changes to Canada's tax system to fund the investments and programs in the rest of the budget while reducing the concentration of wealth and power.

Overview

People are calling on their governments to use the tax system to limit extreme wealth and power all around the world.[6] Canada is no different. We feel the consequences of runaway inequality everyday as the cost-of-living crisis deepens and the climate crisis accelerates. Now is the time for bold ideas that can put Canada on a different path. A path of security, inclusivity, sustainability, and justice—where everyone can prosper.

Taxing the ultra-wealthy to prevent extreme wealth concentration

Canada's tax system is not as progressive as it seems at first glance. Although we have a progressive income tax system, the wealthy accrue wealth in many ways that are not taxed under the typical income tax system. When income is accrued within corporations, it faces a far lower tax rate than personal income. When assets like stocks and bonds increase in value, no tax is incurred even though the wealthy can borrow against that increased wealth. When the wealthy finally sell those assets, they are taxed at half the rate as ordinary income. Sales taxes and property taxes are regressive: lower- and middle-income people pay a greater share of their income in these taxes than the ultra-wealthy. And the progressivity of the income tax system stops at just over $250,000, so someone collecting $10 million has the same marginal tax rate as someone collecting $300,000.

All this adds up to a tax system where the richest one per cent pay only 23.6 per cent of their income in taxes while the average tax rate is 36.7 per cent, when all forms of income and taxes are considered.[7] This structure facilitates the concentration of wealth since the wealthy have more money left over to invest and further grow their wealth.

The AFB will rectify this by implementing a tax on wealth over $10 million, introducing a comprehensive inheritance tax to prevent wealth from being passed down across generations, and make the income tax system more progressive. These measures would affect only a tiny proportion of Canadians but would raise significant revenue and go a long way towards redistributing wealth and power.

Fixing the corporate tax system and shedding light on corporate tax abuse

Another mechanism through which wealth and power become concentrated is through corporations. Large corporations have significant price-setting power that allows them to profit off crises and raise the cost of living for the rest of us over time. They can also afford to hire expensive tax lawyers to exploit loopholes in the tax code. Successive governments have lowered corporate tax rates and introduced new corporate tax exemptions that have steadily reduced corporations' contributions to public revenues.

During 2026, oil and gas companies have reaped enormous windfall profits due to the illegal U.S. war on Iran. These profits are coming directly at the expense of consumers who are paying higher prices for gas and heating their homes. The AFB would implement a windfall profits tax on the oil and gas industry that can be triggered during future crises. It would also end all other subsidies for the oil and gas industry, reverse the new corporate tax handouts, improve corporate tax transparency and finally put an end to the use of tax havens.

Actions

The AFB will create a new personal income tax bracket on income above $1,000,000. The personal income tax system is more than a revenue generation mechanism—it also shapes how corporations and individuals choose to distribute income. It is no coincidence that when Canada began slashing its top marginal income tax rates in the 1970s, top incomes exploded.[8] Today, there is no difference in tax rates between the $260,000th dollar of income and the $260 millionth dollar. This proposal would disincentivize incomes over one million dollars, creating a more equal distribution of income and wealth while generating considerable revenue. Recent examples in the U.S. demonstrate that this policy works. A new four per cent surtax on incomes over $1 million in Massachusetts raised more than double its initial projected revenue.[9] Despite billionaire-led opposition, capital flight has not happened. Washington state, which has no state income tax, recently passed a 9.9 per cent tax on income over $1 million. A new federal income tax bracket, with a rate of 37 per cent on income over $1,000,000, would affect only 45,000 people, or 0.135 per cent of tax filers, deter outsized salaries, and raise $1.4 billion in 2027.

The AFB will tax extreme wealth directly. Today, billionaires often accrue wealth through appreciation in asset values without triggering any income tax. Because of the failure to tax the gains of the ultra-wealthy, 1,685 families in Canada have an average of $448 million in wealth—4,041 times the average wealth of the bottom half of Canadian families. The top one per cent hold nearly $4 trillion in wealth, or almost a quarter of all household wealth in Canada.[10] To prevent the extreme concentration of wealth, and the power that comes with it, from continuing, Canada should implement an annual wealth tax. A progressive wealth tax on net worth over $10 million would redistribute wealth and power, while raising over $39 billion in the first year[11]—99.4% of Canadians would not be affected by this tax.

The AFB will tax large inheritances to prevent concentrated wealth from being passed down across generations. Canada is the only G7 country without a comprehensive inheritance tax—this is one reason why Canada's richest families, like the Thomsons, Rogers, and Westons, have remained among Canada's richest families for generations. An inheritance tax is an essential tool to redistribute power and wealth, and ensure equality of opportunity. Canada's current patchwork system includes deemed disposition of capital gains upon death, which has a tax base only about 16 per cent of the size of the total wealth that gets passed on each year. Canada should implement a 50 per cent tax on total lifetime inheritances greater than $2.5 million. Only about 0.01 per cent of Canadians would be impacted by this tax annually and it could raise $1.1 billion in revenue.

The AFB will tax the windfall profits of the oil and gas industry and use that revenue to end our dependence on volatile fossil fuels markets. Canada's oil and gas industry is projected to collect $16 billion in windfall profits in 2026 due to the U.S. war on Iran.[12] Just like during the post-pandemic oil price shock, Big Oil will use these profits to funnel cash to largely foreign shareholders, as opposed to reinvesting in Canada and creating good jobs. These profits are coming directly from the pockets of Canadians who are facing massive increases in fuel prices. Canada should implement a 50 per cent tax on these windfall profits and use that revenue to provide cash transfers to offset the rising cost of living and to invest in renewable energy infrastructure. This tax could be implemented anytime, like the Canada Recovery Dividend, which was retroactive. It should also have a clause that allows it to be triggered to apply to any industry engaged in profiteering during future crises.[13] Such a tax could raise $8 billion from the oil and gas industry alone and the AFB would spread payments over three years.

The AFB will restore the federal corporate income tax rate to 20 per cent. Since the 1980s, federal and provincial governments across the political spectrum have lowered corporate income tax rates, supposedly to spur investment. Across this time period, the proportion of profits paid in taxes has fallen from about 40 per cent to about

18 per cent. Despite this significant giveaway to corporations, corporate investment has stalled, with non-financial corporations investing less in 2025 than they did in 2011.[14] At the same time, dividends and stock buybacks have drastically increased. Canada should reverse the costly corporate tax cuts that have not led to increased investment, but only increased shareholder payouts. This could raise over $30 billion in revenue annually starting in 2027-28.

The AFB will eliminate the capital gains loophole so that income from wealth is taxed like income from work. Currently, income from capital gains (increases in asset values) is taxed at half the rate as income from employment. Corporations engaged in speculation, like real estate companies and alternative asset managers, are some of the biggest beneficiaries of this loophole.[15] On the individual side, two thirds of this tax break go to people making more than $250,000 a year.[16] This is one of the most significant ways in which our tax system privileges the wealthy over everyone else. Because men own more assets than women, it also disproportionately benefits men.[17] The AFB would fully include capital gains in income while adjusting initial asset values for inflation so that only real changes in asset values are taxed. This would apply to both individual and corporate capital gains and would raise $13 billion a year.

The AFB will prohibit tax avoidance by large corporations and the wealthy through tax havens. Canadian assets in tax havens reached $682 billion in 2024, more than all the foreign assets Canadians hold outside the U.S.[18] Instead of tackling this issue, the government exempted U.S. companies from the OECD Pillar Two agreement on corporate minimum taxation, rendering it effectively useless.[19] There remain massive incentives for corporations and the wealthy to shift their profits to tax havens. The AFB will require companies to have a genuine business reason to set up foreign subsidiaries in tax havens, end tax information exchange agreements with known tax havens, and require companies to publicly disclose their revenue, assets, employees, profits and taxes paid in each jurisdiction in which they operate. These measures could raise $10 billion in revenue per year.

The AFB will reverse cuts made to the Canada Revenue Agency (CRA) and ensure the CRA has the resources it needs to tackle tax avoidance by the wealthy and large corporations. The CRA is currently projecting to cut over 2,500 jobs between 2025-26 and 2028-29.[20] Since CRA employees are responsible for enforcing Canada's tax laws and collecting tax revenue, this will make it even harder to prosecute the complex tax planning schemes used by the ultra-wealthy, resulting in lost government revenue.[21] The Parliamentary Budget Office (PBO)

Table 30.1 / AFB actions on taxation

All figures in millions

	2027-28	2028-29	2029-30
Create a new income tax bracket over $1,000,000 with a rate of 37%	-$1,429	-$1,483	-$1,541
Wealth tax on net worth over $10 million (net of the million dollar windfall home tax)	-$35,822	-$37,268	-$38,914
Implement a 50% tax on total lifetime inheritances greater than $2.5 million	-$1,060	-$1,091	-$1,125
Tax windfall profits of oil and gas industry	-$2,690	-$2,690	-$2,690
Restore the federal corporate income tax rate to 20%	-$30,391	-$30,391	-$31,617
Eliminate the capital gains loophole so that income from wealth is taxed like income from work	-$13,327	-$13,833	-$14,373
Prohibit the use of tax havens	-$10,000	-$10,380	-$10,785
Reverse the cuts at CRA	$546	$616	$646
Invest in CRA investigations, auditing, and enforcement (reverse the cuts)	$667	$667	$667
Revenue from increased investigations	-$2,667	-$2,667	-$2,667
Eliminate fossil fuel subsidies	-$1,834	-$1,871	-$1,908
End costly, ineffective corporate handouts through tax expenditures and capital cost allowances	-$2,800	-$2,685	-$5,840
Eliminate the First Home Savings Account	-$1,410	-$1,585	-$1,760

estimates a payback of $4-5 for every extra dollar invested in business tax compliance.[22] The AFB will put an extra $2 billion, over three years, into the agency.

