

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



Submission of United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("The United Steelworkers" or "USW")

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## **Recommendation 1: Infrastructure and Trade**

- Implement a “Buy Clean” procurement strategy
- Implement Carbon Border Adjustments

## **Recommendation 2: Climate Justice**

- Introduce a Just Transition Act
- Create a Just Transition Ministry
- Pursue ongoing and meaningful consultation with the labour movement and workers
- Support workers and communities affected by the transition away from fossil fuels

## **Recommendation 3: Invest in health care**

- Implement a national, universal, single-payer, public pharma care program
- Re-commit to the public delivery of healthcare

## **Recommendation 4: Reform employment insurance**

- Replace the Variable Entrance Requirement (VER) with a national hours-based entrance requirement, the lesser of 360 hours or 12 weeks of insurable employment
- Increase replacement rate to two-thirds of a higher insurable earnings of \$88,000
- Create a \$450 weekly floor on benefits for low-income claimants
- Presumption of employee status
- Extend eligibility to migrant workers
- Exempt severance packages and vacation entitlements from EI benefit calculation
- Amend definition of work separation to quicken eligibility
- Make the temporary expansion to the work-sharing program permanent
- Regular government contributions to the EI program
- Restore a representative EI appeals process

## **Recommendation 5: Secure a dignified retirement for working Canadians**

- Amend the CCAA and BIA to put retirees higher on the list
- Bring pension plans to 100% funded status before paying other creditors
- Preserve health and welfare benefits during CCAA or BIA proceedings
- Ensure 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
- 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” by \$3,000 and an additional \$1,000 for older adults living alone

## **Recommendation 6: Protect workers rights**

- End the use of scab labour in the event of work actions
- Implement mandatory human rights and environmental due diligence legislation

## **Recommendation 1: Infrastructure and Trade**

The USW recognises that industrial policy and trade policy are deeply intertwined. Therefore, many changes to trade law are needed to support a green industrial policy.

**The USW urges the adoption of a “Buy Clean” procurement policy to increase demand for clean industrial products that provide good jobs for workers in Canada.** The Government of Canada has committed on numerous occasions to develop a “Buy Clean” policy. Budget 2023 is the time to deliver.

A “Buy Clean” policy should be introduced in 2023 for materials including steel, concrete, aluminum and wood; the basic materials needed to build the green economy of the future.

“Buy Clean” will require a framework with provinces and municipalities for multijurisdictional implementation. This will ensure that sustainability criteria are considered in all federal procurement and transfers to provinces for large infrastructure projects. Construction materials including steel, aluminum lumber, and cement, when produced in Canada, typically have lower embodied carbon than imported materials. A “Buy Clean” strategy thus provides a steady source of demand for producers of basic construction materials, while securing well-paying jobs in Canada.

A “Buy Clean” procurement strategy also entails adequate funding for education and capacity-building, and creates incentives for provinces, territories and municipal governments to implement the strategy.

Successful domestic action on decarbonization, also requires putting a price on embodied carbon in imports to ensure that imported and domestically produced goods are on a level playing field. **To avoid becoming a dumping ground for the world’s least green products, Canada needs to follow the European Union’s lead and implement a carbon border adjustment plan.**

The federal government can ensure Canadian industry is not left behind by playing an active role in directing the transition to a low-carbon economy. As other jurisdictions like the United States and the European Union make progress on an inclusive, worker-centered industrial policy, Canada must catch-up.

## **Recommendation 2: Climate Justice**

In Budget 2023, it is time to introduce the long promised Just Transition Act.

The Act must create a Just Transition Ministry and establish a permanent tri-partite body to manage and oversee the transition. It must place workers at the head of decision-making and ensure that assessments on impacted industries and regions contain binding obligations on the government. Budget 2023 must also include **adequate supports to workers and communities affected by the transition away from fossil fuels**. This includes community-based, worker-focussed Just Transition centres, additional funding to ESDC for training and transition programs, and new investments in affected communities. The government must view this as an opportunity to not only support displaced workers, but directly engage with those who have historically been marginalized or lacked access to higher-paying union jobs

## **Recommendation 3: Invest in health care**

**The USW is onside with hundreds of thousands of Canadians calling on the federal government to keep its promise to implement a national, universal, single-payer, public pharma care program**, in accordance with its own Advisory Council's recommendations.

This budget must stop allowing drug companies to control the ability of Canadians to access medications vital to their health security. We urge the government to stand up for Canadians going forward. We, along with health professionals and health care advocates want to see in the 2023 Federal Budget a firm financial commitment of at least \$3.5-billion towards essential medicines coverage as recommended by the Advisory Council.

