

# **Written submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget**



**Canadian National Office  
Research Public Policy & Bargaining Support**

**August 7, 2020**

**RECOMMENDATION 1: Re-build physical infrastructure**

- Invest in critical infrastructure and introduce environmentally responsible procurement policies that will create jobs in Canada
- Establish a carbon border adjustment on imports
- Introduce procurement policies that favour low carbon Canadian manufactured goods
- Ensure unions have the right to initiate trade cases by including workers and unions as part of the domestic industry under Canadian trade law
- Expand the definition of 'material injury' in trade cases to ensure that workers' interests are reflected in trade cases

**RECOMMENDATION 2: Invest in social infrastructure**

- Immediate \$2.5B investment into early learning and child care, followed by investments of \$2 Billion/year to create a universal child care system
- Introduce a universal, single-payer public pharmacare program
- Reaffirm commitment to public health care
- Bring long-term care and home care into the public health system
- Invest in post-secondary training, including re-training for displaced workers

**RECOMMENDATION 3: Reform Employment Insurance**

- Replace the Variable Entry Requirement with a flat 360 hours requirement
- Increase the replacement rate of regular and sickness benefits from 55% to 60%
- Double the EI sickness benefit from 15 weeks to 30 weeks
- Expand access to maternity and parental benefits and increase replacement rate to, at a minimum, match the Quebec Parental Insurance Plan
- Create a \$300 a week floor on benefits for low-income claimants
- Exempt severance packages and vacation entitlements from EI eligibility considerations
- Extend eligibility to migrant workers
- Make the temporary expansion to the work-sharing program permanent

**RECOMMENDATION 4: Ensure a secure and dignified retirement for Canadians**

- Amend the Companies' Creditors Arrangement Act (CCAA) and Bankruptcy and Insolvency Act (BIA) in order to put retirees first
- Bring pension plans to 100% funded status before paying other creditors
- Prevent companies from stopping payment of any health and welfare benefits during CCAA or BIA proceedings
- Ensure that amounts required to indemnify beneficiaries of employer-provided health and welfare plans, termination pay, and severance pay are preferred claims under the BIA and CCAA
- Remove solvency funding requirements for Negotiated Cost Contribution Plans

**RECOMMENDATION 5: Commit to international aid and upholding human rights**

- Allocate a minimum of \$ 2 billion in new funding for Canada's international assistance envelope for immediate COVID-related interventions
- Introduce legislation requiring Canadian companies to undertake human rights due diligence throughout their operations and supply chains

The USW is the largest private sector union in North America with more than 225,000 members in Canada and more than 850,000 members continent-wide. The USW is Canada's most diverse union, representing men and women working in every sector of the economy.

COVID-19 brought into focus the structural inequities of our economy and the importance of our social safety net. We must learn from the pandemic and re-build an economy that works for everyone. To that end, the USW urges the federal government to steer clear of austerity measures and invest in the physical and social infrastructure upon which working Canadians depend.

## 1. Re-build Canada's physical infrastructure:

The USW has long advocated for an industrial policy which would reverse the erosion of the middle class and minimize the carbon footprint of producing essential goods. Canada's struggle to acquire necessary Personal Protective Equipment in the first months of the pandemic reaffirms the need for a strong domestic manufacturing sector. We must learn from this experience and develop a coherent industrial strategy to create good jobs, ensure that we can meet our domestic needs and develop targeted industries.

To that end, **the USW calls on the federal government to invest in critical infrastructure and introduce environmentally responsible procurement policies that will create jobs in Canada.** This is not protectionism, it is pragmatism. Building and retro-fitting our hospitals, schools, transit and energy infrastructure and expanding high-quality telecommunications networks with public money will put Canadians back to work. With historically low interest rates and the pressing need for economic stimulus, there has never been a better time to re-build our physical infrastructure.

The USW recognises that manufacturing policy and trade policy need to be approached as one comprehensive economic challenge. Therefore, in support of the required investments, our international trade policies need to be changed in the following ways.

- **Establish a carbon border adjustment on imports**
- **Introduce procurement policies that favour low carbon Canadian manufactured goods**
- **Ensure unions have the right to initiate trade cases by including workers and unions as part of the domestic industry under Canadian trade law**
- **Expand the definition of 'material injury' in trade cases to ensure that workers' interests are reflected in trade cases**

## 2. Invest in social infrastructure:

The pandemic underscored that health care, child care and education are not secondary to the economy. This social infrastructure is the foundation that enables all other economic activity. The undervaluing of essential care work—often female-dominated and performed at low wages by racialized women—has contributed to women's economic inequality for decades. The pandemic only exacerbated these inequalities, as women's labour force participation fell to 30-year lows.

We need significant investments into child care, health care, elder care and education in order to ensure that those who have care obligations can fully participate in the recovery. Such investments must also create secure, well-paying jobs for workers in the care and education sectors. No longer can female-dominated, essential work be undervalued and underpaid.

- **Immediate \$2.5B investment into early learning and child care, followed by investments of \$2 Billion/year to create a universal child care system (See [CCPA's AFB 2020 Recovery Plan](#))**
- **Introduce a universal, single-payer public pharmacare program**
- **Reaffirm commitment to public health care**
- **Bring long-term care and home care into the public health system**
- **Invest in post-secondary training, including re-training for displaced workers**

## 3. Reform Employment Insurance:

The COVID-19 pandemic has shone a light on the inadequacies of the EI program. The CERB was necessary because too many workers were ineligible for EI benefits. For this reason, the CERB must be extended until the public health crisis is resolved. Following that, permanent reforms to the EI program are needed.

