

Watershed moment for child care, long-term care: Budget 2021

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But pharmacare, tax reform and climate change remain in limbo

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EXCERPTS

OTTAWA—Today's federal budget makes headway on long-neglected issues in the care economy, such as child care and long-term care—and continues much needed pandemic supports—but more heavy lifting is needed, says the Canadian Centre for Policy Alternatives.

"This budget delivers big on two lessons that we learned from the pandemic: we need a public-led recovery in the child care and long-term care sectors," says CCPA Senior Economist David Macdonald. "But does this budget reflect what we've learned from the pandemic in terms of failing to prepare for this deadly third wave, fixing critical flaws in Canada's social safety net, and preparing for future crises?"

"Providing stimulus to ease Canada out of the pandemic recession is important, but the fact that we are yet again failing to protect citizens, essential workers and frontline staff from a devastating third wave shows now is not the time to limit our ambition. This moment requires once-in-a-generation effort on affordable housing, pharmacare, EI reform and tackling inequality—and on many fronts we're still waiting," says Macdonald, who is also disappointed that the federal government failed to take this historic moment to address the tax reform that will be necessary to support the recovery as we move beyond the pandemic.

On child care:

"After decades of unfulfilled promises to build a universal child care system, this budget could be transformative for the sector. It includes clear targets for fee reduction, although less clear ones for more spaces and better worker pay. If these measures survive the next election and the provinces buy in, this proposal will make a huge difference for families currently struggling to afford high quality care," says Macdonald.

On the care economy:

"This budget recognizes women and the care economy as central to Canada's economic recovery," adds CCPA Senior Researcher Katherine Scott. "But budgets are aspirational documents. The test will be whether the government will be able to work with other levels of government to put promises into action in a way that makes a real difference for individuals, families and communities that are struggling immensely right now."

On fiscal sustainability:

"There has been ongoing and needless concern about federal interest payments," says Macdonald. "What's completely missing from this context is the fact that despite record expenditures, the federal interest bill is at its lowest point since the 1930s. With interest payments hitting lows not seen for a century any concern about high debt payments is certainly misplaced."

On public health and lessons from the pandemic:

"COVID-19 exposed the folly of provincial governments making political decisions that ignore public health expertise," says CCPA Research Associate Lindsay McLaren. "More broadly, it exposed longstanding weaknesses in the social determinants of health—that is, decades of underspending and privatization in social and economic sectors that led to massive inequities in who is most affected by COVID-19. The robust plan for child care will contribute importantly to a foundation for health and social equity, but otherwise, the budget falls short of the structural change that Canada's Chief Public Health Officer, Dr. Theresa Tam, has called for."

On the climate emergency:

Budget 2021 delivers on a number of previously-announced emission reduction initiatives and green infrastructure projects, including \$14.9 billion over eight years for a new, permanent public transit fund. The budget makes major investments in lower-carbon energy production, home energy efficiency retrofits and nature-based climate solutions, such as tree planting.

"Climate change didn't take a break while the world grappled with COVID-19," says CCPA Senior Researcher Hadrian Mertins-Kirkwood. "Aggressively cutting our greenhouse emissions must be a top priority in the recovery. Unfortunately, while the budget makes big strides

toward a greener economy, it fails once again to tackle Canada's dependence on fossil fuel production. Without a clear plan and timeline for winding down oil and gas extraction we simply cannot meet our net zero emission target."

On income supports and the disability tax credit:

"EI was revealed last spring to be a flawed system that failed Canadians and was rapidly replaced. Reform is long overdue. However, the improvements to worker supports, with two exceptions, remain very short term; predictably a commission has been struck to study the matter. There are two important changes that are longer term: universal entrance requirements at the low level of 420 hours are looking more and more permanent, and the extension of the EI sickness benefit to 26 weeks," adds Macdonald.

On students, training and education:

Once again, summer job seeking students are reeling from the economic lockdowns. Students are facing another summer of poor job prospects and the knowledge of many hard years ahead. If public health measures allow them to work, there are new supports for businesses to hire them. "Student loan deferrals of interest and repayment are continuing, although the fundamental calculus of high tuition and high student debt remains unchanged. A short term boosts in grants will help some, but for many, the COVID experience will have lasting impacts."

To arrange interviews contact: Alyssa O'Dell, CCPA Media and Public Relations Officer, at cell 343-998-7575 or media@policyalternatives.ca [3].

The CCPA is an independent, non-profit charitable research institute founded in 1980.

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