

CUPE Submission to the House of Commons Standing Committee on Finance

Pre-Budget Consultations
2016/17 Federal Budget
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Introduction

The Canadian Union of Public Employees (CUPE) is Canada's largest union, representing 635,000 workers. Our members deliver frontline services in municipalities, health care, social services, schools, universities and many other sectors. CUPE members take great pride in delivering quality public services – and with incomes close to the Canadian average depend crucially on quality public services to maintain their standard of living, as do all Canadians.

Canada's economy has faltered more than any other major nation this past year. The plunge in oil prices has exposed the deep cracks and imbalances that developed in recent decades. We had a mini-recession last year and with unemployment rising sharply we could have another more serious recession soon. Rising household debt increases our financial instability and the risk of another financial crisis. Inequalities and imbalances are holding back our economic growth, which is far lower than previous recoveries. It will take time to repair and rebuild our economy.

Increased stimulus spending and investment in infrastructure is necessary, but not sufficient. We need concerted action over the short-term but also fundamental restructuring. We won't be able to achieve sustained growth unless we work together to diversify and grow our economy, focus on generating good quality jobs, increase equality and make the transition to a more productive lower carbon economy.

In particular, we need:

- More and better quality jobs, with decent wages and benefits
- A diversified, innovative and sustainable economy
- Stronger public services and social protections
- Fairer taxes

We wholeheartedly welcome the new federal government's commitment to open, transparent and inclusive government and to consulting with a broad range of stakeholders. Annual budget and other direct consultations are important, but we also need to rebuild the national organizations that bring together diverse stakeholders—including employers, labour unions, educators, Indigenous Canadians and others—to develop collaborative solutions to move our country forward.

Rebuild our economy with diversified sustainable growth and good jobs

We strongly support the federal government's commitment to increase infrastructure funding, particularly for public transit, green infrastructure, and social and community infrastructure. It's important these contribute to sustainable growth and benefits be shared broadly.

The Green Economy Network is proposing a plan with investments in public transit, energy efficiency and renewable energy that would reduce Canada's emissions by a third and generate an estimated one million person years of quality employment over a decade.

One of the best ways for governments to show environmental leadership is to ensure all public buildings and facilities are constructed or retrofitted to high environmental and energy efficiency standards.

All federal infrastructure funding should involve consideration of environmental impacts and impacts on greenhouse gas emissions. Ultimately this should involve strict requirements but to not delay funding, we support provision of additional incentive funding for projects that achieve specific criteria or emission reductions.

CUPE also urges the federal government to establish a dedicated fund to support public wastewater infrastructure investments required to meet new national wastewater regulations. The need for clean water and water infrastructure is especially critical for First Nations communities. The 2014 budget reduced the bi-annual allotment for this; it should be increased.

We strongly support investment in social infrastructure including public and non-profit affordable housing, transition homes, child care centres, seniors' facilities and cultural, recreational and community facilities. The economic activity associated with infrastructure investments should also provide broader social and economic benefits and help create good jobs for all. This can also be achieved by requiring recipients of funding and contracts to meet specific requirements including providing decent wages, labour rights, pay equity, opportunities for apprentices and equity-seeking groups, and high standards of corporate responsibility. This could initially involve incentives with additional funding for projects that meet certain criteria. Infrastructure funding should also be subject to a gender-based analysis along with other federal government programs, as the Auditor General called for six years ago.

Public infrastructure should be publicly financed and operated. We commend the government's commitment to not require public transit fund projects to be public-private partnerships (P3) and to remove the "P3 screen" for Building Canada Fund projects. As Ontario's Auditor General reported, P3 projects cost far more than if they were publicly financed and operated. The higher cost of P3s is

already leading to cuts to frontline public services. We also urge the federal government to eliminate PPP Canada Inc. and redirect the \$1.25 billion P3 Canada Fund to public infrastructure projects. The proposed Canada Infrastructure Bank shouldn't be used as vehicle to subsidize higher cost private finance. Consistent with the new federal government's commitment to openness and transparency, it should implement comprehensive P3 accountability and transparency legislation.

We welcome the government's commitment to improve Employment Insurance by eliminating the 910 hour rule for new entrants, reverse the 2012 changes that forced claimants into lower paid jobs and move away from their homes and reduce the waiting period for benefits. With unemployment rising rapidly in some regions, we urge the government to implement these changes immediately and to restore fairness to the governance, adjudication and appeals process.

We need a better national approach to training and labour force development. The government must stick to its commitment to increase funding through Labour Market Development Agreements and restore funding for literacy and essential skills training for workers not eligible for EI.

Additional amounts should also be invested in training for youth and Indigenous Canadians, in partnership with unions.

Over 40 percent of Canadians lack the literacy skills needed in workplaces. We urge the federal government to restore and maintain core funding for literacy and essential skills programs and organizations across Canada, including the Office of Literacy and Essential Skills (OLES). Literacy and essential skills should be integrated in pre-apprenticeship and skills training and be core parts of a well-funded pan-Canadian training strategy and of the Poverty Reduction Strategy.

