



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Mike Morrice

Member of Parliament
Kitchener Centre

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance

October 29, 2024

Dear Minister Freeland,

In advance of your government's upcoming Fall Economic Statement, I'm writing you today to raise and urge you to act on six critical priorities from my community.

In acknowledgment this is not a full budget, I've chosen to focus on pragmatic and reasonable measures that I'm hopeful will be given strong consideration. While each would have a significant impact on priority areas like affordability, poverty reduction, and the climate crisis, they all either build on existing promises made by your government or extend initiatives you have already undertaken:

1. Fix the Canada Disability Benefit

The Canada Disability Benefit (CDB) is a massive opportunity to substantially improve the quality of life of Canadians with disabilities, who disproportionately live in poverty across the country. However, the proposed benefit amount, currently capped at \$200 per month, falls significantly short of the needs of the disability community. Recent modeling by the Canadian Centre for Policy Alternatives (CCPA) shows only 10,000 people would be lifted above the poverty line from the proposed benefit, based on current Disability Tax Credit (DTC) counts. Additionally, the application process, which includes complex requirements including obtaining a DTC certificate, introduces additional significant barriers for individuals who already face far too many.

To genuinely lift people with disabilities out of legislated poverty, the CDB must be funded at a level that meets the true needs of the disability community, including consideration for increased expenses they often face. The application process should be streamlined by automatically enrolling recipients of provincial and territorial disability programs, as well as those on CPP Disability.

The CCPA analysis found a benefit worth \$9,000 per year with expanded enrollment would potentially lift 278,000 people with disabilities and their family members out of poverty, costing just over \$8 billion. In contrast, it is projected that benefits for seniors which your government has compared the CDB to - such as Old Age Security and the Guaranteed Income Supplement - will amount to \$85.3 billion in 2025-26, providing support to more than 6.8 million Canadians.

To appropriately fund the CDB to at minimum lift all Canadians with a disability above the poverty line, I urge you to redirect subsidies currently provided to the oil and gas sector - which accounted for over \$18.5 billion in 2023 alone. This would ensure the CDB is adequately resourced to fulfill your government's own promise of this benefit lifting hundreds of thousands out of poverty as was expressed in the Throne speech and other interventions in the House of Commons.

2. Expand GST/HST Relief to Non-Profit Homeownership

Amid a housing crisis, it is unacceptable that non-profit affordable housing providers often pay more in fees and taxes to governments than they receive in funding to support the construction of affordable homes. While your government has acted to ensure for-profit developers benefit from HST exemptions on rental properties, non-profit organizations focused on affordable homeownership have not been provided similar relief.

Currently, Habitat for Humanity pays an additional \$15,000 to \$80,000 in GST/HST per home, limiting their ability to deliver more affordable housing. Habitat estimates for every 100 homes delivered, they could build an additional five to 20 homes if exempt from these costs. Exempting or deferring GST/HST on non-profit affordable ownership homes would only result in a 0.1% to 0.5% reduction in total government revenues from GST/HST on new homes.

This lost revenue could be directly offset by ending the \$300 million tax exemption for Real Estate Investment Trusts (REITs), which contribute to rising housing prices by buying up existing properties and raising rents.

I strongly encourage you to support the expansion of GST/HST relief to include non-profit affordable ownership housing in the upcoming Fall Economic Statement to help address the housing crisis effectively.

3. Enhance Funding for the Substance Use and Addictions Program

The poisoned drug crisis continues to devastate communities nationwide, with hotspots like mine not receiving their fair share of funding. In Waterloo Region, 72 lives have already been lost this year - accounting for 5% of all drug-related deaths in Ontario - yet we received zero federal Substance Use and Addictions Program (SUAP) dollars in the most recent funding allocations despite multiple applications from our community.

Despite clear evidence of the effectiveness and cost savings of harm reduction and treatment programs, critical initiatives supported by SUAP are facing closure due to a lack of federal funding, like Sanguen Health Centre's mobile community health van which serves 600 people each week.

