



Pre-Budget Submission

Standing Committee on Finance and Economic Affairs

Fred Hahn
President

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Ontario Pre-Budget Submission 2019

Canadian Union of Public Employees Ontario

The Canadian Union of Public Employees (CUPE) Ontario is the largest union in the province with more than 270,000 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, delivering public services in: health care, including hospitals, long-term care and home care; municipalities; school boards in both the separate and public systems in both French and English; 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 child care centres and make life better for developmentally challenged adults. They protect at-risk children as well as those struggling with emotional and mental health issues. The services our members provide is for the people of Ontario.

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

Ontario's 2019 budget must value people over profit. Working towards a society that is inclusive must start with a focus on the most vulnerable among us - equity seekers. Our society has been built on the backs of these marginalized workers, and it is time for that to change.

No longer can the corporate elite and the wealthy exploit the labour of the working class to advance their interests at the expense of Ontarians. A healthy democratic state must make sure that all prosper; if it does not, Ontario's collective advancement is at stake.

We are in a new era where economic growth no longer necessitates pay raises. Wage stagnation and laws that benefit the wealthy have caused staggering income and wealth inequality. As Oxfam recently noted, "the two richest Canadian billionaires own \$33-billion between them, which is more wealth than the bottom 30 percent of the Canadian population".¹ The wealth hoarding of the one percent is matched by a concentration of political power

¹ 2018. The Globe and Mail. Two richest Canadians own more than bottom 30% of population, report finds

This power imbalance is eating away at our social contract. Failed neoliberal policies are resulting in anger and discontent among the working class. In the absence of a bold alternative vision to neoliberalism, this anger will continue to feed racism and xenophobia, as struggling Ontarians look to place the blame for their economic hardships.

Reinvigorating Ontario begins by investing in public services funded by tax increases borne by the wealthy and corporations. In addition, creating an economy that benefits the working class will require increased union density because unions play a key role as a driver for social justice and a tool for shared prosperity.

1) Ministry of Finance

Fiscal Strategies

The Ontario Conservative government has spent that last six months attempting to solve a fictitious crisis of public sector spending. The government has not turned its mind to solving many of the real crises facing Ontarians, instead choosing to fear monger.

Among these concerns, for many, are the staggering financial pressures which impact Ontarians' daily lives. These pressures are seen in a variety of different ways, for example, a recent poll highlighted that 46% of Ontarians are within \$200 or less of financial insolvency.²

This is a direct result of public policy choices that have created over 15 years of real wage stagnation for the average Ontario family. As the Financial Accountability Office (FAO) noted, "Since 2000, the growth of median income for Ontario families and unattached individuals was the slowest in Canada by a wide margin. Lower-income families experienced slower income growth than higher-income families and working-age singles and single-parent families experienced outright declines in their after-tax income after adjusting for inflation."³

² 2019. MNP. MNP Consumer Debt Index Update: Canadians more worried about debt, interest rates and personal finances compared to September.

³ 2019. Financial Accountability Office. Income in Ontario: Growth, Distribution and Mobility.

Ontario's median income growth slowest among provinces between 2000 and 2016

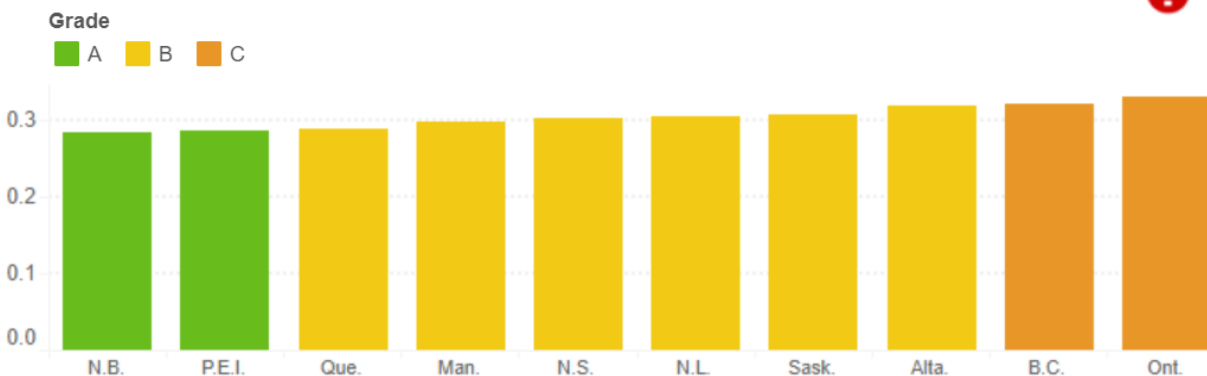


Source: Statistics Canada Canadian Income Survey and FAO.

Compounding this wage stagnation is Ontario's worsening inequality. Neoliberalism has rigged the system and created a new gilded age where 'winners' take all at the expense of the rest of us. According to the Conference Board of Canada, Ontario has the highest income inequality in Canada.⁴

Income Inequality, 2013

(Gini coefficient after taxes and transfers, scale of 0 to 1)



Sources: The Conference Board of Canada; OECD.

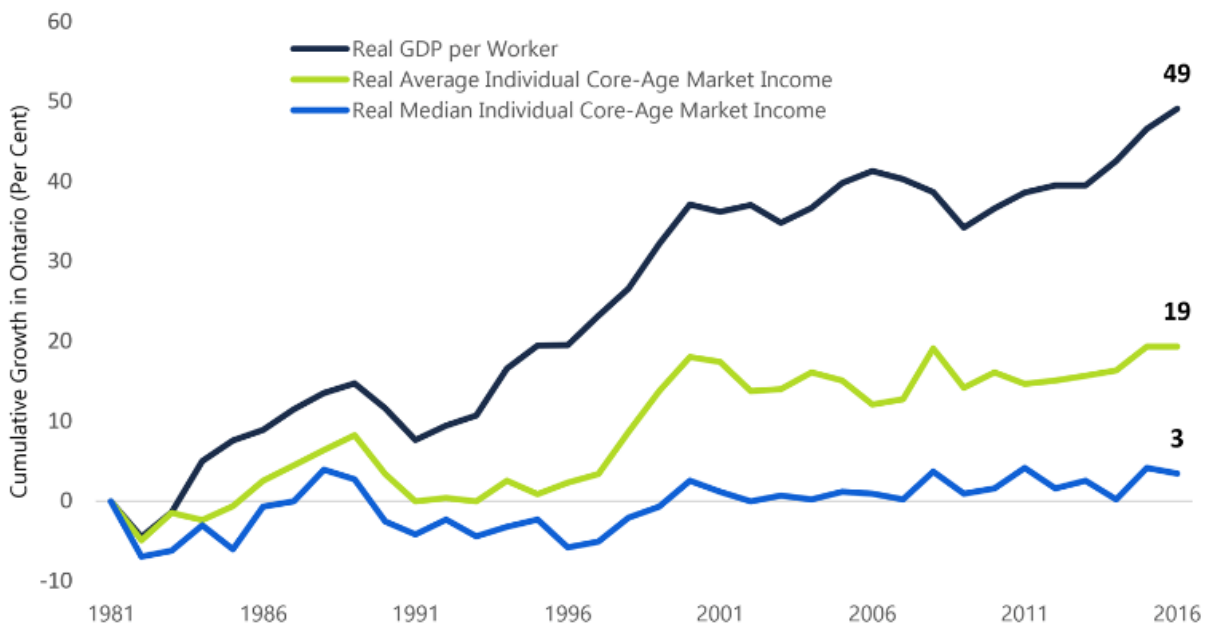
⁴ 2017. The Conference Board of Canada. Income Inequality.

