# 2012 Ontario Pre-Budget Submission

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## Executive Summary

In this report, CUPE Ontario presents recommendations for the 2012 Ontario Budget that would bring an additional $10.5 billion of revenue into Ontario's budget through revenue generation; outlines a more realistic economic forecast for the province than the one presented by the Drummond Commission; recommends a strategy for the creation of thousands of jobs through strategic investments in rail, green infrastructure and other infrastructure, and buy-local government procurement policies; fair taxation; and investment in public services. In addition, an analysis is included of future economic growth and corresponding government revenue which indicates that the status-quo fiscal situation of the province is not as dire as predicted by Don Drummond's report. CUPE's recommendations and analysis explains how the projected budget deficit could be dealt with, setting the foundation for economic growth, and still have room for increased investment in quality public services.

## Canadian Union of Public Employees
## Ontario Division

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

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

CUPE members are your neighbours. They provide care at your hospital and long term care home. They deliver home care for your elderly parents. They collect your recyclables and garbage from the curb. They plough your streets and cut the grass in your parks and playgrounds. They produce and transmit your electricity, and when the storm hits in the middle of the night, they restore your power. CUPE members teach at your university and keep your 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 at-risk children as well as those 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 the budgeting process of the province.

# Chapter 1

# Introduction

## 1.1 A History of Spending and Deficits in Ontario

From 2005 to 2008, the Government of Ontario had balanced budgets. Since then, even-though government spending on public services has not increased dramatically, Ontario has a projected budget deficit. The story of how Ontario got to have a budget deficit should help frame any discussion of who will pay how much and how quickly to return to a balanced budget.

In 2008/2009, as a result of the global economic crisis, Ontario Gross Domestic Product (GDP) declined 8-10 percent resulting in approximately a $10 billion loss in direct revenue and about a $5 billion reduction in indirect revenue as share of GDP (Stanford).

During the recession, spending on social programs responded, as designed, to absorb and soften the blow to workers of the job losses in the private-sector. Ontario also joined together with the federal government in providing a large financial lifeline to the auto sector, a move that saved jobs, families and indeed an entire industry. Finally, as Don Drummond himself noted, Ontario "sacrificed billions [of revenue dollars] by eliminating the capital tax and reducing the corporate tax rate".[1]

It is the global recession and policies that reduced revenue from large corporations, more than any other factors, that caused Ontario's projected budget deficit for 2012/13 and beyond.

This history is important to understand because it shows that it was not public spending on social programs nor the workers that provide those public services that caused the current fiscal situation. Even Don Drummond cautions that "this is not because spending is particularly high; relative to GDP, Ontario's spending is one of the lowest among the provinces".[2]

Unfortunately, the Report of the Commission on the Reform of Ontario's Public Services (AKA, Drummond Commission) appears to ignore these obvious historical facts. Instead, the commission proceeded to assign a remedy almost exclusively of spending reductions and cuts to solve a deficit that was not spending driven.

As CUPE Ontario President Fred Hahn stated in his 2011 pre-budget submission to the Ontario Standing Committee on Finance, "Ontario does not have a spending problem, it has a revenue problem". This

[1] City Pulse 24, Feb.15/12
[2] Commission Report, p.71

is still the case today.

## 1.2 Commission on the Reform of Ontario's Public Services

Today, the Ontario Government, like the Commission on the Reform of Ontario's Public Services, appears determined to place the burden of the projected budget deficit on those that use public services and the workers that provide them. Worse, the government appears ready to give-up on any attempt to build growth back into the economy of Ontario. In the name of saving our economy, they are poised to damage the recovery that many Ontarians believed the Drummond Commission was designed to protect.

Analysis of the commission's report indicate that, if implemented, it will result in a reduction in economic growth of between 1.6 percent and 2.8 percent over the next four years. It would pull more than $7 billion out of the economy; eliminate over an estimated 100,000 public sector jobs and, by some estimates, more than 200,000 private sector jobs; severely reduce public services to the most needy; and impose new user-fees on Ontarians.

These cuts to services will negatively affect all the people of Ontario. Women, especially racialized women, will take on a disproportionate amount of the burden to make-up for social service cuts through providing care in the home. In addition, it is women who, as a majority of the workforce in the public services slated for cuts, will lose their jobs.

## 1.3 Invest in Growth and Revenue Generation

There is growing evidence from around the world, Greece, the UK, and Spain in particular, that shows Austerity-type budgets, such as those proposed in the Commission on the Reform of Ontario's Public Services' report, are disastrous for an economy. Also growing is the analysis that a policy of extreme fiscal restraint and cuts to the public service will have a real and direct negative impact on the potential of the Ontario economy to get back to growth. Austerity programs will not only undermine Ontario's fragile recovery, there is good reason to predict that removing and estimated $7 billion from the economy will drag the province back into recession.

A different approach is needed, one that brings a balanced approach to the budget by looking to revenue generation, bringing fairness back into the tax system, and job creation through strategic investments.

## 1.4 Public Support for Revenue Generation and Job Creation Over Cuts

The people of Ontario agree with prioritizing revenue generation, creating jobs, and making the tax system fair. Polling conducted by Angus-Reid for CUPE Ontario in December, 2011, indicates a full 69 percent of Ontarians want public spending on programs to remain the same or be increased and 87 percent agree that job creation is the best way to eliminate the provincial debt and deficit.

Table 1.1: Progressive Revenue Generation Options for Ontario

| Revenue Measure | Annual Revenue (Billions) |
|---|---|
| **Fair Taxes for Corporations:** | |
| Restore corporate income tax rate to 2009 levels (14%) | $2.0 |
| Restore corporate capital tax | $0.7 |
| Financial transactions tax at 0.1% | $1.0 |
| Suspend phase-in of HST tax credit for energy purchases by corporations | $1.3 |
| Uniform rate for Business Education Taxes & indexation education taxes | $1.0 |
| **Progressive Tax on High Incomes:** | |
| Raise income tax rate on incomes over $500,000 by 2% | $0.5 |
| Raise income tax rate on incomes over $300,000 by 2% | $0.8 |
| **Close Tax Loopholes:** | |
| Eliminate tax preferences for stock options and capital gains | $1.5 |
| Tax audit collection and compliance measures | $2.0+ |
| **Total** | **$10.8** |

Sources: Drummond report Table 11.1, (p. 303), Appendix 18.1 (p. 427); Ontario Transparency in Taxation 2011; Toby Sanger, Fair Shares: How Banks, Brokers and the Financial Industry Can Pay Fairer Taxes, CCPA 2011; Erin Weir, "Filling Don Drummond's revenue gap", Toronto Star, Feb. 26, 2012.

