

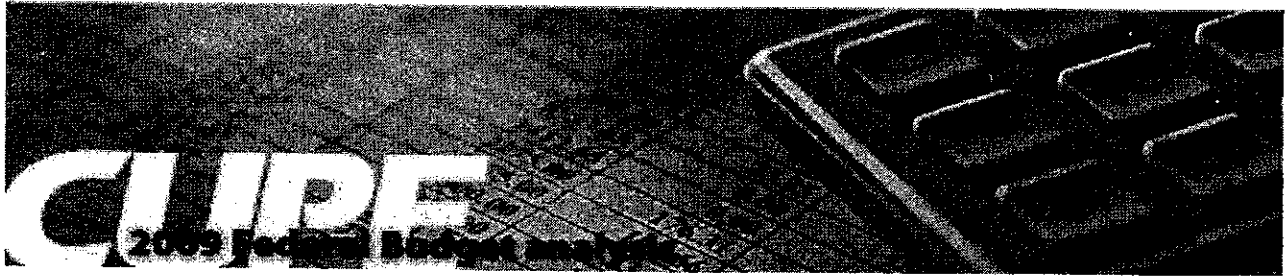
***CUPE Ontario***  
***Bargaining Conference***

**CUPE's Federal Budget Analysis 2009**

**Sector by Sector**

**Part 2**





## Federal Budget 2009 – Health Care

### What's in the budget?

\$500 million to Canada Health Infoway to encourage electronic health records.

\$440 million to First Nations and Inuit health programs, including \$135 million for new and upgraded health clinics and nurses' residences.

### What does it mean for Canadians?

This budget delivers nothing on pharmacare, home and community care, wait times, health human resources, or hospital superbugs. There is no dedicated health care infrastructure money (for new and upgraded facilities) outside of the First Nations projects.

Even though health care makes up almost half of federal cash transfers and remains a top priority for Canadians, the federal government has whittled down its role to electronic health information systems.

### What are the better choices?

Federal leadership for universal, public health care. The federal government must enforce the *Canada Health Act* and turn back the privatization of our health care system.<sup>i</sup>

A national seniors' care program with targeted funding and national standards for home and residential care.

A wait time strategy that guarantees public sector improvements like centralized lists and maximized use of operating rooms, with no outsourcing to for-profit clinics.<sup>ii</sup>

A national infrastructure fund to build and redevelop hospitals and long term care facilities that is tied to public non-profit ownership, management, and operation of the facilities, equipment and services.<sup>iii</sup>

A national strategy to combat health care associated infections through:

- more cleaning and infection control staff;
- an end to contracting out of health care cleaning services;
- lower bed occupancy rates;
- stringent infection control, cleaning, sterilization, and disinfection standards; and,
- mandatory reporting and public disclosure of healthcare associated infection and death rates.

A federal health strategy for Aboriginal peoples that eliminates the shortfall created by the cap on First Nations budgets, meets the needs identified by the Kelowna Accord, and invests in public infrastructure and services.

A national health human resources strategy built on improved working conditions, training, and wage parity across the sector and an end to the exploitation of migrant workers.

A national pharmacare program that provides equal access to safe and effective drugs while keeping rising costs in check. The program should include first-dollar coverage for essential drugs on a national formulary, bulk purchasing, more rigorous safety standards, evidence-based prescribing, and stricter controls on drug company marketing.<sup>iv</sup>

---

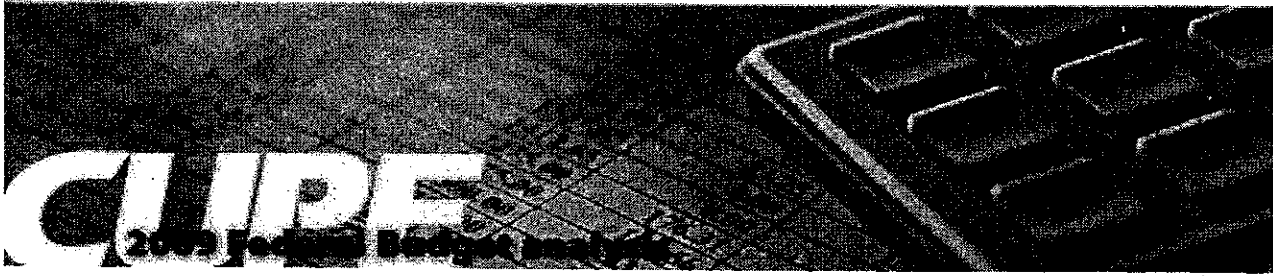
<sup>i</sup> Canadian Union of Public Employees. November 2008. *Private for-profit clinics*. <http://cupe.ca/updir/Private-For-Profit-Health-Care-Clinics.pdf>

<sup>ii</sup> Canadian Union of Public Employees. *Backgrounder: Solutions to Healthcare Waiting Lists*. February 2007. [http://www.cupe.ca/waitinglists/Backgrounder\\_Solutio](http://www.cupe.ca/waitinglists/Backgrounder_Solutio)

