

From pandemic response, a collaborative path to recovery

**Pre-Budget Submission to Department of Finance Canada
February 2021**



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES

CENTRE CANADIEN
de POLITIQUES ALTERNATIVES

List of Recommendations

Recommendation 1: Care Economy

- Establish federal spending of \$2 billion on early learning and child care in 2021-22, increasing this base each year after by \$2 billion, providing the resources needed to move Canada toward a fully publicly-funded universal system, in partnership with the provinces, territories, and Indigenous governments.
- Introduce legislation to enshrine Canada's commitment to give all children the right to high-quality early learning and child care, including the principles, conditions, and accountability mechanisms for federal transfer payments.
- Introduce a dedicated federal transfer for seniors' care, conditional on demonstrating that specified national standards for the organization and delivery of care are met. Require that no federal money goes to for-profit long-term care homes or for-profit services within these facilities and the larger community.
- Establish a long-term care labour force strategy to ensure appropriate valuing of the skill, effort, responsibility, and support for equitable, decent conditions.

Recommendation 2: Employment Insurance Reform

- Maintain qualifying work hours to 360 hours (or 12 weeks) post-pandemic, to be uniformly applied across Canada, and increase the earnings replacement rate to 75%.
- Maintain supports for low-paid workers through the \$500 a week floor on EI and CRB payments post pandemic.
- Expand access to all migrant workers.
- Remodel EI Work Sharing to assist with economic recovery, phased returns to work, and modified work schedules. Increase training funds to support a just economic recovery through extended re-training, upgrading, and literacy.
- Bring maternity and parental benefits into alignment with the Quebec system while lowering qualifying hours and expanding access.
- Restore the federal contribution to the Employment Insurance system to help share in the costs of enhancing special benefits, training, a new floor for low-wage workers, and enhanced access for self-employed workers.

Recommendation 3: National Decarbonization Strategy

- Develop a National Decarbonization Strategy that sets a course to a net zero-carbon economy through public investments in industries such as electricity generation, public transit, forestry and building and home retrofitting.

- Make permanent annual funding for energy-efficiency retrofits and the construction of energy-efficient homes, to be aligned the Greener Home initiative and National Housing Strategy.
- Accelerate renewable and decentralized energy projects, with a focus on federal procurement, community financing, rooftop solar, capacity building, and remote and Indigenous communities.
- Create a new Strategic Training Fund to assist training institutions, such as colleges and labour union training centres, to expand training capacity in priority fields identified under the National Decarbonization Strategy, targeting new workers from historically marginalized and disadvantaged communities.
- Establish a Green Jobs Corps to create good green jobs that advance Canada’s decarbonization agenda. All youth under the age of 25 in Canada will be guaranteed either a job in the corps or access to subsidized training through the Strategic Training Fund.
- Establish and immediately begin to apply “Buy Sustainable” conditions to all major public procurements of infrastructure-related goods and services.
- Attach, wherever feasible, [sustainability criteria](#) to all transfers to lower levels of government for infrastructure projects (e.g., new public transportation funding).

The Canadian Centre for Policy Alternatives is Canada's oldest and largest independent progressive public policy research institute. Through our national and provincial offices, we have been advocating policies for the advancement of social, economic and environmental justice for over 40 years. For the last 25 years, we have produced the [Alternative Federal Budget](#) (AFB), a fiscal plan that offers bold solutions to ensure public health, safety, and wellbeing to reduce poverty and income inequality and ensure a sustainable and just future.

The stakes have never been higher. Future generations will look back at 2020 as a critical turning point, a year in which the systems that sustain our societies were put on trial and, in many cases, failed. Everything that comes next will be influenced by this moment. In this moment—in this federal budget—we have choices about where we go from here.

AFB Recovery Plan

This past summer, the CCPA published the [AFB Recovery Plan](#), a collaboration with community partners from across the country. It promotes a vision for Canada that includes a caring economy plan, an income support plan, a healthier communities plan, and plans targeting key sectors that are most impacted by the pandemic and related economic slowdown. Importantly, as in past AFB projects, it also outlines a path toward fiscal health, answering the question of how we pay for the transformation this moment in history demands of us.

In this submission, we highlight several key policy areas that demand immediate attention in Budget 2021.

Investing in care must be a pillar of Canada's COVID-19 recovery

If the impact of COVID-19 has taught us anything, it is that Canada's economic recovery needs to be grounded in a system of comprehensive, high quality, publicly managed caring services premised on child care, long-term care, and decent work protections in these women-dominated service sectors.

Child care experts estimate that at least \$2.5 billion is needed immediately to restore and expand the number of licensed child care spaces that existed prior to the pandemic and to enhance wages to ensure the return of staff. Decent pay and enhanced benefits are also key to fixing the gross failures of long-term care facilities that left too many seniors to die without dignity.

Investing in the care economy will stimulate employment, reduce the widening gender employment gap, as well as boost household incomes and spending. These investments have the added benefit of paying for themselves over time, through increased employment and earnings, reduced income security benefits and emergency services, and healthier communities. To this end:

- Establish federal spending of \$2 billion on early learning and child care in 2021-22, increasing this base each year after by \$2 billion, providing the resources needed to move Canada toward a fully publicly funded system, in partnership with the provinces, territories, and Indigenous governments.
- Introduce legislation to enshrine Canada's commitment to give all children the right to high-quality early learning and child care, including the principles, conditions, and accountability mechanisms for federal transfer payments to provinces and territories.

