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# Building a Strong, Just, and Sustainable Economy

## **Submission to the Department of Finance in Advance of 2025 Federal Budget**

Canadian Union  
of Public Employees

*August 28, 2025*

## **INTRODUCTION**

The Canadian Union of Public Employees (CUPE) is Canada's largest union, with over 750,000 members. CUPE members take great pride in delivering quality services in communities across Canada in a broad cross-section of the economy — including health care, education, municipalities, libraries, universities and colleges, social services, child care, public utilities, emergency services, transportation, and airlines.

In the face of prolonged and intensifying economic aggression from the United States, the stakes are increasingly high with respect to Canada's future and our national sovereignty. We are at the precipice of what will be a turning point in Canada's political and economic history, in one way or another, for better or for worse. The direction currently being signalled by the federal government is deeply concerning, but it is not too late to correct the course at this historic juncture.

This upcoming budget is an opportunity for the federal government to improve the quality of life for all people in Canada, while protecting our sovereignty, promoting national unity, prioritizing sustainability, and strengthening our economy for the long-term.

1. Rescind the Prime Minister's arbitrary 15% cuts mandate. These cuts will cause irreparable harm to people in Canada and the public sector.
2. Increase the federal share of health care funding. Enforce the Canada Health Act and develop shared national targets. Finalize pharmacare agreements with all provinces and territories and implement the Safe Long-term Care Act with enforced national standards of care. Ensure that mixed-status families can access the Canada Dental Care Plan.
3. Renew funding for the Migrant Worker Support program on an ongoing basis.
4. Align the National Housing Strategy funding with the right to housing. Build public and non-profit housing that meets the needs of workers. Protect existing affordable housing by addressing financialization. Allocate funding to the Tenant Protection Fund. Improve housing data collection and transparency.
5. Create a Canadian Observatory on AI and work, coupled with a tripartite working group on AI and work to ensure human-centred adoption of AI in the workplaces. Consult with workers to develop and renew privacy, labour and employment and AI legislation and regulations. Develop public cloud computing, AI, and digital platform infrastructure, along with environmental sustainability goals related to energy and water use for any government-sponsored AI projects.
6. Continue the implementation of the Employment Insurance (EI) Board of Appeal and reform EI to meet the needs of all workers. This should be a priority in response to the economic downturn caused by the US trade war.
7. Increase the amount of the Canada Social Transfer (CST) to address ongoing issues arising from chronic underfunding in the social services sector.
8. Increase funding for Canada Disability Benefit, expand eligibility, and streamline the application process to reduce administrative strain and improve accessibility.
9. Ensure continued funding for the Canada-wide Early Learning and Child Care program for all provinces and territories and strengthen regulations that promote provincial investment in non-profit over for-profit child care centres.
10. Improve tax fairness by restoring the corporate tax rate to 21%, implementing a financial activities tax, and an annual wealth tax.
11. Build publicly owned, green infrastructure — including public transportation, an integrated East-West electricity grid, housing and shelters, and social infrastructure using a reformed Canada Infrastructure Bank (CIB). Increase long-term operational funding for vital public infrastructure.
12. Update Part III of the Canada Labour Code to clarify that wages are owed as soon as duties start.
13. Expand eligibility for the Canadian journalism labour tax credit to include employees in broadcasting.
14. End further Canadian complicity in Israeli war crimes by implementing an immediate two-way arms embargo and withdrawing from the Canada-Israel Free Trade Agreement (CIFTA).

## **CANCEL THE CUTS**

The Prime Minister must rescind his arbitrary 15% cuts mandate. These cuts will cause irreparable harm to people in Canada and the public sector as a whole. CUPE urges the federal government to remember the devastation caused by comparably severe budget cuts in the 1990s, which led to tens of thousands of public sector job losses, as well as worsening inequality that is still felt to this day.

Protecting public sector workers' jobs and working conditions from crushing austerity measures are both in the best interest of the public service and the millions of people in Canada who access the plethora of services across the country. These sweeping cuts will have a devastating impact on the quality of life for all people in Canada, especially the most vulnerable among us.

These ill-conceived cuts undermine the Prime Minister's stated goals of "staying true to Canadian values" and "striving for a better future for all." Indeed, much of what defines "Canadian values" and sets this country apart from others is our historically robust public sector and well-funded public services. If the goal is to strengthen Canada and protect our economy, a policy that will prompt tens of thousands of public sector job losses and a reduction in purchasing power is extremely short-sighted.

