2021 Federal Budget: ISAC response/analysis

***Workers***

*Employment Insurance improvements*

The Budget includes only one permanent improvement to EI: an extension of the duration of EI sickness benefits from 15 weeks to 26 weeks. This is expected to benefit 169,000 Canadians (90). While this change is welcome, it will not come into effect until the summer of 2022. The delay is problematic as this extension was previously promised. We are in the midst of a third wave of the pandemic and many could benefit from the extension immediately.

The Budget also includes other important improvements to EI, but they are temporary. The one-week waiting period for EI claims is waived until September 25, 2021, which will help EI claimants to access benefits as soon as they stop work (86). The Budget extends the duration of EI regular benefits from 24 to 50 weeks, with $500 per week for the first four weeks, and $300 per week for the remaining eight weeks (91, 97). It also maintains the new universal eligibility threshold of 420 hours for one year (88), and extends eligibility improvements for seasonal workers (92).

These changes must become permanent fixtures of EI so that low-wage and precarious workers, especially women and racialized workers can access and rely upon the program when they are unable to work. Racialized men are 24% more likely to be unemployed than non-racialized men and racialized women are 43% more likely to be unemployed than non-racialized women.[[1]](#endnote-1),[[2]](#endnote-2)

The Budget also commits $5 million towards consultations about long-term reforms for EI, including how it might be extended to self-employed and “gig” workers (89). This is welcome news: a comprehensive review of EI that results in permanent improvements to the program is long overdue. So far, little information is currently available about the consultation’s scope.

*Canada Workers’ Benefit*

The Canada Workers Benefit is a tax refund for low-income workers. Single individuals without children can receive up to $1,400 per year and families can receive up to $2,400 per year (118). The Budget raises the income level at which the benefit starts being reduced, from $13,194 to $22,944 for single individuals without children, and from $17,522 to $26,177 for families (118, 590). There is also a $14,000 exclusion for secondary earners (119).

These changes are expected to lift 100,000 people out of poverty (120) and benefit 3 million low- and modest-income workers, including about 1 million new recipients (451). The Benefit also features a supplement that is available to individuals who qualify for the Disability Tax Credit (591).

This enhancement is timely support for low-wage workers. However, the benefit is unlikely to help individuals living in deep poverty. It will not reach all low-wage workers, including those who fall outside the tax system either because they are undocumented or experience barriers to filing taxes.

*$15 federal minimum wage*

The Budget recognizes that people find it difficult to join the middle class because they work in “part-time, temporary and low-wage jobs—often working several jobs to make ends meet” (116). These workers are often young, racialized, Black, women and new Canadians (116). The Budget implements a $15 federal minimum wage for workers in the federally regulated private sector, which includes the banking, airline, and telecommunications industries (116).

Unfortunately, with the rising cost of living, a $15 minimum wage is no longer sufficient and will not help people to join the middle class, as the budget suggests it might (17). However, this is a long-awaited win for those who have been calling for a $15 minimum wage and will provide some benefit to 26,000 workers (116).

*Investments for temporary migrant and “gig” workers*

The Budget includes a number of new supports for temporary foreign workers. There is a new Migrant Worker Support Program that includes $49.5 million over three years for organizations that provide assistance in emergency and at-risk situations (219). There is also $54.9 million over three year investment to increase employer inspections to ensure good working conditions and wages (219). The Budget includes $6.3 million for faster processing of open work permits (219). This should help workers leave abusive situations (219). Finally, $57.6 million will extend the financial support under the Mandatory Isolation Support for Temporary Foreign Workers Program for migrant workers who require mandatory isolation (75).

While this is all positive news, Budget 2021 does not go far enough to protect migrant workers in Canada. There are over 1.6 million migrants with precarious or no immigration status in Canada.[[3]](#endnote-3) Their lack of immigration status makes them especially vulnerable to workplace abuse. To best protect them from poor working conditions, all migrant workers should, at a minimum, be granted open work permits and have a fair pathway to permanent immigration status.

The Budget also proposes amendments to the *Canada Labour Code* to improve labour protections for “gig workers” in the federally regulated sector (121). It is not yet clear what the labour protections will include, but at a minimum must offer strong protection against the misclassification of employees and dependent contractors as independent contractors.

