Submission to the Commission on the Reform of Ontario's Public Services

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Introduction

The Canadian Union of Public Employees (CUPE) Ontario is the largest union in the province. CUPE's more than 230,000 members work in virtually every community and every riding in Ontario providing services that help make Ontario a great place to live.

CUPE members are employed in five basic sectors of our economy: health care, including hospitals, long term care and homecare; municipalities; school boards in both the separate and public systems; social services; and post-secondary education.

CUPE members are your neighbours. They provide care at your hospital and long term care home. They deliver homecare 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 schools safe and clean. They take care of your youngest children in the childcare centre and make life better for developmentally challenged adults. They protect children at risk and children struggling with emotional and mental health concerns.

Our members do this work every day, and as a collective experience it equips us to make a positive and informed contribution to the work of this Commission and to the planning process for Ontario's 2012 budget.

Executive summary

CUPE Ontario brings four main messages to the Commission, each of which is described in greater detail in this submission.

1) The deficit and debt challenges Ontario faces today are not due to out-of-control spending on public services. They are the result of the financial crash of 2008, the necessary stimulus program that helped Ontario weather the storm and a stalled economic recovery that has yet to restore government revenues.

2) The permanent elimination of thousands of jobs, combined with cuts to program spending of up to 33% in some ministries as announced by the Ontario Minister of Finance, will slow the recovery, delay balanced budgets and cause undue hardship for Ontario families. This will force many families to divert household spending away from necessities to make up for services lost, and/or to make do without.

3) The other side of the “cuts” coin is the positive economic impact of strategically targeted government program spending. From basic services like child care to bold new ground such as a pharmacare program, our government is uniquely positioned to take advantage of a basic economic reality missed by the “cuts.” Smart public investments and program spending bring with them powerful multiplier effects that will help grow the economy.

4) Making decisions about provincial spending without the ability to address revenue sources makes no sense. CUPE Ontario urges the Commission to exercise mandate flexibility and look at new sources of revenue, specifically by considering the following proposals (outlined in our submission) for which recent public opinion polling by Angus Reid shows strong public support, especially among Liberal voters.

   a. Restore corporate tax rates to 2009 levels.
   b. Create new tax brackets (Warren Buffett Brackets) on the wealthiest Ontarians, one at incomes over $300,000 and one on incomes over $500,000.
   c. Introduce a 0.005% financial transactions tax or “Robin Hood” tax on transactions of stocks, bonds and currency.
   d. Restore the Ontario capital tax on banks and insurance companies.
   e. Eliminate the loophole exempting large employers from the Ontario health tax on their first $400,000 of payroll.

5) CUPE asks the Commission to consider a range of constructive reforms in public services. The following proposals are taken from the many included our submission.

   a. Improve the timeliness of interest arbitration.
   b. Work together with labour to expand the pool of recognized, experienced and trusted arbitrators.
   c. Expand the role of central bargaining, through the expanded use of Provincial Discussion Tables (PDTs) and other initiatives.
   d. Realize better programs and savings in social services, education and post secondary education by creating province wide combined pension and benefit plans and administration, learning from the successful example of the BC/CUPE Provincial Education Benefits Trust.
   e. Make a strategic commitment to long term savings by ending Ontario’s dependence on public-private partnerships for capital construction projects like hospitals and transit.

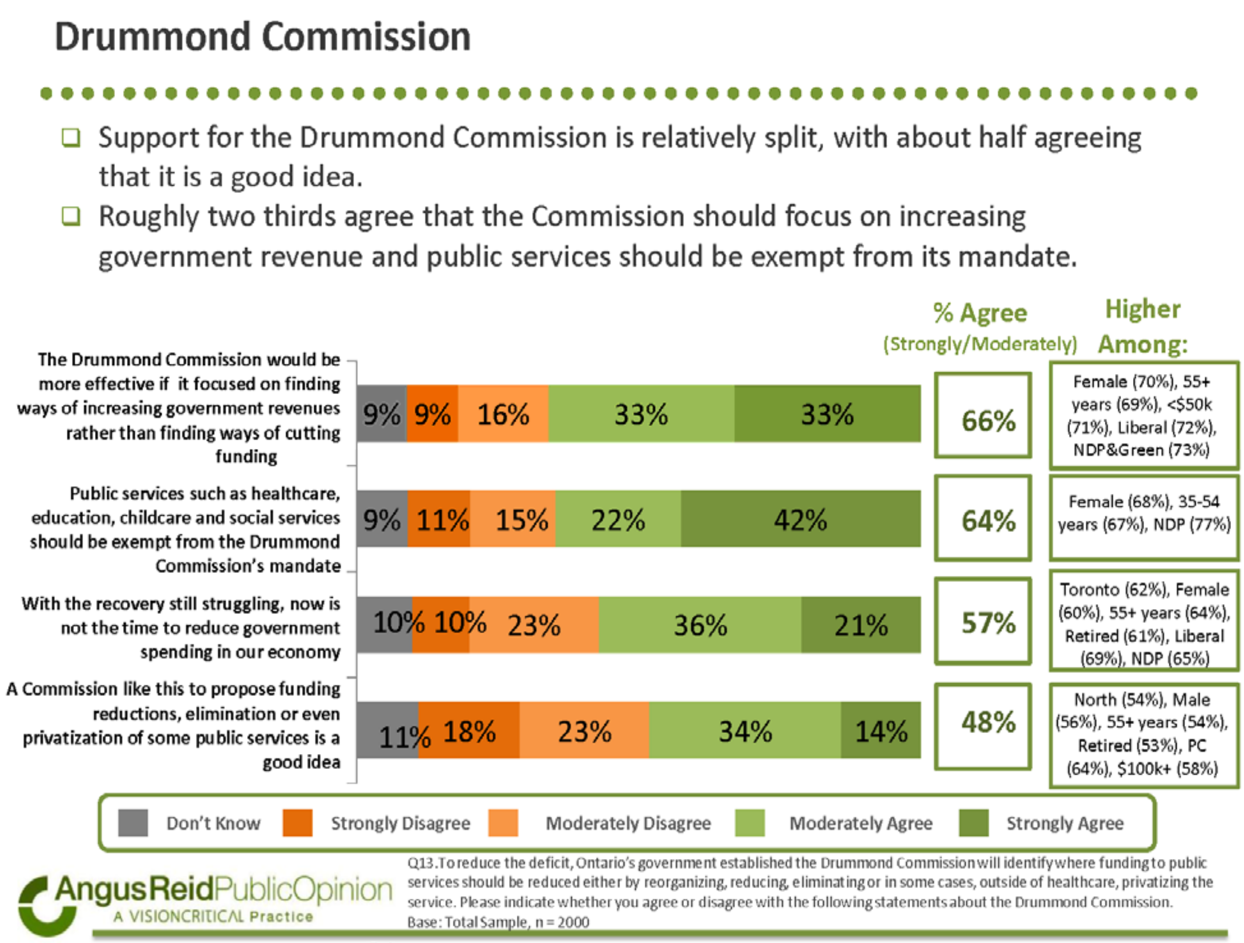
Commission mandate

This Commission's mandate, as we understand it, is to make recommendations to the province about program spending choices for the 2012 budget in the context of reduced growth projections and a commitment to balance the budget buy 2017–2018.

We question the validity of addressing hard spending choices without the ability to address hard revenue choices.

We respect that this Commission is not the author if its own mandate, but we are also quite aware of the extent to which the Commission Chair has publicly exercised a degree of independence in his execution of the mandate. We wish to encourage him further in this direction inasmuch as it comes to looking at the potential contribution of new revenue sources and the need for public buy-in to the overall project.

Public opinion polling done for CUPE Ontario by Angus Reid in recent weeks shows where this public buy-in can be lost or found.



Economic forecast

Despite our hopes, and even despite previous indicators suggesting otherwise, the economic recovery is not strong or sustained. Unemployment is still far too high. In Ontario, real incomes are declining while household and personal debt levels continue to climb. Projections for GDP growth are being revised downward almost by the day.

Canadian real GDP growth is projected to run at 2.2% in 2011, 1.9% in 2012 and 2.6% in 2013, according to TD Bank's "Quarterly Forecast" from September 2011. In October, the Bank of Canada forecast that core inflation "will be slightly softer than previously expected," and will decline during 2012 before edging back up to 2 per cent by the end of 2013.

Canada's economy grew during the third quarter of 2011, but it was on the back of higher exports. Our domestic economy is sharply slowing down, with job losses and declines in real wages.

Austerity measures and the Euro crisis are throwing many European countries back into recession, and in the United States existing stimulus measures are expiring. At home, overvalued house prices, record levels of household debt and government cutbacks are casting darker clouds on our domestic economy.

Private economic forecasts now expect:

- Economic output (GDP) to slow from 2.3% in 2011 to 2.1% in 2012
- Unemployment rate to stay high: averaging 7.5% this year and 7.3% in 2012
- Consumer price inflation to drop from 2.9% average in 2011 to 2.0% in 2012

Rising inequality is hurting our economy. Income inequality in Canada is not only worse than average, as the OECD reported earlier this month, the income gap is also widening at an increasing pace. This is also a fundamental problem making our economy weaker. Now even business-friendly organizations agree with Warren Buffett and the Occupy movement that trickle-down economics doesn't work.

The Canadian economy is bleeding jobs and public sector cuts are set to intensify. Job losses continued in the past two months. More public sector job cuts planned at the federal, provincial and local government levels will keep unemployment high.

The recession and public sector cutbacks are hitting Aboriginal people and racialized workers hardest. Further cuts will make the situation even worse for groups who already have lower incomes, higher unemployment and higher than average rates of poverty.

In another report prepared this month, CUPE economist Toby Sanger revealed that real wages are expected to suffer their most serious decline since 1995, thanks in no small part to lower public-sector wage increases.

Provincial economic outlook

Provincial Economic Outlook								
% annual growth except where noted								
	Real GDP		Employment		Unemployment Rate		Inflation	
	2011	2012	2011	2012	2011	2012	2011	2012
Canada	2.3	2.1	1.6	1.1	7.5	7.3	2.8	2.1
Newfoundland & Labrador	3.6	1.7	3.2	0.9	12.3	11.9	3.0	2.0
Prince Edward Island	1.9	1.6	1.2	0.9	11.4	11.2	2.7	1.8
Nova Scotia	1.5	1.6	-0.1	0.9	9.2	8.9	3.6	1.8
New Brunswick	1.2	1.5	-1.0	0.8	9.5	9.3	3.0	1.8
Québec	1.8	1.8	1.4	0.8	7.6	7.6	2.8	2.0
Ontario	2.2	2.0	1.9	1.0	7.8	7.7	3.0	2.0
Manitoba	2.2	2.4	0.9	1.0	5.4	5.3	2.8	1.9
Saskatchewan	3.3	3.1	0.5	1.3	5.0	4.8	2.6	2.2
Alberta	3.3	3.1	3.5	2.0	5.5	5.2	2.0	2.0
British Columbia	2.2	2.1	0.8	1.2	7.6	7.3	2.4	1.8
Based on the average forecasts from four different bank forecasters as of 2 Dec 2011								
National averages may differ from those reported in the Canadian outlook table because they are from a smaller group.								

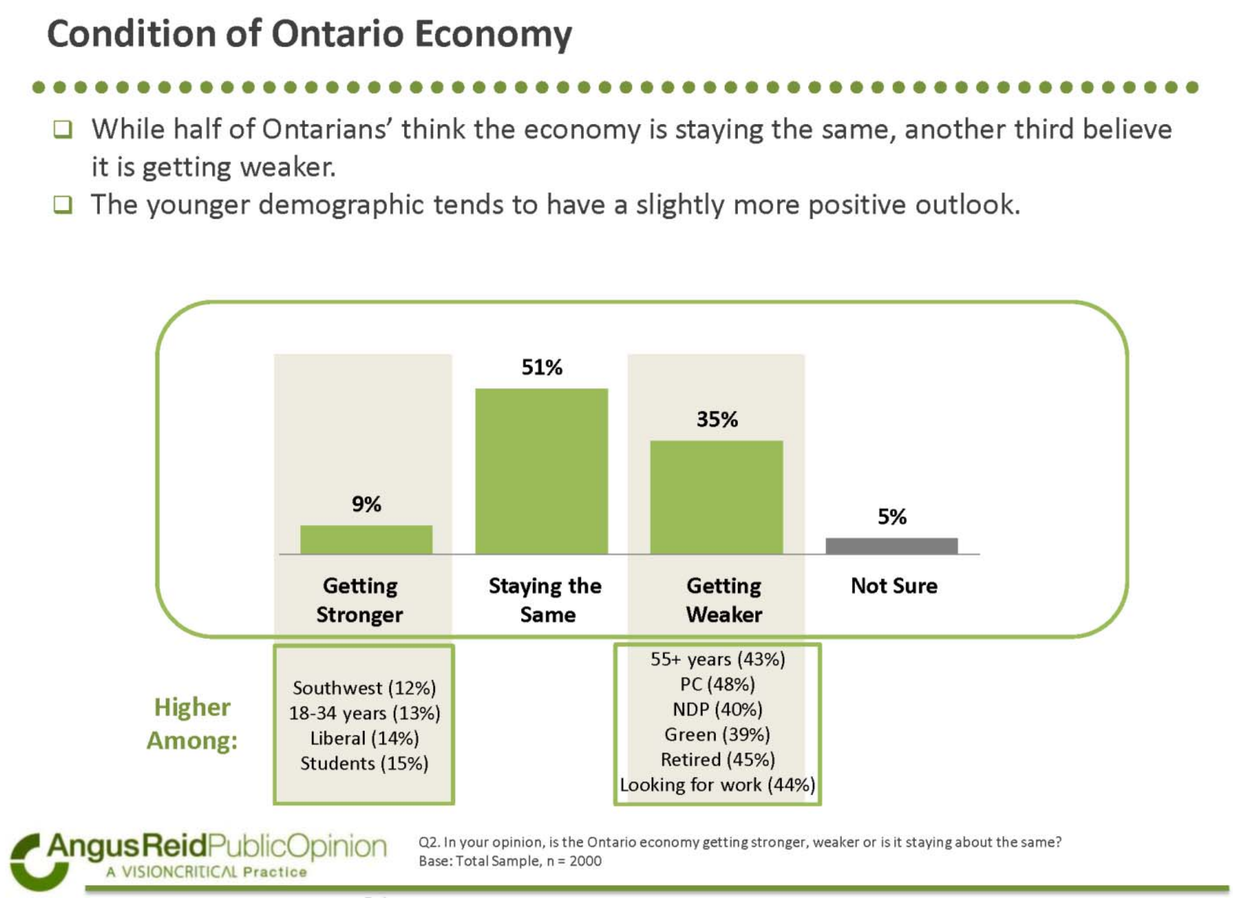
Source: Economic Outlook for Bargaining, Vol. 8, No. 4, December 2011 (CUPE)

Economy 2012

In 2012, we should expect slower rates of economic growth, both nationally and in most provinces. As 2012 approaches there is a real danger that overall government spending will be flat or worse, decline as a result of austerity measures and public spending cuts.

