

Unifor's Submission to the Federal Government's 2021 Pre-Budget Consultation

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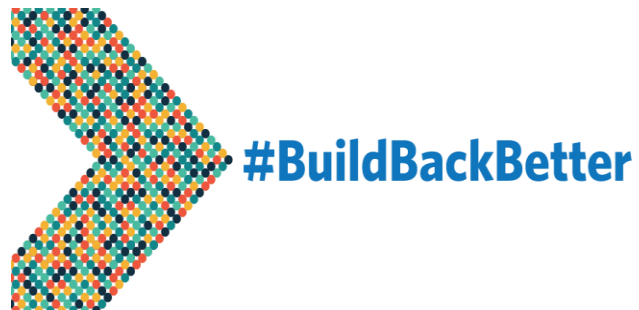


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Introduction

The public health response to the coronavirus pandemic has led to the most severe economic downturn in at least 60 years. Rebuilding the economy will take an equally unprecedented effort.

The only proven way to prevent further economic collapse and actually speed up the recovery once the acute phase of this pandemic has subsided is for government to play an active role.

On behalf of all 315,000 members working in every province and nearly every industry, Unifor is pleased to provide input into this round of 2021 pre-budget consultations and expand on the ideas presented in Unifor's [Road Map to A Fair, Inclusive and Resilient Economic Recovery](#).

Government must put together a stimulus package big enough and bold enough to speed economic recovery and overhaul the public programs that failed us when COVID-19 hit. The following pages highlight numerous important ideas to build back Canada's economy better than we left it including further pandemic supports, improving income security, rebuilding industrial capacity, investing in Canada's critical infrastructure and addressing Canada's fiscal capacity to build for the future.

Income security

It became clear quickly after the pandemic hit and stay-at-home orders were introduced that Canada's income security system was about to fail. That failure was going to lead to catastrophic consequences in the lives of millions of Canadians. Since then, Government has made important, temporary improvements to the system and implemented Emergency Response and Recovery benefits that filled in some of the cracks. Government must turn its attention to building a robust income security system for the future that includes a modern, responsive and inclusive Employment Insurance program as well as increased opportunities for secure employment. Workers deserve better now and in the future.

EI Reform

Unifor welcomed recent federal efforts to make Canada's Employment Insurance system more accessible and responsive to the needs of unemployed workers. The COVID-19 pandemic laid bare many of the structural rigidities and complexities of EI, rendering it largely inaccessible to most workers, particularly those with low income.¹ The introduction of temporary measures to streamline applications, increase benefit rates and lower qualifying thresholds create the policy conditions for a fairer, more inclusive system of income security. However, a growing number of precarious workers, mostly women and workers of colour, still fall through EI's cracks.

¹ Tranjan, Ricardo. 'Towards an Inclusive Economy: Synching EI to the Reality of Low Wage Work': <https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2019/06/Towards%20an%20Inclusive%20Economy.pdf>

Regular and Special Benefit levels are far from a decent replacement wage for many. Employment insurance is Canada's 'economic stabilizer', and needs permanent improvement. Unifor recommends the federal government:

- Announce a clear and near-term path toward implementing permanent changes to the EI program that expands eligibility, access and benefits, including the following measures (among others):
 - Lower the variable entrance requirement and eligibility threshold to a standard 360 hours across the country;
 - Reintroduce federal contributions;
 - Increase the income replacement rate to 75%;
 - Eliminate all waiting periods;
 - Extend the period of accruing hours for workers who have been on leaves in connection with protected grounds under human rights legislation, including pregnancy, parental or disability leave;
 - Increase the duration of EI sick leave to 26 weeks and regular benefits to 50 weeks;
 - Eliminate the allocation of separation payments, including the assignment of severance and termination monies to the front end of an EI claim, as well as social assistance claw backs; and
 - Ensuring access to benefits for workers who work multiple part-time jobs.
- Undertake a comprehensive, multi-stakeholder consultation on the expansion of EI coverage, and financing of EI benefits, to include those that are self-employed, freelancers, independent contractors and "gig" workers. Such a consultation must occur in conjunction with a cross-departmental effort to investigate (and remedy) non-compliance with recent legislative efforts to stop the misclassification of workers in the federal sector; and
- Immediately extend all special COVID-19 income supports until the year-end or until such time as the pandemic restrictions are substantially eased.

