

Unifor 2018 Pre-Budget Submission

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August 4, 2017

Who We Are

Unifor is Canada's largest labour union in the private sector, representing more than 310,000 workers nationwide in every major industry. Built by its members, Unifor represents Canadians from coast to coast to coast in advanced manufacturing, natural resources, transportation, telecommunications and many 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, I welcome the opportunity to share Unifor's priorities for Budget 2018.

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 social and economic development. Our Budget 2018 submission focuses on policy priorities and budgetary investments that will create good jobs, improve Canada's physical and social infrastructure, strengthen Canadian businesses and increase prosperity for Canadian workers, their families and their communities.

Fiscal Policy and Climate Change

- Use proceeds from the new national carbon tax to finance a full suite of Just Transition measures.
- Treat Indigenous Governments as a fourth tier of governance and close the fiscal gap therein with a view to Reconciliation and better health outcomes on reserve.

Industrial Policy and Infrastructure

- Invest in a high-speed rail system in the Quebec City-Windsor corridor, including a 'Buy-Canadian' transit equipment strategy with local hiring requirements.
- Recommit to the Industrial Regional Benefits (IRB) requirements so that procurement can be used to leverage investment in aerospace and defence industries, including a 'Service in Canada' policy.
- Continue with current model of airport ownership, including revenue generation via lease agreements, and put an end to the RFP process at airports ('contract flipping').

Social Policy

- Implement a national pharmacare program.
- Adopt the National Psychological Health and Safety Standard to improve workplace health.
- Create a national, universally-accessible childcare program.

1. Fiscal Policy and Climate Change

Given the severity of climate change, Unifor applauds the Canadian Government's endorsement of the Paris Agreement and is supportive of the Pan-Canadian Framework on Clean Growth and Climate Change. And while the Low Carbon Economy Fund shows considerable promise, both in terms of its decarbonisation potential and its potential impact on green job creation, Unifor remains concerned that there is no explicit reference to **'Just Transition' measures** in the federal government's climate change strategy, despite the fact that this principle was referenced in the Paris Agreement and has been endorsed by the International Labour Organization. Unifor recommends:

- The federal government should use proceeds from its new carbon tax, either through the Low Carbon Economy Fund or through a comparable funding vehicle, to finance Just Transition.
- Such measures would include: labour impact assessments; community benefit agreements; income support, relocation assistance, employment insurance flexibility and pension bridging; a retraining and skills-upgrading program; and preferential hiring for carbon-displaced workers.

Unifor supports the principles embodied in the Truth and Reconciliation Commission and has taken active steps to reconcile itself with Canada's Indigenous Peoples, including self-education of our leadership and membership, the pursuit of cultural partnerships and the provision of financial support for the 2017 North American Indigenous Games, among other steps. Canada currently ranks 10th on the United Nations human development index, which is laudable. However, when this measure is applied to Canada's Indigenous population, some estimates arrive at a ranking of 63rd. One way of simultaneously striving for reconciliation and closing the human development gap would be to forge a **new fiscal relationship with Indigenous Peoples**. Unifor recommends:

- Canada must forge a new fiscal relationship with Aboriginal, Inuit and Metis governments. This reconfigured relationship would simultaneously treat First Nations governments as a fourth tier of governance (alongside federal, provincial and municipal governments) and it would provide suitable and stable access to Canada's tax base.
- Closure of the fiscal gap would enable Indigenous Governments to work toward closing the human development gap by allocating resources on-reserve to housing, water and other essential municipal infrastructure, health care and education.

2. Industrial Policy and Infrastructure

Planned new infrastructure spending is welcome. If done correctly, a national infrastructure renewal program could be an opportunity not just to modernize Canada's physical assets, but it could also be a catalyst to improve productivity, boost job creation, increase competitiveness and elevate the quality of day-to-day life. Unfortunately, recent decades have seen the emergence of a vicious circle at **Via Rail**: the federal government reduces its funding, management responds by cutting employment and service, and passengers respond by avoiding rail travel, thus inducing another round of cuts in the name of 'reduced market demand'. While successive Canadian Governments were fixated on cutting Via Rail's funding, competing jurisdictions such as Japan, France and Germany opted for heavy public investment, which brought expanded ridership to these systems. The benefits flowing from a revitalized passenger

rail system include: increased energy conservation; reduced urban congestion; lower greenhouse gas emissions; improved passenger safety, comfort and ease of access; increased geographic integration; and, if done strategically, a stimulant to Canada's advanced manufacturing sector. Unifor recommends:

- The federal government should, in partnership Ontario and Quebec, invest in a high-speed rail (HSR) system in the Quebec City-Windsor corridor. A feasibility study estimated that the total cost of the project would range from \$19 to \$21 billion and that the associated boost to passenger rail revenue would cover all operating costs.
- New investment in Via Rail should be tied to broader economic development objectives, including a 'Buy-Canadian' transit equipment procurement strategy with local hiring requirements, especially among under-represented groups. These are proven job-creation and skills development tools which would encourage the development of industrial competencies and foster global competitiveness for Canadian products.

