

FEDERAL BUDGET

CUPE

2010

CUPE Overview and Summary

The Harper government's 2010 Budget demonstrates a government that is devoid of new ideas. It is difficult to believe that they prorogued Parliament and then introduced a new budget with so little new and positive to show.

At the same time, it forces the Canadian public and public servants to pay for the costs of an economic crisis that was caused by the financial industry by putting a stranglehold on federal departmental spending.

After recovering from the recession, Canada will continue to face considerable economic and social challenges moving into the future. We have an aging population, rising inequality, families struggling under record levels of household debt, high youth unemployment, major environmental problems and stagnant economic productivity.

Unfortunately, this budget provides very little to face these new challenges, or to help the 1.5 million Canadians now out of work and many millions more who are suffering as a result of the recession.

Summary

Federal government spending and services

- This budget will severely constrain the ability of the federal government to provide services in future years by freezing departments operating budgets.

- In effect, the Canadian public and federal public servants, and the world's poor are being forced to pay for the economic and financial crisis through a long squeeze on federal spending. The cuts in federal spending will amount to \$15 billion over five years including:
 - \$6.8 billion in administrative cost savings, including freezing departmental budgets
 - \$4.5 billion in cuts to Canada's international development assistance
 - \$1.3 billion in "strategic review" savings of federal government programs
 - \$2.5 billion in temporary restraints to national defence spending.

Major Transfers to Provinces

- No change to major transfers for provinces, such as the CHT, CST and Equalization program, which is a relief.

Aboriginal

- A few very limited measures, including funding for missing Aboriginal women and funding for some northern programs, including the food mail program, some health funding, support to streamline regulation. However, it signals cuts to First Nations water infrastructure and that they will be pushing Aboriginal communities into P3s to finance better water infrastructure.

Employment and Jobs

- The only new funding in this budget targeted directly at jobs and the 1.5 million unemployed Canadians, outside of specific youth or other programs is \$106 million over two years for an extension of the worksharing program by an extra 26 weeks.

Youth

- Very limited amount to address youth unemployment,
- Only new funding includes \$20 million for the Pathways to Education program, \$30 million to support education for First nations students (although a review of PSE funding for aboriginal students is planned), \$30 million for Career focus of Youth Employment Strategy, \$10 million for Canadian Youth Business Foundation, \$30 million for Skills Link program.

Infrastructure and Stimulus

- No new infrastructure spending to deal with the over \$120 billion municipal infrastructure deficit. The only new infrastructure funding is money for ferry services in Atlantic Canada and funding for the Detroit–Windsor P3 bridge, for bridges in Montreal and for increased security at borders. The budget suggest that they may cut funding for the First Nations water and waste water infrastructure (p. 111) by looking at ways to access alternative sources of financing (e.g. P3s).
- At the same time, the budget reveals that \$5 billion of stimulus spending that was committed for this past year hasn't flowed (p. 171) and will be rolled into future years. A large amount of this is reduced loan losses. Further lapsing of infrastructure spending.

Health

- Virtually nothing here. Only measures are more funding for the northern food mail program and additional funding for

northern health care and funding for amateur sport.

- No change to the CHT.

Education and training and innovation

- Very little here. The major funding here is \$222 for TRIUMF, the nuclear and particle physics laboratory. Other areas of funding include:
 - \$45 million for a post-doctoral fellowship program to attract research leaders.
 - Increase budgets for research granting councils (CIHR, NSERC and SSHRC) by an extra \$32 million per year in total and \$8 million for indirect costs of research for universities.
 - \$75 million for Genome Canada
 - \$15 million for college and community program to make links with local businesses.
 - \$135 million for the NRC's regional innovation cluster program
 - Other funding for medical isotopes, and almost \$500 million for RADARSAT satellite program

Environment

- The Budget has a major section on "Green Jobs and Growth" but once again there is virtually nothing here that is positive or of any substance.
- Over 70% of the new money here is simply for a cash payment to AECL, which the government is planning to sell off, possibly to foreign interests.
- There are very small amounts for a great lakes action plan, more funding for tax depreciation for waste energy investments and some other announcements of ongoing programs.
- The government's emphasis continues to be funding for nuclear energy, carbon capture, ethanol and facilitating faster exploitation of oil and gas.
- The budget announces various funding programs to streamline regulation review and environmental assessments

for resource projects in the north, which presumably involve a pipeline.

Pensions

- Nothing substantial to deal with the pension crisis. There was no increase in OAS or GIS support for seniors in poverty, no increase in the CPP or any measures to deal with defined benefit pensions, nor anything else of real substance. The Budget announces that the government will launch public consultations on the publicly supported pension system starting in March, leading up to the May meeting of federal and provincial finance ministers.

Privatization & P3s

- There isn't a great deal that is explicitly new here, but there are signs that there will be increasing contracting-out and asset sales as part of the review of government operations (p. 162–63). The federal government is continuing with its costly privatization program. The growing cost of the Windsor Detroit Bridge P3 has meant that this budget is putting \$10 million more in to cover legal and admin costs (p. 109). It also signals that it will be pushing First Nations into P3s for their water infrastructure (p. 111).

International Development Assistance

- The International Assistance Envelope will increase by \$364 million this year but then will be frozen at \$5 billion a year, instead of the 8% increase that was promised. This will mean \$4.5 billion less in international development assistance over the next five years (p. 164). Canada's contributions to international development will amount to only 0.26% of our GDP, almost a third of the 0.7% we had committed to reach. This is far from the Canada that the finance minister said would be a "high point to which the world will look for inspiration."

- In contrast, the only federal department that escapes a budget freeze is defence where spending will continue to grow at a strong rate, reaching over \$22 billion within a decade. (p. 159)

Women

- Nothing for women except for \$10 million to address the disturbingly high number of missing and murdered Aboriginal women (132).
- The budget mentions the importance of maternal and child health in the developing world, but takes \$4.5 billion for the budget for international assistance.
- Very minor tax move to increase child care benefit payments for single mothers (p. 340)

Tax measures

- The major tax move is an elimination of tariffs on manufacturing inputs and machinery and equipment that will cost \$1.3 billion in revenues over the next five years. This aims to make Canada's manufacturing sector into a free trade zone, consistent with their aggressive new free trade plans.
- No reversal of the plan to further cut corporate income taxes, which will cost the federal government more than \$20 billion in lower revenues over the next five years.
- Little in terms of other tax measures of relevance to most people.
- A few changes relating to RDSPs and RESPs and tax credits for cosmetic procedures.
- The budget announces some measures to tighten tax avoidance, including from international tax areas.
- The major item here is a measure to tighten the damaging and expensive stock option deduction. This restricts some exploitation of this tax loophole, but still keeps it alive when it should be closed entirely. The savings are supposed to amount to \$300 million a year, but given the weakness of this

measure, this amount of savings is probably exaggerated.

Regulation

- Significant push towards further deregulation, including establishing a

red tape reduction commission, streamlining environment regulations for resource exploitation.

- Aggressive expansion of free trade will force further deregulation.

For more information, visit <http://cupe.ca/budget>

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