Canadian Union of Public Employees

Submission to the Department of Finance in Advance of 2026 Federal Budget

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Recommendation 1: Strictly enforce the *Canada Health Act*

Recommendation 2: Increase federal investment in public health care services and infrastructure

Recommendation 3: Increase and sustain funding for Canada-wide child care, with dedicated funding for better wages, pensions, and benefits

Recommendation 4: Increase and stabilize federal funding for public post-secondary education

Recommendation 5: Establish a national post-secondary education secretariat to promote intergovernmental cooperation and support for public post-secondary education

Recommendation 6: Develop and implement a national *Post-Secondary Education Act*

Recommendation 7: Promote energy sovereignty and interprovincial integration through publicly owned and operated East-West electrical transmission infrastructure

Recommendation 8: Protect Jordan's Principle funding for education supports

Recommendation 9: Increase the Canada Social Transfer (CST) to address chronic underfunding in the social services sector

Recommendation 10: Increase funding for the Canada Disability Benefit, expand eligibility, and streamline the application process

Recommendation 11: Renew the National Housing Strategy, strengthen tenant protections, and protect affordable housing from financialization

Recommendation 12: Disclose all risks associated with the proposed reduction in CPP contributions and conduct proper consultation with the public and provinces and re-evaluate if necessary

Recommendation 13: Pause any proposed amendments to federal public service pension plans that have not been collectively bargained with federal unions

Recommendation 14: Reform Employment Insurance to support workers and communities and to build a resilient Canadian economy

Recommendation 15: Consult unions on AI, privacy, labour, and employment laws, protect public-sector jobs and services from privatization, and develop publicly owned digital infrastructure

Recommendation 16: Reverse immigration cuts and expand access to permanent residency and renew work permits

Recommendation 17: Protect public infrastructure, prioritize public funding, invest in essential services, and strengthen transparency in major project decisions

Recommendation 18: Modernize municipal financing

Recommendation 19: Update Part III of the *Canada Labour Code* to clarify that wages are owed as soon as duties begin

Recommendation 20: Ensure any federal procurement contracts or subsidies to Canadian telecommunication companies require jobs to remain or be created in Canada

Recommendation 21: Expand eligibility for the Canadian journalism labour tax credit to include employees in broadcasting

The Canadian Union of Public Employees (CUPE) is Canada's largest union, with over 800,000 members. CUPE members take great pride in delivering quality services across Canada in a broad cross-section of the economy – including health care, education, municipalities, libraries, universities and colleges, social services, child care, public utilities, emergency services, transportation, and airlines.

Canada is in a period of profound economic uncertainty. The federal government faces a critical choice: respond with bold investments in public infrastructure, public services, and economic resilience, or repeat the failed approach of austerity, deregulation, privatization, and tax cuts that leave workers and our communities to absorb the costs. With Donald Trump's renewed trade aggression threatening Canadian jobs and economic stability, and households already struggling with high costs and unprecedented levels of debt, this is not the time for the federal government to retreat from its responsibilities.

Public investment is among the most effective tools available to meet this moment. Investments in infrastructure create good jobs and stimulate economic activity while improving productivity and laying the foundation for sustainable growth. Strong public services are equally essential for economic infrastructure. Universal public health care, affordable child care, as well as high-quality education and social services help communities weather economic storms, protect those hit hardest by recession and inflation, and sustain local economies. When governments cut public services, the need for those services does not disappear; the costs are simply downloaded onto workers and families, often those least able to afford them.

The 2026 federal budget must break with this approach. Instead of prioritizing corporate tax cuts and short-sighted deficit reduction, the federal government must invest in the public services, public programs, and infrastructure that reduce household costs, protect jobs, and strengthen Canada's economic resilience.

HEALTH CARE

Recommendation 1: Strictly enforce the *Canada Health Act*

The federal government has historically played a crucial role in building and protecting Canada's public health care system by ensuring that provinces comply with the criteria in the *Canada Health Act* (CHA). The federal government's 2018[1] and 2025[2] interpretation letters were important steps toward strengthening enforcement. These letters clarified that patients should not be charged for diagnostic imaging or for necessary health services provided by health professionals other than physicians. The federal government must devote sufficient human and financial resources to fully implement the policies set out in these interpretation letters.

CUPE was disappointed that the 2025 interpretation letter did not clarify the federal government's position on paid virtual care. Some services provided through for-profit virtual care platforms are publicly insured and should not be privately funded. The federal government must

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[1] Health Canada, "Backgrounder: New Canada Health Act Initiatives (August 2018)." Interpretation letter issued by The Honourable Ginette Petitpas Taylor. Last modified February 4, 2019. https://www.canada.ca/en/health-canada/services/health-care-system/canada-health-care-system-medicare/canada-health-act/new-initiatives/letter.html.

[2] Health Canada, "Letter to provinces and territories on the importance of upholding the Canada Health Act - 2025." Interpretation letter issued by The Honourable Mark Holland. Last Modified January 10, 2025. https://www.canada.ca/en/health-canada/services/health-care-system/canada-health-care-system-medicare/canada-health-act/letter-provinces-territories-january-2025.html.

take decisive action to stop the expansion of extra billing and user fees by corporations that own private platforms, and support the development of public virtual care solutions in all provinces and territories. Provinces and territories should be prohibited from using the Canada Health Transfer (CHT) or other federal funding to subsidize for-profit virtual care systems.