<sup>iii</sup> Canadian Health Coalition. *Re-establishing a Federal Role in Hospital Infrastructure Finance*. December 2005. [http://www.cupe.ca/p3s/Reestablishing\\_a\\_Fed](http://www.cupe.ca/p3s/Reestablishing_a_Fed)

<sup>iv</sup> Canadian Health Coalition. *More For Less: A National Pharmaceutical Strategy*. Updated September 2007. <http://www.healthcoalition.ca/learn.html>

sl/cope491



## Federal Budget 2009: Municipal Infrastructure

### What is in the Budget?

The budget contained some spending for federal, provincial and municipal infrastructure totalling \$10.8 billion over two years. For municipalities and communities Budget 2009 contains:

- A \$4-billion Infrastructure Stimulus Fund over two years for provinces, territories and municipalities with some restrictions on its use. It must be used for rehabilitation only – not for new projects. It must be matched by provinces or municipalities (to the tune of 50 cents on the dollar) and is time sensitive. Projects must begin before 2010 for communities to take advantage of this money.
- A \$1-billion Green Infrastructure Fund over 5 years. Details on the nature of what this will support. It will require matching funds. This was announced in the same budget as announcements that the federal government will be gutting environmental assessments.
- \$500 million in new funding over two years for Recreational Infrastructure Canada, to provide up to 50% of the cost of building or upgrading recreational facilities owned by local communities and other not-for-profit entities.
- \$500 million over 2 years under the Building Canada Fund for “small communities”.
- \$515 million over two years for First Nations community infrastructure projects to be focused on schools, water and “critical infrastructure” and \$165 million to complete water and wastewater projects that have already been started in 18 First Nations communities.

### Privatization through P3s:

- The budget continues to funnel most resources for municipal infrastructure through the 7-year, \$33 billion Building Canada Fund announced in Budget 2007, with its requirements to pursue P3s for larger projects.
- Announced in Budget 2007, PPP Canada Inc, the crown corporation to advance P3s in Canada is finally getting off the ground with a call for applications to access the \$1.25 billion P3 Fund in budget year 2009-2010.

### What does it mean?

Municipalities rely on property taxes and user fees that do not grow with the economy for 75% of revenues. Considering Canada's estimated \$123 billion municipal infrastructure deficit resulting from years of underfunding, this budget offers but a drop in the bucket. While the new money is welcome, it may not help to actually get municipal infrastructure shovels into the grounds.

Since its announcement in 2007, only \$300 million of the \$1.5 billion Building Canada Fund has been spent. This new money may also never be spent because of the strings attached.

Investing in local infrastructure requires long term funding. Many communities can't afford to match federal contributions themselves, especially since most municipalities have already set their capital budgets for 2009. This may promote privatization through p3s as communities to seek private finance for their share in order to match the federal contribution.

The current financial crisis has clearly demonstrated the dangers and high cost of relying on private corporations and markets to manage risks and provide public services. P3s are more expensive, risky, time consuming and less accountable than traditional forms of public infrastructure investment.

This infrastructure investment is supposed to stimulate the economy, but these short term investments will not generate the sustainable employment and reliable funding communities need.

### **What would be better choices?**

Municipalities alone require a minimum of \$12 billion a year to eliminate the estimated \$123 billion deficit within 10 years. This could have been funded by reversing the latest 1 percent GST cut and redirecting these revenues to a public infrastructure fund for communities.

This and other new money could flow through the existing Gas Tax transfer mechanism which has a proven track record of ensuring efficiency and accountability.

A national transit strategy alone requires \$40 billion over 5 years. This budget could have invested at minimum \$2 billion per year.

Communities already pay for enough. Requiring that municipalities match any funds from the federal government negates the years of neglect and underfunding and the federal imperative to support local economic development. If they wanted these same dollars to actually be spent, the federal government could have used the pre-existing gas tax mechanism that already directs infrastructure funds to the cities.

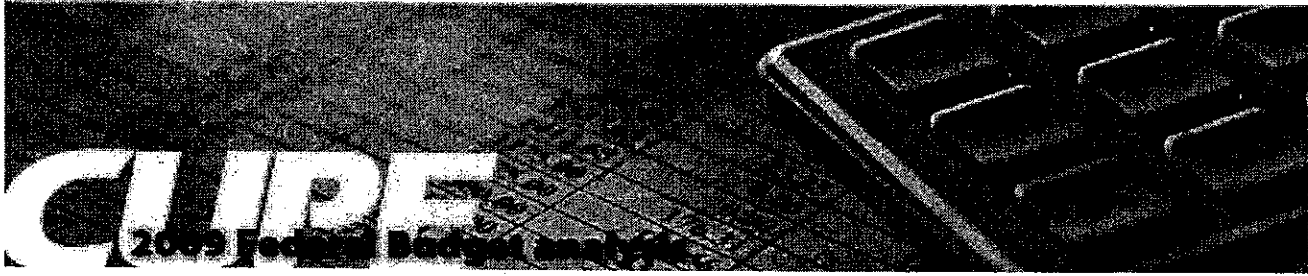
Federal Budget 2009 represents a missed opportunity. Federal municipal infrastructure spending designed to stimulate the economy should target new projects, repairs and upgrades that are ready to go.