Along similar lines, the FAO has noted that “a rise in part-time and temporary work, underpin [...] income inequality [that] has become more entrenched, as lower-income Ontarians are increasingly staying in low-income, and higher-income Ontarians are increasingly staying in high-income.”⁵

This has profound implications for the average Ontarian. It is no longer remotely credible to suggest that when the economy does well, everyone does well. Any idea that a rising tide lifts all boats ignores the recent decades of an increasing productivity-pay gap.

Put succinctly, Ontarians are no longer benefiting from an expanding economy. According to the FAO, “Between 1981 and 2016, output per worker in Ontario has grown by 49 per cent. Over this same period, the average market earnings of working-age Ontarians increased by 19 per cent. In sharp contrast, the market income of the median, working-age Ontarians increased by just 3 per cent.”⁶

Economic growth did not raise the median income of working-age Ontarians



Note: Real Gross Domestic Product (GDP) per worker is calculated as real GDP divided by the labour force.

Source: Statistics Canada Labor Force Survey, Income and Expenditure Accounts, Canadian Income Survey and FAO.

Ontario’s inequality and productivity-pay gap are the results of an era of neoliberal ideology, which demands that we slash funding to the public sector to pay for tax cuts to wealthy

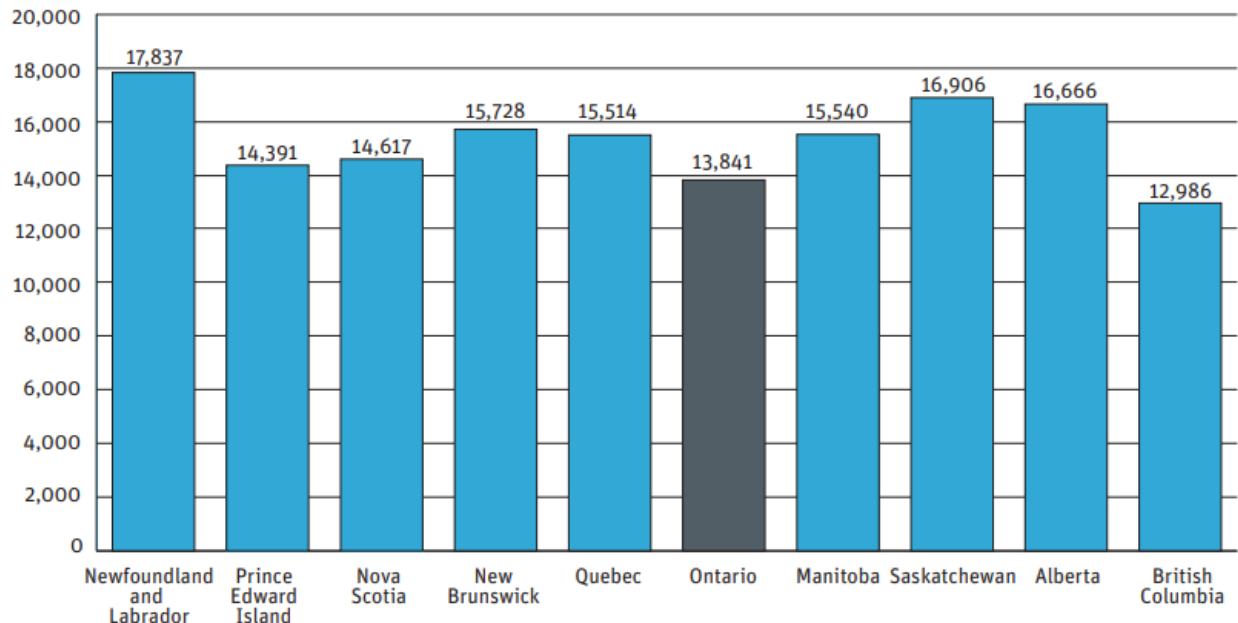
⁵ 2019. Financial Accountability Office. FAO releases report assessing income growth, distribution and mobility in Ontario

⁶ 2019. Financial Accountability Office. Income in Ontario: Growth, Distribution and Mobility.

corporations and to the one percent. Under this regime, corporations and the wealthy have thrived while average Ontarians languish.

This government is set on accelerating the dismantling of the public sector. Recently, a report commissioned by the government cherry-picked evidence to highlight that per capita spending has risen 32% since 2002.⁷ Yet, contrary to this headline, buried much further in the report, is the contrasting finding that “government expenditures as a portion of GDP have shrunk over the relevant 15-year time period for Ontario”. This statement parallels an analysis from the Canadian Centre for Policy Alternatives (CCPA) which shows that Ontario spends the second least per capita on program spending compared to the rest of Canada (and for many years prior, spent the least).⁸

CHART 1 Local and provincial spending per capita, 2016



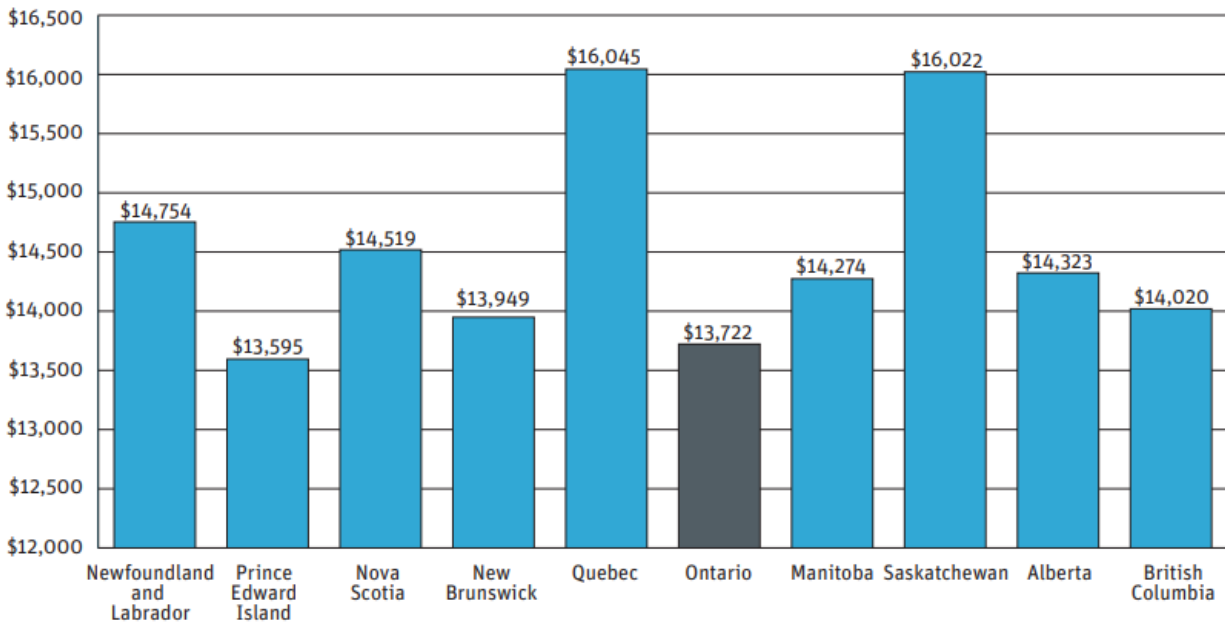
Source Statistics Canada calculations are based on data from CANSIM tables 051-0001 and 385-0042.

