



**CANADIAN UNION OF PUBLIC EMPLOYEES  
(ONTARIO)**

**SUBMISSION TO ONTARIO LEGISLATURE  
STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS**

**PRE-BUDGET CONSULTATIONS**

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## INTRODUCTION

CUPE Ontario is the voice of nearly 200,000 public service workers in Ontario – people who work on the front lines in hospitals, municipalities, utilities, long-term care facilities, social service agencies, schools and universities. The provincial budget has a significant impact on our members as residents and taxpayers, as service providers and caregivers, and as workers in the broader public sector. CUPE members have reams of first-hand experience and knowledge to contribute in planning next year’s provincial budget.

We thank the Standing Committee on Finance and Economic Affairs for the opportunity to present our suggestions and priorities for the 2008/2009 Ontario provincial budget.

The current Ontario government, led by Liberal Premier Dalton McGuinty, has promised the people of Ontario an anti-poverty strategy. CUPE Ontario believes that fighting poverty in Ontario is so important that our pre-budget submission will focus on that. We also believe quality public services are a tool government can use to fight poverty. It is time for the Government of Ontario to get serious and to put forward and implement an effective anti-poverty strategy.

The poverty rate in Ontario has risen over the past decade, not declined. The gap between the highest income earners and the lowest is bigger than ever. Poverty rates are higher for racialized communities and aboriginal peoples. Women are more likely to be poor, especially single parents and seniors, as are newcomers to Canada from the developing world.

A strong economy does not, as they say, “lift all boats”. Some people have been left behind, through no fault of their own, but because of the way our society and economy are organized – as a result of social and economic government policy. Cuts to the social safety net, policies that promote low paying insecure jobs and lack of assistance for those working in low paying insecure jobs are key reasons why the poverty rate in Ontario has risen during a decade of economic growth.

Now that Ontario faces a period of economic uncertainty, it is even more important that the Government take action to protect the population. An anti-poverty strategy must safeguard working people and their families as well as those who are unemployed or unable to support themselves through work.

Poverty in Ontario is well documented. There are several outstanding advocacy organizations and campaigns that have provided your government with volumes of research and advice about what poverty looks like and how to begin to beat it. We live in one of the richest provinces in one of the richest countries in the world. It is inexcusable that we do not do better for our vulnerable populations in Ontario.

It is past time for the current Government of Ontario to adopt an effective poverty reduction strategy.

An effective strategy must have:

- Indicators for measuring poverty
- Measurable targets with timelines
- Plans by each and every ministry to offset poverty
- Evaluation and accountability

CUPE Ontario supports the demand put forward by the Network for Poverty Reduction of a 25% reduction in poverty over 5 years and 50% reduction over 10. It can be done.

There are a number of critical measures that the Government of Ontario can and must take in this next budget and this next year to make a down-payment on reducing poverty. It can't be left to the federal government and it can't be left to the market.

In our submission, CUPE Ontario puts forward a number of proposals for actions that are realistic and well within the control of the government.

## **Start with Good Jobs and Living Wage Strategies**

In the medium and long term, the only sustainable means to ending poverty is Ontario is to ensure that there are jobs available for those who can work and to ensure that those jobs pay a living wage.

More than half of all low-income children in Ontario live in families with working parents.

CUPE members know that the best hedge against poverty while working is union membership. On average, union jobs pay \$5.00 more per hour than non-union jobs and offer the benefits and pensions that workers need to live and retire in dignity and security.

One of the first planks in Ontario's anti-poverty strategy has to be the restoration of card-check based certification when the majority of workers in a workplace indicate they want to join a union. The increasing proportion of unorganized workers in precarious employment makes this even more critical considering their vulnerability during a unionization drive. If it's good enough for relatively well paid construction workers, it's good enough for low-paid community workers, long-term care workers, call centre workers, food service workers and all other workers in Ontario.

If the Ontario government is serious about reducing poverty, it is critical that you develop and implement a strategy to regain, retain and grow manufacturing jobs in the province. These value-added jobs are key to Ontario's economy. CUPE Ontario isn't putting forward a manufacturing employment strategy in our submission. We are

calling on your government to work with the unions and affected companies in the manufacturing sector to develop one.