The Federation of Canadian Municipalities has prepared a list of thousands of project across the country that have either completed their environmental assessments or do not require them since they are not expanding any environmental footprints. These include 386 water and wastewater projects projected to create more than 30,000 jobs, 144 public transit projects expected to create more than 86,000 jobs and 362 projects in roads and bridges expected to create more than 23,000 jobs.

Communities require long term, multi-year investments that strengthen the public sector. Investments should be targeted to use local industry and benefit public and private sector workers so that skills and economic benefits remain in local economies.

The federal government could strengthen our communities by replacing P3 Canada Inc and the federal P3 Fund with a Public Assets Financing Agency and a Public Assets Fund to support securing lower cost financing for public infrastructure projects and allow the public and pension plans to invest in the secure, long term public benefits of public infrastructure and services.

Ownership and control of community assets allows governments to take action on environmental protection through improvement of public infrastructure and services. Unlike P3s, which result in a loss of local control, local economic benefits and higher costs, public ownership allows for efficient spending of the public's tax dollars and provision of quality municipal infrastructure and services.



## Federal Budget 2009 and Pensions

### What's in the budget?

The 2009 Budget contains several measures that apply to federally regulated pension plans, including:

- Repetition of an earlier proposal found in the "*Economic and Fiscal Statement*", November, 2008, to temporarily reduce the legal funding obligations on pension plans facing funding shortfalls;
- Proposal for a rule change that will permit pension plans and employers to defer certain pension funding obligations through an expansion of the use of method that applies a rolling average to asset values, or "smoothing" in pension valuations
- Re-announcement of the consultation on federal jurisdiction pension legislation that was already announced January 9.

### The Budget also announced:

- Provision of an increase of \$1,000 to the Age Credit for income tax exemption;
- Reduction by 25% of the requirement for minimum annual withdrawal from Registered Retirement Income Funds (RRIFs);
- Extension of the Canada Deposit Insurance Corporation (CDIC) deposit protection to Tax-Free Savings Accounts (TFSA's);

### What does it mean?

The measures outlined above indicate that the Government is determined to ignore the enormous financial losses of recent months and the rise of severe economic insecurity for

Canada's current and future seniors. In the wake of the 2008 collapse of valuations on Canadian stock markets, and with over \$100 billion in value having evaporated specifically from workers' pension funds and retirement savings, the Government is offering minor tinkering with tax measures.

For instance, the increase in the Age Credit by \$1,000, from the current \$5,408 to \$6,408, will cost some \$200 million as a tax expenditure. But this amount pales in comparison with the economic losses already suffered by many retirees, to say nothing of those workers (and future retirees) whose savings and pension entitlements will be further weakened due to increasing unemployment and employer attacks on pension benefits.

In addition, the confirmation of the Government's intention to actually reduce and defer the funding obligations of employers with federally-regulated pension plans will be cold comfort to pension plan members worried about the continuing absence of any form of pension insurance to backstop their funds.

In fact, the true political colours of this Budget are shown in the Government's decision to extend CDIC deposit insurance protection to the recently-established Tax-Free Savings Accounts (TFSA's). These accounts, designed to work much like RRSPs, are yet another scheme destined to be tapped primarily by Canada's wealthiest and highest income individuals since they will benefit the most from being able to deduct TFSA earnings from their income. Meanwhile, most Canadian workers will continue to rely primarily on their limited pension entitlements from Old Age Security (OAS) and the Canada and Québec Pension

Plans (C/QPP) that the Budget did nothing to improve.

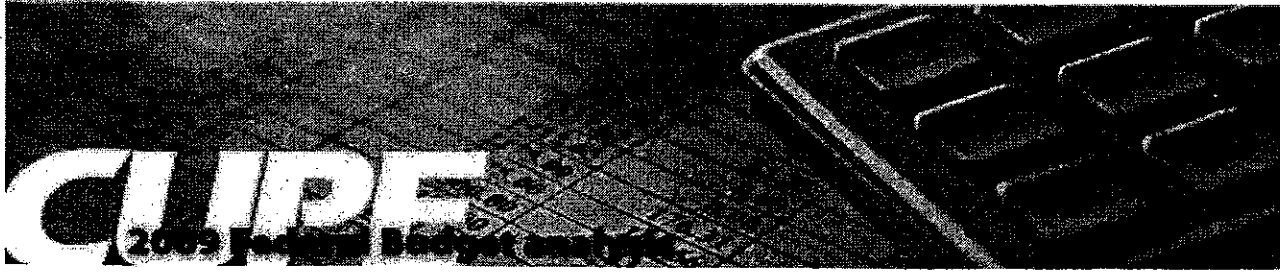
### **What would be better choices?**

Under the circumstances, it is abundantly clear that real and universal retirement income security can only be provided through adequate public pensions. CUPE has argued for immediate improvements to Old Age Security, something the federal government has the jurisdiction and power to implement on its own. Further, we have urged the federal government and all provincial governments to convene a national pension summit in order to develop a serious program for phasing-in a doubling of the benefit levels of the Canada and Québec Pension Plans. These proposals would offer meaningful and greatly needed income security to an increasingly vulnerable population.

