



By email: kkoch@ola.org

May 25, 2015

Soo Wong, MPP
Chair, Standing Committee on Finance and Economic Affairs
c/o Katch Koch, Clerk
Room 1405, Whitney Block
Queen's Park, Toronto, ON M7A 1A2

**Re: Ontario Federation of Labour Response to Bill 91, Building Ontario Up Act
(Budget Measures), 2015**

Dear Ms. Wong,

Thank you for the opportunity to comment on Bill 91, Building Ontario Up Act (Budget Measures), 2015. I am making this submission today on behalf of our 54 member unions, representing a million workers in Ontario.

The Ontario Federation of Labour made a submission titled "Towards a Poverty-Free Ontario" as part of this year's pre-budget consultations. It contained 15 detailed recommendations designed to improve the lives of millions of Ontarians through strengthened social programs, new social benefits, improved collaborative processes with local communities, and increased public dollars through a more fair taxation system.

However, after an assessment of Bill 91, we regretfully conclude that the Ontario Budget fails to address the growing poverty in our province.

It's understandable that the province cannot address the poverty and vulnerability that plagues us without additional resources, and that's why we put forward several recommendations which included tax increases for corporations.

However, the Ontario Budget sells Ontarians short by choosing privatization over tax reform. The result will be a damaging and irreversible legacy that entrenches the economic divide, erodes public services and leaves a poorer province for future generations.

The plan to sell off 60% of Ontario Hydro One is deeply flawed. We disagree that privatizing vital public utilities such as Hydro One is the solution to fund badly needed investments in infrastructure.

In our assessment, the budget sells more than just Ontario's public assets, it sells false choices.

Ontarians do not need to choose between public transit and public hydro; municipal infrastructure versus hospital closures; good jobs or a balanced budget. We do not need to pit public priorities against vital public services. Instead the government should address the most obvious answer, which is asking corporations and high-income earners to pay their fair share.

In our pre-budget submission, the OFL called on the Ontario government to use public investment and tax reform to ensure that prosperity is shared, get more Ontarians working and build a fairer society.

We called attention to the 370,000 Ontario children who live in poverty; the one million workers who earn at or near the minimum wage; the one in five Ontarians who receive help from a food bank or charity; and the nearly half of all residents in the Greater Toronto Area and Hamilton who are working in precarious, part-time and insecure employment. All of this stands in stark contrast to Canada's highest paid CEOs, who today make 171 times the average Canadian income at a time when Ontario corporate tax rate is the lowest in North America.

Simply restoring corporate tax rates to 14 percent, cracking down on tax cheaters and removing exemptions in the Employer Health Tax could inject an estimated six billion into infrastructure, jobs and anti-poverty initiatives each year. However, the budget does little more than tinker with the symptoms of poverty and inequality rather than addressing inequities in the tax system that are at the root of the crisis.

Privatization of Hydro One Inc.

In the 2015 Ontario Budget, the Ontario Government expressed its intention to sell up to 60 percent of its current 100 percent ownership of Hydro One Inc. to investors through an Initial Public Offering (IPO), commencing with an initial 15 percent sell-off in 2015-16.

This privatization of Ontario's publicly owned electricity transmission and distribution utility will significantly reduce Ontario's annual revenues, risk driving the cost of electricity upward for Ontario citizens and companies and potentially impair the ability of the government to promote energy conservation and environmental sustainability.

Excessive increases in electricity rate are bad for consumers, bad for businesses, and bad for the economy. Our rates are already on the rise and selling Hydro One would only make it worse. The more our electricity system is controlled by private investors, the harder it will be to prevent rate increases through the Ontario Energy Board (OEB).

But equally important to consider is that Hydro One privatization removes an important source of stable, predictable revenue for the province. Hydro One generates over \$800 million every year in revenue for the public purse. Once it's sold, we lose that income forever.

