

APPENDIX II: SURVEY BACKGROUND INFORMATION

Use this handout as a companion to the 2022 Student Budget Consultation survey. Students may find the background information helpful to learn more about the subject matter before responding to the questions.

LEARN MORE:

In the next few years, do you think Canada's economy will become worse off, better off or stay about the same?

COVID-19 continues to affect Canada's economy. The country experienced economic growth throughout 2021 as pandemic restrictions eased. As of October 2021 the national unemployment rate was the lowest since the pandemic began. Despite this rebound, a number of challenges remain.

Economists are concerned about rising inflation (which increase prices of everyday goods), supply chain issues (which also increase prices and limit goods available), and the long term impacts of high government spending to support Canadians.

For most young Canadians, owning a home isn't really an option anymore.

With the rising costs of homes in Canada, purchasing a home is increasingly unaffordable for many Canadians. According to a September 2021 Royal Bank of Canada report, Canadians now need 45.3% of their income in order to cover the costs of owning a single-family home. For some areas that amount is even higher.

In a 2021 ranking, Vancouver, Toronto, and Hamilton topped a list of the least affordable cities in North America. In Vancouver, home ownership costs make up 63.5% of household income.

The federal budget deficit should be reduced, even if it leads to fewer public services.

The deficit occurs when expenses exceed revenues. When there is a deficit, governments borrow money to cover the gap or shortfall.

Budget 2021 estimated a \$154.7 billion deficit for the 2021-22 fiscal year, which is down from the \$354.2-billion deficit projected for the 2020-21 year.

How much financial support should the oil and gas industry get from the Canadian government?

A 2020 report estimated that Canada provided at least \$18 billion in support and subsidies (financial benefits) to fossil fuel companies that year. 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).

Canada has committed to ending public financing for coal, oil and gas development by the end of 2022 and shifting investment to renewable energy. Along with the United States, United Kingdom and 21 other countries, Canada has agreed to stop financing new international fossil fuel developments using loans, loan guarantees, grants, share purchases and insurance coverage from government or government agencies.

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

In Canada, rules and regulations exist to limit harm to environmental and human health from major projects. These regulations include investing in technology to reduce pollution, changing practices or paying pollution charges.

In 2019 legislation passed that was intended to strengthen the environmental review process by adding new requirements for companies to consult with the public. The changes faced opposition from the energy sector due to concerns that the new requirements would make it more difficult to complete profitable resource projects.

Canada has a responsibility to take action on climate change, even if the countries with the largest emissions don't follow suit.

In 2015, Canada and 194 other countries signed on to the Paris Agreement, agreeing to undertake efforts to limit global average temperature rise to well below 2°C and pursue efforts to limit the increase to 1.5°C.

Since Canada emits less than 2% of the world's greenhouse gas (GHG) emissions, any reduction will not significantly lower emissions globally. For comparison, in 2014, the highest emitting country was China (26% of global GHG emissions). Despite these numbers, many believe that the Canada should take a leadership role internationally by taking action to reduce its GHG emissions.

How much of Canada's energy should come from renewable sources?

Currently, 16% of Canada's total primary energy supply comes from renewable energy sources. The top types of renewable energy in Canada are hydro (moving water), biomass (wood or waste), and wind. Hydroelectricity provides 60% of Canada's electricity generation. Because Canada has a diverse geography, different types of renewable energy are better suited for certain regions.

At the United Nations COP26 Climate Summit in November 2021, Canada promised to end public funding for oil, gas and coal development and to end thermal coal exports by 2030. These actions are part of the country's plan to move away from non-renewable development and towards cleaner energy sources. Despite these actions, some are worried that the transition is not happening fast enough or at a large enough scale to reverse the effects of climate change.

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. Most Canadians rely on workplace health insurance plans to cover the costs of prescription drugs they need, or must pay out of pocket. While provincial and territorial governments may offer drug benefit plans, most public plans only cover certain groups, like the elderly, children or those on social assistance. 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. 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.

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.

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 costs later on as leaving preventable issues untreated can cause serious health problems.

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.

Provinces and territories will receive \$43.1 billion through the CHT in 2021-22. In March 2021 the government also announced a one-time top-up amount of \$4 billion to the CHT to address concerns from the provinces and territories that CHT funding does not fully cover the actual cost of delivering health care. Provincial and territorial governments point to the long-term impacts of COVID-19 and an aging population as factors that are expected to result in higher health care costs.

How much should the Canadian government invest in mental health services?

According to Statistics Canada, in 2018, about 5.3 million Canadians reported needing help with their mental health in the previous year. Of these, only 56% got the full treatment they needed. According to Children's Mental Health Ontario, 28,000 children and young people in the province are currently waiting to access mental health services.

