CUPE Ontario Pre-Budget Submission

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Canadian Union of Public Employees Ontario

The Canadian Union of Public Employees (CUPE) Ontario is the largest union in the province with more than 250,000 members in virtually every community and every riding in Ontario. CUPE members provide services that help make Ontario a great place to live. CUPE members are employed in five basic sectors of our economy to deliver public services: health care, including hospitals, long-term care and home care; municipalities; school boards in both the separate and public systems; social services; and post-secondary education. CUPE members are your neighbours. They provide care at your hospital and long-term care home. They deliver home care for your elderly parents. They collect your recyclables and garbage from the curb. They plough your streets and cut the grass in your parks and playgrounds. They produce and transmit your electricity, and when the storm hits in the middle of the night, they restore your power. CUPE members teach at your university and keep your neighbourhood schools safe and clean. They take care of your youngest children in the child care centre and make life better for developmentally challenged adults. They protect at-risk children as well as those struggling with emotional and mental health issues.

Our members do this work every day, and as a collective experience it equips us to make a positive and informed contribution to the discussions around the provincial budget and the priorities of Ontarians. We support the development of vibrant, healthy communities and strong local economies, and part of this can be realized through a provincial budget that invests in people and public services.

Introduction: The Perils of Continued Austerity

In the context of global economic instability Ontario currently faces economic and social risks. The global economy is in turmoil. Recent volatility in global markets, including downturns in China, ongoing stagnation in Europe, and a persistent pattern of economic stagnation at home all clearly demonstrate that economic growth is not guaranteed, and is indeed unlikely to be substantial under the current policy framework. Global economic weakness is coupled with an ongoing, pervasive and damaging trend towards growing economic inequality, a trend which is also prevalent in Ontario[1]. Income inequality itself is a fetter to economic growth, and is certainly not the basis on which to build a just society. Continued austerity will only reinforce these trends. However, there are alternatives that will mitigate against these problems. CUPE Ontario calls on the provincial government to adopt the measures outlined in this submission in order to mitigate against economic weakness and to improve the lives of workers and the poor in Ontario.

This year began with declining stock prices, declining commodity prices, declining value of the Canadian dollar, increasing food prices and a looming global economic slowdown. These factors exacerbated the overall weakness of the Canadian economy in 2015, which was in recession for the first half of the year followed by a low rate of growth for the rest of the year. Rates of growth in the advanced economies for the years 2010-14 has averaged a meager 1.4%.[2] The expectation of economic growth in the United

[1] Andrew Jackson, The Return of the Gilded Age: Consequences, Causes and Solutions, Broadbent Institute, April 2015.

[2] Abeer Reza and Subrata Sarker, “Is Slower Growth the New Normal in Advanced Economies?”, Bank of Canada Review, Autumn 2015.

States (an expectation that is likely to be far too optimistic)[3] is an insufficient basis for stability in the Ontario economy when global and national trends are stacked towards economic slump. Ontario might fare better than other provinces in the context of declining commodity prices, but it cannot fully escape the trend towards slow growth.

Slow rates of growth are consistent with a prolonged economic slump in the years after the global financial crisis of 2007-09.[4] This slow rate of growth has been worsened by austerity measures implemented by governments. There is a growing consensus, including reports by the International Monetary Fund, the International Labour Organization, as well as progressive economists around the world, that austerity is failed policy.[5] It claws money out of the economy when that money needs to be circulated to stimulate growth.

Austerity can be conceptualized as a multi-faceted approach to government fiscal and economic policy. It includes cuts to expenditures on public services, cuts to corporate taxes that starve the public sector of necessary resources, and it includes privatization. Austerity slows economic growth, and has been identified as a cause of recession. It has caused deteriorating quality of life for the majority of people. At the same time, austerity has been a boon for big business, as it transfers wealth from workers and the public sector to corporations and the already wealthy. Even though the economy is growing at a slow rate, business and the wealthy take home a larger slice of the economic pie.[6] It is simply not true that improving economic outcomes for business automatically means improved outcomes for workers. It is time for the government to decide if it will continue on this failed path, or if it will implement a fiscal plan that works for the majority.

