Canadian Union of Public Employees

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Standing Committee on Finance

Pre-Budget Consultations for the 2022 Federal Budget

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CUPE

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The Canadian Union of Public Employees (CUPE) is Canada's largest union, with over 700,000 members. CUPE members take great pride in delivering quality services in communities across Canada as they work in a broad cross-section of the economy – including health care, education, municipalities, libraries, universities and colleges, social services, public utilities, emergency services, transportation, and airlines.

The 2022 federal budget comes at a challenging time. Health care services are cracking under the pressure of those still falling ill from COVID-19, a backlog of delayed surgeries, tests, and procedures, and years of chronic underfunding and understaffing. Supply chain disruptions, severe weather from climate change, and war in Eastern Europe are all fueling continued inflation. Interest rates are rising even as our economic foundation is uncertain.

It is against this backdrop that the federal government must now reimagine the policies, programs and services that have been allowed to fail our communities for far too long. 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.

Budget 2021 added $100 billion in federal spending over three years, using key labour market indicators to justify the need for stimulus spending. The macro-economic environment has changed substantially since, causing some commentators to call for a cut to that promised spending. CUPE argues that this funding falls short of core public sector requirements, investing in health care, public infrastructure, and other priorities, and so should not be pulled back just as we need funding to support a healthier and more equitable economy.

Health Care Priorities

CUPE is very concerned about the continued underfunding of health care across Canada, especially in the wake of COVID-19. We are calling on the federal government to increase the **Canada Health Transfer (CHT)** with a minimum CHT escalator of **5.2% per year** with stronger national standards on how provinces and territories are allowed to spend those funds. CUPE especially wants to ensure that provinces and territories are prevented from using CHT funds on privatized health services, including for-profit medical facilities and for-profit care delivered through virtual health care systems. We're 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.[1] As the formulary grows, the annual incremental cost is expected to reach $15.3 billion in 2027.

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[1] Canada et al., *A Prescription for Canada: Achieving Pharmacare for All : Final Report of the Advisory Council on the Implementation of National Pharmacare.*, 2019, http://publications.gc.ca/collections/collection_2019/sc-hc/H22-4-18-2019-eng.pdf.

CUPE is calling on the federal government to implement long-term care (LTC) legislation with strong national standards of care including minimum staffing levels **bringing LTC under the *Canada Health Act***. The pandemic has made it clear that we need increased beds and staff, better wages, benefits, safety, 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 needed it and meet the average of four hours of care per resident per day.[2]

CUPE is calling on the federal government to introduce sustainable funding for existing and new Indigenous healing centres to address the harms caused by residential schools and colonization. On Indigenous health more broadly, we recommend that the federal government establish measurable goals in consultation with Indigenous peoples to identify and close the gaps in health outcomes between Indigenous and non-Indigenous communities.

Child Care Priorities

In 2021, the federal budget proposed to invest up to $27.2 billion over five years in early learning and child care (ELCC), which started in the 2021-22 fiscal year. Another $2.5 billion is promised for Indigenous ELCC; therefore, the total federal funding commitment for ELCC is near $30 billion over five years. 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 2021 federal budget promised that funding would increase each year, but the PBO has argued that the federal government has **not** set aside enough money to build a national ELCC system because the total federal funding commitment isn't enough to meet the expected demand for child care spaces. There will be nearly 182,000 fewer child care spots than needed to meet the demand for the $10-a-day spaces, a shortfall in funding of about $1 billion in 2022-2023.

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 stress the importance of comprehensive workforce strategy, which includes recruiting and training as well as retention strategies such as **ensuring that workers are paid a fair wage** and have access to benefits.

Pensions and Retirement Security

The guaranteed income supplement (GIS) does not provide enough to keep very low-income seniors out of poverty. The already announced 10% increase to Old Age Security will do very little to improve this inequality. A moderate increase to GIS was promised during the 2021 election, an increase of $500/year for singles and $750/year for couples. While CUPE supports any increase to GIS, this amount would still leave many older singles and families well below the official poverty line.