The AFB will eliminate all subsidies and financing for the fossil fuel sector. Canada urgently needs to transition away from fossil fuels and invest in renewable energy infrastructure. However, despite its longstanding pledge to end fossil fuel subsidies, the new government has introduced several new subsidies for the sector. This includes a tax credit for carbon capture projects that extract more oil, a tax credit for liquified natural gas projects, and the pause of the federal fuel excise tax.[23] Further support for the industry is just lining the pockets of the largely foreign-owned oil and gas industry.[24] The AFB will end these subsidies and all public funding to this sector, which contributes more to Canada's carbon emissions than any other sector.[25] See the Environment and Climate Change chapter for how the AFB would change the carbon pricing system.

The AFB will end costly, ineffective corporate handouts through tax expenditures. Corporate tax credits and accelerated deductions are introduced in nearly every budget despite the fact that they have never been proven to increase investment.[26] Over the past year, the government has reinstated accelerated capital cost allowances, expanded a "scientific research" tax credit, which is known to be largely captured by tax consultants, and expanded tax credits for fossil fuels and the mining industry. The AFB would cancel these new credits and review all corporate federal tax expenditures to ensure that all expenditures serve a distinct social purpose. Remaining expenditures, such as tax credits for clean energy investment, would be subject to strict labour and community benefits conditions that require corporations to pay sufficient wages, have high labour standards, and ensure investments met the needs of local communities.[27] These measures would result in $2.8 billion of annual savings.

The AFB will eliminate the First Home Savings Account. This policy disproportionately benefits higher-income households[28] and might reduce housing affordability through increasing demand.[29] Eliminating this ill-advised measure would save the federal government $1.4 billion.[30]

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Macroeconomic issues and fiscal projections

Getting Canada's economy out of neutral

There was plenty of debate about a technical versus actual recession following the slightly negative real GDP data point from the first quarter of 2026. This misses the broader point that the Canadian economy has been stuck in neutral for four quarters and experienced no real GDP growth since the first quarter of 2025. This is a clear negative result that the federal government needs to tackle head on. The Bank of Canada is unlikely to lower interest rates to aid the housing sector as higher oil prices threaten higher prices outside of just gasoline.

This no-growth situation that Canada is stuck in has clear determinants, the most seemingly obvious one is trade chaos with the United States. Canada's economic doldrums preceded the trade war. The problem has been decades in the making and is the result of long-term under-investment because of the government's attempt to rely on "incentives" rather than direct investment.

Most Canadian goods can still enter the U.S. tariff-free, although certain sectors have been hit hard by the abrogation of the free trade agreement between our two countries. The ongoing threats of broader tariffs undermine business confidence and reduce economic growth.

While American tariff policy is well outside of Canada's control, other factors dragging the GDP down are very much within our control. Much tighter immigration policy led to a decline in the Canadian population. With fewer people comes less economic growth. Per capita GDP the first quarter of 2026 did not decline, meaning that the overall GDP drop is being driven by falling population, not falling economic activity.

Federal government cutbacks and layoffs also play a role in suppressing economic growth. The employment impacts are being acutely felt in the national capital region. Ottawa had the second worst job losses since January 2025 of any CMA in Canada, behind Montreal.

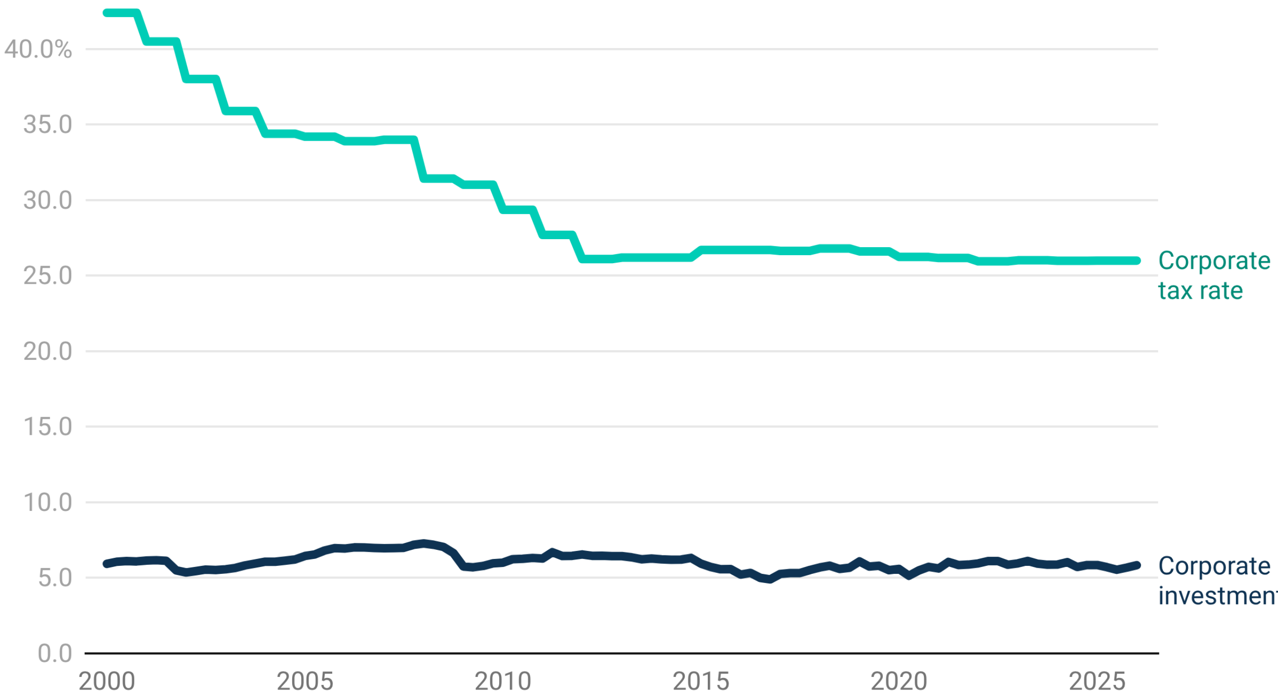
Tax cuts aren't the answer, direct public investment is

When it comes to slowing productivity in Canada, the corporate sector is quick to propose more corporate tax cuts as a solution. While it is possible for firms to direct the proceeds of lower taxes to productivity enhancing investments (thereby increasing their, and the economy's, productivity), this is hardly the only use for those proceeds.

Figure 31.1 illustrates the last 35 years of corporate investment, as represented by spending on machinery and equipment and intellectual property. Over this long period, corporate investments have ebbed and flowed. In the past decade, they have remained relatively stable, at roughly six per cent of GDP. However, statutory federal and provincial tax rates have been cut in half over this same period. So, while corporations could have used the windfall from lower corporate taxes on productivity enhancement, they haven't.

Figure 31.1 / Corporations haven't used the windfall from lower taxes on productivity enhancement

Machinery and equipment and IP as % of real GDP compared with statutory corporate federal and provincial income tax rates, 2000-26

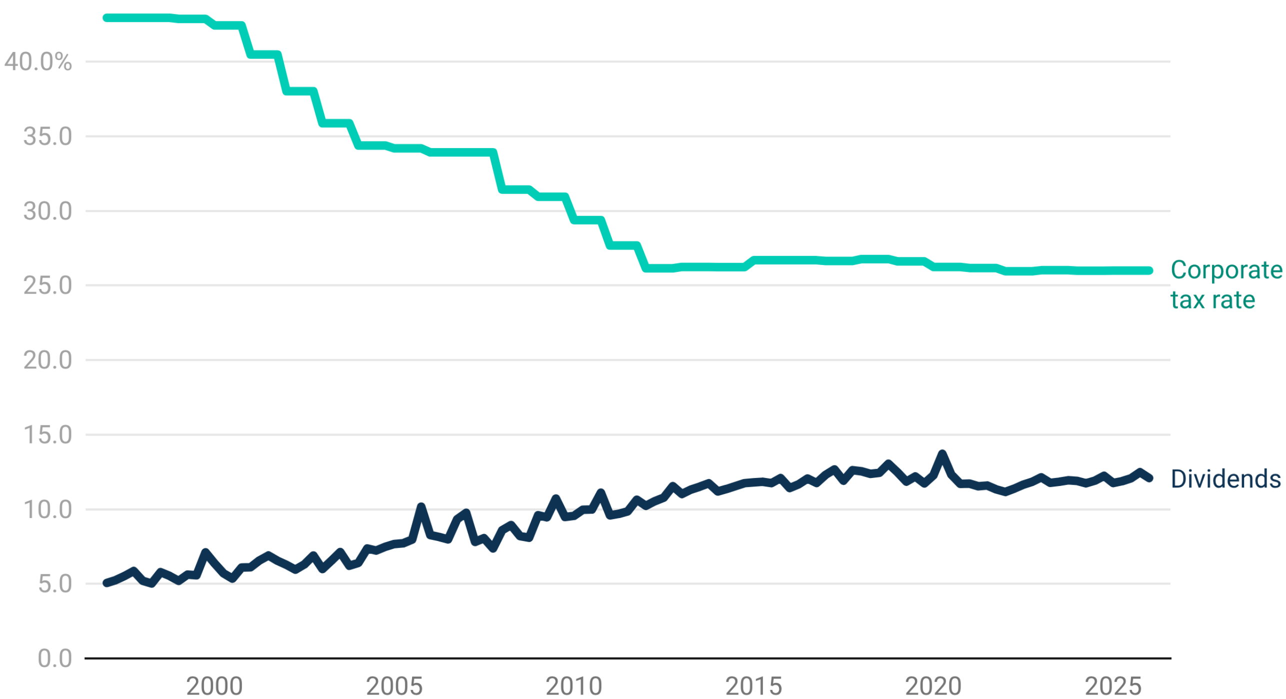


Source Statistics Canada (Statistics Canada. Table 36-10-0104-01 Gross domestic product, expenditure-based, Canada, quarterly), OECD (OECD Data explorer: Combined corporate income tax rate, general government) and author's calculations

What did rise, substantially, over this period of increasingly lower corporate taxes was how much corporations paid out to their shareholders in dividends. During the period when tax rates were being cut in half, dividends exploded, from five per cent of GDP to 11 per cent by 2010, when corporate tax rates hit their bottom. Once the statutory tax rates remained relatively unchanged post-2010, dividends remain permanently at their new higher level.

