

Submission by the Canadian Labour Congress to the House of Commons Standing Committee on Finance Regarding the 2014 Federal Pre-Budget Consultations

August 6, 2014

One very important role of any government is to develop policies that will allow people to reach their full potential, and be free to contribute to the social and economic life of their community. The policies and programs designed to help Canadians achieve this have not evolved to meet the needs of today's economy. Many Canadians are struggling to balance responsibilities to their families and to their jobs, too many are unemployed or underemployed, and too few have access to temporary support or a second chance through Employment Insurance.

Some current federal government policies have increased the strain on workers in Canada. Examples include changes to Employment Insurance, extending the age of eligibility for OAS & GIS, and failing to grant permanent immigration options to migrant workers. Insecurity among affected workers places considerable strain on the health and well-being of them and their families.

We've chosen to highlight five policies in this submission that we feel will make the biggest contribution to improving the health and well-being of Canadians:

- improving access to Employment Insurance,
- strengthening retirement security,
- funding quality and affordable childcare options that meet the needs of today's families,
- implementing a new ten-year health accord with the provincial and territorial governments, and
- giving migrant workers access to permanent immigration.

Improve Access to Employment Insurance

We call on the government to:

- implement a uniform, national entrance requirement of 360 hours worked for EI benefits, to increase the benefit level from 55% to 60% of insurable earnings, and to base benefit and duration calculations on a 30-hour work week.
- Reduce delays in initiating and processing claims by halting any further consolidation of Service Canada staff, and by improving processes for communication between advocates and Service Canada. There continue to be significant delays reported in initiating and processing claims. Workers have a great deal of difficulty contacting Service Canada staff to obtain information on the status of their claim.
- Ensure the right to a fair, transparent, and worker-friendly appeal system when contesting EI Commission decisions. We have significant concerns about Unemployed Workers Centres and other advocates being constrained in their ability to help workers through the Appeals process. Reports indicate that it has become much more difficult for third party advocates to communicate with Service Canada and the SST.
- Establish tripartite governance of the EI Fund, so that employers and employees have some say in the allocation of surpluses and the setting of EI premiums.

Strengthen Retirement Security

The CLC calls for concrete actions to improve retirement security for workers in Canada.

- Commit to enhancing the Canada Pension Plan, acknowledging the more than 11 million Canadians without workplace pension plans, and inadequate retirement savings among current and future middle income-earners.
- Increase GIS benefits to address the recent increase in the proportion of seniors with incomes below the poverty line.
- Reverse Budget 2012's commitment to raising the OAS/GIS eligibility age to 67 beginning in April 2023.

Why?

With high personal levels of debt above 160% of income and stagnant wages, Canadians are finding it difficult to adequately save for their retirement. Since the 1980s, there has been a significant fall in the proportion of private sector workers covered by employer pension plans. In 2008, just 25% of private sector workers had a workplace pension plan.

Employers often report that they do not offer a pension plan because they are too complex to administer, and force them to make complex investment decisions. An expanded CPP is, by far, the simplest and most cost-effective vehicle for employers to contribute to the cost of a secure and decent retirement for their employees. All that has to be done by the employer with the CPP is to calculate and remit premiums. And, CPP provides a defined, secure, inflation-indexed benefit which is fully portable between employers.

Quality, Safe, Affordable Childcare

We call on the Federal Government to work with the provinces and territories to implement a Canada-wide early childhood education and care (ECEC) system with the goal of providing high quality affordable access to childcare solutions that meet the needs of today's families.

Why?

The fact is that the realities of Canada's workplaces have shifted dramatically over the past 50 years, but public policy hasn't kept up. Canadian families are struggling to balance the demands of work and family, as most parents chose to work outside the home. The high cost of childcare squeezes Canadian families in terms of time and money. Too often families must choose between care that's affordable, and care that's safe and nurturing.

Parents who work irregular hours—or who seek care for high-needs children—have an even harder time finding appropriate solutions for their children. A universal childcare solution would examine the realities of today's parents and make an effort to design solutions that improve well-being for all Canadian families.

Not only is universal childcare the right thing to do, it makes economic sense. Research shows that affordable, universal, and quality ECEC boosts economic growth, private sector labour productivity, outcomes for children, and labour market outcomes for mothers. Studies vary on their cost-benefit estimates, from \$1.5 to \$3 for every dollar invested in universal child care.

Participation in high-quality early childhood education results in better social and health outcomes for children, resulting in lower health care and criminal system costs. Other lasting effects include improved literacy and numeracy, higher educational attainment, and higher productivity. Quebec's universal program resulted in a dramatic increase in female labour force participation, which is now the highest in Canada.

HOW?

In collaboration with all stakeholders the Federal Government should develop a full policy framework including principles of universality, high quality, and comprehensiveness along with targets, timetables, and public accountability mechanisms.

As part of this process, the Federal Government should ensure that First Nations, Inuit, and Métis peoples and communities have the power and resources they need to design, deliver, and govern ECEC systems and services that meet their needs.