As new departmental plans are released to the public, the consequences of the "ambitious savings" being imposed across the federal government are becoming increasingly worrisome. For example, Women and Gender Equality (WAGE) Canada's budget is projected to decline by 80% between 2024-25 and 2027-28, with funds for the Women's Program at risk of falling by over 90% in this same timeframe.<sup>1</sup> These figures highlight just how regressive these sweeping budget cuts will be, especially for marginalized and equity-seeking groups.

## **HEALTH CARE**

CUPE is deeply concerned about the continued underfunding and rampant privatization of health care across Canada. We are repeating our call to increase the federal share of health care funding through the Canada Health Transfer (CHT) to 35%, and to tie this funding to national standards of care.

CUPE especially wants to ensure that provinces and territories are prevented from using CHT or other federal funding on for-profit surgical and diagnostic facilities, and for-profit virtual health care systems. We are also asking the federal government for stronger enforcement of the Canada Health Act (CHA), specifically for the government

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<sup>1</sup> <https://www.policyalternatives.ca/news-research/cuts-to-women-and-gender-equality-canada-will-take-us-back-to-the-harper-days/>

to withhold CHT funds when the principles of the Act are violated (e.g., extra billing for publicly insured services).

CUPE has long advocated for a national, single payer, universal pharmacare system. The new federal government's walking back of the Liberal's campaign commitments to implementing the Pharmacare Act is extremely disappointing. We call on the federal government to follow through on its commitment to implementing the Pharmacare Act, starting by finalizing pharmacare agreements with all provinces and territories, expanding the list of included medications, and making a firm financial commitment to fully fund this system.

CUPE is repeating our call for a Safe Long-term Care Act with enforced national standards of care. The pandemic made it clear that we need increased beds and staff, better wages, benefits, and safe and secure jobs for workers, yet these issues remain largely unaddressed. We are concerned about the 2025-26 Health Canada departmental plan omitting references to several previous commitments, including the creation of a safe long-term care bill — a promise made in response to the high number of deaths in long-term care facilities during the COVID-19 pandemic.

We applaud the federal government's commitment to protecting the Canadian Dental Care Plan (CDCP). However, we are calling on your government to amend the current model of the CDCP that excludes families where one spouse is a non-resident and has not filed a Canadian tax return. This exclusionary rule is inconsistent with other income-tested federal benefits, such as the Canada Child Benefit (CCB) or the Guaranteed Income Supplement (GIS), which offer alternative forms for income declaration for mixed-status families. The CCB and GIS models demonstrate that federal programs can maintain income-testing standards without excluding workers with temporary work permits, or recent immigrants who are still in the process of family reunification.

## **MIGRANT WORKERS**

Migrant workers play an integral role in Canada's economy, and ought to be given access to services and information about their rights, both on arrival and throughout their time in Canada. The Migrant Worker Support Program, which is set to expire in 2026, has provided vital resources to this vulnerable and undervalued group of workers. CUPE urges the federal government to renew funding for the Migrant Worker Support Program on an ongoing basis.

## **HOUSING**

Housing availability and affordability are at a crisis point for workers and communities. Canada must align the National Housing Strategy (NHS) funding with the right to housing, rather than continually subsidizing corporate profits.

A key part of ensuring the right to housing for all is to build social housing including public, non-profit, and co-operative housing. The federal government should:

- Create 50,000 new rent-geared-to-income social housing units every year for 10 years targeted to those experiencing core housing needs and homelessness. Ensure homes built through Build Canada Homes are non-market in perpetuity.
- Expand the Canada Rental Protection Fund and Tenant Protection Fund.
- Address housing financialization by closing tax loopholes for real estate investment trusts (REITs) and regulating residential real estate investments by pension funds and other large-scale investors.
- Tie housing funding for provinces and territories to enforceable national standards for tenants including rent control and vacancy control.
- Create a public database of names and locations of real estate investors and track evictions and homelessness data.

## **ARTIFICIAL INTELLIGENCE**

Digital innovations including Artificial Intelligence (AI) have the potential to improve workers' lives, but they also have the potential to harm workers' lives, as well as the public services they deliver. This technology carries significant risks in terms of errors and mistakes, bias and discrimination, transparency, and accountability. As such, the stakes are too high for its implementation and regulation to fall under the sole discretion of the AI Minister, especially given his lack of relevant expertise, as well as the general novelty of this position.