Employment growth will barely keep up with labour force expansion, leaving the jobless rate high. Inflation is expected to subside toward 2% with declines or slower increases in fuel, food and housing prices. Interest rates and borrowing costs are expected to remain low for another year at least.

CUPE’s recent polling confirms that a significant amount of Ontarians continue to be worried by what they see as an economy that is flat or even getting worse.



Provincial government finances

For the purpose of a discussion about what the Commission should or shouldn't recommend, even more important than asking how high the province's deficit and debt are, at $16 billion and $240 billion, respectively, is asking how they got there. The single most important thing to note is that they did not reach today's levels as a function of normal, everyday provincial government program spending.

Deficit and debt levels were driven up when the economy tanked in late 2008. Just as the federal government did in Ottawa, Ontario's deficit and debt levels have been consciously driven up since 2008, in order to save the private sector from self-destruction and to get us all through the crisis with a minimum of collateral damage. Today, with economic recovery still weak, revenues to the province remain far from having recovered to sustainable levels and are even weaker than necessary because of continued corporate tax cuts.

It is highly ironic then, if not bizarre, that these deficit and debt levels are now used as evidence that public-sector provincial program spending is out of control and must be drastically cut back if we are ever to achieve any sort of equilibrium and a balanced budget.

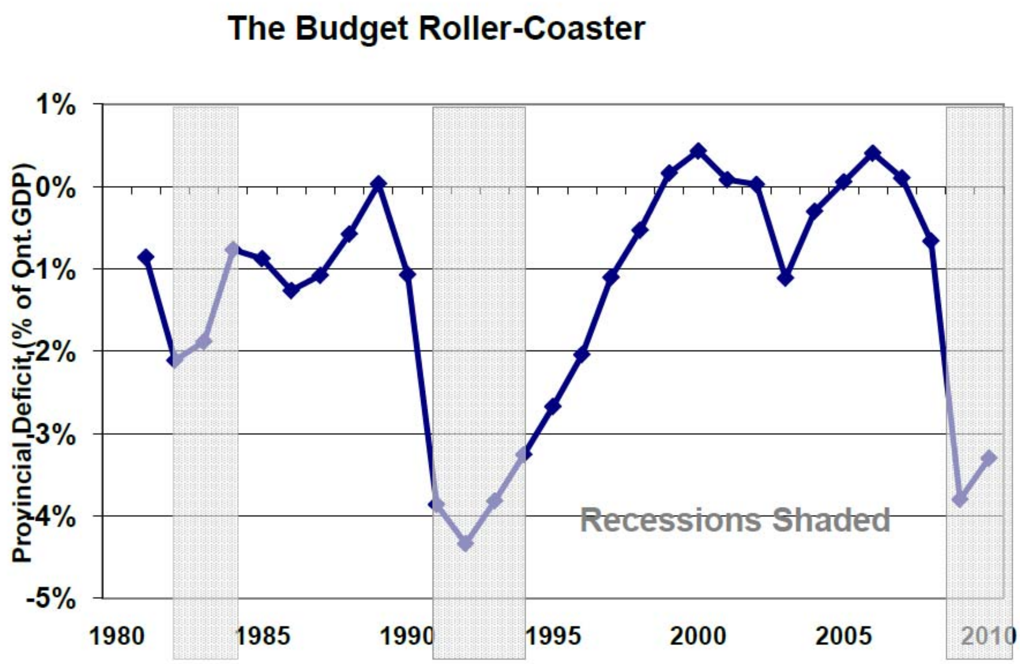
To be fair, this new attack on the public sector neither began with nor is restricted to Ontario. Globe and Mail columnist Doug Saunders described this point well on May 21, 2011, when he wrote, “While it began, in 2008, as a private-sector crisis of bad debt and unsupported credit in the financial and banking sectors, this was quickly followed by bailouts and rescues that shifted the burden to the state. Private-sector debt and potential insolvency turned into public-sector debt and higher taxes to pay for it, and the parties in power got blamed. … In essence, the bailouts worked all too well. The banking, finance and insurance industries were rescued by the state, so voters never experienced anything that would have turned their rage against the private sector: runs on banks, disappearing mortgages, lost retirement savings.”

CUPE Ontario supports the goal of balanced budgets, but we note that the operative 2017–18 target date for Ontario was never much more than arbitrary and was chosen when GDP projections were far more encouraging than they are today, when Europe was not yet threatening a meltdown and when we all thought a five- to seven-year time frame was more than enough for full recovery.

Today’s deficit and debt levels, which would never have been contemplated but for the 2008 crisis, are too often treated as if they were the function of an outdated belief in the public sector as service provider, which then sets the stage to ask Ontarians to accept significantly lower levels of service.

Looking at Ontario’s deficit as a share of GDP today and comparing it to where it was in the 1990s, it is evident that the 2011 picture, while still cause for concern, is not a dire as many would make it out to be.

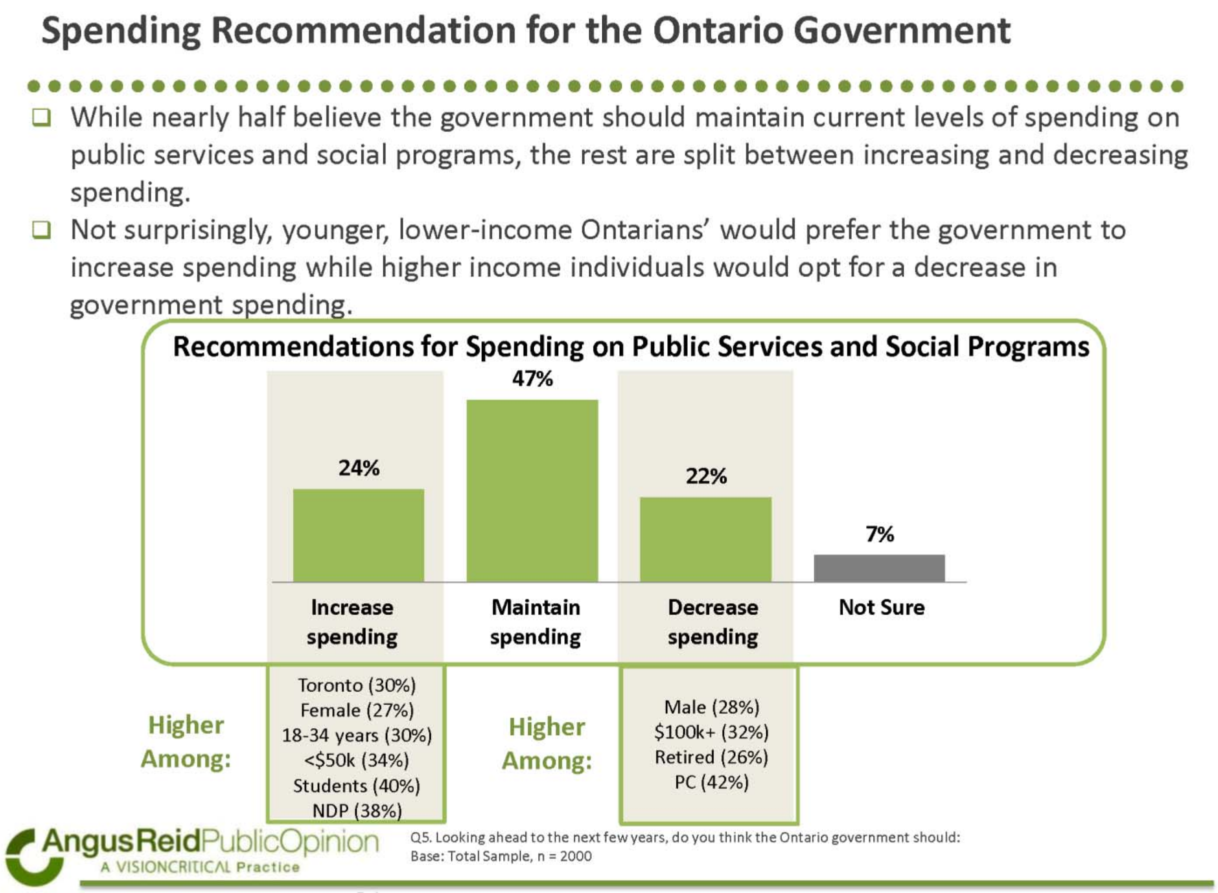
Ontario deficits as % of GDP



Source: Provincial Economic Accounts (to 1985); Finance Canada Reference Tables; CANSIM Table 384-0002;

Strategic choices

The debate boils down to this simple strategic choice: Should we follow a policy of cuts or one of supporting economic recovery as the only reliable path to sustainable growth?



The public clearly does not have an overwhelming appetite for public service cuts. Given that these cuts will increase unemployment and slow economic recovery, CUPE Ontario agrees with the majority of Ontarians that the sensible strategy is to maintain or increase spending in order to stimulate the economy and help average families weather these tough times.

Recovery or cuts?

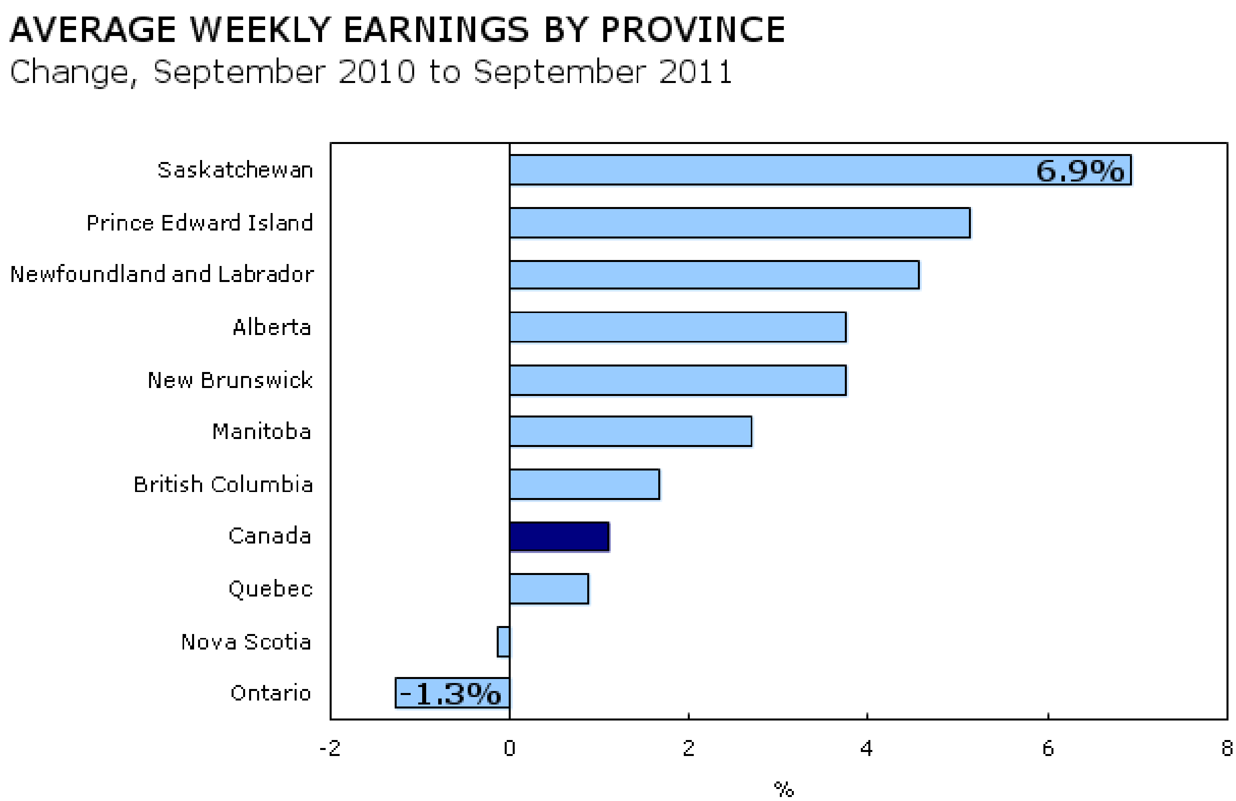
Ontario does not have a spending problem, it has a revenue problem. Strong, publicly delivered services help make Ontario competitive internationally and make it a great place to live, we support a balanced, revenue-driven path of recovery.

Where does economic recovery come from? Canadian estimates say consumer spending makes up as much as 65% of economic activity. (Sanger, November 2011) For Canada's biggest trading partner, it may even be greater. "Given that consumer spending accounts for 70% of the economy, any drop would hurt growth." (Wall Street Journal, October 29, 2011)

If recovery depends significantly on growing demand, then we need to ask what is an appropriate leadership role for government budget decisions, and to recall that if pubic demand is not based on employment earnings, it is based on personal debt. When wages are held flat, or are dropping as Statscan says they are today in Ontario, the only growth in purchasing will be fuelled by debt, which is a recipe for a return to 2008.

Are wages supporting recovery?

In Ontario, wages and real incomes have been stagnant and are now declining.