Similarly, Ontario brings in the second least of all provinces in revenues per capita.

⁷ 2018. Ernst & Young. Managing Transformation.

⁸ Sheila Block. The State of Ontario’s Finances: Cutting Through the Fog ahead of the 2019 Budget. Canadian Centre for Policy Alternatives

CHART 3 Provincial and local revenues per capita, 2016



Source: Statistics Canada, calculations are based on data from CANSIM tables 051-0001 and 385-0042

When not reading cherry-picked ‘evidence’, it is clear that Ontario does not have a spending problem and instead has a revenue problem. Yet, in the past six months the government has worsened its own fiscal outlook. In addition to cancelling the cap and trade program, which lowered revenues, the government outlined a series of revenue cuts in the 2018 Fall Economic Statement. According to the FAO, “policy decisions by the current Ontario government will reduce revenues by \$2.1 billion in 2018-19, and by an average of \$3.7 billion over the next four years.” This will cause a sharp increase in the deficit “from \$3.7 billion in 2017-18 to \$12.3 billion in 2018-19, the largest deficit since 2011-12.”⁹¹⁰

This self-inflicted fiscal crisis has lead credit rating agencies like Moody’s to downgrade Ontario’s credit worthiness. Moody’s has made note to mention that the “absence of new revenue measures, will restrict revenue growth for the province increasing the challenge of returning to balanced budgets.”¹¹ As both the FAO and Moody’s highlight, this situation can be reversed as the province has “significant freedom to determine [its] own revenues and expenses”.¹²

To erase a \$12 billion deficit and return to a balanced budget without raising taxes would require a dramatic spending cut that would hurt the everyday Ontarians this government claims to be

⁹ 2018. Financial Accountability Office. Economic and Budget Outlook, Fall 2018.

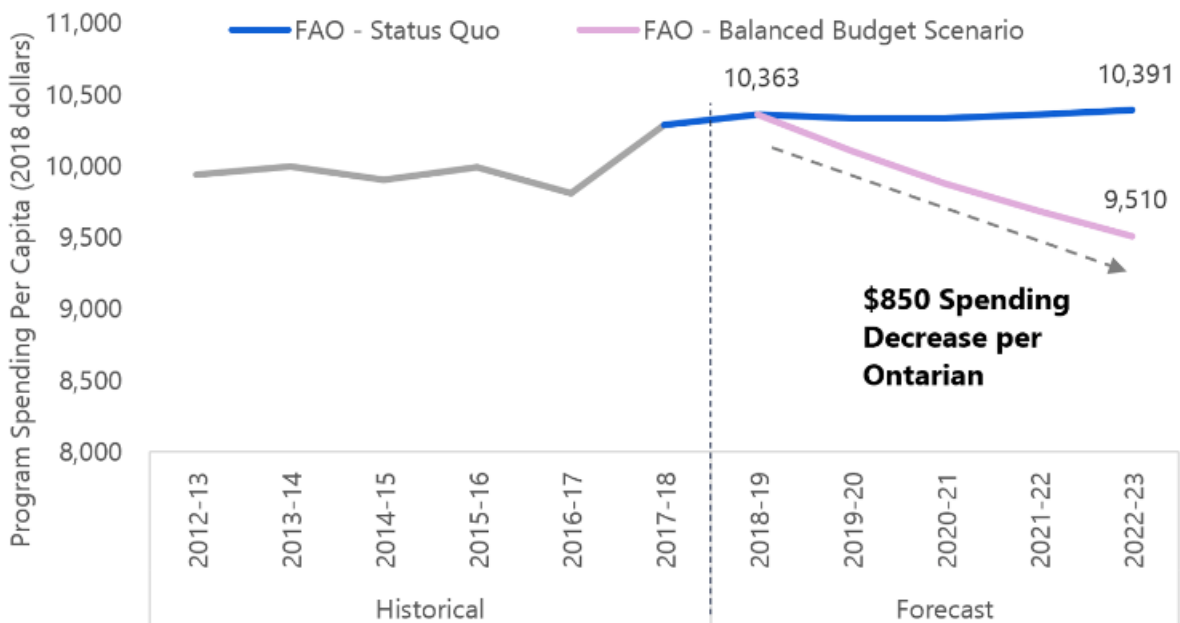
¹⁰ Further challenging the situation is the phasing out of equalization payments this year.

¹¹ 2018. Moody’s Investors Service. Moody’s downgrades Ontario to Aa3, changes outlook to stable.

¹² 2018. Financial Accountability Office. Update on Ontario’s Credit Rating.

fighting for.¹³ The FAO has modelled this draconian scenario and stated the “government would need to limit the growth in total program spending to 1.2 per cent per year on average from 2019-20 to 2022-23. This would be the slowest average growth in program spending since the mid-1990s. Restraining total spending to this extent would imply that spending per person would have to be reduced by \$850 (or 8 per cent) by 2022-23, compared to today’s spending levels.”¹⁴

Balancing the Budget Without Raising Revenue Would Require Spending \$850 Less Per Ontarian



Source: Ontario Public Accounts, 2018 Ontario Economic Outlook and FAO.

Following the austerity from the 2008 financial crisis, these types of cutbacks, in our current time of healthy economic growth, would be unacceptable to Ontarians. New revenues are going to be required to tackle the challenges we face. Pressing concerns such as inequality, climate change, and public services suffering from years of underinvestment, need sustained sources of revenue. Ontarians know that our current tax system is in desperate need of reform - a reform that no longer benefits a wealthy minority, and instead provides investments to improve the quality of the public services needed for the wellbeing of Ontarians.

¹³ The government is heading down a path that is remarkably similar to Kansas in 2012. The Republican governor, Sam Brownback, pushed through dramatic income tax cuts across the board. It was hoped that that the tax cuts would revive the economy. Instead the opposite happened. Revenues decreased, credit ratings fell, and dramatic cuts to public spending occurred. Five years later, the Republican government reversed its own tax cuts and increased taxes, hoping to stop the hemorrhaging. The aftermath is a \$900 million budget deficit. This experience, known as the Kansas experiment, should serve prescient warning to this government.

¹⁴ 2018. Financial Accountability Office. Economic and Budget Outlook, Fall 2018.