Amnesty for Workers Facing CERB Clawback, including Supplemental Unemployment Benefits (SUB) Overpayments

Hundreds of thousands of workers in Canada deemed ineligible for Canada Emergency Response Benefit (CERB) payments will soon face stiff and unnecessary financial penalties. Many applied for benefits in good faith, lacking a full understanding of the program complexities. The scale of workers found in non-compliance by Canada Revenue Agency hardly constitutes a national crisis. Unwitting applicants, including many low-wage, precarious workers, hardly intended to commit fraud. However, their inability to repay might lead to personal bankruptcy, homelessness and despair and that would be a crisis.

Included in this category are workers receiving Supplemental Unemployment Benefit (SUB) payments while on layoff. These negotiated and employer-paid “top-ups” can provide hundreds of dollars, per week, to offset a worker’s lost income while receiving Employment Insurance benefits. Frustratingly, federal architects of the CERB deemed SUB payments incompatible with this temporary EI replacement program. As a result, many unemployed workers receiving SUB now face penalties for overpayment. Unifor believes this an unintended consequence of the CERB program design that unfairly disentitles workers to additional income assistance from their employers. Unifor recommends the federal government:

- Grant amnesty to all low-income workers who unwittingly applied for and received CERB payments, not unlike the federal amnesty granted to the self-employed;
- Further, grant amnesty to all workers that received Supplemental Unemployment Benefits over and above established CERB income thresholds. The Ministry of Finance and Canada Revenue Agency must ensure full reprieve for these workers from financial penalty.

Transition supports

After nearly one full year of travel restrictions, rolling stay-at-home orders and social distancing requirements, it is clear that many industries will take years to recover from the current crisis. This will lead to structural changes in the economy requiring workers to transition to new jobs and potentially new industries.

In order to successfully transition into emerging sectors, workers will need access enhanced training benefits, targeted supports and have the mobility to bring their skills and certification to wherever they are in demand. Unifor recommends the federal government:

- Improve the Canada Training Benefit by ensuring universal accessibility (remove age and income limits), provide payments in advance (instead of as a tax credit), increase the income replacement to 85%, extend the benefit to a maximum of 16 weeks, and make the benefit available immediately;
- Ensure any federally-managed workforce transition program includes a mechanism to recognize essential and transferable skills acquired on the job; A mechanism to acquire the skills necessary to pass the entrance requirements for more involved skills training, mandated use of evidence-based practices and timely labour market demand information, universal access to employment services and income support for workers in training and education programs; and
- Harmonize accreditation and certification recognition for skilled trades workers across the country by removing barriers to the transfer of apprenticeship/training hours and final certification from one jurisdiction to another.

Federal Minimum Wage and a Federal Low-Wage Commission

Currently, workers in the federally regulated private sector will receive the minimum wage rate of the province in which they work. In 1996, the federal government repealed the federal minimum wage rate and it has not been in place since. The federal government has left the wages of more than 67,000 low-wage workers, many employed by large, profitable and pan-Canadian employers, who are disproportionately women, immigrants and Indigenous workers, up to provincial governments. Low-wage workers deserve a wage increase that will directly improve their quality of life. The federal government does not need to rely on the provinces to do this. Unifor recommends the federal government:

- Immediately implement a federal minimum wage with the rate set at 60% of the median hourly wage of full-time workers, but no less than a base rate of \$15.00/hr). Further, Unifor recommends annual minimum wage increases that are indexed to either the rate of inflation or the average annual wage increase, whichever is higher; and
- Establish a national, independent low-wage commission to research the impacts of wage policy on low-wage earners in Canada and provide meaningful policy recommendations to government.

