



Bill 269: An Act to Implement Budget Measures

**CUPE Ontario's Submission to the Standing Committee on
Finance and Economic Affairs**

April 13, 2021

Thank you for the opportunity to submit our views on Bill 269 and on your government's recent Spring Budget: *Ontario's Action Plan; Protecting People's Health and Our Economy*. The Canadian Union of Public Employees (CUPE) Ontario is the largest Union in the province with more than 280,000 members. You will find CUPE members working in health care, municipalities, school boards, social services, and post-secondary education, providing the front-line services that help make Ontario a great place to live.

CUPE members work on the frontlines helping to protect Ontarians from the pandemic every day. We are in your hospital emergency rooms and ICU's; we are the PSW's in long-term care and retirement homes; we are the paramedics who will get you to the hospital safely when you cannot get there yourself. CUPE members are the staff working in public health, testing and contact tracing. A significant number of CUPE members are also on the frontlines supporting Ontarians. We are the shelter workers helping the homeless. We are the childcare workers supporting parents, working in essential services. We are in the classrooms helping our children learn. We are the essential service workers who need to report to work in order to ensure that our communities continue to function: the solid waste collectors, the snow plough drivers, the drinking water specialists, the public transit workers, and the hydro electricians.

Once again, we are in the middle of a devastating wave of COVID-19. Once again, our daily and weekly COVID-19 case counts are breaking records. Our ICU's are overflowing, and the daily number of fatalities is creeping upwards. There is a field hospital outside of Sunnybrook. Ontarians cannot get the surgeries they need because there is no room or resources left in our starved hospital system. Schools are closed because School Boards do not have the resources to safely keep them open. Hundreds of thousands of parents are doing triple duty as caregivers, workers, and substitute grade-school teachers. Huge outbreaks continue to spread through manufacturing and warehousing operations where marginalized and precarious workers have few workplace rights and no access to paid sick leave. Neighbourhoods with disproportionate numbers of essential workers and crowded housing have become hotspots which spur the spread of this disease throughout the province.

The simple fact is that no one is safe unless everyone is safe. Unfortunately, your government ignores those most at risk to the peril of us all.

In multiple pre-budget and post-budget submissions, CUPE Ontario has recommended that your government consider a change in direction. We asked that you bolster rather than cut the public services that are doing the heavy lifting during this pandemic and that you address the inequalities that result in higher COVID-19 transmission rates among low-income and racialized communities. We asked that you move away from an agenda based on austerity and cuts to public services and toward enthusiastic support of the public services which are ensuring that our communities operate. In three successive budgets/economic statements you have failed to take that advice, and, consequently, you have failed to control this pandemic.

Further, your government's plan for shepherding a post-pandemic economic recovery is dismal. Our neighbours to the south delivered a stimulus budget that takes greater strides towards bolstering public services and ensuring immediate supports than any of your budgets. Now is the time to recognize that the Ontario government must directly address the needs of women, precarious workers, and our communities to foster a robust economic recovery. Now is the time to recognize that we need to address the social and economic inequalities that have been exposed and exacerbated by the pandemic in order to raise revenue and to ensure that no Ontarian is left behind.

Instead, your budget takes the same tired narratives which have failed to keep people safe and have failed to protect jobs or strengthen our communities.

Below is our response to your current budget and our recommendations for change:

Public program funding is starved at a time when our communities need more support.

What the pandemic has starkly highlighted is how much we rely on our public programs for our health and well being. Years of budget cuts by your government and previous governments have strained Ontario's public services to the breaking point. More money needs to be allocated to the base program envelopes of these valuable services now and into the future. The funding cuts of previous budgets should be reversed, and your government should be, **at a minimum**, increasing spending in line with inflation and population growth. After years of underfunding of these critical services, additional funds are also needed to stabilize public services.

Your budget misleadingly trumpets that base program spending will grow on average by 3.0% annually from 2019-20 to 2023-24. The reality is that the figure includes numerous tax cuts and subsidies for business in the "other program" category which skews the average spending upwards. If that "other program" envelope is removed from the total calculation, public services in the form of health, education, post secondary, child and social services and justice are all receiving minimal increases well below inflation and well below population growth. Second, your government implemented huge net cuts to program spending in the 2019-20 budget. Hiding behind accounting changes, the funding cuts to these valuable programs reduced the overall budgets between one and eleven percent from the previous year. If we were to look at annual increases in these programs since 2018-19, only Education (less than 0.9% percent annually) and Health (just over 2.0% annually) would even amount to net increases. The "increases" now being announced do not make up for the cuts previously implemented.

