

PREPARING FOR OUR FUTURE



**2011 PRE-BUDGET SUBMISSION
TO THE STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS
ONTARIO FEDERATION OF LABOUR**





The Ontario Federation of Labour (OFL) represents 54 unions and one million workers. It is Canada's largest provincial labour federation.

Preparing for the Future: 2011 Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs, Ontario Federation of Labour, January 31, 2001

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2011 PRE-BUDGET SUBMISSION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

SUBMITTED BY SID RYAN, PRESIDENT • JANUARY 31, 2011

INTRODUCTION

On behalf of the Ontario Federation of Labour (OFL) we would like to thank the Standing Committee on Finance and Economic Affairs for this opportunity to share our thoughts concerning the upcoming provincial budget.

The Ontario Federation of Labour is the largest provincial federation of labour in Canada. Our hundreds of thousands of affiliated members are from of a variety of unions and work in virtually every economic sector and every community across Ontario.

Given our size and the variety of jobs our members work in, the OFL soon becomes aware of changes in the world of work - both positive and negative. In order to prepare for a better future we would like to make the following suggestions for improvement which we maintain would be of value to everyone working in Ontario both unionized and non-unionized.

The main issues outlined below include:

- the economy & employment loss;
- poverty reduction;
- education & training;
- protracted strikes;
- pensions;
- fairness and equality;
- public sector compensation; and
- health care.

SUMMARY OF RECOMMENDATIONS

The Ontario Federation of Labour calls upon the Government of Ontario to implement the following recommendations:

THE ECONOMY EMPLOYMENT LOSS

1. Establish a multi-year public investment program to create jobs.
2. Call upon the federal government to reform the Canada Investment Act in order to ensure that corporate ownership transfers benefit all Canadians.

POVERTY REDUCTION

3. Fulfill the promise to reduce poverty by 25 per cent in five years by committing the necessary funding.
4. Ensure that recently established Social Assistance Review proceed in a timely manner and that the Special Diet Allowance be protected and improved.
5. Ensure that the minimum wage at least remains above the poverty line (LICO) and is increased annually to reflect changes in the cost of living.

EDUCATION AND TRAINING

6. Immediately implement a province-wide tuition fee freeze for all public college and university programs.
7. Reallocate provincial post-secondary education tax credits to form a comprehensive system of upfront, needs-based grants for students.
8. Restructure the Student Access Guarantee program into a government-funded needs-based program.
9. Extend OSAP eligibility to part-time students and reduce loan interest rates.
10. Increase per-student funding for public college and university programs by 2 per cent.
11. Increase funding in order to improve the student-faculty ratio through the hiring of more full-time tenure track faculty.
12. Extend funding and eliminate eligibility barriers, including means testing, to the Second Career Program.
13. Establish a permanent *Labour Market Partners Forum* consisting of a Premier's Advisory Council and a Labour Market Partners Committee, within which a broad range of labour market issues can be addressed.

PROTRACTED STRIKES

14. Reinstate legislation banning the use of replacement workers in order to reduce lengthy, acrimonious strikes and thereby enable productive economic activity.

PENSIONS

15. Publicly support and lobby the federal government to gradually enhance the Canada Pension Plan from 25 per cent of pensionable earnings to 50 per cent of pensionable earnings.

FAIRNESS AND EQUALITY

16. Ensure that CEOs are taxed in the same manner as the average Canadian by eliminating the public subsidy of excessive CEO pay packages and closing the loop hole that allows stock options to be taxed at half the rate of people's income.

PUBLIC SECTOR COMPENSATION

17. Cancel all efforts to implement a public sector wage freeze.
18. Cancel all tax cuts in order to improve the Government's fiscal capacity.

HEALTH CARE

19. Ensure provincial resources for health care by cancelling planned corporate tax cuts.
20. Restore annual inflationary hospital funding increases and increase funding to prevent service cuts.
21. Meet the needs for all medically necessary services such as home care, long-term care, needed home care, palliative care and restorative care.
22. Cancel competitive bidding, public-private partnerships and pay-for-performance hospital funding.
23. Curb excessive administrative and executive costs in health care.

THE ECONOMY AND EMPLOYMENT LOSS

The outlook for Ontarians, indeed all Canadians, entering 2011 remains highly uncertain. Across the country almost 1.5 million people remain out of work.

We keep hearing that Canada has fared the recession better than other countries, but the evidence suggests otherwise. There has been little improvement in overall labour market conditions. The pace of economic recovery has slowed. The Canada-wide unemployment rate for December 2010 was 7.6 per cent as a modest total of 22,000 new jobs were created. Although the total number of people working has slowly risen above the pre-recession level, the national employment rate (the proportion of the working age population with jobs) is a better indicator of labour market vitality and it remains below the pre-recession level and continues to decline (61.8 per cent in October 2010 compared to 63.6 per cent two years prior).

