

Unifor 2018 Pre-Budget Submission

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Who We Are

Unifor is Canada's largest labour union in the private sector, representing some 315,000 workers nationwide in every major industry. Built by its members, Unifor represents Canadians in advanced manufacturing, natural resources, transportation, telecommunications and other sectors. The industries where Unifor members work are essential to the success of the Canadian economy and serve as the nation's leading centres of advanced technology and innovation. They are also Canada's top exporters and a source of increasingly scarce good jobs. Unifor members have the highest interest in the success of their industries and have a long track record of partnering with employers and governments to enhance productivity and innovation. On behalf of these members, their families and communities I welcome the opportunity to share Unifor's priorities for Budget 2019 and participate in the Standing Committee on Finance's pre-budget consultation process.

Executive Summary

Unifor believes in an active leadership role for government to develop strong and sophisticated policies that leverage strategic investments to secure long-term economic development. Our Budget 2019 submission focuses on policy priorities and budgetary investments that will retain and expand good jobs, strengthen Canadian industries, enhance labour force participation and encourage environmental sustainability.

Industrial Policy: Media

- In the media industry, Unifor recommends a variety of fiscal and legislative adjustments that will ensure the vitality and longevity of Canadian-produced news content.

Health Policy: Pharma Care

- The federal government should immediately begin implementing the recommendations from the House of Commons Standing Committee on Health report, *Pharmacare Now: Prescription Medicine Coverage For All Canadians*.

Labour Market Policy: Pay Equity

- Unifor recommends that the federal government build Gender-Based Analysis into its taxing and spending commitments and that it properly fund the infrastructure required to realize the legislative commitment to pay equity.

Social Policy: Child Care

- Unifor recommends the federal government implement a national childcare program built around four key principles: affordability, universality, high quality and cultural-inclusivity.

Climate Policy: Just Transition

- Unifor recommends a suite of labour market, social and industrial policies that will facilitate the transition off of fossil fuels—popularly referred to as 'Just Transition'—and, at the same time, that will create good jobs in the Green Economy, reduce poverty and advance environmental sustainability.

I. Industrial Policy: Media

The federal government should take decisive steps in the media landscape to defend Canada's cultural sovereignty, and in so doing, strengthen our democracy. The CRTC has mapped a regulatory path that, if followed, should ensure that Canadian film, television, radio and internet industries remain highly successful conduits of Canadian cultural content (in both official languages) and are not put in jeopardy by the economic might and scale of American technology and entertainment corporations.

Unifor supports the CRTC recommendations and urges the federal government to execute them all with deliberate speed. Unifor also supports the federal government's previous funding initiatives for the CBC and the Canada Media Fund. The federal government must also take steps so that news organizations, especially those engaged in local news, are economically viable. Unifor is confident that the government already appreciates the vital connection between journalism and democracy. Unifor recommends:

- Funding to support local news reporting, especially civic and investigative reporting, through a re-engineered Canada Periodical Fund or, alternatively, a tax credit mechanism;
- Facilitation of the Canadian news industry's reclamation of those advertising dollars lost to American technology giants through amendments to section 19 and 19.1 of the Income Tax Act, resulting in the repatriation of up to \$450 million in annual revenues and up to \$1 billion in corporate tax revenue which, in turn, should be made available to fund the cultural initiatives that the government already carries out, as well as the other initiatives recommended here;
- As the government has already committed to 'top up' up the Canada Media Fund as a result of declining cable TV contributions mandated by the CRTC, it should similarly maintain a steady level of 'local expression' funding for independent television stations;
- Amend tax laws and CRA policy to enable community and philanthropic funding of local news organizations;
- Implement a reader tax credit to incent Canadians to purchase subscriptions to Canadian news media, applicable to news organizations that meet professional standards of journalism and can demonstrate an ongoing record of original news reporting.

II. Health Policy: Pharma Care

Canada is currently the only developed country with a universal health care system that has no universal prescription drug coverage, resulting in 8.4 million Canadians who do not have prescription drug coverage. Canadians pay more for pharmaceuticals than almost any country in the world. On a per capita basis Canada's drug spending is 30 percent above the OECD average and second amongst all OECD countries, topped only by the United States. Prescription drug spending in the private sector has increased drastically over the last two decades, having risen from \$3.6 billion in 1993 to almost \$11 billion in 2015.

When it comes to prescription drug coverage, Canadians face a bewildering patchwork of programs and plans. An estimated 43 percent of spending on prescription drugs is through publicly-funded plans providing coverage for the elderly, people with disabilities, and/or low-income Canadians. A further 35 percent is funded through private insurance and the remaining 22 percent that is paid out-of-pocket by Canadians (where possible). The lack of universal access results in harm, bodily and financially, to individuals and families.

