

CHRIS BUCKLEY
President

PATTY COATES
Secretary-Treasurer

AHMAD GAIED
Executive Vice-President



**ONTARIO
FEDERATION OF
LABOUR**

The Simple Truth Behind Bill 57

Amendments to Bill 57, Restoring Trust, Transparency, and Accountability Act

Submission to the Standing Committee on Finance and Economic Affairs

December 2018



December 3, 2018

Standing Committee on Finance and Economic Affairs
Ontario Legislature
111 Wellesley St W
Toronto ON M7A 1A2

Dear Committee Members,

In November 2018, the Ford government tabled its inaugural Ontario Economic Outlook and Fiscal Review and its corresponding legislation, Bill 57, *Restoring Trust, Transparency, and Accountability Act*.

Despite what the title suggests, Bill 57 fails to strengthen Ontarians' trust in the government. In fact, several measures have been introduced that weaken transparency and accountability – not only of government but also of businesses.

These policy decisions will further push vulnerable Ontarians, including women, people of colour, immigrants, individuals with disabilities, and other low-wage workers, to the outskirts of society – the effects of which will be felt for generations to come.

The Ontario Federation of Labour (OFL), which represents 54 affiliated unions and one million workers, has put forth several recommendations for Bill 57 that reflect the growing sentiment across this province: Ontarians are looking to the government for leadership – for an understanding of how government can help them, not hurt them.

Bill 57 does not have to be a missed opportunity. The government can – and should – respond to current socioeconomic inequalities and shape future pathways to shared prosperity.

Sincerely,

CHRIS BUCKLEY
President

PATTY COATES
Secretary-Treasurer

AHMAD GAIED
Executive Vice-President

Schedule 42: Taxation Act, 2007

Bill 57 introduces the Low-Income Individuals and Families Tax Credit. For those workers earning less than \$30,000 annually, they will no longer pay the provincial portion of their personal income tax. For those earning above this threshold, their provincial taxes will be reduced in line with their income.

This government, however, is introducing this tax credit for the wrong reasons.

This tax measure replaces the \$15 minimum wage that was slated to begin in January 2019.

The reality is that eliminating income taxes for minimum wage workers, in lieu of a \$1 per hour raise, will leave these individuals significantly worse off. It puts less money in their pocket because low-wage workers already pay relatively low taxes. In fact, two-thirds of minimum wage earners will see no benefit from the government's tax cut, because they already earn less than \$30,000 per year. For those low-wage workers who pay taxes, they may save between \$800 and \$850. These workers, however, will forgo nearly \$2,000 that they would have earned with an additional \$1 per hour.ⁱ

It must also be noted that because the amounts received under social programs such as the Canada Pension Plan and Employment Insurance are tied to earnings, these workers will see a further loss in their future income. Low wage workers are therefore better off with higher wages, like the recently cancelled \$15 general minimum wage, because they directly increase their disposable income.

Once again, this government has prioritized businesses over workers.

Additionally, this policy undermines the value of what taxes fund for minimum wage workers and everyone else: public services. We know that everyone is better off with strong and well-funded public services. A tax credit reduces government revenues, contributing to greater public service cuts including to hospitals, schools, and infrastructure.

Bill 57 further exacerbates the Province's revenue problem by eliminating a planned surtax on some of the highest earning Ontarians. Not only would this measure have generated at least \$275 million per annum for the government,ⁱⁱ it also would have contributed to narrowing the income inequality gap. The reality is that Ontario has the highest levels of income inequality in the country with the divide between the highest- and lowest-earning families growing further and further apart.ⁱⁱⁱ

This government's regressive tax policies places Ontario families further and further behind – in more ways than one.

The government must implement a \$15 minimum wage *now* as well as address its revenue problem and income inequality gap by introducing strong progressive taxation to pay for public services and public infrastructure.

Schedule 36: Residential Tenancies Act, 2006

Bill 57 revokes rent control for new housing units as of November 15, 2018. In 2017, rent controls were imposed on all units – limiting annual rent increases to a maximum of 2.5 per cent. Previously, buildings constructed after 1991 had been exempt from such controls. Under Bill 57, although existing renters will continue to fall under rent-control rules, new unoccupied units will not be subject to them.