Recommendations:

- Abandon austerity measures and instead fund front line services to factor in population growth, inflation, changing and aging demographics, and increases in utilization.
- Increase taxes on the wealthy and corporations.
- Direct public sector bargaining mandates to reflect positive economic growth.
- Apply an equity-based assessment of the 2019 budget to better understand how various policy choices will differently impact equity seekers.
- Abandon public private partnerships, social impact bonds, voucher privatization and other forms of costly privatization.
- Renationalize previous privatized public assets, including Hydro One.
- Restore the positions and the full powers of all the independent officers of the Legislative Assembly.

Tax Policy

Ontario's tax policy should focus on four major goals:

- 1) Reduce income and wealth inequality;
- 2) Raise revenue to increase investment in front line services;
- 3) Close tax loopholes and end boutique tax credits; and,
- 4) Tax fairness.

To meet the above goals Ontario will require a new suite of tax revenue - the main two should be increases in both the corporate income tax (CIT) and personal income tax (PIT).

On the CIT, Ontario should raise its general tax rate to 16% to match Nova Scotia and Prince Edward Island. Any concerns over a negative impact on economic growth are misguided. Recent research from the CCPA highlights that there is "no empirical or statistically significant relationship between CIT regime and growth."¹⁵

Along with an increase in the CIT, Ontario should increase the PIT on the wealthiest one percent of income earners in Ontario. Ideally, this increase should aim to reach a combined federal and provincial marginal tax rate of 65% for the wealthiest one percent. Based on the current federal top rate of 33% and the current Ontario top rate of 13.16%, we propose a provincial increase of 19% on the top marginal tax bracket for the wealthiest one percent. This would result in a 32.16% marginal tax rate for wealthiest one percent in Ontario.

It is important to note that any PIT increase on the wealthiest one percent would not apply to all income and instead would only apply to the portion of income in the top tax bracket. All income below that top tax bracket would be taxed at the current rates.

¹⁵ 2015. Jordan Brennan. Do Corporate Income Tax Rate Reductions Accelerate Growth? Canadian Centre for Policy Alternatives.

A recent study by internationally respected economist Lars Osberg (and President of the Canadian Economics Association in 1999-2000) reviewed a similar federal proposal and found that “65% is the average estimate of the revenue-maximizing top marginal tax rate found in recent economics literature.” He also found “scant evidence that higher top tax rates prompt a rush by ‘job creators’ or ‘the best and brightest’ to emigrate. For most of the time that Canada has had an income tax system, the top marginal tax rate has been well over 50%. In fact, during Canada’s high growth years between 1940 and 1980, the top marginal income tax rate was well over 70%.”¹⁶

A change of this nature would have some feedback effects. However, as notable economists Emmanuel Saez and Gabriel Zucman remarked recently, “just as the point of taxing carbon is not to raise revenue but to reduce carbon emissions, high tax rates for sky-high incomes do not aim at funding [US healthcare]. They aim at preventing an oligarchic drift that, if left unaddressed, will continue undermining the social contract and risk killing democracy. It is about regulating inequality and the market economy. The point of high top marginal income tax rates is to constrain the immoderate, and especially unmerited, accumulation of riches.”¹⁷

Tax fairness also includes taxing all companies equally. Quebec has recently secured the agreement of 80 foreign firms to register and pay provincial sales tax. Saskatchewan has recently passed a law forcing US-based Netflix to collect provincial sales tax. We support the equitable application of existing sales taxes on all companies doing business in our province, regardless of where they are based. Ontario needs to follow suit to support and protect Ontario jobs and services.

There are a variety of tax measures that the province could avail itself of to help our fiscal situation. In addition to helping bolster provincial revenue, many of these measures would have the secondary benefit of creating a fairer tax system. While not all these levers are necessary, any combination of them could move Ontario on the right path. Below are a series of recommended tax changes, with an estimate of annual revenue, the government should consider.

Recommendations:

Measure	Estimated Annual Revenue (billions)
Increase general CIT rate to 16%	5
Increase marginal PIT rate on the wealthiest one percent to 32.16%	3.8

¹⁶ 2015. Lars Osberg. How Much Income Tax Could Canada’s Top 1% Pay? Canadian Centre for Policy Alternatives.

¹⁷ 2019. Emmanuel Saez and Gabriel Zucman. Alexandria Ocasio-Cortez’s Tax Hike Idea Is Not About Soaking the Rich. New York Times.

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
Apply a uniform Business Education Tax rate with indexation	0.27
Remove the Employer Health Tax exemption for the first \$450,000 of payroll	0.9
Digital Services Tax (e.g. Netflix, Amazon, Facebook and Google)	0.05
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 2019 to 2022
Introduce a financial activities tax (5% rate on finance sector profits and compensation)	2
Eliminate tax preference for stock options	0.16
Eliminate lower rate on tax on capital gains for individuals and corporations	1.5
Eliminate deductions for meals and entertainment expenses for corporations	0.12
Tax audit and compliance measures	2
Demand a fair share of the federal government's promise to increase transfer payments to lower levels of government	2
TOTAL	~21.2 \$Billion by 2022
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.; Financial Accountability Office Economic and Budget Outlook, Fall 2018	

Labour Strategies

Over the last year, Ontario's labour market has bucked some longer-term negative trends and shown some positive momentum. Many commentators have already spoken to Ontario's unemployment rate, which is at its lowest in thirty years.

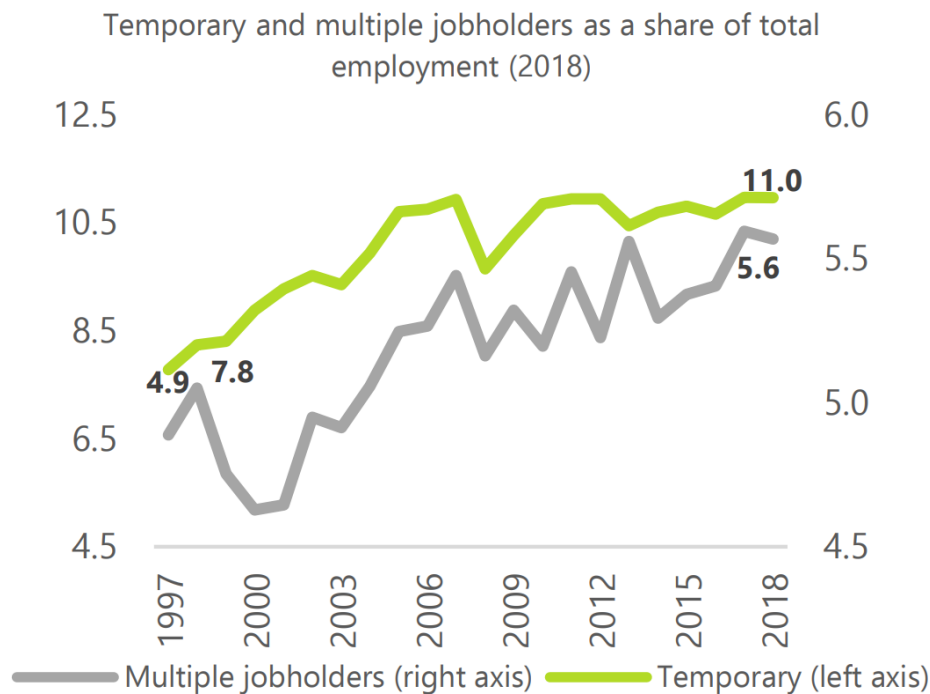
However, missing from this discussion is that the 2018 increase in the minimum wage from \$11.85 to \$14.00 has increased the real hourly wage growth by 1.2 per cent, which is double the average annual growth rate over the last 8 years.¹⁸ This stands in stark contrast to the dire warnings of economic ruin we heard from right wing pundits. The wage growth has notably benefited youth, part-time workers, and women workers. This last year highlights that our economy can support a minimum wage of \$15 per hour. We believe that strategy of wage-led

¹⁸ 2018. Financial Accountability Office. Ontario's strong labour market performance continued in 2018.

growth is the right path for Ontario. This government should reintroduce the increase of the minimum wage to \$15 per hour.