Most urgently, CUPE is seriously concerned about the federal government's reluctance to initiate a compliance review of Alberta's recent health care legislation. This is now the most significant test of federal enforcement of the CHA. Recent changes to Alberta's regulatory framework, including the *Health Statutes Amendment Act, 2025* and *Health Statutes Amendment Act, 2025 (No. 2)*,[3] clearly put the province at odds with the *Canada Health Act* by formally creating a two-tier health care system. The federal government cannot tacitly accept legislative and regulatory changes that conflict with both the letter and spirit of the CHA. Compliance with the CHA must be a meaningful condition of receiving federal health funding.

Recommendation 2: Increase federal investment in public health care services and infrastructure

CUPE continues to call for the federal government to increase its share of health care funding to at least 35%. This must include renewing federal commitments that are scheduled to expire in the coming years and addressing the looming "fiscal cliff" facing provincial health care systems.[4]

- **Increase the Canada Health Transfer (CHT)**

Beginning in 2028, the federal government plans to return to a formula that guarantees only a 3% annual increase, with any additional growth tied to GDP. Such a formula was in place between 2017 and 2023 and resulted in an average annual increase of approximately 3.8%. This approach risks creating significant and growing funding shortfalls as health care costs continue to rise. CUPE calls on the federal government to restore a minimum 6% annual increase to the CHT until the federal share of public health care funding reaches at least 35%.

- **Provide permanent funding for bilateral agreements on long-term care and home care**

The federal government should renew the Aging with Dignity bilateral agreements set to expire over the next two years. Funding for these agreements should be made permanent, with regular reviews to assess outcomes and ensure compliance.

Federal funding must also be tied to the implementation and enforcement of strong national standards for long-term care and home care. CUPE reiterates its call for a Safe Long-Term Care Act to address the urgent need for additional long-term care beds, improved staffing levels, better wages and benefits, and safe, secure jobs for workers.

- **Sign pharmacare agreements with all provinces and territories**

The federal government's decision to step back from previous commitments to implement the *Pharmacare Act* is deeply disappointing. CUPE calls on the federal government to follow through on its commitments to pharmacare by signing agreements with all provinces and territories.

Federal funding for pharmacare must extend beyond 2029 and the list of covered medications must expand over time. A universal public pharmacare program can reduce fragmentation in the

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[3] *Health Statutes Amendment Act, 2025* (No. 2), SA 2025, c 21; *Health Statutes Amendment Act, 2026*, SA 2026 c 9.
[4] Council of the Federation, "Canada's Premiers United for Canadians." July 22, 2026. https://canadaspremiers.ca/canadas-premiers-united-for-canadians/.

health care system, improve equitable access to necessary medications, and generate savings elsewhere in the system by preventing avoidable illness and hospitalizations.

➢ **Strengthen pharmaceutical sovereignty through public investment**

CUPE welcomes the federal government's initiative to examine how to ensure reliable access to prescription and life-saving medications for Canadians.[5] However, pharmaceutical sovereignty cannot be achieved by relying primarily on private corporations, particularly in the absence of strong public oversight and accountability. Serious public safety incidents involving Grifols, the multinational corporation contracted to collect plasma for Canadian Blood Services, underscore the risks of entrusting essential components of Canada's health care system to profit-driven companies.

Rather than subsidizing private corporations and prioritizing business interests, the federal government should invest directly in building and strengthening public-sector capacity to manufacture, procure, and distribute essential medicines. This should include public investment in the collection and processing of plasma and other critical health resources.

CHILD CARE

Recommendation 3: Increase and sustain funding for Canada-wide child care, with dedicated funding for better wages, pensions, and benefits

The federal government must significantly increase annual federal transfers to the provinces and territories for the Canada-wide Early Learning and Child Care program (CWELCC).

These transfers must include dedicated funding to improve child care workers' wages and pensions so as to meaningfully recruit and retain enough workers to sustain the program. Far too many families still cannot access licensed care. There are regulated child care spaces available for only 31% of children aged 0 to 12.[6] The reason is simple: there are not enough workers to deliver care. In fact, four out of every five child care operators in Canada have had difficulty recruiting qualified staff.[7] Program audits in Ontario, Manitoba, and Saskatchewan have concluded that staff shortages and long waitlists are directly related to low wages and poor working conditions.[8]

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[5] Health Canada. Pharmaceutical and Life Sciences Sector Task Force: Report to the ministers of health and industry. Last modified July 24, 2026. https://www.canada.ca/en/health-canada/services/drugs-health-products/drug-products/announcements/pharmaceutical-life-sciences-sector-task-force/report-ministers-health-industry.html.

[6] Friendly, M., Beach, J., Aruran, G., Cossette, A., Hu, L., Lillace, J., and Forer, B. *Early childhood education and care in Canada 2024/2025*. Childcare Resource and Research Unit (2026). https://childcarecanada.org/sites/default/files/ECEC-2024-2025-Full-Publication.pdf.

[7] McCuaig K., Akbari, E., Correia, A., *Canada's Children Need a Professional Early Childhood Education Workforce*. Atkinson Centre for Society and Child Development, Ontario Institute for Studies in Education, University of Toronto. https://ecereport.ca/en/workforce-report/.

[8] Office of the Auditor General of Ontario. Performance Audit: Canada-wide Early Learning and Child Care Program (2025). https://www.auditor.on.ca/en/content/specialreports/specialreports/en25/AR-PA_CELandCCP_en25.pdf; Auditor General of Manitoba. Child Care Access and Inclusivity in Manitoba: Independent Assurance Report (2026). https://www.oag.mb.ca/audit-reports/child-care-access-and-inclusivity-in-manitoba; Provincial Auditor of Saskatchewan. Performance Audit: Education – Achieving Accessible Child Care (2026). https://auditor.sk.ca/publications/public-reports/2025-report-volume-2-1.

