



Public Service Alliance of Canada
Alliance de la Fonction publique du Canada

Submission by
the Public Service Alliance of Canada
to
the House of Commons Standing
Committee on Finance

Pre-Budget Consultation

The Public Service Alliance of Canada has a number of recommendations for the government as it prepares for the 2018 federal budget. Our recommendations focus on the first question posed by the Standing Committee on Finance:

1. What federal measures would help Canadians to be more productive?

Improving productivity by continuing to reinvest in federal public services

Federal public services support Canadians' productivity through direct services and support for programs that touch them from cradle to grave. Continued reinvestment in these services is needed to restore the quality of services that were affected by years of cuts.

In order to consistently deliver the high-quality public services that Canadians deserve, the federal government needs a stable, permanent workforce with adequate resources to do the job.

Privatization, contracting out and a reliance of workers in precarious jobs mean lower quality services and higher costs to Canadians. And, as the Phoenix experience has shown, introducing new technology does not equate to the need for fewer people nor does it automatically improve service.

Improving productivity by keeping the public's assets public

The government is continuing to pursue the sale of major Canadian airports in spite of warnings that selling these assets, while providing a one-time windfall for the government, will inevitably increase prices for airlines and passengers and see service deteriorate as for-profit buyers need to make back their investments.

Of considerable concern is the continued government secrecy. To date, a Credit Suisse report, commissioned by the Finance Department through the Canada Development Investment Corporation (CDEV) on this issue has yet to be made public. And now, PricewaterhouseCoopers has been hired to provide additional analysis.¹

The Airport Privatization Pilot Program (APPP) was established in the U.S. in 1996 to explore the prospect of privatizing publicly owned airports and using private capital to improve and develop them. Since then, participation has been very limited. In over 20 years, only 2 airports have completed the process and one of them later reverted back to public ownership.²

The current Canadian model for airport management has proven effective with major Canadian airports ranking amongst the best and most efficient, whose

¹ D. Beeby, Ottawa hires consultants to advise on airport sell-offs, CBC News, July 19, 2017.

² Union of Canadian Transportation Employees, A review of the privatization of Canadian airports, June 2016

infrastructures are well maintained and regularly upgraded. Financing is simple and expansion projects are tied to community needs.

Airports are critical economic and transportation assets that need to remain in public hands and should not be privatized for short-term gain.

Improving productivity without expanding the practice of contracting out

The latest trend in procurement strategy at the Department of National Defence leaves private contractors with sweeping responsibility in the government's next wave of investment in defence infrastructure. This growing reliance on private contractors ignores the inherent conflict of interest between procurement providers and important decisions that are made on what contracts are awarded and their scope and terms as well as undermining financial transparency.

The in-service support contract for new acquisitions of the Royal Canadian Navy's Arctic Offshore Patrol Ships and Joint Support Ships will include unprecedented access to Department of National Defence facilities, support equipment, and supervision of DND employees. This \$5 billion contract raises significant concerns both for personnel retention at DND, including investment in an effective and adequate workforce, as well as the extent to which it puts significant military intelligence and operations in the hands of a private company.

This new agreement puts responsibility for core maintenance and upkeep in private hands – work that is currently being done in-house with the existing fleet. As we have learned from expensive public contracts like Phoenix, mismanaged contracts can have significant adverse effects both on a specific department as well as the broader public service. Within DND, this is compounded by the potential compromising of our national security apparatus by private industry and clear security risks in under-investing in the country's own core capabilities.

We recommend the government review its practices involving contracting out of services as well as committing in the next and future budgets to the necessary funding to have public services carried out by public service workers.

Improving productivity through women's employment and accessible child care

The 2016 and 2017 federal budgets allocated \$7.5 billion over eleven fiscal years for early learning and child care beginning in 2017. However, more is required to build the kind of comprehensive child care system that will meet the multiple goals of benefiting children and supporting families, growing the economy and improving productivity, as well as advancing women's equality and economic security.

We recommend the federal government replace the 11-year allocation plan that culminates in federal spending of only \$890 in the 10th year, with a plan to build a universal affordable high quality inclusive system for all children and families in Canada. By the tenth year, Canada should be spending at least 1% of GDP.

To achieve this, we recommend federal transfer of \$1 billion in 2018-19 to provinces, territories and Indigenous communities for early learning and child care (ELCC). This commitment would be less than that made by the past Liberal government in 2005, which amounted to \$1 billion in 2005 dollars.

We also support the [“Shared Framework for Building an Early Childhood and Care System for All”](#) developed by the Child Care Advocacy Association of Canada which calls on the federal government to recognize, among other things, that:

- Early learning and child care (ELCC) is a public good and a human right, not a commodity;
- ELCC must be universal, high quality and comprehensive;
- Indigenous peoples will define Indigenous ECEC programs and will require adequate resourcing to address current inequities;
- Building affordable, high quality ELCC requires long-term sustained operational base funding, as well as capital funding
- Access requires both a supply of high quality services and affordable parent fees;
- Quality requires a well-compensated, well-educated early childhood workforce;
- Families need a variety of services and complementary family policies (such as improved maternity/ parental leave);
- ELCC must be fully inclusive of children and parents with disabilities;
- Canada`s cultural diversity must be respected

Improving productivity by supporting Canadians with disabilities

Earlier this year, PSAC participated in the government’s consultation process on new accessibility legislation in order to remove barriers faced by persons with disabilities so they may participate fully in their workplaces and communities.