Pandemic Supports

Industries and workers across the country continue to be profoundly affected by COVID-19 and the accompanying travel restrictions and stay-at-home-orders. Workers who are sick or have come into contact with the virus need to be able to stay home and not worry about losing pay. Workers who are furloughed or laid-off need the security of remaining connected to their employment through an improved Canada Emergency Wage Subsidy (CEWS) and workers in highly affected sectors such as air transportation and hospitality need to see that government has a plan to protect employment, sustain quality work and build strong industries as restrictions lift.

Improve the Canada Emergency Wage Subsidy (CEWS)

Despite the restoration of the maximum CEWS amount to 75% in January 2021, the base subsidy amount remains lower than before, reducing the amount of subsidy paid to employers who have seen a revenue decline below 50%. Eligibility definitions also continue to exclude certain forms of remuneration and public sector entities from the CEWS program, limiting its effectiveness. Unifor recommends the federal government:

- Increase the base subsidy amount from 40% to 50% while maintaining the top-up at the revised 35% level (a maximum subsidy of 85% for entities that have seen a revenue decline of 70% or greater) and restore the maximum subsidy of 75% or \$847/week for employees on leave with pay;

- Expand the definition of eligible remuneration to include health premiums, pension contributions and other non-taxable benefits; and
- Expand eligible entities to include the broader public sector, including post-secondary institutions and municipal transit authorities.

Air Transportation Support Package

Canada implemented the first set of air travel restrictions in March of 2020. Thousands of workers were laid off, aircraft grounded and travel related businesses shuttered. Government implemented a second round of travel restrictions and quarantine measures in January of 2021 leading to further groundings and further layoffs. The effects are cascading from short-term layoffs and flight cancellations to permanent layoffs, erosion of qualifications and training, station closures and flight services at some airports facing dramatic reductions.

This is a disastrous situation for Canada. Restarting the air transportation industry as soon as it is safe will take time and money but people will want to travel as soon as it is safe to do so, leading to a re-opening that is either slower than it needs to be or unsafe. Neither of these outcomes is desirable. Instead, Unifor recommends the federal government:

- Design and implement a national aviation recovery plan that ensures companies are viable, people remain employed and skills are maintained, including:
 - \$7 billion for Canada's airlines. This would match, on a relative basis, the support package delivered to the American aviation industry and ensure the Canadian owned companies remain viable and competitive. This money would be meant for both business continuity and employee pay;
 - Financial support for NAV Canada at 2019 levels to keep people employed, employees maintaining skills and the skies safe;
 - Fund Canada's airports to cover operating costs to keep people employed and the airports maintained;
 - Financial support for the training and skills maintenance needs of aviation industry actors; and
 - Strong conditions on support that ensure benefits flow to workers.

Hospitality Sector Supports

The loss of business due to COVID-19 restrictions is devastating the broader accommodation and food services sector, and the hospitality sector in particular. The second wave and related travel restrictions and other public health measures have made matters even worse. Hospitality workers are facing extended layoffs and permanent severance, and many employers are in financial crisis. Many hospitality workers have been laid off for so long they have become, or will soon become, ineligible for their employer-sponsored health benefits, including critical prescription drug coverage. Unifor recommends the federal government:

- Take immediate steps to prevent loss of drug coverage by:
 - Providing federal financial supports for existing provincial government-run prescription drug programs; or
 - Providing direct financial supports to employers, with funds earmarked specifically for the continuation of critical prescription drug benefits.
- Impose strong conditions on employers using the Highly Affected Sector Credit Availability Program (HASCAP). Conditions include the following:
 - Limit rescue packages to include debt instruments or equity purchases;
 - Include job security guarantees (including extended recall rights) from employers who receive a rescue package;
 - Restrict wage reductions for hourly and salaried non-executive employees; and
 - Impose strict limits on executive compensation and restrict dividend payments as well as share repurchases.