A universal national pharma care plan for Canada would improve access and affordability through bulk purchasing and negotiated pricing with drug manufacturers. A national plan would also eliminate duplication and cost-shifting amongst existing payers while promoting integration amongst health care providers. Unifor recommends:

- The voices of working people must be reflected on the new Advisory Council on the Implementation of National Pharmacare;
- The federal government should immediately begin implementing the recommendations from the House of Commons Standing Committee on Health Report, *Pharmacare Now: Prescription Medicine Coverage For All Canadians*;
- Budget 2019 must include a robust framework for pharma care with a fast-track implementation timeline.

III. Labour Market Policy: Pay Equity

The percentage of Canadian women in the workforce has radically increased over the past 30 years. However, the work done by women continues to be undervalued. Unifor has been active in pushing governments and employers to do their part to close the gender wage gap. One tool to do this is effective pay equity legislation.

In May of 2018 the Supreme Court of Canada released its decisions in two important pay equity cases. There were key victories for women's pay equity rights. In particular, the Court recognized how systemic sex discrimination creates and feeds the gender pay gap. The Court identified key protections that are needed to redress systemic sex discrimination, including: (i) access to information from the employer relevant to pay equity dispute; (ii) pay equity rights for women in female-dominated workplaces, including women in the private sector; (iii) and full remedies in pay equity maintenance, including retroactive pay.

Since none of these rights will be realized without a Pay Equity Commission to help employers, employees and unions, and an expert Tribunal to quickly decide any disputes, Unifor recommends:

- Proper resourcing of these bodies to ensure that the infrastructure is in place to ensure that the goal of pay equity is realized;
- Relatedly, that the government build gender-based analysis into its budgeting (and its policy planning, more broadly).

IV. Social Policy: Child Care

Canada's child care system is in crisis. The federal government needs to take action to ensure there is high quality, universal, affordable and inclusive child care all across Canada. Unifor welcomes the federal governments' initiative in establishing a multilateral child care framework with the provinces. However, more needs to be done to address the magnitude of the child care crisis in Canada. The 11-year child care funding plan in the 2017 federal budget allocated only \$540 million for child care in 2018-2019, rising to \$550 million by 2021-2022. This falls short of what is needed. The benefits of accessible, high-quality child care are well-documented and widely accepted in Canada. Accessible child care enables parents to work or get the education and training they need to secure good jobs. Making child care more affordable opens

up more opportunities for families, improves women's equality and helps reduce poverty. Investing in child care is an important economic driver and strengthens our local communities. The best way to ensure universality, affordability, inclusivity and high quality is through a publicly funded system that is delivered by public or non-profit providers. Unifor recommends:

- Allocate \$1 billion in the 2018-2019 fiscal year as an initial baseline. Most of this would be transferred to provinces/territories/Indigenous communities to begin building a comprehensive early learning and child care system;
- Replace the 11-year child care funding plan that was set out in Budget 2017 with a new plan that would increase spending by \$1 billion in each subsequent fiscal period until Canada reaches the international benchmark of one percent of GDP. This benchmark is used by the OECD, UNICEF and other international bodies;
- Shift the earmarked funding for the Canada Child Benefit (CCB) to the provinces in order to create new regulated child care spaces;
- Ensure that a national early learning and child care system is based on the principles of universality, affordability, inclusivity and high quality.

V. Climate Policy: Just Transition

Unifor is broadly supportive of the Pan-Canadian Framework on Clean Growth and Climate Change, as well as provincial measures to price carbon pollution. However, Unifor also believes that Canada's climate policy requires an explicit commitment to 'Just Transition'. Industrial restructuring can create large scale unemployment and lead to poverty and social dislocation. Just Transition is meant to mitigate or avoid these adverse consequences through various measures. The concept of Just Transition includes multiple policy levers, including macroeconomic, industrial, sectoral and labour market policies in both the private and public sectors. These levers work in concert to promote environmental sustainability (decarbonisation included), while maximizing 'green skills' acquisition, good job creation and poverty reduction.

Unifor sees two potential avenues to finance Just Transition. The first means is through the new federal carbon tax, which need not be entirely revenue neutral. A portion of the proceeds could be used to create a 'Green Economy Bank' or some such fiscal mechanism. The second option is to bolster the Low Carbon Economy Fund, which is already explicitly committed to job creation, but should be geared towards *good, green job creation*, and to widen its mission. Using either financing vehicle, Unifor recommends:

- Labour market impact assessments to monitor the emergent effects of climate-related policy;
- Community benefit agreements to support regions that are more heavily dependent on carbon-intensive economic activities;
- The promotion of green economy retraining and skills upgrading through appropriate funding for postsecondary institutions. This will include mandatory apprenticeship ratios linked to college training programs and skills trades certification processes;
- Preferential hiring for carbon-displaced workers, including relocation assistance;
- Income support, employment insurance flexibility and pension bridging for workers in carbon-intensive economic regions and industries;
- Tax credits, accelerated depreciation, grants and/or investment support for firms and industries that bear an extraordinary burden of change.

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