The good news for Ontario is that 75 per cent of the jobs lost since the recession have been recovered; the bad news is that in Ontario, Canada's manufacturing heartland, employment is still 25 per cent below the pre-recession level.¹ Nonetheless although far below pre-recession levels, employment growth is slowly occurring, even in manufacturing where despite the high Canadian dollar, Ontario industry added 10,000 new jobs in the first 9 months of 2010.²

Yet, many of the new jobs created in Ontario's slow and protracted recovery are what are termed contingent or precarious jobs, that is contract work, part-time or temporary employment. Indeed, the single most significant change in employment since the recession is the increase in temporary work. In the main these are not the forms of employment that one can feed a family on or pay a mortgage. What Ontario needs is more full-time, secure jobs.

Reforming the labour laws on union certification could be an important step preparing for a future of increased fairness and equality. The collective bargaining of trade unions has been found to bring more job security, benefits, better working conditions and a higher income level for Ontarians. If workers want to join a union they should be able to without employer interference and without rigid bureaucratic hoops imposed by restrictive legislation.³

In short, the jobs crisis remains a major burden for working people. This being the case, working people in Ontario feel compelled to question the wisdom of ending economic stimulus by government at the provincial and national levels. At this point in Ontario's history, reducing the jobs deficit is more important than reducing the province's financial deficit. Ontario, partnered with the rest of Canada, needs a multi-year public investment program as called for by the Canadian Labour Congress (CLC). The purpose of

1 *2010 Ontario Economic Outlook & Fiscal Review, Background Papers*, Government of Canada, 2010, <http://www.fin.gov.on.ca/>

2 Stanford, Jim, *Ontario Manufacturing May Have Turned Corner*, Canadian Auto Workers, January 2011

3 *Submission to the Ministry of Labour on Modernizing the Ontario Labour Relations Act*, Ontario Federation of Labour, December 2004

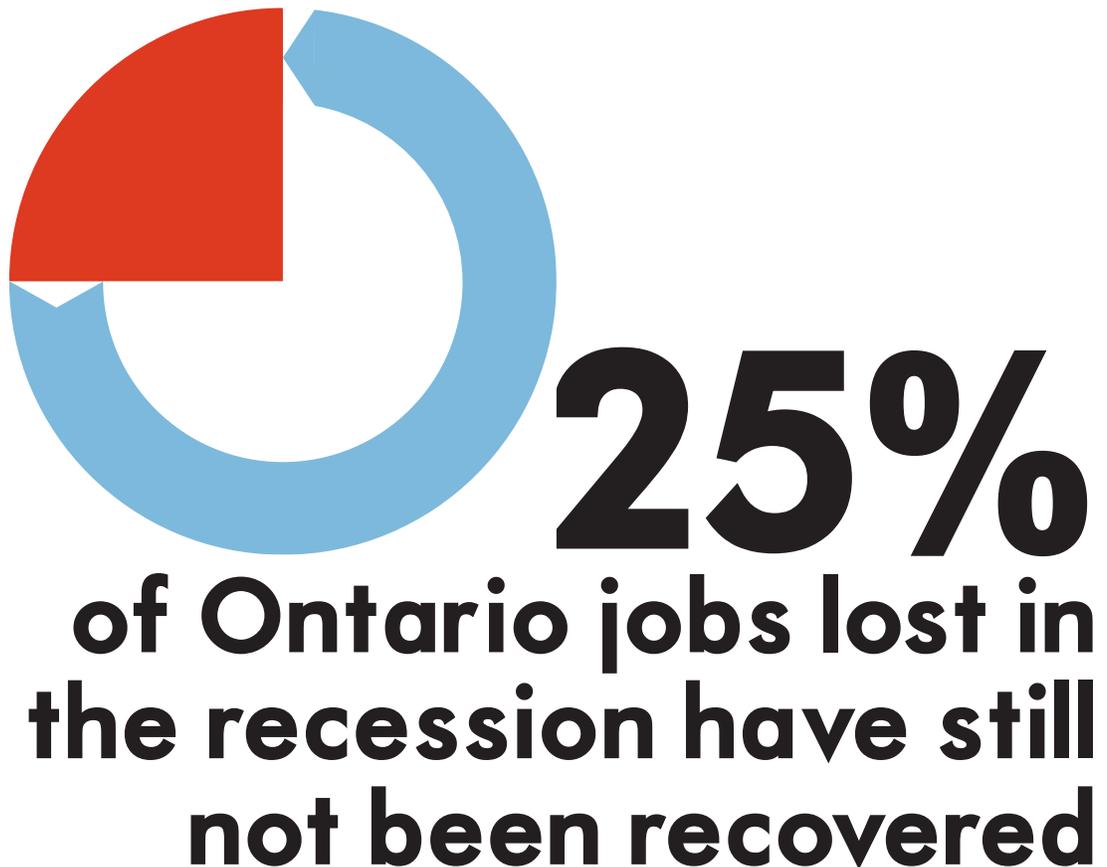
such a program would be to create jobs, and build new “green” industries for the future. It would invest in basic municipal infrastructure, roads, sewers, health and educational facilities, mass transit, passenger rail, affordable housing, energy conservation through building retrofits, and renewable energy.

With a very low level of public debt and borrowing costs (the interest rate on 10 year bonds is about 3 per cent) now is the time to begin to lay this ground work for a better future.