While unemployment is low, a deeper dive highlights that there remain many troubling concerns within the labour market. Long-term unemployment remains significantly elevated, at 16.9 per cent, far above the pre-financial crisis low of 13.0%.¹⁹

Also, being masked by the low unemployment rate is the continued 20-year trend of precarity, including those working multiple jobs and temporary workers. Over 60 per cent of those working multiple jobs make below the median hourly wage. Similarly, temporary workers generally earn 25 per cent less than permanent workers.²⁰



While this government has been quick to speak of job creation as a policy focus, this has not been backed up by action. A singular focus on unemployment or job creation misses the importance of the value of a good job. While all work has value, not all work is decent work. Quality jobs will require the government play an active role in rebalancing the power dynamic between workers and employers. It will require the government play an active role in encouraging unionization - the best pathway to decent work.

Recommendations:

- Reintroduce the increase in the minimum wage to \$15.

¹⁹ *ibid.*

²⁰ *ibid.*

- Encourage unionization.

Financial Services

Pensions

According to the Boston Consulting Group study, the economic impact of defined benefit (DB) pension plans play a substantial role in the economy of Ontario. The study confirms that “that an estimated 10 to 15% of DB beneficiaries collect the GIS, compared with 45-50% of other Canadian retirees. DB pensions reduce the annual pay out of GIS, a supplementary government benefit provided to low-income seniors, by approximately \$2-3 billion a year. The study also finds that defined benefit recipients contribute \$14 - \$16 billion annually to government coffers across Canada through income, sales and property.”²¹

Recommendation:

- Encourage DB pension plans across Ontario.

2) Other Ministries

Ministry of Health and Long-Term Care

Recommendations:

- 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.
- Support public health care instead pushing services into private clinics.
- Increase home care and long-term care funding to accommodate the increase of acuity levels, fix the wait list problem, and provide decent wages and working conditions for personal support workers.
- Continue to provide home care through a centralized public home care system (i.e. LHIN/CCAC).
- Hospitals need to be funded at their real costs, 5.2% annually, otherwise we lose capacity in a system already burdened with a ratio of fewest beds and staff to population.
- Open new hospital beds to meet the challenge of an aging population. We need, at the very least, to increase our bed numbers to meet the average of other provinces – i.e. another 8,400 beds.

²¹ 2012. The Boston Consulting Group. Defined Benefit Pension Plans: Strengthening the Canadian Economy.

- Legislation guaranteeing a minimum average of 4 hours of direct nursing and personal care per resident per day in long-term Care.
 - This demand has been echoed by the following stakeholders in their pre-budget submissions: Ontario Health Coalition; AdvantAge Ontario; Champlain Region Family Council Network; Family Council of Cassellholme Home for the Aged; Jim McDonnell, MPP; Ontario Council of Hospital Unions; Ontario Federation of Labour; Ottawa Health Coalition; and Unifor Local 229.²²
- We need to increase home care capacity and we need over thirty thousand public long-term care beds to offset the aging population. This will not offset growing need for hospital or home care services. Nor will it make up for the loss in LTC capacity over the last 14 years.
- Mental health and addictions have long been neglected and need a substantial investment to meet current needs.
- Restructuring of hospitals has proven to be a huge expense that is both unaffordable and ineffective.
- Lastly, privatization of infrastructure and services has proven to be inefficient and unaffordable.

Ministry of Municipal Affairs and Housing

Recommendations:

- Lift the cap on the number of safe injection sites and approve as many as are necessary to improve public health and safety and help curb the opioid crisis.
- Restore the Canada Infrastructure Bank to its original intent as a low-interest loan option for municipalities to repair, replace and/or expand critical infrastructure that remains a public asset for the public good.
- Immediate funding for municipalities to adequately provide EMS coverage such that Code 0's no longer occurs.
- Stop any privatization and/or elimination of municipal services and/or frontline staff providing those services.
- Encourage municipalities to become community leaders in providing well-paying, stable, full-time jobs, resisting the trend toward precarious work.
- Encourage municipalities to create and be responsible for maintaining psychologically safe work environments for municipal workers with emphasis on workload and appropriate staffing levels, exposure to violence and abuse and other causes of mental health injury and creating a plan to reduce/eliminate mental health hazards from the workplace.
- Substantially increase funding to provide better and consistent access to mental health services across the province.

²² 2018. Report on its Pre-Budget Consultation 2018. Standing Committee on Finance and Economic Affairs.

- Respect democratically elected local governments and abandon the review of regional governments.

Housing

Recommendations:

- Reinstate rent control on all rental housing units.
- 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.
- Outline a plan with targets, timelines and funding to bring aging social housing stock up to standard based on the needs assessed by Ontario Municipal Social Services Association and the Toronto Community Housing Corporation.
- 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.
- We echo:²³
 - The Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada who recommended that Ontario build roughly 4,500 affordable housing units per year by earmarking a portion of Land Transfer Tax revenues for affordable housing.
 - The Interfaith Social Assistance Reform Coalition who recommended making provincial Crown land available for affordable housing projects and designating 50% of the land for rent-geared-to income units.
 - The Advocacy Centre for Tenants Ontario who strongly support efforts to battle the several-billion dollar capital repair backlog in social housing units across the province.

Ministry of Education

Ontario should provide the highest quality publicly funded, publicly administered education system possible. All students should have equitable access to the same high-quality education,

²³ *ibid.*

and all resources necessary to succeed should be provided to all students. Public schools are important to the full development of communities across the province. Preserving schools, enhancing community use, and making schools community hubs will make for a stronger Ontario.

