



Canadian Union of Public Employees

Submission to the House of Commons
Standing Committee on Finance

**Pre-Budget Consultations
for the 2022/23 Federal Budget**

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CUPE

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Recommendations

The Canadian Union of Public Employees (CUPE) recommends the federal government:

- 1: Increase the federal share of health care funding and tie the money to national standards, making a commitment of at least \$3.5 billion towards essential medicines coverage and implement long term care (LTC) legislation with strong national standards of care.
- 2: Introduce sustainable funding for existing and new Indigenous healing centres to address the harms caused by colonization, including residential schools.
- 3: Ensure childcare agreements contain sufficient funding for new not-for-profit and public spaces to meet demand and implement a comprehensive workforce strategy in the sector, including a \$25 minimum wage floor for all federally funded care work.
- 4: Accelerate the development and implementation of the new Canada Disability Benefit.
- 5: Enact Just Transition legislation to create systems and strategies to fairly deal with workers and communities adversely affected by the shift to a zero-carbon economy.
- 6: Amend the mandate of the Canada Infrastructure Bank, to transform it into a source of direct public financing for public infrastructure projects.
- 7: Increase federal government funding for public infrastructure projects, prioritizing publicly owned and operated green investments and a just transition plan, as well as social infrastructure.
- 8: Update the National Housing Strategy to align with the human rights requirements in the new National Housing Strategy Act; use public funds in the public interest instead of to subsidize private profit; and establish national standards for tenant protections that provinces must meet as a condition of receiving federal housing transfers.
- 9: Reform Employment Insurance to meet the needs of all workers, by learning from the impact of temporary measures during the pandemic.
- 10: Increase taxes by restoring the capital gains inclusion rate to 75%, the corporate tax rate to 21%, implementing a financial activities tax, and implementing an annual wealth tax.
- 11: Rethink the federal government's macroeconomic role in addressing the causes and alleviating the impacts of inflation.

Introduction and Background

The Canadian Union of Public Employees (CUPE) is Canada's largest union, with over 715,000 members. CUPE members take great pride in delivering quality services in communities 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.

The pandemic has brought many underfunded, inadequate, and altogether missing systems to the forefront, and now, workers need action. From our broken long-term care system that still allows for-profit operators and poor working conditions, to the inadequate and exclusionary Employment Insurance (EI) system, we need substantial change to better serve workers and the services that we all rely on.

Health Care -Recommendation 1 and 2

CUPE is concerned about continued underfunding of health care across Canada, especially in the wake of COVID-19. We are calling on the federal government to increase the federal share of health care funding from 22% to 35%. This funding must be tied to national standards of care. CUPE especially wants to ensure that provinces and territories are prevented from using Canada Health Transfer (CHT) funds on privatized health services, including for-profit surgical and diagnostics facilities and for-profit care delivered through virtual health care systems. We are also asking the federal government to withhold CHT funds when principles of the Canada Health Act are violated (e.g., extra billing for publicly insured services).

CUPE has long advocated for a national, single-payer, universal pharmacare system. We are calling on the federal government to make a firm financial commitment of – at a minimum – \$3.5 billion towards essential medicines coverage as recommended by the Advisory Council on the Implementation of National Pharmacare. The cost will grow as the formulary grows. The government should build in the annual incremental cost which is expected to reach \$15.3 billion in 2027.

CUPE is repeating our call for the implementation of federal long-term care (LTC) legislation with strong national standards of care including minimum staffing levels and bringing LTC under the Canada Health Act. The pandemic has made it clear that we need increased beds and staff, better wages, benefits, and safe and secure jobs for workers. The Parliamentary Budget Officer (PBO) has estimated that it would cost \$8.5 billion each year to provide LTC to everyone who needs it and meet the average of 4 hours of care per resident per day.

CUPE is calling on the federal government to introduce sustainable funding for existing and new Indigenous healing centres to address the harms caused by colonization, including residential schools. On Indigenous health more broadly, we call upon the federal government, in consultation with Indigenous peoples, to establish measurable goals to identify and close the gaps in health outcomes between Indigenous and non-Indigenous communities, and to publish annual progress reports and assess long-term trends in line with the Truth and Reconciliation Commission Calls to Action.

Child Care - Recommendation 3

Affordable child care has the potential to be transformative for many families across Canada, as well as an important pillar in the care economy. The federal government has set ambitious goals and budgeted \$30 billion over ten years in order to meet these goals. However, two significant barriers stand in the way of success – lack of a workforce development strategy, and an over-reliance on market provision of childcare spaces.

CUPE calls on the federal government to ensure that there is sufficient funding for new not-for-profit and public spaces to meet demand. We also call for a comprehensive workforce strategy, which must include recruiting and training as well as retention strategies. Specifically, CUPE has called for a \$25 an hour minimum wage floor for all federally funded care work, and improved working conditions for care sector workers, including full-time jobs, paid sick days, benefits and pensions.