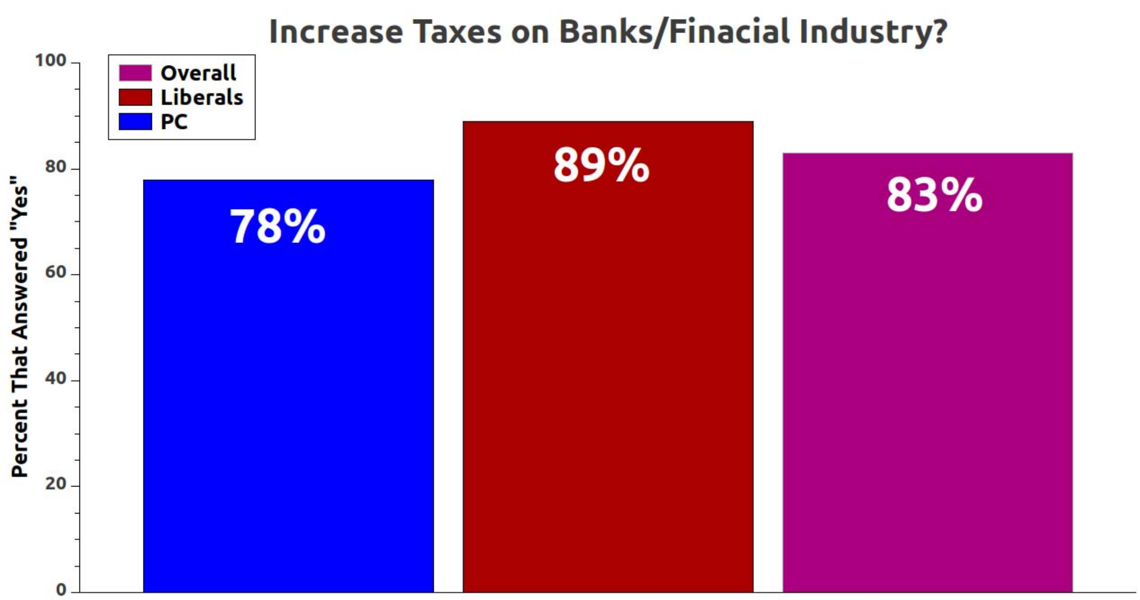



Figure 1.1: The percentage of Ontarians that agree with increases on the financial industry and banks.

Corporations in Ontario have benefited for years from large tax cuts. Unfortunately, these tax cuts for corporations have not brought about the promised private-sector investment and job creation (Figure 1.4), but have resulted in budget deficits and underfunding of public services.

> "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."

–Alex Himmelfarb, Director of the Glendon School of Public and International Affairs, November 2011.

The people of Ontario agree with the sentiment that the government should refocus on investment instead of tax cuts. 83 percent of support increases of taxes on banks and financial industry and 92 percent support adding a 10 percent surcharge tax on individuals with incomes over $500,000.

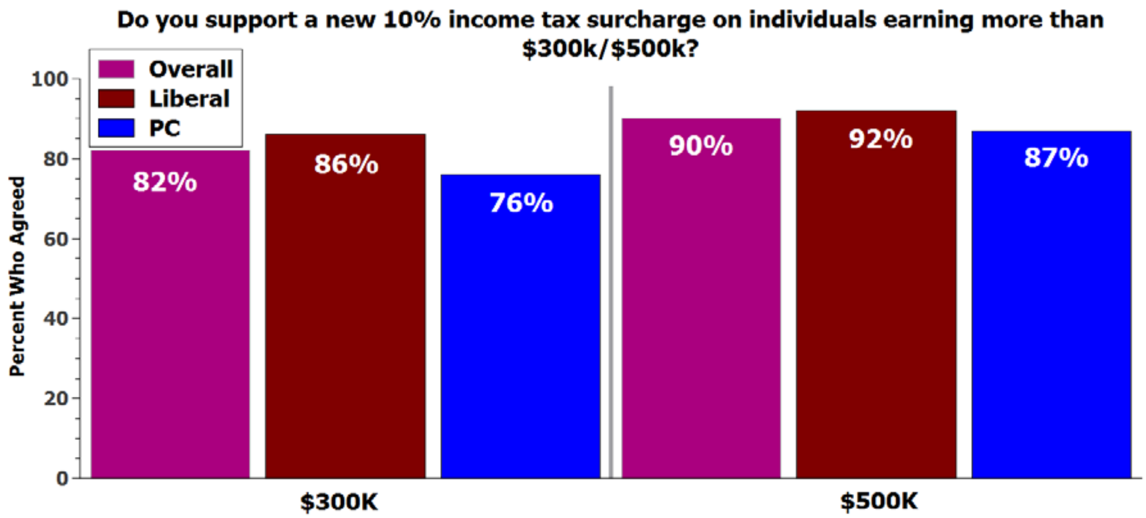



Figure 1.2: The percentage of Ontarians that agree with increases in income taxes on those making over $300K and $500K.