Cuts to public expenditure removes money from the economy that is guaranteed to be spent. The Ontario government has amplified the adverse effects of budget cuts with its "net zero" wage policy for public sector workers. Additionally, austerity is associated with reckless cuts to corporate taxes under the misapprehension that this policy will lead to further investment and spark economic growth. As recent research has demonstrated, there is no correlation between low corporate income tax rates and higher levels of investment. Instead, in those cases in which there is a statistical correlation between corporate income tax rates and investment the research shows that higher investment is more likely to happen with higher corporate taxes. The only thing that is achieved with cuts to corporate taxes is the hoarding of money by corporations.[7]

Lowering corporate taxes merely worsens pressure on government budgets, leading to further calls from some quarters for more cuts to program expenditures and expansion of the privatization agenda. Privatization of public assets and services has been used as a means of "shrinking the state", but, as the Auditor General has pointed out, regularly ends up costing more.[8] With privatization we lose a source of

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[3] http://www.imf.org/external/pubs/ft/weo/2016/update/01/index.htm?hootPostID=42034170298e361935d79bc6249eb678

[4] David McNally, *Global Slump: The Economics and Politics of Crisis and Resistance*, Oakland: PM Press, 2011.

[5] http://www.ieo-imf.org/ieo/pages/CompletedEvaluation227.aspx.

[6] Broadbent Institute, Haves and Have-Nots: Deep and persistent wage inequality in Canada, September 2014.

[7] Jordan Brennan, Do Corporate Income Tax Rate Reductions Accelerate Growth?, Canadian Centre for Policy Alternatives, November 2015.

[8] Office of the Auditor General, Annual Report 2014.

public wealth, we lose sources of revenue, and the increased costs of private services worsens our fiscal situation.

We can see the effects of austerity in a number of key indicators. Wages for Ontario workers have increased at the lowest rate of all provinces in the country. Between 2000 and 2013 average after tax income for workers in Ontario rose by a paltry 0.4% per year.[9] A significant factor leading to this negative economic trend is the government's "zero net gain" wage policy for public sector workers. Public sector workers are not alone in facing wage restraint, as the abysmal state of wages in Ontario demonstrates. Growth of precarious work, including forms of 'self-employment', contribute to worsening wage trends.

Moves to tie the minimum wage to inflation without establishing a livable minimum wage also acts as a drag on wages and income for those with low income. Raising the minimum wage to at least $15/hour, and then pegging it to inflation would improve the income of the 29.4% of workers who earn $15/hour or less.[10] Austerity has also meant that government increases to social assistance have failed to keep pace with inflation, so those living in poverty are worse off year after year. Social Assistance recipients require a raise of 58% just to restore their purchasing power to the 1995 level. We need a comprehensive strategy to give Ontario workers and the poor a raise. Improved incomes will result in higher government revenues, and will also spark investment to meet increased demand in the economy. When business sees low demand there is little incentive to invest in production of goods and services. Low demand contributes to the problems of hoarding money and investment in non-productive speculation.

The Ontario economy has been plagued by persistently high levels of unemployment since the 2008 recession hit. Unemployment is high in absolute terms (currently sitting at 6.7%),[11] as hundreds of thousands of workers who need jobs are deprived of an income. It is also high in relative terms. Compared to the post-war period, in which unemployment averaged less than 5% in the post-war era, the current unemployment rate is dire. The problem of persistently high unemployment is coupled with high levels of underemployment.

Far too many Ontarians only work part-time hours when they require full-time hours to meet their economic needs. Estimates are that one-third of all jobs are precarious, and in some cities more than half of all jobs lack long-term security.[12] Far too many new jobs fit within the precarious model of work. Recent reports indicate that a majority of jobs in cities like Hamilton and Toronto are now precarious.[13] Poor employment performance is directly related to low investment rates, which are themselves correlated with government fiscal policy. The absence of full-time, permanent jobs with good wages is a drag on the economy, and results in lowered revenue expectations for government.