Restructuring the Canada Recovery Sickness Benefit (CRSB)

Establishing the Canada Recovery Sickness Benefit (CRSB) was a positive move to provide income support for workers, especially low-income workers, most of whom lack employer-paid sick leave benefits². However, uptake in the program is far lower than anticipated – with 632,000³ applications approved, or approximately 13% of eligible workers – with week-to-week applications *declining* during the second wave of the virus. Not only is eligibility restrictive (for example, precarious workers facing irregular shifts find it difficult to demonstrate a 50% drop in hours), benefit levels do not fully replace lost earnings for many workers, and the benefit period is too short. Front-line workers exposed to COVID-19 on multiple occasions, for instance, will quickly exhaust their entitlement.

It is widely understood that people will attend work when sick if they have no financial alternative. Improvements to the CRSB can enhance accessibility and, in turn, slow down rising rates of workplace transmission. Improvements to federal labour standards can also help encourage provincial and territorial governments to legislate permanent paid sick days for all. Unifor recommends the federal government:

- Restructure the CRSB: increase the benefit period length from two weeks to four, and provide a full income replacement for lost earnings due to illness, or \$500/week whichever is greater; and
- Amend Canada Labour Code standards to extend the number of personal leave days, with pay, to seven, and introduce a special regulation providing an additional 14 paid personal leave days during public health emergencies.

² Yalnizyan, Armine. After CERB: Paid Sick Leave Provisions in Canada. <https://atkinsonfoundation.ca/atkinson-fellows/posts/after-cerb-paid-sick-leave-provisions-in-canada/>

³ Government of Canada data, as of January 31, <https://www.canada.ca/en/revenue-agency/services/benefits/recovery-sickness-benefit/crsb-statistics.html>

Industrial Strategy

The ability to build and create in Canada matters. Throughout the pandemic, the importance of the manufacturing sector was highlighted repeatedly as workers transitioned from manufacturing heavy equipment to manufacturing PPE, ventilators and other pandemic related equipment. This lesson cannot go unlearned. As workers transitioned to working from home, Canada's telecommunications workers went into overdrive ensuring high-speed networks were intact and strengthened to support economic activity and community connection. A renewed policy environment with a dual focus on incentivizing technological advancement and requiring job creation all along the supply chain is required.

Unifor has been calling for industrial strategies in numerous sectors for many years. Auto, Aerospace, Telecommunications, Media, Energy and Heavy Vehicle Manufacturing are six specific industries where Unifor sees promise and the opportunity for short and long-term pay-off.

Auto

Canada is poised to grow its domestic footprint for electric vehicles and component parts manufacturing. Historic investments in EV assembly, secured by Unifor through collective bargaining in recent months and supported by federal and provincial contributions, emphasize the importance of active economic policy led by governments, including through key investment levers such as the Strategic Innovation Fund. Automotive supply chains are adjusting to changing consumer preferences and climate obligations, with major EV growth anticipated for the North American market in the coming years. Rich in resources, worker skills, R&D talent and major assembly operations, Canada must use the opportunity to grow this critical industry, underpinned by good, unionized jobs. Unifor recommends the federal government:

- Allocate appropriate funding toward a Zero Emission Vehicle Industrial Strategy Council, responsible for identifying and mapping Canada's supply chain capacity (and gaps), coordinating dialogue among key stakeholders (including workers), forecasting future product development and needs and advising government on strategic action; and
- Introduce a national vehicle trade-in program that provides a one-time financial incentive to car owners who trade-in older, higher polluting vehicles and purchase newer, more fuel-efficient alternatives. Such a program will boost sales that have fallen to their lowest levels since 2009 (and nearly 20% below pre-pandemic levels⁴) and stimulate economic activity.