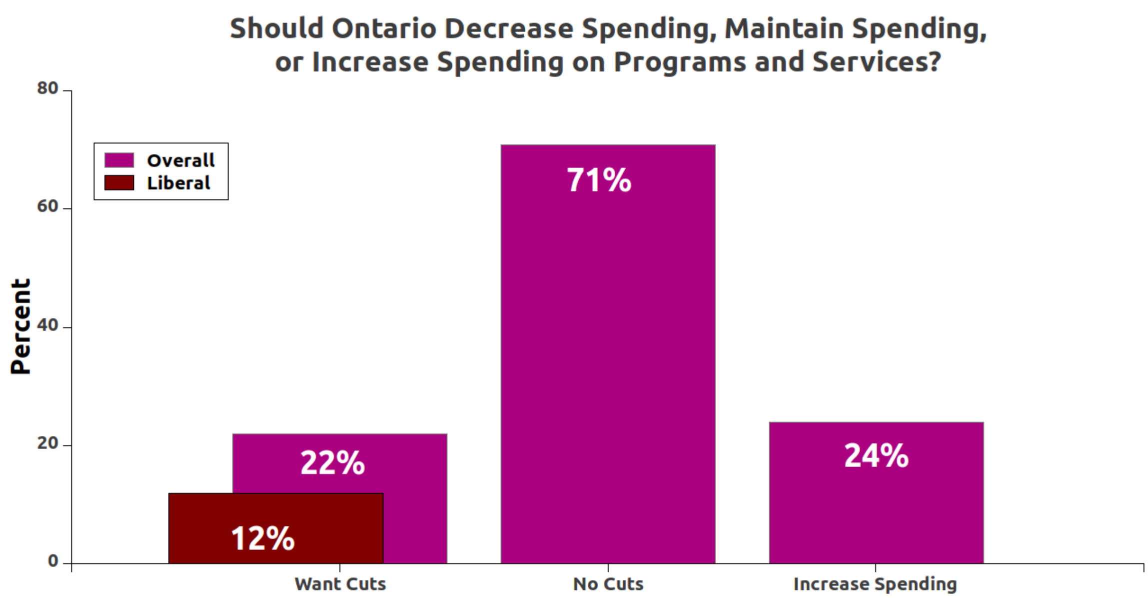



Figure 1.3: The percentage of Ontarians that agree job creation is a better alternative over cuts to services to balance the budget.

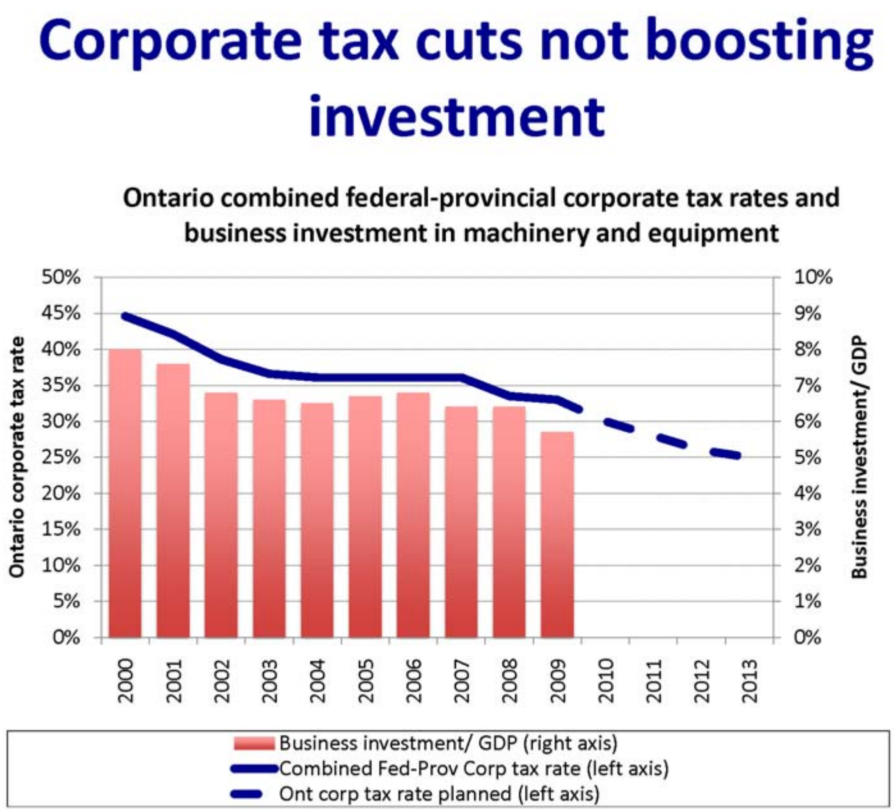



Figure 1.4: Ontario business investment versus corporate tax rates. As corporate tax rates have fallen, so too have corporate investment in machinery and equipment.

## 1.5 Economic Assumptions of the Drummond Commission's Report

The Commission's $30 billion Ontario deficit forecast is exaggerated.[3] The Commission states (See the Table 1.1, page 101 of the Commission's Report) that the province's revenues will grow at a much lower rate than would be reasonable to assume (an average of only 3.2 percent a year). The Commission gives no explanation for setting such a slow revenue growth for its economic models, but the effect that this low number has on the prediction of the deficit is huge.

The government's own 2011 Fiscal Outlook projects that tax revenues will increase at an annual average rate of 4.5 percent over the medium term and, historically, provincial revenues increased at a faster rate than economic growth. In addition, the Canada Health and Social Transfer (over 70 percent of Ontario's federal transfers) are slated to increase at annual rates of 6 percent for Health and 3 percent for the rest respectively through 2016/17, or a combined rate of 5.2 percent annually.

When using current government spending levels and the reasonable assumption that government revenues will increase at an annual rate of 4.5 percent, the 2017/18 deficit would be $9.5 billion (Table 1.2). This is a third of the predicted $30 billion by the Commission.[4] Of course, $9 billion is still a significant amount for a projected budget deficit, but it is a deficit that could be eliminated with the implementation of a fair tax system and some strategic investments–and still have room for investment in public services that Ontarians rely on.