***Income Security***

*Extension of COVID-19 benefits*

Several extensions to COVID-19 benefits were already announced in February 2021 (356). It is good news that the Budget recognizes the pandemic is ongoing and extends several benefits through the third wave.

The Canada Recovery Benefit (CRB) is extended by 12 weeks starting from June 19, 2021. The first four weeks will be paid at $500 per week, and the following eight weeks (starting July 17, 2021) will be paid at $300 per week (88). This will provide a total of 50 weeks of benefits. The Canada Recovery Caregiver Benefit will be extended by four weeks to a maximum of 42 weeks (88).

The Canada Recovery Sickness Benefit (CRSB) is extended from two weeks to four weeks (87). This is not sufficient protection for workers due to various program gaps and barriers to accessing the benefit. Following ISAC’s recommendation to legislate 7 employer-paid and permanent sick days in the *Canada Labour Code* would provide much stronger protections for workers and help manage the spread of COVID-19.

The Budget also seeks to extend all Canada Recovery Benefits and Employment Insurance regular benefits from September 25, 2021 to November 20, 2021 if needed (375).

*People with disabilities are forced to wait*

We are disappointed that the Budget proposes a delay on the Canada Disability Benefit (CDB). This new benefit for persons with disabilities was first announced in the Speech from the Throne in September 2020. The Budget indicates that the federal government will spend $11.9 million over three years for consultations (233). While these consultations will consider the eligibility process for disability programs and benefits and inform the design of the CDB, these consultations “are not expected to carry significant direct impacts” (233, 459) This means people with disabilities cannot expect to see a much-needed increase to their income security in the next three years (233).

There is slightly better news regarding eligibility for the Disability Tax Credit (DTC). The Budget updates the list of mental functions of everyday life and recognizes more activities at reduced frequency for life-sustaining therapy to qualify (234). This means that 45,000 more people living with disabilities should qualify with these new measures, particularly persons with diabetes, inherited metabolic conditions, and impaired mental functions (234, 541). This is a favourable expansion of the program.

However, changing the DTC into a refundable tax credit would increase income security for people with disabilities and reach even more people with disabilities. Unfortunately, the Budget does not propose to make this change. We also note that the DTC continues to require a person to have severe and prolonged impairment in three distinct mental functions (problem solving, goal-setting and judgment) in order to qualify for the DTC. This requirement is unfair and a barrier to persons with disabilities in need of the DTC.

*Eligible seniors to receive an income boost*

The Budget includes a previously announced increase to Old Age Security (OAS). As of July 1, 2022, seniors aged 75 and older will receive a 10% increase. (376) This should assist 39% of seniors (469) and provide them an additional $766 in the upcoming year (14). In addition, seniors aged 75 and older as of June 22, 2021 will be eligible to receive a one-time $500 OAS taxable grant payment in August 2021 (232).

***Social Services***

*Childcare is central to pandemic recovery*

The big story in the Budget is Early Learning and Child Care, to build a “high-quality affordable and accessible early learning and childcare system across Canada” (101). The goal is to reduce childcare costs by 50% by the end of 2022 and reach “an average of $10 a day” by 2026 (102). Funds will be targeted to not-for-profit childcare providers (103). The Budget proposes to invest $30 billion over five years, reaching $8.3 billion on a permanent basis, in order to support this plan (101).

The proposed national childcare plan will be modelled on Québec’s provincial childcare program. This investment is part of the federal government’s “feminist inclusive recovery” (387), and aims to help women who had to leave the labour force during the COVID-19 pandemic return to work (99-100). On one hand, this is the largest ever commitment at a national level for childcare. However, it relies on and will require cooperation of the provinces and territories to achieve the 50/50 cost share (102). There are many details left to be ironed out.

There is also a proposed investment of $29.2 million over two years for children with disabilities to improve physical accessibility in child care centres (104).

*Housing*

There is an additional $1.5 billion investment in the Rapid Housing Initiative to provide “adequate affordable housing in short order,” with 25 per cent earmarked for women-focused projects (194). For women and children fleeing violence, the Budget includes $315 million over seven years in direct aid through the Canada Housing Benefit and $250 million for the National Housing Co-Investment Fund for 560 transitional housing and shelter spaces (195). There is also a $118.2 million investment over seven years for long-term housing to the most vulnerable through the Federal Community Housing Initiative (195).