Source: Statistics Canada

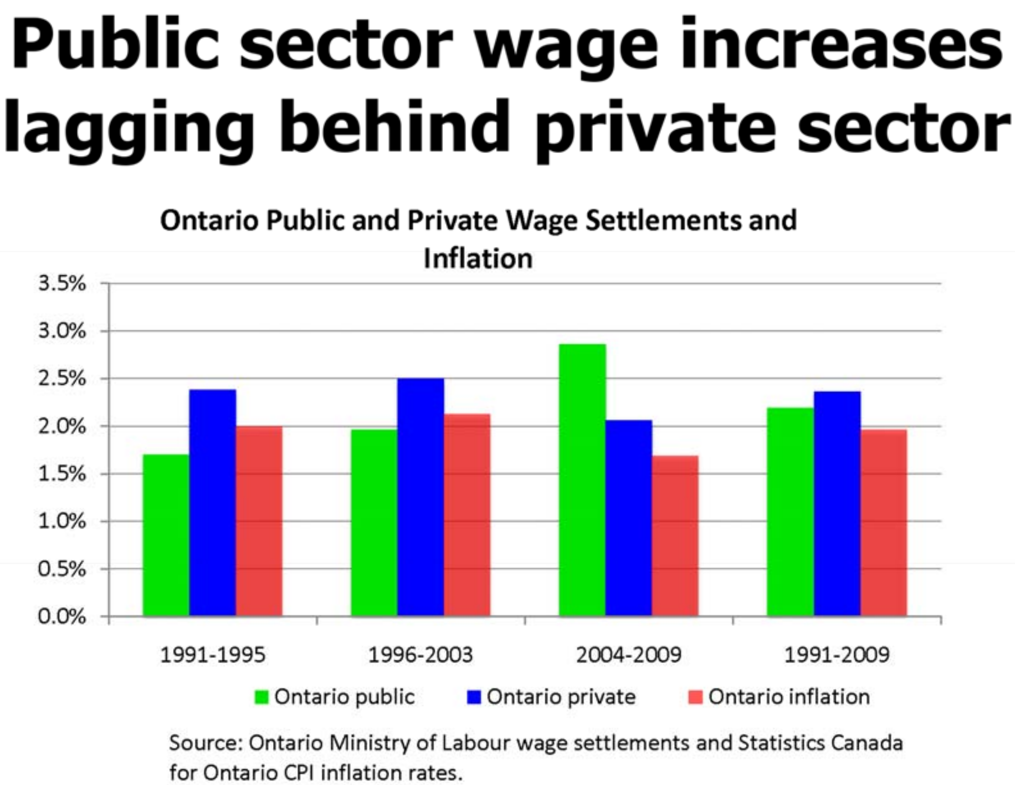
TD Bank economist Chris Jones recently reported that “Disposable incomes have been falling for the last three months, and consumers have resorted to dipping into their savings to finance a higher level of expenditure. At some point incomes will need to catch up or else broader consumer spending is bound to slow down.” (Globe and Mail, November 16, 2011)

Not only is debt-based recovery an inherently dangerous plan which will ultimately backfire in much the same way that subprime mortgages did, but even in the short run, while it is driving up personal and household debt levels to crisis levels, it will not deliver recovery.

“Consumer confidence has continued to slump and shoppers are refraining from spending on big ticket items. North American appliance sales this year will be 25% below the 2005 peak. Western Europe sales, estimated by Electrolux, will be down 15% from 2006.” (Wall Street Journal, Oct. 25, 2011)

Public sector wages

Popular mythology is a powerful force in shaping public opinion, but the reality is that that public-sector wages have trailed private sector wage gains for most of the last two decades, and do so today.



Public sector / private sector wage settlements

Major Collective Bargaining Average Wage Settlements by Year and Quarter							
	2008	***2009***	***2010***	***2011YTD***	***2011Q1***	***2011Q2***	***2011Q3***
All Average	3.2	*2.4*	*1.8*	*1.8*	*1.3*	*2.0*	*2.0*
Public Sector	3.5	*2.5*	*1.6*	*1.7*	*1.2*	*1.9*	*2.1*
Private Sector	2.5	*1.8*	*2.1*	*2.1*	*2.2*	*2.2*	*1.9*
CPI Inflation:	***2.3***	***0.3***	***1.8***	***3.0***	***2.5***	***3.4***	***3.0***

Additional dangers in keeping wages down

In addition to the obvious implications of a wage depression strategy for Ontario's economic recovery, this report from the Financial Post indicates that some economists think it could be even worse.

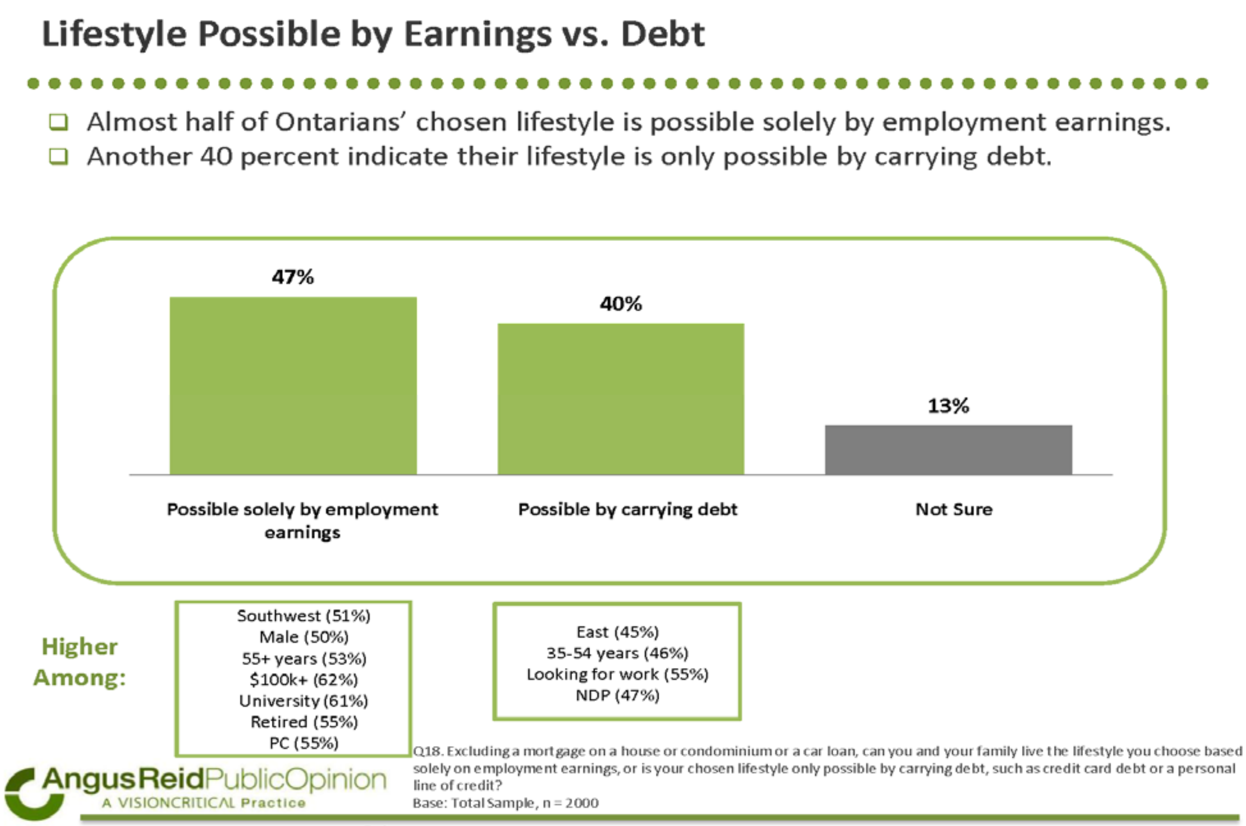
> The Bay Street consensus is that the Canadian housing market skirted the worst and managed a soft landing and homeowners are likely able to absorb higher mortgage payments once interest rates head upward. But one analyst warned that people are overlooking a key risk that threatens to push down housing prices by as much as 25% over the next several years: subdued wage growth in a low-inflation environment. That mix could make mortgage payments increasingly onerous for households already carrying record levels of indebtedness, David Madani of Capital Economics said, adding the knock-on effects to consumer spending could be so significant they could push Canada into another recession.
>
> "This reality, we suspect, has not been given very much consideration at all," he said. "All I am trying to do is step back and look at the longer-term picture of affordability." In a low-inflation environment, it's harder for asset prices and wages to rise to make the burden of debt more manageable, Mr. Madani said. In a report to clients, he said the fall in prices could start this year if the Bank of Canada raises its benchmark rate, which stands at 1%. Mr. Madani—one of the few economists to predict no rate hikes for all of 2011—warned an increase could mark the "tipping point" as consumer sentiment could swing rapidly."
>
> (National Post, Feb 4, 2011)

Basing recovery on increased personal debt

When employment earnings are held flat or are even declining, any growth in consumer spending is going to be based on debt. In light of what has happened to wages in Ontario, it is not surprising that personal and household debt have risen to worrisome levels.

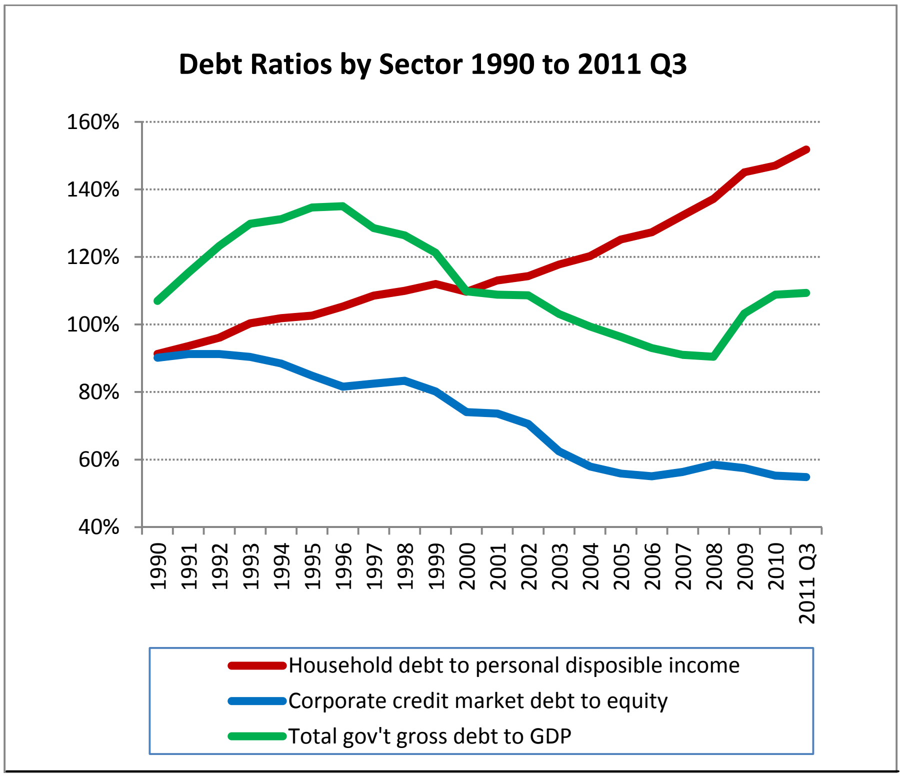
“In Canada and the U.S. today household debt is above 120 per cent of disposable income; in the 1950s it was about 30%,” says David Rosenberg, Chief Economist at Gluskin Sheff. (Globe and Mail November10, 2011) His view is supported by Craig Alexander of TD, who wrote in TD Economics in September that “debt growth is likely to outstrip that of personal disposable income,” raising household debt levels “to a new high of 150% by the end of 2012.”

In the second quarter of 2011, the ration of household debt to personal disposable income will reach 150.8%, according to the Canadian Centre for Policy Alternatives. It is not luxuries that are driving up this ratio, either. It is day-to-day living. The CCPA reports that 57% of Canadians say day-to-day living expenses are their main reason for rising debt. Our own polling supports that assertion. In Ontario, 40% of respondents said that they could not maintain their current lifestyle without incurring debt, even when mortgage or condominium payments and car loans are eliminated from the equation.



The Bank of Canada, in November, warned Canadians that their household debt loads are dangerously high, and that the result could be a decline in spending on consumer goods. That, as the Globe and Mail reported, would be "bad news for the economy."
The bank further noted that a sudden drop in the housing market could have "sizeable spill over effects" in other parts of the economy.

Our high levels of personal debt should be a powerful reminder of why cutting back the programs that so many rely on is a strategy that will only worsen the provincial and household economies.



Source: Toby Sanger, CUPE, 2011

Pensions

The majority of Ontario's 230,000 workers covered by CUPE collective agreements pay into workplace pensions, usually on a 50/50 cost-shared basis with their employer and, on average, these pension plans will pay out a little more than $1,400 a month.

Although Ontario public-sector pension reality is far from the "Cadillac pension" fodder of talk show radio, these pensions are, by and large, in good shape with low administration costs.

Those public-sector pension plans that are in deficit (some university plans are struggling) are, in almost every case, in difficulty because an employer took a contribution holiday.

Workplace pension plans are essential to keeping thousands of Ontario families out of poverty. They are paid for in deferred wages and they make an important contribution to our economy.

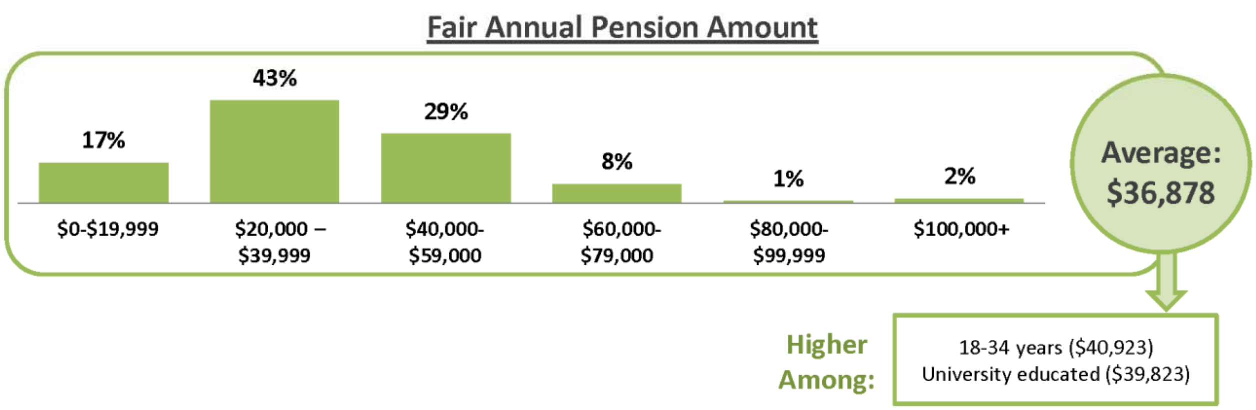
Pension hysteria is misplaced, and we hope it will not inform the recommendations of the Commission. On the contrary, we are hopeful that the Commission will support the position taken by many, including CUPE and the government of Ontario, in support of CPOP enhancement.