Budget 2025 allocated $7.9 billion for CWELCC in 2026-27, with planned increases of 3% per year for five years.

In June 2026, there was an additional investment of $5.4 billion over two years, making the total federal annual investment for early learning and child care approximately $10.6 billion in 2026-27 and 2027-28. However, there have so far been no plans announced to maintain the higher level of funding beyond 2028.

Funding for CWELCC transfers should be at least $12 billion in 2027-28 with planned annual increases of 5% per year. Provinces and territories should be required to use a portion of these funds to negotiate fair and competitive wage scales with child care workers and their unions and to introduce or improve retention mechanisms, such as province-wide pensions and benefits. In order to maintain quality and ensure that public funds are invested in care and services, the federal government must require that federal funding only be used towards expansion in the public and non-profit sectors.

POST-SECONDARY EDUCATION

Recommendation 4: Increase and stabilize federal funding for public post-secondary education

Declining public funding has left Canada's world-class public universities, polytechnics, and community colleges increasingly dependent on private revenue, particularly international student tuition. Federal policy changes to the International Student Visa (ISV) program exposed the fragility of this model, which was predicated on predatory fees paid by international students. Financial instability is undermining institutions that are among Canada's most important economic and social anchors.[9] More than 14,000 workers have been laid off since December 2025.[10]

Federal transfers play a critical role in supporting post-secondary education, yet the federal base allocation for post-secondary education through the Canada Social Transfer (CST) has not increased in nearly two decades. The federal government must reverse this long-term erosion of public funding and establish a stable foundation for public post-secondary education.

Alongside a general increase to the CST, the federal government should immediately increase the specific allocation for post-secondary education to reflect increases in enrolment, inflation, and economic growth over the last 20 years. Following Budget 2026, the federal government should also commit to a national post-secondary education sectoral plan with long-term, stable, and predictable funding that protects public education, supports good public sector jobs, and prevents cuts to programs and services.

The Spring Economic Update 2026 included measures to support apprentices and skilled trades training. While these investments are a positive step toward reducing financial barriers and strengthening workforce development, they must be matched by investments in public colleges

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[9] Ryan Romard, "Canada'squiet economic driver: Universities and colleges." Canadian Centre for Policy Alternatives, April 23, 2026, https://www.policyalternatives.ca/news-research/canadas-quiet-economic-driver-universities-and-colleges/.

[10] Statistics Canada, *Table 14-10-0201-01: Employment by industry, monthly, unadjusted for seasonality, August 27, 2026, https://doi.org/10.25318/1410020101-eng*.

and polytechnics. The federal government should expand institutional capacity through investments in instructors, facilities, and equipment to ensure Canadians can access training opportunities and create pathways for apprentices to complete their training within the municipalities, universities, schools, and hospitals (MUSH) sector.

The new Build Communities Strong Fund makes universities and colleges eligible for infrastructure funding, but CUPE is concerned that the funding available is insufficient and strongly opposes any requirement for private-sector partnerships to access federal funds. The federal government should establish a dedicated post-secondary infrastructure stream focused on deferred maintenance, classroom expansion, research infrastructure. and student housing. Public institutions should have the flexibility to use conventional procurement, public financing, or partnerships with other public bodies and Crown corporations, and should not be required to pursue public-private partnerships (P3s) as a condition of accessing federal infrastructure funding.

Recommendation 5: Establish a national post-secondary education secretariat to promote intergovernmental cooperation and support for public post-secondary education

The federal government should establish a National Post-Secondary Education Secretariat to coordinate federal policy and programs, strengthen federal-provincial-territorial cooperation, and support a long-term strategy for public post-secondary education. Despite federal investments through transfers, student financial assistance, research funding, and workforce programs, there is currently no central mechanism to coordinate these efforts. This fragmentation undermines long-term planning and limits the federal government's ability to respond strategically to the challenges facing Canada's post-secondary education and research systems.

The Secretariat should coordinate post-secondary education policy and programs across all relevant departments of the federal government (e.g., Innovation, Science and Economic Development Canada, Employment and Social Development Canada, Immigration, Refugees and Citizenship Canada, and Indigenous Services Canada). It should also serve as a central point of engagement with provinces and territories, post-secondary institutions, researchers, students, and other stakeholders; improve data collection and policy coherence; and support the planned Advisory Council on Science and Innovation.

The federal government should use the Secretariat to facilitate regular federal-provincial-territorial meetings and summits aimed at developing a pan-Canadian framework for post-secondary education focused on affordability, quality, skills and personal development, research capacity, and protection of the public character of post-secondary education. The Secretariat should also strengthen federal participation in existing intergovernmental bodies, including the Council of Ministers of Education, Canada.

Recommendation 6: Develop and implement a national *Post-Secondary Education Act*

The federal government should adopt a national *Post-Secondary Education Act* to establish a clear statutory framework for public post-secondary education and define the principles and conditions governing federal support for provincial and territorial systems. In the absence of such legislation, federal transfers are provided without sufficient requirements regarding their use or the outcomes they are intended to achieve, allowing provinces to reduce their own post-secondary funding even when federal transfers increase.

As part of a long-term pan-Canadian approach to post-secondary education, the Act should recognize post-secondary education as a public service, establish common national goals and standards, and promote strategic alignment among governments. It should also codify the role of the National Post-Secondary Education Secretariat and provide a framework for ongoing federal-provincial-territorial cooperation.