Ontario should also assist the Federal government to reform the Canada Investment Act to ensure that there are national benefits to all Canadians, not only large investors, from transfers of corporate ownership.

RECOMMENDATIONS

1. Establish a multi-year public investment program to create jobs.
2. Call upon the federal government to reform the Canada Investment Act in order to ensure that corporate ownership transfers benefit all Canadians.



POVERTY REDUCTION

The latest poverty figures from Statistics Canada indicate that in 2008, 1.6 million or 12.5 per cent of people in Ontario lived in poverty. The child poverty rate in 2008 was 15.2 per cent, based on the Low Income Measure After Tax (LIMAT). This demonstrates that 412,000 children and youth under age 18 (over 1 in every 6) were living beneath the poverty line in 2008.⁴ Due to the recession, we believe that these rates have increased in 2010-11. Despite the introduction of Ontario's Poverty Reduction Strategy it is too early to assess its impact leaving one to logically assume that in these economic times there are even more families struggling to make ends meet and falling into poverty.

At the urging of many anti-poverty advocates, such as those in Campaign 2000 and the 25 in 5 Network for Poverty Reduction, the Ontario government in a move to prepare for a better future for Ontarians announced a Poverty Reduction Strategy with the goal of reducing the child poverty rate by 25 per cent by 2013. With this announcement Ontario became the third province with a long-term plan to reduce poverty. In May 2009 all parties in the Ontario Legislature approved passage of the Poverty Reduction Act which requires the establishment of a new poverty reduction target and an action plan every five years, together with public consultation.

The goals of the Poverty Reduction Strategy are vitally important in these times as the recession hit Ontarians hard, throwing many into poverty and making it even more difficult for those already in poverty to improve their quality of life. More people than ever need financial help and other forms of assistance, such as training, education and job opportunities, to get back on their feet. We are also cognizant of a further dimension of poverty, namely its racialized character. In Ontario today those who are poor are most likely to be people of colour.⁵ The discriminatory aspects of racialized poverty need immediate action by government. For these reasons and more the Ontario Federation of Labour urges the government to stay the course of poverty reduction and to make the necessary bold investment in poverty reduction in the 2011-12 budget.

We are pleased that the government has already taken steps to show its concern with poverty by establishing a Social Assistance Review to begin this month led by two capable commissioners: Francis Lankin and Dr. Munir Sheikh. With broad terms of reference this review will hopefully provide recommendations on transforming social assistance and the formation of new linkages to other security programs. Yet interim measures can be taken in this election year and social assistance recipients need more money now for basic living needs and housing.

The government also announced that it is waiting for the 2008 Special Diets Expert Review Panel's report to improve the Special Diet Allowance Program as an interim measure. We welcome this initiative and look forward to the final consideration of this issue within the broader framework of the Social Assistance Review.⁶

4 *2010 Report Card on Child & Family Poverty in Ontario*, 25 in 5 Network for Poverty Reduction and Campaign 2000, November 2010, Pages 1 & 2

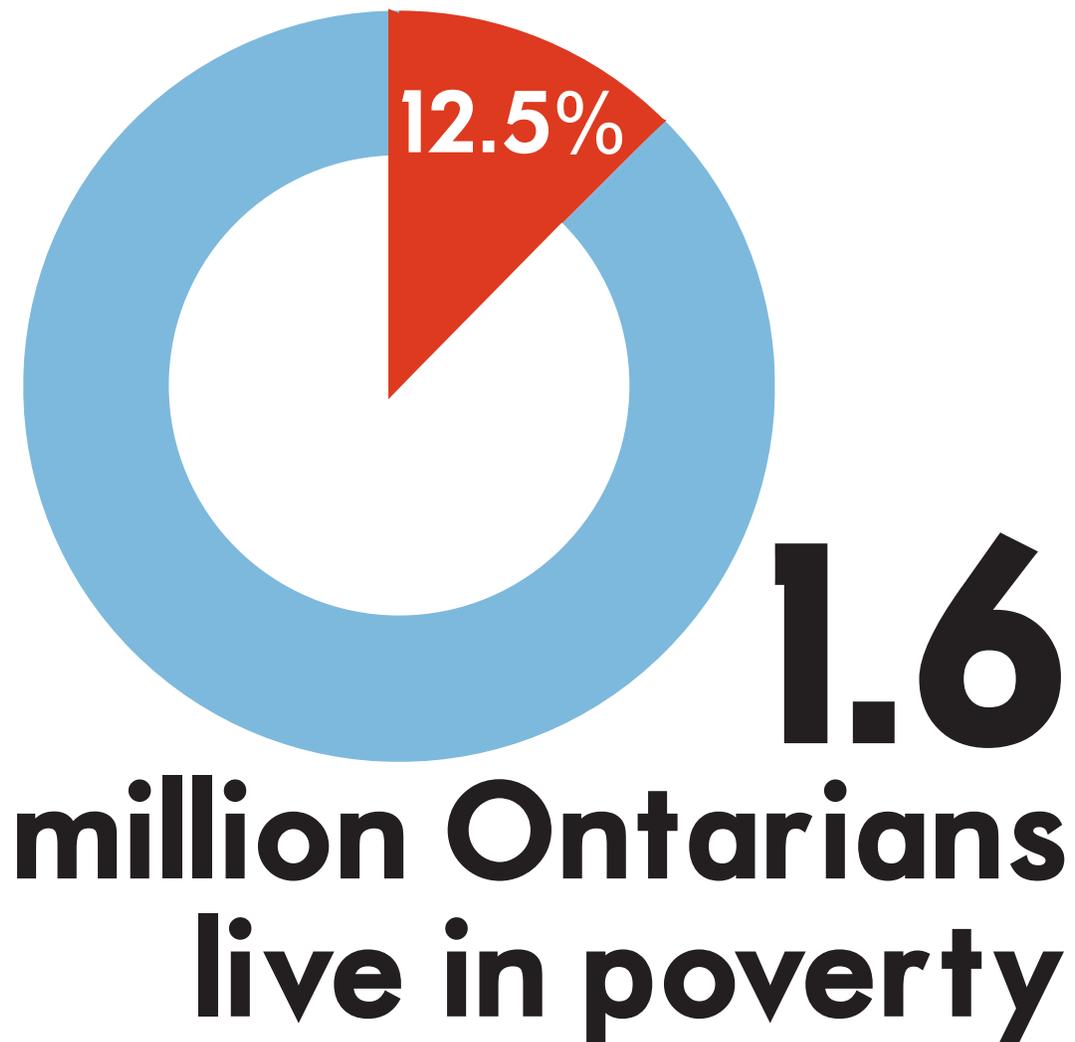
5 *Colour of Poverty-Colour of Change*, www.colourofpoverty.ca