The experience of workers in the federal public service alone shows a troubling trend that is likely replicated in workplaces across the country. The 2014 *Public*

Service Employee Survey results showed that workers with disabilities had significantly higher rates of negative experiences in the workplace related to materials and equipment to the job, training and equipment to ensure their health and safety at work and receiving meaningful recognition for their work. They were almost twice as likely to have suffered harassment on the job.

Workers continue to be denied accommodation in the workplace both for an established disability or when returning to work with a disability. They still experience stigma when seeking accommodation for mental health reasons.

We recommend the next federal budget:

- Provide the necessary resources in the federal public service to address the barriers for persons with disabilities.
- Increase funding of the Canadian Human Rights Commission to allow it to conduct regular, in-depth audits (every one to three years) of all employers covered by the *Canadian Human Rights Act*.
- Restore the Federal Contractors Program with the same requirements as other employers under the *Employment Equity Act*.
- In the federal public service, establish and resource a centralized fund so that meeting accommodation requests does not adversely affect managers' budgets, and provide the necessary resources for mandatory, ongoing training on accommodation for managers.

Improving productivity by supporting Indigenous peoples and their communities

Clean water: The 2017 federal budget document included the statistic that there are “201 projects underway that will lead to the elimination of remaining long-term (boil water) advisories by March 2021”. Indigenous and Northern Affairs Canada themselves said in 2011 that more than \$8 billion is required to fix the water problems in First Nation communities. The last federal budget fell far short of that requirement. Four years is too long to wait for clean water.

Access to safe and clean tap water for drinking and bathing is an absolute necessity. It is appalling that so many First Nations communities are not guaranteed this basic human right.

We recommend the government:

- Provide appropriate funds and resources to support the development of much-needed publicly delivered water infrastructure.
- Fund the training and certification of First Nation water operators.
- Implement more effective water treatment processes, guaranteed by the federal government.

- Ensure adequate education and training for First Nations to be able to make decisions about the treatment of their own water.

Education: While the last budget provided \$90 million for First Nations post-secondary education, there was no new funding for on-reserve K-12 education beyond the \$2.6 billion over five years promised in the last budget. Teachers in First Nations communities still have fewer resources than their provincial counterparts.

This situation continues in spite of the Canadian Human Rights Tribunal decision that found the federal government is guilty of discriminating against First Nations children. The government has already ignored four compliance orders from the Canadian Human Rights Tribunal. This must stop and the next federal budget reflect the necessary resources to comply with the Tribunal orders.

Improving productivity by keeping workers healthy and safe on the job

The 2017 federal budget made some positive changes to the Canada Labour Code including investing \$13 million over five years, starting in 2017-18, and \$2.5 million per year ongoing, to strengthen compliance and enforcement mechanisms for both occupational health and safety and employment standards.

The Code protects workers who are employed in federally regulated workplaces, such as airports and airlines, telecommunications, banking and crown corporations. The health and safety provisions also apply to the federal public service.

Unfortunately, this funding commitment did not include hiring new health and safety or employment standards inspectors. There is still a serious shortage of inspection staff.

We recommend that additional funding be provided to ensure there are sufficient inspectors to inspect and enforce the law, otherwise compliance will not improve.

Improving productivity by investing in infrastructure using public financing

The Canada Infrastructure Bank (CIB) has the potential to significantly increase overall costs to taxpayers while privatizing the most high-return, low-risk infrastructure assets.³ It will double the cost of much-needed new investments, place important decisions that affect the public behind closed doors, and erode the quality of the services the CIB is meant to invest in.

³ Ali Khan and Bartlett, 2017. Where were they going without ever knowing the way? Assessing the Risks and Opportunities of the Canadian Infrastructure Bank.

While the federal government can borrow at rates as low as 2.2 per cent over 30 years⁴ private financiers expect returns of at least 7 to 9 per cent⁵. This is a significant difference and it will have a huge impact on federal budgeting in the future as higher-cost private financing could more than double the interest costs of infrastructure projects. The primary beneficiaries of these added costs are private investors, not the users of the service or the wider public. There are also significant added transaction costs with private financing, including fees paid to lawyers, financial advisors, accounting firms and other consultants.

Another consistent concern with public-private partnerships is that key decisions rest with private firms, even though it is a question of public investment, publicly-generated assets and public services. During a project's lifespan, cost overruns can impact the expected revenue of private investors and create situations where decisions are not made in the public interest, putting in place user fees and cutting back services.

We recommend the government fund infrastructure projects using public financing in the next and future budgets and avoid the unnecessary costs to Canadians of public-private partnerships.

⁴ Ibid.

⁵ Sanger, 2017. Creating a Canadian infrastructure bank in the public interest.
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