In addition, while the Government has been eager to extend deposit insurance to TFSAs, and increase deposit protection levels for the banking industry, they stubbornly refuse to recognize the proven wisdom of similar insurance arrangements for workers' pension funds. In November 2008 the Government of Ontario received a report from an "Expert Commission" on pensions that recommended a dramatic expansion of the successful pension insurance arrangement in that province. If the Government of Canada was serious about protecting the incomes of Canadian seniors, this Budget would contain an announcement of a new pension guarantee fund based on the successful models of other jurisdictions.

sl/cope491  
January 28, 2009





## Federal Budget 2009 and Post-secondary Education

### What's in the budget?

- \$2 billion to support deferred maintenance and repair projects at post-secondary institutions with half the funding to be provided by the institution from private sources
- \$150 million to increase funding available for the Canadian Foundation for Innovation, to provide investments in facilities and equipment for research at Canadian universities, colleges, research hospitals and not-for-profit institutions
- \$600 million for future activities of the Canadian Foundation for Innovation
- \$50 million for the Institute of Quantum Computing, a research institute at the University of Waterloo to support construction and the establishment of a research facility in science and technology
- \$87.5 million over 3 years to federal granting councils to temporarily expand the Canada Graduate Scholarships program
- Reducing the base budgets of the 3 federal research granting councils by \$87.2 million over 3 years
- \$3.5 million over 2 years for 600 graduate internships in science and business through the Industrial Research and Development program

### What does it mean?

Dedicating funds for deferred maintenance at Canadian universities and colleges is much needed but the amount does not begin to address the requirement particularly when institutions are required to find matching funds. A national survey by the Canadian Association of University Business Officers conducted 10 years ago estimated that the cost of deferred maintenance at that time was \$3.6 billion. Updated data would show that deferred maintenance has now reached crisis proportions.

The rest of the monies announced in the budget are targeted funding for very specific science and technology research facilities or for a small component of graduate students. There is no increase in core funding for universities and colleges or for general undergraduate student financial assistance or for core research. It is estimated that federal cash transfers for post-secondary education need to be increased by \$1.2 billion on top of the estimated amount in the transfer to provinces for 2008-09 of \$3.2 billion to meet the level of funding that was in place in 1992-93.

### What would be better choices?

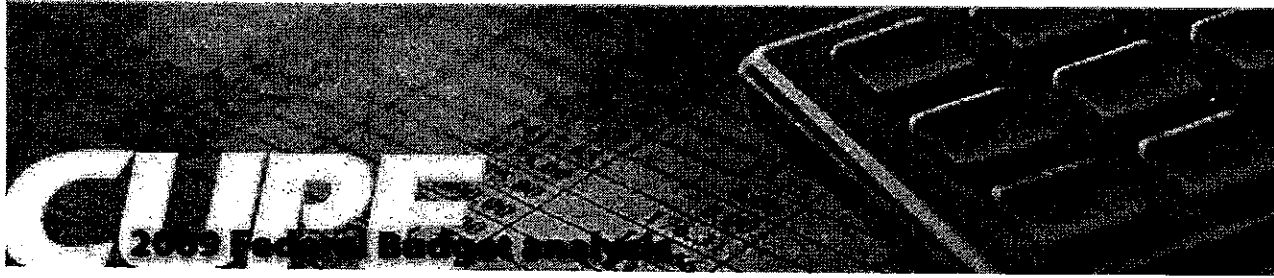
The Canadian government must invest in our post secondary education system to meet the economic challenges of today and tomorrow by

providing dedicated funding. Creating a post-secondary education transfer under specific federal legislation would ensure that, unlike the current system of a general cash transfer to the provinces, there would be monies dedicated specifically for colleges and universities with

standards of accountability and transparency. Specific legislation would also ensure that guiding principles for post-secondary education to ensure high standards in quality and to ensure affordability for students and their families could be put in place.

sl/cope491

January 28, 2009



## Federal Budget 2009 Privatization

### What's in the budget?

- A renewed commitment to privatization and P3s.
- In their words "The Government will work with PPP Canada management to ensure that the appropriate legislative policy frameworks are in place to support the firm's successful promotion of public private financing in Canada."
- First Nations will also be subject to a "partnership" based approach that will include requirements to include private sector business opportunities in order to renew needed health, education and housing facilities.
- The government will be forcing provinces and municipalities to come up with half of project costs to access federal funding. Priority infrastructure projects will be delivered through PPP Canada Inc. These large projects have been shown to attract large foreign multinationals as the private partner squeezing out local construction companies.
- Federal building upgrades will be required to use P3s. Federal laboratories will be modernized to be transferred to universities, businesses or non-profit organizations.

### What it means

- Canadians want investment in infrastructure but want it in an accessible, open and democratic way. But also, by focusing mostly on bridges, roads and housing, the conservatives have neglected social infrastructure.