6 *25 in 5 Network for Poverty Reduction*, November 2010

Finally, the issue of poverty is related to the issue of the minimum wage which the Provincial government has raised over the years of its mandate to \$10.25 per hour. This constitutes a substantive step forward although it is still low when compared to Statistics Canada's Low Income Cut Off (LICO), in part this is due to the lack of a comprehensive strategy regarding the minimum wage and the need for annual cost of living adjustments.

RECOMMENDATIONS

3. Fulfill the promise to reduce poverty by 25 per cent in five years by committing the necessary funding.
4. Ensure that recently established Social Assistance Review proceed in a timely manner and that the Special Diet Allowance be protected and improved.
5. Ensure that the minimum wage at least remains above the poverty line (LICO) and is increased annually to reflect changes in the cost of living.



EDUCATION AND TRAINING

The Ontario Federation of Labour recognizes that the foundation of a highly educated and skilled workforce is a quality public elementary and secondary school system. This involves both academic disciplines and the restoration of funding to elementary and public schools to ensure that shop classes are restored thereby assisting Ontario's students with both vital life skills and with the need for quality skilled tradespeople.⁷ More than ever before Ontarians are seeking access to post-secondary education, yet they pay the highest tuition fees in Canada.⁸ Indebting a generation of students by passing on more and more of the costs of education to them is a short-sighted cost-saving that will have negative long-term costs. The OFL agrees with the conclusion of the Canadian Federation of Students that, "[a]t a time when a post-secondary diploma or degree has come to replace a high school diploma as a basic requirement for accessing middle-income earnings, the principle of universal access upon which primary and secondary education is premised must be extended to students of all ages."⁹ Tuition fees need to be frozen as they remain the primary driver of increased student debt. In real dollars Ontario spends less on post-secondary education than it did in past decades and stands at 24 per cent below the Canadian average.¹⁰ To provide high quality education Ontario's colleges and universities need stable and enhanced funding.

As noted in our pre-budget submission last year, a program for good jobs can be supported with improved access to education and training. Ontario needs renewed infrastructure for workplace-based literacy, language and upgrading. The Budget needs to extend funding and expand access for the Second Career program. It needs to eliminate means-testing for income support and other eligibility barriers and to ensure adequate program delivery. Improvements are also needed for access to skills training for social assistance recipients.¹¹

Child care both creates jobs and facilitates employment and education through early learning programs. Funding is needed in the 2011 Provincial budget or childcare fees will rise from 15 to 30 per cent. There has not been an adjustment in funding for inflation to municipalities for more than fifteen years. Child care across Ontario relies on higher and higher parent fees. This cannot continue as many parents are now paying " \$40 to \$60 per day or \$10,000 to \$15,000 per year, per child for child care." Such costs have now moved beyond the capacities of most families. The OFL therefore supports Child Care Ontario's call for an investment of \$100 million this year and a further \$100 million the following year. In addition, the provincial

7 *Submission to Tim Armstrong, Advisor Ministry of Training, Colleges and Universities Compulsory Certification Review*, Ontario Federation of Labour, January 2008

8 *University tuition fees: 2010/2011*, The Daily, Statistics Canada, 2010, <http://www.statcan.gc.ca/daily-quotidien/100916/dq100916a-eng.htm>

9 *Ontario's Education Vision for a New Decade*, Canadian Federation of Students-Ontario, December 2009

10 Canadian Association of University Teachers, *CAUT Almanac of Post-Secondary Education 2010-2011*, http://www.caut.ca/uploads/2010_CAUT_Almanac.PDF

