

Rising to the Challenge: Building a Resilient Economy and Strong Communities by Meeting the Essential Needs of People in Canada

With the United States levying 25% tariffs on Canadian exports, businesses, individuals, families and communities are bracing for severe economic and social impacts. Unlike the deep but short economic impact of the COVID-19 pandemic, this trade war and the associated uncertainty created around investment in Canada's economy has the potential to instigate a restructuring of our economy with lasting impacts on employment and on household incomes.

At United Way Centraide, we know that economic hardship leads to social hardship. This trade war will lead to job loss, increased cost of living, and poorer health and wellbeing of individuals and their families. This means more people in Canada will find themselves in need of help – many for the first time – at a time when demand for essential community services is already at an all-time high.

We also know that Canada is a country of abundance, not scarcity. We are immensely diverse, talented and creative, and we have enormous resources at our disposal. We have the assets to maintain and build a prosperous economy for all. People in Canada are proud and caring, and we will stand up for and support our businesses, workers, families, friends, and neighbours – especially those made most vulnerable by the inequities in our society.

As the Prime Minister and Premiers have highlighted, challenging times lie ahead for businesses, workers and communities. At times of social and economic crisis, Canada's essential community services have always been the first to mobilize to deliver urgent supports in our communities from coast to coast to coast.

As our Federal, Provincial and Territorial Governments prepare responses to support business and workers to cope with the impact of tariffs and to diversify our economy, we must also invest in essential community services which are already mobilizing to meet the essential needs of people across Canada and to ensure they can thrive into the future. We must also ensure any economic and infrastructure investments made during this time have a direct, lasting benefit for Canada's workers and communities.

Canada's Tariff Response Must Include Investments in Essential Community Services, Employment and Income Support Programs and Investment in Community Infrastructure

As Canada grapples with unprecedented economic uncertainty, strategic federal investment is required to ensure no one is left behind. A Made-in-Canada tariff response package must include investments in essential community services which will be more in demand during this crisis than at any period since the COVID-19 pandemic. Such services provide people with secure access to food, prevent homelessness and evictions, provide community-based child-care and support employment transitions. Many people affected by this trade war will find themselves in need of community services for the first time and will also need support to navigate the available community programs and government income supports.

During the pandemic, the federal government quickly enacted Made-in-Canada solutions to shield community members and businesses from descending into deep crises. Strategic investments in programs such as the New Horizons for Seniors Program, Emergency Community Support Fund, Canada Emergency Wage Subsidy and the Canada Child Benefit were critical to stabilizing incomes and businesses, to meeting people's basic needs and in stopping the spread COVID-19. Recovery programs that followed, including the historic Community Services Recovery Fund, contributed to greater operational resilience in the nonprofit and charitable sector and can serve as a model for investments in sector capacity to boost productivity.

Building on the lessons learned from Canada's pandemic response programs, a strong Made-in-Canada response that targets strategic investments in local community success will help to boost short and long-term productivity and help protect and preserve our economic strength.

Recommendations

Immediately invest in the direct community-based services people across Canada, are, and will continue to, turn to

- **Invest \$500 million in the essential community services that provide direct benefit to workers, individuals and families** that will be struggling to meet their basic needs.ⁱ

This fund can achieve several objectives:

- Expand provision of basic needs support.
 - Prevent homelessness by investing in Rent Banks to prevent evictions and by implementing measures to support homeowners, particularly low- and moderate-income workers affected by tariffs and those on fixed incomes struggling with the rising cost of living.
 - Boost the productivity of community service organizations by ensuring they have the staffing capacity and employee supports to address sustained higher demand.
 - Enhance access to employment training and transition programs.
- **Build on the success of pandemic response programs by entrusting community-based intermediaries to leverage their on-the-ground expertise and knowledge to distribute federal funding quickly and efficiently** to meet basic needs and enhance organizational capacity and contributions to the economy.

Expand income support and peer-led labour adjustment programs for laid off workers

- **Improve the level of Employment Insurance benefits and enhance eligibility** through flexible criteria that responds to this moment and to the evolution of employment in Canada so all affected workers can access adequate benefits.
- **Implement targeted increases to income security programs**, such as the Canada Child Benefit and the GST/HST Rebate, recognizing the increased cost of goods and services will hamper affordability for low-and middle-income households.
- **Invest in expanding specific workplace, regional or sectoral peer-led labour adjustment programs** so that workers facing temporary or permanent layoffs due to the trade war are supported in identifying and navigating government support programs, social support programs and opportunities to build new skills for new, in-demand careers.

- **Invest in the capacity of the 2-1-1 community navigation** service to support community members seeking community services and government income and re-training programs to ease the burden on Service Canada and other services.

Invest in Community Infrastructure

- **Boost Canada’s productivity by investing in building vital community assets** such as community hubs, community centres and nonprofit housing to provide local jobs, help community agencies benefit from the efficiencies of co-location and shared services, and to increase availability of affordable housing.
- **Maximize the return on infrastructure investments by implementing Community Benefit Agreements** so that any infrastructure spending can realize additional social and economic benefits, such as job creation, training and apprenticeships and procurement opportunities for local businesses and social enterprises.

Unlock the Generosity of Donors

- **Incentivize people in Canada to “Give Local” by implementing a government donation matching program** for individuals and corporations giving to local, community-based charities and nonprofits.

Conclusion

The United Way Centraide network is ready and willing to work with the federal, provincial and territorial governments to support communities and strengthen our economy and social solidarity at this challenging time.

As the biggest non-government funder of human and community services in Canada, we proudly support an ecosystem of over 4,700 essential local community service organizations in 5,000 communities and work collaboratively with community service organizations, all levels of government, business and labour partners to meet basic needs and solve complex social problems. We will always step up to do what it takes to ensure everyone in every community has the opportunity to meet their full potential.

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ⁱ This estimate is based on application data for emergency pandemic funding from community service organizations. In the case of the \$350 M Emergency Community Support Fund, the demand for funding for applications to United Way Centraides across the country was over 200% of the available funds. Given the high degree of uncertainty around the economic and social impacts of the current trade war, the level of funding for community services will need to be calibrated to the length of this crisis and the social and economic impacts experienced by communities.