Canada's spending on ECEC, at 0.25% of GDP, falls far behind that of other OECD countries. The OECD and UNICEF have adopted a benchmark of at least 1% of GDP for ECEC spending on children aged 0–5 (Friendly, 2011).

We call on the Federal Government to commit to long-term sustained federal funding beginning in 2016 with \$1 billion, adding an additional \$1 billion in each subsequent year until the program reaches maturity, with the goal of investing **at least** 1% of GDP by 2026.

Strong Federal Role in Health Care

The Canadian Labour Congress advocates for a strong federal role in health care and a new ten-year health accord with the provincial and territorial governments.

WHY?

Our universal health care system is a source of pride for many Canadians. We know that work must be done to improve service and wait-times, but we are willing to make the effort. Nanos Research polling for the Canadian Health Coalition (2013) found that 94% of Canadians support public solutions to make our health care system stronger, and that Canadians are more likely to want the Federal Government to invest future budget surpluses in healthcare (45%) compared to tax cuts (16%).

The international and Canadian evidence shows that a public single-payer system is remarkably effective at controlling health care costs. In Canada, Medicare spending has been stable at about 4%-5% of GDP since 1975. Although it may surprise many Canadians, public health care costs aren't increasing dramatically and taking over provincial budgets. It turns out that cumulative federal and provincial tax cuts have shrunken provincial budgets and limited their ability to spend on public services. It is the private, for-profit parts of healthcare that have been experiencing rising costs in recent years—such as pharmaceuticals, dental, diagnostic tests, and other non-insured services.

The Canadian Health Coalition states that the 2004 Health Accord was successful in meeting its goals on wait-times, with eight out of 10 Canadians getting treatment within the time-lines set in 2005. A new Health Accord will continue that progress for all Canadians.

HOW?

1. Dedicated, stable, and adequate federal funding with a minimum six percent annual escalator;
2. closing the gaps in monitoring and reporting;
3. a national, universal prescription drug plan (Pharmacare) with one public administrator;
4. a national, universal home care program based on the principles of the Canada Health Act;
5. a national health human resources strategy; and
6. support for primary care reform based on the community health centre model including increased access to community-based health care teams and more public funding for new and expanded community health centres.

Temporary Foreign Worker Program

We advocate a return to a robust permanent immigration system that provides pathways to citizenship for migrant workers, and an end to temporary work permits for low-skilled, low-wage jobs.

We emphasize the need for strict enforcement of both recruiters and employers. The CLC calls for the establishment of a Migrant Worker Commission as an independent regulatory body that has enforcement powers.

Employer enforcement measures and the transition towards eliminating temporary work permits for low-skilled, low-wage jobs must not result in the deportation of any temporary workers. These workers should be given the right to apply for permanent residency in Canada.

Why?

In response to employer pressure, the Federal Government opened up access to—and dramatically expanded—Canada’s Temporary Foreign Worker Program (TFWP), allowing companies to recruit temporary migrant workers across all sectors of the economy. In the last decade the number of temporary work permits granted to employers has tripled.

Banking on initiatives such as TFWP as their primary means of addressing the slowdown in labour supply, the current Federal Government has provided additional tools—including Intra Company Transfer (ICT) visas and temporary work permits allowed under international trade agreements—for employers to import 500,000 temporary workers. Side agreements with provinces and territories have allowed employers in Ontario, Alberta, Nova Scotia, British Columbia, and the Yukon to side step the Labour Market Opinion (LMO) process entirely.

In practise, migrant workers do not have the same level of workplace protections and rights as members of the national workforce. Because the legal status of migrant workers in Canada is dependent on maintaining a good relationship with a specific employer, they are extremely vulnerable to well-

documented systemic problems that include wage exploitation, fraud, health and safety concerns, poor housing, worker displacement, racism, and discrimination. Standing up for workplace rights and contract conditions can—and often does—mean forfeiting their ability to remain in Canada.

A provincial example that we encourage the Federal Government to consider is the Manitoba's Worker Recruitment and Protection Act (WRAPA), which came into effect in 2009. This Act governs third party-employment agencies and employers of temporary and vulnerable workers. WRAPA requires employers and employment service agencies to be licensed and registered with the provinces' Labour and Immigration Departments. It also contains strong enforcement provisions and penalties to ensure compliance by employers and recruiters.

Since 2009, more than 600 employers have been investigated, and half were found to be breaking the law. Enforcement includes fines of up to \$10,000 per visit and blocking employers from hiring more temporary workers through the TFWP.

Recent changes have limited the use of the TFWP for low-skilled workers in low-wage jobs, and promise better monitoring and enforcement of employment standards. We hope that this improves the wages and working conditions of temporary workers employed through the TFWP. Workers' vulnerability comes primarily from their temporary status, which the recent changes to the program have done nothing to address.

This document is respectfully submitted on behalf of the Canadian Labour Congress:

Hassan Yussuff, President

ADM:Lgf*cope225