



19 February 2016

SUBMISSION ON NEXT FEDERAL BUDGET

to

The Honourable Bill Morneau, Minister of Finance

and

The Honourable Michael C. McLeod, MP – Northwest Territories

This submission is presented on behalf of Alternatives North, a social justice coalition based in Yellowknife, Northwest Territories. Our membership includes representatives of church, labour, women's organization, environmental and anti-poverty organizations as well as independent citizens. We welcome this opportunity to present our spending priorities. Please note that recommendations are not listed according to any priority.

National Anti-Poverty Strategy

One in seven people in Canada live in poverty. Despite calls by the United Nations, the Senate, and a House of Commons Standing Committee for the development of a national anti-poverty plan, Canada has yet to do so. While all levels of government have a role to play in addressing poverty, the federal government, with its policy-making, legislative, taxation, and redistribution powers, has a particular responsibility for providing leadership and promoting reform in key areas crucial to the wellbeing of people in Canada. Every province but one has committed to their own poverty-reduction plans; it's time for our federal government to do the same.

Existing provincial and territorial anti-poverty strategies commonly focus on six different realms: income security, housing and homelessness, health, food security, early childhood education and care, and jobs and employment. Each measure is discussed below:

i. Investment in Early Childhood Education and Care (ECEC)

There is an urgent need for a robust national policy and sufficient federal funding to create a sustainable, universal, high-quality system of early childhood education and care across Canada. Currently, there are licensed child-care spaces for just 22.5 per cent of Canadian children under age 5 at a time when more than 73 per cent of young mothers are working. The Organisation for Economic Cooperation and Development has shown that Canada is significantly behind other countries on quality, access, funding and policy development and is "still in its infancy" in putting an ECEC system in place.

Decades of research, policy development and international experience show that high quality ECEC addresses multiple social and political objectives: women's equality and employment, poverty reduction, a healthy family-work balance, social integration and equal opportunity, healthy child development and well-being, and economic prosperity. Families' childcare needs will remain unmet without a well-designed national childcare program based on shared principles, best evidence and solid accountability. Investing public dollars in a well-designed ECEC system is money equitably and well spent, unlike the billions spent on flawed market-based schemes such as income splitting, tax breaks for better off Canadians and cash transfers that waste taxpayer dollars.

The federal government, working in collaboration with provincial and territorial partners, must step up to the plate. There must be significant, sustained funding, and a national ECEC policy framework that includes principles of universal entitlement, high quality and comprehensiveness. Dedicated federal transfers of \$1 billion, \$1.6 billion, and \$2.3 billion should take place over the next three years with the ultimate goal of achieving the international benchmark of spending at least 1% of GDP on childhood education and care by 2020. There must be targets and timetables, as well as accountability measures. Federal funding and a robust national policy framework must go hand in hand.

ii. **National Housing Strategy**

Access to adequate and affordable housing is vital for health, survival, and participation in society. However, for too many Canadians, finding a safe place to sleep is a daily struggle. Close to a million people in Canada are among the 'hidden' homeless, and more than a quarter million are visibly homeless. In 2009, the UN considered the housing and homelessness crisis in Canada a "national emergency." Seven years later the outlook is grim and about to get worse, with more than 300,000 low-income households at risk of losing their homes, while waiting lists for social housing grow. The rate of homelessness is particularly high among indigenous people. In Canada's North and in remote communities, the housing problem is often overcrowding rather than homelessness.

Yet Canada continues to be the only G8 nation that lacks a national housing strategy, thus incurring unnecessary costs of \$7 billion annually for emergency shelters, and social, healthcare and corrections services. Ending homelessness would not only result in increased wellbeing and better economic participation for all Canadians, but also in reductions in health and social services costs.

To end homelessness the federal government must immediately develop a comprehensive National Housing Strategy in collaboration with the other orders of government in the country. An increase in funding of no less than \$2 billion per year in new money should be allocated to achieve housing security for all Canadians.

iii. **Basic Income Guarantee**

The heart of a Basic Income Guarantee (BIG) is a government program that ensures every person in the country has sufficient income “to meet basic needs and live with dignity.” The initiative has seen growing support across Canada and across the political spectrum. Former Conservative senator Hugh Segal is a vocal backer of BIG. Mayors from Edmonton to Calgary to Iqaluit have all thrown their weight behind this approach. During Prince Edward Island’s recent provincial election, the leaders of all major parties endorsed BIG, and PEI’s premier has vowed to promote it.