The government itself is implicated in the extension of precarious work. It was recently reported that 44% of all jobs posted by the provincial government in 2013/14 were precarious, including full-time temporary and part-time temporary jobs. Workers in these jobs are denied pensions and benefits,

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[9] http://statcan.gc.ca/daily-quotidien/151217/cg-c004-eng.htm

[10] Sheila Block, "A Higher Standard: The case for holding low wage employers in Ontario to a higher standard", Canadian Center for Policy Alternatives, June 2015.

[11] http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfss01b-eng.htm.

[12] http://www.workersactioncentre.org/issues/precarious-work/.

[13] http://www.thestar.com/news/gta/2013/02/23/half_of_gta_and_hamilton_workers_in_precarious_jobs.html

furthering their economic precarity.[14] The expanded use of precarious work arrangements is widespread throughout the broader public sector, involving part-time teaching staff at universities and colleges, social service agencies, municipalities, and employees of the LCBO. Tax cuts and privatization are key drivers of this trend as public sector employers mimic the bad employment practices of the private sector in order to save money.[15] The abuse of public sector workers through use of precarious work arrangements is worsened by the net-zero wage gain policy. Not only is the government relying on low wage vulnerable workers, but is also restricting their ability to improve their jobs through free collective bargaining.

The effects of austerity can also be seen in terms of significant pressure on the delivery of public services. Cost inflation in the health care, for example, is at least 5.8% per year due to increased usage, and rising costs of pharmaceuticals and technologies. Failure to increase funding to the health care sector by at least 6-7% to cover these costs increases, and to fund increases to staffing levels, can only lead to service cuts, bed shortages, understaffing, and poorer patient outcomes. Funding freezes or increases of less than this rate have led to severely reduced capacity to care for patients.

Refusal to provide adequate funding to universities leads to mounting student debt, and cuts to services that benefit students. Underfunding causes the cleanliness of universities to deteriorate. Tuition fees have increased by 360% since 2006, and student debt averages $37,000 per student.[16] The failed funding formula in K-12 education means that students are robbed of access to support staff like Educational Assistants. Underfunding of long-term care means that residents in care facilities receive insufficient support from staff, and deprive the system of the ability to reach a standard of care of 4 hours per day per resident. This standard of care is necessary to maintain a good quality of life for residents.

The government projects that the provincial deficit will be $7.5 billion for 2015-16.[17] Under the current policy framework the size of the current deficit and the economic forecasts for the upcoming year make it impossible to reach the goal of eliminating the deficit by 2017-18 without engaging in severe cuts to program spending. Austerity measures, including real cuts to expenditures on program spending, the reckless sale of public assets like Hydro One, and other forms of privatization, and wage freezes for public sector workers, will have profound and deleterious effects on the working class, and on Ontario's economy.

The government need not be in any rush to eliminate the deficit. Ontario's debt to GDP ratio has increased modestly over the period from 2008-09 to 2014-15, but not at a rate that should induce panic. The debt to GDP ratio is roughly similar to where it was in 1997/98, which was also about 6 years after a recession. The effective interest rate on Ontario's debt is only 3.7%. Servicing costs on the debt will

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[14] http://www.thestar.com/news/gta/2015/12/12/public-sector-workers-feel-sting-of-precarious-jobs-data-shows.html?platform=hootsuite.

[15] Randy Robinson, "Precarious Workers: Government can't ignore its own", Canadian Centre for Policy Alternatives, November 2015.

[16] http://www.cfsontario.ca/en/section/182

[17] Government of Ontario, Ministry of Finance, "Building Ontario Up: Progress for Prosperity: Mid-year economic and fiscal outlook", November 26, 2015.

remain manageable for the foreseeable future.[18] Low interest rates give the government room to postpone the artificial deadline of 2017/18 for eliminating the deficit.

Ontario needs a different approach to the economy and it needs a fundamentally different fiscal strategy. Our recommendations provide such an alternative, one that improves the lives of Ontarians and promotes economic stability.