⁴ The Canadian Press, "Canadian auto sales fell 19.7% in 2020 from a year earlier; lowest level in a decade," 6 January 2021. [Online]. Available: <https://www.bnnbloomberg.ca/canadian-auto-sales-fell-19-7-in-2020-from-a-year-earlier-lowest-level-in-a-decade-1.1544778>

Aerospace

Canada's aerospace manufacturing industry is in crisis. Travel restrictions and aircraft groundings are having a cascading effect on aerospace workers. Airlines have slashed their capacity by as much as 90%, sending unprecedented numbers of used or unleased aircraft onto the market. Combined, the restrictions and excess capacity mean any company or individual looking to purchase or lease aircraft has a multitude of choice. Unifor represented workplaces are reporting increasing layoffs as the pandemic continues. The most recent announcements from Bombardier and de Havilland are two examples of the growing crisis.

A strong aerospace manufacturing sector must play a critical role in our post-pandemic economy. It will propel us forward with the high quality, high value jobs we need in the future. Unifor recommends the federal government:

- Develop a national aerospace industrial strategy relying on multi-stakeholder engagement;
- Accelerate the details of the Strategic Innovation Fund - Net Zero Accelerator Fund;
- Focus on made-in-Canada solutions to Canada's current aircraft procurement needs; and
- Develop an aerospace specific, low-interest industry support package to assist aerospace companies in reaching the other side of the pandemic.

Transit and Transportation Vehicle Manufacturing

High passenger capacity vehicles constitute an important component of Canada's public transit and transportation infrastructure. This includes buses, trains, LRVs, subway cars and streetcars. The resources to purchase new transit and transportation vehicles often come from all three levels of government in roughly equal measure – one-third each. Funding has not kept up with capacity needs of cities and towns and governments need to do more. The federal government's new, permanent transit fund is a step in the right direction.

There are companies that build these vehicles right here in Canada, including Alstom, NFI and Nova. Unifor members build innovative, zero-emissions solutions to Canada's public transit and transportation infrastructure needs and are engaged in highly skilled, stable employment right across the country. Made in Canada solutions to our climate and transportation challenges can assist in rebuilding Canada's industrial capacity while significantly lowering our carbon footprint. Unifor recommends the federal government:

- Immediately allocate the 1/3rd (\$180 million) of funding necessary to fulfill the order for 60 streetcars for the Toronto Transit Commission;
- Ensure the 5,000 Zero Emission Vehicle buses promised in the 2019 mandate letters and in the 2020 Climate Plan are fully funded, not simply financed. Financing puts pressure

on transit agencies to increase prices for riders, further exacerbating both affordability and road congestion; and

- Orient the new permanent, public transit fund towards zero-emissions, Canadian made transit and transportation vehicles.

Energy

The offshore oil and gas industry has been hit particularly hard by the COVID-19 crisis, with a number of major operators announcing suspensions of existing or planned operations. This heightens the importance of having a broader sectoral strategy in place for transitioning oil and gas workers to new jobs while supporting emissions reductions efforts. Unifor recommends the federal government:

- Establish a pilot oil and gas worker transition project in Newfoundland and Labrador to examine the feasibility of enhanced training/employment services supports and early retirement incentives for the energy sector as a whole;
- Revise LMDAs with provinces to provide targeted support for laid off workers in the industry, similar to the terms established under the steel and aluminum provisions in response to the trade dispute with the U.S.; and
- Provide industry operators with technical and logistical support in order to successfully implement emissions reduction projects under the Emissions Reduction Fund (ERF), in order to deploy cutting edge methane capture methods and technologies and promote the harmonization of best practices across the industry so that emission reduction costs are relatively standardized across facilities.

Media

The CRTC and the federal government are engaged in a legislative and regulatory update that could create transformative change for Canada's media sector. Unifor is generally supportive of the draft revisions as they have been announced to date, but a number of important concerns must be addressed. Unifor recommends that government:

- Base the updated *Broadcast Act* on the following Key Principles:
 - Recognize there is currently a once-in-a-generation opportunity to reset the regulation and financial support of Canadian media for the 21st century;
 - Ensure every consumer, government, media content provider and distribution platform pays their fair share;
 - Save news outlets so that reliable journalism can hold the powerful to account.
 - Safeguard Canadian cultural programming so it survives media globalization in the digital age.
- Require foreign media companies to collect and remit the GST/HST, creating a more level field with Canadian companies that already collect and remit their fair share;

- Close the loophole in the Income Tax Act that incents advertisers to patronize foreign online media;
- Hold media platforms accountable regarding the publishing and distribution of user content that includes hate speech, death threats, harassment, and other illegal content; and
- Maintain the provincial and federal film production tax credits that support Canadian companies producing movies for the U.S. market.

