

APPENDIX II: Survey Background Information

Use this handout as a companion to the 2021 Student Budget Consultation survey. Students may find the background information helpful to learn more about the subject matter before responding to the questions.

How much debt should the government incur to address the COVID-19 crisis?

Debt is money that has been borrowed and that needs to be paid back. If the revenue (money coming in) is less than government expenditures (money going out), this is called a deficit. When there is a deficit, governments borrow money to cover the shortfall between money earned and money spent. The national debt is the outstanding amount of money the federal government owes after years of deficits.

In 2020, the federal government introduced a range of emergency funding measures to support Canadians during the COVID-19 pandemic. This emergency response meant significantly higher expenses than was planned for the fiscal year. Government estimates from November 2020 indicate federal government debt will be over \$1.4 trillion by March 2021. For comparison, in the 2019 fiscal year, the debt was \$716.8 billion.

How much should the federal government do to help the oil and gas industry in Canada?

A 2019 report estimated that Canada provided at least \$600 million in energy subsidies that year. A subsidy is a financial benefit provided by the government, usually to a specific business, group or industry. This support could be direct (by providing funds for research and development, for example) or indirect (by reducing the taxes that companies have to pay).

Serious action on climate change should wait until the COVID-19 crisis is behind us.

In November 2020, the Government of Canada introduced a bill to legislate net-zero emissions by 2050. The government also included investments in a green economy such as retrofits to make buildings more sustainable, zero-emission vehicle infrastructure, and protection of natural areas as a part of their plan for economic recovery. While some welcomed this news, critics of the plan argue that the first priority should be ending the pandemic and ensuring Canadians have jobs, and that addressing climate change should come second. Other people argue that if we don't prioritize climate change now, we will face worse circumstances than the current pandemic.

Environmental protections should be stricter, even if it means consumers pay higher prices.

Regulations are in place to limit harm to environmental and human health from major projects. Legislation passed in 2019 intended to strengthen the environmental review process by adding new requirements for public consultation. The changes were opposed by many from the energy sector due to concerns that the new requirements would make it more difficult to complete profitable resource projects.

The Canadian government should cover the cost of common prescription drugs.

Canada is the only country with universal health care that does not also offer universal pharmacare. Currently, most Canadians rely on their workplace health insurance plans in order to access the prescription drugs they need. While each provincial and territorial government may have drug benefit plans in place, only certain groups, like the elderly or those on social assistance, are eligible for drug coverage under these public plans. One way for the federal government to implement a universal pharmacare program is to buy prescription drugs in bulk to make them more affordable for all Canadians. While this would come at a cost to taxpayers of about \$15 billion, in 2018 Canadians spent \$34 billion on prescription drugs—with much of the extra profits going towards insurance companies.

Implementing a national pharmacare plan will require cooperation with provincial and territorial governments. While a 2020 study found strong support for universal pharmacare in Canada, some opponents argue that a more effective strategy would be to focus on increasing affordability specifically for those most in need.

The federal government should increase the amount of money it gives to the provinces and territories to pay for health care.

Provincial and territorial governments are responsible for providing health care to their residents. To support them, the federal government provides funding through the Canada Health Transfer (CHT). In 2020, the provinces received an extra \$10 billion specifically for pandemic-related health care costs, on top of the annual CHT amount. Through the CHT, provinces and territories will receive \$41.9 billion in 2020-21 and \$43.1 billion in 2021-22.

Some premiers argue that this is only enough to cover 22 per cent of the actual cost of delivering health care and would like to see a commitment from the federal government to further increase this funding. They point to increasing health costs and an aging population as areas of concern.

Dental care should be covered for those Canadians who do not have insurance of their own.

Though Canada has a universal healthcare system, most common dental care procedures are not included under public health coverage. Statistics Canada has found that one in six Canadians do not visit dental professionals because they lack insurance to cover the costs. Avoiding the dentist can lead to higher health care costs later on as leaving preventable issues untreated can cause serious health problems.

Rural areas should have access to the same Internet speeds as cities, even if it means higher taxes for everyone.

The Canadian Radio-television and Telecommunications Commission (CRTC) recommends every household has access to broadband internet with download speeds of at least 50 Mbps. While nearly 86% of households overall in Canada have that level of service, in rural areas only 40% of households do. In First Nation communities the number is even lower – just 30% have access to the recommended speed. As internet access is increasingly essential in all aspects of everyday life, unreliable internet connections and high prices presents barriers to accessing services, education, and participating in the economy.