Table 1.2: An alternative deficit projection. Using reasonable assumptions for growth in spending and revenue for the government, the budget deficit is projected to be $9.5 billion, or a third of the Drummond Commission's projection. With the implementation of CUPE's recommendations for economic growth and additional revenue generation (which finds $10.5 billion in new revenue), the budget deficit could be eliminated–and still have room for investment in public services.

| Status Quo Fiscal Outlook for Ontario with more reasonable revenue estimates ($ billions) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Revenue (increase @ 4.5%) | 106.7 | 111.5 | 116.5 | 121.8 | 127.2 | 133.0 | 139.0 | 145.2 |
| Program spending (@ 3.5%) | 111.2 | 115.1 | 119.1 | 123.3 | 127.6 | 132.1 | 136.7 | 141.5 |
| Debt interest (rate @ 6%) | 9.5 | 10.1 | 10.6 | 11.7 | 11.2 | 11.9 | 12.6 | 13.2 |
| Deficit | (14.0) | (13.7) | (13.2) | (13.2) | (11.6) | (11.0) | (10.3) | (9.5) |

## 1.6 Economists on Austerity

Recently, economists from across the political spectrum are coming-out strongly against austerity budgeting. These economists are building their analysis from the historical results of these cuts as well as recent impacts of austerity budgets in Europe.

> "Austerity is a suicide path."
> –Joseph Stiglitz, Economic Nobel Prize Winner, Hill Times, October 31, 2011.

[3]Ontario's Fiscal Reality–Cup Half Empty or Half Full?, Canadian Hugh Mackenzie, Canadian Centre for Policy Alternatives, March 2012

[4]Sanger and Weir, Economic Assumptions of Drummond, http://cupe.on.ca

> “state and local governments have slashed spending and employment . . . this has been a major drag on the overall economy. Without those spending cuts, we might already have been on the road to self-sustaining growth.”
> –Paul Krugman, Economic Nobel Prize Winner, New York Times, January 29, 2012.

> “. . . be careful not to snuff out the recovery by cutting too deeply in the short-term deficit fight. Think about whether now is the right time to do anything on spending cuts or whether we should wait till there’s a stronger foundation for growth.”
> –Glen Hodgson, Conference Board of Canada Economist, Globe & Mail, Nov.08, 2011.

> “Governments shouldn’t be aggressively cutting spending when the economy is gasping for air . . . [t]hat’s certainly the wrong prescription.”
> –Douglas Porter, BMO/Nesbit Burns Chief Economist, Globe & Mail, Sept.26, 2011.

## 1.7 Personal Debt

Family debt levels continue to rise faster than personal disposable income (Figure 1.5), indicating that Canadians are falling further into debt. This is happening even as consumers have recently increased their efforts to pay down their debts[5]. Statistics Canada’s most recent figures show household credit market debt to personal disposable income has climbed from 146.30 to 148.66 percent in a year. These debt levels are rising because, for most, wage increases are not keeping-up with the costs of essentials, with people at the top of the income scale getting the majority of the increase[6]. Bank of Canada Governor Mark Carney has stated that the personal debt to income ratio is of high concern “that’s something that we all have to take seriously”.[7]

The increased personal debt levels, driven mostly by stagnant wages increased costs to services, education and meeting the needs of day-to-day living–as opposed to luxury purchasing[8], means that families have reduced ability to pay for increases in user-fess or off-set reduced and more-costly privatized public services. It is short-sighted government policy that tries to pay-off its debt–a debt caused by corporate financial mismanagement, not workers–by downloading this debt onto working people. The negative effect is hardest felt by those at the lower-end of the income distribution where downloading of social service and education costs put many of these services out-of-reach for those that need them the most.

## 1.8 Public Sector Job and Growth Multipliers

The easiest and most immediate way for the government to create jobs is direct investments in government services, infrastructure, child care, and public education. Using the federal government’s economic growth and job creation multipliers–the positive effects of public spending on jobs and growth–for

[5] The Current State of Canadian Family Finances, 2010
[6] Canadian Income Inequality, Conference Board of Canada, 2012
[7] Canadians’ debt-to-income ratio now higher than Americans’, Globe and Mail, January 18, 2011
[8] http://www.policyalternatives.ca/publications/commentary/canadian-households-among-highest-debt-income-ratios-w

Figure 1.5: Debt to income comparison of households, corporations, and government. The graph shows who has benefited the most from government policies around debt. Rising personal debt and falling corporate debt indicates that debt burdens are being downloaded to individuals and families.