Where is the stimulus for health care, child care, education and social service jobs in sectors where women are predominately employed? Funding for these services would create immediate stimulus for jobs and a major benefit for the health and future of Canadians.

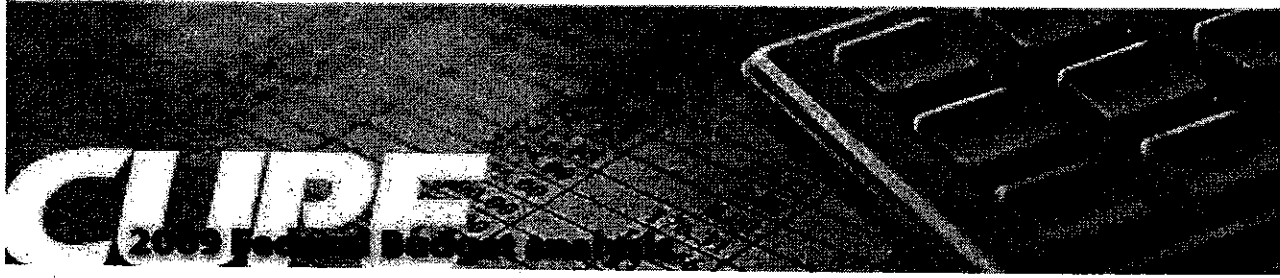
- The government claims to be committed to reducing 'red tape' for infrastructure projects. Canadian communities will be hard pressed to get a share of the infrastructure pie. Some mayors across the country are saying that the funding will be slow if they can get it at all especially if there is a requirement to put dollars up front.
- The requirements to use P3s will only ensure that the dollars will not fly out the door. P3s are more costly as well as being less transparent and accountable to communities. People want their new recreation facility or water/waste water treatment utility to be publicly owned, operated and accountable to the community and not a private company. The best way to reduce delays from complicated financing and multi-party legal contracts would be to abolish the P3 requirement and fund projects through conventional means.
- Given the current financial crisis, to entrust our community infrastructure to private companies that are running into their own financing trouble is wrong-headed and illustrates the conservative mentality of privatization at any cost.

## What would have been better choices?

- Launch a major public investment program to create good jobs in infrastructure, manufacturing and public services, and link this program to a Made-in-Canada procurement policy. Ensure that government contracts promote a strong public sector, unionization and inclusion of women and workers of colour in good jobs.
- Turn the federal P3 office into a Public Assets office that will work directly with other levels of government to reverse privatization and invest in public infrastructure, and community economic development.
- Stop forcing municipalities, provinces, and territories to use P3s for their infrastructure projects. Eliminate the

federal P3 fund. P3s weren't the quickest or most cost-effective way to deliver public infrastructure and services before the global financial meltdown. Now, with the private sector in the grips of a world-wide credit crunch, the schemes have even less credibility.

- Invest in social infrastructure programs - especially early learning and child care, home care, long-term care and for Aboriginal and First Nations communities. Enforce the *Canada Health Act* and prevent the proliferation of private clinics that contribute to two-tier health care.
- Invest in public assets and quality public services, ensuring that projects are not privatized, funded or operated with a private public partnership model.



## Federal Budget 2009 and Social Services

Canada's network of non-profit community and social services agencies are struggling to find the funding necessary to provide quality public services for the efficient operation of youth and women's shelters, food banks, housing and employment services, to name a few. The economic downturn has hit the sector hard as funding sources, including corporate and private donations begin to dwindle and dry up altogether. Resources will become even more stretched over the coming months as increasing numbers of Canadians will come to depend upon the supports and services provided by the non-profit community and social services sector.

The sector is under tremendous pressures. More than a decade of government funding cuts, funders' unwillingness to provide stable, core funding for long-term programs and administration expenses, and an over-reliance on short-term, project funding that is not guaranteed from year to year and does not cover administration expenses, such as wages, has put workers, communities and the entire sector under serious strain – the cracks in the system are appearing, and this budget does nothing to address this disturbing trend. Over time in Canada, all levels of government have reduced spending on social services. Of notable recent interest is the \$1 billion in federal spending cuts to social programs and services announced in September 2006. Those funding cuts have never been reversed in this or any other previous federal budget.

The 2009 Federal Budget's focus on Social Services is limited to two key areas of funding: Social Housing and Poverty Reduction. Note,

however, that the term "poverty" is mentioned nowhere in the federal budget document.

### Social Housing – What's in the Budget?

The 2009 federal budget provides for \$2 billion for social housing construction and repairs; the following items are included in this amount:

- A one-time federal investment of \$1 billion over two years for renovations and energy retrofits for up to 200,000 social housing units. This will be a 50–50 cost-share with the provinces.
- \$400 million over two years for the construction of social housing units for low-income seniors. This will be cost shared with the provinces and territories.
- \$75 million over two years for the construction of social housing units for persons with disabilities. This will be cost shared with the provinces and territories.
- \$400 million over two years for new social housing projects and for remediation of existing social housing on First Nations reserves.
- \$200 million over two years to support social housing in the Yukon, Northwest Territories and Nunavut.