In 2019 the federal government announced a strategy to ensure everyone in Canada has access to high-speed broadband internet by 2030. The plan involves investing billions in infrastructure and encouraging internet service providers to invest in high-speed connectivity across the country.

Online streaming services that operate in Canada should be required to fund content produced by Indigenous peoples.

The federal government has proposed changes to Canada's Broadcasting Act intended to clarify the rules for online broadcasters such as streaming services that allow Canadians to access music, television shows and films. One goal of the proposed changes is to create a more diverse and inclusive broadcasting system that better reflects Canadian society, including gender equality, LGBTQ+ and racialized communities, persons with disabilities, and Indigenous Peoples. To achieve this, broadcasters will have spending obligations to invest in Indigenous productions.

Supporters of the change believe it could represent an important step towards greater recognition of Indigenous culture and languages. Other producers have critiqued the changes, and are concerned the move could mean that success in the arts industry will be determined by government bureaucrats prioritizing funding for special interest groups rather than making funding decisions based on the quality of the work produced.

How much tax should large corporations pay?

Businesses pay a percentage of tax on their profits to the federal government and a percentage to their provincial/territorial government. Between 2009 and 2013, the Conservative government steadily lowered the net federal corporate tax rate (the amount owed after reductions) from 19% to 15%. This rate has not changed since 2013. While some calling for higher corporate tax rates believe that corporations can afford to contribute more and that this revenue can be used to fund services for Canadians, others believe that high taxes harm a company's competitiveness in the market and could cause businesses to move operations out of the country.

Canada should introduce an excess profit tax on big companies that have profited from the COVID-19 pandemic.

A 2020 report estimates that Canada's top 20 billionaires saw their wealth grow during the COVID-19 pandemic, increasing by an average of \$2 billion each. In order to raise government revenues and address growing economic inequality, some are calling for an "excess profit tax" on companies that saw above average increases in profits through this period. A similar tax was used historically in Canada, Great Britain, and the United States during the First and Second World Wars.

To implement the tax, the government would have to determine what is considered a "normal" rate of profits, and anything earned over this rate would be taxed at a higher amount. Some have raised concerns about the challenges of implementing the proposed tax, and the cost of administering and enforcing it.

Wealthy people have a greater financial obligation than everyone else to help those who are in need.

A 2018 report found that when combined, Canada's richest 87 families have the same amount of wealth as 12 million low-earning Canadians. Moral philosophers debate if those with wealth have an obligation to help those with less. Some argue that if it is in a person's power to prevent something bad from happening without significant harm to themselves or those around them, they should do it. Others may disagree that an obligation exists, or take the position that all people should contribute equally to society, regardless of wealth.

The government should guarantee a minimum income for all Canadians, regardless of whether or not they have a job.

A guaranteed minimum income or basic income is an unconditional cash transfer that the government gives directly to individuals in order to ensure they can meet their basic needs and maintain a good quality of life. This amount is provided to everyone regardless of their employment status. The idea of a basic income is not new. In 2017-18, 4,000 Ontario residents participated in a basic income pilot project. However, with the end of temporary emergency financial support for Canadians affected by pandemic job losses, more are calling for the federal government to consider the idea.

Critics of a basic income express concern about the cost of the program and believe support should focus on the people that need it most. A report from the Parliamentary Budget Office released in July 2020 projected that six months of a basic income program could cost between \$47.5 and \$98.1 billion.

Support for women should be prioritized in the federal government's post-pandemic recovery plan.

Data shows that women and girls are experiencing the impacts of the pandemic differently than men and boys. Although both men and women lost work due to COVID-19, women were hit harder by initial job losses. In March 2020, women represented 70% of all job losses among those aged 25 to 54 years. Although the economy rebounded in the summer and fall, in September 350,000 Canadian jobs were lost compared to February employment numbers. Of this number, 85% of jobs lost belonged to women.

Outside of paid work, women and girls are more likely to engage in domestic and care work, including responsibilities for child care during school closures. Many women are juggling work, parenting and remote learning all at once. To address these pressures, advocates are calling for a pandemic response that specifically addresses women. This could mean directing government funds towards child care, supporting women-led businesses, legislating paid sick days and family leave, and ensuring gender balance among those advising the government on the pandemic response.