Figure 31.2 / Dividends doubled as corporate tax rates plummeted

Dividends to GDP compared with statutory corporate federal and provincial income tax rates, 1997-2026



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One of the major challenges for relying on corporate tax rate reductions to fuel investment is found in Figure 31.3. The fundamental reality is that for Canadian non-financial firms, 80 per cent of after-tax profits are paid out to shareholders as dividends or share buybacks, no matter the tax regime. This ratio can change in volatile times, like the during pandemic, which briefly slashed profits, but in less turbulent times following that period the payouts are remarkably stable. In any tax change that raises corporate after tax profits we should expect 80 per cent of that money to go to shareholders with maybe 20 per cent going to productive investments. That's a crushing upfront price to pay. Federal government direct investments in productivity enhancements through sectoral investments, education and de-carbonization skip the 80 per cent to wealthy shareholders and devote the entirety of the investment into productivity enhancing capital investments. That's exactly the route that the AFB takes.

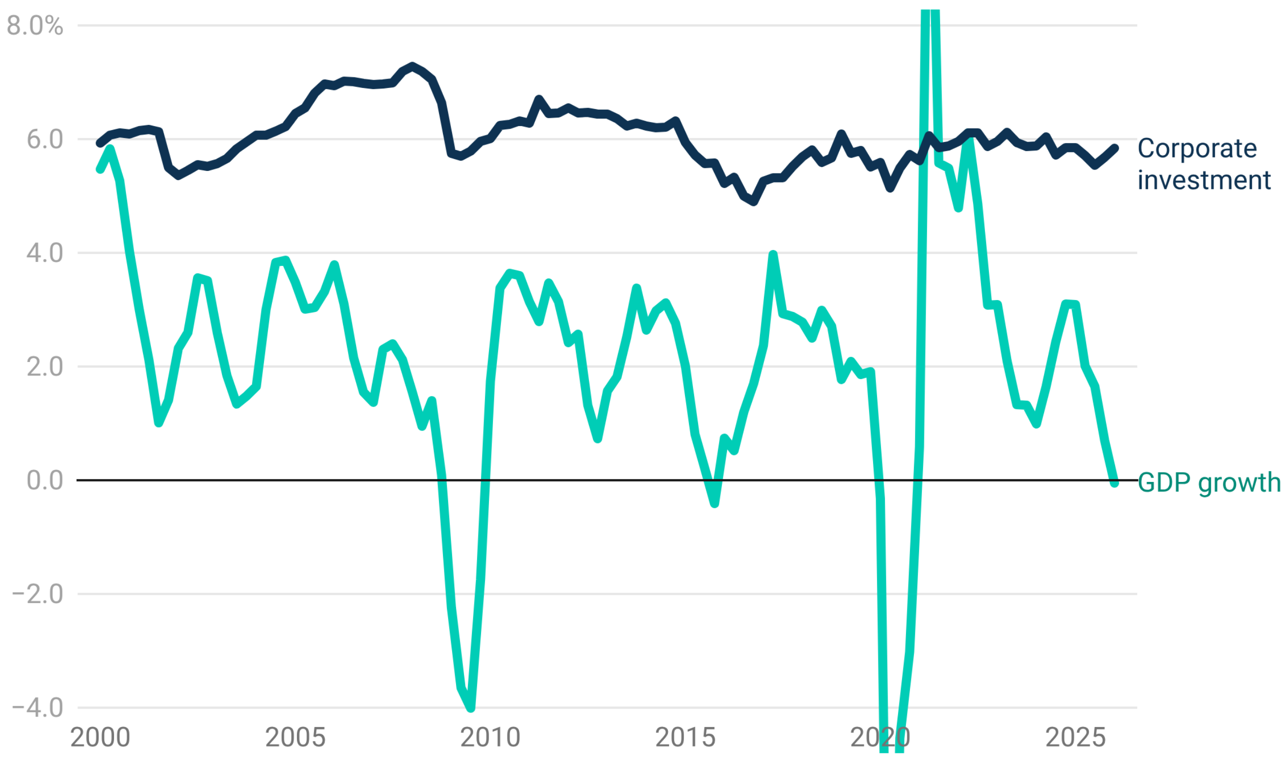
Figure 31.3 / 80% of profits are paid out as dividends or share buybacks by non-financial firms, no matter the tax regime

Proportion of after-tax profits paid out to shareholders, Canadian non-financial corporations, 2015-26

Source 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); and Statistics Canada, Table 36-10-0621-01 Equity securities issues by sector and type of instrument (transactions), quarterly (x 1,000,000)

Figure 31.4 / Corporate investment doesn't chase tax rates, it chases economic growth

Machinery and equipment and IP as % of real GDP compared with yearly GDP growth, rolling, 2000-26



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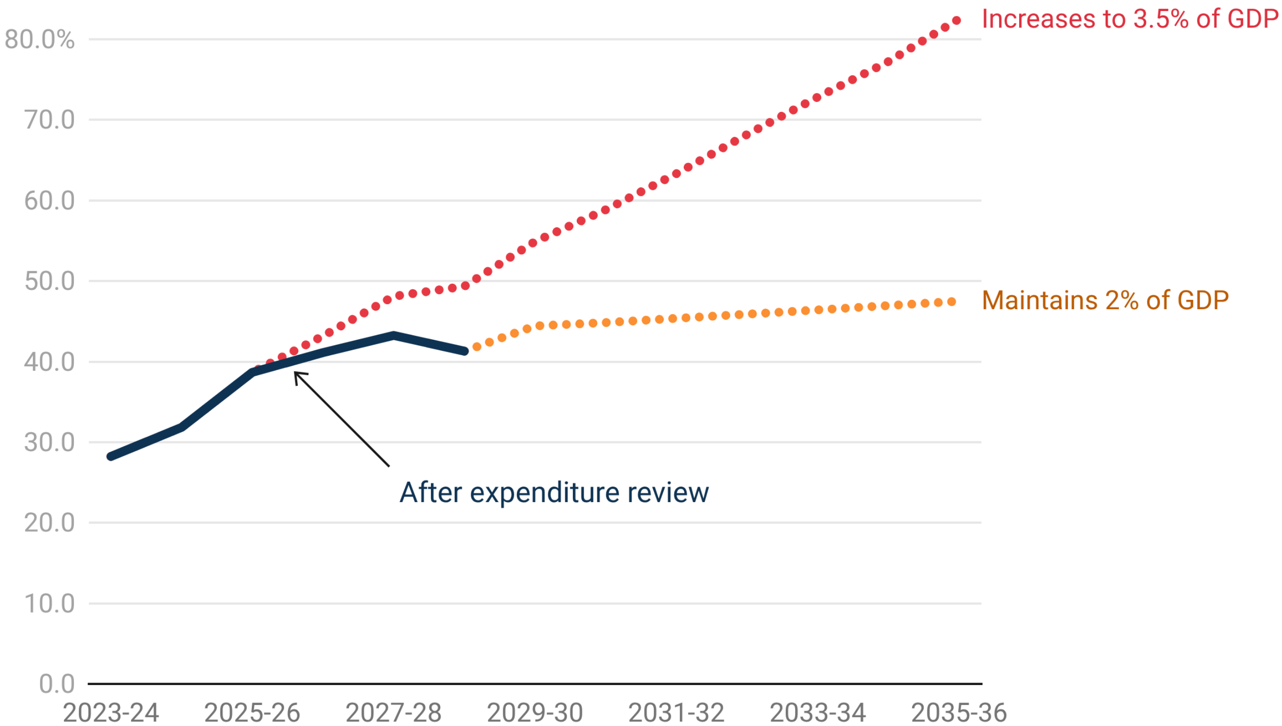
The simple truth is that corporate investment doesn't chase tax rates, it chases economic growth as shown in Figure 31.4. When times are good, companies invest in their productive capacity, they buy more machinery and equipment and develop more intellectual property. As a result we see an uptick in corporate investment when GDP growth is strong.

When times are tough, companies cut back on their expansion plans and their investments in research. They don't buy machinery and equipment and they don't greenlight new research and development that may have longer term payoffs. So if we want more corporate investment, we need stronger economic growth, not tax cuts.

Direct government investment spurs private productivity investments by driving economic growth. Government spending will, necessarily, use

Figure 31.5 / Defence spending eats everything

Defence spending (Department of National Defence and Veterans Affairs) as a percentage of all operational spending



Source 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); and Statistics Canada, Table 36-10-0621-01 Equity securities issues by sector and type of instrument (transactions), quarterly (x 1,000,000)

private sector providers of goods and services, which provides them with stable sources of income that create the greater certainty necessary for risk-taking and may encourage them towards investment in productive capacity.