### What does it mean?

Homelessness and inadequate housing is a national emergency in Canada; it is also a national disgrace. Two decades of federal funding cuts and downloading have devastated Canada's national housing program. The statistics are alarming: hundreds of thousands

of Canadians have nowhere to live; millions of people have no choice but to live in unaffordable, crowded, and/or substandard housing; and more than one in four households are on the brink of homelessness.

The \$2 billion committed in the federal budget for social housing construction and repairs is a good first step. But more dedicated funding is needed in the long run to address Canada's social housing crisis and the problem of homelessness. In addition, much of the funding announced in the budget for social housing is tied to cost-shares with the provinces and territories which mean that federal funding would flow only if provincial / territorial funding is committed.

### **What would be better choices?**

In order to overcome the problem of homelessness and inadequate housing Canada needs a new and substantial national affordable housing program that provides multi-year targeted funding for social housing to the tune of \$7.5 billion over 3 years. The funding would be spent on the following items:

- 10,000 or more new affordable homes in year one;
- 15,000 or more new affordable homes in year two;
- 20,000 or more new affordable homes in year three;
- Permanent and enhanced funding for the federal homelessness strategy;
- Permanent and enhanced funding for the federal housing rehabilitation program; and
- A national energy retrofit program to allow low and moderate income households to conserve home energy.

A national housing program would help to create jobs, boost the economy and make thousands of additional quality housing units available each year to Canadian families at an affordable cost.

### **Poverty Reduction – What's in the Budget?**

The federal budget provides some relief for the working poor, children, the elderly, and low-income households. Budget 2009 provides the following poverty reduction measures:

- Raises the level at which the National Child Benefit supplement and Canada Child Tax Benefit are phased out at a cost of \$230 million in 2009-10 and \$310 million in 2010-11.
- Increases the Working Income Tax Benefit for lower – middle income households.
- An additional \$150 of annual tax savings for low- and middle-income seniors through a \$1,000 increase to the Age Credit amount.

### **What does it mean?**

The National Child Benefit (NCB) and Canada Child Tax Benefit (CCTB) provide financial support to low- and middle-income families with children. Eligibility for both the NCB and CCTB are based on income. The 2009 federal budget would allow families to earn additional income and at the same time remain eligible for additional NCB and CCTB benefits. What this means is that low-income families with children will be able to earn an additional \$1,894 per year and still receive maximum benefits. Benefit increases amount to up to \$436 for a low-income family with two children and up to \$76 for a middle-income family with two children.

The Working Income Tax Benefit (WITB) is a tax credit to assist low-income working families receiving social assistance. The budget provides an additional \$435 million in WITB funding over previous years; the amount of WITB funding increases to \$580 million in each of 2009-10 and 2010-2011.

The Age Credit amount increases by \$1,000 for seniors aged 65 or older. However, the Age Credit is income tested and the benefit is

clawed back once annual incomes reach approximately \$32,000.

### What would be better choices?

In 2006, the most recent date for which data are available, over 3.3 million Canadians were living in poverty. Poverty is more persistent amongst certain groups of people including women and children, Aboriginal peoples, persons with disabilities, and within immigrant communities. In order to help people break the cycle of poverty, we need policies and programs that prevent and reduces poverty for all Canadians:

- Increase the Guaranteed Income Supplement (GIS) by 15%;
- Increase the National Child Benefit by 15% at a cost of \$612 million or \$5,000 per child;
- Increase the Canadian Child Tax Benefit by 8% at a cost of \$637 million;

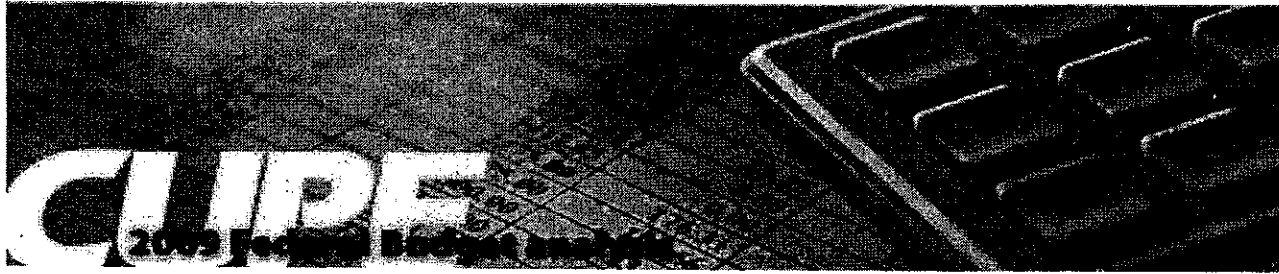
- More than double the amount of the Working Income Tax Benefit to \$1000 per year at a cost of \$661 million annually;
- Increase the federal minimum wage to at least \$10 an hour; and
- Provide \$2 billion in poverty reduction transfers to the provinces and territories in both the first and second year.