Noting that OMERS, which covers municipal workers, school board staff, police, firefighters and more, provides average annual pensions of $18,000. It is instructive then to see, as displayed in the next chart what Ontarians think is an acceptable level of pension income.

(See CUPE's pension proposals in "Constructive reform to Ontario's public services.")

Fair Amount for Pension

- When it comes to pensions, Ontarians on average believe that $37,000 is a fair amount.
- Among younger Ontarians and those with a University education, $40,000 is deemed a fair pension amount.



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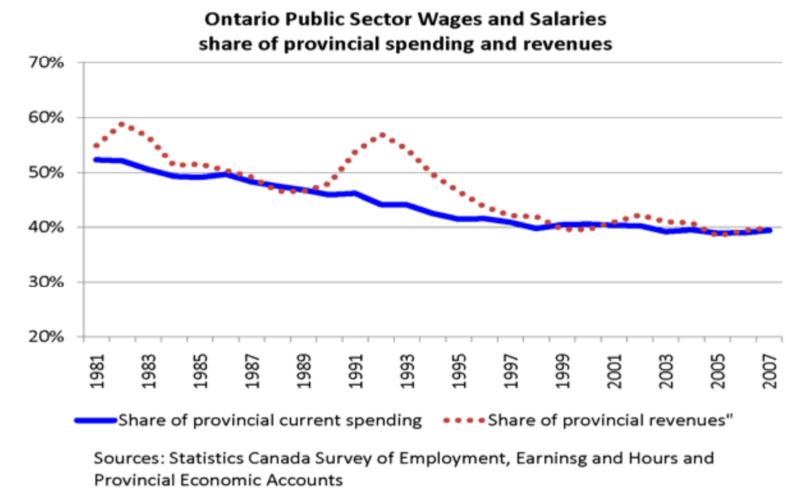
Q17. Some people believe that after working up to the age of 65, a person should be able to retire. For a typical Ontarian who has worked full time for 30 or 40 years, what do you think is a fair amount in terms of pension they should receive on an annual basis before taxes?
Base: Total Sample, n = 2000

The myth of a bloated public sector

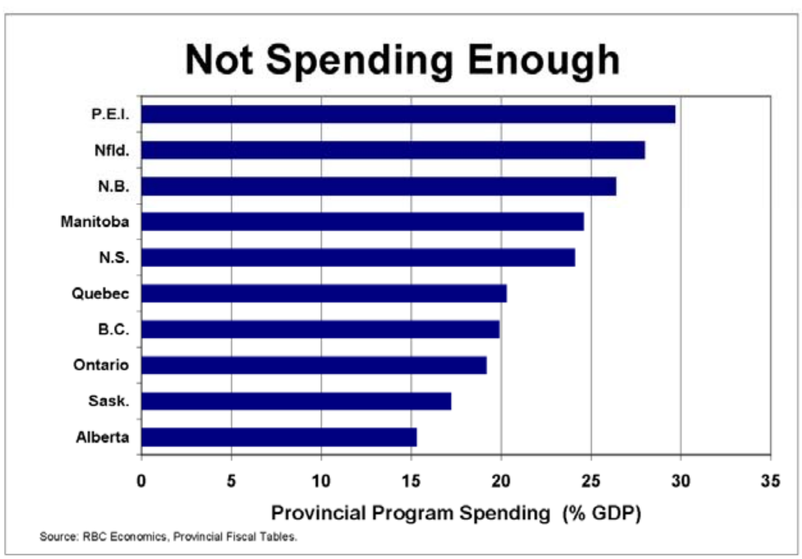
Contrary to those that continue to suggest that the public sector is bloated and that government spending is out of control and needs to be cut back, a comparative study indicates that in Ontario public sector wages have been steadily declining as a share of provincial spending. Taken as a percentage of GDP, Ontario program spending is the third lowest of all provinces.

Public sector wages declining share of provincial public spending



Further illustration that the “bloated” public sector label is undeserved can be seen by comparing Ontario’s program spending with the other Canadian provinces. As the chart shows, Ontario program spending as a percentage of GDP is close to the bottom for Canada.

Ontario program spending low compared to other provinces

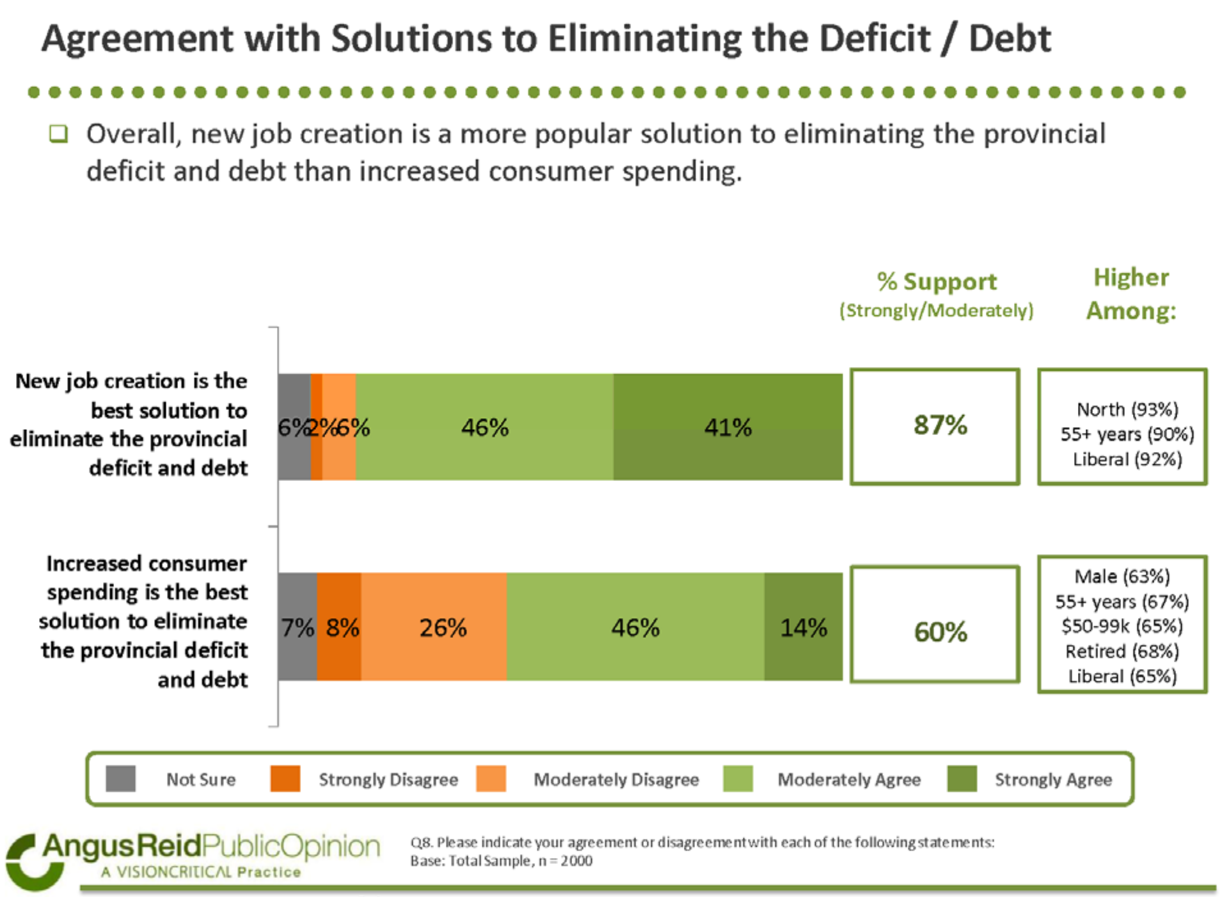


Austerity budgets and shrinking the public sector

“Austerity is a suicide path,” said Nobel-winning economist Jospeh Stiglitz. While some countries like Greece admittedly have little fiscal room to move, that is not the case for many others, including Canada and the U.S., he says. Both nations are “lucky” to have underinvested in public infrastructure for a long time. A lot needs to be done, and this is the time to do it. Stiglitz said investments in infrastructure, technology and education typically yield returns of 20–30%, while borrowing for the federal government is roughly 1% in the short term and 2–3% in the long term. “You’d be foolish not to make those investments.” (Hill Times, October 31, 2011)

Some leading Canadian economists would seem to agree.

The Conference Board of Canada’s Glen Hodgson says, “Ottawa needs to be careful not to ‘**snuff out a recovery**’ by cutting too deeply in the short-term deficit fight. They have to think hard about whether now is actually the right time to do anything on spending cuts or whether they should wait till there’s a bit stronger foundation for stronger growth.” (Globe and Mail, November 08, 2011)

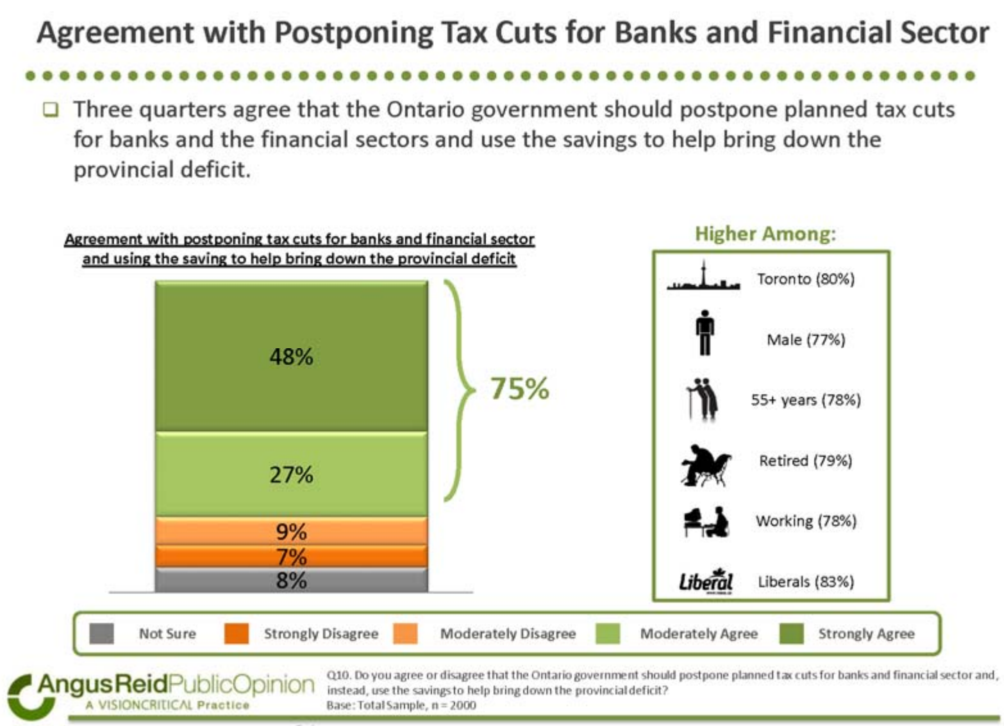


Corporate tax cuts

Canada already has among the lowest rates of total corporate taxation in the developed world. In KPMG's 2010 international comparison of countries for business-friendly tax regimes, Canada ranked second, behind only Mexico, and well ahead of the U.S. In Ontario, we have gone too far with corporate tax cuts, which have not delivered jobs and which have left us with serious financial problems.

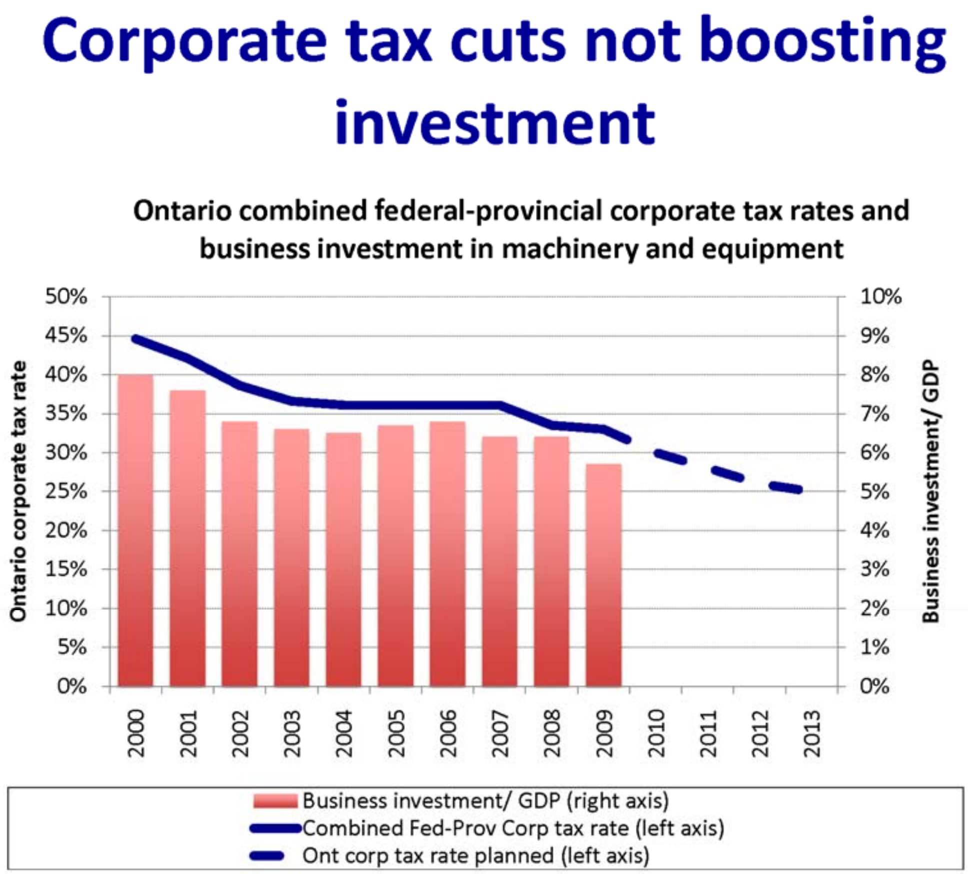
> Reduced taxes usually translate into reduced services, and often into higher government deficits and debt as government revenues decline and governments delay the inevitable reduction in services. There is no free lunch. …The positive impact of lower taxes on growth is not matched by higher government revenues on a net basis. Consequently, lower taxes invariably mean lower revenues, and tax cuts will result in higher fiscal deficits if governments do not reduce spending accordingly. … while tax reform that promotes competitiveness is a public policy priority, we also believe Canadian governments still need to generate enough revenue to sustain key public services, re-balance the budget and manage public debt.
> —Glen Hodgson, Senior VP & Chief Economist – Conference Board of Canada, Oct.21, 2011.