Defence spending eats the federal budget

One of the other factors in slower growth has been federal government cutbacks. However, these cutbacks cannot be viewed in isolation. They need to be seen as a shift in government operational spending, not an overall cut—specifically a shift away from almost all departments and towards higher defence spending. The net result is a rapid shift in the distribution of operational spending. Figure 31.5 illustrates what proportion of the federal operational budget is going to defence spending, illustrated by Department of National Defence (DND) and Veterans Affairs

(VAC) the two largest components that count towards NATO-eligible defence spending. Prior to the 2025 budget Comprehensive Expenditure Review (CER), DND and VAC made up under 30 per cent of all federal operational spending. However, following the CER, that will rise to 40 per cent.

If the government continues to carve out new defence spending from other departments instead of raising taxes or running a larger deficit to pay for it, the results will become quite stark.

If the federal government retains its commitment to NATO's two per cent of GDP goal, half of federal operational spending would be in defence by 2035-36. However, the federal government has committed to hitting the NATO goal of 3.5 per cent of GDP.[1] This would more fundamentally alter what the federal government does. It would mean over 80 per cent of the operations of the federal government would be military and veterans affairs, a complete inversion of the situation from 2024-25.

The AFB does not believe that turning the federal government into an almost purely military organization is what Canada needs and the AFB charts a different path.

The AFB's macroeconomic baseline

As with previous years, the AFB takes as its baseline the most recent federal fiscal and macroeconomic data, which in this case was the 2026 spring economic statement, as outlined in Tables 31.1 and 31.2.

In the lead up to this AFB, Canada had a very poor previous 12 months, ending in March 2026, where Canada had no real GDP growth. Of those four quarters, three saw negative or no economic growth and only one showed some growth. The final quarter of 2025 and the first of 2026 put Canada in a technical recession, as the growth was only marginally negative in the first quarter of 2026.

Part of this no-growth year was a result of external factors—including the tariff war with the United States—and, in part, the problem was internal, as Canada shut its doors to international students and several types of foreign workers. Each of these put a drag on growth. Table 31.1 shows some improvement in 2027, with real GDP growth rising to just over one per cent. However, this level of growth remains disappointing. Canada is far from strong economic growth—in 2026 and the near future.

Table 31.1 / Base case (Finance Canada), macroeconomic indicators

Macroeconomic indicators	2027	2028	2029	2030
Nominal GDP (millions)	$3,372,000	$3,497,000	$3,630,000	$3,771,000
Real GDP growth	1.1%	1.9%	1.9%	1.9%
GDP inflation	2.8%	1.8%	1.9%	2.0%
Nominal GDP growth	4.0%	3.7%	3.8%	3.9%
Employment				
Participation rate	65.3%	65.4%	65.4%	65.5%
Labour force (thousands)	22,712	23,055	23,386	23,722
Employed (thousands)	21,235	21,625	21,959	22,299
Employment rate	61.1%	61.4%	61.4%	61.5%
Unemployed (thousands)	1,476	1,429	1,427	1,423
Unemployment rate	6.5%	6.2%	6.1%	6.0%

While economic growth for its own sake can be quite dangerous—wars and environmental devastation are great for growth—nor should growth be neglected. As we'll see below, the AFB shows how we can grow the economy while providing better services, more equity and a manageable deficit.

In Table 31.2, as with previous AFBs, we're continuing to include the revenue collected by the federal government that's given up in tax expenditures, otherwise known as legal tax loopholes. The statutory tax liability, or the amounts that the federal government would have collected without tax loopholes, is missing from standard federal budgets. But the foregone revenue amounts are tremendous and deserve much more scrutiny than they receive.

If we look at the personal income tax system first, the federal government would have collected $363 billion in tax revenue in 2027-28. But it gave away $101 billion of it in tax expenditures—almost entirely to Canada's richest, who receive the lion's share of tax loopholes. Once we account for the tax breaks provided to Canada's rich, we get the personal income tax revenue line of $262 billion in 2027-28 that we'd find in standard budget documents. In other words, Canada gave up over a quarter of its personal income tax revenue to tax loopholes.

The situation is much worse if we look at corporate income taxes. Without tax loopholes for corporations, the federal government would have collected $170 billion in 2027-28 for this line item. Instead, it gave away $71 billion. The actual amount collected after the corporate tax

Table 31.2 / Base case (Finance Canada), budgetary transactions

	2026-27	2027-28	2028-29	2029-30
Personal income tax (millions)				
PIT—statutory tax liability	$347,207	$362,935	$378,998	$394,783
PIT—tax expenditures	-$95,607	-$100,835	-$105,298	-$109,683
Personal income tax revenue	$251,600	$262,100	$273,700	$285,100
Proportion of PIT tax bases lost to tax expenditures	-27.5%	-27.8%	-27.8%	-27.8%
Corporate income tax (millions)				
CIT—statutory tax liability	$165,314	$169,832	$169,832	$176,687
CIT—tax expenditures	-$65,614	-$70,732	-$70,732	-$73,587
Corporate income tax revenue	$99,700	$99,100	$99,100	$103,100
Proportion of CIT tax bases lost to tax expenditures	-39.7%	-41.6%	-41.6%	-41.6%
Non-resident income tax	$14,300	$14,600	$14,900	$15,100
Total income taxes	**$365,600**	**$375,800**	**$387,700**	**$403,300**
Total all other revenue	**$164,000**	**$171,000**	**$178,200**	**$186,500**
Total budgetary revenues	**$529,600**	**$546,800**	**$565,900**	**$589,800**
Revenues (millions)	$529,600	$546,800	$565,900	$589,800
Program spending	$536,200	$544,300	$552,000	$570,200
Debt service	$58,700	$65,700	$71,600	$75,700
Budget balance (surplus/deficit)	-$65,300	-$63,200	-$57,700	-$56,100
Closing debt (accumulated deficit)	$1,399,300	$1,462,500	$1,520,200	$1,576,300
Budgetary indicators as a percentage of GDP				
Revenues/GDP	15.7%	15.6%	15.6%	15.6%
Program spending/GDP	15.9%	15.6%	15.2%	15.1%
Budgetary balance/GDP	-1.9%	-1.8%	-1.6%	-1.5%
Debt service/GDP	1.7%	1.9%	2.0%	2.0%
Debt/GDP	41.5%	41.8%	41.9%	41.8%

loopholes was $99 billion. In other words, four of every 10 cents in corporate income taxes are given away in loopholes.

All told in 2027-28, the federal government is on track to give away $171 billion in personal and corporate tax loopholes, more than twice the size of the federal deficit in that year.

Despite the crushing burden of tax loopholes, the federal government is on track for a deficit of just under two of GDP, which falls over the projection horizon. This is a mid-range value for the deficit, not the lowest but nowhere near the highest—and lower than at any point between 1975 and 1995.

Revenues-to-GDP sit at roughly mid-range, historically speaking—neither as low as they were in the 2010s, but lower than any point between 1986 and 2006.

Program expenditures are similarly at mid-range over the past half century.

Canada's national debt-to-GDP is five points lower than its recent high during the pandemic, as economic growth grew much faster than debt over the past few years. The national debt-to-GDP was higher in every year between 1984 and 2003, so its present level is roughly mid-range for the past half century.

The AFB plan

The AFB plan starts from the most recent fiscal statistics in Tables 31.1 and 31.2 and adds the aggregation of its programs on top. The full list of AFB items can be found in Table 31.5 at the end of the chapter but can also be found at the end of each chapter.

The AFB would implement over 200 fresh policy ideas. Many of them are expenditures and so the net increase in expenditures under the AFB would be just over $100 billion in 2027-28.

Over 20 AFB policy measures are on the revenue side, and they raise almost the same in 2027-28 as the AFB spends. In other words, the AFB pays for itself. A third of the new AFB revenue comes from closing some of the $171 billion in tax loopholes the federal government forgoes every year.

The net result of the AFB is that the deficit line is almost nil because the AFB pays for its new measures with revenue improvements. The debt-to-GDP ratio also remains the same as in the base case.

While AFB expenditures and revenues are roughly equal, that doesn't mean that there's no effect on the economy, in areas like employment. The AFB taxes in areas where the economic multipliers are lower—like on corporations and the wealthy—and spends in areas where multipliers are higher—like support for low-income families and the provision of services like in health care, child care and physical infrastructure. The result is that the AFB creates or maintains over 400,000 jobs by 2030.