Poverty reduction transfers to the provinces and territories could comprise a national anti-poverty strategy, the goal of which would be to help 770,000 Canadians out of poverty. This goal would be accomplished through improvements to social assistance and disability benefit rates and eligibility. In addition, the provinces and territories could use some of the funding to support the work of non-profit social services agencies in countless communities across Canada.

sl/cope491  
January 28, 2009







## Federal Budget 2009: Water

### What is in the budget?

The only new funding specifically earmarked for water and wastewater infrastructure is \$165 million for the completion of drinking water and wastewater infrastructure projects in 18 First Nations communities across the country. Another \$515 million over two years is dedicated to *critical infrastructure* projects including drinking water, in First Nations communities.

There is no other new funding earmarked for water and wastewater infrastructure and services, specifically.

A \$4-billion Infrastructure Stimulus Fund over two years for provincial, territorial and municipal infrastructure may be used for municipal water and wastewater projects, but this money has some restrictions on its use. It must be matched by provinces or municipalities and is time sensitive. Projects must begin before 2010 in order for communities to access the federal fund.

The details of how and on what a new \$1-billion Green Infrastructure Fund will be spent (over 5 years), have not been determined, but it is possible that water projects might qualify.

The budget continues to funnel most resources for municipal infrastructure through the 7-year, \$33 billion Building Canada Fund announced in Budget 2007. The fund provides incentives to pursue public-private partnerships (P3s) for larger projects. Water and sewer upgrades across Quebec are among the examples of projects mentioned in the budget that would be funded through the Building Canada Fund.

In order to accelerate project approvals, the Conservative government is planning to amend the Navigable Waters Protection Act (NWPA) to reflect recommendations made in June 2008 by the Standing Committee on Transport, Infrastructure and Communities. It will also make administrative changes to the Fisheries Act to streamline its application, in addition to looking for efficiencies in the Canadian Environmental Assessment Act (for example, requiring only one approval process instead of one at each of provincial and federal levels).

### What does it mean?

Of the estimated \$123 billion municipal infrastructure needs, \$31 billion alone are required for water and wastewater infrastructure. This budget will not deliver the significant investment that communities need from the federal government to protect and improve public drinking water and wastewater systems.

Communities may have difficulty accessing the funds given their requirement to be cost-shared, when most municipalities have already established their capital budgets for 2009.

The current financial crisis has clearly demonstrated the dangers and high cost of relying on private corporations and markets to manage risks and provide public services. P3s are more expensive, risky, time consuming and less accountable than traditional forms of public infrastructure investment.

The implications of amendments to the NWPA, Fisheries Act and Canadian Environmental Assessment Act are not known and may well put freshwater and source waters at risk.

## What are better choices?

Budget 2009 represents a missed opportunity to stimulate the economy while addressing water infrastructure needs. The Federation of Canadian Municipalities has prepared a list of thousands of ready to go projects across the country. They have either completed their environmental assessments or do not require them since they are not expanding any environmental footprints. Among them are 386 water and wastewater projects projected to create more than 30,000 jobs.

A national public water and wastewater infrastructure fund of \$3.7 billion per year for 10 years would meaningfully address the water and wastewater infrastructure needs of communities across Canada.

Significant additional funding is required to upgrade and develop water systems in Aboriginal communities in keeping with the terms of the Kelowna accord.

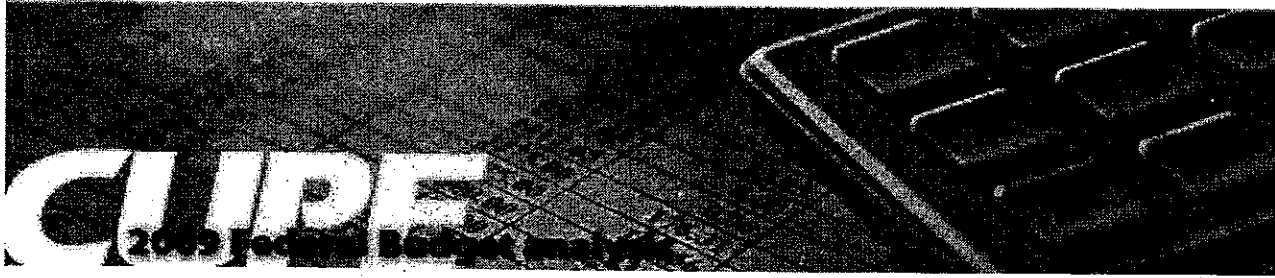
Water is one of many priorities for funding in First Nations communities. These competing demands and range of needs means that the

\$515 million for First Nations infrastructure will be spread thin.

Investments at the local level are required for water operator training and certification in the public sector and water conservation programs. Federal investments are also required for research into the impact of climate change on Canadian watersheds and water infrastructure and for monitoring water quality and quantity.

Addressing Canada's water infrastructure crisis requires a long term plan with sustained and reliable public funding. Investments should be targeted toward local industry and public or private sector workers in local communities so that the skills and economic benefits remain in local economies.