ENERGY

Recommendation 7: Promote energy sovereignty and interprovincial integration through publicly owned and operated East-West electrical transmission infrastructure

Canada relies on a series of regional grids, leading to greater vulnerabilities, wasted power, and duplicative infrastructure. This model is not efficient, nor is it conducive to achieving the expansion, integration, and cooperation needed to meet our country's energy or political needs. The federal government should promote energy sovereignty and interprovincial integration through publicly owned and operated East-West electrical transmission infrastructure.

This build-out of electrical transmission infrastructure will require significant capital financing. The federal government is uniquely positioned to support this build-out. Strategic interprovincial and interregional transmission links could be de-risked through the Canada Infrastructure Bank and should total $20 billion over five years. Private financing would inevitably make the projects more expensive by introducing higher costs for borrowing.

These electrical transmission projects should be publicly owned at all levels of government. Public ownership fosters the affordability, energy sovereignty, and environmental sustainability that should be prioritized in Canadian energy policy. Electricity projects should be owned and led by the public sector, eliminating profit motives and enabling the government to provide low-rate public financing to reduce the cost of grid expansion.

The federal government should reconfirm Canada's commitment to a net-zero electricity grid and implement the Clean Electricity Regulations.

EDUCATION

Recommendation 8: Protect Jordan's Principle funding for education supports

The federal government has an obligation to ensure that Indigenous children can access the services and supports they need to succeed. The federal government must ensure that changes to the eligibility and application requirements for Jordan's Principle funding do not result in reductions to funding or leave schools, students, and communities without the resources they need. Chronic provincial underfunding of education has already left many school boards reliant on Jordan's Principle funding to provide specialized supports for Indigenous students, including education worker support positions. The federal government should ensure that overall funding levels are maintained so that funding reaches schools and communities in a timely way, and that resources are redirected through other appropriate mechanisms where necessary to restore education supports and prevent further job losses. Federal and provincial governments must work with Indigenous communities to ensure that changes to Jordan's Principle funding do not result in service cuts, job losses, or barriers to essential supports for Indigenous children.

SOCIAL SERVICES

Recommendation 9: Increase the Canada Social Transfer (CST) to address chronic underfunding in the social services sector

Social services are under increasing strain as communities across Canada confront intersecting housing, affordability, mental health, and addictions crises. Demand for services is rising while non-profit agencies struggle with persistent staff vacancies and turnover, difficulties recruiting and retaining qualified workers, low wages, inadequate benefits and pensions, forced overtime, and serious health and safety concerns, including workplace violence and psychological injury. Understaffing and unstable funding are leaving workers burnt out and unable to keep pace with growing needs, while too many people are falling through the cracks.

The Canada Social Transfer (CST) provides federal funding to support social services, social assistance, post-secondary education, early childhood development, and early learning and child care. Yet its value has steadily eroded. The CST has been subject to a legislated 3% annual escalator since 2009-10, and between 2021 and 2023 inflation outpaced those increases. Although inflation has since moderated, the existing formula has not made up for the resulting loss in purchasing power or years of underinvestment.

The federal government must increase the CST escalator to at least 5% annually to provide stable funding for public and non-profit social services. Increased funding should support better wages, benefits, and pensions, address staffing shortages, and ensure workers have the resources necessary to provide safe, high-quality care and support. Improving working conditions across the sector is essential to improving care for vulnerable and marginalized people who rely on these services.

The federal government should also ensure that all personal support workers (PSW) and equivalent classifications employed in the social services sector are eligible for the PSW tax credit announced in Budget 2025. These workers provide essential care and support in communities across the country and should not be excluded from federal measures intended to recognize and support care workers.

Recommendation 10: Increase funding for the Canada Disability Benefit, expand eligibility, and streamline the application process

The income of people with disabilities is, on average, 30% below the poverty line.[11] Members of the disability community face significantly higher cost of living, including expenses for specialized transportation, dietary needs, and uninsured medical treatments and assistive equipment. CUPE supports calls from disability advocates to ensure that the Canada Disability Benefit (CDB) is sufficient to end disability poverty and reflects the higher cost of living with a disability. The federal government must also ensure that the CDB is not clawed back through social assistance programs, private insurance plans, or tax measures.

CUPE also supports calls to streamline and expand access to the CDB and other federal, provincial, and territorial disability benefits. Members of the disability community are too often required to repeatedly prove their disabilities when applying for multiple programs and support a process that can be burdensome, time-consuming, and retraumatizing. The federal government

[11] Campaign 2000 and Disability Without Poverty, "Too Little for Too Few: Ending Disability Poverty in Canada – Disability Poverty Report Card 2025," https://www.disabilitywithoutpoverty.ca/sites/default/files/2025-12/2025%20disability%20poverty%20report%20card%20-%20final%20english_0.pdf.

should work toward a seamless application and data-sharing process that allows recipients of the disability tax credit (DTC) and other federal, provincial, and territorial disability benefits to automatically qualify for the CDB.

At the same time, eligibility for the CDB cannot be limited to recipients of the DTC because DTC's restrictive criteria exclude many people with disabilities, including some injured workers and people with episodic or temporary disabilities. As Disability Without Poverty calls for, the DTC's restrictive definition of disability must be broadened.[12] Reforms must also address the additional barriers and discrimination experienced by Indigenous, Black, and racialized people, immigrants, women, and 2SLGBTQI+ people when accessing disability and social assistance programs.