Over one third of all jobs in Ontario are not full-time full year employment. Ontario's anti-poverty and economic development strategies must focus on creating well-paid, secure, full-time, full-year jobs.

Full-time, full-year employment must ensure a standard of living above the poverty line.

CUPE Ontario recommends that the Ontario minimum wage be raised to \$10.25 per hour on March 31 this year (2008), rather than \$8.75 this year and \$10.25 in 2010. At that rate, someone working a 40-hour week at a full year job would earn \$21,320. That's still slightly below the level of the low-income cut-off for a family of 2 in a large urban area last year, and still not enough to support a family of four anywhere in the province, rural or urban. It's not enough, but it's a down payment.

Part of the government's anti-poverty strategy has to be updating the Employment Standards Act to offer better protection to workers in precarious and "non-standard" employment such as those working for temporary agencies, "independent contractors" and part-time workers. Successor rights for contract workers in cleaning and food services need to be restored.

The Government must beef up enforcement of employment standards to ensure that vulnerable workers are not illegally exploited in precarious jobs. Over the past 5 years over \$100 million in unpaid wages has not been paid to workers despite orders by the Ministry of Labour. \$100 million would make a big difference for poverty-level workers in this province. Employers must be made to pay up.

Pay discrimination continues to contribute to Ontario's high poverty levels. Women, on average, still earn 29% less than men. Pay equity enforcement must be revitalized to deliver pay justice to the current generation of working women. With women segregated in undervalued job ghettos and accounting for two-thirds of minimum wage earners, increasing that wage now to \$10.25 per hour provides a speedy pay equity down payment to such workers.

Women working in child care centres, small community-based agencies, and women's shelters are being forced to work at discriminatory wages. In 2005 the Government stopped the designated pay equity funding, even though the pay gaps identified in the Act's pay equity plans have not yet been closed. \$369 million is owing to about 100,000 hard working women for delivering public services in predominantly female workplaces in 2006 and 2007. A further \$77.6 million is owed in 2008 and about \$1.32 billion from 2008-2011. Effective measures to close the gender pay gap should be a key part of the government's poverty reduction strategy.

## **Government must lead in living wage strategy**

The Government of Ontario has to lead by example. The provincial government is promoting public policies that depend on a pool of low-wage workers and that will only augment the persistent poverty that has taken root in Ontario. As part of the anti-poverty strategy each provincial government department and transfer-payment agency should be required to examine its own practices to ensure that they lead to decently-paid secure employment and are not based on a low-wage policy or insecure employment.

For instance, integral to the Liberals' plan to transform health services through restructuring and Local Health Integration Networks (LHINs) is support for a “race to the bottom” in labour costs. A key feature of this health-system change is to move services out of hospitals – where mostly-unionized staff earn between \$17 and \$20 an hour - and into the "community," where workers earn considerably less, with no benefits or pensions.

An obvious example of an Ontario Ministry of Health policy that is actually premised on a low-wage strategy is competitive bidding in the provision of home health care through the Community Care Access Centres. It is a policy intended to drive down the wages of personal support workers at the expense of the workers, their non-profit employers and their communities. In fact, the Ministry's own report on the sector found that home care workers in one city had lost their jobs 3 times to competitive bidding and that 57 per cent of home care workers surveyed had changed jobs in the past 12 months. Average wages for personal support workers were approximately \$12 an hour, about \$5 an hour less than what they would earn in a hospital. The government intends that only 10% of personal support workers will have regular full-time jobs and up to 70% will have only “casual” status.

Recently the government halted a home care competitive bidding process in Hamilton. The government must do more and end contract bidding province-wide. But, the indicators are that rather than ending such a policy, the Government intends to extend it throughout the health care system with the Local Health Integration Networks (LHINs). Competitive bidding is designed to push wages down. Contracting out results in insecure employment. Insecure employment leads to high staff turnover rates, workforce instability and inconsistent care for patients and vulnerable individuals.

The provincial government also delivers funding to transfer payment agencies in ways that foster low-wage, part-time and part-year jobs. Provincial under-funding of agencies that provide supports to the poor, families in crisis, new immigrants and the elderly means that community workers are earning poverty-level wages.