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2 "Cost Estimate for Motion 77: Improvements to Long-Term Care" (Office of the Parliamentary Budget Officer, August 4, 2021), 77, https://distribution-a617274656661637473.pbo-dpb.ca/46d6a48451ea460cb2beefb46620819308f298940c57227ea95ae03edd39f61d.

This especially impacts those who have spent many years in unpaid caregiving roles, or more recent immigrants who don't have any other pensions. We call on the federal government to **increase GIS** to ensure seniors' incomes lift them above the poverty line.

The federal government has also failed to follow through on a 2019 and 2021 election promise to **increase the Canada Pension Plan (CPP) survivor's benefit by 25%**. In a review of CPP by the Minister of Finance and the provinces dated January 1, 2022, the recommendation was for no changes to be made to CPP benefits and contribution rates.

CUPE expects that the federal government will not reintroduce legislation similar to C-27 from 2016, which would open a pathway for federally regulated employers to change defined benefit plans to target benefit plans. Target benefit plans are less secure and shift more risk to workers.

CUPE is also asking the federal government to implement its 2021 election promise to ensure that gig work employers pay EI and CPP employer contributions, so that precarious gig workers have access to these important social supports. Often gig work employers misclassify their workers as self-employed, short-changing these precarious workers and making them even more vulnerable.

We are also looking forward to seeing legislation on mandatory climate-related financial disclosures and net-zero plans for pension funds, as promised in the 2021 election and reaffirmed in the December 2021 mandate letters.

Arts and Culture

The National Film Board's (NFB) annual funding is at its lowest point in 20 years after we take inflation into account. Between 2001-2022 and 2021-2022, NFB's allocations fell from $77.1 million to $57.1 million in 2010 dollars. This effective funding cut has already had and will continue to have a significant impact on the institution's ability to fulfill its mission, retain its workforce and acquire the equipment necessary to produce distinctive works in a constantly changing technological environment. We ask that the Government of Canada **increase the National Film Board's funding by at least $10 million** per year beginning in the fiscal year 2022-23. This increase should be indexed to the cost of living in order to give more stability and predictability to our public producer, its artisans, and the creators it supports.

In addition, the NFB is currently repaying $14.4 million in government loans that were used to move from an aging building to a more appropriate home in downtown Montreal. The NFB must repay $1.2 million each year until 2029-2030, which reduces the amount of money available for the production and broadcasting of its documentaries, animations, and interactive works. We ask that the federal government take over the cost of moving the NFB to free up budgetary room for its primary purpose.

Library Sector

In its 2020 Fall Economic Statement, the federal government eliminated all funding to the Centre for Equitable Library Access (CELA) and the National Network for Equitable Library Access (NNELS).

These two organizations provide services to Canadians with print disabilities. CELA had received $3 million and the NNELS had received $1 million in annual funding from the federal government.[3] That funding will be eliminated by the 2024-25 fiscal year.

The funding cuts could not have come at a worse time. The COVID-19 pandemic has resulted in increased isolation for the estimated three million Canadians with a print disability. Advocates have been successful in forcing the federal government to restore $1 million in funding for the 2021-22 fiscal year only. But going forward, the elimination of $4 million in annual funding remains. CUPE and other stakeholder organizations are calling on the federal government to restore full funding to these two groups.

Transportation

The federal government should provide adequate resources to Transport Canada (TC) so that it can perform its duties as a regulator. During the pandemic, flight attendants have learned that they cannot rely on TC to protect their rights, in particular the right to refuse unsafe work. The system is broken due to insufficient resources.

As in other sectors, the pandemic has highlighted areas that were under-resourced prior to the pandemic. CUPE is calling on the federal government to provide funding to build additional capacity and institutional policy expertise on Occupational Health and Safety (OHS) with the goal of providing guidance and advice to protect workers generally and during the next OHS-related crisis.

