

2018 FEDERAL BUDGET SUMMARY

Introduction

With the release of its 2018 Budget on February 27th, the federal government made real progress on its 2016 election commitment to connect more low-income and vulnerable Canadians to their benefits.

Presented by the Hon. Bill Morneau, Minister of Finance, the Budget contained significant measures to: improve Canada Revenue Agency (CRA) service delivery, enrich and automate access to the Working Income Tax Benefit, double investment in the Community Volunteer Income Tax Program, further expand some Canada Pension Plan (CPP) benefits, and improve access to the Canada Child Benefit and other benefits for Canada's Indigenous Peoples and other vulnerable groups.

Prosper Canada will be working with the CRA to see how it and ABLE Financial Empowerment Network members can support proposed new initiatives to connect more Canadians with low incomes to their benefits.

The following is a summary of Budget initiatives to advance financial empowerment, as well as other initiatives aimed at fostering inclusion and equity.

Readers can access the full 2018 Budget Plan [here](#) and the Minister's Budget Speech [here](#).

Expanded and more accessible benefits

1. Making the Working Income Tax Benefit more generous and accessible

The government proposes to rename the **Working Income Tax Benefit** the **Canada Workers Benefit (CWB)** and to make it more generous and accessible in 2019.

These changes represent an additional **\$1 billion** in CWB spending in 2019 relative to 2018, benefiting over **two million** low-income working Canadians and helping to lift an estimated **70,000** individuals out of poverty. Benefit increases include:

- Increase maximum benefits by up to \$170 in 2019
- Increase maximum CWB disability supplement by \$160
- Increase income level at which benefits are phased out completely to \$24,111 from \$21,000

As a result of these changes, a low-income worker earning **\$15,000** annually would receive nearly **\$500** more in 2019 than 2018.

CRA will also now be allowed to automatically determine eligibility for the CWB. As a result, an estimated 300,000 additional low-income filers will receive the CWB in the 2019 tax year.

The government will also work on improving delivery of CWB to provide better support throughout the year, rather than just through annual tax refunds. It will also continue to work with provinces to harmonize benefits to smooth the transition from social assistance to work.

2. Strengthening and improving access to the Canada Child Benefit

The **Canada Child Benefit (CCB)** will be fully indexed to inflation beginning July 2018, as announced in the government's *Fall Economic Statement*.

The government will also invest \$17.3 million over three years, beginning in 2018-19, to expand outreach efforts to Indigenous communities and to conduct pilot outreach activities to urban Indigenous communities

3. Improving access to the Canada Learning Bond

The federal and Ontario governments are partnering to integrate Registered Education Saving Plan (RESP) referrals into Ontario's online birth registration process to improve take-up of the Canada Learning Bond. Parents will be able to open an RESP at the same time as they apply for other services.

4. Enhancing the Canada Pension Plan (CPP) to provide a more secure retirement

Federal and provincial governments have agreed in principle, beginning in 2019-20, to:

- Increase retirement benefits under CPP Enhancement for parents who take time off to care for young children and for persons with severe and prolonged disabilities. When calculating the retirement pension, these groups will be credited with an amount linked to their previous earnings for periods spent out of the workforce or periods with low earnings.
- Raise survivors' pensions for individuals under 45 who lose their spouse by providing a full survivor's pension instead of the current reduced amount linked to widow/widower's age
- Provide a disability benefit top-up to retirement pension recipients under age 65 who are disabled and meet eligibility requirements
- Increase death benefit to its maximum value of \$2,500 for all eligible contributors

Legislation to effect these changes will not affect CPP contribution rates.

5. Improving Canada Revenue Agency (CRA) client services

The federal government will undertake a comprehensive review of CRA's service model, examining all aspects of their work to ensure Canadians are treated like valued clients.

At the same time, the government will make immediate investments to improve the quality and availability of services. Starting in 2018/19, these investments will total \$206M over five years, with a further \$33.6M annually on an ongoing basis, to enhance service in three key areas:

- **Enhancing the Community Volunteer Income Tax Program (CVITP):** The government will double the size of the program, including funding for additional year round benefit clinics and more outreach activities to vulnerable populations, including seniors, newcomers, people with disabilities, youth and Indigenous communities.
- **Improving telephone services:** New funding will be allocated to add more agents and improve telephone technology to reduce service delays and make services more timely and responsive. CRA will also improve agent training and monitoring to ensure Canadians are receiving correct information.
- **Strengthening online services:** The government will modernize CRA's information technology infrastructure to provide a more user friendly experience for tax filers.