CUPE Ontario has joined in coalition with over 200 community service agencies to lobby for adequate funding. As an Executive Director from one of our community agencies pointed out in budget consultations last week, for every program dollar allotted

by government, the actual cost to deliver the required services is \$1.14. Employee wage rates in that sector are consistently below those of other public and private sector comparators, and have been stagnant for a decade. In fact, the community service sector is now one of the most dependent areas of our economy on part-time and precarious work arrangements. Many of the workers in the sector, particularly women, have become part of the new economy in Ontario – the working poor who must work at several jobs to make ends meet.

In the community living sector, some agency employers and CUPE are working cooperatively to raise the wages of front line workers in the sector. A KPMG study – commissioned by employers – shows that community living workers earn wages 25 % below social service workers in comparable sectors. Low wages are resulting in widespread workforce instability. Community living workers leave the sector looking for better-paid social service work. This results in a lack of continuity of care for individuals with a developmental disability. Provincial underfunding for developmental services also results in contingent, precarious work as employers increasingly hire less-skilled casual and relief workers, who are paid low wages and few benefits.

While CUPE acknowledges that the Liberal government recognized last year that provincial underfunding has adversely affected both staff recruitment and retention and the quality of supports and services by increasing funding for community living agencies, front line staff wages are still too low and many workers in this sector are still not earning a living wage. Workers in these transfer payment agencies are the working poor.

Child care funding is another example of provincial government policy that actually produces another group of “working poor”. Child care funding in Ontario doesn’t pay workers a decent living. The government even recognizes this and provides additional subsidies for wages through the Daycare Operating Grant and the Wage Enhancement Grant (fondly known as the DOG and the WEG). Even with the subsidies early child care educators in daycares, despite having a two-year college diploma, earn \$23,000 annually on average – poverty wages for any family in Ontario. It’s time to fund day care adequately so that these important workers – almost all women – earn a decent living.

The Ministry of Education has a role to play. The public education funding formula is skewed to short-change school support services, keeping the wages of some school support staff down and putting pressure on boards to contract out services and hire new employees for limited hours on contract.

Funding for adult education, literacy and ESL should be high enough to meet the demand from those seeking to upgrade their skills for the labour market, and teachers of these important skills must be adequately compensated.

The Ministry of Municipal Affairs and Housing can change policies that contribute to the creation of precarious work. Municipalities are flagging under the financial crush

created by downloading responsibility for services without adequate funding under the previous and current provincial governments. The budget stress results in municipalities adopting low wage strategies, contracting out more work and turning more jobs into part-time, part-year and contract work.

Social assistance is not appropriately funded through property tax. The Ministry of Municipal Affairs and Housing must act now to upload all of the costs of social assistance. If we are entering a period of economic downturn costs will rise, making the need for the transfer even more urgent.

Businesses should not get a free ride on the public dollar either. Any and all government subsidies to business must be tied to creating and preserving decent jobs for Ontario residents. Accountability mechanisms have to be put in place for grants and subsidies to the private sector.

We urge the government of Ontario to adopt a "made in Ontario" procurement policy. If you ask the people of Ontario whether they want their tax dollars going into transit infrastructure to support good jobs for their neighbours, or to go offshore, they'll tell you they support their neighbours.

CUPE Ontario is not in a position to review every ministry's policies, or funding for every provincial transfer agency, to make recommendations that support a decent standard of living and secure employment for everyone working in provincial public services, either direct or indirect. The McGuinty Government, as part of its anti-poverty strategy, must do so.

CUPE Ontario recommends that within 5 years everyone working in public services or in a job that is funded through public dollars should be making a minimum of \$15.00 per hour and have a benefit plan and a pension plan. These will go a long way toward fighting poverty in Ontario.

## **Public Sector Can Lead with Mentoring and Training Opportunities**

The province, municipalities and the broader public sector must step up the plate and provide job training and mentorship for young people at risk and for others requiring these types of program to achieve success in the labour market.