11 Ryan, Sid, *Pre-Budget Consultations Oral Submission to the Standing Committee on Finance and Economic Affairs*, February 2010

government to work with the child care community to develop a new funding model that would ease the financial stress on parents and stabilize existing programs.¹²

There are a range of new needs in our society as there has been a dramatic restructuring of Ontario's labour market over the last several years. New challenges are constantly emerging. These new developments involve significant consequences for key organizations and interests in the labour market - government, business and labour. Yet these key parties have no place to come together on a regular basis to converse, debate, research and advise on public policies and initiatives that might well lead to improvements in interrelations and important social and economic developments for Ontario. We envision the creation of a Labour Market Partners Forum that would consist of two bodies: one, a Premier's Advisory Council to develop goals, strategic plans and set priorities; and two, a Labour Market Partners Committee to inform the goals and strategic plans, initiate research, collect the appropriate labour market data, develop forecasting models, identify barriers and develop recommendations.¹³ Such a forum is all the more necessary given the economic downturn and the consequent job losses, restructuring, and human suffering caused by the difficult and protracted recovery following the recession 2007-08.

RECOMMENDATIONS

6. Immediately implement a province-wide tuition fee freeze for all public college and university programs.
7. Reallocate provincial post-secondary education tax credits to form a comprehensive system of upfront, needs-based grants for students.
8. Restructure the Student Access Guarantee program into a government-funded needs-based program.
9. Extend OSAP eligibility to part-time students and reduce loan interest rates.
10. Increase per-student funding for public college and university programs by 2 per cent.
11. Increase funding in order to improve the student-faculty ratio through the hiring of more full-time tenure track faculty.
12. Extend funding and eliminate eligibility barriers, including means testing, to the Second Career Program.
13. Establish a permanent *Labour Market Partners Forum* consisting of a Premier's Advisory Council and a Labour Market Partners Committee, within which a broad range of labour market issues can be addressed.

12 Ontario Coalition for Better Child Care, *Fact Sheets*, www.childcareontario.org

13 Ontario Federation of Labour, *OFL Proposal for a Labour Market Partners Forum*, undated

PROTRACTED STRIKES

Over the past several years Ontario has experienced a number of protracted strikes. A key example was the strike in Sudbury between Vale (INCO) and the United Steelworkers (USW) Local 6500. This dispute began on July 13, 2009 and was finally settled on July 7, 2010. Some 3,300 workers were off the job for a year, making it the largest private sector strike in Canada in more than 30 years.¹⁴ A further example comes from the Brantford area where Engineered Coated Products (ECP) is involved in a protracted strike with its unionized (USW) employees. This strike has been underway for over two years and there is no end in sight. There is no need here to discuss the details of these strikes or their particular pros and cons. We maintain that there are legislative and regulatory mechanisms that can assist in thwarting lengthy, protracted and acrimonious strikes which cause undue hardship for the working people involved, have adverse effects on the communities involved and hold up productive economic activity. Other recent strikes involving scabs include, but are not limited to, strikes at Rubber, Sears, Amcor, Lynn Furniture, Tyco. We currently have a dispute at US Steel (formerly STELCO) wherein a lengthy strike seems ominous.

The use of scabs and security companies to threaten and intimidate employees is relatively common under such circumstances raising once again the importance of anti-scab legislation, together with other constraints of employer egregious activities. Ontario had such legislation until the right-wing Mike Harris government, elected in 1995, repealed it amongst many other progressive provisions in the Ontario Labour Relations Act (OLRA). It is time to restore some balance to labour legislation. Both BC (1993) and Quebec (1977) have anti-scab legislation that has reduced lengthy work stoppages considerably. We believe that such a beneficial change would also occur in Ontario with the reinstatement of such legislation.

RECOMMENDATIONS

14. Reinststate legislation banning the use of replacement workers in order to reduce lengthy, acrimonious strikes and thereby enable productive economic activity.

¹⁴ Peters, John, "Down in the Vale: Corporate Globalization, Unions on the Defensive, and the USW Local 6500 Strike in Sudbury, 2009-2010." *Labour/Le Travail*, 66, Fall 2010

PENSIONS

In preparation for an Ontario where the well being of all its residents is primary the issue of pensions is vital. For decades a major concern of the OFL has been and remains with the financial security of its members and all Ontarians in retirement. The economic crisis has revealed significant problems in the pension system. Our public pensions - Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), plus the Canada Pension Plan (CPP) - provide a stable and secure retirement income. Yet the maximum value of our public pensions remains inadequate falling well short of replacing the 50 to 70 per cent of pre-retirement income. The vast majority of recipients therefore find their living standards in serious decline, if not under the poverty line.

At the same time, the private part of our pension system is under threat. Today only about one in five workers in the private sector belongs to a workplace-based pension plan. The average pension plan is seriously underfunded due to low interest rates and the recent downturn of stock markets. Given employment downturns and economic weakness employers have been relatively successful in compelling workers to accept inadequate defined contribution plans as opposed to defined benefit plans. RRSPs have also failed to offset the decline of defined benefit pension plan coverage. People do not have sufficient savings, are confronted with scandalously high administrative fees plus the low and uncertain nature of financial returns.