As Lawrence Martin pointed out in the Globe and Mail in October, had Stephen Harper not cut the GST from its Mulroney-era level of 7%, Canada's big deficit would not exist today. Likewise, if Dalton McGuinty's governments had not handed out massive corporate tax cuts, our provincial finances would not be in nearly the tight spot they are today.



> There is no systematic evidence that tax cuts are the road to economic growth or that tax cuts to corporations or the rich produce jobs. It is time to make some hard choices about the Canada we want, about what services we see as essential, about how much inequality we are prepared to tolerate, about our willingness to take back the future. A good place to start is to ask the rich to step up. When it comes to taxes it is smart to be progressive, to ask the rich to pay a bit more for that lunch that none of us is getting for free and to ask those who do the greatest damage to the commons to pay more for its preservation.
> —Alex Himmelfarb, Director of the Glendon School of Public and International Affairs, November 2011.

Not only do Ontarians disagree with ever increasing corporate tax cuts, the evidence below indicates that these corporate tax cuts are simply not working as an incentive to greater corporate investment.

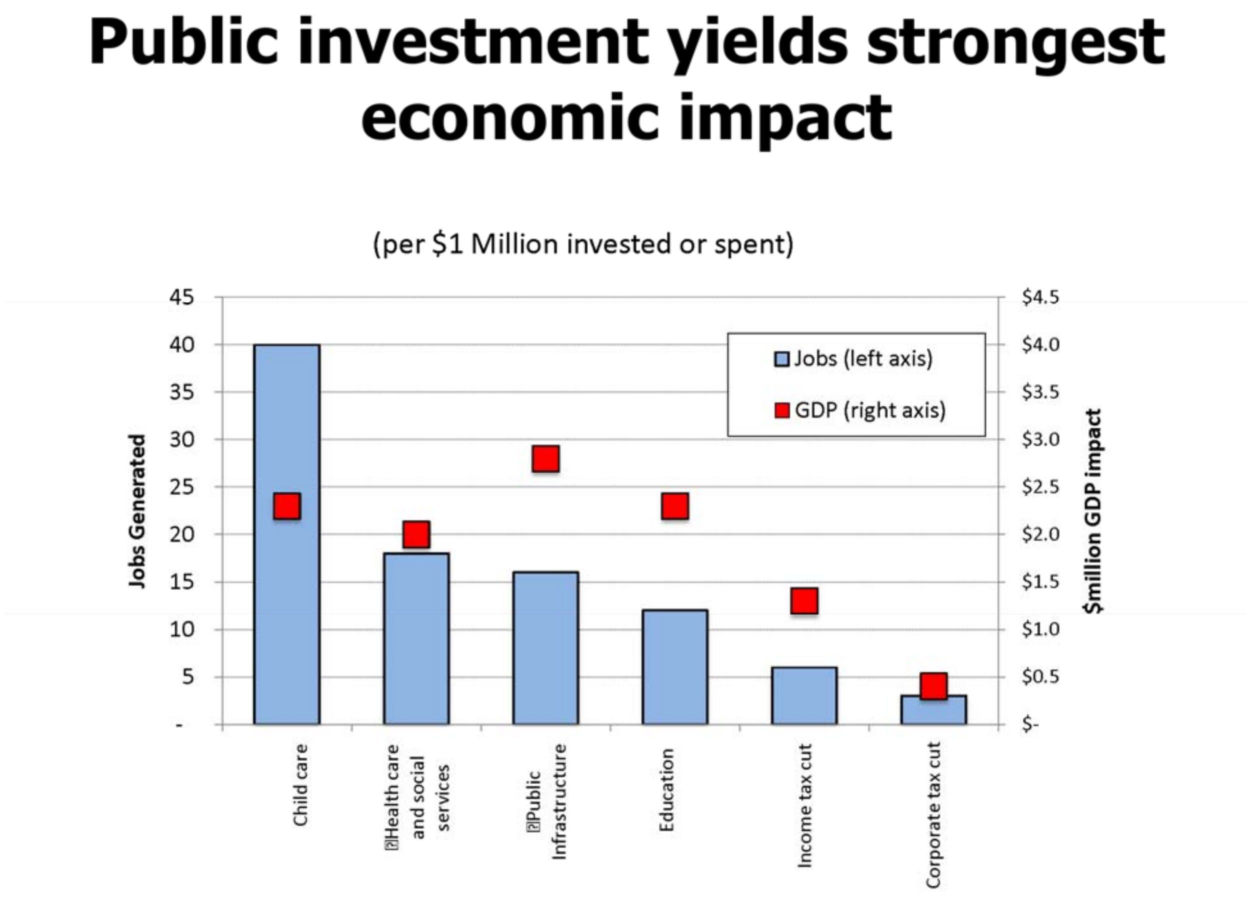


Source: Toby Sanger, CUPE, 2010

Public investments bring the biggest return

Thanks to sometimes huge multiplier effects, investments in infrastructure and public services continue to bring the best return for the economy and are a wise use of public money.

Economic recovery is not just about resisting cuts, it is about how strategic government spending and policy decisions can have real economic multipliers that create and help the economy. As the chart below indicates child care and corporate tax cuts are at opposite ends of a spectrum of investment choices when judged by the scale of there positive economic impact.

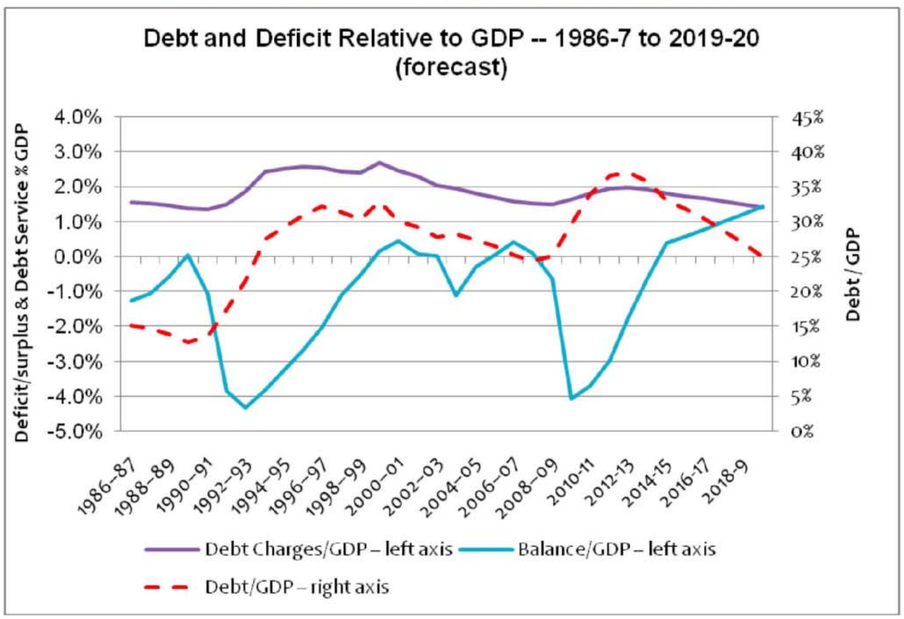


Source: Toby Sanger, CUPE, 2010

Can economic growth balance budgets?

We now know that almost economic forecast in 2010 were unduly optimistic. Nonetheless, the trend lines illustrated below remain sound, albeit over a longer time frame, making the point that as the economy grows, revenues grow and constitute the more socially responsible path to balanced budgets.

Ontario could soon eliminate deficit without severe actions



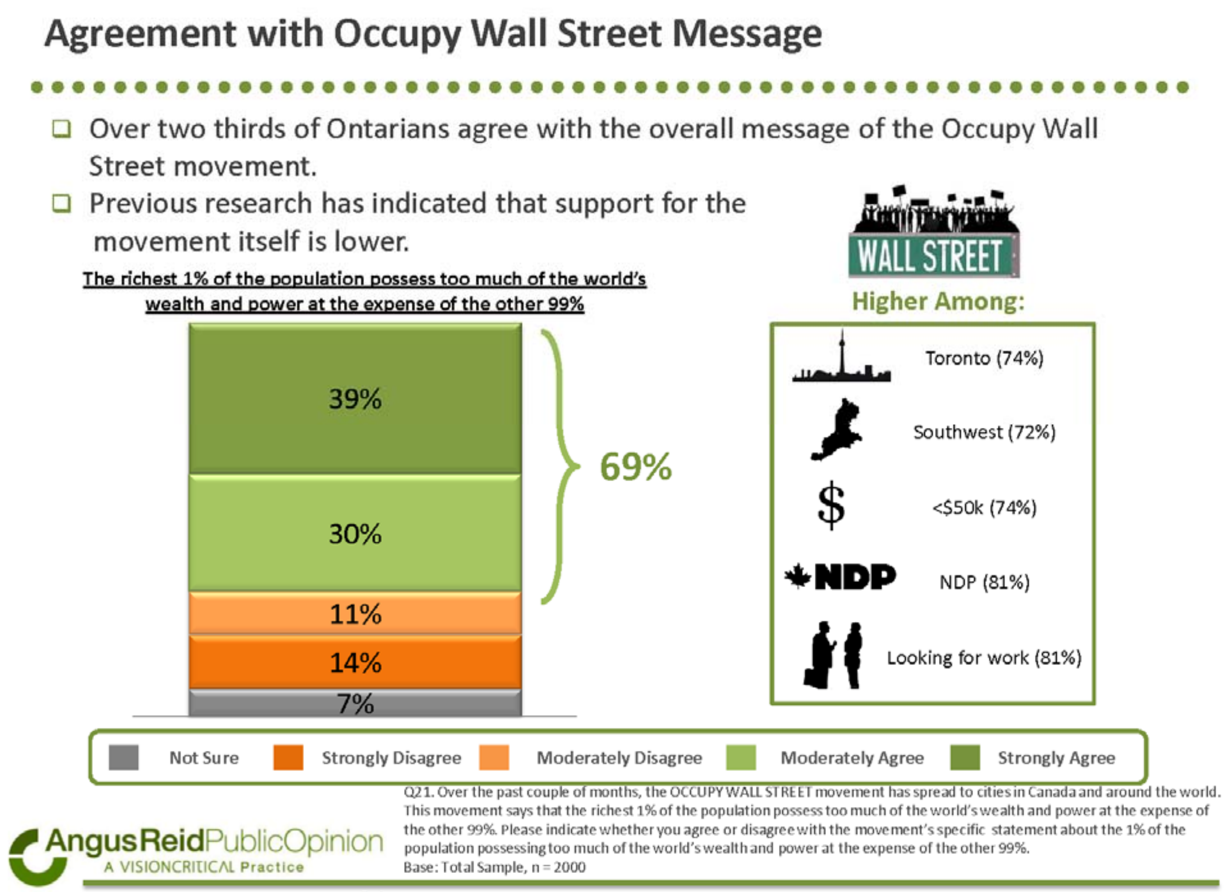
Source: Hugh Mackenzie, *Ontario Budget 2010: Deficit mania in perspective*

The wealthy want to help: Can Edgar Bronfman, Warren Buffet, Bill Clinton and Stephen King all be wrong?

The public has wide empathy for the 1%/99% dichotomy, a new linguistic imagery made almost universal by the Occupy movement. The movement's core message is that the richest 1% of the population possess too much of the world's wealth and power, and that comes at the expense of the other 99%.

The idea has met with surprising resonance, and even now has the support of 69% of Ontarians, according to our recent polling. With that in mind, we suggest economic measures that will improve, not increase, income equality and political engagement.