Table 31.3 / AFB plan

	2026-27	2027-28	2028-29	2029-30
Nominal GDP	$3,372,000	$3,538,000	$3,675,000	$3,817,000
Nominal GDP growth	4.0%	4.9%	3.9%	3.9%
Revenues (milions)				
Base case	$529,600	$546,800	$565,900	$589,800
Net AFB revenue measures		$109,700	$114,200	$123,500
Total	**$529,600**	**$656,500**	**$680,100**	**$713,300**
Program spending (milions)				
Base case	$536,200	$544,300	$552,000	$570,200
Net AFB program measures		$112,200	$121,100	$126,700
Total	**$536,200**	**$656,500**	**$673,100**	**$696,900**
Debt service	$58,700	$65,800	$71,900	$76,200
Budget balance (surplus/deficit)	-$65,300	-$65,800	-$64,900	-$59,800
Closing debt (accumulated deficit)	$1,399,300	$1,465,100	$1,530,000	$1,589,800
Budgetary indicators as a percentage of GDP				
Revenue/GDP	15.7%	18.6%	18.5%	18.7%
Program spending/GDP	15.9%	18.6%	18.3%	18.3%
Budgetary balance/GDP	-1.9%	-1.9%	-1.8%	-1.6%
Debt service/GDP	1.7%	1.9%	2.0%	2.0%
Debt/GDP	41.5%	41.4%	41.6%	41.7%

Table 31.4 / AFB employment impact

	2027	2028	2029	2030
AFB jobs created or maintained (thousands)		375	435	448
Population (thousands)	34,756	35,243	35,736	36,236
Participation rate	65.3%	65.8%	65.8%	65.8%
Labour force (thousands)	22,712	23,190	23,514	23,843
Employed (thousands)	21,235	22,000	22,395	22,747
Employment rate	61.1%	62.4%	62.7%	62.8%
Unemployed (thousands)	1,476	1,190	1,119	1,097
Unemployment rate	6.5%	5.1%	4.8%	4.6%

Income and poverty impacts of the AFB

When examining the aggregation of budgets, it's important to look at their impact on the federal governments' books as well as other effects on inequality and poverty. These effects are rarely included in standard budget analysis, but they are included in the AFB analysis.

In this section, we aggregate the personal tax/transfer items in the AFB, which comprise much of the EI chapter, the Tax chapter (as it relates to individuals), and the Poverty and income security chapter. (Not all measures fully implemented in year one.[2]) For the purposes of simulating the effects, the full implementation occurs in 2027. Simulations were conducted in SPSD/M glass box.[3]

First let's examine the simulated AFB effects on inequality as measured by 10 equal groups of families, called deciles. The average change, per family, due to AFB measures is illustrated in Figure 31.6. There are new taxes in the AFB and they are targeted at the highest-income earners. As a result, the top decile—or 10 per cent of families making over $257,000 in pre-tax income—would pay almost $5,000 more. But even families near the upper end of the income distribution—in deciles 8 and 9, making between $145,000 and $257,000—would see little overall change due to the AFB measures.

Figure 31.6 / Average family change due to the AFB by income decile

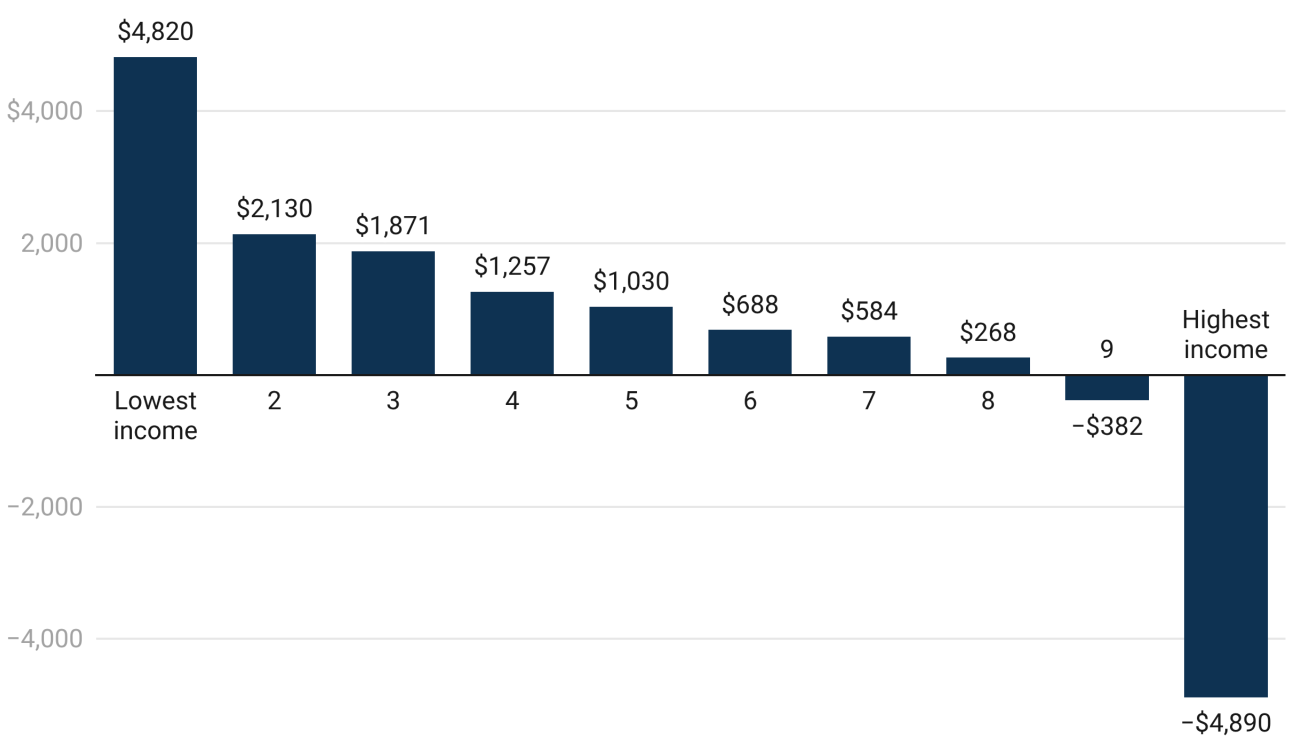
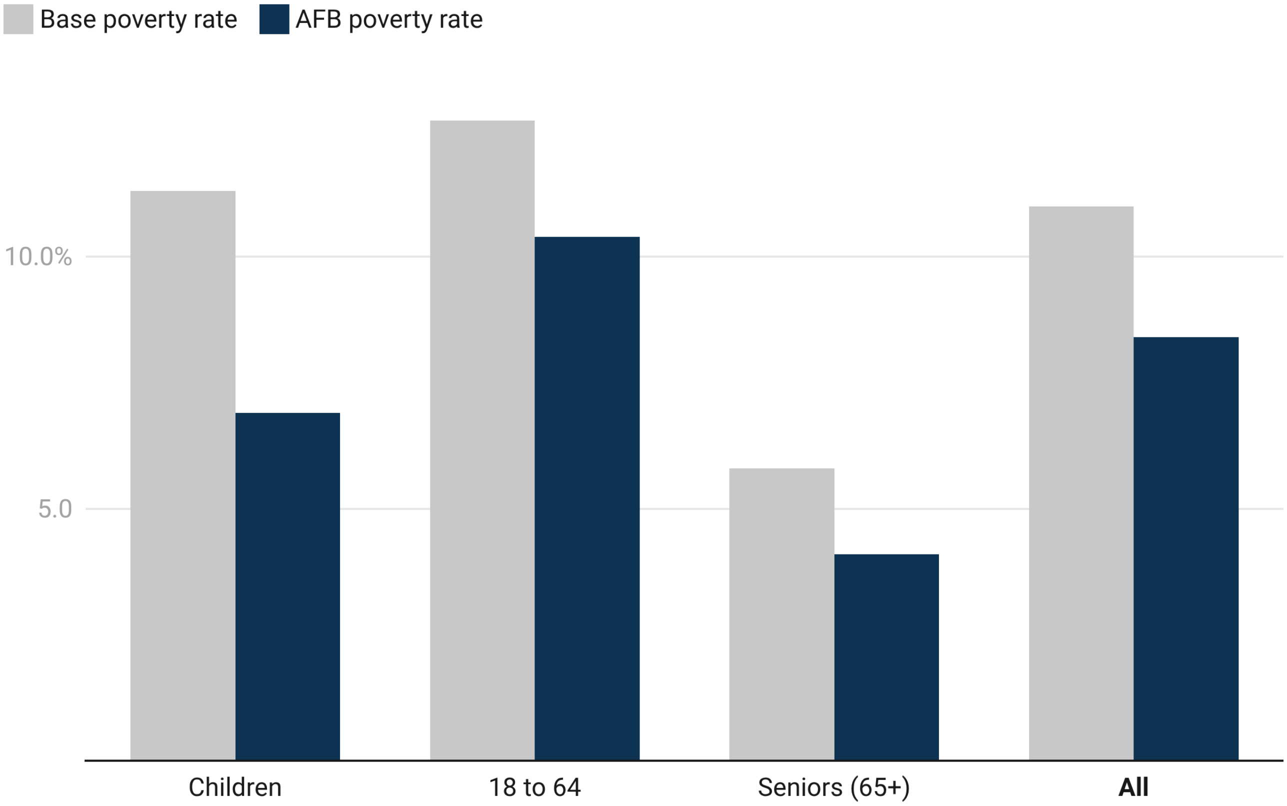


Figure 31.7 / AFB impact on MBM poverty rates by age group, 2027



The bottom 70 per cent of families would see an average change in the transfers they receive net of any taxes. The average gain, per family, is roughly $500 and the new AFB supports rise as income falls. The benefit to the poorest 10 per cent of families is substantial: on average, it amounts to almost $5,000 per family. So, the rich do pay more under the AFB, but it results in much better support for the least fortunate Canadians.

The Poverty and income security chapter focuses its new transfers on those who need them most and works towards cutting poverty rates in half by 2030. We can see the benefits of these programs on poverty rates in all age groups, as shown in Figure 31.7. Seniors have a lower poverty rate to begin with, due to important pre-existing supports like OAS, Guaranteed Income Supplement (GIS) and the Canada Pension Plan. These critical programs already put a higher floor on seniors' incomes than any other age group. But with the additional AFB measures, seniors' poverty rates fall from nearly six per cent to four per cent, lifting

141,000 seniors out of poverty in 2027. This is largely due to the AFB improvements to the GIS, ameliorating an already important program in reducing senior poverty.