BIG treats people with low incomes with more dignity. It can also reduce the stigma and administrative costs involved in client assessment processes associated with welfare-type programs.

BIG can be very beneficial to local economies: low-income people spend money in the local economy on essentials like food; they don’t salt it away or spend it on foreign vacations. A BIG would provide a huge impetus for local economies in the NWT. Hunters, trappers, fishers, artists, farmers, crafters, etc., would all benefit greatly from a Basic Income Guarantee. A BIG could stabilize income for these on-the-land, cultural and traditional workers in the face of economic uncertainty, allowing them to continue these livelihoods.

It is time for governments to begin the process of implementing a BIG. The Government of Canada, working with Aboriginal, municipal and territorial governments in the NWT, should set up a jurisdiction-wide test of the program. Valuable information to help define a national program would be learned by operating such an experiment in the NWT (and possibly, in other appropriate locales).

iv. **Food Security**

Any measures to improve food security need to address the very high levels of household food insecurity among Northerners, including among First Nations, Inuit, and Métis peoples, in a manner that respects cultural, community, and gender considerations as well as Aboriginal land sovereignty. Food security measures should promote import substitution through local food production and harvesting.

Canada also needs to reduce the use of pesticides and synthetic fertilizers (petro chemicals) in order to preserve soil health and biodiversity, as well as to protect pollinators. In line with recent studies by the United Nations, Canada should support ecological food production methods as they outperform methods dependent on the use of chemical fertilizers.

Finally, to give all Canadians access to healthy, affordable and sustainable food, the federal government must develop a comprehensive national food policy that subsidises the cost of healthier food production.

v. **Jobs and Employment**

Employment programs and incentives for youth and other groups under-represented in the workforce should be provided.

As discussed elsewhere, greater investment in a green economy is a job creator. Evidence shows that programs to retrofit houses to improve their energy efficiency are especially effective in this area.

National Pharmacare Program

The need for a national pharmacare plan covering prescription drug costs for all Canadians is clear. High prices too often prevent ill and injured people from filling their or their dependents' prescriptions, or from taking the full dose prescribed in order to make a prescription last longer. A recent poll by the Angus Reid Institute found that more than 90 per cent of Canadians back the concept of pharmacare. Canada is the only country with a universal health care system that doesn't also cover the cost of prescription medicine. Credible studies have pegged Canada-wide savings from national pharmacare at between \$4 billion and \$11 billion per year, depending on how the program is structured. Although a budgetary matter requiring investment by government, a national, publicly funded and operated pharmacare program in reality represents a large, net savings for Canadians.

Increase Corporate Taxes for Large Businesses

Canadian corporate tax rates have dropped from 36 per cent in 1980 to 15 percent today. Reducing rates in this way was justified by the government of the day as a means to protect or create jobs. In fact, experience and analysis in Canada and in other major world economies has shown that reducing corporate tax rates has little impact on creating or protecting jobs. A study by the Canadian Centre for Policy Alternatives found that

“corporate tax cuts actually depressed growth. By reducing rates, Canadian governments contributed to the increased income position of large firms. But rather than investing their enlarged earnings into expansionary industrial projects, Canada's corporate sector hoarded cash on its balance sheet.”

In 2013/14, the federal government collected \$34.6 billion in corporate income tax. If our rate were 30 per cent (which is still 5 per cent *lower* than our U.S. neighbour) federal revenue would have increased by over \$30 billion. Even during tough economic times, major Canadian corporations continue to register large profits, particularly in the banking sector. It's time to stop relying on a failed policy, and instead introduce higher levels of corporate taxation to finance the national programs presented in this submission.

The Canada Health Accord

The 2004 Health Accord promoted important national standards and provided stable funding after deep cuts in the 1990s. The Accord included a set of common goals around wait times, home care, prescription drugs, and team-based primary care.

The Harper government did not renew the Health Accord in 2014. Without federal leadership in health care we risk seeing the development of 14 different provincial and territorial systems. Access will depend on where you live and your ability to pay.

