

TOWARD PROSPERITY, NOT AUSTERITY



**2012 PRE-BUDGET SUBMISSION
TO THE GOVERNMENT OF ONTARIO**



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.

Toward Prosperity, Not Austerity: 2012 Pre-Budget Submission to the Government of Ontario, Ontario Federation of Labour, March 9, 2012

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2012 Pre-Budget Submission to the Government of Ontario

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2012 Pre-Budget Submission to the Government of Ontario

INTRODUCTION

On behalf of approximately one million affiliated workers, we want to thank you for this opportunity to provide our budget priorities for the year ahead.

We understand that the Ontario government is operating in an economic environment not of its choosing. Ontario has not yet fully recovered from the economic crisis of 2008 and the high Canadian dollar continues to make Canadian exports more expensive relative to other competitors. Indeed, the impact of the high Canadian dollar has had a consistent, negative effect on Ontario's manufacturing base well before the onset of the global economic crisis.

In this regard, we acknowledge the steps your government has taken to stimulate the economy in the aftermath of the global crisis and we applaud your government's stance that federal economic development policies must rely on more than simply subsidizing the already profitable oil sector. Indeed, we believe federal policy must be diversified to support a well-rounded economy, including manufacturing and strong public services.

Whatever the weaknesses of current federal economic development strategies, we believe there are concrete, meaningful steps available your government can take that will help Ontario's economy recover and grow, and in doing so, relieve the deficit that has been such a focus for public discourse of late. Indeed, the welcomed measures your government took during the height of the recession shows the considerable scope available for intervention.

WE HAVE THE RESOURCES

We state emphatically that the budget deficit that does exist was created neither by out-of-control public spending, nor by the hard working employees who serve in the public sector. Rather, the deficit arose as a result of the measures implemented by the Ontario government during the global recession that was itself triggered by irresponsible financial practices and unprecedented levels of corporate greed.

While we note that your government inherited a much-reduced fiscal capacity thanks to a variety of tax cuts implemented by former Conservative Premier Mike Harris, we believe it was and is a mistake for your government to follow suit by further reducing Ontario's corporate income tax rate.

We offer just a few measures that your government could implement that would generate significant new money to preserve and expand public services, more are certainly available:

Restore the general corporate income tax rate to 14%¹	\$ 2.0 B
Restore the corporate capital tax on banks²	\$ 0.7 B
Implement a financial transactions tax at 0.1%³	\$ 1.0 B
Suspend the phase-in of restricted HST input tax credits⁴.....	\$ 1.3 B
Uniform rate for Business Education Taxes & index education taxes..	\$ 1.0 B
Raise Ontario's tax rate on high-income earners to 13.16% for for those with incomes over \$250,000⁵	\$ 1.3 B
Eliminate tax preferences for stock options and capital gains⁶.....	\$ 1.5 B
Audit, collection and compliance measures	\$ 2.0+ B
TOTAL NEW REVENUE	\$ 10.8+ B

1 Sanger, Toby. Austerity doesn't work: Ontario can balance its budget while improving public services and tax fairness. February 22, 2012. <http://cupe.ca/economics/austerity-doesnt-work-ontario-balance>

2 Drummond, Don. Commission on the Reform of Ontario's Public Services Report, Chapter 11: Business Support, Table 11.1. February 15, 2012. <http://www.fin.gov.on.ca/en/reformcommission/chapters/ch11.html#ch11-b>

3 Sanger, Toby. Austerity doesn't work: Ontario can balance its budget while improving public services and tax fairness. February 22, 2012. <http://cupe.ca/economics/austerity-doesnt-work-ontario-balance>

4 Ontario New Democratic Party. NDP's Horwath: "McGuinty's priority is perks for CEOs. Mine is creating jobs". September 12, 2011. [http://ontariondp.com/en/ndp's-horwath-"mcguinty's-priority-is-perks-for-ceos-mine-is-creating-jobs"](http://ontariondp.com/en/ndp's-horwath-)

5 Weir, Erin. Quoted in: Cohn, Martin Regg. The Toronto Star, "McGuinty sounds like Romney and Santorum when it comes to taxes". February 29, 2012. <http://www.thestar.com/news/canada/politics/article/1138917--cohn-mcguinty-sounds-like-romney-and-santorum-when-it-comes-to-taxes>