HOUSING

Recommendation 11: Renew the National Housing Strategy, strengthen tenant protections, and protect affordable housing from financialization

The Office of the Parliamentary Budget Officer estimates that federal spending on housing programs is set to decline 56% by 2028-29, including reductions and the expiry of programs that support low-income households (e.g., Canada Housing Benefit) and social housing.[13] This comes at a time when the shortage of affordable housing, rising rents, and homelessness are still placing increasing pressure on communities. The right to housing is recognized in the *National Housing Strategy Act* and the federal government must uphold that right by expanding the supply of affordable homes and addressing the growing role of large-scale investors in the housing market.

The federal government should renew the National Housing Strategy with ambitious targets, clear timelines, stable funding, and improved data collection to address core housing need, end homelessness, and significantly expand Canada's supply of social housing. Federal housing programs should adopt a consistent, income-based definition of affordability aiming to ensure that renters pay no more than 30% of their household income.

- **Expand social housing**

The federal government should commit to building at least 50,000 new publicly owned, rent-geared-to-income social housing units annually for the next decade. Priority access should be provided to people experiencing homelessness and those in core housing need. A significant expansion of non-market and publicly owned housing is essential to ensuring that affordable homes remain permanently affordable and are protected from speculation.

- **Protect existing affordable housing**

The federal government must also protect Canada's existing stock of affordable and social housing by reopening and expanding the Canada Rental Protection Fund. It should increase core funding for the maintenance, renovation, operation, and preservation of existing social

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[12] Disability Without Poverty, "Written Submission for 2026 Pre-Budget Consultations," August 11, 2026, https://www.disabilitywithoutpoverty.ca/en/federal-budget/written-submission-2026-pre-budget-consultations.

[13] Ben Segel-Brown, "Build Canada Homes and the Outlook for Housing Programs under Budget 2025," Office of the Parliamentary Budget Officer, December 2, 2025, https://www.pbo-dpb.ca/en/publications/RP-2526-020-S--build-canada-homes-outlook-housing-programs-under-budget-2025--maisons-canada-perspectives-entourant-programmes-logement-dans-cadre-budget-2025.

housing to prevent the loss of affordable units and ensure that homes remain safe and accessible.

- **Strengthen tenant protections and empower renters**

The federal government should build on the Renters' Bill of Rights by establishing enforceable national standards for rental housing. These standards should include rent control, vacancy control, protections against displacement, and universal design principles, with compliance made a condition of federal funding to provinces, territories, landlords, and developers.

The government should also reopen and expand the Tenant Protection Fund, provide additional resources to support tenant organizing and the creation of tenant unions, and renew and increase funding for the Canada Housing Benefit. Greater transparency is also needed to address the financialization of housing, including through a public database identifying the investors and corporations that own residential real estate.

- **Restrict the financialization of housing**

The federal government should take stronger action to regulate large-scale corporate investors in the housing market, including by limiting the number of residential units that corporate investors can own, eliminating preferential tax treatment for real estate investment trusts (REITs), and strengthening oversight of pension funds and other institutional investors that hold residential properties.

RETIREMENT SECURITY

Recommendation 12: Disclose all risks associated with the proposed reduction in CPP contributions and conduct proper consultation with the public and provinces and re-evaluate if necessary

In this year's Spring Economic Update, the federal government announced a planned reduction in Canada Pension Plan (CPP) contributions. Beginning January 1st, 2027, the base CPP contribution rate, funded equally by workers and employers, will fall from 9.9% to 9.5%, reducing contributions by 0.2 percentage points for both workers and employers. The government describes this as support for workers and businesses, but the savings are minimal: a worker earning $70,000 would save $133 per year, with lower-income workers saving even less.

CUPE is concerned about the long-term risks of reducing CPP contributions. The government has justified this change by arguing that the contribution rates required to sustain the plan have fallen and that the new contribution rates maintain a "prudent financial buffer" over the anticipated cost of the plan. However, government failed to mention what its own actuarial reports reveal. The minimum required rates fell in the most recent actuarial report (as of December 31, 2024), but were above 9.5% in actuarial reports dating back at least two decades. The most recent report also estimates, based on actuarial models, that there is at least a 20% chance that the cost of the plan will soon exceed 9.5% based on investment returns alone[14] and identify other factors that could increase costs. Federal actuaries have specifically

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[14] Office of the Superintendent of Financial Institutions Canada, Office of the Chief Actuary, "32nd Actuarial Report on the Canada Pension Plan as of 31 December 2024 (Revised version)," published May 28, 2026, https://www.osfi-bsif.gc.ca/en/oca/actuarial-reports/actuarial-report-32nd-canada-pension-plan-revised-version.

identified climate change as a particularly serious challenge to the economic sustainability of the CPP.

These risks deserve full public scrutiny. If 9.5% ultimately proves insufficient, CPP legislation sets a high bar for federal and provincial governments to reach agreement on corrective action. If consensus cannot be reached, the CPP's "insufficient rates" mechanism could result in the suspension of indexation for retirees. It is far easier politically to reduce contribution rates today than to increase them later if the plan faces a funding shortfall. CUPE worries that the easy thing here may not prove to be the right thing over the long term. This risk was also not mentioned in the government's announcement.

Canadians deserve transparency and a meaningful voice in decisions affecting their retirement security. The federal and provincial governments should publicly disclose the full range of risks associated with the proposed contribution reduction and conduct a meaningful consultation with Canadians and the provinces before proceeding. The reduction should only move forward if there is clear democratic support for accepting the additional risks to the CPP in exchange for the proposed reduction in rates.