The federal government should create:

- A Canadian Observatory on AI and work to develop and share research on the impact of AI on workers and workforce (re)training needs.
- A tripartite working group on AI and work to ensure human-centred adoption of AI in the workplace.

CUPE is concerned about the federal government's focus on AI adoption without putting in place the necessary laws, regulations and digital infrastructure to protect workers and the public. The federal government should enact laws and regulations that require notice and bargaining when digital technologies are introduced and prohibit invasive monitoring, surveillance, and algorithmic decision-making in the workplace, and prevent bias and discrimination in digital tools. Digital technology like AI should not be used to privatize public services, replace workers or surveil workers.

We encourage the federal government to develop public digital infrastructure that is built for the public interest rather than private profit. This infrastructure, including cloud computing, AI, and digital platforms is essential in public services such as income supports, health care and education that involve sensitive and private data.

Finally, the federal government must develop environmental sustainability goals and metrics related to energy and water use for any government-sponsored AI projects.

## **EMPLOYMENT INSURANCE**

The federal government must continue the implementation of the Employment Insurance (EI) Board of Appeal, which is the culmination of eight years of work to remedy issues with the current system.

Workers, our communities and our economy can weather the disruptive trade war with the US better with comprehensive income protections. We hope that the government will implement highly needed reforms including:

- Set a universal threshold for access to Employment Insurance (EI) Regular and Special benefits of 360 hours for all workers;
- Increase the EI benefit rate to 75% of weekly earnings with a minimum weekly benefit of at least \$600;
- Extend the duration of EI to at least 50 weeks;
- Increase the Maximum Insurable Earnings so higher income workers have a liveable benefit;
- End harsh disqualification rules so workers who are illegally misclassified as self-employed or migrant workers also qualify;
- Revise the Canada Training Benefit and EI Training Support Benefit to include precarious workers;
- Increase the EI part II training to a minimum of 26 weeks to support enrollment in programs that will result in certifiable skills in in-demand fields;
- Make it possible for workers who voluntarily separate from work to qualify for EI training programs in related fields (i.e., Personal Support Workers (PSWs) could train to be Licensed Practical Nurse (LPNs) and childcare support staff as Early Childhood Educator (ECEs);
- Close the loophole that excludes workers from EI benefits when they are laid off during maternity leave or shortly after.

Canada must also reform EI financing so that there are resources available when economic downturns hit. The current financing system was established in 2017, and premiums are set each year based on the Chief Actuary's estimate of what would be required for the fund to break even over the next seven years. Annual increases or decreases are limited to 5 cents per \$100 of insurable earnings. When an economic crisis hits, such as a recession or the recent COVID-19 pandemic, there are fewer people paying into the fund, and more workers receiving benefits. This causes the fund to go into a deficit and triggers premium increases, exactly when workers and employers are struggling. Because premium increases are limited, it can take much longer than seven years for the fund to return to balance. This weakens our ability to respond to future crisis or to fund necessary improvements to EI.

A more appropriate approach would be counter-cyclical financing, where the fund is allowed to accumulate a moderate surplus during healthy economic periods, so that there are resources to finance benefits and offer rate relief during economic downturns.

## **CANADA SOCIAL TRANSFER**

The Canada Social Transfer (CST) is the main federal contribution to provinces and territories for social services and education. Increased CST funding is imperative to address major challenges facing provincial public services, including high staff vacancies and turnover, low wages, and workplace violence.

Adequately funding social services and ensuring vulnerable community members can access vital supports should be a top priority. The federal government's blanket freeze on funds allocated under Jordan's Principle for off-reserve Indigenous children has resulted in hundreds of job losses and uncertainty for families and communities about whether their children will get the supports they need to succeed in school. While some reform of the funding process may be necessary, this should not come at the expense of education workers' jobs or family and community supports. The federal government should work with provinces to adequately fund core services which Jordan's Principle has been used to supplement, as well as move quickly to ensure adequate funding for the specialized Indigenous supports that Jordan's Principle was intended to protect.

The federal government should also include dedicated funding for post-secondary education in the CST. The federal CST allocation for post-secondary education should have two objectives: (1) providing direct, compensatory funding to post-secondary institutions to stop campus closures and program cuts, and (2) preserving the public nature of higher education by prioritizing stable, well-paying jobs for frontline workers such as instructors and support staff. Chronic underfunding and the exploitation of international students are not sustainable policies for Canada's post-secondary sector.