During the 2021 federal election, Liberal leader Justin Trudeau announced a new Canada Mental Health Transfer that would provide funding to the provinces and territories for “high-quality, accessible and free” mental health services. The announcement promised \$4.5 billion over five years. The Liberals also promised \$500 million over four years for a new student-focused mental health fund to decrease wait times for mental health care counsellors at post-secondary institutions. Other parties also promised increased funding for mental health, if elected.

How much should the Canadian government do to ensure that the treaty rights of Indigenous peoples are upheld?

Indigenous peoples have inhabited the land we now call Canada for thousands of years before Confederation. Beginning in the early 1600s, the British Crown (later the Government of Canada) entered into a series of treaties with Indigenous nations in Canada. Historically, when signing treaties, Indigenous groups often gave up large areas of land to the Crown in exchange for guaranteed rights and benefits (such as annual payments or the ability to hunt and fish on the land).

Treaty rights are recognized and affirmed in Section 35 of the Constitution Act, 1982 and are also a key part of the United Nations Declaration on the Rights of Indigenous Peoples. While the broad goal of treaties is generally similar (setting the terms of a relationship), each treaty is a unique agreement with unique circumstances. Sometimes disagreements arise between the government and Indigenous peoples over whether promises made in treaties are being kept, and this can lead to conflict or court cases.

How supportive would you be of the federal government taking the following steps to address reconciliation between Indigenous and non-Indigenous people?

- Reducing the number of Indigenous children in foster care
- Ensuring that Indigenous and non-Indigenous children receive the same quality of education
- Increasing government funding to protect Indigenous languages
- Supporting independent investigations into former residential schools
- Increasing funding for health care in Indigenous communities
- Reducing the number of Indigenous people in prison
- Making it mandatory for schools to teach Indigenous history and culture
- Settling all outstanding land claims, regardless of the cost
- Giving Indigenous peoples more say over how Canada's natural resources are used

For over a century, the central goal of the Canadian government's Indigenous policy was to assimilate Indigenous peoples by eliminating their traditional ways of life and ignoring their rights. Under this policy, the state removed Indigenous children from their homes and families, and sent them away to residential schools or placed them in the care of the child welfare system. The impacts of these actions are still visible today: Indigenous peoples continue to experience lower outcomes in education, income, and health than the non-Indigenous population.

Between 2007 and 2015, the Truth and Reconciliation Commission (TRC) traveled across Canada listening to and recording the experiences of over 6,000 people affected by the residential school system. Following this process, the TRC released a final report with 94 calls to action to address the legacy of residential schools and promote reconciliation. As of 2021, 13 of the 94 calls to action have been completed.

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. From 2009-2013, 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. In October 2021, 136 countries agreed to a global treaty that would tax large companies at a rate of at least 15 percent.

Those 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 argue that high taxes harm a company's competitiveness in the market and could cause businesses to move operations out of the country.

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 the 12 million lowest-earning Canadians. Moral philosophers debate if those with greater 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.

Wealthy people should pay a tax on their overall wealth, not just their annual income.

A 2020 report from the Parliamentary Budget Office (PBO) stated that the richest 1% of Canadians hold more than 25% of the country's wealth. The amount of income taxes Canadians are required to pay is calculated based on the money earned each year.

Both the federal NDP and Green parties have proposed an additional tax for Canadians who have a total household wealth of \$20 million or more. The PBO estimates that this measure could generate \$5.6 billion in revenue for the government each year. Critics argue that these wealth taxes are not only difficult and costly to implement but may also encourage wealthy Canadians to avoid paying their taxes by exploiting loopholes in the law.

Foreigners who live abroad should be banned from purchasing houses in Canada.

In 2017, Statistics Canada found that non-residents owned about 3.4 per cent of all homes in Toronto and 4.8 per cent of homes in Vancouver. To address housing affordability issues, some propose banning anyone who is not a citizen or a permanent resident from buying houses in Canada.

While those in favour of a ban are worried that foreign home ownership reduces the amount of housing available for Canadians and drives up the prices for everyone, some warn that the plan could backfire and cause other countries, such as the US, to increase the costs for Canadians buying property elsewhere.

There should be no limit as to how many Canadians can sponsor their foreign parents or grandparents to come and live in Canada.

Canadian citizens and permanent residents can apply to the government to bring parents or grandparents to live in Canada if they meet certain criteria. The process involves a number of steps, however, and with limited spots available, not every applicant is successful. Quebec residents have different sponsorship requirements.

In 2020, those interested in bringing parents or grandparents to Canada were invited to submit an application of interest. Of those that did, 10,000 sponsors were randomly selected in January 2021, and an additional 30,000 were selected later in the year. Previously, invitations were sent on a first-come, first-serve basis, but this process was frustrating for many applicants. Despite the recent changes, some feel that the random process is unfair and would like to see the numbers of available spots increased.