Recently the First Ministers recommitted to the *Canada Health Act* and its requirements: public administration, universal access, comprehensive coverage, accessibility without extra charges or discrimination, and portability across provinces and territories. There is an urgent need for federal leadership to negotiate a new 10-year Health Accord with provincial and territorial governments to secure the health care needs of citizens into the future. This Accord should include: a Continuing Care Plan that integrates home and facility-based long-term, respite and palliative care; a universal public drug plan that provides equitable access to safe and appropriate medications; and adequate and stable federal funding (increased annually in keeping with legitimate rising costs).

Shifting Oil and Gas Subsidies to Renewable Energy Production

The International Monetary Fund estimates that energy subsidies in Canada top \$34 billion a year in direct support to producers and uncollected tax on externalized costs for oil production. In keeping with the commitments made by your government at COP21 in Paris, this must change.

Increasing the supply of renewable energy would allow us to replace carbon-intensive energy sources and significantly reduce Canada's global warming emissions. Generating electricity from renewable energy rather than fossil fuels offers substantial public health benefits, including less air and water pollution, reduced premature mortality and lost work days, and a reduction in overall health care costs. Compared with fossil fuel technologies that are typically mechanized and capital intensive, the renewable energy industry is more labor-intensive. This means that, on average, more jobs are created for each unit of electricity generated from renewable sources than from fossil fuels. In addition, the cost of purchasing and installing renewable energy products has greatly decreased since 2008.

A lack of cohesive and stable policy has undermined long-term investment in renewable energy. Policy problems include skewed tax relief, fossil fuel subsidies and retroactive changes to renewable incentives, which make this sector appear risky to investors.

Canada should develop a national policy and program that promotes investment in renewable energy. The program should gradually shift subsidies now going to fossil fuels towards supporting renewable energy with the goal of eliminating fossil fuel subsidies by 2020. In addition, Canada should develop and implement a home and building retrofit program that subsidizes conversion to renewable energy. Revolving funds from which people and businesses can borrow to finance the conversion should be created. Borrowed funds can be paid back from future energy cost savings. In addition, building standards

that incorporate and accommodate renewable energy sources should be developed and mandated.

Supporting Local Economies

The Government of Canada has focused on international free trade agreements. However, there is a great need for strategic support of localized economies across Canada. Each municipality has tremendous potential to build an economic foundation that does not rise or fall in lockstep with commodity prices and the global economy. Only trade agreements that foster local/regional production to meet basic needs (such as food, energy, shelter, clothing, arts and entertainment) should be entered. Such an approach strengthens the social fabric of a community, increasing skills and capacity and looking after the environment. Strong vibrant local economies result.

Policy areas worth examining in light of this potential include who delivers federal projects and how they are delivered in communities, as well as the duration of their funding; tax incentives; accommodation in trade agreements; strengthening of local entrepreneurship; training aimed at meeting basic needs locally; and policy that supports clean, local energy production. Many of the other areas in this submission are well aligned with supporting localized economies and the benefits they bring.

The federal government may receive overtures from the Government of the Northwest Territories and others asking for subsidies or public funds to build roads and other physical infrastructure to facilitate non-renewable resource development (mining, and oil and gas). Alternatives North does not support these initiatives as this will further entrench our dependence on non-renewable resources and commodity cycles, rather than build resiliency and self-sufficiency. This sector is also very poor at delivering on the creation of jobs, especially for local people. Without a solid sovereign wealth or heritage fund with a defined revenue stream, using public funds to support private (especially industrial) interests is not a sustainable or wise investment. It would be more productive to support local economy development.

Cleaning Up our Oceans

As pointed out in the Liberal platform during the recent election, “protected marine areas are critical to protecting Canadian ecosystems.” We are seeing a significant decrease in marine wildlife abundance. The decrease is related to many things, including the rise in temperature of oceans due to increased carbon dioxide levels and the greater ingestion of plastic/pollutants by marine wildlife seeking food.

Canada’s commitment to protecting our oceans must be founded on solid marine planning based on ecosystem management practices and marine protected areas. The Liberal platform promised an increase of protected coastline from 1.3 % to 5 % by 2017 and to 10% by 2020. Measures to achieve this goal should start with the 2016-2017 budget. It

should also include investment in new and advanced technology for cleanup and plastic/pollutant removal from our oceans.

Thank you for this opportunity to share our ideas on your first budget.

Sincerely,



Ben McDonald
On behalf of Alternatives North