



Public Service Alliance of Canada
Alliance de la Fonction publique du Canada

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Submission to the Senate Standing Committee on
National Finance regarding Bill C-32, *Fall Economic*
Statement Implementation Act, 2022

December 6, 2022

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The Public Service Alliance of Canada represents 230,000 workers across Canada and is the largest bargaining agent in the federal public sector. Our members include thousands of workers in federal departments and agencies, crown corporations, museums, and in the federal transportation sector at airports and port authorities.

Our members also include 30,000 workers in the post-secondary education sector who are employed as research assistants, teaching assistants and invigilators. Many are actively continuing to pursue their education and most, if not all, have student loan debt.

PSAC is the largest bargaining agent in the northern territories. Our 17,600 members in 91 bargaining units are employed by the territorial governments, municipal governments, hospitals, utilities and Indigenous organizations.

Our submission addresses several aspects of Bill C-32, the *Fall Economic Statement Implementation Act, 2022*.

Part 1 – Amendments to the Income Tax Act and other Legislation

Part 3 – Amendments to the Underused Housing Tax Act and Making of Related Regulations

Housing

The *Fall Economic Statement Implementation Act, 2022* contains a number of initiatives to assist with housing affordability and availability. The government proposes to double the First Time Homebuyers' Tax Credit which would allow them to save up to \$40,000 tax-free towards the purchase of their first home. C-32 also introduces the Multigenerational Renovation Tax Credit, an annual tax on underused housing, as well as measures addressing house flipping by ensuring investors pay their fair share.

These proposals, which the government describes as a plan to make home ownership more affordable, are insufficient to address critical housing affordability and availability needs for both homeowners and renters, particularly in our northern communities.

Canada Mortgage and Housing's [Northern Housing Report](#), published November 17, 2021, found that the territories face persistent affordability challenges with an ongoing lack of housing options. It noted the COVID-19 pandemic has further exacerbated the problem by increasing labour, land and construction costs.

The report noted "affordable housing is out of reach for many households without financial assistance in Whitehorse, housing affordability is impacted by an expanding senior population in Yellowknife, and the younger population face significant market affordability challenges in Nunavut".

While the report focused on Whitehorse, Yellowknife and Iqaluit, housing problems are not restricted to these three locations. Households across the north face problems related to adequacy, affordability and/or suitability. Overcrowding is a widespread issue, exacerbated by the increasing cost of living and increasing food insecurity. PSAC's current [Illunnata](#) (which means 'all of us' in Inuktitut) campaign has been designed to draw attention to the critical problem of food insecurity in the northern areas of Canada. In Nunavut alone, 79 per cent of children live in food insecure households.

The [Northern Housing Report](#) notes the Rapid Housing Initiative was launched in December 2020. "It initially provided \$1 billion in contributions to create permanent affordable housing for Canadians in severe housing need. For the first phase of the Rapid Housing Initiative, as at June 30, 2021, the territories received \$22 million in funding. This will create more than 80 units." This is a start but much more needs to be done and quickly to address northern housing needs.

Canada is a signatory to United Nations Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, both of which uphold housing as a basic human right. Canada's 2019 National Housing Strategy Act recognized that "housing is essential to the inherent dignity and well-being of the person" and that "the right to housing is a fundamental human right affirmed in international law."

The federal government must commit the necessary resources to ensure all northerners have access to affordable and adequate housing by national standards and building codes within a short, defined period.

PSAC supports the proposals put forward in the [Alternative Federal Budget 2023](#), published by the [Canadian Centre for Policy Alternatives](#), including revamping the National Housing Strategy and to meaningfully re-engaging the federal government in developing non-market (community, social and co-op) housing supply, among other initiatives.

Corporate tax rates

The *Fall Economic Statement Implementation Act, 2022* proposes a Canada Recovery Dividend under which banks and life insurers' groups will pay a temporary one-time 15 per cent tax on taxable income over \$1 billion over five years. It would also increase the corporate income tax rate of banks and life insurers' groups by 1.5 per cent on taxable income above \$100 million.

A recent report by Canadians for Tax Fairness, [Unaccountable: How did Canada lose \\$30 billion to corporations?](#), calculates that the government have been deprived of more than \$30 billion in tax revenue in 2021 alone, thanks to Canada's biggest corporations enjoying record high profits and record low tax rates. The measures in Bill C-32 are a positive step but insufficient to close the growing tax gap between corporate profits and effective tax rates. Stronger tax measures would allow the government to take bolder, faster and more effective steps to address issues such as housing affordability and accessibility.

Division 5 – Student Loans and Apprenticeship Loans

PSAC fully supports the government's proposal to eliminate interest on a guaranteed student loan under the *Canada Student Loans Act*. We welcomed the temporary waiving of interest until March 2023 and are pleased to see this become a permanent measure.

Underfunding of Canada's post-secondary institutions has made getting an education increasingly more expensive for students. Workers employed by these institutions are squeezed not only by student debt but also by precarious employment in these institutions and pressure by both employers and governments to keep wages and salaries low.

The removal of interest on loans is just one step that must be taken to reimagine post-secondary education. While outside the scope of this bill, we believe it is imperative for the federal government to work with the provinces and territories to develop a shared vision for a renewed post-secondary education system and commit to a plan for education and lifelong learning for all.

The government should boost direct federal funding for post-secondary education through increased funding to the provinces, ensuring it keeps up with inflation and enrolment growth while requiring accountability and transparency for this funding.

In addition to eliminating interest, the government should move to a 50-50 funding model for grants and loans and replace the Canada Education Savings Program and Tuition Tax Credit with direct funding for student grants.

Finally, funding for Indigenous post-secondary education must be increased to eliminate the gap in post-secondary attainment between Indigenous and non-Indigenous students and to invest in the development and expansion of culturally appropriate Indigenous post-secondary education systems and models.

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