Needless to say, at a time when we are all being told to cut back and accept austerity measures, it is galling to read that Canada's top five banks will handout $9.3 billion in executive bonuses this year alone. (National Post, Dec. 7, 2011)



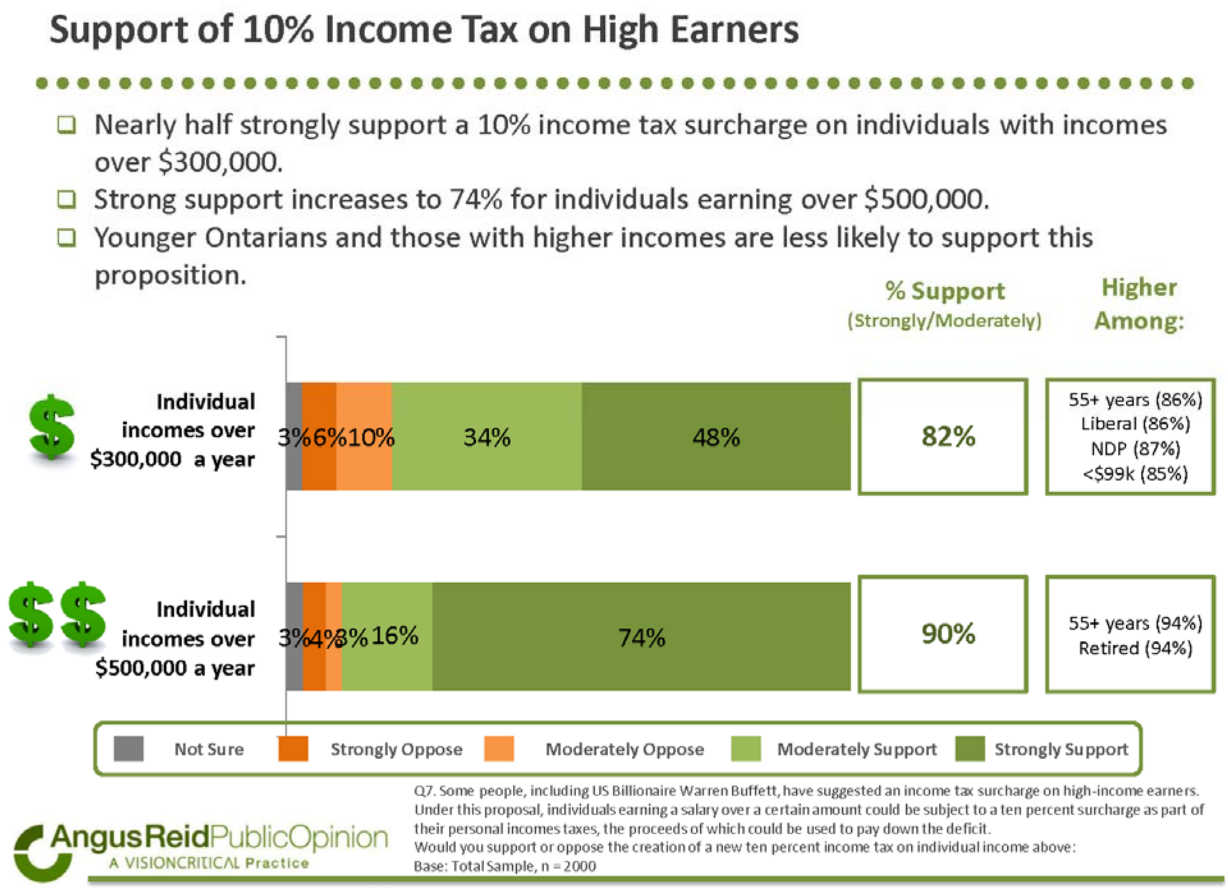
“My rich friends and I have been coddled long enough,” Warren Buffett wrote in the New York Times last August. Considering that the top 1% in Canada pay a smaller share of their income in taxes than the 10% with the lowest income, he might be onto something. (Eroding Tax Fairness, CCPA, 2007)

Buffett wasn’t alone in his assessment, either. His call was quickly echoed by multimillionaires from across Europe and in Canada. These included Ferrari chairman Luca di Montezemolo, L’Oréal heiress Liliane Bettencourt and the chief executives of Société Générale, Airbus and PSA Peugeot-Citroën, as well as a group of 50 wealthy Germans.

> “Currently the top federal tax bracket in Canada kicks in at $128,800. Every dollar in taxable income over that level is taxed at 29 per cent, whether your taxable income is $130,000 or $1.3 million or $13 million. According to the Canadian Centre for Policy Alternatives, adding two new tax brackets of 32 per cent on income over $250,000 and 35 per cent on income over $750,000 would generate about $12 billion in new revenue over the next three years. Those modest tax adjustments could fund a new national pharmacare program, or launch a national child care program plus allow university tuition fees to be rolled back to 1991 levels. Those are just examples.

> The appropriate tax brackets and rates should emerge from a more thorough study and public debate. But the point should be clear. A more progressive tax system could fund programs that benefit virtually all households in Canada. Modest tax increases for high-income earners could be implemented with little or no effect on their lifestyles or investment decisions. There are some encouraging signs that the richest among us recognize it is time for change. Canadian-born businessman and philanthropist Edgar Bronfman, now living in New York, wrote in a 2008 article in Huffington Post: “Raise my taxes. And raise them now…The rich now should pay disproportionately for the [economic] corrections that are needed.” TD Bank CEO Ed Clark told a Florida audience in February 2010 that fellow CEOs attending a meeting of the Canadian Council of Chief Executives discussed the need for raising taxes to help address the deficit. “Almost every single [CEO] said raise my taxes,” according to Clark. Now is the time for a Canadian Warren Buffett to step forward. Canadians are ready for an adult discussion on tax fairness. Let’s kick off that discussion with one or more of Canada’s wealthiest citizens announcing their readiness to contribute more to the public treasury.
> —Larry Gordon, Coordinator, Canadians for Tax Fairness, September 2011

The case for a new income tax surcharge for high earners is now confirmed by CUPE's recent polling. The chart below shows surprisingly strong support for a 10% surcharge on individuals with income over $300,000 and over $500,000.

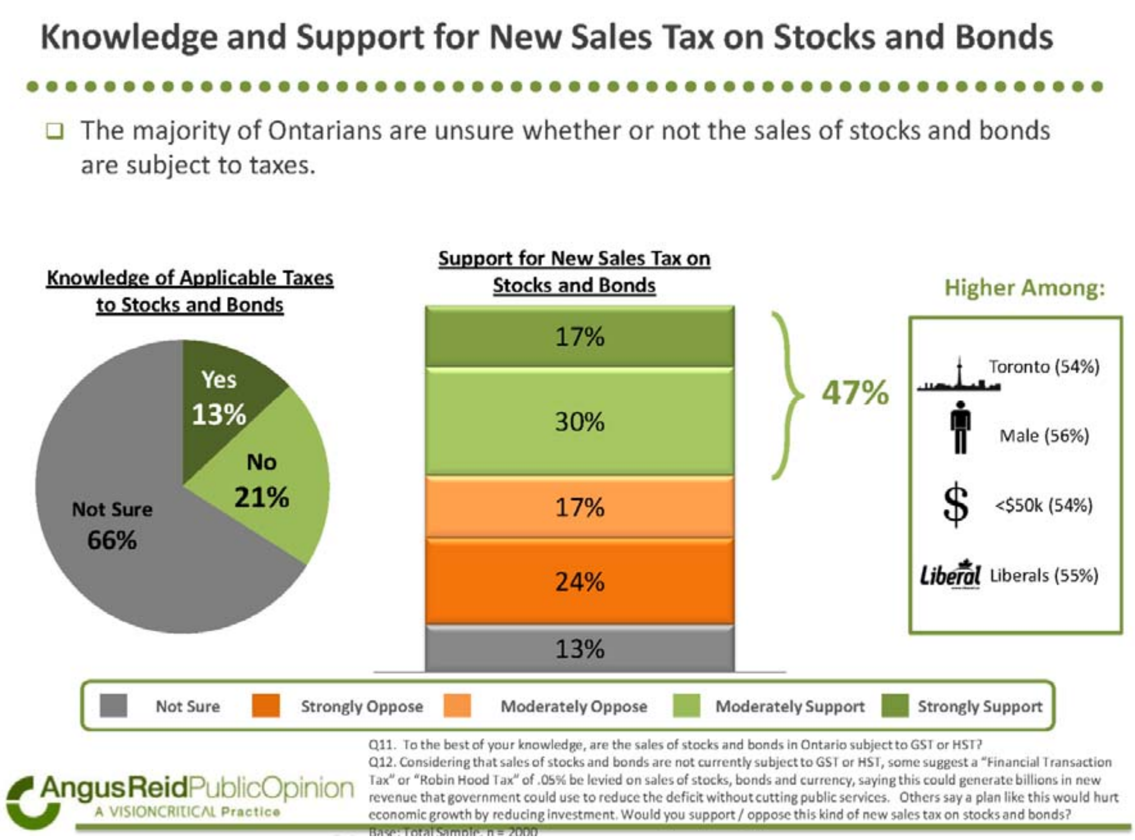


A Financial transactions tax: What do Bill Gates, Nicolas Sarkozy, Angela Merkel, Nobel economist Paul Krugman, the Vatican and the Archbishop of Canterbury have in common?

Gates, Sarkozy, Merkel, Krubman and other world leaders have all backed what is being called a “Financial Transactions” or “Robin Hood” tax. It is a simple idea—a levy on each trade in currency or financial instruments. The original concept was to generate revenue to fund development in poorer countries.

The idea behind the Robin Hood tax dates back 40 years to economist James Tobin. But his idea was dismissed as impossible to apply and an impractical idea prone to curtailing and distorting commerce, or so said his detractors. However, that was a time when currency was exchanged in scattered trades. Since then, we have seen a leap in technology and daily trading of $4 trillion a day in currency. Computers pump huge amounts of currency back and forth every second with buyers and sellers getting paid. Canadian Robin Hood Tax champion Rodney Schmidt suggests that, as those trades are conducted, it would be easy to apply a tiny, 0.005% transaction fee. It would not destroy markets, but would raise an estimated $40 billion.

The 2008 financial crisis brought new support to the idea, at a time when banking and financial stability is dominating global talks. While support is far from universal, more and more economists, including Nobel Prize winner Paul Krugman, now support it.



Five revenue steps closer to a balanced budget

The public understanding of deficits is at least sophisticated enough to know one thing: It gets better when you have more money. And, although many politicians have yet to catch up to it, public opinion on tax issues is far more nuanced today than it was even ten years ago.

In light of the discussion up to this point, CUPE Ontario encourages the Commission to, again, exercise a minor degree of mandate flexibility sufficient to allow a consideration of the benefits of increasing government revenue through the following five measures.

1. For the period running through to the completion of the target period for balancing the budget, 2017-2018, (whichever comes first) restore Ontario's General Corporate Tax rate to its 2009 level of 14%.

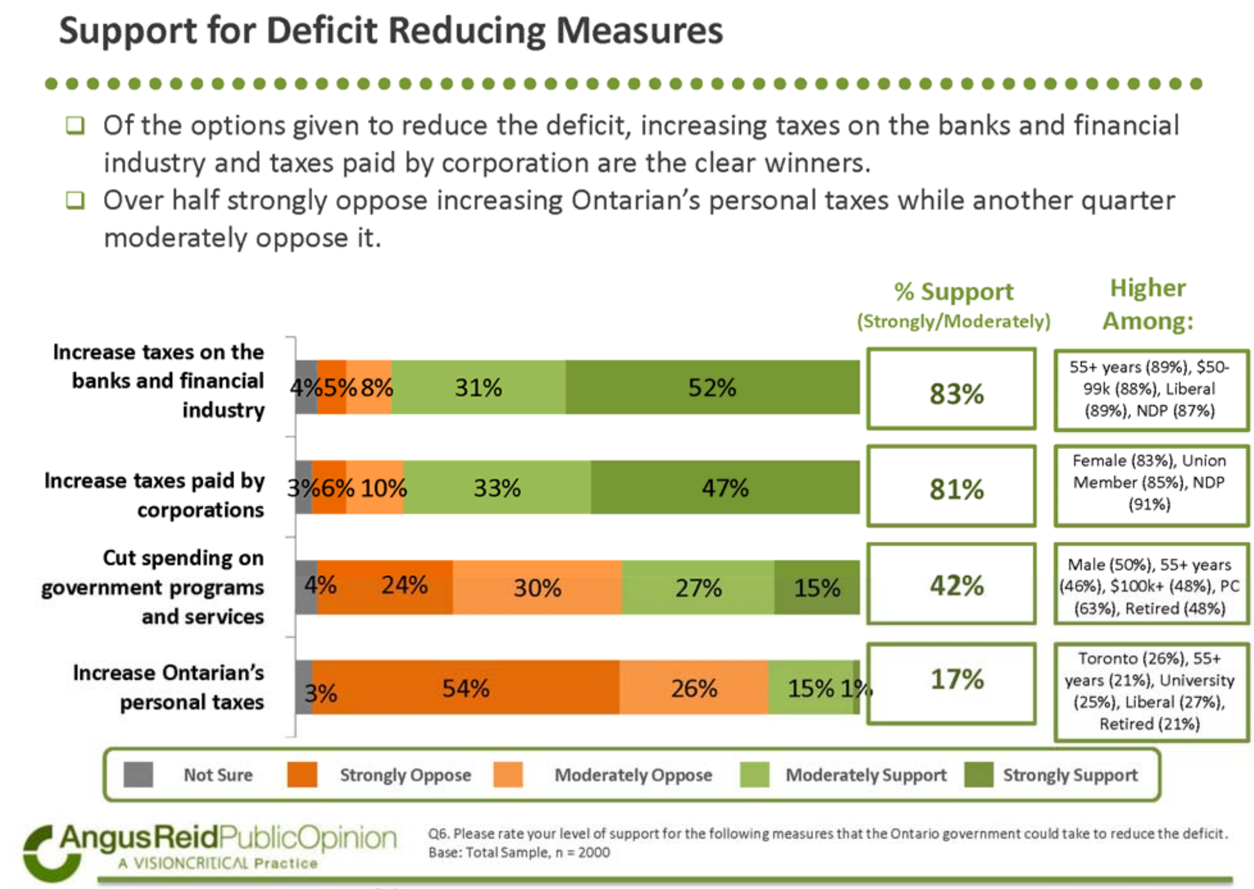
2. Create two new tax brackets, "Balance the Budget Buffett Brackets," of 12% and 13%, respectively, on individual taxable income over $300,000 and over $500,000. The present surcharge regime would be maintained. This means that the new brackets are roughly 2% higher on income between $300,000 and $500,000, and 3% higher on income over $500,000.

3. Introduce a "Robin Hood" style financial transaction tax or levy on the sale of stocks, bonds and currency. At 0.005%, this levy would be quite modest when compared to the $2.00 charged by CIBC on ATM transactions, or the 2.5% charged by the Investors Group on mutual fund transactions.

4. Restore the Capital Tax on the paid-up capital held by banks (mandated cash reserves) and insurance companies to the Jan 1, 2008, level as a temporary measure until 2017–2018. Manufacturing firms will continue to be excluded as they have been since 2009.