The reality is that Ontarians are being crushed under soaring housing prices. According to a 2018 RBC report, Canadian housing affordability has reached its worst level in 28 years. Toronto is identified as one of the cities with the most severe challenges, and the situation is expected to further deteriorate as interest and mortgage rates rise.^{iv}

This government, however, is eliminating rent controls for the wrong reasons.

The government states in the 2018 Ontario Economic Outlook and Fiscal Review that the elimination of rent controls will “help create market-based incentives for supply growth that will encourage an increase in housing supply”.^v As demonstrated by the Harris government, who gutted rent control and promised thousands of rental units that never surfaced, this is not true.

Instead, removing rent controls on new units will eventually force people out of their homes. Tenants will be increasingly subject to economic evictions. Landlords, for example, will likely raise rents in retaliation when tenants request maintenance or try to enforce their rights. Further, landlords will be incentivized to illegally evict tenants because they stand to significantly profit when they force out long-term tenants in effort to bring in new tenants at a higher price.^{vi}

Once again, this government has prioritized big developers over Ontario families.

It is also important to note that because of unaffordable rental prices, some of these individuals will be forced to turn to social housing. The reality, however, is that Ontario has one of the largest social housing wait lists in the country: wait times are long and growing even longer. In fact, there are more people on wait lists for social housing than are currently receiving social housing benefits. Each year, only five per cent of people on the wait lists get a spot.^{vii} The lack of social housing in Ontario means that many low-income people are trapped in a housing cycle, where they will ultimately be compelled to accept unsafe accommodation, forego paying for other necessities, or become homeless.

The government must re-introduce rent control on new units to protect the millions of tenants in Ontario.

Schedule 32: Pay Transparency Act, 2018

Bill 57 proposes delaying the implementation of the *Pay Transparency Act*, which was slated to become law January 2019. The Act will now come into force on a day to be named by proclamation of the Lieutenant Governor.

The reality is that on average, women in this province earn slightly less than 71 cents for every dollar that men earn – a reality that is much starker for Indigenous, racialized, and immigrant women as well as women requiring accommodation.^{viii} The *Pay Transparency Act* was purported to ensure that gender wage gaps are publicly disclosed, thereby providing women with the information required to enforce their rights.

It is important to understand that there were several shortcomings of the Act – including its failure to specify which employers will be required to prepare pay transparency reports; the contents of those reports; the frequency at which those reports are filed; and the ease at which the public can access that information. For more information and recommendations to strengthen the Act, please refer to the OFL’s 2018 [submission](#).

This government, however, is delaying the *Pay Transparency Act* for the wrong reasons.

While the government states in the 2018 Ontario Economic Outlook and Fiscal Review that the delay is to allow for *further* consultation, it goes on to say that “complying with the Act’s current reporting requirements would have significantly increased costs for businesses and affected some sectors more than others”.^{ix}

Once again, this government has prioritized businesses over workers’ rights.

The government must hold employers accountable and require their compliance with the delivery of non-discriminatory pay – particularly for non-unionized women workers, who are disproportionately affected.

Schedule 18: Fire Protection and Prevention Act, 1997

Bill 57 removes the right of both associations and employers to act as it relates to double hatters – even if their actions adversely affect either party. This is an unprecedented level of interference with an association’s right to establish rules and penalties for its members.

The reality is that organizations should have the right to democratically set rules for their members and establish penalties for the violation of those rules. Unions, for example, establish rules for their members and have a fair internal tribunal process to address violations. Other organizations, including professional associations, societies, and political parties, also have constitutions that govern their actions, including consequences for defying the rules.

The International Association of Fire Fighters (IAFF) is no different.

This government, however, is offering double hatters what it considers to be “protections” for the wrong reasons.

Bill 57 affects fire fighters, who work full-time in a municipality and are a member of an IAFF Local, who then also work as a “volunteer” – paid as an on-call or part-time firefighter in another region, where another IAFF Local has a contract with the municipality. This practice of double hatting undermines and devalues the efforts to improve the working conditions of full-time fire fighters in the secondary municipality. It is also important to understand the meaning behind “volunteer fire fighters”. These workers are paid. Many are organized by other trade unions or organizations that negotiate collective agreements on their behalf, often mirroring the wages and other benefits for full-time fire fighters.

These changes to Bill 57 are based on the Association of Municipalities of Ontario’s lobbying efforts, which are predicated on false and misleading statements.

