

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Public Service Alliance of Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The government is hampering employment growth through job cuts and stalling economic growth through reduced public spending. The Public Service Alliance of Canada is calling on the government to safeguard our national economy and invest in the strong public services Canadians need. Public services are a major contributor to the security and prosperity of our families and communities. Cuts to services undermine our safety, our health and our environment. The loss of what is estimated could amount to 55,000 public sector and 61,000 private sector jobs across the country is reducing household income and consumer spending, and will inevitably hurt the economy and businesses in our communities. For example, a February 2012 study completed by McInnes Cooper commissioned by the City of Charlottetown, the PEI government, the PSAC and the Professional Institute of the Public Service revealed that the elimination of between 10-12% of the federal workforce on the Island will generate additional non-government job losses of up to almost 300 jobs. This represents a decline in PEI's GDP of between \$50 and \$60 million. Slashing government spending in a depressed economy depresses the economy further," said Nobel Prize-winning economist Paul Krugman. Driving an austerity agenda that will result in the loss of more than tens of thousands of public and private sector jobs leads to further unemployment and stalls the economy.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Instead of investing in services that help connect young Canadians to jobs, this government is cutting them. The government cancelled the student employment centres that were run every spring across the country for more than 40 years. This at a time when the unemployment rate among Canadian youth (defined by Statistics Canada as between the ages of 15 and 24) stood at 14.5 per cent in January – nearly double the national employment rate of 7.6 per cent. Jobless youths now number 412,000, compared to 321,000 in September 2008. This short-sighted elimination of a valuable program for youth comes just months after the leaders of the G20 agreed to create a youth employment task force and stated: "We firmly believe that employment and social inclusion must be at the heart of our actions and policies to restore growth and confidence."

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Canada has developed an admirable retirement income system that has helped reduce the number of seniors living in poverty. The Canada Pension Plan and the Quebec Pension Plan, Old Age Security and the Guaranteed Income Supplement, combined with workplace defined benefit pension plans allow the

majority of today's seniors to live in dignity. An employer-sponsored pension plan is an important consideration for young workers making career choices. Yet young workers face a number of significant challenges to obtaining fair and adequate retirement income. These include burdening student indebtedness, limited entry-level employment opportunities and the establishment of two-tier compensation systems that include pensions with less generous provisions for new hires, most of whom are younger workers. The 2012 federal budget outlined measures that will hinder the ability of young workers to achieve a reasonable retirement. These include introducing a two-tier system into the Public Service Superannuation Act for the first time by increasing the retirement age to 65 for new hires and increasing the age of eligibility for OAS/GIS benefits for Canadians currently younger than 54. The federal government has a role in improving the prospects for retirement security for young workers and future generations and has obligation to do so. It can lead by example by reversing its decision to introduce two-tier benefits in both the PSSA and OAS. It can improve retirement security by, over time, doubling Canada Pension Plan benefits, increasing the GIS and introducing a national system of pension insurance.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Cuts to public services are already having a negative impact on families and communities across the country now and will continue to do so for years to come. Despite this, decisions about which services to cut where, when and how continue to be made in secret. Parliament, the media and the public have been completely shut out of this process. Good governance begins with transparency. We continue to call on the government to be transparent about what its budgets mean for workers, families, communities and the economy, and to be genuinely open to what all stakeholders – especially those who rely on public services and those who provide them – have to say. Public services reduce inequality and promote economic, social, and environmental security. Cutting those services hurts vulnerable communities first: the working poor, First Nations communities, persons with disabilities, recent immigrants, women and racialized people. The government needs to listen to these groups who were hit hardest by the economic downturn and are the first to experience the impact of program spending cuts. First Nations communities need to be heard too. They lack housing, clean water, and access to good education, all culminating in crises like we've witnessed in Attawapiskat. Cuts to the federal departments that provide services to these communities are only making the situation worse. Cuts to Service Canada – which will amount to \$276 million by March 2013 – have meant longer wait times for employment insurance (EI) benefits and Old Age Security. These cuts have been especially devastating for the most vulnerable in our country – the unemployed and seniors who rely on timely access to benefits just to get by. The government must also listen to government scientists and ensure they are free to talk about their work by reversing its decision to impose rules limiting their ability to speak to media. Canadians have a right to know about the research that their tax dollars fund. PSAC calls on the government to make evidence-based decisions. We want the government to put any further cuts on hold pending a public review of the social and economic impact of previous cuts.

