



Pre-Budget Consultations 2017/18 Federal Budget

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Canadian Union of Public Employees

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CUPE

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Introduction

The Canadian Union of Public Employees (CUPE) is Canada's largest union, with 639,000 members. CUPE workers take great pride in delivering quality public services in communities across Canada through their work in municipalities, health care, social services, schools, universities and many other sectors.

Canada is suffering from sluggish economic, employment, income and productivity growth; persistent inequalities; high rates of household debt; and the need to achieve greater fiscal and environmental sustainability.

Working families continue to lose ground: wages have barely kept up with the cost of living and workers are increasingly forced into precarious and "gig" type jobs with few benefits or employment security. With cuts to public services and rising house prices, this has resulted in perilous levels of household debt. Meanwhile Canada's corporate sector has over \$700 billion in cash reserves they are not investing in the economy because the demand is not there.

We commend the federal government for taking steps to strengthen the economy with increased infrastructure funding, improving Employment Insurance (EI) and public pensions, increasing funding for Indigenous Canadians, committing to address climate change, repealing anti-union legislation, introducing the Child Benefit program and some progressive tax measures.

But much more is needed to establish stronger, more equitable and sustainable economic growth. Fundamentally we need greater economic demand—investment and spending—to achieve stronger growth. This will require:

- More and better quality jobs with decent wages, employment protection and benefits;
- A more diversified, innovative and sustainable economy;
- Increased public spending, improved public services and social protections supported by fairer taxes.

Canada's sesquicentennial represents a significant milestone in our history. It is also a time of major changes in our economy. The transformation to a low carbon, more diversified and increasingly digital economy offers many opportunities, but will also involve many disruptions. We need to be proactive to best take advantage of these opportunities.

Sustained economic development requires strong linkages between business, suppliers, skilled workers, public institutions and quality public services. Innovation and change works best as a collaborative exercise in which diverse stakeholders work out collective solutions.

Key opportunities include:

Green jobs. The Green Economy Network, which CUPE supports, has developed a plan to help transform Canada's economy and create one million person years of employment with investments in greening homes and buildings, public transportation and public renewable energy. This can be financed by a progressive carbon pricing mechanism.

Strengthening labour market institutions. We need fundamental rebalancing of our economy to increase equality, generate more quality jobs with decent incomes, and a better balance between corporate and household sectors. This should involve strengthening employment standards, extending rights to collective bargaining, ensuring decent minimum, living and fair wages, and increasing social protections. These are ever more important with increased precarity of employment.

Investing in the care economy. Access to public services and care services – from childhood care to long term care – is essential for participation in the labour market and especially important for the participation of women and reducing gender pay and employment gaps. They are also important sources of new jobs.

Public Infrastructure

CUPE strongly supports increased funding for public transit, affordable housing, social, community and green infrastructure, including the clean water and wastewater fund. We look forward to working together to develop Phase 2 of the infrastructure plan to ensure it achieves the greatest social, economic and environmental return on investment and creates decent jobs for men, women, Aboriginal Canadians, racialized workers and others.

We welcome the commitment to reinstate an inclusive fair federal wages policy and to apply environmental criteria to federal procurement, but stronger leadership should be shown by requiring that all federally-funded projects also meet clear environmental and social standards.

All federal infrastructure funding should involve consideration of impacts on the environment and greenhouse gas emissions. Furthermore, contractors and subcontractors working on federally-funded projects should meet a platform of social and ethical standards, including provision of decent wages, labour rights, pay equity, representative workforces, opportunities for apprentices and high standards of corporate responsibility.

Public infrastructure should be publicly financed and operated. Public-private partnership (P3) projects cost far more than if they were publicly financed and operated as Ontario's Auditor General recently reported – and even more so now with interest rates on government bonds at historic lows. PPP Canada and provincial P3 Agencies were established to both promote and assess P3s and are biased towards P3s. The higher cost of P3s is already resulting in cuts to frontline public services and massively growing public debts and off-book liabilities. The federal government was right to remove the "P3 Screen" for Building Canada Fund projects. It should also eliminate PPP Canada, redirect the \$1.25 billion P3 Canada Fund to public infrastructure projects and introduce comprehensive P3 accountability and transparency legislation.

Direct pension fund investments in public infrastructure will come with considerably higher financing costs and higher costs for users. The proposed Canada Infrastructure Bank should not be used to benefit investors and the P3 industry at the expense of the public.

Quality affordable public early childhood education and care

One of the most important things the federal government could do to improve the quality of life of Canadians is to ensure Canadian families have access to quality and affordable early childhood education and care (ECEC).