Which Side Are You On?: An Alternative to Austerity

The options are clear. The government can continue to implement budgets that privilege the already wealthy, redistributing wealth upward from workers and the poor to the corporate elite. Or the government can abandon its failed austerity agenda and govern for the majority of Ontarians. The government can continue on a path that has not worked, which has not improved our economic position or the wellbeing of the people. It has not led to improved incomes for workers. It has not created a more equal society. Or the government can change course and adopt a plan that puts people to work, realizes the benefits of retaining the assets we hold collectively, and builds a better Ontario. Our proposed alternative to austerity has four key components: revenue generation including increases to corporate taxes, an end to privatization, investment in public services and infrastructure, and promotion of job and income security for workers and the poor.

Part One: Increasing Revenues

Tax policy in Ontario has starved the public sector of necessary resources. Corporate tax cuts have led to pressure to reduce expenditures, costing the government $2 billion per year since 2010/11.[19] These lost revenues could have been used to balance the budget and make investments in public services and infrastructure. Low corporate income taxes have not led to increased investment. Instead businesses have hoarded their returns, leading to a staggering amount of dead money, approaching almost $700 Billion in Canada.[20]

Recent research demonstrates that cuts to corporate income taxes do not lead to higher levels of investment. It has been found that "in the decades when CIT rates were being rapidly reduced (1980 – present), GDP grew at an anemic rate. The deeper the cuts to the CIT rate, the slower the growth of GDP."[21] In those cases in which there was a statistically significant correlation between corporate income tax rates and investment it was found that higher CIT rates are more likely to be associated with higher rates of investment – exactly the opposite of the premise on which the government has based its tax policy.

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[18] Sheila Block, No Crisis on the Horizon: Ontario Debt 1990 – 2015, Canadian Centre for Policy Alternatives, January 2016.
[19] Calculation by CUPE Economist Toby Sanger.
[20] Canadian Center for Policy Alternatives, "Do corporate income tax rate cuts fuel growth or just cash hoarding?", December 7, 2015, https://www.policyalternatives.ca/publications/commentary/do-corporate-income-tax-rate-cuts-fuel-growth-or-just-cash-hoarding
[21] Jordan Brennan, "Do Corporate Income Tax Rate Reductions Accelerate Growth?", Canadian Centre for Policy Alternatives, November 2015.

- **Recommended sources of revenue**

Measure	Estimated Annual Revenue
Restore Ontario’s general corporate income tax rate to 14%	$2 billion
Broaden the base for the 13.15% personal income tax rate to include incomes over $250,000	$0.26 billion
Restore Ontario’s corporate capital tax for medium and large sized corporations to 0.3% for general corporations and from 0.6% to 0.9% for financial corporations	$2.1 billion
Apply a uniform Business Education Tax rate with indexation	$0.4 - $1 billion
Remove the Employer Health Tax exemption for the first $450,000 of payroll	$0.9 billion
Suspend the phase-in of HST input tax credits provided to large businesses for energy, telecom and meals and entertainment expenses	Gradually rising to $1.3 billion annually from 2016 to 2019
Introduce a financial activities tax (5% rate on finance sector profits and compensation)	$2 billion
Eliminate tax preference for stock options	$0.16 billion
Eliminate lower rate on tax on capital gains for individuals and corporations	$1.5 billion
Eliminate deductions for meals and entertainment expenses for corporations	$0.12 billion
Tax audit and compliance measures	$2 billion
Demand a fair share of the federal government’s promise to increase transfer payments to lower levels of government	$2 billion
TOTAL	~ $14 billion to $15 billion by 2019
Sources 2015 Ontario Economic Outlook and Fiscal Review; Ontario Transparency in Taxation; Ontario Budget Documents; Drummond Commission Report; Canada Revenue Agency, Income Statistics; Toby Sanger; Sheila Block, No Crisis on the Horizon: Ontario Debt 1990 – 2015, Canadian Centre for Policy Alternatives, January 2016.	