The federal government should give priority to visible minorities when hiring.

A 2021 review of federal government hiring processes found that Indigenous peoples, visible minorities and persons with disabilities were more likely than other Canadians to be dropped from the hiring process for federal government jobs. While visible minority groups represented 30.4% of job applicants, they only made up 24.7% of those hired.

How much money should the federal government spend on arts and culture in Canada?

The arts and culture sector was hugely affected by COVID-19 closures and cancellations. Arts and culture includes businesses operating in the motion picture, sound recording, publishing, performing arts, spectator sports and related industries, as well as the amusement and recreation industries. A review of the economic impact on Canada's arts, entertainment and recreation sector found that in 2020 nearly all these industries generated less than half of the revenue they would have made before the pandemic.

In the 2021 budget, the government promised \$300 million over two years to create a Recovery Fund for Arts, Culture, Heritage, and Sport sectors. A further \$158 million in funds was promised for Canadian heritage, music, arts, and cultural spaces programs.

How much money should the federal government spend to protect the French language in Canada?

In 1969 the Official Languages Act made English and French the two official languages of Canada and required all federal institutions to provide services in English or French. Although the country is officially bilingual under the law, some are worried that fewer people will choose to learn or use French in their daily interactions. In Quebec, Premier François Legault has proposed limiting the number of students that can enroll in English language CEGEPs (colleges) to address concerns over loss of French language in the province.

At the federal level, the government included \$180.4 million in funding for French immersion and French second language programs in Canadian schools over three years in the 2021 budget. Also in 2021, the government promised \$12 million in funds over four years to be made available in bursaries to help English-speaking students pursue post-secondary education in French.

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

A basic minimum income would provide a monthly payment to adults, whether or not they are employed. The purpose is to help people meet their basic needs (such as food and healthcare needs) and maintain a good quality of life. With many Canadians affected by pandemic job losses and a rising cost of living, some are calling for the federal government to consider the idea.

Critics of a basic income express concern about the cost of the program. 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.

The federal government should give money directly to parents to put toward their child care costs rather than fund more daycare spaces.

The cost of child care in Canada depends on where you live. A 2019 survey of the median (middle of the range) found that the cost of monthly infant child care (6 to 18 months) in major cities can be anywhere 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 childcare plan. This would mean that all Canadians have access to government provided child care at an affordable rate. Others argue that providing financial assistance directly to families based on income would be more effective and better support lower-income families.

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

In the 2021-22 school year, the average tuition for undergraduate programs for Canadian full-time students is \$6,580. This amount is up 1.7% from 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 2020, Canada delivered \$5 billion USD in official development assistance, about 0.31% of the gross national income (the total amount of money earned by a nation's people and businesses). In 2021 Canada announced an additional \$1.4 billion for international assistance over five years.

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.

The gap between those with high incomes and those with low incomes is too large.

Studies show that rising inequality (uneven distribution of wealth) in a society actually hurts economic growth. The Gini Coefficient (a measure of economic inequality) has been declining in Canada in recent years. As higher scores indicate a higher concentration of wealth among fewer people, a declining coefficient is good news. However, a 2017 study found that increases in inequality in Canada tend to be concentrated in the country's most populated cities, such as Toronto, Montreal, Vancouver and Calgary.

VOCABULARY DEFINITIONS:

Ban: Prevent a person or group from doing something by law.

Basic income: 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.

Deficit: When the government has more expenses than revenues, and must borrow money to fill the gap.

Foreign aid: Assistance provided by one country to another. This could be in the form of a gift, grant or loan.

Greenhouse gas emissions: Refers to greenhouse gases (GHGs) released into the atmosphere because of human activity. Much of it is carbon dioxide from burning fossil fuels: coal, oil, and natural gas.

Income: Money received, often on a regular basis in exchange for work or earned through investments.

Insurance: Funds provided by an organization, employer, union or government to help cover costs of care (in the context of health insurance).

Obligation: Something that must be done for moral or legal reasons.

Prescription drugs: Medicine that is only given to someone who can provide written instructions from a doctor.

Reconciliation: The act of restoring good relations.

Renewable energy: Energy from a source that is not depleted when used, such as wind or solar power.

Sponsor: Sponsoring a person as part of an immigration application means taking on the costs of the application and committing to provide financially for the person's basic needs.

Tax: Money that people or businesses have to pay to the government.

Treaty: A legally binding agreement that sets out ongoing rights and responsibilities on all sides. Treaties provide a framework for living together and sharing the land Indigenous peoples have traditionally occupied.

Visible minorities: Statistics Canada defines visible minorities as people other than Indigenous peoples, who are non-Caucasian in race or non-white in colour.