Telecommunications

Basic telecommunications services play an essential role in participation in modern society. As such, Canadians should have access to high quality and affordable services, no matter where they live. The government has recognized the importance of fair access to services and the ability for Canadians to stay connected, in light of the pandemic and future technological needs. The expansion of telecommunications infrastructure to support these goals can only happen effectively with a comprehensive telecommunications strategy that builds on local expertise and capacity. Unifor recommends the federal government:

- Establish a telecommunications strategy that will keep good jobs in Canada;
- Require telecommunications companies to maintain good, local jobs if they receive infrastructure funding through the various federal programs (e.g. CRTC Broadband Fund, Connect to Innovate, Universal Broadband Fund, etc.);
- Establish human rights and labour standards for Canadian telecommunications companies who establish operations overseas; and
- Establish greater restrictions on foreign ownership of telecommunications companies operating in Canada.

Public Services – Canada’s Critical Infrastructure

The pandemic has highlighted the gross inadequacies and extreme importance of the public services Canadians rely on every day. From child care and long-term care to public transit and drug coverage, Canada’s systems were tested. They did not rise to the challenge. With this budget, the federal government has the opportunity to make bold investments in critical infrastructure that will establish a strong foundational support system for Canada’s workers, create good jobs, and position the country for stability and prosperity in a newly transformed economy.

Pharmacare

Canada remains the only country with a national Medicare program that does not have a national pharmacare program. Prior to the COVID-19 pandemic, more than 8 million Canadians did not have prescription drug coverage and an estimated 3 million Canadians did not take medicines prescribed by their doctors because they could not afford them. The pandemic has

made the problem worse, as laid off workers and unemployed Canadians do not have drug benefits to carry them through the crisis.

The government has committed to universal pharmacare and the skeleton of the program is already in place through the Advisory Council on the Implementation of Pharmacare. However, we still have not seen any concrete movement. Unifor recommends the federal government:

- Institute a national, universally accessible pharmacare program with no more delays; and
- Provide immediate federal funding and coordinate with the provinces and territories to ensure that all laid-off workers become eligible for coverage under existing provincial drug plans.

Child care

Schools and child care facilities across the country closed during the first and second waves of the pandemic and parents everywhere struggled. Essential services workers were forced to patch together care, until an emergency program was put in place. Parents working from home were performing double duty leading to exhaustion for some and a complete exit of the labour market for others. Women's economic advancement has been set back decades. This crisis has clearly reinforced that affordable, regulated, public child care is an essential component of a strong economy. Unifor recommends the federal government:

- Immediately establish a pan-Canadian child care system that ensures the establishment of high quality, universal, affordable and inclusive child care across the country; and
- Ensure that funding requires provinces and territories to achieve an increase in the supply of licensed child care, raise the wages and conditions of the child care workforce and reduce parent fees by directly funding child care services.

Long-term care

The pandemic has demonstrated that Canada's long-term care system is completely broken. Canadians have had enough and are strongly demanding an overhaul to this system – one that removes the profit from this important segment of Canada's health care system and ensures that seniors can live with dignity and proper care. The federal government must take bold steps with the provinces and territories, including substantial funding parameters and commitments to the principles of the *Canada Health Act*. Unifor recommends the federal government:

- Tie federal funding for long-term care to the principles set out in the *Canada Health Act* by establishing minimum standards of daily care and a comprehensive workforce strategy in partnership with provinces and territories;
- Phase out for-profit long-term care homes and transition toward community-based, publicly-owned or non-profit homes; and

- Immediately bring Revera – currently owned by the Public Sector Pension Investment Board – under public ownership.