Recommendation 13: Pause any proposed amendments to federal public service pension plans that have not been collectively bargained with federal unions

Budget 2025 proposed a significant reduction in the rate at which pensions are earned under the federal public service, Royal Canadian Mounted Police (RCMP), and Canadian Forces pension plans. CUPE represents hundreds of members in these pension plans, including members in RCMP Telecom Operations and Intercept Monitoring. While the government has not provided sufficient details, CUPE estimates the change could amount to a cut of 10% or more to the base rate at which pension is earned on a go-forward basis. This would unnecessarily reduce already modest pension benefits. The Public Service Superannuation Plan is well funded and has accumulated a significant surplus, while the government has transferred billions of dollars from the plan's surplus into general revenues in recent years.

Any changes to pension benefits must be negotiated through collective bargaining, not imposed unilaterally. The government's proposed "consultation" process, including discussions through the closed-door Public Sector Pension Advisory Committee, is not a substitute for collective bargaining with federal unions. The same budget also document purported to commit the federal government to collective bargaining in good faith with federal unions. Imposing pension changes outside the bargaining process would undermine the government's commitment to bargaining in good faith and could violate the Charter-protected collective bargaining rights of federal workers. The federal government should reverse course and negotiate any pension changes with affected unions at the bargaining table.

EMPLOYMENT INSURANCE

Recommendation 14: Reform Employment Insurance to support workers and communities and to build a resilient Canadian economy

Workers are experiencing a disruptive trade war with the U.S. and job transitions due to climate change and technological change. Workers need comprehensive income protection to weather this uncertainty. The federal government should make the following changes to Employment Insurance (EI):

- Set a universal threshold for access to EI benefits at 360 hours for all workers.

- Increase the EI benefit rate to 75% of weekly earnings, with a minimum weekly benefit of at least $600.
- Extend the duration of a regular EI claim to at least 50 weeks.
- Increase the maximum insurable earnings so higher-income workers can count on a livable benefit.
- End harsh disqualification rules so workers who are illegally misclassified as self-employed, or who are migrant workers, also qualify.

The federal government should also end gender inequity and ensure that the loopholes that exclude workers from EI benefits when they are laid off during or shortly after pregnancy and parental leave are closed. This can be done by allowing parental and regular EI benefits to be combined over a period of 104 weeks when the claimant was laid off from work before, during, or following a parental leave. A new EI Emergency Response Measure should also be introduced to provide a predictable response during recessions, floods, hurricanes, wildfires, pandemics, and similar emergencies. Furthermore, precarious workers and workers who voluntarily separate from work should be included in EI training programs.

These changes will help ensure our EI system provides the financial security workers need to live with dignity.

ARTIFICIAL INTELLIGENCE

Recommendation 15: Consult unions on AI, privacy, labour, and employment laws, protect public-sector jobs and services from privatization, and develop publicly owned digital infrastructure

Artificial Intelligence (AI) is being adopted across workplaces and sectors of the economy affecting workers' jobs, health and safety, and rights. The federal government should introduce comprehensive measures to ensure workers are protected through technological change.

Employers regularly implement AI systems for the collection, processing, and use of data without informing or consulting workers or their unions. Workers cannot understand and mitigate the risks of AI or data collection in the workplace without transparency and consultation. When employers negotiate with unions, harms to workers from technology implementation can be reduced or eliminated altogether. The federal government should enact laws to require notice, consultation, and bargaining when digital technologies are introduced.

AI-amplified monitoring, surveillance, and algorithmic management of the workforce are affecting the well-being of workers, the human rights of workers, and power dynamics between workers and employers. The federal government should prohibit invasive monitoring, surveillance, and algorithmic decision-making in the workplace and prevent bias and discrimination in digital tools.

The federal government should be a model employer in building transparent and inclusive processes in its own implementation of digital technology. The federal government should engage in robust consultation and negotiations with federal unions and public service users. Digital technology, like AI, should not be used to privatize public services, replace workers, or surveil workers.

The federal government should become a leader in public digital infrastructure that is operated for the public interest rather than private profit. This infrastructure, including AI and digital platforms, could improve the quality of public service delivery and protect sensitive data. This would reduce reliance on private and foreign providers in public services and help ensure digital technology serves the public good.

IMMIGRATION

Recommendation 16: Reverse immigration cuts and expand access to permanent residency and renew work permits

The federal government's Immigration Levels Plan 2026-2028 aims to reduce temporary residents to below 5% of Canada's population, largely through non-renewal of work permits and deportations. This approach has displaced and will continue to displace thousands of workers from essential sectors, including health care, long-term care, child care, and education sectors, which are already experiencing critical labour shortages. Workers who came to Canada under one set of rules should not have their ability to work and build a future here undermined by retroactive policy changes.

The government's approach is also economically counterproductive. On June 2, 2026, Prime Minister Carney acknowledged publicly that Canada's weakened economy is directly linked to declining immigration[15]. The Office of the Parliamentary Budget Officer projects that immigration cuts will reduce real GDP by 1.7% by 2027 and nominal GDP by an average of $37 billion over three years.[16] RBC estimates the changes will worsen federal finances by $50 billion over five years.[17] At the same time, the plan's target of limiting permanent residents to 1% of the population risks trapping more people in temporary and precarious status. Permanent residency should be the default pathway for workers who have established themselves in Canada, allowing them to build secure lives, exercise their rights, and contribute fully to their communities and the economy.

