

**Statement by the
Northern Territories Federation of Labour**

**to the
House of Commons Standing Committee on Finance
Regarding the 2012 Federal Budget**

August 12, 2011

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Executive Summary

On behalf of over 9,000 members affiliated to the Northern Territories Federation of Labour [NTFL], thank you for providing us this opportunity to present our recommendations for the 2012 Federal Budget.

The NTFL is comprised of many different unions, representing workers in a vast number of occupations in both the Northwest Territories and Nunavut.

Given the restriction to limit our submission to three recommendations, the NTFL once again calls on the Federal Government to (1) create an EI Board of Referees for the Northwest Territories and Nunavut, (2) increase the Northern Residents Tax Deduction, and (3) improve our national pension system to provide retirement income security.

1. EI Board of Referees

Workers and employers in the Northwest Territories and Nunavut are more likely to reach the maximum yearly EI contribution, based on our higher wages, yet have more difficulty accessing the appeals process due to the location of the EI Board of Referees.

When EI Board of Referees [BOR] centers were established over 25 years ago, Whitehorse, Yukon was chosen as the only location in the North. Residents of the Northwest Territories and now Nunavut as well, have been forced to have their appeals heard by the BOR in Edmonton, Alberta.

In 2000, members of the Edmonton BOR wrote to the Employment Insurance Commission to express their concerns and frustrations with conducting telephone hearings between Edmonton and the Northwest Territories. One member stated, "as a non-aboriginal person, I do not feel comfortable using the standard of the *reasonable man* test in the North. The intention of the Board of Appeal being appointed from the community is to establish a *peer* group that can apply the reasonable test." Another claimed, "our understanding of the challenges and barriers facing northern workers is probably not of the highest caliber."

Despite their urgings to pursue a BOR in the Territories, eleven years later we are still without one. There are 83 Boards across the country, and it is unconscionable that residents of the North must have their appeals heard in Alberta.

The NTFL has made inquiries as to why this travesty continues, but the only response received is that the NWT does not meet the appeal volume criteria. Unfortunately, this criteria lacks consistency; it seems to change depending on who is asked.

According to the statistics published for the NWT and Nunavut up to February 5, 2009, both the number of appeals processed and the number of appeals sent to the Board more than exceed those received and processed at the present Yukon BOR office.

The NTFL contends that these numbers are far lower than they would be if we had a BOR in the Territories. The requirement to file appeals in writing [*within 30 days of a decision*] prevents many unemployed workers from accessing the system. Due to the significantly higher cost of living in the North, many just give up and head south. This has contributed to the out-migration of people in the NWT, especially during the recent economic crisis.

It is imperative that the 2012 Budget allocate the necessary funds to create a BOR for the Northwest Territories and Nunavut.

The expected federal cost is approximately **\$65,000**, a very small cost, compared with the 25 years the residents of our region have waited for a fair and equitable appeals process.

2. Northern Residents Tax Deduction

The Northern Residents Tax Deduction [NRTD] is a fair tax credit that assists working families in staying and working in Canada's North. It was established in 1988 and remained the same actual value for 19 years.

Finally after extensive lobbying for a 50 percent increase, the government raised the NRTD by 10 percent in the 2008/09 Budget, falling far short of addressing the high cost of energy, food, housing, and almost all goods and services. Cost of living for many northern communities is double that of urban Canada. Because the cost of goods and services is so high for Northerners, we pay much more GST on the basics of life. Essentially, this means that most of what we are given with the NRTD is taken back with the GST.

The escalating cost of energy hits the North particularly hard as the only source of heat and electricity for most communities is heating oil. Residents in the NWT and Nunavut continue to struggle to afford the high cost of living.

The 2012 Budget must include a 50 percent increase in the NRTD. This would amount to an expected federal cost of **\$50 million dollars**.

3. Retirement Income Security

The implementation of Registered Retirement Savings Plans [RRSPs] has proven to be a dismal failure for working Canadians. More than half of Canadians cannot invest any amount in RRSPs, and those with RRSPs have nowhere near enough to live on when they retire.

Canadians should not live in fear of retiring. Here in the Northwest Territories and Nunavut, it becomes necessary to relocate, leaving homes and families, because retirement in the North is not affordable.

The current benefits under the Canada Pension Plan are inadequate; even when coupled with Old Age Security and the Guaranteed Income Supplement, recipients still live in poverty. Living in poverty after a lifetime of working is not something that we as a society should accept. Our government has an opportunity in the 2012 Budget to start making improvements to our national pension system.

The NTFL calls on the Federal Government to phase in a doubling of the benefits under the Canada Pension Plan over the next seven to ten years. This could be financed by modestly increasing both worker and employer premiums.

Also, the recent federal increase to the Guaranteed Income Supplement falls far short of lifting seniors out of poverty. We suggest that the maximum GIS should be increased by a further \$110 per month. The goal of this should be to eliminate poverty among elderly Canadians. The estimated annual cost for this would be about **\$1 billion dollars**. Marginally reducing the high limits on RRSP contributions could cover this cost.

Those Canadians who are fortunate enough to participate in a pension plan should be guaranteed their benefits. The government should institute a system, funded by contributions from pension plan sponsors, to provide a maximum guarantee of \$2500 per month. This system could start by covering federally regulated pension plans, with a view to creating a national system with the provinces and territories.

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This statement is respectfully submitted on behalf of the:

Northern Territories Federation of Labour


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