The OFL supports the call of the Canadian Labour Congress for a fully pre-funded doubling of annual benefits earned under the Canada Pension Plan, from 25 to 50 per cent of pensionable earnings. This would involve a modest premium increase, dependent upon the length of the phased in improvement.¹⁵

Initially the federal government and many provinces agreed to consider a modest expansion of the CPP. On June 12, for example, Ontario Minister Duncan publicly announced support for an increased CPP. Further, a motion was moved in the Provincial Legislature favouring an expanded CPP. But then Finance Minister Jim Flaherty backtracked from his position and wants the provinces and territories to support a privately administered scheme called Pooled Registered Pension Plans. Such a voluntary project of saving for retirement have long been shown to be unworkable for the vast majority of Canadians and would allow banks to continue charging outrageously high management fees.

Finance Minister Flaherty held only a limited number of staged consultations across the country on the pension issues, but provinces such as Ontario held much wider consultations with the result that Canadians demonstrated overwhelming support for enhancing CPP. Flaherty's ploy should be scrapped. Labour's proposal for a major enhancement of CPP should be given serious consideration and support by both the provinces and the federal government. Millions of workers across Ontario and the rest of Canada would, in our view, be willing to pay more for an enhanced pension.

RECOMMENDATION

15. Publicly support and lobby the federal government to gradually enhance the Canada Pension Plan from 25 per cent of pensionable earnings to 50 per cent of pensionable earnings.

15 *Presentation to the House of Commons Standing Committee on Finance Regarding the 2011 Federal Budget, Canadian Labour Congress, October 2010*

FAIRNESS AND EQUALITY

Over the past several years many Canadians have felt the pain of a world -wide economic crisis caused by reckless financial speculation, but in Ontario and across Canada, the business elites have preserved their privileged positions. In *Recession-proof: Canada's 100 Best Paid CEOs*, Hugh Mackenzie documents how: "At the rate they earned in 2009, by about 2:30 p.m. on January 3 the average of the 100 best-paid public company CEOs in Canada already pocketed what it would take a Canadian working full-time, all year to earn." He continues by noting that the "distance between minimum wage workers and Canada's CEOs is even bigger. Canada's best paid 100 CEOs earn a year's worth of minimum wage work by 3:15 p.m. on New Years Day."¹⁶ The total average compensation for Canada's best paid 100 CEOs was documented at \$6,643,895 in 2009 - a dramatic 155 times the pay of the difference from the total average Canadian income of \$42, 988, not to mention the total average minimum wage worker's income of \$19, 877, should they be fortunate enough to work full time (see chart 1).¹⁷

The lack of fairness of such massive inequality should be obvious from such findings and in our view, should initiate some profound rethinking on the part of democratic government. One change that comes immediately to mind concerns stock options. When CEOs decide to exercise their stock options, other Canadians will be subsidizing their bonuses in lost taxes as stock options are taxed as if they were capital gains instead of income. This tax subsidy is worth an average of \$467,000 on their 2009 income. The more the tax system serves to enable the wealthy to get tax subsidies, it is logical to assume that the higher the rate of taxation the average Canadian pays on their lower income.¹⁸

One of the consequences of such unfairness is that vital social services, such as public education and health care, are under financial stress. A first step to correct this unfair situation is to eliminate the public subsidy of excessive CEO pay packages by eliminating the loophole that allows the monies for cashing in stock options to be taxed at half the rate, as if they were capital gains rather than regular income.