Children and adults have much higher poverty rates. Children under 18 would see their poverty rates under the AFB fall from 11 per cent to seven per cent, lifting 328,000 children out of poverty. The AFB's end poverty supplement to the CCB is doing the heavy lifting here. It is designed to target families with children in the deepest poverty who are already receiving the CCB and aids them even more. Because poverty is measured at the family level, the CCB supplement is also lifting the parents of those children out of poverty.

We also see the poverty rate for people aged 18 to 64 falls under the AFB, from almost 13 per cent to 10 per cent, lifting 549,000 people out of poverty. The improvements to the Canada Disability Benefit, the CCB supplement and our new Canada Livable Income are all helping low-income adults. But so are measures from the Employment Insurance chapter—like a $500 weekly minimum benefit.

All told, the AFB lifts over a million people out of poverty, if measured by the MBM. Using the CF-LIM AT, a less subjective measure of poverty, the impact of the AFB is similar, where 900,000 people are lifted above that poverty line.

The nature of the income supports mean that some family types are particularly impacted by AFB policies, as shown in Figure 31.8. Those living in married couple families have low poverty rates to begin with. Those with children see a benefit from AFB policies, particularly the CCB supplement. One of the biggest impacts is for single parents with young children, who are mostly single mothers, whose poverty rate would be cut in half, falling from 26 per cent to 13 per cent.

Adults living alone—who are of working age and seniors—also see high poverty rates and see some benefit from AFB programs.

Being counted as living in poverty or not is simply about whether a family makes more or less than a poverty line defined for their family size and location. If a family makes $10 less than their respective poverty line, it is counted as living in poverty. But if the family makes an extra $20 that year, it would no longer be counted as living in poverty, even though their circumstances are similarly dire.

It's important to look at changes in deep poverty—not just at the poverty rate—to make sure the AFB measures aren't just barely lifting people above their poverty line yet practically doing very little for them. Here we're defining deep poverty as living 75 per cent or more below the poverty line.

Figure 31.8 / AFB impact on MBM poverty rates by family type, 2027

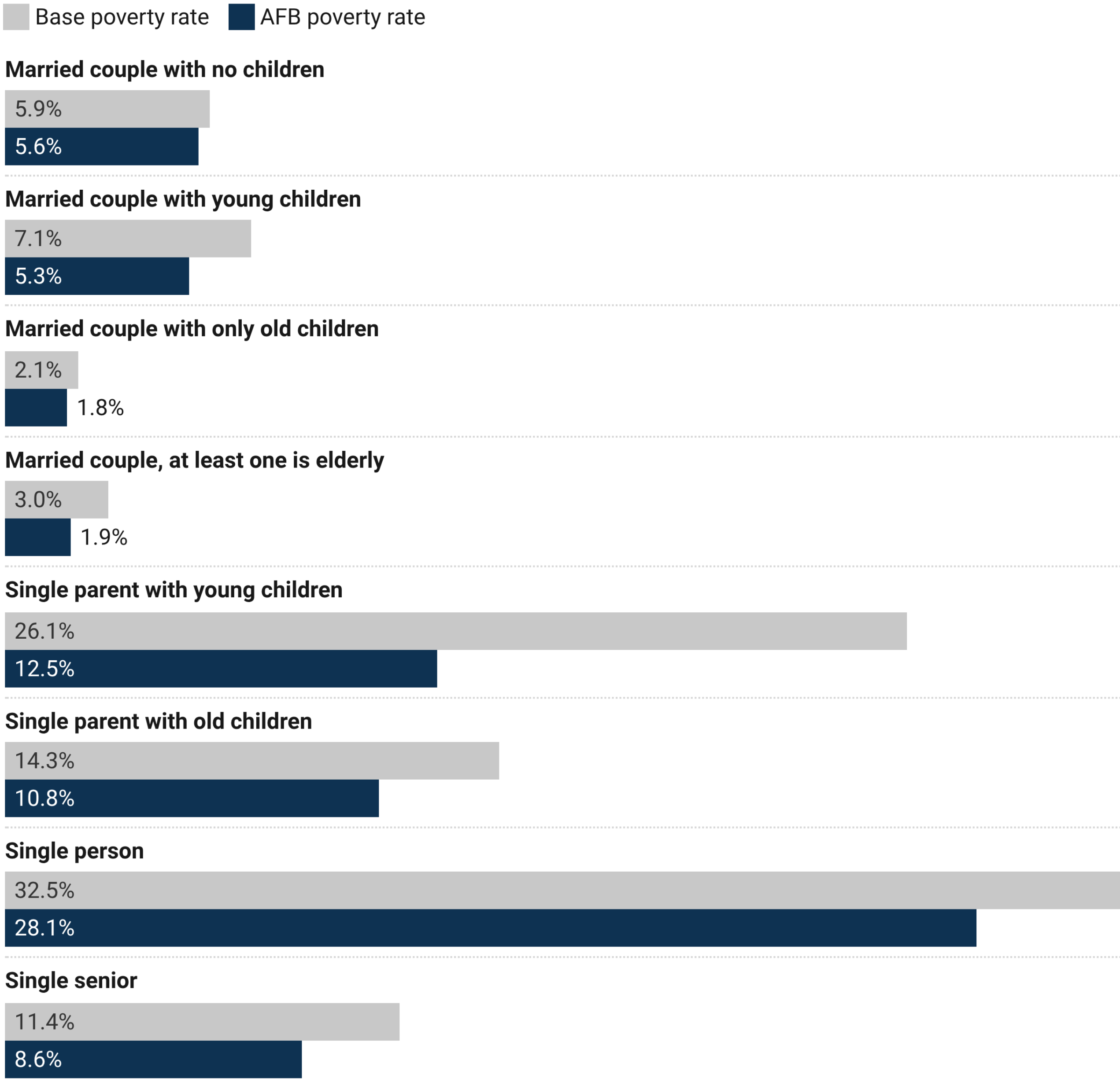
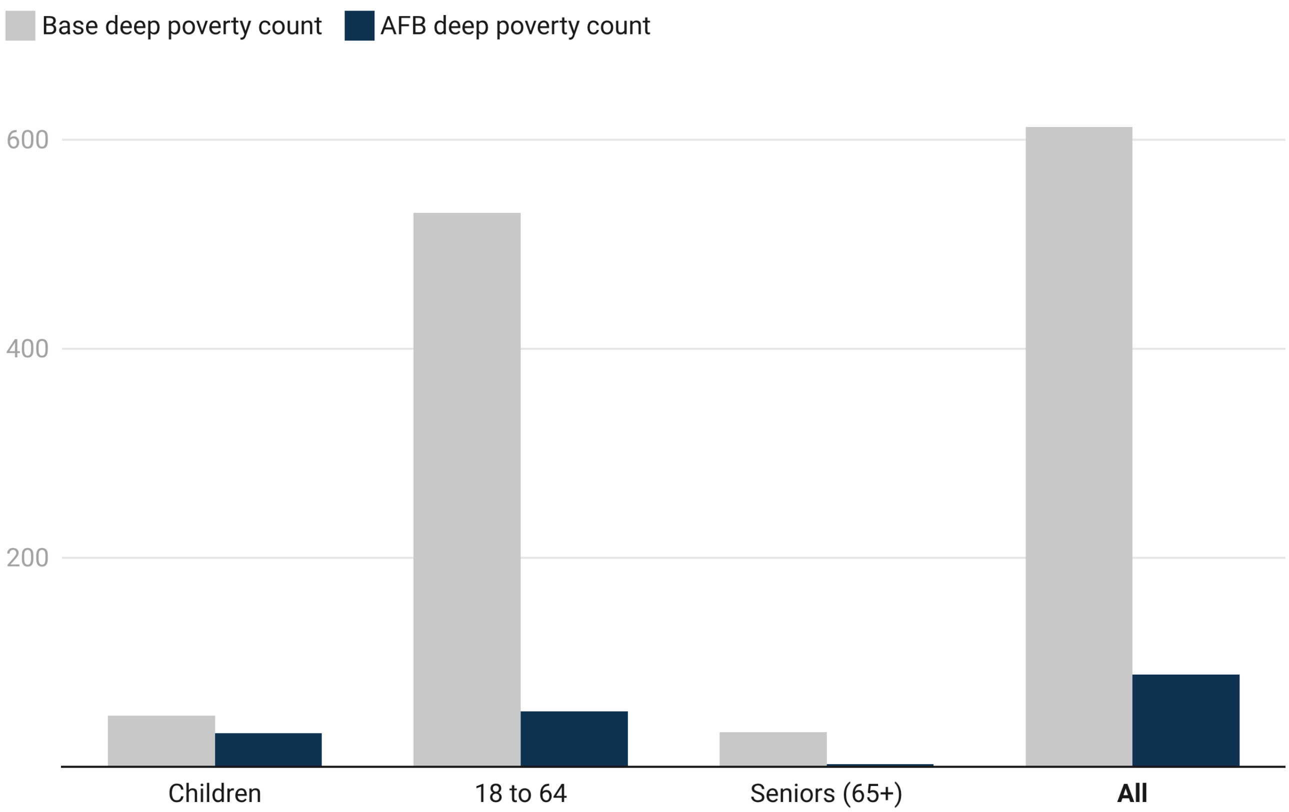


Figure 31.9 / AFB impact on deep MBM poverty counts by age, 2027

Thousands



In this separate measurement, the AFB shows a much bigger impact than on poverty rates generally. The Canadians represented in this graph still live in poverty, but their situation is likely less dire. Figure 31.9 counts the number of people who live in deep poverty.