- Introduce a dedicated federal transfer for seniors' care, conditional on demonstrating that specified national standards for the organization and delivery of care are met. Require that no federal money goes to for-profit long-term care homes or for-profit services within these facilities and the larger community.
- Establish a long-term care labour force strategy to ensure appropriate valuing of the skill, effort, responsibility, working conditions, and support for equitable, decent conditions.

Employment Insurance must be reformed to meet the needs of today's workers

COVID-19 has laid bare Employment Insurance's failure to keep pace with a labour market that is now rife with temporary, part-time and other precarious forms of employment. As a result, many of the women, racialized, Indigenous, new immigrant and migrant workers employed in these jobs pay the steepest price, and are unable to meet EI's qualifying rules or relegated to an impossibly low benefit rate.

Temporary changes introduced in September were essential to expanding the coverage and generosity of EI but permanent reform is critical to position the program as a robust and effective support for workers in the challenging years ahead.

The AFB proposes a new permanent system that can tackle the most egregious gaps in the current program by expanding access to more people active in Canada's labour market, improving benefits that meet income adequacy standards, creating a more agile delivery mechanism and effective program architecture to ensure the system functions well as an automatic economic stabilizer. To this end:

- Maintain the present qualifying work hours of 360 hours (or 12 weeks) and apply that standard uniformly across Canada, and increase the earnings replacement rate to 75%. Further, maintain the \$500 a week floor presently in place in EI and the CRB to support low-paid workers.
- Remodel EI Work Sharing to assist with economic recovery, phased returns to work, and modified work schedules. This would encourage workforce consultations on schedule adaptations while providing workers with EI benefits for time off schedule, an advantage over the wage subsidy model.
- Increase training funds to support economic recovery and a Green New Deal through extended re-training, upgrading, literacy, and internet skills development; extend Work sharing-While-Learning and similar initiatives.
- Bring maternity and parental benefits into alignment with the Quebec system while lowering qualifying hours and expanding access.
- Restore the federal contribution to the Employment Insurance system to help share in the costs of enhancing special benefits, training, a new floor for low-wage workers, and enhanced access for self-employed workers.

The climate crisis demands a national strategy to fully decarbonize the Canadian economy and support workers and communities through the transition

Governments at all levels have taken unprecedented action to respond to COVID-19 and that same level of ambition and speed must also be applied to the zero-carbon transition. A just recovery from COVID-19 cannot be a return to the status quo of an exploitative fossil fuel-based economy. A just recovery must put a definitive end to the fossil fuel era and usher in a new vision for Canada: a diversified, green economy that works for workers and communities, serves the wellbeing of society, and drastically cuts our greenhouse gas emissions.

The AFB Recovery Plan's priorities are to get people back to work in green jobs while jump-starting strategic green industries essential to a zero-carbon future. To that end:

- Develop a National Decarbonization Strategy that sets a course to a net zero-carbon economy through public investments in industries such as electricity generation, public transit, forestry and building and home retrofitting.
- Make permanent annual funding for energy-efficiency retrofits and the construction of energy-efficient homes, to be aligned the Greener Home initiative and National Housing Strategy. This funding will be a source of good jobs and economic development for diverse populations and diverse communities across the country.
- Accelerate renewable and decentralized energy projects, with a focus on federal procurement, community financing, rooftop solar, capacity building, and remote and Indigenous communities.
- Create a new Strategic Training Fund to assist training institutions, such as colleges and labour union training centres, to expand training capacity in priority fields identified under the National Decarbonization Strategy. Funding will be conditional on efforts to recruit and retain new workers from historically marginalized and disadvantaged communities, including women, racialized Canadians, immigrants and Indigenous peoples—those who have been historically excluded from many of the occupations poised for growth in the clean economy.
- Establish a Green Jobs Corps to create good green jobs that advance Canada's decarbonization agenda. All youth under the age of 25 in Canada will be guaranteed either a job in the corps or access to subsidized training through the Strategic Training Fund.
- Establish and immediately begin to apply "Buy Sustainable" conditions to all major public procurements of infrastructure-related goods and services. Canadian and international suppliers that meet these and/or other government-set social and environmental sustainability conditions should be given priority in public infrastructure tenders.
- Attach, wherever feasible, [sustainability criteria](#) to all transfers to lower levels of government for infrastructure projects (e.g., new public transportation funding). Carbon intensity limits on these projects would ensure that relatively lower-emission Canadian steel and cement is used, while living wage conditions will favour Canadian manufactured goods.

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This pandemic is forcing us into a new chapter of history. We will be judged by what we do next. And we will be judged by what we fail to do.

Major federal investments will be required to get through the next year and the hopefully successful roll-out of a mass vaccination program. But a broader vision to address the long-term and pressing challenges of our time—income inequality, climate emergencies, for instance—is equally necessary.

COVID-19 can't be the excuse to delay critically needed investments and policy to address these challenges once we're on the other side of this pandemic.

Sincerely,

Katherine Scott
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