The federal government must reverse recent immigration cuts, restore pathways to permanent residency, and expand access to work permit renewals. It should also establish a fair and accessible regularization program for undocumented workers already living and working in Canada; research estimates that regularization could generate $28 billion in annual GDP and $5.6 billion in annual government revenue.[18] Immigration policy must not be used to scapegoat newcomers for pressures on housing, health care, and other public services that are the result of chronic underfunding and policy failures.

The federal government must restore stability and integrity to the immigration system. Thousands of CUPE members and other migrant workers made significant decisions about their work, education, families, and futures based on immigration rules that were subsequently

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[15] CPAC, "PM Carney on the Economy, CUSMA Talks," June 2, 2026, https://www.cpac.ca/headline-politics/episode/pm-carney-on-the-economy-cusma-talks--june-2-2026?id=5765efeb-d396-44a5-b9bc-67a89c96b653.

[16] Caroline Nicol and Albert Kho, "Impact Assessment of 2025-2027 Immigration Level Plan," Office of the Parliamentary Budget Officer, 2025, https://www.pbo-dpb.ca/en/publications/RP-2425-028-S--impact-assessment-2025-2027-immigration-level-plan--evaluation-incidence-plan-niveaux-immigration-2025-2027.

[17] Cynthia Leach and Rachel Battaglia, "Smart Money: Focused fiscal policy needed more than ever," RBC Economics, December 3, 2024, https://www.rbc.com/en/economics/canadian-analysis/provincial-and-fiscal-outlooks/other-fiscal-analysis/smart-money-focused-fiscal-policy-needed-more-than-ever/.

[18] Migrant Rights Network, "Economic benefits of regularization," June 2024, https://migrantrights.ca/wp-content/uploads/2024/06/MRN-Memo-Economic-benefits-of-regularization-1.pdf.

changed. Closing pathways to permanent residency, ending family work and study permit options, changing refugee claimant rules, and refusing to renew work permits after workers have arrived in Canada is deeply harmful and undermines trust in the system. Canada must honour the commitments under which people came here and ensure that immigration rules are not changed retroactively in ways that leave workers and their families without a viable path to remain.

INFRASTRUCTURE AND MAJOR PROJECTS

Recommendation 17: Protect public infrastructure, prioritize public funding, invest in essential services, and strengthen transparency in major project decisions

CUPE urges the government to retreat from high-cost, high-risk private and public-private partnerships (P3s) and instead prioritize public funding and low-cost financing that deliver projects faster, more predictably, and at a lower cost. Municipalities own the majority of Canada's public infrastructure and need reliable access to affordable financing that allows them to build and maintain public assets without surrendering control or diverting public dollars to private profit.

Budget 2026 should ensure that all additional infrastructure funding and financing, including through the Canada Strong Fund (CSF), supports public infrastructure and public ownership. The CSF should not use public funds to guarantee or underwrite private-sector risks or finance projects where profit motives could undermine affordability, accessibility, safety, or the public interest.

The federal government should also reform the mandate of the Canada Infrastructure Bank (CIB), moving away from its reliance on public-private partnerships (P3s) and toward public-public infrastructure partnerships and direct, low-cost financing for municipal and Indigenous governments. P3 mandates increase costs, delay projects, and facilitate the financialization of public infrastructure, turning essential public assets and services into vehicles for private wealth extraction. The federal government should instead draw on successful Canadian public financing models, including the Municipal Finance Authority of British Columbia and the Business Development Bank of Canada, which facilitate investment while maintaining public control and accountability.

New public infrastructure projects should never be financed through the sale of public assets like airports and ports. CUPE and allied unions representing airport workers have warned privatization will drive up costs for travellers, erode wages and working conditions, and prioritize corporate profits over public safety and the public interest.[19]

Federal infrastructure funding should prioritize affordable housing and shelters, social infrastructure, public transit in urban and rural communities, and essential public services. Planned increases in defence spending should also support lasting infrastructure investments that strengthen communities, including in health care, housing, post-secondary education, and transportation.

Decision-making through the Major Projects Office (MPO) must be more transparent and democratic. The government should properly resource the access-to-information system,

[19] Canadian Union of Public Employees, "Liberal airport privatization scheme should be grounded: Canada's flight attendants," March 12, 2025, https://cupe.ca/news/liberal-airport-privatization-scheme-should-be-grounded-canadas-flight-attendants.

narrow unnecessary “third-party information” exemptions under the *Access to Information Act*, and publicly disclose clear information about decisions made by the MPO, CIB, and CSF. Nation-building must include investments in child care, education, and health care, and these essential public services should be recognized within the MPO’s mandate.

MUNICIPAL FINANCING

Recommendation 18: Modernize municipal financing

Canada’s municipalities deliver essential local infrastructure, transit, and public services that support daily life. However, municipalities are trapped in an outdated 19th-century revenue framework reliant primarily on property taxes. As population growth and climate pressures intensify, municipalities are facing unsustainable fiscal shortfalls.

CUPE strongly endorses the Federation of Canadian Municipalities’ (FCM) call for a new municipal growth framework.[20] The federal government must use Budget 2026 to modernize local government financing through:

1. Expanding direct federal transfers: The federal government should increase direct annual transfers to municipalities to $5 billion per year.
2. Expanding eligible operational funding: Eligible expenses under federal transfer programs must be expanded to encompass local operating costs, not only capital expenditures. Operating investments directly support essential front-line workers and sustainable municipal service delivery.
3. Expanding municipal revenue tools: Property tax is the primary tool Canadian municipalities use to raise revenue. But property tax is regressive and does not map neatly onto economic growth. Other tools, such as land value tax and local income tax, could serve as sustainable alternatives to fund local service delivery. The government should also amend the *Income Tax Act* to make municipal bonds tax exempt, which would provide municipalities with another low-cost option for key investments.

