

2021 Federal Budget CPHR Canada's Overview

On April 19, Canada's Deputy Prime Minister and Minister of Finance, the Honourable Chrystia Freeland tabled her first budget titled *Budget 2021: Recovery Plan for Jobs, Growth, and Resilience*. Beyond last November's economic update projection, it has been more than two years since the Trudeau government tabled a budget.

The budget is seen as a hybrid between a social recovery budget and an electoral platform. This exercise comes at a critical time as the stakes couldn't be higher, mainly on the health care front and the overall economy due to COVID19 pandemic. It must be seen as a key political document as the Liberal minority government will require opposition backing to see the budget bill pass. Traditionally viewed as a matter of confidence, if the Liberals aren't able to secure support from another major party, the government could fall within weeks and an election would be declared. But it is the belief of most political experts and columnists that the next election won't take place until next fall as NDP confirm following the budget they'll prop up the government as long as the pandemic is raging.

Budget overview

The budget presents no plan for budgetary balance on the horizon. \$154.7 billion deficit is expected this year, namely 6.4% of the gross domestic product (GDP). The federal debt is estimated at \$1233.8 billion in 2021–2022, which is a significant increase as it went from 31% of the GDP to 52% in two years.

Economic recovery and safety net (fighting COVID-19)

The government hopes to stimulate the Canadian economic recovery and put the country back on track. A \$101 billion three-year plan was announced based on the following themes:

- Conquer COVID
- Punch our way out of the recession
- Build a more resilient Canada

Notably, the budget extends support measures related to the pandemic. The Canada Recovery Benefit (CRB) and Canada Emergency Wage Subsidy (CEWS) for employers are extended up to September 25. However, CEWS will be gradually less generous from July 4 from a maximum of \$847 per week per worker to \$226 in September. This program remains very popular since its establishment. The Canada Emergency Rent Subsidy (CERS) will also be extended until September. As for Canada Recovery Caregiving Benefit (CRCB), it will be extended for four weeks and will stay at \$500 per week.

Mental Health

Recognizing the impact of the pandemic on the mental health of Canadians, the budget proposes measures such as providing the Public Health Agency of Canada with \$100 million over three years, starting in 2021-22 to support projects for innovative mental health interventions for populations disproportionately impacted by COVID-19, including health-care workers, front-line workers, youth, seniors, Indigenous people, and racialized and Black Canadians.

Employment Insurance Benefits (EI)

The budget proposes “investing \$3.9 billion over three years, starting in 2021-22, for a suite of legislative changes to make EI more accessible and simpler for Canadians over the coming year while the job market begins to improve. The changes would:

- Maintain uniform access to EI benefits across all regions, including through a 420-hour entrance requirement for regular and special benefits, with a 14-week minimum entitlement for regular benefits, and a new common earnings threshold for fishing benefits.
- Support multiple job holders and those who switch jobs to improve their situation as the recovery firms up, by ensuring that all insurable hours and employment count towards a claimant’s eligibility, as long as the last job separation is found to be valid.
- Allow claimants to start receiving EI benefits sooner by simplifying rules around the treatment of severance, vacation pay, and other monies paid on separation.
- Extend the temporary enhancements to the Work-Sharing program such as the possibility to establish longer work-sharing agreements and a streamlined application process, which will continue to help employers and workers avoid layoffs”.

Forthcoming consultations are also announced to reform the EI program. To do so, the budget proposes to provide \$5 million over two years, starting in 2021-22 to Employment and Social Development Canada to conduct targeted consultations with Canadians, employers, and other stakeholders from across the country. Any permanent changes to further improve access to EI will be made following these consultations and once the recovery is fully underway. The consultations will:

- examine systemic gaps exposed by COVID-19 (for example: income support for self-employed and gig workers);
- how to provide more consistent and reliable benefits to workers in seasonal industries;
- how best to support Canadians through different life events such as adoption.

As CPHR Canada recently submitted its recommendations regarding EI modernization to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), we will also be looking forward to contributing to these consultations.

The budget also proposes funding of \$3 billion over five years to enhance sickness benefits from 15 to 26 weeks which was previously announced in the mandate letter of the Minister of Employment, Workforce Development and Disability Inclusion.

Creating jobs and Growth

Canada-wide childcare program

Without surprise, one of the main announcements of the 2021 budget is the creation a Canada-wide *Early Learning and Child Care System* – a key measure of the government’s plan to create jobs and growth by getting women back into the workforce. Women have been particularly affected by the pandemic, so even though this measure will take many months, maybe years, to be put in place, national child care should have a positive impact on their employability on the long-term. The investment is estimated at \$30 billion over five years and ongoing funding of \$8.3 annually. The objective is to reduce by half, on average, the cost of child care to approximately \$10 per day. CPHR Canada recommended in its prebudget submission the creation of a universal, accessible affordable child care program.

Skills and Training

Annually, \$3 billion is transferred to provinces and territories to support workers and help them develop the skills needed for their economies, the budget announced additional measures including:

- \$960 million over three years, beginning in 2021-22, to Employment and Social Development Canada for a new Sectoral Workforce Solutions Program. Working primarily with sector associations and employers, funding would help design and deliver training that is relevant to the needs of businesses, especially small and medium-sized businesses, and to their employees;
- funding to help businesses recruit and retain a diverse and inclusive workforce. CPHR Canada recommended linking training to the needs of employers; and
- \$298 million over three years for the creation of a Skills for Success Program to help workers improve their foundational and transferable skills.

\$15 Federal Minimum Wage

To support low-wage workers in the federally regulated sector, the governments announced its intention to introduce legislation that will establish a \$15 per hour minimum wage.

Labour protection for Gig Workers

The government also reiterated its commitment to bring forward amendments to the *Canada Labour Code* in order to improve labour protection for gig workers.

Temporary Foreign Worker Program

Over three years, \$49.5 million will be dedicated “to support community-based organizations in the provision of migrant worker-centric programs and services,” through the new Migrant Worker Support Program, \$54.9 million to “increase inspections of employers and ensure temporary foreign workers have appropriate working conditions and wages” and \$6.3 million “to support faster processing and improved service delivery of open work permits for vulnerable workers, which helps migrant workers in situations of abuse find a new job.”

Next Steps for CPHR Canada

We will monitor the introduction of the Budget Implementation Act and will participate in the relevant consultations as appropriate. When relevant, we will also write to ministers to reinforce our desire to be

part of the solution of ensuring organizational success through employee well-being, thus contributing to the overall success of the Canadian economy.

For more information: <https://www.budget.gc.ca/2021/home-accueil-en.html>