The program developed by the Toronto Community Housing Corporation program in cooperation with CUPE Local 416 is an excellent model. The "Sustainable Livelihoods Initiative" will offer employment, mentorship and personal support for at least 18 months to a dozen young people living in public housing. The aim is to help youth between the ages of 18 and 29 land meaningful work that pays a living wage. It will also try to deal with the financial disincentives to taking a job or getting a better education that apply to families on social assistance and in public housing. It will pay \$12 per hour, rather than

minimum wage or the lower-than-minimum wage honoraria offered by most transition-to-work programs.

Ontario should consider implementing a province-wide program like the aboriginal program CUPE has in the health care sector in Saskatchewan. In November 2000, CUPE signed a partnership agreement with the Saskatchewan government to promote a representative workforce strategy, particularly one where Aboriginal people are present in all classifications and at all levels in proportion to their working age population. From this general agreement flowed a tripartite agreement between the CUPE health care council, the Saskatchewan Association of Health Organizations (SAHO) and the provincial government. The jointly-designed and delivered program includes education of the whole workforce, education about unions and training for jobs in the sector. Aboriginal representation in the health care workforce increased from 1% to 5% in the first 4 years.

## **Strengthen the Social Safety Net**

CUPE Ontario supports calls to restore social assistance levels to something decent, to index increases to inflation and to speed up implementation of the Ontario Child Benefit.

One of the results of under-funding of social services for the past decade has been an increasing number of ever-rising user fees and privatization of services. People who are living in poverty should not have to pay for the social safety net; they should be able to count on using it to change their circumstances. CUPE Ontario calls on the Ontario government to end all public sector fees and charges for families under the low-income cut off.

Many of these are relatively small items that are not feasible for low-income families. Families living under the LICO should be exempt from all of them.

- A family living in poverty can't afford even small recreation fees for their children, or the extra charge for the team shirt. All recreation programs should be free of charge for families living under the LICO.
- Families living in poverty can't afford the transit fares to take their children to the library. They need to have free transit passes so they can take advantage of public services, get to school, get to job interviews and get to work. Public services like libraries, swimming pools, conservation areas, parks and zoos should be free for poor families.
- Families living in poverty can't afford the Activity Fees that public schools charge, or fees for field trips, or charges for notebooks or classroom equipment or uniforms. The public education system should pay all of these fees for all of its students. If Ontario can't do that yet, they must start by exempting all low-income families from these extra charges.

- Families living in poverty can't afford the cost of transportation to access a hospital service that, after reorganization under LHINs, may be miles away. They can't afford extra charges for diagnostic services, or copies of their x-rays or the light-weight casts that make it practical to go to school or work while you have to wear them. Low-income families, as they are in public hospitals in the U.K., should be exempt from or immediately reimbursed for all of those health care charges.
- Delisted medical services such as eye exams and physiotherapy, should be relisted, if not for everyone then at least for people living below the LICO. Dental and drug programs should be expanded as well.

Some of the user fees that should be forgiven in Ontario's anti-poverty strategy are larger items.

- Day care and after school programs for kids must be free of charge. Children from low-income families must have access to the same early education opportunities as all children in order to have a chance at breaking the cycle of poverty. Low-paid working parents need the same peace of mind about the care their children are receiving after school as all parents do.
- Post-secondary tuition should be waived. CUPE's Ontario's position is that tuition should be waived for everyone. In the alternative, the Ontario government should take a lesson from the Irish "Economic Miracle" and eliminate tuition fees for low-income residents. Education is the key to decently paid secure work. Following the elimination of user fees for higher education in Ireland, participation from the least well-off socioeconomic group increased 47%.
- Smart meters and time-of-use electricity pricing will result in punishing increases in electricity bills for low-income renters who are stuck with the electrical heating systems installed by their landlords. It's another Government of Ontario policy that will increase rather than mitigate poverty. The Emergency Energy Fund is not enough and does not address the ongoing energy affordability problem facing Ontario's low-income consumers who are vulnerable to increases in shelter and utility costs.

As part of the Anti-Poverty Strategy the McGuinty Government should require every Minister and every Deputy Minister to review all of their programs and policies to ensure that they do not create more poverty, rest on or reinforce a low-wage strategy or act as barriers to participation in the life of our community for low-income residents.