While these investments are positive, the numbers are not enough. Canada has an affordable housing crisis with long social housing wait lists. This crisis needs much more than 35,000 new or repaired affordable housing units to meet the needs of low-income people (194). With increased evictions in Ontario, a much larger investment for long-term, safe, adequate and affordable housing is needed.

*Healthcare and social services*

The Canada Social Transfer supports education, social assistance and social services in the provinces and territories. This Budget proposes a small transfer of $500 million (333). The Budget also includes a larger $4 billion one-time increase in the Canada Health Transfer to the provinces and territories. (374). This larger transfer was previously announced.

There is also a $3 billion investment over five years for long-term care. However, we are concerned that this will not begin until 2022-23 (65). People living in long-term care need immediate support.

*Community Services*

Charities and non-profits that serve low-income people will see $400 million through a temporary Community Services Recovery Fund (207). There is also $100 million over three years for populations most impacted by the COVID-19 pandemic including front-line workers, Indigenous people and racialized and Black Canadians (69). While these investments are welcome, these sectors require more support with increased use during the pandemic.

*Food Security*

The cost of food has risen during the pandemic and low income people or people on social assistance have increased difficulty purchasing nutritious food. The Budget includes an additional $140 million for the Emergency Food Security Fund and Local Food Infrastructure Fund for organizations that work for food security (209). There is also $163.4 million over three years to expand the Nutrition North Canada program (217). This is for isolated communities where the cost of food is much higher.

This money is helpful, but what people facing food insecurity really need is income security. This Budget does not provide enough financial support for those living in poverty and deep poverty which is what would most assist with food insecurity.

***Investments for Indigenous peoples***

*Infrastructure, Health and Child Care, and the UN Declaration*

The Budget invests $18 billion over the next five years for Indigenous Communities (245). While the Assembly of First Nations welcomes the federal investments,[[4]](#endnote-4) distribution of this money has been criticized. For example, more funding is provided for policing in Indigenous communities (258-59), rather than for the Calls for Justice from the Missing and Murdered Indigenous Women and Girls (MMIWG) Inquiry.[[5]](#endnote-5)

The $18 billion includes $6 billion over 5 years and $388.9 million ongoing for infrastructure (253). There is $618.4 million over two years for the On-reserve Income Assistance program to address increased demand for, and help with the transition to employment (251). There is also $81.5 million for Indigenous-led, culturally relevant data strategies (263).

The Budget spends $31.5 million over two years to implement the *United Nations Declaration on the Rights of Indigenous Peoples* (261). Additionally, $2.2 billion and $160.9 million ongoing will be provided to address the findings and recommendations in the Missing and Murdered Indigenous Women and Girls’ Inquiry (256).

For healthcare and social services there is $1.2 billion for an ongoing COVID-19 response including $760.8 via the Indigenous Community Support Fund (247-48). There is an investment of $1.4 billion over five years and $40.6 million ongoing for essential health care (247). This covers the Non-Insured Health Benefits Program for medical travel and medications which provide money to supply nurses and medical professionals to remote communities, and investments for clean water and to manage climate impacts (247-48). There is also $598 million for a Distinctions-Based Mental Wellness Strategy to support survivors of childhood trauma and residential schools (249).

The Budget includes a 5-year $2.5 billion separate investment for distinctions-based Indigenous Early Learning and Child Care but this does not begin until 2025-26 (101, 265). There is almost $1.2 billion for before and after-school care, to repair and renovate childcare centres, and to build new centres starting from 2021-22 (104-5).

The only mention of the Canada Child Benefit in the Budget is the expanded use of a simplified credit and benefit return form created by the CRA for First Nations individuals (312).

This Budget also expands travel deductions under the Northern Residents Deduction to $1,200 per year starting in the 2021 tax year for those who do not have employer travel benefits (216). This should help all residents living in northern communities.

Indigenous peoples do not enjoy the same standard of living as many other Canadians. The hope is that these investments will make substantial changes to the intergenerational and systemic inequities from colonialism.