- **Replace the Variable Entry Requirement with a flat 360 hours requirement**
- **Increase the replacement rate of regular and sickness benefits from 55% to 60%**
- **Double the EI sickness benefit from 15 weeks to 30 weeks**
- **Expand access to maternity and parental benefits and increase replacement rate to, at a minimum, match the Quebec Parental Insurance Plan.**
- **Create a \$300 a week floor on benefits for low-income claimants**
- **Exempt severance packages and vacation entitlements from EI eligibility considerations**
- **Extend eligibility to migrant workers**
- **Make the temporary expansion to the work-sharing program permanent**

## 4. Ensure a secure and dignified retirement for all Canadians:

Working people deserve the right to retire with dignity. While over one-third of paid workers are covered by a registered pension plan that number has been steadily declining. Between 1997 and 2017 the percentage of paid employees covered by a Registered Pension Plan (RPP) decreased by 10%.<sup>1</sup> The decline in the quality of pension coverage, however, is even more significant. In the same period the percentage of paid employees covered by a defined benefit plan shrunk by 40% while the portion of workers covered by a defined contribution plan grew by 30%.

In response to the erosion of adequate pension coverage, the USW continues to defend our members' existing plans while also developing innovative alternatives such as multi-employer, multi-jurisdictional pension plans (MEPP's) and negotiated cost contribution plans (NCCP). A recent success in this struggle is the new [University Pension Plan Ontario \(UPP\)](#) which provides a dependable retirement income for over 33,500 members across three Ontario universities.

In addition to declining pension coverage, Canadian workers face the added uncertainty of bankruptcy proceedings. Retirees of companies such as Sears, Stelco, Cliffs Natural Resources, along with Nortel employees a decade ago, found themselves in situations they never thought possible after years of contributing to plans that were supposed to allow them to retire with dignity.

In order to secure retirees' pensions, the USW urges the federal government to **amend the Companies' Creditors Arrangement Act (CCAA) and Bankruptcy and Insolvency Act (BIA) in order to:**

- **Bring pension plans to 100% funded status before paying other creditors, including secured creditors**
- **Prevent companies from stopping payment of any health and welfare benefits to retirees during CCAA or BIA proceedings**
- **Ensure that amounts required to indemnify beneficiaries of employer-provided health and welfare plans, termination pay, and severance pay are preferred claims under the BIA and CCAA**

New and innovative pension plans also require regulatory amendments. The USW represents workers at the Chalk River Laboratories and the former CANDU facility in Mississauga. These workers were part of the Public Service Pension Plan (PSPP) until the Harper government privatized their workplaces and

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<sup>1</sup> Statistics Canada Tables 11-10-0133-01 and 14-10-0027-01. <https://www150.statcan.gc.ca/n1/daily-quotidien/190619/t002f-eng.htm>

forced them to establish the separate [Canadian Energy and Related Industries Pension Plan \(CERi\)](#). The current government has refused to re-admit these workers into the PSPP.

While re-admission into the PSPP is the fairest course of action for these workers, the USW supports permanent changes to assist CERi and other, similar pension plans. The USW, along with the [Multi-Employer Benefit Plan Council of Canada](#) and the [Canadian Labor Congress](#) **has lobbied for an exemption to solvency funding rules for CERi and the permanent removal of solvency funding requirements for Negotiated Cost Contribution Plans.**

No less important are overdue changes to the Canada Pension Plan (CPP), Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). With a little over one third of the workforce covered by workplace pension plans, these public programs are a lifeline for Canadian seniors.

Despite the 2016 enhancement to the CPP, the replacement rate for most Canadian is still inadequate. **The USW urges the federal government to double the retirement benefit to a maximum replacement rate of two-thirds of 114% of the Yearly Maximum Pensionable Earnings.**

In addition, due to the economic devastation of COVID-19, **the USW requests a special drop-out period of six months.**

We also echo the Canadian Centre for Policy Alternatives' proposal to increase the amounts low income Canadian can receive through GIS and OAS. Specifically:

- **Index OAS payments to the average industrial wage instead of the Consumer Price Index (CPI)**
- **Exempt first \$2,500 of CPP income from GIS calculations to avoid a 50% claw back rate**
- **Increase the GIS "top-up" amount by \$3,000 and an additional \$1,000 for older adults living alone**

## 5. Commit to international aid and upholding human rights:

The global economic upheaval caused by the COVID-19 pandemic continues to have grave consequences for poor and vulnerable peoples across the world. In this crisis Canada must not forget its important international commitments.

**The USW joins other organizations that are calling for Canada to allocate a minimum of \$ 2 billion in new and additional funding for Canada's international assistance envelope for immediate COVID-related interventions.** This would represent one percent of Canada's domestic COVID response.

Canada must also promote and contribute to far-reaching debt relief and forgiveness through multilateral institutions.

In addition to financial assistance, the Government of Canada has a responsibility to advocate for the protection of human rights globally and **introduce legislation requiring Canadian companies to undertake human rights due diligence throughout their operations and supply chains.** Canadian companies must be held to account for the way they treat workers in their supply chains.

Governments must apply basic principles of fairness to ensure that Canadian workers are supported through the current crisis and beyond. We may be all in this together, but we are not in it equally. Bold action from the federal government is needed to build-up a strong middle class and an economy that works for everyone.

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