## **DISABILITY JUSTICE**

The federal government should expand the Canada Disability Benefit (CDB) to include everyone who currently receives any disability benefit, and remove the disability tax credit (DTC) as a mandatory requirement for accessing the CDB. The government must also reverse Bill C-4's tax changes that reduce the DTC's value, harming over 900,000 disabled Canadians who depend on it to manage additional disability-related costs, exacerbating inequality and potentially infringing on equality rights under section 15 of the Charter.

These measures would allow the government to reduce administrative costs outlined in the Budget 2024, related to helping more Canadians obtain DTC certificates — an outcome that aligns with the Prime Minister's emphasis on removing "red tape" and improving government efficiency. More importantly, it will improve financial stability for the hundreds of thousands of people with disabilities in Canada, many of whom face immense economic hardship due to inadequate government supports.

## **CHILD CARE**

CUPE welcomes ongoing investments in the Canada-wide Early Learning and Child Care plan. To make child care truly affordable and accessible for all, the government must strengthen regulations to ensure the sector is not further compromised by profit-seeking business interests.

Research suggests that the most effective way to achieve \$10-a-day child care is a public system with set parent fees and set minimum wages bargained with workers. The plan's funding must be maintained. Remaining extension agreements with Alberta, Ontario and Saskatchewan must prioritize expansion in public and non-profit child care, and provide additional funding to further increase wage grids and pensions.

## **TAX FAIRNESS**

CUPE is concerned about the Prime Minister's recent commitment to exempt US multinationals from the global minimum corporate tax, especially amid purported efforts to strengthen Canada's economy against American aggression. This, along with the cancellation of the capital gains tax increase, represents two lost opportunities to improve our public fiscal capacity. Decades of corporate income tax cuts have demonstrated no positive correlation with greater business investment in Canada — it is time for a new strategy.

The federal government could increase revenues by over \$40 billion annually, without increasing tax rates on middle- and low-income Canadians, with the following fair tax measures:

- Raise the capital gains inclusion rate to 100%;
- Restore the federal corporate tax rate to 21%: \$13B;
- Tax multinational corporations based on their real economic activities in Canada: over \$8B;
- Introduce a wealth tax of 1% on estates over \$10 million. Reintroduce an inheritance tax of 45% on estates above \$5 million: \$12B;
- Introduce a financial activities tax: \$7B.

The government must improve corporate transparency. Previously announced steps toward a public beneficial ownership registry are welcome. The next steps are to develop a national approach to beneficial ownership of real estate, and to mandate country-by-country financial reporting for the largest transnational corporations.

The federal government has significant tax room to increase taxes to fund critical physical and social infrastructure. Doing so will not only redress cost of living challenges that many Canadians are struggling with but also leave us with a healthier economy in the long run.

## **INFRASTRUCTURE INVESTMENT**

The federal government should amend the mandate of the Canada Infrastructure Bank (CIB) from its current dependence on public-private partnerships, focusing instead on public-public infrastructure partnerships, especially providing direct financing at the local level, including with municipal and Indigenous governments. Under these reforms, the CIB should promote energy sovereignty and interprovincial integration through publicly owned and operated East-West electrical transmission infrastructure.

The Assembly of First Nations previously identified \$349 billion in infrastructure investments needed to close the gap for First Nations communities by 2030. These infrastructure needs include housing, education, health care, digital connectivity, climate adaptation, and transportation. For housing alone, the need is estimated at \$135.1 billion; similarly, Inuit advocates have identified the need for \$75 billion in infrastructure investments, and the Metis National Council is asking for infrastructure investments of \$2.7 billion. CUPE calls on Budget 2025 to increase direct funding, instead of loan guarantees, to close these physical and social infrastructure gaps.

CUPE strongly opposes ongoing efforts to promote Canadian pension investment in public-private infrastructure projects, and other forms of privatization. The risks and consequences of expanding private, for-profit ownership and control of public infrastructure far outweigh the benefits of these initiatives for Canadian pension funds.