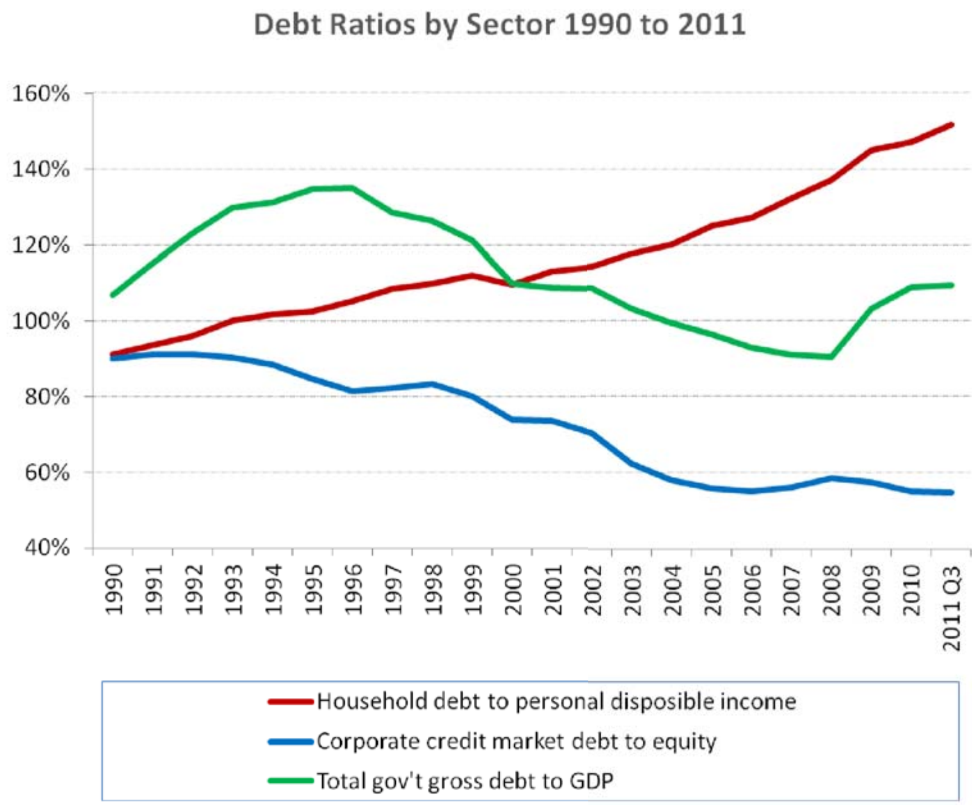
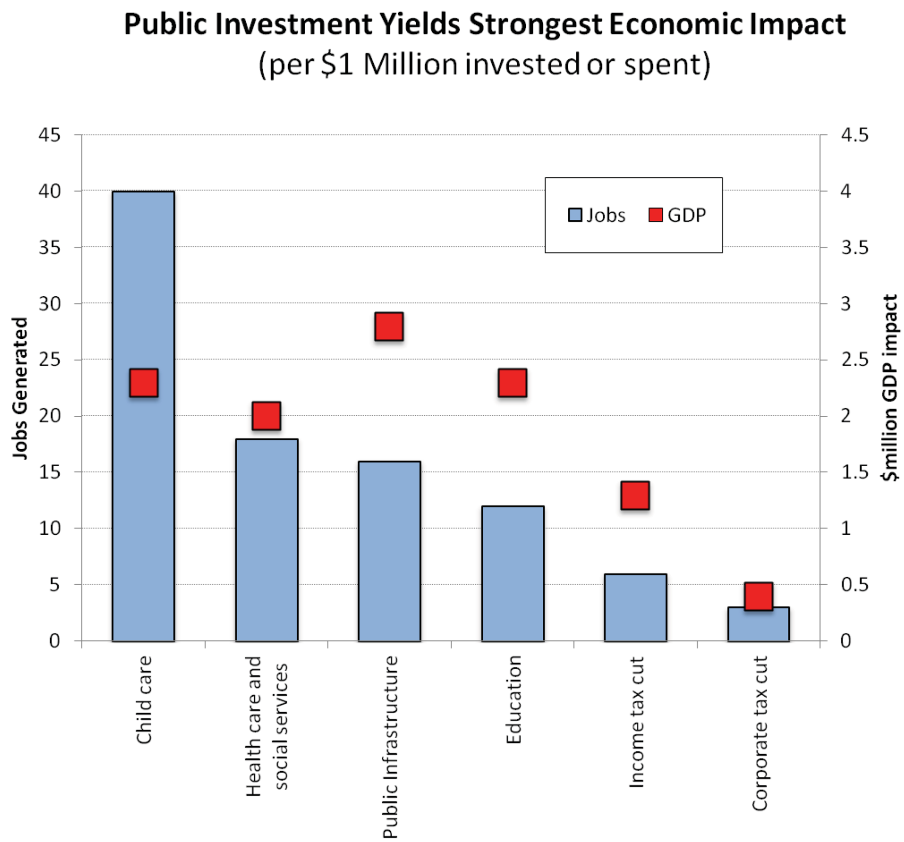


Figure 1.6: A comparison of the multiplier effects of public spending in different sectors of the economy. The figure shows that, for economic growth (measured in Gross Domestic Product (GDP)), investment in infrastructure results in the biggest gains–approximately three times the gain from tax cuts. For job creation, government investment in child care yields the greatest increases with ten times as many jobs created when compared to an equivalent amount in tax cuts.




every million dollars spent on these investments are significantly higher than for tax cuts (Figure 1.6). It is clear that, as Ontario continues to deal with the effects of the recession, public investment should continue to ensure a strong and full recovery and sets a secure foundation for future economic growth.

# Chapter 2

# Policies to Support Development

CUPE Ontario has the following recommendations for areas of investment for Ontario's 2012 budget.

## 2.1 Procurement Policies

Decisions made by the provincial governments on whether to purchase goods for public infrastructure projects from inside or outside of Ontario have a direct effect on jobs and the economy in the province that goes far beyond the ticket price. One recent decisions to refurbish 21 GO Transit rail cars outside of Ontario, instead of using Ontario Northland in North Bay which had a ticket-price of two million dollars higher, resulted in the loss of 109 good jobs, directed $122 million of investment away from Ontario. Making the decision based solely on the ticket price meant a total negative impact on Ontario's economy. If the investment was kept in the province, when including the additional multiplier effects, the positive impacts were estimated at $258 million. Essentially, making a decision based on a $2 million larger ticket prices, cost the government $7.5 million coming back to the province in taxes.[1]

To prevent this from happening again, Ontario should adopt buy-local policies for procurement around infrastructure development and maintenance, and adopt an "Ontario First" policy for sourcing of government supplies. This will ensure that public funds are being used to support the very communities and businesses that are footing the bill for those goods.

In addition, trade agreements that seek to undermine democratic control over procurement and how Ontarians choose to fund and manage their public services should be opposed. Currently, trade negotiations between Canada and the European Union under the Comprehensive Economic and Trade Agreement (CETA) will undermine the ability of Ontarians to set stringent environmental regulations for procurement or implement "buy local" policies. Agreements like CETA continue to undermine the ability for Ontarians to keep services such as water distribution, wastewater management, transit, and social services publicly owned; bring public-private partnership back under public administration when they fail; and will undermine our economy over the long-term[2].

[1] http://www.caw.ca/en/10433.htm

[2] CETA Fact Sheets, Trade Justice Network, http://tradejustice.ca/en/section/2

## 2.2 Greening Government Infrastructure

Ontario public infrastructure is in dire need of upgrading and maintenance. The modernizing of public infrastructure, especially investments in greening of government buildings will produce jobs now and long term cost savings for the province in the future. Apart from being needed to keep public infrastructure functional, investment of this kind is the biggest generator of economic growth of any form of government investment (Figure 1.4).

The Federation of Canadian Municipalities report on green infrastructure[3] shows that investments in green infrastructure have large multipliers for the economy and job creation and cost-savings for governments. When combined with buy local procurement policies, the positive effect on the economy would be on the scale of those lost to the GO Transit car refurbishment example. Buying from Ontario businesses means job creation here in the province as our businesses already produce green infrastructure products. At a time when the private sector is not investing in job creation and when our public infrastructure is in dire need of repair, it is an obvious policy measure.