In addition to beginning to implement pharma care, the USW urges to government to **re-commit to the public delivery of health care**. The federal government can act to bring long-term care into the public system, develop national standards that are not just window-dressing and fund long-term care to at least 2% of GDP over five years.

## **Recommendation 4: Reform employment insurance**

**The Variable Entrance Requirement must be replaced with a national hours-based entrance requirement, the lesser of 360 hours or 12 weeks of insurable employment**. The current system is unfair and is particularly disadvantageous to workers in precarious jobs in large urban settings where the unemployment rate is low. The replacement rate and insurable earnings must also be increased to ensure that EI benefits adequately replace lost income. To that end, the USW suggests **increasing the replacement rate to two-third of a higher insurable earnings of \$88,000**. Further, a **benefit floor of \$450 weekly should be introduced for low-income claimants**.

The USW urges the government to modify some rules of the EI program to cover a boarder cross-section of workers and dispel some unfairness in the system. To address misclassification, there must be a **presumption of employee status**, which would mandate EI coverage and other social insurance programs.

The USW recommends adopting a “ABC” legal test to determine if a worker is an employee or not.<sup>1</sup> **EI also needs to be extended to workers under the Temporary Foreign Worker Program, including those in the Seasonal Agricultural Worker Stream.**

The USW further urges the government to **exclude severance packages and vacation entitlements from EI benefit calculation**. In collective bargaining, parties sometimes trade increases to wages for guarantees of security during downturns. Treating these payments as regular income, thus delaying an EI claim, effectively punishes workers for accepting this trade-off. It is also necessary to **amend the definition of work separation so that a worker does not need a week without work or pay in order to begin a claim**. **The temporary expansion to the work-sharing program should also be made permanent.**

Budget 2023 also needs to address the governance and financing of the EI program. **Regular government contributions of 2.5B a year** are required so that the program can fulfill its function as an economic stabilizer.

Finally, there is a dire need for a more responsive and representative appeals process. The USW echoes calls from the broader labour movement to **re-introduce a tri-partite tribunal which is adequately staffed with representatives from both the business community and the labor movement.**

## **Recommendation 5: Secure a dignified retirement for working Canadians**

Workers and pensioners continue to face significant uncertainty when their employers go through bankruptcy proceedings. The USW continues to urge 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 and move retirees higher on the priority list
- 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

Private member’s bill C-228 addresses many of these concerns and should be adopted at once.

The USW has continued its efforts to address the retirement security issues at Chalk River Nuclear Laboratories (CNL) and the former CANDU facility in Mississauga, after these workers were forced out of the Public Service Pension Plan (PSPP) by the former Conservative government. The USW, along with the [Multi-Employer Benefit Plan Council of Canada \(MEBCO\)](#) and the [Canadian Labour Congress \(CLC\)](#) have lobbied for an exemption to solvency funding rules for CERi and the permanent removal of solvency

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<sup>1</sup> Goldblatt Partners. April 2021. *Public Consultation on Gig Work in Canada*. <https://goldblattpartners.com/news-events/news/post/gp-lawyers-make-submissions-on-gig-work/>. California Labor & Workforce Development Agency. 2022. *What is the ABC Test?* <https://www.labor.ca.gov/employmentstatus/abctest/>.

funding requirements for Negotiated Cost Contribution Plans. While this was a part of the 2020 federal budget, there has been no action since then, affecting thousands of workers' retirement security. **The USW urges the government to immediately make the necessary amendments to the *Pension Benefits Standards Act, 1985*, along with implementing the necessary regulations.**

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. **The USW urges the federal government to work with the provinces to increase the retirement benefit to a maximum replacement rate of two-thirds of the Yearly Additional Maximum Pensionable Earnings (YAMPE).**

Old Age Security has been declining in real terms since the 1970s. The Canadian Centre for Policy Alternatives has called for, and the USW supports, increasing the amounts low income Canadians can receive through GIS and OAS. Specifically, the USW is urging the government to:

- **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**

## **Recommendation 6: Protect workers rights**

To demonstrate its commitment to workers, the government should **immediately pass legislation prohibiting the use of replacement workers during a lock-out or strike in a federally regulated industry**. This was promised by the end of 2023 in the supply and confidence agreement. The USW urges the government to introduce it immediately.

**Finally, legally oblige Canadian companies operating and sourcing abroad to undertake mandatory human rights and environmental due diligence for their operations and supply chains.** This must include the requirement to identify, prevent and mitigate all human rights violations and environmental damage and provide remedy to those affected by their operations.