Develop a National Public Transit Strategy

Canada is the only G7 country without a national transit strategy. This has resulted in the chronic under funding of municipal transit systems across the country, and led to aging infrastructure, service reductions, route closures, over-crowding and increased privatization (both in terms of private transit operators and micro-transit services such as Uber and Lyft).

The lack of quality affordable public transit service has significant economic impacts, contributing to growing urban congestion and longer commute times. It is clear that the federal government cannot remain on the sidelines providing temporary and stop gap solutions. We are pleased with the recent announcement of additional public transit funding, including the creation of a permanent annual transit fund, and look forward to further details on how this money will be allocated to strengthen and expand public transit systems and support transit users and workers across the country. Unifor recommends the federal government:

- Develop a National Public Transit Strategy in collaboration with key stakeholders to support strong, sustainable and accessible public transit services across Canada. This policy must prioritize worker and passenger safety, equity, accessibility, environmental protection, employment quality, economic development and growth; and
- Pull the start date for the permanent public transit fund forward to budget 2021 to ensure necessary public transit investments are made even as agencies continue to struggle with real, pandemic related revenue challenges.

Investing and Expanding National Passenger Rail Service

Continuous cuts to operating and infrastructure funding for national passenger rail has led to significant service cuts and route reductions over the years. As a result, many communities have been completely cut off from accessible and affordable rail transportation services. Further, the national passenger rail service, VIA Rail, continues to suffer performance issues due to track sharing and the prioritization of freight rail. This only serves to discourage passengers from choosing rail transportation. Unifor supports federal investments in Via Rail's High Frequency Rail project across the Toronto-Quebec City corridor, but other areas of the country should not be neglected. Unifor recommends the federal government:

- Expand VIA Rail service and frequency across Canada. Increasing VIA Rail service access, frequency and speed will improve service performance and efficiency, increase passenger volume and revenues, and simultaneously decrease reliance on government subsidies. It will also increase overall employment in the passenger rail sector; and

- Ensure that investments and procurements made to upgrade and modernize passenger rail vehicles and infrastructure are prioritized from unionized Canadian manufacturing facilities.

Affordable Housing

Shelter remains the single biggest expense for the majority of Canadian households, and more than 1.6 million Canadian households lived in core housing need in 2018. While we fight for wage increases at or above the rate of inflation, many Unifor members see the main driver of their cost of living – housing – increase at a much faster rate.

The fight for affordable housing is also the fight for equity, racial justice and Reconciliation. Young workers, service sector workers, racialized workers, immigrant workers, LGBTQ workers, Indigenous workers, disabled workers – belong to groups that are less likely to own homes and far more likely to feel the negative effects of the housing crisis, in terms of both availability and affordability. Unifor recommends the federal government:

- Increase investments in the National Housing Strategy (NHS) and the Rapid Housing Initiative (RHI); and
- Ensure new investment focus on the provision of long-term, stable funding for non-profit, co-op, and social housing.

Fiscal Capacity

In the January 2021 supplemental mandate letters, Prime Minister Justin Trudeau instructed all Ministers to focus on preserving Canada’s fiscal advantage and to continue to be guided by values of sustainability and prudence. He mandated that actions must be focussed on “creating new jobs and supporting the middle class to preserve the strength of our economy.” This focus must be directly supported by the above recommendations and funded through a combination of changes to Canada’s tax code and government debt.

Canada entered the crisis with the strongest balance sheet in the G7. Prior to the forced economic shutdown, Canada’s debt-to-GDP ratio was just over 30% - the lowest of all G7 nations⁵. Even with the deficit nearing \$350 billion this year⁶, Canada’s debt-to-GDP ratio will still be much lower than it was in the 1990s when the federal government unnecessarily took a sledgehammer to program spending, leaving millions in dire straights. Slashing budgets is the wrong way to kick-start a recovery.