## 2.3 Development of Northern Rail Infrastructure

The economic development of Northern Ontario is dependent, to a large degree, on the transport of commodities and people from community to community to aid value added processes like refinement of ore and the production of wood products. Unfortunately, current rail infrastructure is primarily focused on the direct export of unrefined products out of the province, bypassing opportunities for local refinement. This lack of investment is especially damaging for northern and First Nations communities as they seek to diversify their economies and attract investment for value-added production for “Ring of Fire” and forestry-based resources.

## 2.4 Municipal Infrastructure

According to the Federation of Canadian Municipalities, there are hundreds of millions of dollars of infrastructure that needs upgrading in Ontario[4]. If this deferred maintenance is not addressed, the long-term liability costs will continue to rise. Municipalities need funding to repair buildings and aging infrastructure. The multipliers outlined in Figure 1.6 show that investment in infrastructure will not just save money and make communities safer and better, but will create jobs generate economic growth for the region.

In addition, municipalities need support for transit, social housing and water services as they expand to meet the growing demands of urban population growth and modern transit needs. The province should continue on-track with the uploading of costs of social services, while maintaining local control in setting priorities for the provision of services.

[3] Building Canada’s Green Economy:The Municipal Role, http://www.sustainableprosperity.ca/dl732
[4] Danger Ahead, Federation of Canadian Municipalities, www.fcm.ca

## 2.5 Broadband Infrastructure

For over half a decade, successive governments of Ontario have identified the need to expand access to broadband infrastructure in Northern Ontario and First Nations communities.[5] However, rural, First Nations and Northern Ontario communities still lag behind when it comes to accessible forms of Internet communications infrastructure. Broadband Internet services are a necessity for communities and businesses to engage in the modern economy. Investment in this kind of infrastructure will bring about hundreds of jobs and new economic opportunities for rural communities and help Ontarians stay connected with each other and the world.[6]

## 2.6 Stop Public-Private Partnerships

Public-Private Partnerships continue to unnecessarily increase long-term costs for the people of Ontario. The promise of private sector efficiency for the delivery of public services has not been borne-out. Recent high-profile failures of these schemes that have resulted in cost over-runs, poorly managed facilities, loss of democratic control, and the undermining of wages and benefits of workers continue to plague this private model of delivery.

Some recent examples of P3 failures include cost over-runs of $200 million for Brampton Civic Hospital when compared how much it would have cost if the public had built it; Hamilton's water and wastewater services was brought back under public control–saving $1.2 million the first year–after problems that included 180 million literes of raw sewage spill into the harbour and 200 homes and businesses that had to be cleaned up at public expense; and where the City of Ottawa paid huge additional costs to help the P3 projects including re-municipalization of the Ray Friel Recreation Complex (taking on $12 million in debt from the company) and a $400,000 bailout of the Bell Sensplex.[7]

The provincial government should be looking to the public sector for constructive ways of providing public services instead of seeking quick-fixes such as public-private partnerships that more often than not simply cost more for inferior service.

[5] Understanding the Benefits of Broadband: Insights for a Broadband Enabled Ontario, Government of Ontario, http://www.digitalontario.mgs.gov.on.ca

[6] http://www.wawataynews.ca/archive/all/2011/10/13/broadband-project-will-open-new-world_21937

[7] The CCPA Monitor, April 2009; Public-Private Partnerships:Understanding the Challenge, Second Edition, Columbia Institute, June 2009; The Hamilton Spectator, HHSC sues city, region: Water leak caused hospital evacuation, 20 October, 1998; Auditor slams Brampton hospital Dec 9, 2008, http://cupe.ca/privwatchdec08/auditor-general-brampton-civic-hospital-p3

# Chapter 3

# Sectoral Recommendations for the 2012 Budget

## 3.1 Health and Hospitals

Recommendations from the Commission on the Reform of Ontario's Public Services' report would result in the closure of 12,000 hospital beds.[1] In many rural and northern communities, where the majority of beds are non-acute (alternate level of care, rehabilitation, respite, palliative, restorative) this will mean huge staff and service reductions.

The recommendations propose to end the expectation that community hospitals will meet community needs. Services will be consolidated and amalgamated, with a Hospital Restructuring Commission doing the hatchet work. Plans are underway to move outpatient clinics and same day clinical services into privately operated services in the community.

The impact on communities would be be stark especially in rural and northern communities where access to services would require long trips to a centre that provides the service. Increased costs to everyday Ontarians that seek health services would put an additional strain on already stressed economies.

**Recommendations**

What communities and the economy need is a government that invests in rural health services, not cuts from them. The goal of health care should be to provide the best care for patients. Schemes like those outlined in the Commission's report that remove local control over health spending and upload that control to unaccountable Local Health Integration Networks (LHINs) or investing in Public-Private Partnerships or private delivery of care will not improve patient care and will cost Ontarians more in terms of money and their health.

Health care is best provided by skilled workers that work in a system they can be proud of that puts care first. The government must invest in acute and non-acute care beds in hospitals where patients can receive the highest level of care and access to the diverse facilities that only hospitals can provide.

[1] Ontario Coalition of Health Unions Report on the Drummond Report

## 3.2 Long-Term Care and Home Care

Taken together, the Commission's health care recommendations will produce a domino effect that will further undermine access to a long-term care bed. The theme of the recommendations is to move recipients of care to less expensive forms of care. The domino effect begins with several recommendations to divert all patients not requiring acute care from hospitals to another type of care that cost less, such as "home-based" care. Currently there are about 12,000 non-acute care beds in Ontario hospitals. The majority of which are used to provide care for many chronically ill and vulnerable people who are among the 24,000 Ontarians waiting for a long-term care bed. Although Ontario's population is aging, the commission recommends that no new long-term care facilities be built. The question becomes if there are no new long-term care beds coming on stream and non-acute care beds are cut from hospitals and there are already 10,000 people waiting for home care in the community, where do people get the care they need?

The impact on communities would result in more people having to seek care from families in their homes. This will put increased burden on women, who most often take-on a care-giver role in the home, as well as drive down the quality of care for people in their old age.