Recommendations:

- Provide funding for preventative maintenance programs in all school boards, including training for custodial workers to do routine plumbing and common electrical and carpentry work, freeing trades workers to focus on more complex tasks within their scopes of practice.
- Eliminate the EQAO and standardized tests and develop alternative measures for student achievement.
- Increase funding in special education to meet all student needs.
- Provide dedicated funding for professional development for educational assistants.
- Enhance funding such that educational assistants can start work prior to the beginning of the school year to assist with the development and implementation of student learning plans and safety plans.
- Develop a five-year plan to rectify the \$15.9 billion in deferred maintenance, repair and renewal in schools across Ontario.
- Benchmarks used to determine funding for school renewal and repair need to be updated to reflect the actual costs of each school, including factoring in differing regional costs as well as different costs associated with the age of buildings.
- Increase the operational and maintenance budget by 8.7% from current levels and adjust for inflation thereafter.
- Establish a standard for building maintenance to allow school boards to assess the actual costs of maintenance.
- Introduce additional funding to hire more office staff to alleviate the additional workload, help schools' function more effectively, and ensure security and safety in schools.
- Funding for school secretaries should be separate from funding for principals and vice-principals, with guidelines guaranteeing a minimum complement of secretaries in each school.
- Provide funding to ensure that there is a minimum of one library technician assigned full-time in each school, with built-in escalators to increase the complement of library technicians in larger schools.
- Provide funding so that school libraries are properly staffed and can remain open and available to students for the entire school day.

Ministry of Children, Community and Social Services

The social services sector has dealt with chronic underfunding over the last two decades, impacting service access for the most vulnerable members of society including children and youth, people with disabilities, people in poverty, women surviving domestic violence, as well as

immigrants and refugees. The workers delivering services have faced wage stagnation, precarity at work due to unstable, project-based funding, and systemic issues such as the gender wage gap. Over time, institutional supports have been eroded through underfunding and privatization schemes that have affected quality service delivery for the residents of Ontario.

In order to restore basic service levels for Ontario's communities, we need urgent investment in green jobs in the care economy that provide social cohesion and the supports residents need. Expanding these services will not only meet the needs of marginalized communities and enhance their ability to participate fully in society, more stable and well-funded services will support good jobs that can help grow our economy in a sustainable manner.

Recommendations:

- A moratorium on any form of privatization in social service delivery including voucher-based privatization such as individualized funding or individualized tax credits as well as “pay for success” models like social impact bonds. All these methods have the impact of diverting public money into private companies' profit margins while vulnerable people in need of services see the shrinking of public supports.
- Fully fund all pay equity obligations in the broader public sector through separate budget lines so agencies do not have to choose between operational needs, scheduled wage increases, and closing the gender wage gap.
- 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.

Fighting Poverty

- Provide emergency funding to address lack of shelter spaces.
- Develop a housing strategy that provides quality and affordable housing on a rent-g geared-to-income basis. This strategy should be based on a public financing, operation and management to ensure quality, transparency and cost-effectiveness.
- Increase funding for public transit, public child care, education and training, employment services and community health care.

Social Assistance

- Immediately raise social assistance rates to the previously established basic income pilot rates.
- Stop cuts to benefits and supports and reinstate the Community Start-up and Maintenance Benefit.
- Ensure access to social assistance for all migrants.
- Eliminate barriers to employment that exist in the current OW and ODSP systems.

- Increase funding to municipalities, Consolidated Municipal Service Managers and District Social Service Administration Boards for more one-on-one case planning time through lower caseloads with social assistance recipients.
- Dedicate additional resources to vital Ontario Works employment services so that unemployed Ontarians have access to quality, accessible and individualized services.

Community Agencies

- Increase provincial allocations to community agencies by 5% each year to help offset the years of underfunding and losses incurred by inflation.
- Provide core funding to offer stability for programming as well as limiting worker turnover.
- Provide supports for shelter space expansion including emergency women's shelters as well as front-line services that provide safety for women and children fleeing violence.
- Commit to stable funding for supervised consumption sites and expand public community health services to avoid more deaths as a result of the opioid crisis.

Child Care

- In order to address the need for quality early childhood education and care as well as women's economic stagnation, allocate \$635.5 million as a down payment on universal, licensed, public and not-for-profit child care spaces, with funding for infant as well as toddler spaces with affordable fees for parents.
- Provide \$100 million in capital funding for space maintenance and expansion, and specifically allocate \$500,000 toward an expansion strategy.
- Commit \$375 million as a first step to creating a province-wide wage scale for public early childhood educators and child care staff with entry level pay for RECEs of \$25 per hour. Continue wage adjustment programs to remedy the low wages notorious in this sector, which negatively affects retention and recruitment.
- 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.
- Restore the For-Profit Maximum Threshold and eliminate loopholes to prevent public funding from being diverted to for-profit operators.
- Reverse the changes to ratios in home child care.
- Commit to funding full-day kindergarten, with a combined teaching team of a teacher and an ECE, as well as inclusive supports and wraparound care and for four and five-year-olds to provide stability for children and parents.
- Provide funding for pedagogical needs including class size caps to support Early Childhood Education and Care in the public-school system.

Developmental Services

- Increase base funding by 5% per year over the next 3 years. Increase funding for developmental services agencies to meet client need for quality services including staffing levels that promote clients' quality of life.
- Eliminate waitlists for developmental services residential services. This will require an immediate investment of \$1.2 billion, and a plan for regular increases to meet client needs.
- Develop a provincial disability strategy that ensures every Ontarian with a disability has access to adequate supports and services.
- Redirect resources in developmental services to agencies and workers who can provide quality individualized care rather than pouring resources into individualized funding, and rather than funding the Passport Program which has created a chaotic system of inconsistent, unreliable supports for service recipients as well as precarious working conditions for service providers.

Child Welfare Services

- Increase Children's Aid Societies funding to ensure a solid network of support for children and families. Revisit the current funding model which is inadequate and unrealistic, putting pressure on staff workload as well as health and safety.
- Reinvest in child welfare to provide holistic, prevention services for children and youth, as well as wraparound supports for families in addition to protection services.
- End layoffs, caseload increases and cuts to programs in CAS, and provide adequate staffing levels to support families and children.
- Provide an additional \$100 million in funding to CAS.
- Provide funding for Indigenous child welfare in consultation with Indigenous communities.
- Halt CPIN and further "modernization" initiatives without consulting with workers and their representatives.

Ministry of Training, Colleges and Universities

All workers in Ontario are appalled by the Doug Ford government's shameful attempt to use an announced unfunded tuition fee reduction to hide a \$600 million cut to student financial assistance and a \$440 million cut to university and college budgets. In addition, the cynical attack on stable funding for independent, democratic student unions and other student services is an outrage shared across the labour movement.

Ontario's faculty, workers and students are united in our opposition to these cuts and attacks, which threaten education quality, accessibility, and student life on campus. In addition to the devastating effect on institutional budgets, this will indubitably lead to hundreds of layoffs from quality jobs on campus and slash student services.