Without the AFB measures, more than 400,000 Canadian adults live in deep poverty. However, the AFB lifts 358,000 of them out of deep poverty. Those people are still living in poverty, but their situation would be a bit less dire. The AFB's new Canada Livable Income program for adults and major improvements in the Canada Disability Benefit are what would lift so many adults out of poverty.

Deep poverty isn't nearly as prevalent for children because the CCB provides a much higher income floor. Nonetheless, the AFB measures lift 14,000 children out of deep poverty. The AFB has almost no impact on deep poverty for seniors, but there are very few seniors who live in these circumstances, given the much higher income floor provided by the GIS, OAS and CPP.

Real progress towards the federal government's 2030 poverty goal of cutting poverty in half is possible and AFB lays out the initial steps to get there.

Conclusion

The AFB includes 216 policies to improve Canada, as detailed in Table 31.5, but also explained in its 27 chapters. Each policy item has a specific addition to make, but their aggregate impact creates new jobs, improves economic growth and pays for itself. The measures of the AFB also show that big improvements in income inequality are possible, and we can make major strides towards eliminating poverty in Canada. The AFB is a practical guide for how the federal government can make Canada a stronger, fairer and more generous country.

Notes

1 Utilizing the Parliamentary Budget Office estimates of increases needed to meet the 3.5 per cent NATO target by 2035, but instead of assuming larger deficits, this assumes the amounts are carved out of other departments, as was the case with the Comprehensive Expenditure Review: Katarina Michalyshyn, *Fiscal Implications of Meeting NATO's 5% Commitment*, Office of the Parliamentary Budget Officer, February 5, 2026, https://www.pbo-dpb.ca/en/publications/RP-2526-022-S--fiscal-implications-meeting-nato-5-commitment--repercussions-financieres-atteinte-cible-5-otan.

2 Specifically includes: CCB end poverty supplement, the Canada Livable Income, the faster CCB clawback for richer families, the cancellation of the Canada Workers Benefit, the improvements in the CDB and the GIS, providing immigrant seniors with access to OAS/GIS, the change in the capital gains improvement rate, the new millionaires tax bracket, the $500 a week floor in EI benefits, the increased MIE for both benefits and contributions, the 66.6 per cent replacement rate for benefits.

3 This analysis is based on Statistics Canada's Social Policy Simulation Database and Model 34.0. The assumptions and calculations underlying the simulation were prepared by David Macdonald and the responsibility for the use and interpretation of these data is entirely that of the author.

Table 31.5 / AFB actions

All figures in millions

	2027-28	2028-29	2029-30
Affordable housing and homelessness			
Create one million new non-market and co-op housing units over the next decade	$43	$89	$133
Double the Canada Rental Protection Fund	$117	$117	$117
Expand Canada Housing Benefit by 50% and extend beyond 2027-28	$269	$807	$823
Assist the operating costs of supportive complex care housing	$100	$100	$100
Public land development incentive	$100	$100	$100
Expand the Public Land Acquisition Fund	$72	$185	$370
Federal Housing Advocates Officer at the Canadian Human Rights Commission	$4	$4	$4
Close the REIT tax loophole	-$61	-$63	-$66
Vacant land tax	-$808	-$727	-$727
Provide a lifetime principal residence exemption of $1 milllion	-$942	-$978	-$1,016
Double the Tenant Protection Fund	$3	$3	$3
Implement a deferrable property surtax on million-dollar homes	-$3,178	-$3,632	-$4,086
Agriculture			
Cancel the planned closure of seven research stations and the organic research program	$40	$27	$27
Expand AAFC research capacity funding by an additional 50%	$60	$60	$60
Undertake deferred maintenance at AAFC's research facilities	$138	$138	$138
Create the Cultivating Food Sovereignty suite of programs	$750	$750	$750
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
Implement a national agricultural workforce strategy	$10	$10	$10
Reliable year-round income opportunities for resident seasonal farm workers	$30	$30	$30
Establish the Canadian Farm Resilience Agency	$400	$400	$400
Funds already in the fiscal framework	-$400	-$400	-$400
Support transitions to organic and minimum-input/no-till agriculture	$20	$20	$20
Develop a transition plan for single-desk marketing for pork and beef with abattoir capacity	$50	$50	$50
Reverse the Biofuels Production Incentive	$186	$0	$0
Artificial intelligence			
Canadian AI and Data Commission	$50	$50	$50

	2027-28	2028-29	2029-30
Arts and culture			
Expand the Canadian Film or Video Production Tax Credit to all arts sectors and boost the refund rate to 35%	$932	$951	$970
Increase funding to the the Canada Council of the Arts	$100	$100	$100
CBC/Radio-Canada funding to match other public broadcasters	$395	$790	$1,185
Targetted measures to support professional artists	$20	$20	$20
Professional artists' income support	$37	$37	$37
Artists permitted to back-average income over four years for income tax	$5	$5	$5
Child care			
Child care operational funds	$2,700	$3,680	$4,680
Child care capital funds	$3,000	$4,000	$4,000
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
Climate change and environment			
Create an Environmental Justice Secretariat to study environmental racism	$59	$59	$59
National clean electricity grid	$6,400	$6,400	$6,400
National public charging network	$108	$108	$108
National Adaptation Strategy	$6,500	$6,500	$6,500
Recapitalize programs for home energy efficiency retrofits	$1,750	$1,750	$1,750
Nature and biodiversity conservation	$800	$800	$800
International climate finance	$3,000	$3,000	$3,000
Defence			
Conduct an independent assessment of the territorial defence needs of Canada	$10		
Cancel Canada's planned acquisition of the remaining 72 of 88 F-35 and conduct a review of which aircraft would be best suited to fulfill this role	-$755	-$755	-$755
Review and renegotiate the Defence Production Sharing Agreement	$5	$5	
Rescind Defence Industrial Strategy funding for military exports and trade shows	-$10	-$10	-$10
Eliminate funding for arms manufacturers trade group	-$0.3	-$0.3	-$0.3
Acquire 16 DHC-515 firefighter aircraft	$37	$37	$37
Create the Civil Peace Service (CPS) to promote human rights and peace in crisis zones	$100	$100	$100

	2027-28	2028-29	2029-30
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	$1,098	$1,080	$1,063
Extend maximum duration to 50 weeks in all regions	$776	$764	$751
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	$65	$65	$65
Raise the standard benefit rate to 66.6% of normal earnings	$4,073	$4,007	$3,942
Establish a minimum benefit floor of $500 weekly, adjusted to inflation	$796	$799	$801
Raise the maximum insurable earnings (MIE)	-$1,476	-$3,010	-$4,515
Raise the maximum EI benefit to $1,108/week (55% of MIE)	$957	$1,883	$2,779
Reduce disentitlement period to three weeks for "invalid" job separations	$2,109	$2,075	$2,041
Discontinue allocation of separation payments to front end of EI claim	$511	$502	$494
Permanently enhance provincial/territorial transfers for training and employment supports		$190	$190
Provide benefits for the full duration of approved training	$183	$183	$183
First Nations			
Increase Band Support Funding	$1,122	$1,190	$1,260
Transition the First Nations Labour Market Initiative (LMI) pilot into a fully funded program	$66	$66	$66
Support the operations of the First Nations Procurement Authority	$7	$7	$7
Establish a dedicated Infrastructure Monetization Program	$200	$200	$200
Renew and double the Indigenous Community Infrastructure Fund	$2,150	$2,150	$2,150
First Nations on-reserve housing	$480	$480	$480
Education - Operations and Maintenance	$330	$510	$710
Education - Capital	$246	$392	$541
Establish a new permanent First Nations adult education program	$194	$194	$194
Replace aging First Nations school buses	$304	$304	$304
Sign Regional Education Agreements (REAs) for First Nations education	$846	$846	$846
Renew and expand the Indigenous Languages Act Section 8 & 9 agreements	$45	$45	$45
Support First Nations to research their specific claims	$35	$35	$35
Initiate a constitutional review of the Natural Resources Transfer Agreements and re-commit to a National Benefits Sharing Framework	$28	$28	$28
Enhance the Pacific Salmon Strategy Initiative	$47	$47	$47
Support First Nations' engagement in the Canada Water Agency legislation development	$25	$25	

	2027-28	2028-29	2029-30
Food security			
Establish Food Security Council	$50	$50	$50
Introduce the Northern supplement to offset high food prices in the north	$680	$706	$733
Double the hunters and harvesters benefit	$20	$20	$20
Fund permanent salaried land-based positions, hunters, fishers, and foragers	$20	$20	$20
Regional food infrastructure	$40	$40	$40
Implement the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and enact an Indigenous Food Sovereignty Act	$25	$25	
Indigenous-led food sovereignty initiatives	$20	$20	$20
Reform food safety to support traditional practices	$10	$10	$10
Develop National Black Food Sovereignty Strategy	$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
Support non-profit and co-operative food retailers and public markets	$33	$33	$33
Research and consult on a national public grocery network	$5		
Increase the Competition Bureau's budget and powers to address corporate concentration	$19	$19	$20
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
Boost funding for the Workforce Alliance for the Care Economy	$8	$8	$8
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
Renew funding under the National Actional Plan to End Gender-based Violence	$200	$200	$200
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
Increase funding to counter anti-2SLGBTQI+ hate and gendered digital hate, violence, and harassment	$8	$8	$8
Renew the federal 2SLGBTQI+ Action Plan	$20	$20	$20
Increase base funding to WAGE's women's programs	$60	$60	$60
Create a national gender equality plan and independent monitoring system	$2	$2	$1