Funding increases (reductions from 2018 to 2024)

	2018-19 (\$ Bil)	Projected 2023-24 (\$ Bil)	Total % increase	Average annual % increase
Health	64.2	72	12.15%	2.43%
Schools	30.1	31.5	4.65%	0.93%
PSE	12	11.2	-6.67%	-1.33%
Child & Social Services	18.7	18.1	-3.21%	-0.64%
Justice	5	4.7	-6.00%	-1.20%

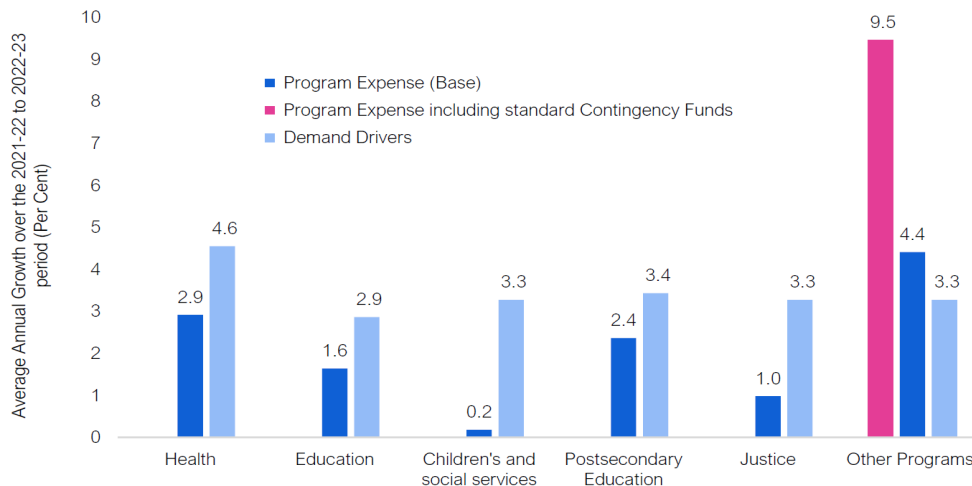
Post-secondary education, which is vital to our economic recovery, will see a net reduction of over **six percent!** Laurentian University, one of the few universities available to Northern Ontarians, has filed for creditor protection, eliminated important departments and laid off hundreds of staff. Many other small universities are in a similar dire financial situation. Base funding this year is identical to last year and Universities and Colleges have received almost no COVID-19 mitigation funds.

Additionally, child and social services programs have seen a net reduction of over three percent. These programs are vital to our pandemic fight. They are on the front line of the vaccine roll-out in marginalized communities, and they will be called upon to repair the societal damage done by this pandemic for years to come. They are not being given the supports they need to support Ontarians.

Indeed, the Financial Accountability Office estimates that program funding continues to fall well behind the demand drivers (inflation and population) for these key programs.



Figure 4-4: Base program expense growth in key sectors will not keep pace with demand drivers*



Note: The average annual growth rates over the 2021-22 to 2022-23 period in different sectors refer to base program spending and do not include any COVID-19 related spending.
* Demand drivers reflect factors such as population growth, aging and consumer price inflation.
Source: 2020 Ontario Budget and FAO.

CUPE Ontario recommends you reconsider the proposed funding levels and implement a significant increase in the base funding of Health, Education, Children's and Social Services, PSE, and Justice.

This budget does not provide the pandemic funds needed to allow programs to operate safely and effectively or to recover once the pandemic is over.

Your budget provides for a substantial drop in pandemic funding from approximately \$20 billion in 2020/21 to \$6.7 billion in 2021/22.

The steep drop in pandemic funding is overly optimistic, as the need is still great. Although vaccines are now available, it will be some time before the entire population is vaccinated. The variants are spreading rapidly and are more dangerous than the original COVID-19 virus. Our health services are still stretched to the breaking point. Surgical backlogs are perilously high. The impact of the pandemic on the loss of public service revenue will be felt for most, if not all, of 2021-22 and well into 2022-23. Further, schools and childcare centres need additional supports to stay open and allow women to re-enter the workforce.

Funding for surgical backlogs is less than half of what is and will be needed:

The government's announcement of approximately \$300 million to address the surgery backlogs will not clear the wait list any time soon. If Ontario were to match B.C.'s successful strategy to reduce the surgical waitlist caused by COVID-19, there would need to be an investment of approximately \$725 million based on our larger population. As we asserted in our pre-budget submission, simply because they are "elective" does not make these surgeries unimportant. The delay in elective surgeries can cause permanent impairments. Ontarians need these procedures and Ontario hospitals need the resources.