Finally, both Transport Canada and Employment and Social Development Canada require additional health and safety officers to do *active workplace inspections* to support workers, rather than reacting to complaints that are filed by workers after employers have failed to protect their safety.

Social Services Sector

CUPE is calling on the liberal government to accelerate the development and implementation of the new, Canada Disability Benefit. The benefit was announced in the 2021 federal budget. The liberals budgeted $11.9M over three years starting in 2021-22 for consultations on benefit design. [4]

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.

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[3] Centre of Equitable Library Access (CELA) and the National Network for Equitable Library Services (NNELS) (August 2021). *Pre-Budget Submission to the House of Commons Standing Committee on Finance.* https://www.ourcommons.ca/Content/Committee/441/FINA/Brief/BR11510768/br-external/Jointly03-e.pdf

[4] Department of Finance Canada (April 19, 2021). *Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience. Part 3: A Resilient and Inclusive Recovery.* Retrieved from the Government of Canada website: https://www.budget.gc.ca/2021/report-rapport/p3-en.html. Accessed February 24, 2022.

Municipalities and Public Infrastructure

Municipalities own or control 60 per cent of Canada's core infrastructure and should have the funding and the authority to manage and maintain it publicly. CUPE calls on the liberal government to scrap the privatization mandate of the Canada Infrastructure Bank (CIB). Instead of being driven by private for-profit investors, the bank must fundamentally transform into a source of low-cost loans that help local governments build public infrastructure.

The federal government needs to ensure infrastructure spending gets out the door quickly, addresses shortcomings identified by the COVID-19 pandemic, and positions Canada for the future. Privatization does not meet any of these tests. A public recovery led by the federal government must:

- Invest in public projects by providing grants or low-cost public financing for infrastructure projects.
- Streamline investments to ensure needed infrastructure spending gets out the door while ensuring safeguards are in place to ensure communities and equity-seeking groups benefit.
- 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 child care, long-term care and social housing where a predominantly female workforce has been disproportionately affected by the COVID-19 crisis.

The municipal infrastructure funding gap has also been a problem of limited municipal revenue tools. Transforming the CIB into a source of low-cost public financing will help communities rebuild, but municipalities also require a larger share of federal tax revenue, or additional tools to allow them to raise more revenue in a progressive manner. At a minimum, the temporary annual top-up of **$2.2 billion** to the Canada Community Building Fund (formerly known as the Gas Tax Fund) should be made permanent.

Public Transit

Urban public transit systems were hard hit by the COVID-19 pandemic, and they needed substantial investments even before. Overall, in 2020, total public transit revenue was down 46%, or over $2.2 billion, from 2019.

The federal government did provide $2.3 billion for transit as part of the Safe Restart agreements announced in July 2020, which helped cover some of the operational funding gaps for large urban centres. Just prior to Budget 2021, the federal government announced a $14.9 billion transit fund to accelerate shovel-ready transit projects and to provide predictable funding for municipalities to build out their public transit networks.

Of the $14.9 billion funds, the first $5.9 billion is spread out over the next five years, and $2.7 billion of that will be dedicated specifically to electrifying the country's diesel public transit bus fleets. After the first five years, the transit fund will have an annual amount of $3 billion per year to provide predictable funding for ongoing and future transit projects. The Federation of Canadian Municipalities (FCM) has called for this amount to increase to $3.4 billion per year by 2027.

In this context, CUPE is calling for additional investments in public transit to help municipalities manage operational costs and allow for reductions in fares, and an immediate increase in investments for electric vehicles to ensure the transition can be fully completed by 2030. We also note that our call for the CIB to fund only public infrastructure projects applies to public transit infrastructure projects as well.

Tax Fairness Priorities

Tax cuts 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. One of the first priorities of this government was to introduce another $6 billion tax cut that primarily benefited higher-income families. The federal government should reverse this regressive tax cut to save $3 billion now, and $6 billion per year when the cut was to be fully phased in.

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. Last budget's 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.

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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