Numerous studies have confirmed the economic and social benefits of ECEC. It generates far more jobs than other sectors, returns an estimated \$2 in benefits for every dollar invested and can pay for itself in fiscal terms.

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. Funding should also be made available to improve wages, working conditions and training for child care workers.

Health Care

We welcome the federal government's commitment to negotiate a new Health Accord. The new Accord should provide significant annual increases in funding strictly tied to improvements and expansion of public health care, 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*. Canadians across the country should have equal access to equal services;
- 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, to create a seamless system along the continuum of 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.

All new programs should involve new funding with matching federal support so they don't aggravate existing funding shortfalls.

Employment Insurance, Training and Education

We welcome the reversal of a number of the Harper government's regressive changes to EI, but they still fall short of what was committed and is needed. As was committed, we look forward to:

- More flexible and extended forms of parental leave of up to 18 months;
- More flexible and accessible compassionate care benefits through the EI system;
- Repeal of all the regressive 2012 changes, including restoring access and benefits for seasonal workers and improving the service, claims, and appeals process;
- Ensure EI provides real income security to workers including those with precarious and insecure jobs.

We also look forward to the full funding promised for skills training through the Labour Market Development Agreements, through union-based apprenticeship training and Aboriginal skills training. The projected \$1.7 billion EI fund surplus should be used to expand access through a universal 360-hour qualifying period and provide greater support to regions with high levels of seasonal work.

Core funding for literacy and essential skills programs and organizations should be restored, including for the Office of Literacy and Essential Skills. Literacy and essential skills should be integrated in pre-apprenticeship and skills training and be core parts of Pan-Canadian training and Poverty Reduction Strategies.

We support providing preventative leave for pregnant women in hazardous jobs. However, Bill C-243 may reduce the weeks of benefit available to claimants after childbirth. This program may be more appropriately funded through workers' compensation programs.

CUPE supports reducing and ultimately eliminating undergraduate and college tuition fees. The federal government could finance half of this cost by eliminating federal education-related tax credits and loan-based financial assistance.

Tax Fairness and Reform

Federal revenues would be \$40 billion higher if they were restored to the same share of the economy as they have averaged since 1967. The major beneficiaries of tax cuts since 2000 have been corporations and the most affluent one per cent – and that's where additional revenues should come from. Over \$30 billion could be generated annually from a few fair tax measures, as we've detailed elsewhere.

We commend the government for reversing some of the previous government's regressive tax changes, introducing a new top income tax rate, the Canada Child Benefit, and cracking down on tax evasion and avoidance.

We look forward to engaging in the tax expenditure review. Some of the most unfair and ineffective tax expenditures are the stock option deduction, exploitation of small business tax rates for individuals, lower rates of tax on capital gains, and corporate meals and entertainments expense deductions.

A top priority should be ensuring large corporations pay their fair share of tax. Corporate tax rates have been cut in half in the past two decades and many avoid taxes altogether through use of foreign-related entities and tax havens.

Multinational "digital economy" corporations are especially aggressive in avoiding taxes and other regulations. For instance, Uber is now one of the largest "employers" in Canada, yet pays no corporate income tax or payroll taxes. Taxes aren't charged on rides: it relies on drivers to voluntarily remit GST/HST and income taxes. Its business is

structured as a massive tax avoidance scheme yet depends entirely on publicly-funded infrastructure for its operations and has a highly unfair advantage in relation to local small and medium-sized business competitors.

Netflix isn't subject to value-added taxes or income taxes in Canada, nor does it contribute 5% of its revenues to Canadian programming as other distributors do. This means well over \$100 million less in revenues annually, unfair advantages in relation to domestic competitors, and less funding for Canadian cultural producers. Digital media providers should be subject to the same taxes and obligations applied to other media distributors.

We clearly need fundamental reforms in these and other areas to establish a fair tax system for the 21st century.

Trade and Global Development

Large multinational corporations also gain unfair advantages over smaller domestic companies through agreements such as the Comprehensive Economic and Trade Agreement, Trans-Pacific Partnership, and NAFTA that include Investor-State Dispute Settlement provisions. These allow foreign corporations to sue governments for loss of potential profits and dramatically expand large corporate power at the expense of jobs, wages, smaller and medium-sized domestic businesses—and of our sovereignty.

We oppose ratification of CETA and the TPP and strongly urge the federal government to reject them, especially given the current political circumstances of the United States and United Kingdom. Instead we should pursue agreements that focus on improving – instead of corroding – working, social and environmental conditions around the world.

In recent 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 look forward to working with Parliamentarians and the government to help create a stronger, more equitable and sustainable economy for the 21st century.

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