6. Enhancing the Wage Earner Protection Program

The government will amend the **Wage Earner Protection Program Act** to increase the maximum payment under the program to seven weeks of Employment Insurance (EI) insurable earnings from four. Additional changes will make program eligibility more equitable, so that workers who are owed wages, vacation, severance or termination pay receive greater support when their employer files for bankruptcy or receivership.

7. Advisory Council on the Implementation of National Pharmacare

The government is creating an **Advisory Council on the Implementation of National Pharmacare**. Dr. Eric Hoskins, who recently served as the Minister of Health of Ontario, will chair this initiative. He and board members will begin a national dialogue that will include working closely with experts from all relevant fields as well as with national, provincial, territorial and Indigenous leaders. The Advisory Council will report to the federal Minister of Health and the Minister of Finance and will conduct an economic and social assessment of domestic and international models, and will recommend options on how to move forward together on this important subject.

Making employment insurance more responsive and effective

8. Expanding Employment Insurance (EI) parental leave

The government will invest \$1.2B over five years to establish a new **EI Parental Sharing Benefit** designed to promote greater gender equality, starting in 2018-19. The new benefit will provide up to five weeks of additional "use it or lose it" EI parental benefits when both parents agree to share parental leave. The benefit is expected to be available by June 2019 to all eligible two-

parent families, including adoptive and same sex couples, at any point following the arrival of their child.

9. Improving Employment Insurance (EI) delivery

The government will invest up to **\$90M** over **three** years for EI claims processing and service delivery, starting in 2018-2019. Funding will be linked to EI claim volumes and will help ensure responsiveness to changing economic conditions. The government will also invest **\$127.7M** over **three** years starting in 2018-19 to improve EI call centre accessibility.

10. Improving working while on claim

The **Employment Insurance (EI) Working While on Claim** pilot project allows claimants to keep 50 cents of their EI benefits for every dollar they earn, up to a maximum of 90 per cent of the weekly insurable earnings used to calculate their EI benefit amount. This pilot project is scheduled to expire in August 2018. The Government proposes to amend the **Employment Insurance Act** to make the current **EI Working While on Claim** pilot rules permanent, providing **\$351.9 million** over **five** years, starting in 2018–19, and **\$80.1 million** per year ongoing.

11. Helping workers in seasonal industries

The government will invest **\$80 million** in 2018–19 and **\$150 million** in 2019–20 through federal-provincial **Labour Market Development Agreements** to test new approaches to better assist seasonal workers. In the coming months, the government will work with key provinces to co-develop local solutions that can be tested to support workforce development. Employment and Social Development Canada will also reallocate **\$10 million** in existing resources to provide immediate income support and training to unemployed seasonal workers to ensure they have access to the supports they need when they need them most.

Financial services and consumer protection

12. Enhancing consumer protection in banking

The government has undertaken a comprehensive review of the consumer protection framework. Budget 2018 proposes to introduce legislation that would strengthen the **Financial Consumer Agency of Canada's** tools and mandate and continue to advance consumers' rights and interests when dealing with their banks. New legislation will be developed through targeted consultations with stakeholders, including provinces and territories.

13. Modernizing the financial sector framework

The government will introduce legislative amendments to implement targeted proposals from the 2017 review of Canada's **financial sector framework**. Priority amendments would adapt the

legislative framework and facilitate greater partnering in response to the emergence of financial technology (fintech). Proposed changes would include:

- Greater flexibility for financial institutions to undertake and leverage broader fintech activities that enable the delivery of financial services in new and innovative ways;
- Permitting life and health insurance companies to make long-term, predictable infrastructure investments;
- Providing prudentially regulated deposit-taking institutions, such as credit unions, flexibility to use generic bank terms, subject to disclosure; and
- Renewing the sunset date in the federal financial institutions statutes.