RECOMMENDATION

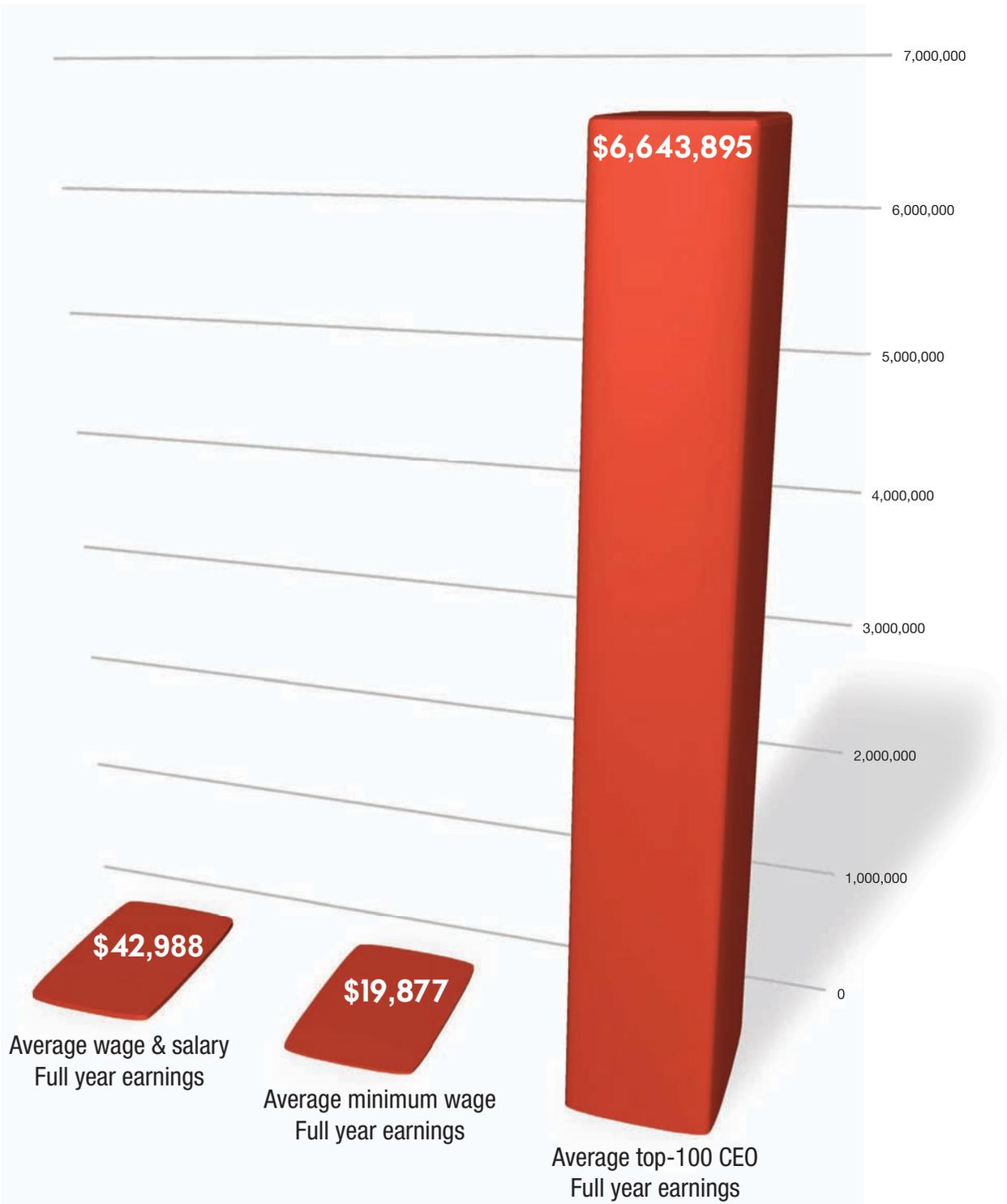
16. Ensure that CEOs are taxed in the same manner as the average Canadian by eliminating the public subsidy of excessive CEO pay packages and closing the loop hole that allows stock options to be taxed at half the rate of people's income.

16 Hugh Mackenzie, *Recession-Proof: Canada's 100 Best Paid CEOs*, Canadian Centre for Policy Alternatives, January 2011, Page 3

17 *Ibid*, Pages 4 and 5

18 *Ibid*, Page 4

CHART 1: WAGE DISPARITY CANADA'S TOP PAID CEOs AND THE REST OF US



Source: Hugh Mackenzie, 2011

PUBLIC SECTOR COMPENSATION

To continue on our theme of preparing for the future we would be amiss if the issue of public sector compensation and proposals for a wage freeze were omitted. The province of Ontario justified its proposal for a public sector wage freeze on the basis that public sector wage settlements outpaced private sector wage settlements and thereby contributed to unsustainable rates of program spending. Yet, as shown in Ontario's Public-Sector Compensation Freeze: A Critical Appraisal, the Government's data was highly selective and thereby misleading. While it is true that public sector wage settlements exceeded those in the private sector for a few years, such settlements only made up for previous losses.

Their figures show how:

1. Wage increases for public sector workers lagged behind those of the private sector since the last recession.
2. Real wage increases for Ontario's public sector workers were five per cent lower than their 1992 value until 2002. That is, for ten years they were considerably lower than the inflation rate.
3. It wasn't until 2008 that real wages for public sector workers regained the lost ground of the 1990s and rose to the value they were at almost two decades ago.¹⁹

The real problem therefore, is not that public sector wages have out paced those of the private sector as they have not, but rather that public sector wages are too low.

A wage freeze, that is a real wage cut, will only further hurt public sector workers and particularly women employees: Women who make up over 60 per cent of Ontario's public sector workforce and more than 80 per cent of the workforce in health and social services.

The least one can say is that the evidence demonstrates that the wages and salaries of Ontario's public sector workers are not the cause of the province's financial problems. A compensation freeze would do little to fix them. Canceling proposed and enacted tax cuts would go much further in solving the financial challenges facing Ontario.

RECOMMENDATIONS

17. Cancel all efforts to implement a public sector wage freeze.
18. Cancel all tax cuts in order to improve the Government's fiscal capacity.

¹⁹ McCarthy, Liam, Toby Sanger, Jim Stanford and Erin Weir, *Ontario's Public Sector Compensation Freeze: A Critical Appraisal*, Public Service Alliance of Canada, Canadian Union of Public Employees, Canadian Auto Workers and United Steelworkers, August 2010

HEALTH CARE

The OFL has written submission after submission, including Pre-Budget submissions, on health care - how important it is to millions of Ontarians, what reforms are necessary, the need for additional programs and the need for adequate funding and much more. Public health care in Ontario, and across the country, was founded upon principals of equity and compassion. It has functioned to remove financial barriers from people in need of care.