***Other Supports***

*Gender Based Analysis Plus (GBT+) Investments*

With extensive GBA+ analysis throughout the budget, the experiences of women and gender diverse people are meant to be considered with other intersecting factors including “ethnicity, region of residence, age, biological sex, income level, gender, educational attainment, sexual orientation, race, immigrant status, and mental or physical ability” (378). This helps to identify policy gaps and work towards gender quality.

The Budget establishes The Task Force on Women in the Economy to identify policy gaps and priorities and make gender and diversity actively part of the Government of Canada’s decision making process (377, 379).

There is $601.3 million over five years in funding for a National Action Plan to End Gender-Based Violence. This includes: gender-based violence initiatives for organizations, money for Indigenous women and 2SLGBTQQIA+, money to address family violence, child maltreatment, and elder abuse, investments in crisis hotlines, free legal advice, representation for survivors of sexual assault, and support for newcomers in gender-based violence situations (278-81).

*Disaggregated data collection*

The COVID-19 pandemic has disproportionately impacted front-line racialized workers, people living with disabilities, and women. It is crucial that data is collected to “fill data and knowledge gaps” (230). There is $172 million over five years and $36.3 million dollars ongoing, for Statistics Canada to implement a Disaggregated Data Action Plan in order to attempt to fill these gaps (230). This is overdue.

A total of $6.7 million over five years and $1.4 million ongoing will also be spent to collect disaggregated data “to address overrepresentation of Indigenous people and racialized groups in the Justice System” (231).

This data must translate into program development and targeted use of funds to work towards eliminating structural and systemic inequities.

*Legal initiatives and investments*

The Budget re-establishes the Law Commission of Canada (286). Historically, the Law Commission of Canada was an independent body that conducted reviews and provided advice to the federal government on legislative reform. The Commission may review issues related to systemic racism and those affecting Indigenous peoples, which is welcome news. (286)

There is $21.5 Million over five years to the Racialized Communities Legal Support Initiative to support free advice and public legal education to racialized persons (284). The government has also promised the appointment of 13 new superior court judges. Together, these two initiatives are a good start to improve access to justice and should help to decrease delays in the courts.

The Budget also proposes reforms to the Social Security Tribunal to improve the appeals process for claims relating to CPP and OAS (373). It is not clear from the Budget what form those reforms may take.

The budget deserves recognition for its efforts to address childcare inadequacies and investments through a gender equity lens. However, it does not bring the poorest Canadians out of poverty, and much work remains to be done.

1. Colour of Poverty – Colour of Change (March 2019). “Fact Sheet #5: Racialized Poverty In Employment. Retrieved May 19, 2021, from <https://colourofpoverty.ca/wp-content/uploads/2019/03/cop-coc-fact-sheet-5-racialized-poverty-in-employment-2.pdf>. [↑](#endnote-ref-1)
2. In August 2020 racialized national unemployment statistics were: 14.9% South Asians, 16.6% Southeast Asian, 17.6% Black and 17.9% Arab. See Statistics Canada (2020, October 20). “Impacts on Immigrant and People Designated as Visible Minorities.” Retrieved May 19, 2021, from <https://www150.statcan.gc.ca/n1/pub/11-631-x/2020004/s6-eng.htm>. [↑](#endnote-ref-2)
3. Migrant Rights Network (2021, April 9). “Underinsured: Ending the Exclusion of Migrants from EI. Submission of the Migrant Rights Network to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA).” Retrieved May 10, 2021, from <https://migrantworkersalliance.org/wp-content/uploads/2021/04/MRN-Submissions-to-HUMA-on-EI.pdf>. [↑](#endnote-ref-3)
4. Assembly of First Nations (2021, April 19). “National Chief Welcomes Federal Investments in Budget 2021.” Retrieved May 21, 2021, from <https://www.afn.ca/national-chief-welcomes-federal-investments-in-budget-2021/>. [↑](#endnote-ref-4)
5. Yesno, Riley (2021, April 26). “Historic and Underwhelming: An Indigenous Analysis of Budget 2021.” *Yellowhead Institute*. Retrieved May 21, 2021, from <https://yellowheadinstitute.org/2021/04/26/historic-and-underwhelming-an-indigenous-analysis-of-budget-2021/> [↑](#endnote-ref-5)