⁵ Finance Canada, “Economic and Fiscal Update 2019,” 16 December 2019. [Online]. Available: <https://www.budget.gc.ca/efu-meb/2019/docs/statement-enonce/toc-tdm-en.html>. [Accessed 21 July 2020].

⁶ Finance Canada, “Economic and Fiscal Snapshot 2020,” 8 July 2020. [Online]. [Accessed 21 July 2020].

Tax reform

Wealth and income inequality were already sitting at unacceptable levels at the beginning of 2020. The pandemic is only making this situation worse. For example, Canada's billionaires saw their wealth increase by \$37 billion between March and August 2020⁷, but low income Canadians are left struggling, with items such as pandemic pay cancelled while the pandemic rages on. Advocates have been calling for a number of tax changes that could have a significant impact on this disparity by reducing income inequality and funding public services. Unifor recommends the federal government:

- Implement a 1% tax on household assets over \$20 million, redistributing an average of \$7 billion annually;
- Close the numerous tax loopholes that enable high income earners to accumulate even more wealth including the stock option loophole, the business entertainment expense deduction, the capital gains loophole and the dividend gross-up and credit tax break. Closing these loopholes could raise government revenue by \$20 billion annually; and
- Clamp down on tax havens to ensure profits that are accumulated in Canada are taxed in Canada. It is estimated this would raise \$8 billion annually.

Netflix tax

The "Netflix tax" is one of the central points of discussion as the CRTC and the federal government rollout updates to the Broadcasting Act. In principle, Unifor supports restructuring the media landscape to ensure that foreign digital media giants meet the same expectations as domestic media producers and broadcasters by requiring financial support for Canadian production and content creation. Unifor does not support the unfair treatment of foreign vs. domestic media companies when it comes to the collection of sales taxes. This unequal treatment is depriving the government of a growing source of revenue.

In its updated costing note released in early February, the PBO estimated that requiring foreign-based digital companies to collect and remit the GST/HST would yield approximately \$1.3 billion in tax revenue over five years. We see this proposed measure, which would correct the unfair tax advantage currently enjoyed by foreign media companies, as low hanging fruit when it comes to finding new sources of revenue for the federal government. Unifor recommends the federal government:

- Require all foreign-based digital companies to collect and remit the GST/HST.

⁷ Policy Note, "Canadian billionaires' wealth skyrocketing amid the pandemic," 16 September 2020. [Online]. Available: <https://www.policynote.ca/billionaires-wealth/>

Deficit Spending

The pandemic has opened up a long overdue conversation about fiscal policy and the sustainability of government debt. Many international economics organizations, such as the IMF⁸ and the OECD⁹, are calling on governments around the world to run large deficits in the face of COVID-19 to prevent further economic collapse and support a strong economic recovery for a 21st century economy. The federal government must heed this advice.

The federal deficit-to-GDP ratio is expected to reach more than 15% for the 2020 fiscal year. This is obviously a large number but it is not unprecedented. In the four years during and after World War II, the deficit hit an average of 22.5%¹⁰. That spending spurred the economy forward and resulted in increased economic growth. Government must do the same today, investing in the critical public infrastructure Canada will rely on in the future. Unifor recommends the federal government:

- Continue to borrow from the Bank of Canada to finance a full, inclusive and resilient economic recovery.

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⁸ IMF Blog, "Fiscal Policy for an Unprecedented Crisis," 14 October 2020. [Online]. Available: <https://blogs.imf.org/2020/10/14/fiscal-policy-for-an-unprecedented-crisis/>

⁹ Financial Times, "OECD Economist Warns Governments to think through constraints on public spending." 4 January 2021. [Online] Available: <https://www.ft.com/content/7c721361-37a4-4a44-9117-6043afee0f6b>

¹⁰ Unifor Researchers Brief, "Is 2020 Government spending unprecedented? Not quite." 20 November 2020. [Online]. Available: <https://www.unifor.org/en/blog/2020-government-spending-unprecedented-not-quite>