The Budget does not compensate Public Programs for significant losses in revenue or increases in expenses:

Municipalities, universities, and childcare centres are still facing devastating losses in revenue. Municipalities have experienced substantial losses in revenue due to the cancellation of recreation programs, day camps, rink and community centre rentals. Public universities and colleges have seen major declines in tuition fees because of the drop in international student enrollment. Childcare centres, which operate at razor thin margins, have been particularly hard hit by the pandemic. Over 170 Ontario childcare centres have closed since the pandemic hit and many others are operating on a razor's edge.

Significantly, schools, which were allowed to draw on reserves in an attempt to mitigate the worst outcomes of the pandemic, will not have those reserves replenished. This means boards will have to dip into operational budgets to deal with expenses such as repairs, severances, and other liabilities.

These public services are vital to our pandemic fight and to our economic recovery afterward. They will need additional funding to operate successfully.

Four hundred dollars to the individual parents of students would be better spent keeping schools open and safe.

Although the \$400 grant per elementary and secondary student (\$500 for children with special needs) is likely welcome to parents to defray some of the costs of home schooling during the pandemic, the money being spent by the government on grants to individual parents would have been better spent on parents actual priorities – safely keeping schools open. CUPE has numerous suggestions on how that could be done as we outlined in previous budget submissions. Ironically, the costs associated with keeping children in school would likely have been the same or even less than the \$1.8 billion cost of providing parents with a \$400 cheque per child.

In nearly all cases, \$400/\$500 will not pay for even one month of after-school care or one week of day camp registration, but that scarcely matters, because the government continues not to provide for the safe administration of either.

School is essential to children’s health, growth, and development. The government’s mishandling of the reopening of schools in September, and the ongoing uncertainty in the education sector about school openings/closures and health and safety measures are harming students, staff and parents alike. Unlike a direct handout, a \$1.8 billion investment in our education system would have benefitted Ontario’s children for years to come.

This budget will not get women back to work.

As your budget correctly points out, women workers were disproportionately and adversely affected by the pandemic. Women are over-represented in the sectors hardest hit by the economic shutdowns and were thus more likely to lose their job because of COVID-19. Furthermore, thousands of women were forced to leave their jobs because schools closed, and daycares were shuttered. At one point, women’s labour force participation (across Canada) dropped from over 75% to 68.5% – a rate not previously seen in forty years.¹

¹ Scott, Katherine “Women’s Work and COVID19: Priorities for supporting women and the economy” *Canadian Centre for Policy Alternatives*, March 8, 2021

We do not need another study on women's labour force participation to know what is necessary. Our economic recovery requires women to have the supports they need to re-enter the workforce.

Your budget is correct in surmising that a key component of women's re-entry into the job market is addressing their childcare needs. Unfortunately, a one-time \$250 additional childcare tax credit falls far short of what is necessary.

The tax credit represents a tiny fraction of the actual cost of childcare. Further it will be useless unless women can actually find safe and affordable places to leave their children while they work.

As we indicated above, daycare centres were hit hard by the pandemic and many of them closed. If your government were to embark on a comprehensive affordable accessible childcare strategy, it would have the dual result of creating jobs that are staffed primarily by women and providing spaces for other women to safely leave their children while they return to work. Tax credits will not work. We need real actual spending to support and create affordable, accessible public childcare.

Schools and childcare centres need to open, stay open, **and** they need to be safe for children. Individual grants do not serve these critical goals.

The budget does not establish conditions for creating good jobs.

A second component will be the creation of decent-paying jobs. Public sector expansion to meet our community needs will do this. So will common-sense reforms to labour law. Working conditions have deteriorated under this government. The minimum wage should be immediately increased to \$20/hour and the government must legislate a minimum 10 days of paid sick leave for all workers.

The government also refuses to lift its unconstitutional incursion on free collective bargaining (Bill 124) and maintains its thumb on working people and their unions, forcing them to take real-world economic losses as their wage and benefit increases lose further ground to inflation. Additionally, you have insisted on keeping Bill 195 and emergency orders that over-ride Collective Agreements, despite the fact that there is no evidence that taking away access to the full rights of workers is in anyway helpful to fighting the pandemic.

The pandemic has shed a light on the inadequate enforcement of workplace health and safety rules and the under-resourcing of workplace inspections. And yet this budget includes no commitment to increase inspections or enforcement. There is money allocated for training, but those inspectors who exist are already trained. They need greater numbers in their ranks, and they need more resources, and workers need tougher standards and real enforcement.

In another failure to keep workers safe, this budget ignores the recommendations of the government's own task force on workplace safety insurance, which include a major expansion of the *Workplace Safety and Insurance Act* to cover employment sectors that are currently excluded, especially long-term care workers and development-services workers. The budget includes no money to implement these recommendations and therefore appears likely to continue failing to protect workers who have been among the most essential frontline heroes of the pandemic.