Selling 15 percent of Hydro will actually result in a net loss to the public of \$84.7 million a year. Selling a 60 percent stake will cost Ontario \$338.8 million every year in lost revenue, dollars that are needed to fund our public services.

The Ontario Government should immediately halt the planned Initial Public Offering of Hydro One Inc. shares and retain 100 percent public ownership of Hydro One Inc. We encourage the government to look for other sources of public revenue generation that do not diminish Ontario's vital public assets, such as ensuring that corporations and tax cheaters are paying their fair share.

The Ontario Retirement Pension Plan Administrative Corporation (ORPP AC)

The Ontario Liberal government is moving forward on plans to establish the Ontario Retirement Pension Plan (ORPP). The pension plan is a positive step in addressing workers' need for decent pensions.

The ORPP promises to help reduce the poverty crisis for seniors by providing additional retirement benefits to over three million workers in the province. The OFL supports the ORPP in principle; however, improvements to the ORPP are necessary to ensure good pensions and widespread coverage for Ontario workers.

The Ontario Government has proposed exempting employers providing "comparable pension plans" from being required to enroll their employees in the ORPP. This means that many employees will miss out on the ORPP's benefits upon retirement, such as replacing up to 15 percent of pre-retirement income.

It's the position of the Ontario Federation of Labour that Ontarians deserve a universal ORPP where nobody is left out. By covering all Ontarians, the ORPP would help many more people, be exposed to less financial risk, be more compatible with the successful Canada Pension Plan, and most importantly, be far less costly and easier to administer.

The Ontario government should not assume that people whose employers provide defined benefit and multi-employer pension plans are "taken care of" for retirement. Members in private sector defined benefit plans have too much of their retirement security tied to the company – just ask the Nortel retirees who lost 30 percent of their pension.

In contrast to our reasonable proposals, the business lobby's protests against the ORPP range from weakening the ORPP – by excluding "comparable plans" in the broadest way possible – to just plain axing the plan altogether.

The final decision on the scope of the ORPP, including how many Ontarians will be covered by the ORPP (i.e. to what degree will it be universal, or be full of exclusions for so-called comparable plans), will be made soon in a future piece of legislation, not yet introduced.

It is the OFL's recommendation that the Ontario Government does not allow exemptions for so-called "comparable plans" and include all Ontarians in the ORPP, making the ORPP truly universal.

The Ontario Government's 2015-2016 budget implementation legislation, Bill 91, contains measures to create the Ontario Retirement Pension Plan Administrative Corporation (ORPP AC). The ORPP AC will be responsible for operationalizing the ORPP, administering the plan and investing contributions. It will be led by a board of directors composed of between nine and 15 members appointed by the Lieutenant Governor in Council (the Cabinet).

The ORPP AC meets many of the criteria the OFL put forward in its brief to the government on the ORPP in February, "A Made-in-Ontario Plan to End Retirement Insecurity" with an important exception: there are no seats reserved for labour on the ORPP Administrative Corporation's Board of Directors.

The ORPP AC needs to have designated seats for labour representatives if it is to be diverse, transparent, and accountable. It is the OFL's recommendation that labour Unions be represented on the ORPP Administrative Corporation Board of Directors.

The principle of fair labour representation on provincial pension plans has already been established in Ontario by large multiemployer plans such as OMERS and HOOP. The OMERS Sponsors Board has 14 members, with 7 positions held by employee representatives. On the 15 member OMERS Administrative Board, there are 4 employee representatives. HOOP has a 16 member board, with 8 employee representatives.

Thank you for the opportunity to make this submission on Bill 91, Building Ontario Up Act (Budget Measures), 2015. If you have any questions, or would like to receive additional information, please contact Steve Staples [sstaples@ofl.ca](mailto:ss Staples@ofl.ca) or 416-578-3230 at the Ontario Federation of Labour.

Respectfully submitted,

A handwritten signature in black ink that reads "Sid Ryan". The signature is written in a cursive, flowing style.

SID RYAN
President
Ontario Federation of Labour

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