Instead of promoting P3s, making public financing affordable and easy for local governments to access would help communities to retain public control of water assets. Public control allows for better quality monitoring, financial efficiency and environmental excellence, all of which are critical elements of modern water and wastewater treatment infrastructure.



## Federal Budget 2009 and Women

### What's in the budget?

- Changes to Employment Insurance to allow those who qualify, an extra 5 weeks of benefits for the next two years.
- A restatement of the announcement made in the Federal Government's November 27, 2008 *Economic and Fiscal Statement* to end the ability of women workers in the federal public sector to appeal disputes with their employers over pay equity to the Canadian Human Rights Commission.
- Billions in infrastructure spending
- Increase in the basic personal income tax exemption amount and cuts in personal income tax
- Increase of the National Child Benefit Supplement and the Canada Child Tax Benefit
- Wage controls on federal public servants – percentage increases of 1.5% for the next three years
- Announcements related to private pension plans, RRIFs and Tax Free Savings Accounts
- Extensive infrastructure, housing and skills training monies for Aboriginal peoples

### What does it mean?

The current employment insurance system remains in place in the face of a growing economic recession that will throw more and more people out of work. Women are particularly at risk because they are much more likely to be in casual or temporary employment.

The current system requires a minimum number of hours worked to qualify for benefits. Women are much less likely to have the

required number of qualifying hours, due to their over-representation in temporary, part-time and casual work and the fact that women have more interruptions in their work life due to children and family responsibilities. Adding five weeks of benefits will not help many women who don't qualify in the first place. The other problem with the current system is that it pays a very low level of benefits that is inadequate to support families and children. This is particularly true for women, who generally earn much less than men.

As in other sectors, pay inequality between women and men existed for decades in the federal public service, until legislation was introduced in the 1980s and 1990s. Since then, the federal government has paid over \$4 billion in retroactive payments to thousands of underpaid women employees in the public service. When the legislation failed to provide adequate compensation, women had the option of filing a complaint with the Canadian Human Rights Commission. But the Conservative government has ended that appeal process for federal government employees without living up to its responsibility to ensure that its workplaces are free of wage discrimination.

The Budget allocates millions into infrastructure projects which means jobs for engineers, trades, labourers – predominately male workers. So, women will not benefit as much as men from the economic stimulus package since women tend to be concentrated in health care and service jobs. There may be spin off jobs in these sector, but direct investment would have demonstrated an understanding of the differential impact of government expenditure on women, and acknowledge the value of women's work in the crisis.

The budget also allocates employment insurance training dollars, but predominantly for male-dominated occupations.

The increase in the basic personal amount will mean an increase in those paying no tax, which will assist women who predominate in the low income categories and therefore more likely to be helped by the increase in this exemption. However, the changes to the personal amounts and income tax brackets will only reduce the taxes by \$66 a year for a typical two earner family with two children and an income of less than \$60,000 a year. Meanwhile a similar family with an income of over \$200,000 will get a tax cut of \$634 a year. Since those with higher incomes save more of their money, income and corporate tax cuts don't provide much stimulus compared to direct public investment and spending, or compared to support targeted at lower income families.

This announcement will benefit women and their families because it increases the amount that families can earn while still receiving the National Child Benefit supplement and the Child Tax Benefit.

Women will receive less from the percentage wage increases in the government's wage controls. Percentage increases don't do anything to narrow the wage gap between men's and women's wages. They actually widen the wage gap because they give larger increases to those at the top of the wage scale.

The Budget does nothing to support and augment our public pension system of Old Age Security and the Canada Pension Plan.

The funding allocated to Aboriginal Peoples offered no specifics to address the needs of Canada's most marginalized members of society, Aboriginal women.

### **What would be better choices?**

The number of qualifying hours for employment insurance should be reduced to 360 hours. The benefits should be based on 60% of earnings

over the best 12 weeks and benefit coverage should last for 50 weeks.

Parallel investment in the health care and services sectors where women dominate, would go a long way to reducing poverty and increasing spending at the local level. Investing in health care would not only create more jobs for women but it would reduce wait times. Investing \$1 billion in healthcare would create 18,000 jobs.

In 2004 a federal pay equity task force recommended that what was needed to ensure that women get the fairness they deserve with respect to equal pay for work of equal value was to change the current system, which is complaints-based. What is needed is to amend the current pay equity legislation to make it proactive. This means requiring employers introduce a pay equity program in the workplace and create an independent commission to enforce the legislation.

The federal government should be expanding the definition of infrastructure to include child care centres along with schools and recreation centres. Funding for child care spaces that would help women get and keep full time jobs – that would qualify them for EI benefits for parental leave or layoff. At the same time we need to see public investment in training programs targeted to get more women into well-paid, unionized trade jobs.

Flat-rate wage increases give each worker the same cents per hour wage increase. This has the effect of narrowing the gap between the bottom and top of wage scales because it boosts the bottom rates more than the top rates.

We need to expand our public pension systems because they are paid by and belong to all working Canadians. Senior women in particular would benefit from this expansion because they are much less likely to have access to a private pension or to be able to rely on RRSPs in their retirement than men.