House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Canadian Labour Congress

or

( ) **an individual** **Name:** _____

Topic: Employment, labour markets and unions

*Recommendation 1: Please provide a short summary of your recommendation.

Leading economists say that Canada's economic recovery is stalling due to slowing business investment, high household debt, and weak global growth. The across-the-board corporate tax cuts didn't deliver the promised investments, such as new factories and training for workers. The tax cuts failed to boost the economy and did not help create more and better jobs. To compensate for the lack of investment from corporations, we need a major public investment program to create good jobs now, promote our environmental goals, stimulate new private sector investment, and boost our productivity.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The across-the-board corporate tax cuts have helped private, non-financial corporations in Canada to hoard over 500 billion dollars in cash reserves, money that is not at work creating more and better jobs in Canada. The up-front costs of many these new investments should be funded through returning the federal corporate income tax rate to its 2008 level of 19.5 per cent.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Money invested in building public infrastructure, such as basic municipal infrastructure; mass transit and passenger rail; affordable housing; quality, affordable childcare; energy conservation through building retrofits; and renewable energy projects in cities and Aboriginal communities, creates thousands more and better jobs than tax-cuts. And with today's low interest rate, we can do this at low cost to tax-payers, with high returns for all. Workers, families, communities, all levels of government benefit from better infrastructure, so do businesses because of improved productivity.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

All Canadians would benefit from increased investments in public infrastructure. An increase in investment in infrastructure will be more beneficial if it is attached to a local procurement policy, and used as a training opportunity for new labour market entrants, such as young workers, apprentices and recent immigrants.

Topic: Retirement, pensions and seniors

Recommendation 2: Please provide a short summary of your recommendation.

Agree to the provinces' proposal for a phased-in, fully-funded increase in Canada Pension Plan retirement benefits. There would be $1 billion or more in savings from Guaranteed Income Supplement and provincial support for low-income seniors. For example, increasing the CPP replacement rate from 25% to 35% and raising the YMPE to 1.5 times the current level would reduce GIS expenditures by $554 million annually (in current dollars) when full implemented.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$1 billion or more

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

CPP benefits are funded by employer and employee contributions, with no federal funding. Substitution in savings would reduce federal tax credits and deductions for workplace pension plans and Registered Retirement Savings Plans (RRSPs), allowing reallocation of these tax expenditures. Capping RRSP contributions at $20,000 would save a further $232 million. Increases in CPP benefits would also increase federal revenues, and reductions in GIS expenditures would reduce federal outlays.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Directly and indirectly, all Canadians in all regions of the country would benefit. Older workers contributing at a higher rate will see an increase in benefits. Young workers contributing at a higher rate over their working careers will see the greatest increase. Service industries serving local communities will see higher demand.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The economic health and vitality of communities will benefit from higher incomes and consumption among seniors. The funded status of workplace pension plans, and therefore the funding risk facing plan sponsors, can be expected to improve alongside CPP expansion.

Topic: Employment, labour markets and unions

Recommendation 3: Please provide a short summary of your recommendation.

Improve Employment Insurance and scrap the recent changes! Specifically, 1) renew the Extended Employment Insurance Benefits Pilot Project, phasing regions out only when their unemployment rate falls below 8% for 12 consecutive months. 2) calculate benefits based on best 12 weeks for everyone, and 3) eliminate the requirement for most EI recipients to accept 20% - 30% lower wages in similar professions after only six weeks of job search.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

other: please provide your estimated amount | No Cost

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Return the $50+ billion that was paid into the EI account by employers and employees. In the future, the EI Account should be managed at arm's length from the government, and the expected $2.8 billion surpluses in the 2014-2105 EI Fund should be used only to fund and improve the EI program with equal input from labour and business.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Scrapping the changes will benefit unemployed workers, cities and communities with unemployed workers, and ultimately, the Canadian labour market. The changes to EI that were introduced in Budget 2012 will work to lower wages and working conditions for all workers, those who are employed as well as those unemployed. They will also require unemployed workers to take jobs below their skill level far too quickly, resulting in inefficient matches for both workers and employers. This will actually increase skills shortages.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The role of Employment Insurance is to provide income security to Canadians when they lose their jobs through no fault of their own. This was the original design of the program, but cuts over the past two decades have seriously weakened the macro-economic role of EI. Improving EI coverage and benefit levels would help families struggling to make ends meet, help businesses stay afloat and prevent further job losses, and help communities weather tough economic times. The additional EI coverage would allow for better labour market matches, improving productivity and well-being.

Please use this page if you wish to provide more explanation about your recommendation(s).

*Please note that at least one recommendation must be provided