Infrastructure investments can create long-lived public assets, rather than directly contributing to government deficits. Public infrastructure projects have the potential to boost job creation and GDP growth in all regions of Canada.<sup>2</sup> These considerations should be included in the criteria for what constitutes a “nation-building project” under Bill C-5 regulations, in order for this legislation to function as more than just a means to fast-track approval for expensive and inefficient public-private infrastructure projects. The federal government must also uphold its duty to meaningfully consult with Indigenous peoples as part of the project approval process and maintain comprehensive environmental protection standards, even if this means a proposed project may not get built. The goal of economic nation building does not justify regression in these critical areas, nor does it justify lowering occupational health and safety standards under the guise of harmonization.

## **UPDATE THE CANADA LABOUR CODE**

Part III of the Canada Labour Code is silent on the issue of when an employer must begin to pay wages. Airline crews are often expected to perform duties prior to take off, such as boarding, ground preparation, pre-boarding preparation, galley preparation, and other pre-flight duties, and these duties are currently unpaid by the employer. CUPE recommends that the code be amended to explicitly say that wages must start as soon as duties start.

CUPE has flagged these gaps in the Canada Labour Code to the federal government on multiple occasions. Our recent negotiating efforts with Air Canada highlighted the problems caused by leaving the issue of unpaid work legislatively unresolved and forcing it to become a bargaining item that led to a strike. We are concerned that the “probe” into unpaid work launched by Minister Hajdu is a superficial gesture that will justify further delays in addressing this well-documented issue. It would be more straightforward and efficient for the federal government to simply amend the Code in the manner described above, having received prior evidence of rampant unpaid work in the airlines sector on multiple occasions.

The recent Air Canada collective bargaining efforts (and subsequent strike) also highlighted significant problems with Section 107 of the Canada Labour Code. Air Canada did not meaningfully bargain with CUPE because it was expecting the government to intervene. This reflects the dangerous precedent set by the federal government’s abuse of Section 107 in recent years, which has undermined federally regulated workers’ constitutional rights and compromised the independence of the Canada Industrial Relations Board.

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<sup>2</sup> Stanford 2025 <https://www.policyalternatives.ca/news-research/building-a-sovereign-value-added-and-sustainable-economy/>  
Thomas and Green 2022 <https://davidsuzuki.org/wp-content/uploads/2022/05/Shifting-Power-Zero-Emissions-Across-Canada-By-2035-Report.pdf>

CUPE calls on the federal government to remove Section 107 from the Canada Labour Code entirely, or to amend it with comprehensive limitations that are determined in consultation with Canadian unions.

## **CANADIAN JOURNALISM**

In the interest of supporting Canadian media and cultural production, the federal government should amend the definition of “qualified [Canadian] journalism organization” in the Income Tax Act to include broadcast media, while also amending the related definition of “qualifying labour expenditure” to include employees in broadcasting, not only print media.

## **DEFENCE & SECURITY**

CUPE is deeply concerned by the Prime Minister’s commitment to increase defence spending to 5% of Canada’s GDP, especially due to the relationship between this commitment to NATO and the harsh austerity measures being imposed on the already underfunded public sector. Our concerns are further amplified by the fact that the Prime Minister has expressed interest in Canada participating in Donald Trump’s “Golden Dome” project, which would entail billions more in spending commitments.

These massive increases in defence spending are effectively just investments in the American arms manufacturing industry, at the expense of Canada’s public sector and social safety net. We strongly oppose this unjust trade-off, especially in the context of ongoing American threats to Canada’s national sovereignty. National security begins with the economic security of all Canadian residents, and our government’s fiscal priorities should be adjusted accordingly.

The federal government must immediately suspend all Canadian military equipment exports to Israel — this was already promised, yet this promise has not been upheld.<sup>3</sup> We recommend the federal government take the following measures to end further complicity in the genocide in Gaza:

- Cancel all existing Canadian arms contracts with Israel and suspend the signing of new export approvals.
- Stop Canadian purchases of weapons from Israeli arms companies, which are explicitly marketed as having been “battle tested” on Palestinians.
- Withdraw from the Canada-Israel Free Trade Agreement due to Israel’s multiple violations of international law.
- Remove charitable status from organizations found to be complicit in crimes under international law.

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<sup>3</sup> [https://armsembargonow.ca/wp-content/uploads/2025/07/Exposing-Canadian-Military-Exports-to-Israel\\_07292025\\_compressed-.pdf](https://armsembargonow.ca/wp-content/uploads/2025/07/Exposing-Canadian-Military-Exports-to-Israel_07292025_compressed-.pdf)