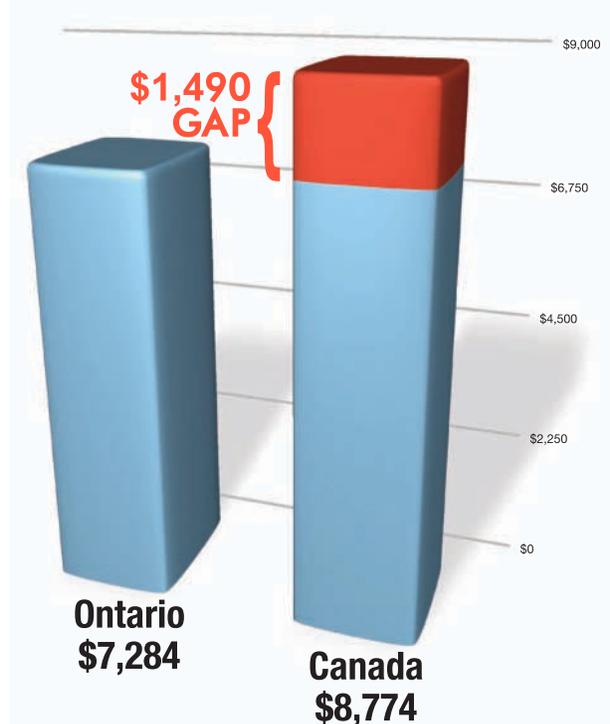
Yet our health care has undergone endless restructuring and cutbacks to the scope of services covered. Cuts are affecting hospitals of every size and region across Ontario in terms of shortages of inpatient beds, cuts to needed clinics and care, the continuity of care, long waits and cancelled surgeries. Up to 80 per cent of hospitals have faced deficits across Ontario in the last two years. This when the Hay Group Report as early as 2004 held that Ontario's hospitals were the most efficient in Canada.²⁰ Budget constraints have resulted in

privatization of what were public and non-profit services and payment for former hospital services such as chiropody and physiotherapy. At the same time when one adds up the layoffs at Ontario hospitals they number in the thousands.

The Liberal McGuinty government has run in the last two elections on support of public health care as a major plank in their election program, though they too speak in the language of "unsustainability" of health care costs. Such crisis rhetoric is not helpful as a comparative analysis of Ontario's health spending shows that while health care is a very significant part of the province's budget, Ontario spends considerably less than other provinces on a per capita basis (Ontario \$7,284, rest of Canada \$8,774).²¹

Further, an accurate assessment of health care costs must consider it within the context of more than a decade of aggressive tax cuts. If Ontario had not engaged in such cuts, which primarily benefit the haves as opposed to the have-nots, if it had made better choices, it would be spending a significantly smaller percent of the budget on health care. It is easy for health care to appear as a big fish when the budget pond keeps shrinking due to tax cuts.

**CHART 2: PER CAPITA FUNDING
ONTARIO'S HEALTH CARE GAP**



20 Hay Group Report, March 2004

21 *Health Spending and Revenues in Ontario: A closer look at financial trends and the recommendations of TD Economics*, Ontario Health Coalition, September 2010, Figure 3

These cuts, of course, relate to the public and non-profit parts of the health care system. The private for-profit sectors are growing fast. The OFL is acutely aware that most of those proclaiming medicare's unsustainability have vested interests in this for-profit health care industry.

We have only had time to touch on this huge topic in this submission. There is much more to say as the various programs of health care have distinct needs and unique challenges.

RECOMMENDATIONS

19. Ensure provincial resources for health care by cancelling planned corporate tax cuts.
20. Restore annual inflationary hospital funding increases and increase funding to prevent service cuts.
21. Meet the needs for all medically necessary services such as home care, long-term care, needed home care, palliative care and restorative care.
22. Cancel competitive bidding, public-private partnerships and pay-for-performance hospital funding.
23. Curb excessive administrative and executive costs in health care.

PREPARING FOR THE FUTURE

The above recommendations have addressed to only a few of the many issues confronting Ontarians. We have spoken about the economy and job loss, poverty reduction, education and training, lengthy and acrimonious strikes, pensions, plus concerns with fairness and equality, public sector compensation and health care. More detail on many of the points raised in this submission can be found in the sources referenced or can be made available upon the request of the Committee. Of course, there are a host of other issues that have been raised in previous pre-budget submissions, and many, such as housing, a manufacturing jobs strategy and the environment still cry out for action.

While it is not to say that no action has been taken. Indeed we applaud a number of initiatives undertaken in the previous budget. However, too often, such initiatives are far too few, too small and too timid. If we are to prepare a better future for everyone residing and working in Ontario it will involve taking bold action, imaginative initiatives and substantial government intervention. A better future in Ontario will not come automatically: now is the time to take action to prepare for the future!

CS/JD/kn:cope343



[WWW.OFL.CA](http://www.ofl.ca)