TRANSPORTATION

Recommendation 19: Update Part III of the *Canada Labour Code* to clarify that wages are owed as soon as duties begin

CUPE has raised public awareness about wage theft in Canada’s airline sector, highlighting both unpaid work and subminimum wage compensation for flight attendants. A multi-phase federal investigation launched in fall 2025 confirmed that the most junior flight attendants were receiving subminimum wage compensation but did not adequately address the broader issue of unpaid work.

There is no provision in the Code that defines “work”. There is also no provision in the Code to prohibit unpaid hours of work when workers are not paid on a traditional hourly rate of pay. Part III of the *Canada Labour Code* is silent on the issue of when an employer must begin to pay wages. Airline crews and other federally regulated workers are often expected to perform duties that are unpaid by the employer. The Code must be amended to specify that wages start as soon as duties start. CUPE has advocated for the inclusion of a definition of “work” under the

[20] Federation of Canadian Municipalities, “Building Canada starts locally: The FCM’ recommendations for the 2026 federal budget,” August 20, 2026, https://fcm.ca/en/resources/building-canada-starts-locally.

Code's Part III and that all hours of work performed by flight attendants shall be paid at their regular rate of pay or higher.

The federal government should also provide sufficient resources for proactive enforcement of these requirements. Compliance should not depend primarily on self-audits; federal labour standards officials must have the capacity to conduct independent inspections and investigations.

TELECOMMUNICATIONS AND MEDIA

Recommendation 20: Ensure any federal procurement contracts or subsidies to Canadian telecommunication companies require jobs to remain or be created in Canada

Since 2018, Canada has lost more than 20,000 telecommunication jobs according to Statistics Canada.[21] However, this decline is not due to a lack of work in the sector. The pursuit of profit is leading telecommunications companies to hire more lower-paid workers abroad. This situation is harmful to the Canadian economy, while also depriving the country of a valuable expertise.

CUPE is therefore calling on the federal government to ensure that all contracts or subsidies granted to telecommunications companies are conditional on the creation or repatriation of jobs in Canada.

Grants or public procurement contracts should not reward telecommunications companies that move jobs outside the country or only create jobs in construction.

This measure would give more Canadians access to good-paying jobs. It would also increase the government revenues and contribute to the security of our telecommunications networks and our personal information by reducing their exposure to cyber threats.

Recommendation 21: Expand eligibility for the Canadian journalism labour tax credit to include employees in broadcasting

CUPE supports the federal government's[22] plan to extend the Canadian journalism labour tax credit to audio and audiovisual media. Its members in the communications sector also provided input during the Department of Finance's consultations on this issue this summer.[23]

Broadcasters have been excluded from the tax credit since it was introduced for print media in 2019. This difference in treatment is difficult to understand given that radio and television stations' revenues are now just as affected by the entry of web giants into the advertising market[24] as those of print media.

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[21] Statistics Canada*, Table 14-10-0202-01: Employment by industry, annual*, March 26, 2026, https://doi.org/10.25318/1410020201-eng.

[22] Government of Canada, *Canada Strong For All – Spring Economic Update 2026*, April 28, 2026, https://budget.canada.ca/update-miseajour/2026/report-rapport/pdf/update-miseajour2026-eng.pdf, p. 121.

[23] Department of Finance Canada, *Consultations on Extending the Canadian Journalism Labour Tax Credit to Audio and Audiovisual News Organizations*, June 3, 2026, https://www.canada.ca/en/department-finance/programs/consultations/2026/consultations-on-extending-canadian-journalism-labour-tax-credit-audio-audiovisual-news-organizations.html.

[24] Since November 1st, 2022. Marc-André Lemieux, « La pub débarque sur Netflix » (in French only), *La Presse*, October 13, 2022, https://www.lapresse.ca/arts/television/2022-10-13/la-pub-debarque-sur-netflix.php

The number of jobs at commercial radio stations fell by 40% over a 15-year period – from 10,521 to 6,174 – even though 73 new stations opened.[25] In the private traditional television sector, the number of employees fell from 6,418 to 3,811 between 2011 and 2025,[26] while the number of stations producing news remained stable.[27]

This situation threatens the production of reliable, fact-based news on radio, television, and online at a time when such information is increasingly needed to counter the growing prevalence of disinformation on the Internet.

To extend the tax credit to broadcasters, the definitions of "qualified Canadian journalism organization" and "eligible journalism organization" must be amended. CUPE is calling for the tax credit rate to remain at 35% in January 2027, for the salary cap to be increased, and for the financial assistance to apply retroactively to the beginning of the government's 2026 fiscal year – April 1, 2026 – to ensure that support is provided as quickly as possible.

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[25] Statistics Canada, *Table 22-10-0005-01: Radio broadcasting industry by operating and financial detail*, June 25, 2026, https://doi.org/10.25318/2210000501-eng.
[26] Statistics Canada, *Table 22-10-0004-01: Television broadcasting industry*, June 25, 2026, https://doi.org/10.25318/2210000401-eng.
[27] Canadian Radio-television and Telecommunications Commission, *Statistical and Financial Summaries*, 2011-2015 and 2021-2025.