

THE FEDERAL BUDGET IS HIGH ON SYMBOLISM BUT SHORT ON DETAILS

2017 Briefing Notes

Measures Targeting Good Jobs

- The Government is launching an Innovation and Skills Plan to target six key industries: manufacturing, agri-food, clean technology, digital industries, health and bioscience and clean resources. Over six years, an additional \$1.8 billion will be spent to upgrade skills, gain experience and secure employment counselling.
- Amendments to the *Employment Insurance Act* were proposed to broaden worker eligibility for programs and services under the Labour Market Development Agreements.
- Currently, Employment Insurance (EI) benefits are available to eligible caregivers in cases where a family member is seriously ill. Budget 2017 proposes to provide \$691 million over five years, starting in 2017-18 and \$168 million per year thereafter, to create a new EI caregiving benefit of up to 15 weeks. The coverage will be broader for caregiving of an adult with a critical illness.
- EI parental benefits will be more flexible, allowing parents to choose to receive EI parental benefits over an extended period of up to 18 months at a lower benefit rate of 33 percent of average weekly earnings. The downside is that this amounts to a slight reduction in benefit levels in comparison with the current EI system of 55 percent over 12 months.
- The Youth Employment Strategy is expanding by investing an additional \$395 million over three years, starting in 2017.
- Public policy decisions in Budget 2017 seek to eliminate unpaid internships in federally regulated sectors (where the internship is not part of a formal educational program). This is an important victory for all workers!

Industry-Specific Policies

- **Auto and Aerospace** Budget 2017 proposes to create a new \$1.26 billion five-year Strategic Innovation Fund. This Fund will consolidate and simplify existing business innovation programming, including the Strategic Aerospace and Defence Initiative and the Automotive Innovation Fund, among others. This single Fund will give auto and aerospace companies' access to a simpler and faster application process to seek investments. In support of this consolidated program, an additional \$200 million will be spent over three years starting in 2017 to supplement existing funding, and \$100 million will be new funding.

Taxing, Spending and Borrowing

- There are no significant new revenue tools in this budget and taxes remain pretty much unchanged.
- The Liberal government has made a commitment to deficit budgeting and provide investments, issued over several years, to help grow the economy.
- Interesting fact: The federal deficit is projected to rise from \$23 billion in 2016 to \$28.5 billion in 2017. This sounds high, but it is modest by historical standards.

Physical Infrastructure

- \$21.9 billion will be invested in green infrastructure through three distinct streams: \$9.2 billion of which will be allocated to the provinces over 11 years for priority projects; at least \$5 billion over 11 years to the Canada Infrastructure Bank (CIB); an additional \$2.8 billion over 11 years through national programs, including \$120 million to deploy infrastructure for electric vehicle charging, and natural gas and hydrogen refuelling stations, for example.
- This is part of a broader infrastructure spending program of \$180 billion over ten years.

Canada Infrastructure Bank

- The commitment to create a CIB, with the goal of ‘maximizing opportunities to create the good, well-paying jobs needed to growth the middle class’ was reported. The CIB will invest at least \$35 billion over 11 years using loans, loan guarantees and equity investments.
- Unifor is opposed to the structure of the CIB because it amounts to privatization of Canada’s public infrastructure. Privatization drives up costs as private investors demand a ‘reasonable rate of return’ and users will likely encounter fees.

Social Infrastructure

- **Child care:** Budget 2017 committed \$7 billion over 10 years starting in 2018 to create more affordable child care spaces (note: this does not amount to a national childcare program).
- **Infrastructure:** An additional \$4 billion over 10 years, starting in 2018 to build and improve housing, water treatment systems, health facilities and other community infrastructure in Indigenous communities.
- **Health care:** The only significant new announcements appears to be \$6 billion over 10 years for home care and \$5 billion over 10 years to ‘support mental health initiatives’. In an effort to improve access to prescription medications, the government will invest \$140 million over five years for Health Canada and other agencies.

International Trade and Investment

- The Liberals are modifying the trade remedy system. This is potentially significant insofar as it would give unions the ability to participate in the trade remedy proceedings. Unifor, for example, would potentially be able to bring its views about unfair trade practices to the government to assist in seeking a remedy.

Gender Analysis in the Budget

- Pre-budget messaging indicated that the Liberals would adopt a methodology to estimate how taxing and spending commitments would differentially affect men and women. Budget 2017 did not do this. Instead, it provided a synopsis of the Liberals programs and policies that have financially benefitted women since 2015.
- There is a commitment to invest \$100.9 million over five years and \$20.7 million per year thereafter to establish a National Strategy to Address Gender-Based Violence. The Strategy will create a centre within Status of Women Canada to better align existing resources to address gender-based violence. It will include measures to be implemented by the RCMP and Department of National Defence. Additional details will be revealed in the coming months.