



# Federal budget 2021: Lofty ambitions need details

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Ottawa (20 April 2021) — The federal government delivered its first budget in 2 years and the first since COVID-19 struck the world.

"We expected this budget to be focused on helping people get back on their feet, helping women get back to work and restarting the economy," said Larry Brown, President of the National Union of Public and General Employees (NUPGE). "If this last year has shown us anything, it's that our social safety net is fragile. Workers have not recovered from the widespread job losses and are still in need of support. And it's clear that the economy has not recovered."

"This budget doesn't include austerity measures that some have been calling for and that in itself is a good thing."

"While there are certainly some positive measures, there are also serious gaps and missed opportunities in this budget," Brown said.

## **Concern about how much of budget will be implemented**

It is widely expected that the federal government will call an election as soon as COVID-19 infection levels drop — possibly before, if the Liberals think they can win. The 2021 federal budget is clearly designed to serve as the basis for the Liberal election platform.

"With any pre-election budget, there are fears that measures not approved before the election will end up being scrapped after the election if a different party is elected or a re-elected party wins a majority and uses its control of Parliament to introduce austerity policies," said Brown. "This budget is no different."

## **30 years of child care promising cumulate in budget**

Despite the broken promises of the past, this budget signals the potential for this government to finally deliver on those commitments.

The budget proposes new investments of a total of \$30 billion spread out over the next 5 years. Combined with previously announced funding, federal spending on child care would reach \$9.2 billion per year by 2025-26. The government's goal is an average cost of \$10 a day for parents, everywhere outside of Quebec, by 2025-26.

The aim is to cut average fees in half by 2022. If achieved, this would make a substantial difference in families' lives.

"This is a win. And it is the result of decades of advocacy led by Early Childhood Educators, child care workers, and child care advocates," said Brown. "Work remains to be sure the funds go towards a system that is truly universally accessible, affordable, and high quality. But today's announcement could—finally—put Canada on the path towards universal child care."

## **Some progress on EI and other income support programs**

Recognizing that the pandemic is still preventing many people from getting back to work, temporary improvements to EI, and other income support programs were extended.

The number of hours needed to qualify for EI will be set at 420 for the next 3 years, and the one-week waiting period is also being temporarily removed. People will have a minimum entitlement of 14 weeks for benefits.

Funding is provided to implement the previously announced extension of EI Sickness Benefits.

Benefits introduced for people who didn't qualify for EI are also being extended. The Canada Recovery Benefit is being extended by 12 weeks, and the Canada Recovery Caregiving Benefit is being extended by 4 weeks. Unfortunately, in the case of the Canada Recovery Benefit, the amount people receive will be reduced from \$500/week to \$300/week in July.

There was no increase in the number of weeks of benefits people can receive through the Canada Recovery Sickness Benefit. This is bad news for workers without paid sick leave who can't afford to take time off work.

### **Limited funding for long-term care**

The government re-announced a commitment of \$1 billion for a Safe Long-term Care Fund in this budget. There are new funds related to "ensuring standards," but only starting in 2022-23. The government promised to engage provinces and territories on implementing national standards for long-term care. But there has been no progress on this promise. In the absence of the federal government taking on this role, 2 private organizations, the Health Standards Organization and Canadian Standards Association have launched a process towards developing national standards. This is an abrogation of responsibility.

\$3 billion over 5 years has been allocated to "ensuring standards for long-term care are applied and permanent changes are made." But it still doesn't come close to what the federal government would be providing if it were funding long-term care at the same level as health care services covered by the Canada Health Act.

"Unfortunately, these limited proposals do nothing to deal with the structural and systemic problems in long-term care," said Brown. "Given the role that underfunding and privatization played in the appalling impact that the COVID-19 pandemic had in long-term care facilities, this is a missed opportunity to eliminate the role of profit in the sector and to fundamentally change the way we care for our seniors in this country."

Canada has been the worst OECD country in protecting our vulnerable seniors in long-term care. Polling shows that Canadians want long-term care brought under the Canada Health Act.

### **Government in holding pattern on pharmacare**

The Liberals claim to understand that there is a well-established case for national universal pharmacare. They also claim to understand that Canadians have difficulty affording the medications they need. During this pandemic, the problem of people being unable to afford their medication got worse as workers who were laid off lost their prescription drug coverage. Many other workers, particularly in the gig economy, never had prescription drug coverage.

But in spite of the need for pharmacare being clearer than ever, the budget had nothing new to say about pharmacare.