Part Two: End All Forms of Privatization

Privatization in all forms has proved to be contrary to the public interest. Public Private Partnerships (P3s), selloffs of public assets, contracting out of services, social impact bonds, and other measures ultimately cost government more and lead to diminishing quality of services. Proposals for privatization regularly overstate the benefits of private delivery and understate the benefits of keeping assets and services in house.[22] As the Auditor General points out, Ontario has paid $8 billion more to private contractors than would have been spent had these projects been provided through the public sector.[23]

The sale of Hydro One is incredibly unpopular with voters in Ontario. People oppose the sale of Hydro One for many good reasons. Public utilities have been owned by Ontarians for more than 100 years. We rely on public power for affordable and reliable electricity. As a public asset Hydro One has generated revenue for the province. The only way to truly realize the value of this public asset is to keep it public, and continue to generate revenue as a dividend on our investment. The government's rhetoric of "Broadening Ontario Hydro's ownership" is flawed. Sale of an asset owned by the citizens of Ontario is not broadened when portions of it are sold off to private shareholders. This is actually a narrowing of ownership as a smaller number of people actually reap the benefit of ownership and the income that derives from it.

The reckless selloff of 15% of Hydro One generated money to help the government make a one-time payment on its debt of approximately $1 billion, which is the primary reason that Ontario surpassed its target for budget reduction in 2015,[24] but will cost the province approximately at least 15% of the revenue generated by Hydro one each year. Plans to sell another 45% of Hydro One will further diminish the annual revenue brought in by the utility, and will cause future fiscal problems for the province. The Financial Accountability Officer has shown that the sale will cost Ontario $500 million per year. He added that "the province's fiscal position will deteriorate compared to if they didn't undertake this sale."[25] The government must end all plans to sell off any more of Hydro One in order to protect the fiscal position of the province, and to retain a valuable asset that belongs to the people of Ontario.

Privatization of public assets and public services is counter-productive on a number of fronts. Private delivery of services generally costs more that public provision.[26] It also leads to lowered quality of services as private businesses privilege profits over quality. Privatization diminishes the government's ability to have control over public policy objectives, and diminishes the government's ability to use public service delivery as a source of good jobs.

Recommendations:

- Stop the sell-off of Hydro One.
- Raise the tax on the sale of municipally owned electricity distribution companies back to 33% as a disincentive to privatize these valuable assets.
- Scrap any plans to introduce Social Impact Bonds.
- Stop using P3s for all public works.

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[22] Canadian Centre for Policy Alternatives – Saskatchewan Office, "Privatization Nation: The Canada-wide Failure of Privatization, Outsourcing and Public-Private Partnerships", November 2015.
[23] Auditor General's Report 2014.
[24] Government of Ontario, Ministry of Finance, "Building Ontario Up: Progress for Prosperity: Mid-year economic and fiscal outlook", November 26, 2015.
[25] Quoted in Adrian Morrow, "Budget Watchdog warns Hydro One sale will deepen Ontario's debt", Globe and Mail, October 29, 2015.
[26] Canadian Centre for Policy Alternatives, Saskatchewan Office, Privatization Nation: The Canada Wide Failure of Privatization, Outsourcing and Public-Private Partnerships, November 2015.

- Stop the practice of contracting out work from the broader public sector, and contract back in those services that have already been contracted out.

Part Three: Invest in Public Services

Ontario currently funds public services at the lowest rate of any province. This is not something of which to be proud as it has undermined the quality of services and the quality of jobs offered in the public sector. Commitments to increase funding at less than 1%, which is below the rate of inflation, will further compromise necessary programs. Increased revenues from the tax fairness measures outlined above, and from increased transfers promised by the new federal government[27] will make room for increased investment in public services.

The government claims they are making up for cuts in hospital and long-term care services by increasing home and community care. This is the same justification that was used by Mike Harris to justify hospital closures and mergers. While it is correct that there is increasing capacity in the home care sector over the last few years, the increases do not make up for the increased demand caused by the cuts in hospital and LTC (never mind population growth and aging) and as a result, individual patients overall are receiving less care.

The lack of affordable child care space is a burden on families and a barrier to a healthy, competitive Canadian workforce. A recent report from the Canadian Centre for Policy Alternatives notes that child care fees in most cities are at alarmingly high rates.[28] Lack of access to affordable child care contributes to the gender wage gap, and is a significant barrier to gender equality. Value must be placed on child care as a social good, and it must value the workers who deliver child care with good wages, benefits and good working conditions.

