



Federal Budget 2021 Overview

As the first woman to serve as federal finance minister, Chrystia Freeland is also the first woman to table a budget in Canada.

This budget spends big and makes promises on almost everything – the notable exceptions being pharmacare and dental care, both of which were promised in the Liberal government's most recent throne speech but did not get a single line in this budget. There was very little attempt to tax the rich, which was a missed opportunity to create a stronger funding base for many of the ambitious programs Canadians need.

The pressing question is: do the Liberals have any intention of keeping their promises, or is this one big fancy platform launch?

If the Liberals follow through, there is no question it will be historic. If they orchestrate an election before following through, then it's all just a little bit of history repeating. Time and time again, we've seen Liberals make big promises – even in budgets – and ultimately choose partisan interests over the needs of people.

Votes to Look For

Debate will last for up to six days.

As part of the debate, the Official Opposition can propose an amendment. The Bloc Québécois then get the opportunity to propose an amendment to the amendment. Should the Bloc choose to pass (unlikely but not unprecedented), that opportunity would go to the NDP.

It is very likely that the vote on the amendment to the amendment will be held on Wednesday, April 21. The vote on the main amendment (as amended or not) will come Thursday, April 22.

Neither of those votes are technically questions of confidence, but the government can interpret anything it wants as a confidence vote.

After the amendments, there will be a vote on the main budget motion. That will definitely be a confidence vote. With the NDP already saying they will vote for it, it should pass without incident.

After that, there will be a series of budget implementation bills. These bills are how the promises made in the budget actually become legislation. The order in which these are tabled – and the speed with which the Liberals move them through the House of Commons – will show how serious they are about their promises.

What's Missing?

In a budget that seems to cover just about everything in some way, two key items USW has been advocating for and the government has been promising were completely left out.

Pharmacare – \$0

As mentioned above, the Liberals completely dropped their promise to implement pharmacare and dental care.

Their excuse for breaking this promise is that it first requires negotiations with the provinces. The same is true for childcare, and yet the government made that the centrepiece of its budget.

Far from even taking a step in the right direction, this budget doesn't include a dime of new funding for health care through the Canada Health Transfer. The growing share of the health-care funding covered by the provinces has been the most significant barrier to any negotiations on expanding health care. Not to mention a significant point of contention when the federal government discusses any new programs in provincial jurisdiction.

Making the Ultra Wealthy Pay

Other than small movement on large digital companies and an extremely narrowly targeted tax on ultra-luxury cars and personal aircraft and yachts, the Liberals refused to take real steps to make the very wealthy pay their share.

Instead of effectively targeting speculators who are driving up housing prices, the Liberals are only going after non-residents that own Canadian properties, if they stay vacant.

What's in the Budget?

The Numbers

Over the past year, the deficit hit \$354.2 billion.

The forecasted deficit for this coming year is \$154.7 billion and, according to the budget, it will gradually decline to \$30.7 billion in 2025-26. This is lower than the \$381.6 billion prediction the government made in the 2020 Fall Economic Statement.

The government is warning though, that these numbers could change depending on how the pandemic continues.

Investments in Social Programs

Childcare

- The budget commits to build a Canada-wide \$10-a-day childcare system by 2026. The budget pledges \$30 billion over five years and \$8.3 billion a year afterward to create and sustain early learning and child-care programs.
- The minister has promised to move on this quickly. Even before getting agreements with the provinces, the government could move legislation through the House to make the funds available and start to set the standards. This will be a cost-sharing program with the provinces.

Long-term Care

- Investments in Health Canada to ensure national long-term care standards. Little detail was provided to explain exactly how this will be done.

Post-secondary Education

- Extend the doubling of the Canada Student Grants until the end of July 2023.
- Extend the waiver of interest accrual on Canada Student Loans and Canada Apprentice Loans until March 31, 2023.
- Expand the Canada Student Loan program to allow workers returning to post-secondary education full time to have greater access to more debt through more loans.

Seniors

- Additional financial support to increase Old Age Security (OAS) for Canadians aged 75 and over.

- New supports for low-income and vulnerable seniors.

Other Investments of Note

- Additional investments to support mental health, including interventions for people disproportionately impacted by COVID-19.
- New spending on Indigenous Services and Reconciliation, including COVID-19 response, health care, water, social services, education, income assistance, infrastructure, job creation, languages and culture, policing and governance.
- Some investments in addressing gender-based violence.