**Recommendations**

Providing public long-term care by professional staff is what the elderly, who have contributed to the growth and prosperity of Ontario, deserve. The government should not present the budget as a choice between dignity in old age and a balanced budget. Competitive bidding models in home care as outlined in the Drummond report, a model that continues to fail Ontarians, should be rejected. Competitive bidding undermines the profession, reduces quality of care for patients, and undermines access to the service. A December 2010 Ontario Auditor General report indicated that problems of home care are persisting despite successive governments trying to tweak the competitive bidding model.

The government should continue to invest in public long-term care facilities to make space for an aging population. The goal should be to provide the quality of care that provides dignity in old age. Funding should be going to public, non-profit care that gets the best value for dollar which puts the patient at the centre funding decisions, not profit.

## 3.3 Post-Secondary Education

The Commission's recommendations of funding increases for this sector to flat line at 1.5 percent at a time when the commission acknowledges increases in operating costs from 3 to 5 percent will impact the bricks and mortar on campuses. After nearly 20 years of underfunding of PSE the infrastructure on campuses are deteriorating and the recommendation won't make things any better.

User fees such as tuition fees are now approaching 50 percent of overall funding of universities, an increase of close to 25 percent from the 1990s. The new Ontario tuition-fee grant, which does not apply to all students including graduate and mature students, does not address barriers to access caused by ever increasing up-front fees.

For academics, the recommendation of a continued five percent yearly growth in tuition fees, differentiation and the increased presence of online courses at universities will lead to simple results: tuition fee increases well over the rate of inflation in a province that has the highest tuition fees in the country already and a move regressive move toward cheaper, lower quality post-secondary education.

For university workers, the recommended changes will erode university support workers on campuses with budget pressures, ageing infrastructure and deferred maintenance. Simply put, these lapses point to an easy conclusion: A sell-off of campus assets and red circling or elimination of University support staff.

**Recommendations**

At a time when some level of post-secondary education is required for seventy percent of new jobs posted today it should be impossible to contemplate a reduction in real spending on universities and colleges in Ontario. Investments in post-secondary education pay off with a return on investment of about $1.20, as stated by the Organisation for Economic Cooperation and Development, means that the Ontario government should consider large investments to make access and quality of education at these institutions a priority.

Privatization and corporatization of Ontario's university campuses continue to undermine the quality of education and are driven by the underfunding of these institutions. Keeping our campuses safe and a positive educational experience means adequate levels of funding and support for universities, support staff and teaching assistants will make sure that the future generation of Ontarians have the skills necessary to succeed in the economy.

## 3.4 Municipal

The Commission's recommendations on municipal finances and responsibilities would delay a planned $500 million uploading of social assistance costs from municipalities to the provinces and do not address the need for increased provincial contributions to transit operations, social housing and child care services. The recommendation to upload public health services to the province will deprive municipal government of any control over a critical tool for the safety and well-being of its residents. Municipalities will be further financially squeezed by the province, resulting in more pressure on municipalities to contract out, privatize services and demand further concession from municipal workers. The recycled recommendations for full-cost pricing for water and waste-water services would set the stage for privatization and increases in regressive user-fees. The recurring recommendation that 80 municipal electrical utilities be merged into fewer than 10 and that regulatory barriers to privatization be removed is all a set-up to make the utilities more profitable for private operators and promotes deregulation. This all leads to higher power rates for families.

The effect on communities is an overall increase in costs and user fees. Currently, user fees make up 21 percent (at $8.2 billion) in operating funds for municipalities. Any delay in the uploading of funding to the provincial government will mean an increase in user fees which will impact those that are in need of these social services the most.

**Recommendations**

The provincial government should continue the planned upload of funding responsibilities from the municipal to the provincial government level as negotiated and increase funding for municipal services such as transit operations, child care and housing. Funding and policies of the provincial government should be focused on sustaining public management and control over electricity, water purification and distribution and wastewater management. Investments to repair and maintain existing infrastructure should not require the move to costly Public-Private Partnerships and should focus instead on maintain a state of good repair for the medium to long term.

## 3.5 School Boards

The Commission's recommendations would reduce real funding increase to 1 percent annual increases for school boards, leaving a projected $2.8 billion shortfall in funding by 2017-18. Shortfalls in funding and other recommendations would result in the elimination of the full-day kindergarten program, the increases in class-sizes, the closure of schools, the gutting of sick leave cash-out provisions, and the implementation of user fees for school bus use. The report also targets support staff with the elimination of 9700 jobs which would have an enormous impact on safe working and learning conditions in schools.

The impact on quality and safety in the Ontario's schools would be severe. Non-teaching support staff are essential to the safe and efficient running of the schools and give support to students so that they may reach their full potential.

Healthy schools lead to healthy communities. Cutting support staff positions and sick-leave will make the school an unhealthy place to learn and work and eventually lead to unhealthy communities where communicable diseases are brought home from school.

**Recommendations**

The government should prioritize education and education support services so that Ontario can have the best education system in the country. An education system that meets the needs of today's youth includes a safe and supportive work environment which includes those workers that specialize in the areas of mental health and early childhood education. Professional support workers ensure teachers can provide a learning environment that suits the needs of all students.

## 3.6 Social Services

Ontario's social services sector is already stretched to capacity. However, the Commission's recommendations will spell disaster for a sector that numerous Ontarians turn to everyday for help and support. If implemented, the social services sector is faced with a funding cut in excess of $320 million, a cut that will mean many Ontarians won't get the much-needed help and support they need, when they need it most.

A recent report indicates that cuts in annual growth from 6 percent to just 0.5 percent cannot come from administrative cuts and efficiencies alone as the entire administrative system of social services only accounts for 0.4 of total spending.[2] The proposed cuts would result in a 27 percent reduction in spending by 2017-2018 and would come from real cuts in services.

The following is a breakdown of what the Commission's recommendations, if implemented, would mean for Ontarians trying to access Ontario's social services. Also presented are alternatives to cuts that will

[2] Ontario Budget 2012–Austerity Is Bad For Our Health, Wellesley Institute, March 2012

grow the economy, provide jobs, and build a system that provides for those most in need.