How much should the federal government invest in green technologies?

Advocates for green technologies argue that green investment creates jobs, growth and long-term prosperity for Canada, and reduces greenhouse gas emissions. In the Fall Economic Statement, the federal government announced a package of spending measures intended to help Canada recover from the pandemic recession, and also create a “greener, more innovative, more inclusive and more resilient” economy. To achieve this, the plan outlines \$2.6 billion in spending for home energy efficiency, \$140 million over 3 years towards zero-emission vehicle infrastructure, and \$2.5 billion for clear power generation.

In December 2020, the federal Minister of Innovation, Science and Industry also announced a \$750-million investment in Sustainable Development Technology Canada to support Canadian companies developing and marketing clean technologies.

How much financial support should the Canadian government provide to businesses that have lost income due to the COVID-19 pandemic?

The federal government created the Canada Emergency Wage Subsidy (CEWS) to support businesses affected by COVID-19. CEWS covers up to 65% of an employee’s wage for eligible employers and is available until June 2021. The government also launched the Canada Emergency Business Account (CEBA) which provides small businesses and not-for-profits with interest free loans of \$40-60,000.

Despite these funding programs, many business owners argue the government has not done enough to support them through lockdowns that have required them to close or reduce their services. In November 2020, the Canadian Federation of Independent Business reported that half of Canadian businesses were experiencing decreasing sales throughout the second wave of COVID-19.

People who can afford child care should pay for it themselves rather than receive help from the government.

The cost of child care in Canada depends on where you live. A 2019 survey of the median (middle of the range) monthly infant child care costs in major cities shows a wide range from \$179- \$1,774 per month. The lowest costs are found in Quebec where the provincial government provides significant funding for public child care and sets the fees at a low rate.

One proposal to make child care more affordable is to implement a national child care plan. This would mean that all Canadians have access to government provided child care at an affordable rate. Those in favour of this plan argue it will be an important piece of the pandemic recovery as it would contribute to job creation, support families, and reduce economic inequality. Others argue that a universal program would be costly and instead advocate for more targeted measures that would provide assistance only to those who need it most.

The federal government should guarantee that all working Canadians have access to paid sick leave.

As the country faces a pandemic, paid sick leave has become a top issue of concern for many. The ability to take time off with pay protects not only the health of the person who is sick but also those around them. The number of available sick days for Canadian workers varies, depending on the region and employer plans. While in most regions Canadians have a legal right to sick days, these aren’t necessarily paid. This can be a real challenge for those in lower-paying work. A survey of Canadian workers found that individuals who identified themselves as permanent residents or having temporary status in Canada were also more likely to be without access to paid sick leave than Canadian citizens.

The federal government currently provides for up to four weeks of sick leave benefits, for those infected with COVID-19, or required to self-isolate due to an exposure. Many argue that these benefits are inadequate, and provincial governments have been called on to provide additional benefits for those in need. Those against paid sick leave benefits are concerned that it would be problematic for employers who may lose revenue and labour as a result.

Post-secondary education should be free, even if it means higher taxes for everyone.

In the 2019-20 school year, the average tuition for undergraduate programs for Canadian full-time students was \$6,463. This amount is 5.3% lower than the previous academic year. On average, university students graduate with over \$26,000 in debt to repay. To pay for college or university, many young Canadians are taking on more debt.

As of 2018, Canadian students owed \$28 billion in student debt to all levels of government, with \$19 billion of this debt owed to the federal government. Advocates are calling for free post-secondary education to make it easier for young Canadians to get an education without having to worry about balancing rising living costs with paying off student loan debt far into the future.

How much should Canada spend on foreign aid?

Many rich countries, including Canada, give financial aid to poorer countries. In 2018-19, Canada delivered \$5.9 billion in official development assistance, about 0.28% of the gross national income (the total amount of money earned by a nation's people and businesses). In 2020 Canada announced \$485 million in additional funds to aid the World Health Organization in providing COVID-19 medicine to poorer countries.

Some in the Canadian humanitarian and development community argue that Canada can do more to meet international targets and should increase its foreign aid commitments. Others believe that these funds should be going towards improving social and economic conditions within Canada instead.