

Submission to the House of Commons Standing Committee on Finance

2012 Federal Budget Consultation

**Submitted by the B.C. Government and
Service Employees' Union**

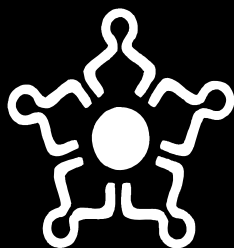
**August 3, 2011
Burnaby, British Columbia**

BCGEU

4911 Canada Way
Burnaby, BC
V5G 3W3

Tel (604) 291-9611
www.bcgau.ca

CEP 467 cope 378



Introduction

The B.C. Government and Service Employees' Union (BCGEU) represents approximately 65,000 people working in various sectors and occupations in more than 550 bargaining units across British Columbia. BCGEU members work in various fields in the public and private sectors, including direct government service, health care, community social services, post-secondary education, criminal justice, hospitality services, gaming, and financial services.

We appreciate the opportunity to provide this submission to the House of Commons Standing Committee on Finance (the "Committee") regarding some of our key recommendations for the 2012 Federal Budget.

The Committee indicated an interest in receiving the views of individuals and groups in respect of the following four issues:

1. How to achieve a sustained economic recovery in Canada.
2. How to create quality sustainable jobs.
3. How to ensure relatively low rates of taxation.
4. How to achieve a balanced budget.

In particular, the Committee is seeking thoughts and suggestions about how to ensure shared prosperity and a high standard of living for all Canadians.

In accordance with the Committee's instructions, we have limited our submission to three recommendations, reflecting key federal tax and program spending priorities.

Executive Summary

To ensure shared prosperity and a high standard of living for all Canadians, the federal government must take the following priority actions:

- 1. Boost the Canadian economy by supporting the development and maintenance of a high-quality, universal child care system for Canadian families.**

Research consistently shows that public investment in child care results in short-term and long-term net economic benefits.

- 2. Create quality sustainable employment and protect the environment by investing in green jobs.**

Investment in green jobs is an effective way to stimulate employment and ensure a strong and sustainable workforce over the long term.

- 3. Reduce inequality, strengthen public programs and services, and reverse our current fiscal course by implementing permanent measures to achieve tax fairness in Canada at the federal level.**

Federal tax changes have translated into tens of billions of dollars of lost public revenues annually, while contributing a substantial proportion to current government deficits and setting the stage for further fiscal austerity. Under a fair tax system, balanced budgets are achievable without cutting existing government programs or delaying investment in new federal initiatives.

Economic Recovery & Quality Sustainable Jobs

As the Committee has acknowledged, Canada's economic future is fragile and uncertain as a result of a variety of global and domestic factors. We recommend two core initiatives to strengthen our economy, support Canadian families and create quality sustainable jobs.

Universal child care

Research consistently shows that public investment in child care results in short-term and long-term net economic benefits. For example, in a recent review of the socioeconomic effects and benefits of child care, the Child Care Human Resources Sector Council estimated that every dollar of public investment in quality child care in Canada results in \$2.54 in long-term net benefits to Canadian society.¹ Moreover, the council found that the short-term economic impacts per dollar expenditure on child care programs are estimated to be among the highest of all major sectors.

Accordingly, to achieve a sustained economic recovery, the federal government must invest in building and maintaining a high-quality, universal child care system for Canadian families. In this respect, we echo the call of the Coalition of Child Care Advocates of BC for significant and increasing new federal transfer payments to provinces and territories, conditional upon the provision of a plan with legislated and measurable targets and timelines, to build an integrated system of early learning and child care.²

Green jobs

Canada is one of the world's worst greenhouse gas emitters, ranking 15th out of 17 OECD countries in terms of greenhouse gas emissions per capita.³ In British Columbia, greenhouse gas emissions have risen by 32 percent over the last 20 years, despite Canada's international commitment to reduce emissions by 6 percent below 1990 levels.⁴ At the same time in B.C., our economy is in transition, with shrinking median earnings levels, high rural and Aboriginal unemployment, and high jobless rates in traditional employment sectors.

Investment in green jobs is one way to stimulate employment and ensure a strong and sustainable workforce over the long term. Moreover, green jobs are key to protecting our environment and reducing our emissions. Accordingly, we recommend that the federal government focus its energies in areas such as green manufacturing, green building construction and retrofitting, and conservation, as well as just transition programs to ensure that workers are able to access training and employment opportunities in green job sectors.

¹ Child Care Human Resources Council, *Literature Review of Socioeconomic Effects & Net Benefits* (2009) at 39.

² Coalition of Child Care Advocates of BC, *Pre-Budget Submission – 2011 Federal Budget* (2010).

³ Conference Board of Canada, "Environment - GHG Emissions Per Capita" (2011) at www.conferenceboard.ca.

⁴ David Thompson & Robert Duffy, *Jobs, Justice, Climate: Building a Green Economy for BC* (Columbia Institute: 2010) at 13.

Taxation & Balanced Budgets

Relative to the size of the Canadian economy, federal government revenues and expenditures have declined significantly since the 1990s.⁵ Federal tax cuts and changes have translated into tens of billions of dollars of lost public revenues annually, while contributing a substantial proportion to current government deficits and setting the stage for further fiscal austerity.⁶ Moreover, federal tax changes and government spending initiatives have contributed to growing income inequality in Canada.⁷

If these trends continue, the ability of government to deliver important public programs and services will diminish, and inequality will grow. We fear that the Committee's interest in measures to keep taxes low and budgets balanced reflects an approach that will take Canada further in this direction.

Fair taxes

We urge the government to reconsider its current course. Specifically, we recommend the implementation of permanent measures to achieve tax fairness in Canada at the federal level, including increasing tax rates on top personal incomes, and reversing costly corporate tax cuts that have not produced promised growth in domestic employment and investment.⁸

The Canadian tax system must be reformed so that all Canadians, including big corporations and the super-rich, pay their fair share for quality public services. Balanced budgets are achievable without cutting existing government programs or delaying investment in new federal initiatives.

⁵ Chandra Pasma, *Taxes and the Common Good* (Citizens for Public Justice: 2011) at 4.

⁶ See *ibid.* at 6-7.

⁷ See Nancy Baroni *et al.*, "Canada: Rights, Budgets and Building Alternatives," *Social Watch Report 2008: Rights is the Answer* (2008) at 110-111.

⁸ Recent reports on the impacts of corporate tax cuts on domestic employment and investment include: David Macdonald, *Corporate Income Taxes, Profit, and Employment Performance of Canada's Largest Companies* (Canadian Centre for Policy Alternatives: 2011) and Jim Stanford, *Having Their Cake and Eating It Too – Business Profits, Taxes, and Investment in Canada: 1961 Through 2010* (Canadian Centre for Policy Alternatives: 2011).

Conclusion

Ensuring shared prosperity and a high standard of living for all Canadians requires swift and effective federal government action to strengthen public programs and services, reduce inequality, protect the environment, and create quality sustainable employment. Our three recommendations – universal child care, green jobs, and fair taxes – represent critical steps towards achieving these important objectives.

We urge the Committee to adopt our recommendations and to advocate for their implementation.

JC/slg
cope378