Evidence-based policy making

14. Investing in poverty measurement

The government will invest **\$12.1M** over **five** years and **\$1.5M** annually thereafter to address gaps in poverty measurement in Canada. This includes ensuring poverty data is inclusive of all Canadians, data on variable dimensions of poverty are captured, and the data is robust and timely.

15. Addressing gender and diversity gaps in data

The government will invest **\$6.7M** over **five** years starting in 2018-9 and **\$0.6M** annually thereafter to create a new **Centre for Gender, Diversity and Inclusion Statistics**. Its purpose will be to address gender and diversity gaps in gathering data and to better use data. The Centre will maintain a public gender based analysis data hub called GBA+ to support evidence-based policy development and decision-making within the federal government and beyond.

The government will also provide **\$1.5M** over **five** years starting in 2018-19, and **\$0.2M** annually thereafter to Finance Canada to work with Statistics Canada and Status of Women to develop a broader set of indicators and statistics to measure and track Canada's progress on achieving shared growth and gender equality objectives.

Strengthening gender equity

16. Introduction of pay equity in federally regulated sectors

The government's 2018-19 Budget legislation will establish legislated pay equity for federally regulated sectors covering about **1.2 million** individuals.

17. Supporting women's community organizations

Status of Women Canada will receive **\$100M** for its **Women's Program** to increase organizational and sector capacity through ongoing training, skills development and community

engagement. This funding will make more funds available to organizations focused on vulnerable women, including Indigenous women, women with disabilities, LGBTQ2 and newcomer and migrant women.

18. Creating career pathways for visible minority newcomer women

The government will invest **\$31.8M** over **three** years on a pilot basis, starting in 2018-19, to support programming to reduce employment barriers for newcomer women who are also members of visible minority communities.

Achieving better results for Indigenous Peoples

19. Ensuring That Indigenous children are safe and supported in their communities

The government will provide more than **\$1.4 billion** in new funding over **six** years, starting in 2017–18, for **First Nations Child and Family Services**. This investment will address the funding pressures facing child and family service agencies, while also increasing prevention resources for communities so that children are safe and families can stay together.

20. Clean and safe drinking water on reserve

The government will provide an additional **\$172.6 million** over **three** years, beginning in 2018–19, to improve access to clean and safe drinking water on reserve. This funding will result in **25** additional projects being completed by 2020 rather than 2021, and support repairs to high-risk water systems to prevent additional long-term drinking water advisories. In addition, it will assist efforts to recruit, train, and retain water operators, and establish innovative First Nations-led service delivery models.

21. Indigenous Skills and Employment Training Program

To help close the employment and earning gaps between Indigenous and non-Indigenous people, the government will invest **\$2 billion** over **five** years, and **\$408.2 million** per year ongoing, to support the creation of a new **Indigenous Skills and Employment Training Program**, which will replace the **Aboriginal Skills and Employment Training Strategy**. This includes incremental investments of **\$447 million** over **five** years, and **\$99.4 million** per year ongoing, and a stronger focus on training for higher-quality, better-paying jobs rather than rapid re-employment. New funding will help approximately **15,000** more clients gain greater skills and find jobs that will support their long-term career success. Recognizing the importance of addressing the unique needs of First Nations, Inuit and the Métis Nation, the new program will provide:

- **\$1.1B** over **five** years and **\$235.7M** per year ongoing for a **First Nations** stream
- **\$325M** over **five** years and **\$67M** per year ongoing for a **Métis Nation** stream

- \$161.2M over five years and \$32.6M per year ongoing for an Inuit stream
- \$213.4M over five years, and \$45.2M per year ongoing for an urban/non-affiliated stream.

22. Support for distinctions-based housing strategies

Through Budget 2017 and Budget 2018 investments, the government will provide dedicated funding to support distinctions-based housing strategies:

- \$600M in new funding over three years to support housing on reserve as part of a 10-year First Nations Housing Strategy
- \$400M in new funding over 10 years to support an Inuit-led housing plan in Nunavik, Nunatsiavut and Inuvialuit
- \$500M over 10 years to support the Métis Nation's housing strategy.

23. Increased health supports for residential school survivors and their families

The government will provide \$248.6M over three years, starting in 2018–19, for services, including mental health and emotional supports to survivors and their families for the duration of the Indian Residential School Settlement.