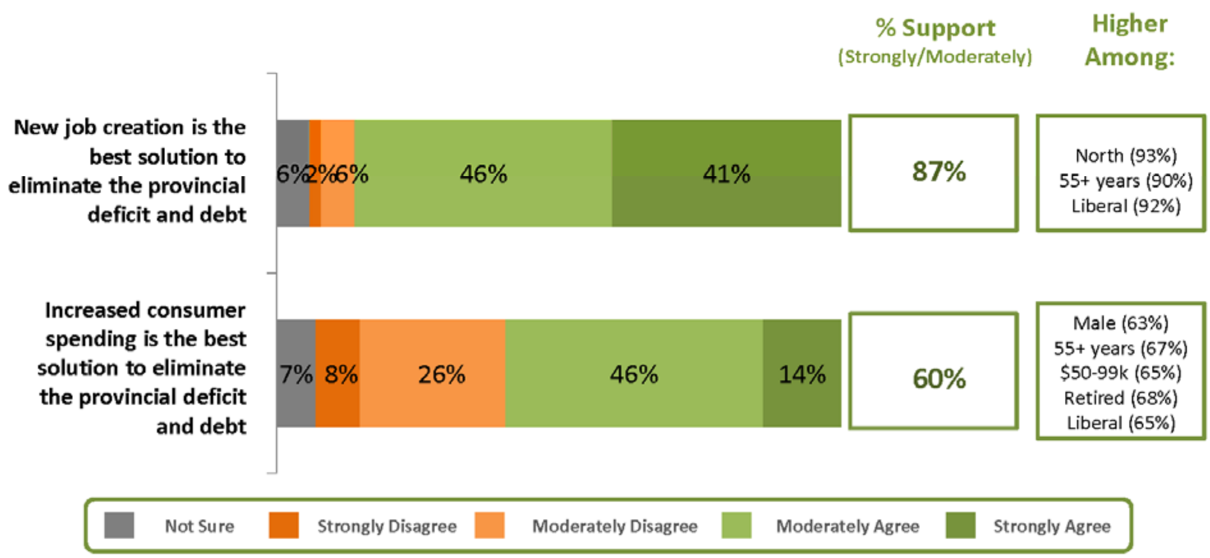
5. Eliminate the current tax loophole exempting larger employers from paying the Ontario health tax on the first $400,000 of payroll.

Despite what may be media driven perceptions to the contrary, the polling illustrated below confirms that Ontarians are now prepared to support strong deficit reductions measures that involve revenue generation. They are not supportive of cuts to government programs and services or of raising the personal income tax of average Ontarians.



Agreement with Solutions to Eliminating the Deficit / Debt

- Overall, new job creation is a more popular solution to eliminating the provincial deficit and debt than increased consumer spending.



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Q8. Please indicate your agreement or disagreement with each of the following statements:
Base: Total Sample, n = 2000

Achieving public buy-in

> ***"In a wide ranging interview…Drummond laid out his hopes and fears,… the risk that without buy-in from the general public, the whole enterprise will lack traction."***
>
> ***—Toronto Star. Nov. 9, 2011***

It is exceedingly difficult for the public to embrace an appeal, made in the name of balanced budgets, for sacrifice in the form of reduced public services (or declining real wages) when the government making that call is diverting billions away from deficit reduction (and services) into even more corporate tax cuts and refusing to heed the calls by even many of the world's wealthy to tax them their fair share. This is the lesson of Occupy Wall Street.

We can also learn a lesson from a previous Ontario government that faced severe budget challenges in a very tough economic climate. Bob Rae's "Social Contract" was designed to meet the challenge of his governments perceived imminent rendezvous with the so-called "debt wall." While it was probably a modest budgetary success, the social contract was an unqualified political failure, mainly because those who were negatively affected in a direct way felt it unfair that they were asked to sacrifice while others, especially others better off, were not.

This experience should speak volumes about an approach which, without a reversal on corporate tax cuts, without a new tax on Ontario's highest earners and without some form of financial transaction tax, will be seen publicly as disingenuous, not even-handed, and sparing pain for a better-off minority while imposing hardship on the less well-to-do, including the middle class.

Constructive reform to Ontario's public services

As stated, CUPE Ontario is committed to the goals of a balanced budget and to the public delivery of vital services.

The sector-by-sector reforms suggested in this section of our submission demonstrate part of an alternative strategic approach to these goals, an approach that combines service improvements, productivity gains and cost savings.

This is the approach we followed in 2010, in a series of lengthy briefings over three weeks during which we detailed for Ontario Government officials several sectoral proposals to reform service delivery in ways that would enhance and protect services while achieving savings for the province.

In October, 2010, CUPE National President Paul Moist and CUPE Ontario President Fred Hahn wrote to Ontario Finance Minister Dwight Duncan, confirming that CUPE is "committed to finding ways to protect public services and help reduce the deficit." The CUPE leaders restated their view that "an excellent place to start would be to cancel the more than $4 billion in new corporate tax cuts announced in your most recent budget," and went on to present a sector-by-sector overview of ideas to both strengthen services and save money without service elimination, service reductions or privatization.

The following are some of our proposals for public service reform.

INTEREST ARBITRATION

CUPE is deeply concerned about the dangers inherent in making politically driven changes based on an emotional response to Ontario's interest arbitration system. Unionized hospital workers, to take one example, do not have the right to strike and are required by law to use interest arbitration to settle collective bargaining disputes. Many other so-called essential service workers in Ontario also use this system of contract resolution because they are prohibited from free collective bargaining.

In the 1990s, the Mike Harris government attempted to modify the interest arbitration process, introducing changes that favoured employers. This led to a worsening of labour relations between CUPE and Ontario hospitals, with regular pickets in front of hospitals. One round of collective bargaining stretched out over four years.

Ultimately, the government revised its interest arbitration policy and the parties were able to agree on a mutually acceptable arbitration process that had credibility with both sides. After that arbitration, the Ontario Council of Hospital Unions (OCHU), CUPE and the Ontario Hospital Association were able to successfully negotiate four consecutive central collective agreements without having to use the interest arbitration process. In other words, workers and hospitals voted to ratify four agreements.

This is a much more useful outcome than having an agreement involuntarily imposed on unwilling partners. It was only possible because both parties knew that the failure to negotiate a deal would mean going through a balanced arbitration process. When that balance is removed, the ability to bargain a mutually acceptable result is destroyed.

Contrary to some suggestions, this process did not result in an unfair burden to the hospitals. Wages are frequently the major issue in bargaining and, as such, are a fair measure of the balance of success between the parties.

CUPE Ontario continues to call for a comparative review of arbitration awards measured against the results of freely negotiated collective agreements. We are confident such a comparison will show that the province's interest arbitration system works and works well. While only part of that picture, the following are the general wage increases (with the compounded increase over each agreement) since the last central arbitration and the four subsequent negotiated central settlements.

01-Apr-97	1.00%			
29-Sep-97	0.50%			
01-Apr-98	1.00%			
29-Sep-98	1.00%			
01-Apr-99	1.00%			
29-Sep-99	1.00%			
29-Sep-00	2.00%	7.74%	6 years	Arbitration
29-Sep-01	2.50%			
29-Sep-02	3.00%			
29-Sep-03	3.00%	8.74%	3 years	Settlement
29-Sep-04	1.50%			
01-Apr-05	1.50%			
29-Sep-05	1.50%			
01-Apr-06	1.00%	5.61%	2 years	Settlement
29-Sep-06	2.75%			
29-Sep-07	3.00%			
29-Sep-08	2.60%	8.58%	3 years	Settlement
29-Sep-09	2.00%			
29-Sep-10	2.00%			
29-Sep-11	2.00%			
29-Sep-12	2.00%	8.24%	3 years	Settlement

In a world in which the Bank of Canada's inflation target has been at 2% for some time, it is noteworthy that the arbitration awards listed above exceeded the 2% threshold only 6 out of 21 times between 1997 and 2012. The message is simple, in most years real wages and fallen behind inflation.

SCHOOL BOARDS

Ontario's publicly funded education system covers Junior Kindergarten to Grade 12 and adult learners.

Studies show early learning programs improve children's readiness for school and reduce inequality, raising the educational outcomes of children with parents or guardians who are immigrant or who are living in poverty.

The promise of a seamless day and year provided at community schools by highly skilled, board-employed early childhood professionals offers the government the opportunity to streamline a chaotic child care system that is today under-serving Ontario's future generations. The present subsidy system is not providing young families with uniform access to high quality child care and early learning opportunities. Moving to a seamless system delivered through Ontario's publicly funded school systems, one that is universally accessible and provided free of charge to Ontario's young families, would represent a tremendous leap forward and offer efficiencies that cannot be ignored.

Our proposal to freeze school closures is linked to community use of Ontario's publicly funded schools as community hubs. We have fabulous public facilities that are primarily used eight hours a day for 194 days a year, and we waste opportunities to maximise efficient use of school facilities. These public facilities are often the only public facilities in communities. They should be used to deliver social services, health care, mental health services, and to provide more opportunities for recreation and physical activity for children, youth and adults in their own communities.

By subsidizing community use of schools, the government would be facilitating healthier communities and enhancing the opportunities for community development in a highly efficient manner that both increases use of existing community assets and reduces the costs of providing community programs to social, community and other agencies.

Mandating provincial bargaining for school board support staff would allow the parties to fully explore areas of mutual benefit, such as:

a) Provincial benefits plans that improve eligibility, leverage administrative cost savings and enhance coverage through pooling;
b) Harmonization of staffing levels and wage rates through an improved funding formula;
c) Improved delivery of services across school board system boundaries that would reduce costs through contracting in of maintenance and other services, enhance purchasing power for goods and materials and improve transportation services. Bulk purchase of utilities is an area with economies of scale that offer large potential cost savings.
d) Workplace safety initiatives which could address rising LTD costs among an aging workforce, resulting from the intensification of work due to growing workloads.

SOCIAL SERVICES

One of two major unions representing the majority of unionized workers in Ontario's social services sector, CUPE Ontario has approximately 30,000 members covered in more than 350 separate collective agreements.

While there is significant creativity and determination of organizations and workers to juggle the complex challenges in delivering services to the communities they support, the reality is that the social services sector is stretched beyond its capacity and has been sounding the alarm of a sector under stress for many years. The capacity of the sector is increasingly affected by three trends:

- increased reliance by governments and the community on the sector to deliver a growing number/volume of services at a community level as services continue to be downloaded.
- increased demand for services due to the growing inequality / wealth gap and a decade of cuts to welfare, social housing, child care, health and education.
- persistent under-funding of the sector's program, and administrative infrastructure.

The sector has long advocated for reforms in provincial funding frameworks and fair compensation. Initiating a process of dialogue within the non-profit sector and engaging organizations, unions and government on major policy issues of shared concern would be an important step toward addressing several concerns.

One such solution would be the negotiation of a provincial code of good funding practice to deal with the complexity of multi-ministry funding.

As well, the absence of a comprehensive provincial labour force strategy for social services means there continue to be huge turnover and retention problems with high-turnover pockets across the sector. These problems negatively affect continuity of service, thereby reducing quality of service. Recruitment and retention issues also leave the province devoting valuable resources to orientation training that would be better spent on service delivery. Discussions at tables across the province have confirmed widespread employer support for the need to address a labour force strategy for this sector.

Another serious challenge throughout the sector is the widespread use of more and more part-time employees over full-time. This practice makes attracting the best trained and most experienced workers more difficult. It adds unnecessarily to the administrative cost burdens, and again affects quality of service. CUPE Ontario continues to encourage the province to work with us, other unions and employers in the sector, to design and implement a project to shift positions from part-time to full-time. By our estimation there are, in Ontario, thousands of employers in this sector.

Many are trying hard to support and manage their own local plans for benefits and pensions. The simple fact is that social service sector pension and benefit plans done at the employer level will always be more costly because of poor economies of scale. CUPE continues to urge Ontario to work with us, other unions and employers in the sector to design sector-wide and/or sub-sector plans wherein employees in "like-jobs" can be grouped together in plans that expand the availability of benefits and pensions in a sector already desperate to be more attractive to better trained and more experienced workers, while reducing overall employer costs and spreading them across the sector.

One final item for consideration is Provincial Discussion Tables (PDTs). Strengthen and supported PDTs where they exist and explore possibilities to re-establish them where they do not. PDTs will develop consensus agreements to refer back to local bargaining tables and will assist in streamlining the bargaining process and addressing sector-wide issues in a more consistent manner. This is a better use of resources and supports quality service delivery.

HOSPITALS

End the expensive use of P3s for capital construction projects on this sector. P3s are penny wise, pound foolish.

Former Ontario Finance Minister Greg Sorbara himself noted on CBC radio earlier this year that there are no inherent, long-term savings from using P3s for capital construction projects, and that they may ultimately cost the public more. What has made them attractive to governments, Sorbara explained, is the degree to which they offer savings in cash flow. This short-term easing of cash flow burdens comes at a long-term cost, both fiscally and in accountability, and is of questionable value when governments can amortize projects over twenty or twenty-five years.

CUPE Ontario has long criticized the use of private financing of public capital projects such as hospitals. These projects are often referred to under the term “Alternative Financing and Procurement” (AFP) by the government, but are more commonly referred to as “public-private partnerships” or P3s.

Many longstanding concerns were proven correct in a review by the Auditor General of the first P3 hospital, the Brampton Civic Hospital. That facility’s construction costs increased from an initial estimate, under public procurement, of $357 million, to $614 million under the P3 model. Despite this, the project’s size actually *shrunk*.

There is also a high cost of “risk transfer.” The risk transferred to the private sector was costed at $67 million, 13% of the total cost of the facility. Rightly, the Auditor General questioned this cost.

The hospital and the Ministry engaged approximately 60 legal, technical, financial and other consultants at a total cost of approximately $34 million.
About $28 million of these costs related to the work associated with the new P3 approach, yet they were not included in the P3 cost.

The total P3 costs were $1.153 billion, or $194 million more than the public model. This $194 million advantage for the public model does not include the $107 million in higher private-sector financing costs for the P3, nor even the $63 million in modifications required after close.

Another example of the consequences of P3 failure for public services is the P3 long term care (LTC) project on the old Grace Hospital site in Windsor. The project was repeatedly delayed, causing a bed crisis at local hospitals. The private developer’s financing problems sparked the crisis.