### 3.6.1 Child Welfare

Fewer services spread out over a larger geographical area means that families of vulnerable children and youth will have to travel farther to access the services they need. The sector will be fragmented, meaning that some services traditionally offered by the child welfare sector will now be offered by agencies in the wider community sector. This lack of cohesion will result in a confused system as frustrated families sift through a maze of services and supports offered by different agencies. Under the recommendations, the sector is faced with a $54 million funding cut.

### 3.6.2 Child & Youth Mental Health

The recommendations would result in a massive increase in the numbers of children and youth waiting for mental health services. It would also mean longer wait times for services. The sector stands to lose in excess of $43 million in much needed funding leaving numerous children and youth with nowhere to turn for help.

### 3.6.3 Child Care & Early Learning

The recommendations would bring about the near collapse of community based non-profit child care. “Big box” and for-profit child care will expand throughout the province. Funding cuts will also mean that many community based child care centres won’t be able to make the necessary changes in facilities and staffing, brought about by the implementation of full-day kindergarten, to focus on infant and toddler care. The sector is faced with a funding cut in excess of $14 million.

### 3.6.4 Developmental Services

Growing wait lists and longer wait times will be the result of the recommendations. Currently, there are 23,000 individuals throughout Ontario waiting for services and supports with some individuals waiting for months, even years. A growing number of persons with developmental disabilities are cared for by ageing parents, many of whom have health problems of their own. The loss of $30 million in government funding means that more vulnerable individuals and their families will be forced to wait.

### 3.6.5 Ontario Works

Social assistance cheques will be cut and even fewer people will qualify for benefits if the province implements the Commission’s recommendations–a move that would not gel with the McGuinty government’s poverty reduction strategy. A $179 million funding cut would mean many of Ontario’s poorest people, the majority of whom are children, women, people with disabilities, Aboriginal peoples, and immigrant populations, would have to rely on food banks, that are already stretched to capacity, and other charities just to survive.

**Recommendations**

The people of Ontario need functional and adequately funded, publicly administered social services. Even with current levels of funding, most social services have long wait lists and long wait times for people, many of which have nowhere else to go. The government should not try to balance budgets on the backs of the most vulnerable in our society.

Investments in child care have the highest multiplier in terms of the number of jobs created per million dollars invested (See Figure 1.6). CUPE Ontario recommends that the provincial government invest in public services including immediate commitment of $287 million emergency funding for child care, a halt to licensing new for-profit childcare operations, and the indexing of childcare transfer funds to municipalities. These investments would be a first step toward having an accessible child care program that meets the growing needs in the province.

Funding to Ontario Works and the Ontario Disability Support Program should be increased and indexed to cost of living increases so that these funds at least keep up with the costs faced by the those on social assistance. The government should shift its focus from individualized (known as “direct”) funding for developmental services towards building a cohesive network of community-based services and enhance the quality of supports for people who have a developmental disability and their families and increase funding to deal with the thousands currently on wait lists.

## 3.7 Equality

The downloading of services and the push to fund only “high priority” services will negatively impact the quality of life of people from equality seeking and marginalized communities the most.

Those that provide front-line care for people in hospitals, social services (including child care and development services), those who provide physical care for those who cannot do so for themselves (in long-term care facilities and in people’s homes) are women, many whom are racialized women and recent immigrants. There is a 4.5 percent wage gain for women in the public sector over their counterparts in the private sector.[3] However, even with public system wage benefit, women continue to take home $0.70 for every dollar earned by men and racialized women early only $0.60 compared to non-racialized men.[4] Further, women comprise 60 percent of the public sector workforce compared to just 47 percent of the private sector. It will be these women that will bear the brunt of the deregulation and the shift to a model of individualized funding.

The public sector pay scales help close the income gap between those at the low and high end of the pay scale. Essentially, those at the lower end of the public sector pay scale are kept just out of the poverty wages the same workers experience in the private sector. One example are cooks who earn $26,216 in the public sector, a full 24 percent more than their private sector counterparts.[5] Privatization will exacerbate income inequality driving many into a poverty wage.

The move to a private model of care or providing resources directly to individuals or families will result in the deregulation of services through creating smaller workplaces or no workplace at all with workers being hired as independent contractors. It follows that the front-line service providers (women, many

[3] Battle of the Wages, Toby Sanger, CUPE, December, 2011

[4] Racial Justice Report Card For Ontario, Colour of Poverty, September, 2011

[5] Ontario Budget 2012–Austerity Is Bad For Our Health, Wellesley Institute, March 2012

racilialized women) will first be faced with lower compensation (including wages, loss of benefits, loss of pay equity rights, and loss of pension) through either the casualization of the work, being forces to work for less, or loss of employment completely.

Currently, 21 percent of women and 16 percent of men provide unwaged home care for seniors with a full nine percent of women giving more than five hours a week, compared to 5.7 percent for men.[6] With reduced or no services that families rely on every day, it will be women again that will be disproportionately squeezed to try and find the resources to ensure their family members have the care they need.

Finally, the Commission's recommendation that the government's focus should be on "retaining good employees while letting go of those who are not performing well" must be taken critically. These recommendations unfairly disadvantage those who need some accommodation to achieve at a certain level of "performance". These recommendations would disadvantage a single mother who cannot put in the same hours as her co-worker that has no children as well as persons who need specific accommodations in the workplace such as someone who can physically perform the work of a waste collector, but cannot work as quickly as some as a result of a physical condition. In many ways, these recommendations will turning back the clock on the rights that have been secured regarding the importance of accommodating workers.

The Commission's recommendations are the wrong direction for Ontario. Our communities and economy need a budget commitment for equality to make sure that the broader public sector workforce reflects the community to which it is servicing. There needs to be government investment in infrastructure to rural Ontario and aboriginal communities for youth, the fastest growing segment of our population, to be able to engage and build their local economies. Investments in child care and developmental services are needed so that the number of unwaged work in the home is reduced. A commitment to equality cannot include cuts to services and the implementation of contract-for-service policies like "social impact bonds" and "individualized funding" models which will undermine fairness in workplace hiring.

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[6] Statistics Canada, 2006 Census