The K-12 education sector requires massive investments in infrastructure in order to make up for years of neglect. Investments in infrastructure will benefit students and workers alike, and the money infused into the projects will act as a stimulus to local economies. Investments in infrastructure will allow school boards to utilize schools for a number of different kinds of community projects and events, multiplying the positive social effects of public schools. These investments in buildings will also need to be met with increased investments in student supports, including additional library resources and more educational support staff, to enhance student experiences and learning outcomes.

Post-secondary education is vital to workers' ability to find good jobs. Young workers deserve access to affordable PSE to better their chances of getting meaningful employment, and older workers rely on PSE to upgrade or develop new skills. Making PSE affordable means increasing funding to allow universities and colleges to reduce tuition fees, and to hire full-time permanent staff to deliver services. It also requires funding to ensure that facilities are properly maintained and workers are given the resources to

[27] Liberal Party of Canada, https://www.liberal.ca/realchange/
[28] David Macdonald and Thea Klinger, They Go Up So Fast: 2015 Child Care Fees in Canadian Cities 2015, Canadian Centre for Policy Alternatives, December 2015.

maintain high levels of cleanliness. Underfunding PSE has led to high tuition fee burdens, millions of dollars-worth of deferred maintenance, lowered standards of cleanliness, and contracting out of jobs.

Investments in public services provide significant social and economic benefits.[29] Expenditures on public services cycle through the economy as a source of wages for workers. They also provide economic supports to all Ontario workers as they provide access to necessary services on top of their other sources of income. The purchasing power of workers is increased when they do not have to go out of pocket directly in order to access public services.

It is estimated that each Canadian derives a benefit of $17,000 from public services, and "more than two-thirds of Canadians' benefits from public services adds up to more than 50% of their household's total earned income. Median income families gain a benefit of $41,000 from public services, which is equivalent to roughly 63% of Canadians' median household income."[30] Public services are fundamental to people's income security, and they are an expected return on the investments we make in our society through the tax system.

- **Recommendation: Make the Following strategic investments in public services**

Health Care

- Significant ongoing increases to hospitals, long-term care, and home care funding to offset population growth, aging and inflation, as well as increases to offset the funding lost in the last several years.
- Ontario, as a relatively wealthy province, should aim to fund and provide care at the same level as other provinces, or better.
- Long-term care: Increased funding is needed to meet greater demand and to provide a minimum of four hours of care as the standard, based on resident need.
- Support public health care instead of the Liberal strategy of pushing services into private clinics.
- Restore hospital base funding to avoid further cuts in beds, services and jobs.
- Increase long-term care beds due to the rapid growth of the 85+ population.
- Increase Home Care funding to accommodate the over 10,000 people waiting for care and to provide decent wages and working conditions for personal support workers. Home care services have failed to keep up with the 33% increase in demand.

Education

- Provide adequate funding to support infrastructure needs, including deferred maintenance costs, in the education sector.
- Additional funding for school libraries.

[29] Hugh Mackenzie and Richard Shillington, "Canada's Quiet Bargain", Canadian Centre for Policy Alternatives, April 2009.
[30] Hugh Mackenzie and Richard Shillington, "Canada's Quiet Bargain", Canadian Centre for Policy Alternatives, April 2009.

- Additional funding for special education staff to counteract the adverse effects such as special education students being sent home due to a lack of staff.
- Make changes to the school facility funding formula that recognizes all the educational activities that take place in schools, and which foster better community use of schools, instead of one that penalizes boards that offer adult education, child care services and other community programs.
- Increased funding is needed to support the full implementation of full-day kindergarten and to address the $740 million shortfall in the core operating grant to schools since 2011-12.
- Increase funding targeted to ensure support staff for students with special needs.
- Stop the continuing shortfall in the core operating grants to schools.