24. Creating a more responsive income assistance program for First Nations communities

The government will provide \$78.4M over two years for case management services to help individuals transition from income assistance to employment and education.

25. Indigenous early learning and child care framework

The government is co-developing an Indigenous Early Learning and Child Care Framework with Indigenous Peoples. \$360M over three years was committed for this initiative, starting in 2017-18.

26. Supporting successful implementation of the First Nations Land Management Act

The government will invest \$143.5M over five years, beginning in 2018–19, and \$19M per year ongoing, to support the expansion of the First Nations Land Management Act and the successful participation of First Nations under the Act. This funding will allow 50 more First Nations to enter into the Land Management Regime, while providing pre-readiness support and capacity development to ensure their successful participation. The First Nations Land Management Act and associated Land Management Regime empower First Nations to exercise their jurisdiction by opting out of antiquated Indian Act provisions related to land management and replacing them with their own laws.

27. Supporting the recognition and implementation of rights and self-determination

Budget 2018 outlines new steps the government will take to increase the number of modern treaties and self-determination agreements in a manner that reflects a recognition of rights approach. These changes will shorten the time it takes to reach new treaties and agreements, at a lower cost to all parties. Starting in 2018–19, Indigenous participation in modern treaty negotiations will be funded through non-repayable contributions, rather than loans. The government will engage with affected Indigenous groups on how best to address past and present negotiation loans, including forgiveness of loans. The government will also invest **\$51.4M** over the next **two** years to continue its support for federal and Indigenous participation in the **Recognition of Indigenous Rights and Self-Determination** discussion tables.

28. Supporting Indigenous history and heritage

The government will provide **\$23.9M** over **five** years, starting in 2018–19, to **Parks Canada** to integrate Indigenous views, history and heritage into the national parks, marine conservation areas and historic sites managed by that agency.

29. Indigenous sport

The government will invest **\$47.5M** over **five** years and **\$9.5M** per year ongoing, to expand the use of sport for social development in more than **300** Indigenous communities. This initiative will help to scale up a highly successful model developed by Right To Play that has led nearly 90 per cent of participants to have a more positive attitude toward school and a greater sense of identity. As this initiative is implemented, the government will look for opportunities to profile excellence among Indigenous youth in sport.

Expanding youth employment

30. Expanded Canada Summer Jobs Program

The government will invest an additional **\$448.5M** over **five** years, starting in 2018-19, in Canada's **Youth Employment Strategy**. This will double the number of job placements funded under the **Canada Summer Jobs Program** in 2019-20 and provide additional resources for a renewed **Youth Employment Strategy** that will be announced over the course of next year, building on advice from the Expert Panel on Youth Employment.

Protecting temporary foreign workers

31. Protecting temporary foreign workers

The government will invest **\$194.1 million** over **five** years, beginning in 2018–19, and **\$33.19 million** per year ongoing, to protect and enforce temporary foreign workers' rights. Funding will

support unannounced inspections under the **Temporary Foreign Worker Program**, the continued implementation of the **International Mobility Program** compliance regime, and the ongoing collection of labour market information related to open work permits.

The government will also reallocate **\$3.4 million** in existing Employment and Social Development Canada resources over **two** years, beginning in 2018–19, to pilot a network of support organizations for temporary foreign workers dealing with potential abuse by their employers. This network would support workers in reporting wrongdoing and provide information on their rights.

Affordable housing

32. Improving supply of affordable rental housing

The government will increase the amount it provides for low-cost loans under the Rental Construction Financing Initiative from **\$2.5B** to **\$3.75B** over the next **three** years to address the needs of modest and middle-income families in expensive housing markets. This investment is expected to spur the creation of **14,000** new rental units.

Strengthening voluntary sector organizations

33. Support for community programs to access federal government contracts/grants

The government will reallocate **\$7.8M** of Employment and Social Development Canada funding over **five** years, starting in 2018-19, to help community organizations supporting vulnerable populations to build their capacity to pursue government contracts and maximize available funding opportunities.

34. Regulating political activities of charities

The government will formally respond to its expert panel consultation report in the coming months.