Recommendations:

- Student democracy within student unions and other student organizations should be respected and protected. Establish protections for the universal collection and remittance of student union dues and levies established by a democratic referendum from all students who are registered in post-secondary institutions.
- Reject the marketization and privatization approaches to funding public services. We call for the establishment of a funding framework for public post-secondary education that supports high-quality services.
- Deferred maintenance at post-secondary campuses is undermining the quality of education and increasing operating costs at our public institutions. We recommend public investment in rectifying deferred maintenance deficits for aging infrastructure on Ontario campuses.
- Outsourcing is a symptom of under-funding that transfers the costs of public services from the government to the worker by driving down wages and undermining working conditions. Public institutions should be places for decent work, not contributing to low-wages and precarious employment. We recommend the establishment of a regulation to ban the practice of outsourcing regular work within our public institutions. We also recommend the establishment of a Fair Funding Formula to support employment of front-line workers in our institutions.
- Students should have access to high-quality, diverse and accessible post-secondary education opportunities in their communities driven by independent institutions. We call for a rejection of the funding of institutions, driven by strategic mandate agreements, that promotes differentiation.
- Tuition fees are a barrier to access. The current funding framework relies on tuition fees rather than government dollars to fund half of their operating budgets. The solution to accessible post-secondary education is fully-funded tuition fee reductions (dollar for dollar transition) and the maintenance of needs-based grants to support student housing and living costs.
- Student loans disproportionately effect low-income students and those from marginalized communities. The government should expand the repayment assistance plan that pays down the principal of already established student loans, in addition to eliminating interest on the provincial portion of student loans.
- The right to free expression is as important in post-secondary education institutions and campuses as anywhere else in society. We recommend the government reaffirm its commitment to protections of the Constitutional right to free expression and abandon requirements for institutional policies that restrict the right to assemble or undermine safe spaces for free expression on campuses.
- Institutionally-supported mental health support for both workers and students are essential for positive post-secondary education.
- We echo the recommendation of:²⁴
 - Canadian Federation of Students, College Student Alliance, the Ontario Undergraduate Student Alliance, Colleges Ontario, and the Council of Ontario

²⁴ Ibid.

Universities who asked that a dedicated portion of the province's mental health and addictions budget be dedicated to services provided in post-secondary institutions.

Ministry of the Attorney General

Improving the fairness, accessibility and responsiveness of our justice system is integral to the foundation of our democracy. However, systemic barriers prevent marginalized groups from effectively engaging with our justice system.

Recommendations:

- Establish and fund a program, based on the Federal Court Challenges Program, that provides support to civil society groups that are using the courts to advance equity for marginalized groups.
- We echo the recommendations of:²⁵
 - The Law Society of Ontario who has noted, the current income financial eligibility threshold to access legal aid is not reflective of the need that exists. This threshold should be increased by 21% and index to CPI moving forward.
 - The Ontario Council of Agencies Serving Immigrants, who highlighted that in 2017 Legal Aid Ontario had threatened to suspend immigration and refugee services due to insufficient resources. We agree with the Ontario Council of Agencies Serving Immigrants who asked that \$21 million a year be provided to Legal Aid Ontario to continue to serve these clients. Legal Aid Ontario funding is inadequate in terms of the continuation of immigration and refugee services.
 - The Kinna-aweya Legal Clinic recommended that the government provide free official photo identification for people who do not have a driver's license or a birth certificate. They noted that some Ontarians do not have any forms of identification and cannot afford the \$35 fee for the Ontario Photo Card.

Ministry of Community Safety and Correctional Services

Three reports in the last three months have painted a challenging future for racialized Ontarians.

First, Statistics Canada noted that Muslim, Jewish, and Black hate crimes have dramatically increased from 2016 to 2017. "The greatest increase in the overall number of police-reported hate crimes was observed in Ontario...where incidents rose from 612 in 2016 to 1,023 in 2017 (+67%). This increase was largely tied to more hate crimes targeting the Muslim (+207%), Black (+84%) and Jewish (+41%) populations."²⁶

²⁵ *ibid.*

²⁶ 2018. Statistics Canada. Police-reported hate crime, 2017.

The next report was the interim report from the Ontario Human Rights Commission which noted that “a Black person in Toronto was nearly 20 times more likely than a White person to be involved in a fatal shooting by the Toronto Police Service (TPS).”²⁷

The last report came from the Independent Street Checks Review which noted that “there is little to no evidence that a random, unfocused collection of identifying information has benefits that outweigh the social cost of the practice” and recommended that “the practice of randomly stopping individuals to gather their identifying information for the creation of a database for intelligence purposes be discontinued.”²⁸

Against this dire backdrop, the Ontario government disbanded the four sub-committees under the anti-racism directorate, which included committee on anti-Black racism, anti-Indigenous discrimination, Islamophobia and anti-Semitism, and shifted the file from the Cabinet Office to the Ministry of Correctional Services, which raises serious issues of conflict considering the correctional systems long standing racist relationship with Black and Indigenous communities.

Recommendations:

- Reinstatement of the four sub-committees under the anti-racism directorate.
- Part of the anti-racism directorate work should focus on the employment discrepancies for racialized workers in Ontario and directing efforts towards helping racialized workers unionize and find good jobs.
- We also agree with the recommendations of:²⁹
 - The Interfaith Social Assistance Reform Coalition who asked that anti-racism training be mandatory for employees in social services, in order to teach service providers about the challenges facing racialized people.
 - Colour of Poverty – Colour of Change who asked that the Anti-Racism Directorate be adequately funded in order to collect and analyze ethno-racial data across all ministries and public institutions, which would be a key resource when developing equity policy.

Ministry of Economic Development, Job Creation and Trade

Three recent bills have put the interests of business over workers.

First, Bill 47, *Making Ontario Open for Business Act 2018*, is an affront to the working class of Ontario. Millions of people offered their views over the past few years on how to structure our

²⁷ 2018. Ontario Human Rights Commission. A collective impact.

²⁸ 2018. Michael H. Tulloch. Independent Street Checks Review. Ministry of Community Safety and Correctional Services.

²⁹ 2018. Report on its Pre-Budget Consultation 2018. Standing Committee on Finance and Economic Affairs.

labour laws to rebalance a rigged system. This government chose not to listen and instead has regressed Ontarians back to labour laws incapable of handling our current work crisis.

While this bill has passed, and returned us to the days of power imbalance, the sentiment of the working class will still march forward.

Similarly, Bill 66, *Restoring Ontario's Competitiveness Act, 2018*, further advanced the interests of business at the expense of both the working class and the environment. The government has maligned regulation, conveniently forgetting the Walkerton tragedy and the value of regulatory efforts. The bill also further advanced privatization in our energy sector by abandoning the rate protection for more than 325,000 hydro customers. Repealing the authority of the Ontario Energy Board (OEB) to set rates for Unit Sub Metering Providers (USMPs) will mean that low income customers are left unable to pay for rate hikes from private USMPs.

Lastly, Bill 57, *Restoring Trust, Transparency, and Accountability Act 2018*, which was the accompanying legislation for the governments first Ontario Economic Outlook and Fiscal Review, erased oversight and accountability of the government that is integral to a healthy democracy.

Recommendations:

- Complete withdrawal of Bill 47, *Making Ontario Open for Business Act, 2018*.
- Complete withdrawal of Bill 66, *Restoring Ontario's Competitiveness Act, 2018*.
- Complete withdrawal of Bill 57, *Restoring Trust, Transparency and Accountability Act, 2018*.

Ministry of Energy, Northern Development and Mines

The sale of Hydro One has had a lasting impact on Ontario's finances. According to the FAO, for the fiscal year 2018-19, the sale of Hydro One cost the government \$1.1 billion. For the following five years, the sale will have cost government coffers an average of \$264 million each year.³⁰ This boondoggle should serve as a warning to any future government thinking of further privatization and/or public asset sales.