Municipalities and Municipal Social Services

- Funding for public transit that keeps up with population growth and increased demand.
- Increase funding to address the continuing functionality issues of the Social Assistance Management System (SAMS). Ensure funding is available for approaches to ensure the impact of SAMs on service quality are minimized.
- Stop the funding cuts that are forcing the closures of municipal public childcares in Sarnia, Sudbury and so many other communities.
- Adequately fund municipalities for the delivery of social assistance

Affordable Housing

- The provincial government should outline a plan with targets, timelines and funding to support municipal governments in addressing the waitlist for affordable housing through the construction of new units. The affordable housing strategy update should outline a vision for the integration of emergency and supportive housing services, and implement an action plan to prevent and end homelessness. This plan should be based on a public financing, operation and management to ensure quality, transparency and cost-effectiveness.
- The provincial government should outline a plan with targets, timelines and funding to bring aging social housing stock up to standard based on the needs assessed by OMSSA and the TCHC.
- Press the federal government to re-create and fund a National Affordable Housing Program using a public and not-for-profit model with targets and timelines.
- In addition to public investment, provide a monthly Housing Benefit to low-income tenants that would cover the gap between rent costs and 30% of an individual's income.
- Annualize funding to municipalities for the Community Start-Up and Maintenance Benefit
- Commit to fully public and not-for-profit approach to affordable housing

Child Care

- Ontario should build on Canadians' clear desire for a National Child Care Program. A universal, affordable, publicly funded and operated child system is a necessary component to promoting gender equality and the wellbeing of working class families.
- The province should invest $300 million annually in core (base) funding to support affordable, high quality services directly.
- The province should invest $100 million in a capital plan designed to maintain and expand services.
- The province should contribute an additional $75 million to address immediate system crises such as cuts to municipalities through changes to the funding formula, centre viability, municipal subsidy waiting lists, family child care agency funding. Overall funding should be indexed to inflation.
- Funding and resources to support the system infrastructure including civil society organizations, data, research, support to the workforce and ongoing support to services.
- We also need an accompanying workforce strategy to ensure that we have a well-educated and well compensated child care workforce

Developmental Services

- Develop a provincial disability strategy that ensures every Ontario with a disability has access to adequate supports and services.
- Despite increases announced in 2014, additional funding is required for an end to waitlists for residential care for people with intellectual disabilities.
- The cost of eliminating the waitlist of 12,000 individuals for residential support is estimated at up to $1.2 billion per year.
- Increase funding to developmental services agencies by 5%. Developmental services agencies have been operating under a funding freeze for almost six years, despite increased cost of transportation, food, electricity etc.
- Redirect resources in Developmental Services to agencies and workers who can provide quality individualized care rather than pouring resources into individualized funding.

Community Agencies

- In 2011/12, emergency women's shelters reported that they turned away 15,000 women, or 56% of the women who sought their help. Additional funding support is required to the front-line services that provide safety for women and children fleeing violence.
- A 6% increase in annualized operational funding is needed for Ontario Interval and Transition Houses.
- Fund a Children's Mental Health Strategy that sees community agencies assisting youth supported to do the work that is needed in communities.

Child Welfare Services

- We are inspired, along with our colleagues across Canada, by the federal government's renewed commitment to work with the provinces, territories, and Indigenous Peoples to create a new National Early Learning and Child Care Framework. We look forward to Ontario being a significant part of these urgent conversations.

- Accountability Agreements with mandatory balanced budgets make it difficult for many Children's Aid Societies to meet their child welfare mandate. The 2015 Auditor General's Report stated that almost half of Ontario CASs received an average of 4.5% less funding in 2013/14 than in 2012/13. The province needs to increase CAS funding and revisit its funding model to ensure a solid network of supports for children and families in the province.
- Ontario families need an end to the layoffs, case load increases and cuts to the very programs designed to keep families together.
- Reinvest in Child Welfare with a particular view to prevention as well as protection services, to reverse cuts and temporary closures.
- CPIN needs to be halted until the bugs are worked out or there could be a child death resulting from problematic, faulty software.

WSIB

- Bring in universal coverage for all workplaces in the Workplace Safety and Insurance system to assist in sustaining support, to modernize coverage as other provinces have done, and to enhance fairness for all workers.

