

Unifor 2017 Pre-Budget Submission

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Who We Are

Unifor is Canada's largest labour union in the private sector, representing more than 310,000 workers nationwide in every major industry. Built by its members, Unifor represents Canadians from coast to coast to coast in advanced manufacturing, natural resources, transportation, telecommunications and other sectors. The industries where Unifor members work are essential to the success of the Canadian economy and serve as the nation's leading centres of advanced technology and innovation. They are also Canada's top exporters and a source of increasingly scarce good jobs. Unifor members have the highest interest in the success of their industries and have a long track record of partnering with employers and governments to enhance productivity and innovation. On behalf of these members, their families and communities I welcome the opportunity to share Unifor's priorities for budget 2017 and participate in the Standing Committee on Finance's pre-budget consultation process.

Executive Summary

Unifor believes in an active leadership role for government to develop strong and sophisticated policies that leverage strategic investments to secure long-term economic development. Our budget 2017 submission focuses on policy priorities and budgetary investments that will create good jobs, strengthen Canadian businesses and increase economic prosperity for Canadian workers, their families and communities.

Technological Innovation, Advanced Manufacturing and Economic Growth

- Amend the Auto Innovation Fund to become a non-taxable granting program, with flexible rules and procedures, that are tied to the creation of manufacturing jobs.
- Develop a "one-stop" system to win new investment in Canadian assembly and parts plants.
- Invest \$1 billion in Bombardier's C-Series program as a concrete investment in good jobs, high productivity and innovation.
- Leverage new investments in public infrastructure by including provisions for Made-in-Canada public transit equipment, local content and hiring rules, including a focus on under-represented communities.
- For Canada to continue to be a leader in advanced technology and innovation, we need to ensure that all Canadians have the ability to contribute to economic growth. Lack of

affordable child care continues to be a significant barrier to working families (and working women in particular). Government must work to create an affordable childcare system so all Canadians can contribute to our long-term economic development.

Climate Change, Innovation and 'Just Transition' to a Low-Carbon Economy

- Establish a process to review the labour market impacts resulting from policies that would hasten the industrial shift away from fossil fuels in favour of renewable energy and clean technology (at the provincial and community level). The goal would be to ensure that the costs associated with Canada's transition to a low carbon economy are not unfairly borne by working women and men.
- Invest the projected EI surplus to expand access to training programs with a focus on labour adjustment/transition programs so Canadian workers and their communities can benefit from the transition to a green economy by accessing the new community sustaining "green jobs" being created through public investment programs and sector strategies.
- Expand access to EI, including support for retraining, skills upgrading, EI flexibility for workplace transition, enhanced severance and salary continuance, pension bridging and early retirement options.
- To grow Canada's economic prosperity and expand industrial opportunity we need renewed sector councils. Following global best practice for successful industrial and economic development policy, the government must develop tripartite: industry, union and government bodies to design sector strategies with economic development being the priority.

Supporting Canadian Communities, Creating Good Jobs

- Evidence to date shows that the sell off of public assets has not been in the public good, therefore Unifor is principally opposed to the sale of public assets. When it comes to "asset recycling," the government must first examine the impact on productivity, safety and economic development, particularly in regards to the sell-off of Canada's public airports.
- Ensure that income generated by e-commerce companies, online service providers, digital content distributors and the sale of products and services are taxed in accordance with current Canadian laws.
- Reverse the previous federal government's amendments to the Telecommunications Act, namely those related to foreign ownership, as outlined in the 2012 Budget Implementation Bill.

Automotive Innovation Fund

The federal government's Automotive Innovation Fund (AIF) has served as an important tool for securing innovative investments that anchor the wider auto industry in Canada. However, the structure of the AIF is increasingly out of step with investment attraction programs in other major North American auto-producing jurisdictions, and with programs available at the provincial level. Additionally, in the current low-interest period, the value of a no-interest loan with front-end loaded tax obligations is significantly diminished. Reflecting a growing consensus across the industry, **Unifor recommends that the AIF be amended to become a non-taxable granting program, with flexible rules and procedures, and proportionally comparable funding parameters as observed in other leading automotive jurisdictions.** Lastly, to spur Canada's economic growth and support federal and provincial investment attraction efforts, **Canada needs to develop a "one-stop" system to win new investment in Canadian assembly and parts plants.**

Investment in Bombardier's C Series Program

Bombardier's C-Series program has been hailed as a game changer in the commercial air travel industry. Once facing questions of long-term viability, the program has seen significant orders in the past months and just weeks ago saw the first C-Series entered into service by Swiss International Airlines. The aerospace industry has significant and positive impacts on Canada's economy. Good jobs, superior skills development and productivity, technological innovation and a positive trade balance are just a few of the reasons governments the world over invest heavily in their domestic aerospace industry. An investment in the C-Series program will help ensure the success of the aerospace industry and the new technologies and products that emerge from it. **Unifor recommends Canada's federal government invest \$1 billion for an equity stake in Bombardier's C-Series program as a concrete and direct investment in promoting good jobs, productivity and innovation for Canada's economic future.** An equity stake in the company will solidify the long-term viability of this Canadian success story. And given prevailing trends, it is likely that the government will receive a handsome return on that investment through capital appreciation and distributions.