## **Invest in Housing, Not P3s**

During these pre-budget consultations the Government will receive excellent advice about the crying need for housing to combat poverty and the means by which the Government can begin to address that need.

CUPE Ontario wants to add one idea to the housing discussion. CUPE has long fought against the investment of workers' pension funds in privatization and P3 schemes. CUPE argues that instead of investing our pension funds in bad public policy and bad financial policy, we should be using them to build public infrastructure. There are millions of dollars that could be used to assist in building affordable and social housing in pension funds in Ontario.

Staff of the Public Service Alliance of Canada have set an example that could be multiplied dozens of times. Last fall their pension board, composed of union staff, retirees and officers, designated \$2 million specifically to fund affordable housing projects in Ottawa that meet certain criteria. They will invest in housing that will be affordable to those most in need of housing, will be affordable in the long term, will be constructed by unionized workers, will meet energy efficiency standards and will be wheelchair accessible.

CUPE Ontario invites the Government to work with us to make our pension funds work to help meet the need for housing for low-income Ontarians.

## **Funding Ontario's Anti-Poverty Strategy**

How will we pay for Ontario's anti-poverty strategy?

The prior question is what is poverty costing us in Ontario? In lost income and productivity? In forgone consumer spending? In health care costs? In social problems? In remedial education?

What is it costing Ontario to let poverty flourish and grow?

If thousands more people in Ontario earned a decent living and had secure work, how much would taxes increase?

Every dollar spent on the anti-poverty strategy will stay in Ontario. Low-income families spend every dollar in the local community on shelter, food and basics.

The Ontario government shouldn't be scared of taxes. Ontario needs to tax in order to spend. Over the past decade more than \$17 billion in tax revenue has been forgone to fund tax cuts. There's lots of room for more taxation. Ontario government spending

remains well below 1995 levels of GNP. The federal government has vacated tax room which the Ontario government must boldly step into in order to fund poverty reduction.

The Ontario government should start by redirecting \$1.1 billion in tax cuts announced in the December economic statement into the poverty reduction strategy.

Income taxes are intended to serve a redistributive function and they are successful. The social safety net works – when it catches those who need it.

CUPE Ontario recognizes that the federal government is not meeting its responsibility for financial support for the unemployed through the EI program, for services for newcomers and for housing and transportation. We support all efforts by the province to pressure the federal government to pay up and CUPE supports the Mayor's campaign for 1¢ of the GST to go to municipalities. The McGuinty government should have acted to give that tax room to municipalities the day the federal government abandoned it. The federal government's lack of spending and lack of action on these issues is no excuse for the Ontario Government not to act.

CUPE Ontario calls on the Ontario government to adopt and immediately begin to implement an effective anti-poverty strategy. There is lots of room to raise more revenue through progressive taxes to fund it.

## **Summary**

The Canadian Union of Public Employees (CUPE) Ontario is proposing three new policy shifts that the government must make if it is serious about its poverty reduction strategy. These shifts include an end to low wage policies, an end to user fees and taxes for low-income people, and creative agreements with the public sector to address issues such as kids at risk and affordable housing.

Firstly, the government can't call for reductions in poverty while at the same time promoting low wage policies. Given that a union job is the best protection against poverty, this government needs to restore card-check based certification to make it easier for workers to join a union.

The provincial government must also end its own funding policies and programs that promote poverty-level wages and insecure employment. For instance, the province must abandon its competitive bidding policy for home care which forces frequent job changes, and pays wages 50% less than the same workers would earn in a hospital, without benefits or pensions.

The second policy shift proposed by CUPE Ontario would end all public sector user fees and taxes for families under the low-income cut off. Families need free access to things like public transit to get to school and jobs, medical services such as eye, dental and

drug programs, free day care and access to early education opportunities in order to have a chance to break the cycle of poverty.

CUPE Ontario's third proposed policy shift is to open up the public sector in various tri-partite agreements to address aspects of poverty like job training and mentorship for young people at risk. Such agreements could also offer a potential solution for investment in affordable housing like co-ops.

CUPE Ontario is challenging every provincial ministry to review its policies and develop plans that will support a decent standard of living for workers and bring down all barriers to services needed services by low income and welfare recipients.