### **Better late than never on minimum wage**

The announcement that the federal minimum wage will be increased to \$15/hour is good news, but it should have been done years ago. Fortunately, the NDP government in Alberta took the lead in raising the minimum wage to \$15/hour, at that time, but the federal Liberals opposed increasing the federal minimum wage.

### **OAS going up for people 75 and over**

For people who are 75 or older there will be an increase in Old Age Security (OAS). There will be a one time payment of \$500 in August 2021 for people who will be 75 or older in June 2022. Then, in June 2022, benefits will be increased by 10%. The increased benefits will still be indexed to inflation.

### **No clear strategy for Just Transition**

While the budget does earmark investments in a green recovery, including money for clean technology, home energy retrofits, and conservation, it makes only one reference to supporting Just Transition for workers,

through a Community Workforce Development Program. It falls far short for a clear strategy on Just Transition and the promised Just Transition Act. There is also reason to be concerned about the funds for carbon capture technology, which could slow the transition away from fossil fuels. In short, this budget does not demonstrate the type of ambitious climate action that the Trudeau government claims.

### **Lack of detail in funding for training programs a concern**

The announcement of over \$1.3 billion over the next 3 years to assist with job training has the potential to be good news. Unfortunately, there is no information about what standards training programs are expected to meet and the question of who can deliver training isn't addressed.

While community colleges provide quality training that gives workers skills that are transferable, too often federal funds have gone to for-profit operators whose programs are cheaper and of far lower quality.

Without standards for training or rules on who can deliver training, there is a danger those problems will be repeated. That short-changes workers. And when funds are being used to train personal support workers, it could mean people playing a vital role in delivering public services are not receiving the training they require to meet the needs of our communities.

### **Tackling inequality**

Budget 2021 speaks to addressing issues of inequality but doesn't get to the heart of the matter. It speaks of empowering BIPOC and providing funding to places of worship, schools, and to community cultural centres to enhance their security infrastructure. No where in this section does it speak to dismantling white supremacy, or introducing any kind of measures that would reduce racism at its source: addressing the perpetrators of racism. Instead, it places the onus on BIPOC groups to empower and better protect themselves from a threat that should not exist period.

The budget includes some monetary supports for LGBTQI2S+ individuals and communities, but increased funds for mental health and employment are not going to address the discrimination they face daily head on. No amount of money will keep LGBTQI2S+ folks safe in Canada while bigots harass them online and in person.

Perhaps the best step forward is the introduction of the Disaggregated Data Action Plan that promises to "support more representative data collection, enhance statistics on diverse populations, and support the government's, and society's, efforts to address systemic racism, gender gaps—including the power gaps between men and women—and bring fairness and inclusion considerations into decision making." The plan should receive \$172 million over 5 years. The drawback is that there isn't any mention of looking at the data with an understanding of intersectionality and how multi-dimensional inequality and discrimination are.

### **Violence against women**

The budget proposes to invest \$601.3 million over 5 years to advance its recently announced National Action Plan to End Gender-Based Violence. Starting in 2021-22, the funds will support women's shelters, sexual assault centres, and gender-based violence organizations. The funds will also target building the capacity of Indigenous women and LGBTQ2S+ organizations to provide violence prevention programming to address the root cause of violence towards these 2 groups.

The budget also proposes to provide the Department of National Defence and Veterans Affairs Canada with \$236.2 million over 5 years to expand work on eliminating gender-based violence in the military.

The government is proposing a new approach in response to the continuing tragedy of missing and murdered Indigenous women and girls that is intended to address the root causes of violence and recognize the scope of the issue. It is proposing an investment of \$2.2 billion over 5 years to support community safety services, culturally responsive policing, improve access to justice for Indigenous peoples and ensure monitoring mechanisms are in place to measure progress.

### **Tax fairness measures inadequate**

Tax fairness measures that ensure the wealthy and corporations are paying their share of taxes are needed more than ever. Without them, there's a danger that governments will use rising deficits to justify huge cuts to public services — which could include abandoning many of the promises in this budget.

Unfortunately, the tax fairness measures in the budget are a small fraction of what is needed. A report from Canadians for Tax Fairness released earlier this year estimated that the federal government could raise more than \$70 billion a year from tax fairness measures. The measures in the budget will only raise \$2.6 billion when fully implemented in 2025-26.

In the last year, the Canada Revenue Agency lost two high profile cases involving large corporations using tax havens to avoid billions in taxes. But instead of taking immediate action to close gaps in the laws that allow corporations to use tax havens, all we are promised is a study. Based on what has happened in the past, the real meaning of the statement in the budget that any changes must preserve “Canada’s attractiveness as a destination for new investment and business activity” is that very little will be done.

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