Infrastructure

Planned new infrastructure spending is welcome news, and includes \$20 billion in new transit spending over the next ten years. Public transit systems will be a key driver in delivering quality of life improvements to Canadians, including tackling climate change. Unifor believes that new investments in infrastructure – specifically transit – should also be tied to broader economic development objectives. ‘Buy-Canadian’ and local content rules affixed to new investments are proven job-creation and skills development tools. They also encourage the development of industrial competencies that foster global competitiveness for Canadian products. **Unifor recommends provisions for Made-in-Canada public transit equipment procurement and local hiring requirements, especially among under-represented workers (e.g., visible minorities, young workers, women in skilled trades and Indigenous workers).**

Just Transition

Unifor members accept that we must act now to address climate change and that as a nation we need to transition to a low carbon economy. In conjunction with the Canadian labour movement, Unifor has long argued for ‘just transition’ for workers when industrial transformation imposes a burden of change on workers, their jobs and their quality of life. The principle of just transition has been recognized by the International Labour Organization and it was included in the 2015 Paris Agreement on Climate Change. Unifor calls on the federal government to implement the principle of just transition, including:

- **Conduct a review of labour force market impacts at provincial and community levels to assess impacted workforces and determine which transition strategies are needed to ensure that the costs associated with Canada’s transition to a low carbon economy are not unfairly borne by working women and men.**
- **Invest the projected EI surplus to expand access to training programs, with a focus on labour adjustment/transition programs, so workers can benefit from the transition to a green economy by accessing the new “green jobs” being created through public investment programs.**
- **Expand access to EI, including support for retraining, skills upgrading, increased flexibility for workplace transition, enhanced severance and salary continuance, pension bridging and early retirement options.**

Additionally, the Canadian government should establish federal–provincial working groups to make proposals on Canada’s climate change action plan goals, policies and

programs. A stakeholder table representing the unions most affected by climate policy must be formed and connected to the federal-provincial working group.

Telecommunications

The Harper Government amended the Telecommunications Act to allow carriers to be foreign-owned as long as they represent less than 10 percent of the total annual revenue of the industry. An increase in foreign-based carriers in the Canadian market will not necessarily lead to more competition or result in positive outcomes for consumers (and may encourage more consolidation by larger foreign companies). **Unifor recommend reversing the amendments made to the Telecommunications Act related to foreign ownership in the 2012 Budget Implementation Bill.** Foreign ownership also has the potential to undermine Canadian culture and innovation, raise issues around national security and privacy and further exacerbate the trend of outsourcing overseas.

Keep Our Canadian Airports Public

Unifor does not support the sale of public assets, particularly those that generate significant revenue for the federal government and serve the public interest. The current non-share capital airport authority model is considered an effective governance structure for the National Airports System and should be maintained. Airport Authorities are mandated to facilitate economic development in local communities and are purveyors of the public good. Canada's air transportation industry has seen significant growth under the current ownership structure which has been in place since 1992. We believe this model can and should continue to serve as an avenue for growth and shared prosperity long into the future. The Canadian government collected over \$312 million in revenue from airport rent in 2014-15 fiscal year. The sale of an asset such as an airport to purchase a new piece of infrastructure may seem like a good idea in the short-run, but in the long-run the loss of this revenue will contribute to a continued squeeze on public services and force continued decisions between larger deficits or smaller surpluses. Additionally, the government should not eliminate or phase-out airport rents; instead it should review the possibility of extending leases and rents for all airports. Although the *Emerson Report* provided ample suggestions for how to privatize an airport, it failed to provide the analysis that would prove that privatization leads to decreased costs for airlines, increased productivity, enhanced safety or economic development.

Fair Taxation

The federal government must take steps, through Budget 2017, to **ensure that income generated by online service providers and digital content distributors and the sale of these products and services is taxed in accordance with current Canadian laws**. Today, online firms that have neglected to register operations in Canada have effectively exempted themselves from standard Canadian tariffs, taxes and duties. Multi-billion dollar firms such as Netflix, Google, Uber and others generate massive revenues in Canada (nearly \$300 million per year for Netflix alone) without remitting the appropriate federal GST payments or paying tax on income. All of this unlawfulness unfolds in an environment of impunity. This situation warrants government attention and resources. As the digital economy expands and e-commerce activities continue to grow, many jurisdictions (including Japan, Australia and the European Union) have taken steps to ensure online businesses operate on a level playing field with respect to tax treatment and other regulations. Unifor joins with Canadians for Tax Fairness in calling for Budget 2017 to prioritize the closing of income tax loopholes for digital firms in Canada and to ensure these firms oversee the remittance of sales tax to the Canada Revenue Agency. Unifor also calls on the federal government to issue a cabinet order, directing the CRTC to lift its various digital media exemptions for online broadcasters/distributors – thereby requiring firms with digital operations to apply for broadcast and distribution licenses in Canada and contribute meaningfully to the funding and exhibition of Canadian content.

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