	2027-28	2028-29	2029-30
Health care			
Public coverage of essential prescription medications	$1,330	$1,330	$1,330
Reverse the job cuts to Health Canada and the Public Health Agency of Canada	$236	$336	$336
Remove the Canadian Dental Care Plan co-pays	$400	$408	$416
Increase Canadian Dental Care Plan reimbursement guides to match provincial and territorial fee guides	$362	$370	$377
Eliminate the Canadian Dental Care Plan income restriction in 2027	$1,450	$1,479	$1,509
Create the new primary care infrastructure fund	$5,000	$5,100	$5,202
Continue with 5% escalator in the Canada Health Transfer		$723	$1,448
Renew bilateral health agreements on mental health and rare disease drugs	$500	$1,100	$1,100
Establish 20 new 24-hour supervised consumption sites and 20 new community-based overdose response teams	$164	$164	$164
Health equity			
Seed grant fund to regional democratic employee ownership centres	$2	$3	$5
5% discount on corporate income taxes for democratic employee-owned firms	$50	$52	$54
Create a federal Quality of Life Act and a Quality of Life Commissioner	$5	$5	$5
Convene expert advisory committees on equity	$5	$5	$5
Fund health equity data gathering, reporting, and use	$5	$5	$5
Support the Well-being Economies Alliance for Canada	$5	$5	$5
Support Quality of Life Commissioner’s mandate to outreach	$5	$5	$5
Immigration			
Launch a comprehensive regularization program	$50	$50	$50
Cancel the IFHP co-payment policy	$143	$146	$148
Guarantee status-blind health coverage	$565	$576	$588
Reverse settlement services funding cuts and rebuild newcomer-serving infrastructure	$221	$276	$332
Increase federal support for refugee and immigration legal aid	$75	$85	$95
Replace immigration detention with community-based supervision models	-$57	-$58	-$59
Establish an independent racial-equity audit of the immigration and refugee system	$3		
Ensure the Public Complaints and Review Commission of the CBSA is adequately funded and accessible	$10	$10	$10

	2027-28	2028-29	2029-30
Incarceration			
Restore funding to various education, training and integration supports	$58	$58	$58
Amend the Canada Health Act to remove the exclusion of federally sentenced people	-$51	-$63	-$78
Establish a National Older-Adult Decarceration Strategy	-$31	-$50	-$84
Implement a free and automatic spent record process	-$5	-$5	-$5
Replenish and expand the nonprofit, voluntary, and community organizations supports	$7	$7	$9
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
Introduce vocational development assessments at intake and expand access to vocational opportunities	$10	$10	$10
Introduce internet access in federal prisons	$5	$1	$1
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 impact evaluation of Canada's decarceration and prison reform strategy	$2	$2	
Create a public education campaign on why punishment models fail, at a cost to everyone	$5	$5	
Industrial development			
Establish an Economic Sovereignty Secretariat	$300	$300	$300
Organize and maintain Sectoral Development Tables to build grassroots consensus	$30	$30	$30
Fund a comprehensive National Industrial Strategy	$30	$30	$30
Create an Industrial Transition Benefit to protect displaced workers	$2,000	$2,000	$2,000
Launch an Inclusive Workforce Development program	$1,000	$1,000	$1,000
Infrastructure, cities and transit			
Reverse the Canada Public Transit Fund cuts	$516	$772	$616
Permanently support transit operational budgets	$586	$598	$610
Establish and maintain a national intercity bus network	$250	$250	$250
Expand the Rural Transit Solutions Fund	$50	$50	$50
Fund mandate for VIA Rail	$2,000	$2,038	$2,079
Federal brownfield redevelopment fund to support sustainable urban growth	$500	$500	$500
International cooperation			
Establish a legislated growth path for the International Assistance Envelope (IAE) to 0.4% of GNI by 2030	$2,809	$4,622	$6,200

	2027-28	2028-29	2029-30
Post-secondary education			
Accelerate tri-council funding commitments, bringing critical research investments forward to address immediate pressures	$1,288		
Raise the Canada Student Grant level to $8,000 and lower the income thresholds	$4,988	$5,087	$5,189
Double funding for Post-Secondary Student Support Program (PSSSP) and the University and College Entrance Preparation Program	$329	$330	$330
Establish a dedicated post-secondary infrastructure program	$574	$586	$598
Escalate the Canada Social Transfer with economic growth	$126	$149	$174
Establish a federal post-secondary education and research secretariat	$10	$10	$10
Improve data collection on post-secondary education	$50	$5	$5
Poverty and income security			
Create the new Canada Child Benefit End of Poverty Supplement	$6,075	$6,197	$6,320
Phase out CCB faster for richest households	-$1,436	-$1,465	-$1,494
Create the Canada Livable Income of $9,000 a year for those aged 18-64	$8,854	$9,031	$9,212
Replace the Canada Workers' Benefit with the new Canada Liveable Income	-$4,714	-$4,808	-$4,904
Increase the Canada Disability Benefit to $9,000 a year and expand eligibility	$10,623	$10,835	$11,052
- Funds already in the fiscal framework for the Canada Disability Benefit	-$1,220	-$1,420	-$1,448
Increase GIS by 10% and make it permanent	$3,225	$3,290	$3,355
Provide sponsored immigrant seniors with a 10-year minimum of residency eligibility for OAS and GIS	$1,589	$1,621	$1,653
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	$5	$7	$7
Allow federal benefits to be distributed outside the tax system by developing a direct cash transfer system	$100	$100	$100
Public service			
Reverse the Comprehensive Expenditure Review cuts	$10,381	$12,842	$12,442
Reversals already accounted for in other AFB chapters	-$2,350	-$3,092	-$3,025
Real estate savings from eliminating the Return to Office mandate	-$183	-$255	-$306
Racial equity			
Enact an Anti-Racism Act, establishing a secretariat reporting directly to parliament	$5	$10	$10
Create a National Action Plan for the national Anti-Racism Strategy	$150	$150	$150
Improve reporting on racial equity in health transfers, federal business contracting and public boards	$5	$5	$5
Provide anti-oppression, anti-racism, and anti-discrimination training to all public service workers	$25	$25	$25
Ongoing funding for the Canadian Network on Equity and Racial Justice	$1	$1	$1

	2027-28	2028-29	2029-30
Regulation			
Boost regulatory budgets of federal government by 25 per cent	$402	$410	$418
Create the citizen engagement fund	$10	$10	$10
Seniors' care and long-term care			
Capital funding to adding 100,000 more beds in non-profit seniors' housing that can provide intermediate care, retirement homes and long-term care	$850	$850	$850
Direct care hours	$4,300	$4,463	$4,637
Taxation			
Create a new income tax bracket over $1,000,000 with a rate of 37%	-$1,429	-$1,483	-$1,541
Wealth tax on net worth over $10 million (net of the million dollar windfall home tax)	-$35,822	-$37,268	-$38,914
Implement a 50% tax on total lifetime inheritances greater than $2.5 million	-$1,060	-$1,091	-$1,125
Tax windfall profits of oil and gas industry	-$2,690	-$2,690	-$2,690
Restore the federal corporate income tax rate to 20%	-$30,391	-$30,391	-$31,617
Eliminate the capital gains loophole so that income from wealth is taxed like income from work	-$13,327	-$13,833	-$14,373
Prohibit the use of tax havens	-$10,000	-$10,380	-$10,785
Reverse the cuts at CRA	$546	$616	$646
Invest in CRA investigations, auditing, and enforcement (reverse the cuts)	$667	$667	$667
Revenue from increased investigations	-$2,667	-$2,667	-$2,667
Eliminate fossil fuel subsidies	-$1,834	-$1,871	-$1,908
End costly, ineffective corporate handouts through tax expenditures and capital cost allowances	-$2,800	-$2,685	-$5,840
Eliminate the First Home Savings Account	-$1,410	-$1,585	-$1,760
Trade and investment			
Establish a civil society advisory group to help develop worker- and climate-centred reforms for CUSMA	$2		
Support the Mexico Labour Solidarity Project	$3	$3	$3
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	
Establish an expanded forced labour and inclusive trade branch within Global Affairs Canada	$20	$20	$20

	2027-28	2028-29	2029-30
Veterans			
Fund an independent inquiry to ensure that all veterans receive the support they need	$5	$5	
Register all eligible unregistered veterans	$2	$2	$2
Independent mental health treatment funding for family members	$6	$6	$6
Fund occupational medicine supports and provide civilian physicians with training	$2	$2	$2
Provide in-depth training on trauma- and violence-informed practices for Veterans Affairs Canada (VAC) personnel	$13	$13	$2
Consolidate and enhance existing Canadian Armed Forces-Veterans Affairs Canada transition programs	$80	$80	$80
Require proactive transition planning for all regular and reserve force members	$10	$10	$10
Implement a long-term research program regarding service women and women veterans	$15	$15	$15
Ensure veteran-serving organizations are connected to homelessness management information systems	$2		
Provide individualized rent supplements to veterans experiencing housing instability	$19	$20	$20
Ensure that the 9-8-8 crisis line includes a dedicated veteran option	$3	$3	$3
Restore and expand Bureau of Pension Advocates staffing	$12	$13	$13
Totals			
Total AFB expenditure changes	$112,162	$121,131	$126,675
Total AFB revenue changes	-$109,742	-$114,198	-$123,470
Total AFB net expenditures	$2,420	$6,933	$3,205

We acknowledge the Anishinaabe Algonquin People whose traditional unceded, unsurrendered territory is where this report was produced.

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