Post-Secondary Education

- Ontario is chronically underfunded with the lowest levels of per-student funding in the country. This needs to be addressed; students, workers and community members are facing accessibility issues with respect to post-secondary education. Ontario is the most expensive place to go to school. We see increased privatization and contraction out, and staff reductions by attrition, all leading to a decline of quality public sector service delivery and good jobs.
- Following the example of many OECD countries, we ask that the government follow the advice of their former Finance Minister and work towards the elimination of post-secondary tuition fees. Even the US is beginning to examine tuition free initiatives for some portions of post-secondary education.
- Increases in funding should not be tied to differentiation, privatization, strategic mandate agreements and performance indicators.
- A fair funding formula for all staff is needed.
- Funding for the deferred maintenance on our campuses.

<u>Part Four: Income and Employment Security for Workers</u>

The people of Ontario deserve income and employment security. Current trends toward increased low wage work, increasingly precarious work, increasing part-time work is harmful. The budget can be a useful tool in rectifying these social and economic ills. First, the government can budget sufficient funds to ensure that all employees in the broader public sector have enough hours of work, and high enough hourly wages to lift them out of precarity. Of late the government has relied far too heavily on a precarious workforce to provide public services.[31]

The plan to implement the ORPP is potentially a measure to help provide income security for retirees, as long as the plan is designed properly. The ultimate goal should be to provide coverage to all workers. The eventual full integration of the ORPP into the CPP should be a guiding principle to reach this goal. Full integration with the CPP can only be possible if the ORPP is based on similar principles. It must be a universal, defined benefit plan. The ORPP should also be designed with a goal of promoting gender equality, and therefore must mitigate against existing wage inequality to ensure women's pension income is equal to that of men.

The budget, and indeed all of the government's economic policies, must be geared towards improving income and employment security for Ontario workers.

Public Sector Workers' Incomes

- End the "net zero" wage policy.
- Budget for real wage gains for all public sector employees.
- Budget to create permanent, full-time jobs in the public sector that provide guaranteed hours of work and include access to pensions and benefits.

Pay equity

- The Ontario government should provide dedicated government funding for the broader public sector to meet pay equity obligations. Years of government funding freezes have limited the ability of many agencies to make required pay equity adjustments.

Gender wage gap

- The average annual earnings of female workers in Ontario are 31.5% less than the average annual earnings of male workers.
- The province needs to undertake a comprehensive strategy to close the gap including:
    - Dedicated government funding for the broader public sector to meet pay equity obligations.
    - Increase the minimum wage to at least $15/hour
    - Implement yearly funding increases to transfer payment agencies
- Continue to target particular female-dominated occupations for wage enhancements that get rolled into base salaries in ways that respect collective bargaining and get rolled into base salaries.

Social assistance rates

[31] Randy Robinson, "Precarious Workers: The Government Can't Ignore Its Own", Canadian Centre for Policy Alternatives, November 2015.

- A 58 per cent increase in social assistance rates is required to provide adequate support to the province's most vulnerable people and finally reverse the Mike Harris / PC cuts from the mid-1990s.
- Restore the Community Start Up
- Restore Special Diet
- Enhance benefits for activity related expenses and transportation allowances

Minimum Wage

- Increase to at least $15/hour, continuing to adjust for inflation after the increase is made.

ORPP

- Universal pension coverage.
- Defined benefit plan.
- Build on the CPP model so that eventual integration of the two plans is seamless.
- Ensure that public pension plans are sufficient to ensure nobody retires into poverty.
- Ensure that public pension plan adequately addresses gender income inequality and does not penalize women for lower wages and time out of the paid labour force.

Conclusion

CUPE Ontario's alternative to austerity is a comprehensive and integrated plan for improving the lives of the people of Ontario. The government must invest in workers and reverse the trend of austerity. Revenue must be generated through increased taxes and other measures identified above, and practices of privatizing revenue generating assets must end. Since privatization in general costs more, and prevents public control of policy goals and service quality, the government should discontinue use of privatization as a service delivery model.

With new revenue and savings from these measures the government can invest in public services and wage improvements for workers. These investments will reap economic rewards as money cycles through the market. These stimulus measures will help protect Ontario from the trends towards global economic weakness and will improve the lives of people in Ontario. Given the low interest rate climate in which we operate, and a debt level that is manageable, the government should postpone the artificial deadline of 2017-18 for balancing the budget.

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