



# **Submission to the House of Commons Standing Committee on Finance**

## **Pre-2010 Budget Consultation**

August 14<sup>th</sup>, 2009

**B.C. Government and Service Employees' Union**

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## Introduction

The **B.C. Government and Service Employees' Union** (BCGEU) appreciates the opportunity to make this submission to the House of Commons Standing Committee on Finance.

The BCGEU is one of the most diverse unions in British Columbia, representing over 65,000 government and service workers in the public and private sectors. BCGEU members work in government, health-care, post-secondary institutions, corrections centres, and community social services, as well as in many parts of the private sector such as hotels, casinos, call centres, retail outlets, banks, credit unions, and more.

## Summary of Recommendations

The federal government consultation news release invites input on which program spending measures, in the context of the world economic slowdown, are needed to ensure prosperity and a sustainable future for Canadians from an economic, social and environmental perspective.

The BCGEU suggests the federal government prioritize programs that address jobs, poverty, and child care.

### Jobs:

- *improve EI access, benefit level, and length of benefits*
- *increase accountable funding for training & post-secondary opportunities*
- *Increase commitment to Green Jobs that prioritizes job creation, sustainable practices, competitive economy, and equity.*

### Poverty:

- *increase commitment to affordable housing construction*
- *increase CPP and GIS benefits*

### Child care:

- *increase dedicated transfers to provinces to improve access, quality, and accountability*

## **JOBS**

The current economic slowdown has only exacerbated the jobs crisis that was already affecting Canada's manufacturing and forestry sectors. The jobs losses have spread to more sectors, and to more regions of the country. The national unemployment rate is approaching 10%, and is as high as it has been in eleven years.

At the same time, both demographic changes and climate changes mean that we need to be thinking proactively and very differently about the labour market. Most sectors anticipate large recruitment and retention issues, and we can help to prepare to meet these challenges through our post-secondary and training strategies. Climate change means we need to act now to ensure a less carbon-intensive and more sustainable economy.

*Employment Insurance:* Our employment insurance program is in need of reform and simplification. Too few workers qualify for much-needed benefits, and too often benefits are inadequate or exhausted too soon. Different hour requirements across the country are problematic, and in practice act mostly as barriers to receiving adequate income while out of work.

The labour movement is calling for a uniform entrance requirement of 360 hours of work across the country so that more workers will qualify if they are laid off. Benefits should last for at least 50 weeks in all regions so that fewer unemployed workers exhaust a claim while still searching for work. There should also be higher weekly benefits based on the best 12 weeks of earnings before a layoff and a replacement rate of 60% of insured earnings.

*Training & Post-Secondary Education:* These need to be a part of any economic stimulus of the labour market. Preparing future workers for changes in the economy is a healthy investment. More federal funding should be made available for labour adjustment training opportunities and to post-secondary institutions more generally. At the same time, it is important that if the federal government simply transfers such funding to the provinces, then the provinces need to have some direction and accountability to spending such funding on improving access and affordability of training and education opportunities. Employment Insurance funding and regulations should also be reconsidered to maximize the incentives and opportunities for laid-off workers to upgrade their training.

*Green Jobs:* Economic stimulus must prioritize sustainability. This not only makes economic sense, but will also promote our environmental goals. Investment in green jobs will create employment, will help reduce our greenhouse gas emissions, and will retool our economy to be more competitive. The federal government should increasingly promote green jobs by investing in renewable energy, public transit, and programs to ensure energy retro-fitting of homes and buildings. Principles to prioritize in any such green investment include accountability (for environmental results), and equity (to ensure that those in poverty, remote areas, or the North are included).

## **POVERTY**

The BCGEU believes the government must do more to reduce poverty. The current economic slowdown threatens to weigh more heavily on those already marginalized, and threatens to push even more people into poverty. While a jobs strategy can help the economy rebound, this is also the time for a strategy that mitigates the difficulties those living in poverty already face. There are many necessary measures to address poverty, but the BCGEU calls on the federal government to immediately increase program spending to address housing and pensions.

*Housing:* Affordable housing is an essential ingredient to any attempt to reduce poverty. The federal government used to be more active in funding affordable housing options, and needs to resume a leadership role in creating more affordable housing. Last year's budget made stimulus money more available for housing renovations – it is time again to use federal programs to ensure new housing construction as well.

*Pensions:* Canadians deserve a secure income in retirement. Our Canada Pension Plan is inadequate to ensure this. Private pension plans are struggling with underfunding, and RRSPs have failed to provide certainty or security to many Canadians. The federal government needs to take special measures to help reduce poverty amongst seniors. Strengthening of the Canada Pensions Plan, as well as an increase to the Guaranteed Income Supplement would be important measures that would make a real difference to poverty reduction amongst seniors.

## **CHILD CARE**

We urge the federal government to commit to a universal public child care system that has sufficient capacity for every child age 0-12 in Canada that needs a space. If the necessary funding is transferred to provinces, then those transfers need to be conditional on the provinces actually spending on child care programming.

There is a crisis in Canadian child care – wait lists are too long, parent fees too high, and prevailing wages are low enough to be causing retention problems in the child care field.

Currently, the federal government takes credit for substantial child care spending, but in fact very little of this funding is earmarked for actual child care operating costs. The bulk of federal dollars attributed to child care spending is in the form of the \$100/month benefits to parents, tax breaks, and unconditional transfers to the province. While these supports may help families generally, they do not ensure that quality, accessible, affordable child care spaces are created. Instead, the federal government needs to ensure the child care dollars are spent on child care operations. This means both increasing child care funding, and increasing provincial accountability for how this funding is used.

A full public child care system can not realistically be implemented in one fiscal year. However, the federal government can make this commitment to child care by introducing a multi-year investment strategy with benchmarks and timelines to achieve a universal system.

There is widespread support for a universal child care and early learning system in Canada, and extensive research backs up the value of such a system. A comprehensive public system that guarantees quality of care and access to spaces would benefit children, parents, especially women, and the economy.

The positive effects for children include lifelong impacts on emotional and intellectual capacity, heightened school-readiness and –success, and lower levels of child poverty.

Parents, often women, gain increased labour market attachment and reduced work/life conflict when they have access to affordable, quality child care. Across Canada, over 70% of mothers with children aged 3-5 are in the paid labour force, but there are only enough regulated spaces for 19.3% of children aged 0-5. Increased labour market participation is advantageous for the labour market as a whole, and more working parents means higher tax revenues and lower welfare costs for government.

Too many women are forced to make do with unregulated care, informal arrangements with family, friends or neighbours, or juggle work and care all by themselves. Many others simply cannot participate in the workforce. The reality today is that more women

want to work, and more women need to work. It should be a woman's choice whether to stay at home with her children, rather than an inability to find affordable, quality child care that leaves her no alternative.

Investing in child care also works in tandem with our other suggested priorities, as child care operating funding helps create jobs for child care workers, and affordable child care can go a long way to reducing the financial burden for families living in poverty.

Compared to other leading industrial countries, Canada's investment strategy measures up poorly. Our rate of access to care and early learning programs for 3-6 year olds lags behind nearly every other country in the OECD (Organization for Economic Co-operation and Development). Our rate of investment as a percentage of GDP is also lower than that of nearly every other OECD country, which makes very little sense considering how high the return on investment is shown to be.

## Conclusion

The BCGEU believes that these three areas must be among the federal government's top priorities for program spending measures. They will help ensure equity, along with prosperity and sustainability, the goals set out in the consultation document. The BCGEU thanks you for this opportunity to provide our input to the Standing Committee on Finance.

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