The federal government's **new defence policy** includes \$47 billion in spending commitments over 20 years on 52 different projects, including new equipment, infrastructure and information technology. Projects will include the purchase of new equipment and technology as well as the overhaul and maintenance of equipment currently in service. This new and refurbished equipment will be employed by the Navy, Army and Air Force. There are many Canadian firms in possession of the capabilities necessary to conduct the manufacturing and servicing work required to fulfill many of the recommendations in Canada's defence policy. Given this, Ottawa should implement a domestic procurement policy that maximizes the economic benefit of defence spending. Unifor recommends:

- The federal government should recommit itself to the Industrial Regional Benefits (IRB) requirements. Government procurement can be used to leverage investment in the emerging technologies and products generated by Canadian aerospace and defence firms. Commitments should be outlined in the early stages of the procurement process to provide an understanding of the intended domestic investments and to ensure sufficient investment levels in the high technology systems and services that domestic aerospace firms develop.
- The federal government should implement a 'Service in Canada' policy that increases the likelihood that domestic firms will win overhaul and maintenance and in-service contracts in the defence equipment industry. Defense equipment put into service to protect can also be put to use supporting robust safety standards and good jobs.

Unifor does not support the sale of public assets, particularly those that generate significant revenue for the federal government and that serve the public interest. The current non-share capital airport authority model is considered an effective governance structure for the **National Airports System** and should be maintained. We believe the existing model should continue to serve as an avenue for growth and shared prosperity. The sale of Canada's airport assets would lead to a significant and sustained loss of public revenue that would exacerbate Canada's fiscal challenges. Furthermore, the government should not eliminate or phase-out airport rents. Instead, it should review the possibility of extending leases and rents for all airports. Finally, it has been well-documented that airport workers are increasingly faced with low-waged and insecure work. One of the main reasons for this is the over-reliance by airport authorities on the RFP process (or 'contract flipping'). The heightened competition is

incentivizing contractors to compete based on how poorly they can pay their employees, instead of on how well they can perform the work. This leads to heightened potential for safety and security breaches at airports as well as decreased quality of life for workers. Unifor recommends:

- The federal government should continue with current model of airport ownership as a non-share, not-for-profit entity focused on facilitating local economic development and maximizing public benefit, with continued reliance on airport lease agreements for revenue generation.
- The federal government should consider policy options to end contract flipping at airports, including those as laid out in Unifor's submission to the Standing Committee on Transport, Infrastructure and Communities' study of aviation safety.

3. Social Policy

Unifor supports a **national pharmacare program**. We contend that a robust social infrastructure is an essential ingredient for economic success. Every other developed country with a universal health care system also has universal prescription drug coverage, save Canada. Canadians end up paying more for pharmaceuticals than almost any country in the world and our country's drug spending is 30 percent above the OECD average, topped only by the United States. Prescription drug spending in the private sector has increased nearly fivefold in the past two decades, having risen from \$3.6 billion in 1993 to \$16 billion in 2013. The lack of universal access often results in significant health and financial damage to individuals and families. Studies estimate that Canadians can save 10-42 percent (as much as \$11 billion) in overall drug expenditures with a national pharmacare plan. Unifor recommends:

- The federal government should create a universal pharmacare program. This would simultaneously increase access to life-altering medicines and improve affordability through negotiated pricing with drug manufacturers. A national pharma program would also eliminate duplication and cost-shifting amongst existing payers while promoting integration amongst health care providers. Unifor's call is not only rooted in the well-established economic benefits arising from such a program, but is also based on the principle that all Canadians should have equitable access to medically-necessary, prescription drugs.

Complementing pharmacare is the need for a **National Mental Health Strategy**. Research conducted by The Mental Health Commission of Canada finds that the economic costs associated with untreated mental health problems tops \$50 billion annually (or three percent of GDP). Mental health problems are estimated to afflict one-in-five Canadians at any given time, with 1.6 million Canadians reporting an unmet need for mental health care. Unmet mental health needs undermine economic output (through absenteeism and turnover) and put pressure on public health care budgets. Unifor recommends:

- The adoption of the National Psychological Health and Safety Standard (the Standard), which would provide a set of voluntary guidelines and resources to help organizations promote mental health and prevent psychological problems at work. The provision of resources to implement the Standard would increase labour productivity, improve employee retention and elevate financial performance.

Lack of **affordable child care** continues to be a significant barrier for working families. Research from shows that high quality, affordable childcare generates positive effects in maternal education, labour force participation and parental income. Ontario's Gender Wage Gap Strategy Steering Committee found that lack of affordable childcare is a causal element in the persistence of the gender pay gap. And recent findings by Nobel Laureate, James Heckman, suggest that high-quality birth-to-five programs targeting disadvantaged children can deliver a 13 percent annual return on investment, in addition to the improved outcomes in education, health, social behaviour and employment. Unifor recommends:

- As a cornerstone of progressive family-focused social policy, the federal government should implement a comprehensive, not-for-profit childcare system, the scaffolding of which would be supported by four key pillars: quality of care, inclusivity, affordability and good jobs.