Social Services Sector - Recommendation 4

A new Canada Disability Benefit was announced in the 2021 federal budget, and there is still no relief in sight. People with disabilities are about twice as likely to live in poverty compared to people without a disability. Women with disabilities and racialized people with disabilities are amongst the poorest of the poor. The incomes of people with disabilities living in poverty is largely comprised of provincial social assistance payments, most of which have not been indexed to inflation. CUPE is calling on the Liberal government to accelerate the development and implementation of the new Canada Disability Benefit.

Climate Action and Just Transition - Recommendation 5

Governments have a duty to support those negatively affected by the move to a zero-carbon economy. Canada needs Just Transition legislation that is based on many principles, including worker consultation, new education, retraining, reskilling programs, as well as strategies to identify opportunities for new work. CUPE's position is that just transition strategies must be fair, inclusive, and based on open communication and collaborative planning with all affected workers and community members.

Municipal Infrastructure - Recommendation 6 and 7

CUPE calls on the Liberal government to amend the mandate of the Canada Infrastructure Bank within (CIB) from its current focus on attracting private finance. Instead, its mandate should be focused on public-public infrastructure partnerships, especially focusing on providing direct financing for public infrastructure projects at the local level, including with municipal and Indigenous governments.

A public recovery that meets the needs of municipalities must:

- Prioritize green investments that are publicly owned and operated, such as renewable energy, public transit, and building retrofits.
- Increase the federal share of project costs to reflect the fact that provinces, territories, and municipalities are under extreme financial pressure.
- Prioritize social infrastructure in areas such as recreation, childcare, long-term care, and social housing to help workers weather the current cost of living crisis.

Employment Insurance - Recommendation 8

Most of the temporary pandemic support measures, both through EI and outside of EI, have expired. But we have long been concerned about the failure of Employment Insurance to meet its vital role as an automatic stabilizer in our economy. Despite low unemployment rates, we remain concerned that without reforms, EI will not be able to support the labour market changes required by climate action and a just transition.

Upcoming EI reforms must be deep and thoughtful, and we can learn from the lessons of the pandemic. For example, the EI temporary measures had a significantly positive impact on the ability for women and younger workers to access EI benefits. Canada must also reform EI financing – the current system is pro-cyclical, leaving little resources within the system exactly when they are required.

Housing - Recommendation 9

Canada's National Housing Strategy (NHS) includes historic investments – over \$70 billion over 10 years – to tackle the housing crisis. However, in 2019, the PBO found that federal funds were not adequately supporting those in core housing need. Advocates have raised concerns that the NHS is subsidizing corporations to make more profits on the public dime while building unaffordable housing. Meanwhile, the federal government has yet to take concrete measures to tackle financialization in the housing market, a problem that is driving the housing crisis by taking more affordable units off the market than are being built. The NHS should prioritize non-market housing – non-profit and co-operative housing.

Passed in 2019, the *National Housing Strategy Act* enshrined the human right to adequate housing into Canadian law. The Act requires the implementation of a national housing strategy “taking into account key principles of a human rights-based approach to housing.” However, the NHS, which was adopted in 2017 (before the Act), has not been revised to be aligned with the human rights-based framework required under the Act. The housing crisis is also being worsened by weak tenant protections in several provinces. Strong tenant protections are a preventative approach to ending homelessness. In the absence of meaningful tenant protections in many provinces across the country, federal transfers to build housing are functioning as windfalls for developers.

Tax Fairness - Recommendation 10 and 11

Tax cuts implemented since 2000 have reduced federal revenues by over \$50 billion annually, and the major beneficiaries of these tax cuts have been large corporations and the wealthiest Canadians. These cuts have left a huge hole in federal budgets and had a ripple effect across provincial budgets as the federal government stepped back from funding essential public services.

The federal government could increase revenues by over \$50 billion annually, without increasing tax rates on middle- and low-income Canadians, with the following fair tax measures:

- restore the federal corporate tax rate to 21 per cent: \$13 billion;
- eliminate wasteful and regressive tax loopholes, including the stock option deduction, capital gains deductions, corporate meals and entertainment expenses, fossil fuel and mining subsidies: \$14 billion;
- crackdown on tax avoidance by taxing multinational corporations based on their real economic activities in Canada: over \$8 billion;

- introduce a wealth tax of one per cent on estates over \$10 million, and reintroduce an inheritance tax of 45 per cent on estates above \$5 million: \$12 billion;
- introduce a financial activities tax on the compensation and profits of the financial sector: \$7 billion.

Finally, the government must continue to improve corporate transparency. Previously announced funding toward a public beneficial ownership registry is an important step. The next step is to publicly disclose country-by-country financial reporting for the largest transnational corporations to ensure a level playing field and prevent loss of tax revenues.

The federal government has significant tax room to increase taxes to fund critical physical and social infrastructure without increasing inflationary pressures. Doing so will not only ease the pain of the higher cost of living but leave us with a healthier economy.

This moment calls on us all to recognize the lessons learned in the past several years. Canada needs our federal government to turn the demands of workers into evidence-based policy that delivers public goods. In this way, we can build not only a more resilient economy, but a more inclusive, people-focused economy.

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