The 256-bed LTC P3 project had been stalled for years while the city was desperately short of long-term care beds, causing patients to back up in the local hospitals. As a result, the local hospitals fell in to a “1A” bed crisis. The new LTC facility was supposed to be completed in

March of 2010. Windsor treasurer Onorio Colucci said the city was owed about $1,020,000 in back taxes, penalties and interest, and that the developer has not paid taxes since purchasing the property in 2005. “It has been going on for a long time,” Colucci said. “We have been trying to hold off, to not complicate the matter while the province tried to resolve the issue".

Dwight Duncan, the Windsor-Tecomseh MPP and Finance Minister, acknowledged that there has been a “horrendous cost” to the health care system and to the region’s seniors who were waiting for long-term care beds to become available. “This contract has been completely violated,” Duncan said.

UNIVERSITIES

This sector could realize significant savings by consolidating pension plans. It makes no sense for each of Ontario’s 17 universities to administer its own separate plan. CUPE Ontario has consistently encouraged the province to work with us in advancing this structural reform which could make decent pension plans more feasible in the sector and achieve savings through economies of scale and reduced administrative burden.

CUPE Ontario invites the province to work with us to explore the efficiencies which could be found through common benefit plans and providers for full-time, part-time and contract employees.

Finally, CUPE is a strong advocate of stabilizing faculty through longer-term contracts for sessional and part-time instructors.

HEALTH CARE

Employee retention in long-term care and home care

Employers concede that there is large turnover in the part-time category. Turnover requires expenditures for recruiting and for orientation which, if reduced, will reduce employer costs.

Turnover can be reduced if part-time work is converted to full-time work. There is an unduly high proportion of work done by part-timers in relation to work done by full-timers. By definition, one week of coverage is done by one full-time person working five shifts and one part-time person working two shifts. Thus the minimum PT to FT ratio is 2/5 or 40%. However, part-timers also cover for full-timers for holidays, vacations, sick leaves and other absences. Assuming on average four weeks of vacation, five holidays off and two weeks of sickness and other absences, that is seven weeks a year that a part-timer needs to cover for the full-timer. That changes the ratio to 65%. Where part-timers are working more than 75% of the hours worked by full-timers something is wrong. Employers provide the Ministry with reports at least annually showing the breakdown of FT to PT hours. There are cases where part-timers are working more than 100% the number of hours worked by full-timers. There is scope to convert part-time hours to full-time, encouraging retention of more employees and thus reducing turnover expenses

Regulated increase of hours of patient and resident care

The provincial Auditor General has commented numerous times that public dollars are not properly accounted for in terms of hours of care delivered. Inserting a formula in the regulations for nursing and personal care hours of care tied to resident acuity will provide a similar level of accountability, such as one that ties dietary hours to the number of meals served.

Residents are having their conditions deteriorate because of inadequate hours of care, thus increasing the cost of treatment, increased transfers to hospital, unnecessary deaths with the consequential cost of inquests and potential civil liability. These costs can also be reduced through regulations imposing a formula for nursing and personal care hours of care tied to resident acuity.

Documentation shows better hours of care at not-for-profits than at for-profit facilities. It is likely that there are better outcomes as well. Public dollars, therefore, will get better bang for the buck if future expansions in the sector are restricted to not-for-profit operators and for the eventual conversion of the for-profit sector to the not-for-profit sector.

Increasing skills

New qualifications set out in regulation have increased staff shortages, since there are relatively few people who possess the new requirements. Ministry officials are having to waive these requirements. Insufficient personnel are willing to enrol in the relevant courses. One way to increase the pool of personnel is to reduce the outlay that personnel have to make to secure qualifications. Existing employees in long-term care should be permitted to enrol without expense and should have their wages kept whole while enrolled. If that is still insufficient, then offers can be made to waive tuition and other expenses if prospective employees are prepared to give a commitment to work in long-term care in Ontario for a specified period.

Full grandparenting rights were extended to registered nurses when the new entry to practice standards were adopted. There is no reason for denying such grandparenting rights to personal support workers and to dietary and activation staff.

Transparency and accountability

In order to assess whether increasing dollars are leading to increased hours of care, the government should require each operator to publicly release hours of care by classification on at least an annual basis. At present, such data is only available on a province-wide basis, and only through an FOI request.

In order to compare the level of staffing to resident care need the province should release summary information under each category of resident both provincially and by home. Previously, this data was available automatically on a province-wide basis and on a home-by-home basis through FOI requests.

There is no justification for imposing costs on both the public and on the ministry to require data to be pursued through FOI.

Public dollars for public services are made available to not-for-profit operators and for-profit operators in addition to public operators. Public operators and not-for-profit operators are accountable for these public dollars through the Public Sector Salary Disclosure Act. For-profit operators are exempt from these reporting requirements. There is no justification for exempting for-profit operators from the same requirements applicable to other service providers, and the exemptions should be immediately revoked to bring about greater transparency, which will enhance accountability.

Legislation should be enacted requiring disclosure of all lobbying expenses and meetings. There is a need to ensure that even the appearance of bias in setting regulatory policy be absent.

HOMECARE

Make the ban on competitive bidding in homecare permanent

Competitive bidding diverts funds from both CCACs and operators into development of bids, and evaluations of those bids, funds which could be used to increase the number of visits that can be funded.
Competitive bidding imposes costs on new employers to recruit and train staff and has been completely unsuccessful in recruiting more people to seek employment in this sector.

Casual work runs rampant in the industry. Working hours are unpredictable and irregular. It's so bad that the government was looking into requiring by 2011 that 10% of the services be provided by employees working an average of at least 30 hours per week.

Given the poor work conditions, staff turnover is very high. A Ministry of Health and Long-Term Care study found that 57% of homecare workers surveyed changed jobs over a 12 month period. As well, homecare providers lose contract bids, and workers, who have no successor rights, are laid off. No industry, let alone a vital industry like health care, can sustain this sort of turnover and provide excellent service.

This is doubly true when the government sees homecare as the future of health care.

Private, for-profit corporations have displaced many not-for-profit homecare providers, such as the Victorian Order of Nurses (VON).

Providers have become secretive, forced to hide their best ideas from their "competitors" for fear of losing the next contract to them. Instead of an integrated health care system, this model has led to fragmentation.

Administrative and oversight costs are high. The Auditor General estimates 30%, and this estimate excludes the administrative costs of the contractors. Yet, as of March 31, 2010, there were 10,000 Ontarians on wait lists for home care.

Despite poor working conditions, the price to the province for homecare services actually went up after competitive bidding was introduced. And price increases meant a sharp reduction in services.

Awarding of contracts by CCACs through the RFP system is a costly and inefficient means of making decisions with respect to the delivery of home care.

One major barrier is the fact that the RFP system doesn't include a requirement that bidders have to meet pre-existing levels of compensation and other terms and conditions of employment. When there is turnover of providers that can drop the level of compensation, so the new provider has to go out and recruit people. Part of the labour force that they could be approaching are employees of the previous provider, who are now out of work. But if they are not offering at least the same terms and conditions of employment as the previous employer, there is a disincentive. To some extent, there was a model during the 1993-95/96 period under the Labour Relations Act in force at the time. Section 64-1 required the new sub-contractor to grant successor rights to the employees of the previous contractor, together with recognition of their union and their terms and conditions of employment. There is a similar model in CUPE's hospital collective agreements in which employers are allowed to contract out, but a term of the contract is that the sub-contractor is bound by the collective agreement, not only the current one but subsequent renewals as well. That's one of the barriers in terms of compensation and in terms and conditions in collective agreements.

Community Care Access Centre's

CCACs and home care are two sides of the same coin.

Arbitrary provincial limitations on the funding made available to CCACs to fund home care result in inefficient use of the resources of the health care system. Residents who would prefer to remain in their own homes if they could get the care are not able to do so because of these arbitrary limitations, and have to apply to a long-term care facility. The result is that there are people in long term care (LTC) who don't really have to be there, taking up beds that should go to those who do need to be there. More funding for home care could lead to better allocation of resources in the system.

If these policy changes were adopted, there would still be an economic barrier. There is a lack of competitiveness in home care. Workers are so poorly paid that there is a shortage of people willing to do the job. We would like to remove those barriers, which would increase the cost of home care, but allow the system to meet home care needs and reduce expenses in other aspects of the system.

The effects of those barriers is that we see crises of labour shortages and recruitment. CCACs have had to look at giving providers money to assist with recruitment. Unless staff are provided with proper compensation and benefits, nobody will want to go into the field and it becomes more difficult for caregivers to provide services to clients.

A redesign for Ontario's homecare system?

We agree with the Ontario NDP's 2011 election platform call to "conduct a comprehensive review of homecare policy with a goal of creating a new publicly owned and accountable homecare system that reduces management and administration costs by 20%"

LHINS

LHINS constitute an unnecessary duplication. They are too large and too costly and not the only way to have local or regional coordination. LHINS simply cover too large a geographic area to really be tools of the community. The fact that LHINS CEO's and Boards are unelected means they are not accountable to the community they serve. CEO's salaries and infrastructure cost could be better put into front line care. CUPE Ontario continues to be prepared to work with the provincial government to design a better approach, as we are committed to local coordination that works and makes sense for communities.

Pharmacare

The first stage of medicare in Canada has proven itself and its popularity time and time again. Now it is time for the second stage. Ontario could be a leader by pioneering a province wide pharmacare program. By removing the middle man of insurance companies and profit takers, we could make the system more economically viable while taking advantage of huge economies of scale. Pharma costs are rising dramatically and hitting government and consumers alike. Huge savings stand to be achieved through a pharmacare system and CUPE Ontario wants to work with the province to help bring that about.

PUBLIC HEALTH

The Campbell Report, produced to learn the lessons from Ontario's experience with SARS, if fully implemented, will deliver savings in regard to sick time and benefits. CUPE is very concerned about pandemics and our members remain very worried both that they aren't receiving enough protection and that the Campbell report hasn't been fully implemented. We are concerned that our health inspectors are being moved from location to location with no risk assessment yet done for them, and without proper protective supplies.

In terms of privatization, our concern is that it is very costly to contract out work. A cost–benefit analysis should be done and we predict it will show the wisdom of bringing work in-house. Our public health nurses see more and more of their work being privatized, but if the work were brought back in, there would be overall savings.

PUBLIC EDUCATION BENEFITS TRUST – THE B.C. MODEL

The Public Education Benefits Trust (PEBT) was established in June 2000 as a result of **the Ministry of Labour's Industrial Inquiry Commission having led the parties (CUPE and** BC Public School Employers Association), to settle a contract dispute covering 30,000 educational assistants, clericals, custodians and trades persons.

The Trust provides a province-wide LTD plan for 30,000 workers using savings generated by a jointly supported early-return-to-work plan, plus savings achieved through the consolidation of plans, new administrative efficiencies and returns on investments of provincial government LTD funding, as well as employer and employee shared benefit plan contributions.

The PEBT is a model that should be used by Ontario, in partnership with CUPE Ontario and other unions, to achieve new savings and sustainable programs through benefit and pension plan coordination in the elementary education, post-secondary education and social services sectors.

Conclusion

In August and September 2010, well before the creation of the Drummond Commission, CUPE Ontario officers and staff met for close to 14 days straight with officials of the Ontario government at the Royal York Hotel.

During those meetings we detailed, sector-by-sector, suggestions for reform, many of which are reviewed in this submission. These suggestions would both strengthen public service delivery and save money for the province at the same time.

It was disappointing that, less than one year later, not only did the proposed reforms not appear in the 2011 Ontario budget, but, in what should have been their place was a newly created public commission mandated not to support key public services, but to put the bulls-eye on their back, targeting which services were to be eliminated, reduced and/or privatized.

Certainly, it is frustrating to see the public sector targeted by the government so soon after providing cash bailouts to very big private-sector players, such as the combined Ottawa/Queen's Park $3.3 billion that went to Chrysler and GM on top of the $782 million given to the Big three over the previous five years. The governments made unprecedented stimulus investments, and now that they've handed so much money over to private interests, they turn on the province's own workers. As shown in this report, the public sector did not cause the current budget problems. In fact, public services help keep income equality down, help protect families during tough financial times and are an important part of Ontario's economy.

More than that, public-sector workers have accepted contract settlements at or below the rate of inflation for years, and many have taken wage freezes in recent years. Public-sector wages, in general, have not kept up with private-sector wages, and CUPE Ontario represents many of the lowest-paid of public servants. It is patently unfair to ask these workers and the people they serve and help to pay for massive corporate handouts. To do so in the manner that we believe the Ontario government is proposing would not only be unfair, it would be an economic disaster.

The government has distorted the word "reform" and redefined it to mean "cut" and has prevented the Commission from seeking out new sources of revenue, even though every school child in Ontario knows that a dollar earned does as much to balance a budget as does a dollar not spent.

The Commission was not asked whether the knife is the right tool for the job, but only where to place it.

Cuts will reduce the delivery of public services, forcing Ontarians to either do without or to buy inferior services from the private sector at higher cost.

Most program cuts will simply mean the government is abdicating its responsibility to Ontarians, often to the most vulnerable of Ontarians, and forcing them to pay out-of-pocket. In other words, cuts will translate into increased costs for average people, not through a comparatively fair system of graduated taxation, but through direct user fees.

This Commission is mandated to approach public service delivery in Ontario as if it were a primary cause of the provincial deficit and the brake holding back a vigorous economic recovery. These premises are wrong. We ask the Commission to recognize that there is no evidence to support such claims.

The public sector did not cause the recession. The financial sector caused the recession and the public sector saved it and saved Ontario.

The public sector gave Ontario auto makers financial breathing room they needed to recover.

The public sector, through government regulation, meant our banking and finance sector did not achieve the ruinous excesses it would have in the absence of adult public supervision.

The public sector was a bulwark that saved communities and families by providing services and employment when the private sector could not.

Finally, it is troubling to us and diminishing to the credibility of the Commission that its government-directed process has involved so little initiative in the way of seeking out the broad swath of opinion from the public who depend on the very services under threat. Not actively seeking input from NGO's or trade unions, from those who deliver public services in Ontario and, most important, from those who depend upon those services, seems a glaring omission.

We strongly encourage you to look beyond the narrow mandate you were provided, to make decisions based on facts rather than on emotional or political desires, and to encourage the Ontario government to take a multidimensional approach to economic health that includes implementing the recommendations contained in this submission.

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