The Ontario Federation of Labour supports the recommendations of the IAFF on Schedule 18 and strongly encourage the Minister of Labour to hold meaningful consultations.

Schedule 3: Auditor General Act;
Schedule 12: Election Act;
Schedule 15: Environmental Bill of Rights, 1993;
Schedule 16: Financial Accountability Officer Act, 2013;
Schedule 19: Freedom of Information and Protection of Privacy Act;
Schedule 20: French Language Services Act;
Schedule 23: Legislative Assembly Act;
Schedule 24: Members' Integrity Act, 1994;
Schedule 28: Ombudsman Act; and
Schedule 34: Provincial Advocate for Children and Youth Act, 2007

Bill 57 proposes eliminating three independent Officers of the Legislative Assembly: the offices of the Environmental Commissioner of Ontario, the French Language Services Commissioner, and the Provincial Advocate for Children and Youth. Bill 57 also undermines the ability of the remaining six independent Officers to perform their job.

It is important to understand that all Officers are chosen by an all-party committee, and they report directly to the Legislative Assembly – not to the Premier and their government. They provide independent expert reports, analyzing government operations and service delivery. In other words, they hold the government, provincial agencies, and corporations to account on behalf of the Legislature and all Ontarians.

This government, however, is weakening – and in some cases, removing – important oversight powers for the wrong reasons.

Like most of this government's decisions, the elimination of key advocacy positions has been rationalized under the guise of "cost savings". They fail to understand the importance of prioritizing the public good.

The Environmental Commissioner of Ontario, for example, informs and empowers Ontarians to effectively exercise their legal rights under the Environmental Bill of Rights, safeguarding the environment, public health, and public safety. For more than 20 years, the Commissioner has held successive Ontario governments accountable for their acts and omissions under the Environmental Bill of Rights and other environmental laws. As the effects of climate change become more pronounced and prevalent, the position of Environmental Commissioner of Ontario has become more important than ever.

Bill 57 also eliminates the position of the French Language Services Commissioner. In addition to addressing complaints, the Commissioner ensures that the rights of francophone citizens are respected and that the government and its agencies observe their obligations under the *French Language Services Act*. With the French-speaking population in Ontario expected to expand, an advocate is needed now more than ever.

Finally, Bill 57 eradicates the Provincial Advocate for Children and Youth – an independent voice for children and youth, including for those with disabilities and for those who are Indigenous and racialized. The Advocate investigates the improper treatment of children in the child welfare system

and reviews government policies and practices related to services for children. This dangerous cut by the government will significantly increase the risk of Ontario children falling further behind, silencing their ability to be heard when their safety, health, or well-being is at risk.

Not only does Bill 57 scrap these key positions, it also removes critical protections that limit the oversight powers of existing Officers.

Currently, Officers are appointed for specific terms and cannot be removed during that time unless it is under limited circumstances. This inherent security within their positions is necessary to protect the Officers from undue influence by the government they review as well as from reprisal for revealing critical information in their reports. Bill 57 fundamentally undermines this protection by allowing a majority government to suspend any Officer simply based on "the opinion the suspension is warranted".^x The government is effectively stifling the voices that are purported to hold their actions to account.

The government must ensure that the Environmental Commissioner of Ontario, the French Language Services Commissioner, and the Provincial Advocate for Children and Youth exist as stand-alone, independent offices with all of its powers, duties, and responsibilities intact. The other remaining Officers must see their protections reinstated in order to effectively perform their job.

ⁱ Sheila Block. 2018. \$15 minimum wage or a tax cut: what are the trade-offs?

ⁱⁱ Government of Ontario. 2018. Budget. p. 294.

ⁱⁱⁱ Conference Board of Canada. 2017. How Canada performs: society report card.

^{iv} Royal Bank of Canada Economic Research. 2018. Housing trends and affordability.

^v Government of Ontario. 2018. Ontario economic outlook and fiscal review. p. 76.

^{vi} Geordie Dent. 2018. Does Toronto need tougher rent controls? Yes. Toronto Star.

^{vii} Office of the Auditor General of Ontario. 2017. Annual report.

^{viii} Statistics Canada. 2016 Census: Median total income, after-tax income and employment income for income recipients by sex.

^{ix} Government of Ontario. 2018. Ontario economic outlook and fiscal review. p. 40.

^x Gord Miller. 2018. Ontario PC bill could signal end of independent watchdogs in legislature. Huffington Post.