Finally, Ontario workers want stable, permanent and, in most cases, full-time employment that affords them the protections of provincial and federal employment standards. Instead, the trends in Ontario are toward fewer of these jobs and more casual, part-time, contract, "gig", and precarious jobs. Reversing these trends requires real standards and a tightening of labour laws as well as enforceable regulations that cover workers in the growing "gig" economy. The budget and the government's priorities offer none of these things.

The Ontario government has essentially ignored racism and the public health crisis associated with racism.

The past year has, perhaps unlike any period in our province's history, raised the public health crisis of Anti-Black, Anti-Indigenous and other forms of racism against people of colour.

We have seen in the starkest terms the lethal consequences of racial discrimination as people of colour become sick and die in dramatically higher numbers per capita than white Ontarians.

This disparity is intolerable in a democratic society committed to human rights, and it will not correct itself, nor will it be corrected by half-measures.

The \$1.6 million allocated to combat racism is insultingly inadequate. No serious provincial equity program can be conducted for this amount, and it is telling that the government provides no details on what it will actually do with \$1.6 million, because it certainly wouldn't look like much.

Moreover, two of the primary structural causes of health disparities by race are the overrepresentation of racialized people in crowded, poorly-maintained housing, as well as the overrepresentation of racialized people in low-paying jobs, which they too often struggle to attend because they don't have access to affordable childcare.

This budget includes no new investments in housing. New childcare spots that were promised in 2019 still have not materialized. And we have already noted above the failures of this budget to create decent jobs and raise wages and working standards for those in low-paying jobs.

These failures affect all Ontarians. But it is now clear that they will affect racialized people in greater proportions and severity. With no plan and few resources to mitigate this damage, the budget further exacerbates racism and racial disparities in Ontario rather than working to address them.

The budget continues the huge transfer of wealth from individual taxpayers to already wealthy corporations when the opposite should be happening.

Once again, your government's budget has failed to properly consider the revenue side of the equation as a tool towards a post-pandemic recovery. Tax increases on profitable businesses, and on the wealthiest individuals, would generate billions of dollars in revenue which could be used to stop the spread of COVID-19 and mitigate the losses of those individuals and businesses hardest hit by the pandemic. We would refer you to CUPE Ontario's pre-budget submission, where we proposed you look to bolster revenue by such measures as increasing the corporate income rate and placing an additional wealth tax on the top 1.0% of Ontarian earners. Instead, your government's stubborn and consistent refusal to even consider the revenue side of the budget will create long-lasting harm to Ontario's economic well being.

Over the past few years, your government has proposed permanent tax cuts and subsidies to the tune of more than \$6.6 billion dollars annually. These permanent programs are not necessarily geared to businesses suffering because of the pandemic. Temporary relief to businesses hurt by the pandemic adds almost \$4 billion more to that amount.

There is no requirement for businesses to actually create any new jobs in order to benefit from this tax windfall. Even businesses which did not face any downturn and/or have fully recovered will be able to access most of these permanent subsidies and tax breaks. While our public services – which create thousands of jobs and support thousands of related jobs – are starving for funding, the largest spending increases in your budget go to subsidize business.

This budget will not kickstart the economy.

At a time when government action is desperately needed, your budget is a very passive budget with almost no new ideas or innovations. There is little in the budget directly geared to those Ontarians who have been hurt the most by the pandemic. There are no direct job creation opportunities. Other than tax cuts and subsidies for businesses, the key expenditure in this budget towards economic recovery is a \$260 million job training tax credit. This amount, which falls well below what is required for economic recovery out of the pandemic, will also likely not benefit those who have been impacted by the pandemic the most. Those individuals do not have the money to invest up front in tuition or training in order to get the tax credit next year. Women will not be able to go back to school to re-train as long as schools are closed, and daycares spaces are rare. Indeed, this puny fund will likely be accessed by those who have resources leaving those who are destitute even farther behind. Tax credits are not programs and they are often not accessed by those in the greatest need.

Across the world, governments are rolling out ambitious, thought-provoking economic recovery plans. Many economists believe that we need to kickstart the economy directly by addressing the income disparities that existed before the pandemic but were made worse during the past year. Tax increases on the wealthy and re-building a broad public service is a major part of the solution. The Conservative government of the United Kingdom raised corporate income taxes from 19% to 25%. The United States has also proposed steep corporate and wealth tax increases and has rolled out an ambitious plan to build up public services and address societal inequalities. Unfortunately, your budget sets the stage for a lack-luster economic recovery which will have Ontario languishing behind other more forward-thinking jurisdictions.

A healthy, well-funded public service creates good jobs. It creates a functional society with supports for Ontarians when they are hit with adversity. It fosters innovation and creativity because people are secure in taking risks.

Again, we strongly urge you to change direction and invest in Ontario services that will truly build us back better.