Promises to Help Create Jobs

When it comes to job creation, the Liberals had significant focus on small and medium-sized businesses. Although there is a specific promise to create 500,000 jobs for young workers, these programs are also more employer centric than focussed on direct help for workers.

- Funding for the Sectoral Workforce Solutions Program. This seems to be more targeted to employers than workers and it is not clear how it will be implemented.
- A new Apprenticeship Service Program that is again directed at the employer but is supposed to help 55,000 first-year apprentices in construction and manufacturing. There is too little detail to know if or how the government will ensure that these jobs are long term.
- The budget also doubles the incentives for employers who hire “those underrepresented, including women, racialized Canadians, and persons with disabilities.”
- A Skills for Success Program and a Community Workforce Development Program have been set up to train workers with soft skills and to “support communities to develop local plans that identify high potential ... to upskill and reskill jobseekers to fill jobs in demand.” Who would qualify for this training and who would be allowed to deliver it are both concerning questions that remain unanswered.
- With the stated goal of supporting the energy industry and workers in it, a variety of incentives are being promised to support increased production and support the use of low-emission fuels.
- The Canada Hiring Program is set to replace the wage subsidy and will pay back 50% of the incremental remuneration paid to eligible employees between June 6, 2021 and November 20, 2021. Employers must be Canadian-controlled and not a public institution. Employers must also have had a drop in revenue that would have qualified for the wage subsidy. As has been pointed

out as a problem with other programs, the employer must have had a payroll account with CRA on March 15, 2020.

- There are a variety of supports for farmers, ranging from the extension of support for producers of trade exposed products to support for the utilization and production of clean energy.

Direct Help for Workers

Minimum Wage

- Establish a federal minimum wage of \$15 per hour, rising with inflation. This will directly benefit over 26,000 workers who currently make less than \$15 per hour in the federally regulated private sector. It will also act as a standard all provinces should be forced to see as a floor.

Extending COVID Supports

While the government is extending some of the COVID-19 support programs, it is doing little to go after corporations and shareholders that profited from the wage subsidy which was intended to support workers.

- Extend COVID-19 emergency measures: Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy, and Lockdown Support until Sept. 25, 2021.
- Extend the Canada Recovery Benefit (to 50 weeks) and the Canada Recovery Caregiving Benefit (to 42 weeks).
- Enhance sickness benefits from 15 to 26 weeks.
- Extension of maximum period of Employment Insurance sickness benefits, from 15 weeks to 26 weeks.

Protection of Pensions

- The budget doesn't address broader concerns about pension protection, particularly in the case of insolvency.
- There is an indication that the government intends to change the legislation for negotiated cost contribution pension plans. This is a change we have been calling for and will affect the Canadian Energy and Related Industries pension plan (CERi Plan) which covers approximately 1,000 USW members and about 3,000 workers employed in the nuclear sector.

Addressing Climate Change

This section is very focused on tax incentives and personal responsibility.

- A promise of a new \$5 Billion “Green Bond” to support fighting climate change is big on rhetoric, includes no details of how it will work and is not clear how it will impact any individual sector or the workers within them.
- Funding for homeowners with retrofits.
- Several investments are promised to deal with disaster mitigation and recovery.
- A number of tax incentives and grants are being set with the purported goal of encouraging private investment in clean tech, including significant focus on carbon capture technology.
- Consultations will be launched on border carbon adjustments. The consultations are planned to begin in the summer and expand more broadly in the fall.
- Interest-free loans to retrofit homes, including for alternative housing ownership models.
- Besides some vague language about programs that will support a so-called “just transition” there is next to nothing in the Liberal plan to support workers in the energy sector who have already lost their jobs or are concerned they will soon be unable to continue to support their families.

International Commitments of Interest

- Some additional funds were committed to expand Canada’s international COVID-19 response.
- An increase to the funding for the office of the Canadian Ombudsperson for Responsible Enterprise (CORE) was not matched with a follow through on the Liberal promise to give the office teeth. Breaking that promise means that Canada will continue to fall short of its international human rights obligations
- Public consultations will be launched on measures to strengthen Canada’s trade remedy system and to improve access for workers.
- The budget commits the government to introducing new legislation that would ensure that, when a service contract changes hands, affected employees are not paid less if they are laid off and rehired to do the same work they were doing before. If implemented, this change would be helpful to USW members particularly those employed in airport security and screening.