The government's attempt to bring down cost by firing the CEO of Hydro One proved to be nothing more than theatrics. The CEO ended up "retiring" after having only been on the job six months. He walked away with close to \$10.7 million while rate payers were left no protection on hydro bills.

Recommendation:

³⁰ 2018. Hydro One: Updated Financial Analysis of the Partial Sale of Hydro One. Financial Accountability Office.

- Reverse the selloff of Hydro One by returning Hydro One to public ownership and control.

Ministry of the Environment, Conservation and Parks

Recommendations:

- Restore the position of the independent environmental commissioner.
- Apply a lens of Just Transition to any climate plan moving forward.
- Apply a lens of environmental racism to any climate plan moving forward.

Ministry of Francophone Affairs

Recommendation:

- Restore the position of the independent French language services commissioner.
- We echo the recommendation of the CFS (Ontario) who:³¹
 - Ask that the government continue to support the development of a French language university in Toronto.

Ministry of Indigenous Affairs

Recommendations:

- Resume the K-12 curriculum update to reflect Indigenous content as recommended by the Truth and Reconciliation Commission.
- We echo the recommendation of:³²
 - The Canadian Nurses Association and the Canadian Indigenous Nurses Association who asked for investments in mobile units and e-tools that would support recovery from opioid addiction and post-traumatic stress disorder in Indigenous and remote communities.
 - The Registered Nurses' Association of Ontario asked the province to work in partnership with the federal government, the Chiefs of Ontario, and Indigenous communities to provide funding for safe water, reliable sanitation, affordable housing, and accessible, high quality health care.
 - The YWCA Toronto recommended continued investment in programs and actions focusing on reconciliation as specified in the Truth and Reconciliation

³¹ 2018. Report on its Pre-Budget Consultation 2018. Standing Committee on Finance and Economic Affairs.

³² *ibid.*

Commission's call to action, with a strong emphasis on the importance of including leadership roles for Indigenous women.

Ministry of Infrastructure

Moving forward with the backlog of infrastructure projects across Ontario will provide benefits for generations to come. However, all too often these projects are delivered using public-private partnerships, despite a concerning track record which has been meticulously detailed by the auditor general (AG).

In the most recent annual audit, the AG continues with her multiyear criticism of the financing model known as Alternative Finance Procurement (AFP) [aka P3s]. In this year's report, the AG notes that the Metrolinx AFP contract did not fully transfer responsibility for the risks of project delays and cost overruns to the AFP consortium. As a result of litigation, Metrolinx had to pay \$237 million to keep the same completion date of 2021. The 2017 AG report highlighted that Metrolinx, the Ontario agency that oversees transit in the Greater Toronto and Hamilton area, will not follow the previous recommendation to "publish the detailed risk assessments used to justify AFP procurement, as well as the methodology for assessing these risks, so that independent experts can verify the results." In 2015 & 2016 the AG continued to highlight systemic problems with P3s, including higher costs of private financing, significant conflicts over maintenance contracts, and no evidence to justify projects going ahead as P3s. In 2014 she found that AFPs cost Ontario's \$8 billion more in project costs than we would have paid under public procurement.³³

Recommendations:

- Abandon all forms of P3's and invest in infrastructure through traditional borrowing means.
- We echo:³⁴
 - The Colour of Poverty-Colour of Change and the Ontario Council of Agencies Serving Immigrants who recommended that mandatory Community Benefit Agreements be included in all provincially funded infrastructure projects, in order to ensure equitable development.
 - These community benefit agreements should use unionized workers in all projects.

Ministry of Labour

³³ 2014. Auditor General. Annual Report.

³⁴ 2018. Report on its Pre-Budget Consultation 2018. Standing Committee on Finance and Economic Affairs.

The Ford government's track record with Bill 148 and the use of multiple pieces of back to work legislation in the public sector, raises substantial concerns about the right to free collective bargaining. Any further attempts to undermine Ontario's democratic, Charter-protected, free collective bargaining system will not only negatively impact public services but will impact Ontario's economy as a whole.

Recommendations:

- Broaden card check certification to all sectors.
- Provided successor rights for all sectors.
- Allow for automatic access to first contract arbitration, including remedial certification.
- Provide early disclosure to workplace list when a union shows that it has the support of a majority of its membership.
- Eliminate the six-month restriction on the right of employees to return to work following a lawful strike or lockout.
- Prohibit the use of back-to-work legislation during strikes and lockouts.
- Reinstate the minimum wage to \$15 an hour for all workers and index increases to the Consumer Price Index annually.
- Provide 10 days of paid personal emergency leave for all workers and remove the requirement to provide a doctor's note.
- Reinstate equal pay for equal work legislation.
- Reintroduce scheduling provisions from Bill 148.
- Reintroduce the burden of proof for the employer to prove a worker is not an employee.
- WSIB:
 - Restore the 30% premiums rates for WSIB.
 - Hire an additional staff to deal with the shortage at the WSIB, creating a backlog of cases not assigned or being dealt with by the Board.
 - The Thunder Bay and District Injured Workers Support Group expressed concern that the WSIB system can sometimes force people to go onto social assistance if their claims are denied or delayed.
 - They recommended that the WSIB not use experience rating, as it can provide an incentive for employers to hide claims and mistreat employees.
 - Mr. John Rae, called for an end to the practice of deeming because it can penalize injured workers by reducing their benefits if they are deemed able to work.

Ministry for Seniors and Accessibility

Recommendations:

- Lift the Ontario Public Service freeze on the work of Accessibility for Ontarians with Disabilities (AODA) Standards Development Committees.
- Resume the curriculum workshops taking place on ASL that were cancelled

- We echo the recommendations of:³⁵
 - the Multiple Sclerosis Society of Canada who advocates for more arm's length inspections and monitoring of the standards set out in the Access for Ontarians with Disabilities Act, 2005, to ensure more businesses and service locations are accessible to those with chronic diseases and disabilities.

Ministry of Tourism, Culture and Sport

At every stage of life, public libraries are there to support people. They are one of the last few public spaces that welcome all persons, with no user fee. Programing is varied according to the user. As a major epicenter in our communities it is important that we properly fund the evolving role that libraries play.

Recommendations:

- We echo:³⁶
 - The Ontario Library Association and the Federation of Ontario Public Libraries ask that the Ministry increase the annual base funding of the Public Library Operating Grant from \$33 million to \$50 million and dedicate \$25 million in new, annual funding for the development and implementation of Ontario's Digital Library.

Ministry of Transportation

Recommendation:

- Keep transit systems across Ontario fully public, including designed, build, financed, owned, maintained, and operated.
- We echo:³⁷
 - The TTC Riders who recommended the government double the provincial transit contribution to municipalities by 2021-2022, starting with an increase to the municipal share to 2.5 cents/litre in the 2019-2020 budget, and reinstate fair, stable operating funding to municipal transit agencies by matching existing operating subsidies, so that transit riders get better service and lower fares.

cope491/phw

³⁵ *ibid.*

³⁶ *ibid.*

³⁷ *ibid.*