Communities like mine cannot be left without life-saving care. The federal government must augment SUAP funding in the Fall Economic Statement, and direct additional funds to hotspots heavily impacted by the poisoned drug crisis, such as Waterloo Region.

4. Make Life More Affordable by Applying the Canada Recovery Dividend to Oil and Gas Companies

Canadians are facing both a growing affordability crisis and the worsening impacts of climate change, while oil and gas companies continue to profit at their expense. In 2022, fuel prices were inflated by an additional 18 cents per litre in pure profit, allowing these companies to rake in tens of billions in record profits.

To address both crises, I continue to call on the government to extend the Canada Recovery Dividend to the oil and gas sector, as outlined in Motion 92 and as other jurisdictions around the world have already done. A PBO report on this motion shows a 15% windfall tax on profits exceeding \$1 billion would generate \$4.2 billion in 2022 alone. These funds could be reinvested into solutions that address both climate and affordability such as:

- expediting the return and expansion of the Greener Homes Grant program;
- providing incentives for folks living in energy poverty to receive heat pumps installed at no cost; and
- improving public transit by immediately putting in place the Permanent Public Transit Fund, and expanding it to cover public transit operations, with an extra \$3 billion annually beyond current commitments.

Given the oil and gas sector's significant contribution to the climate crisis, it is both economically and morally imperative that the government hold these major polluters accountable. The revenue generated from this tax would also provide crucial support to Canadians struggling with the rising cost of living.

5. Address the Infrastructure Gaps in First Nation Communities

First Nation communities across Canada have long faced inadequate infrastructure, leading to severe disparities in living conditions. For example, Six Nations of the Grand River – Canada's most populous First Nation – still lacks access to clean drinking water for 70% of its residents due to a lack of basic infrastructure. Moreover, their Gane Yohs community health centre has been closed indefinitely due to severe black mold, leaving Six Nations without a critical healthcare facility. Such gaps have led to an estimated \$1.6 billion infrastructure shortfall in the community, an issue that many First Nations face across the country. The PBO estimates spending on water

and wastewater operation and maintenance will only meet two-thirds of the required financial needs, indicating an average annual shortfall of \$138 million necessary for the operation and upkeep.

These failures run contrary to Canada's commitments under the Truth and Reconciliation Commission's Calls to Action #18-24 and the National Inquiry into Missing and Murdered Indigenous Women and Girls' Calls for Justice #3 and #4.

It is essential that the federal government allocate funding and supports to address infrastructure deficits, honouring Canada's promise to advance reconciliation and improve living conditions for First Nation peoples.

6. Advance Equity in Federal Arts Funding

Canada's arts and culture sector is a vital part of our national identity, yet significant disparities exist in the distribution of federal arts funding.

Based on 2022-2023 data from the Canada Council for the Arts, Waterloo Region received only \$3.39 per person in funding, compared to an average of \$18.30 per capita in Montreal, Winnipeg, and Vancouver – more than a five-fold difference. This shortfall has tangible consequences, as demonstrated by the recent closure of the KW Symphony, and will continue to impact artists and arts organizations unless systemic inequities are addressed.

To address this funding gap, I've proposed two key recommendations in Motion 129. First, invest an additional \$140 million to permanently return to the Canada Council for the Arts' 2021 granting budget of \$500 million. Second, to apply the Regional Development Agency model, already used to distribute economic development funds more equitably across the country, to ensure a fairer distribution of arts funding. These measures would empower local artists and creatives to thrive and contribute to the cultural and economic vibrancy of their communities. I urge you to include both of these measures in the upcoming Fall Economic Statement.

I look forward to continuing working with you on these key priorities, amongst others. I would be glad to discuss any of the above further with you and members of your team. Thanks for the work you do in service to Canadians.

Sincerely,



Mike Morrice,
MP for Kitchener Centre