Training should be accessible for all workers, whether through training levies, mandating training through the *Canada Labour Code* and employment standards, or allowing EI funds for training leave and work-related apprenticeship and education programs for unemployed workers.

Quality and affordable public child care and education for all

Finding safe, accessible and affordable quality child care is one of the most stressful challenges for parents of young children. It's very difficult for parents to judge quality of child care services, especially private care, and its high cost and limited availability puts parents in a bind. Almost 80 per cent of Aboriginal children are without affordable care.

Our lack of affordable, quality child care also hurts our economy. Numerous studies have confirmed the economic and social benefits of quality child care (ECEC). It generates more jobs than any other sector, returns an estimated two

dollars in benefits to society for every dollar invested, and can pay for itself in fiscal terms.

As a priority CUPE urges the federal government to work with provinces and territories to establish and fund a national affordable, high quality and public/non-profit ECEC system. This should be consistent with the shared framework developed by child care advocates and support distinct ECEC systems for Indigenous communities, as called for by the Truth and Reconciliation Commission.

The social infrastructure fund should include an allotment for ECEC consistent with this approach. Funding should also be made available to improve wages, working conditions and training for child care workers, which will help attract additional qualified workers to the sector.

CUPE is in support of reducing and ultimately eliminating undergraduate and college tuition fees.

If the federal government covered half of this, it could be financed largely by the cost of education-related tax credits, loan-based financial assistance and RESPs.

Ensure decent pensions for all

Only one-third of working Canadians have workplace pensions and a declining share are secure defined benefit plans. Fewer than 25 per cent of Canadians annually contribute to RRSPs, which are an expensive, high risk and inadequate way to save for retirement. About half middle-class baby boomers will experience a drop in living standards when they retire.

Improving and increasing benefits through the Canada Pension Plan (CPP) is a top priority for CUPE and all workers. While the main beneficiaries would be non-unionized workers, employer-driven changes to workplace pensions are an increasingly cause of conflicts in bargaining and of work stoppages. Inadequate universal national public pensions also impede mobility, another cost for the economy.

We welcome the new federal government's commitment to enhance the CPP. The status quo, doing nothing, shouldn't be an option. We urge the federal government to demonstrate leadership in achieving a universal expansion of the CPP instead of deferring to piecemeal and provincial measures.

We also strongly support keeping the age of eligibility for Old Age Security and the Guaranteed Income Supplement (GIS) at 65 years and urge the government to enact in this budget. GIS benefits should be increased so no senior lives in poverty: we commend the government's commitment to increase these.

Improve and expand public health care

Canada's universal Medicare system is our most cherished public program. Better quality public health care also helps businesses compete, creates jobs and improves productivity, with improved health care responsible for 25 per cent of productivity growth in recent decades.

Canada's public health care system is threatened by federal funding restrictions, program cuts, privatization and abandonment of federal leadership in improving health care. Unilateral cuts to the funding formula by the previous government will reduce provincial health care funding by more than \$36 billion – or \$1,000 per Canadian – over a decade.

We welcome the commitment to negotiate a new health accord. This should provide significant annual increases in federal funding strictly tied to improvements and expansion of the public health care system, not used by provinces and territories to fund privatized care, P3s or other purposes.

It should include:

- Stronger enforcement of national standards for health care and the *Canada Health Act*.
- A national universal prescription plan (Pharmacare), developed with provinces to keep costs affordable and expand coverage.
- Significant expansion of publicly-provided and funded continuing care, including residential long-term care, community and home care, and palliative care for seniors and others in need.
- Expanded networks of community and primary health care centres with a focus on prevention and healthy living.
- A national mental health strategy, including workplace mental health, developed with provinces with additional funding to expand access.
- Funding for refugee health care should be fully restored and increased, especially with our welcoming of Syrian refugees.

Increase tax fairness

Tax cuts since 2000 have reduced federal revenues by over \$50 billion annually. Federal government revenues are approaching a 70-year low share of GDP. The major beneficiaries of these tax cuts have been corporations and the top 1 per cent.

The federal government could increase revenues by over \$30 billion annually with a few fair tax measures and without increasing tax rates on middle and low income Canadians. Priorities for tax reform in this budget should be broadening the base by eliminating regressive tax expenditures such as the stock option

deduction, tackling international tax havens and tax evasion, and ultimately moving towards more equitable taxation of capital and corporate income.

International development and trade

Over the past few years, Canada's development assistance budget has been reduced to the second lowest ratio in our history. CUPE supports development agencies' call to commit to a ten-year timetable to increase this and to dedicate half to least developed countries, low income countries and fragile states. We oppose ratification of the Trans Pacific Partnership and other deals that expand corporate power at the expense of jobs, wages and undermine local and national democratic sovereignty.

CUPE looks forward to working with the new federal government to rebuild a more prosperous, diversified, equitable, democratic and sustainable Canada.