6 Sanger, Toby. Austerity doesn't work: Ontario can balance its budget while improving public services and tax fairness. February 22, 2012. <http://cupe.ca/economics/austerity-doesnt-work-ontario-balance>

ONTARIO'S ECONOMY STILL NOT FULLY RECOVERED FROM THE RECESSION

Finding the necessary public resources is critical to the province's ability to implement sound economic and social policy. While there are signs that Ontario's economy is improving, weaknesses remain—and must not be exacerbated by ill-conceived public spending cuts. Doing the right thing in this context may well spell the difference between continued recovery and a new recession.

So far, consumer spending—the foundation of local economic activity, especially for small businesses and the retail sector—has been an important source of growth for Ontario's economy. But there are already worrisome signs that consumer spending may taper off, leaving Ontario's economy vulnerable to a new slow down. Rising levels of individual debt helped sustain spending during the recession, but this approach will reach its limits if real wages continue to stagnate or if the economy is subjected to new rounds of job loss, as would be the case if the Drummond Commission recommendations were implemented.

Our concerns are not unfounded. Ontario's employment rate actually declined by 0.4 percent between January 2011 and January 2012.⁷ Over that period, hourly wages for Ontario workers aged 25 to 54 years increased by only 1.0 percent⁸ against a consumer price index that rose by 2.4 percent.⁹ This is a real dollar cut and results in reduced purchasing power for a large portion of Ontario's workforce.

Low-wage earners and those on fixed incomes are particularly hard hit, especially with food costs increasing by 4.6 percent just in the past year.¹⁰ Indeed, the consumer price index (CPI) increased by 3.1 percent in 2010 and an additional 2.4 percent in 2011. Over this period Ontario's minimum wage has been frozen at \$10.25 per hour.¹¹ Women, newcomers and workers of colour are over-represented in low-wage and precarious work and are therefore hit hardest when the minimum wage does not keep up with inflation.

Increases in hourly wages in 2011 versus the rise in the consumer price index

(Source: Statistics Canada)



7 Statistics Canada, CANSIM, Table 282-0087, Labour force characteristics, seasonally adjusted, by province (monthly). <http://www40.statcan.ca/101/cst01/lfss01b-eng.htm>

8 Statistics Canada. Average hourly wages of employees by selected characteristics and profession, unadjusted data by province (monthly). <http://www40.statcan.ca/101/cst01/labr69g-eng.htm>

9 Statistics Canada. Consumer Price Index, by province (monthly) <http://www40.statcan.ca/101/cst01/cpis01g-eng.htm>

10 Ibid.

11 Statistics Canada, CANSIM tables, Consumer Price Index, by province, 2007 to 2011. <http://www40.statcan.gc.ca/101/cst01/econ09g-eng.htm>

Despite rhetoric to the contrary, workers covered by collective agreements saw hourly wages rise by only 0.1 percent last year,¹² amounting to a 2.3 percent *reduction* in the purchasing power of these workers. The wages of those not covered by a collective agreement actually rose by more—1.3 percent—but it was still 1.1 percent below the CPI increase.¹³ According to the data, between January 2011 and January 2012, wages for occupations in social science, education, government service and religion *fell*—in nominal terms—by 0.2 percent.¹⁴

Even greater nominal wage loss—of 1.1 percent—was experienced by those 55 years of age and older.¹⁵ This wage loss for older workers is no doubt a reflection of the deterioration in job quality that has characterized Ontario's recovery to date as older workers who lost decent jobs in manufacturing and forestry were forced into lower paying jobs, or continued unemployment. In 2011, nearly 24 percent (almost 1 in 4) of Ontario workers without jobs had been unemployed for 27 or more weeks.¹⁶

These data also help explain why consumer confidence among Ontarians plunged by nearly 50 percent between 2010 and 2012. An RBC Report on consumer outlook published in February shows that in 2010, 60 percent of Ontario respondents thought the economy would improve. By 2012, this proportion had dropped to 32 percent.¹⁷ In fact, 74 percent of Ontario respondents said they were either standing still financially or losing ground, compared to one year ago (45% and 29% respectively).¹⁸ The above noted data suggest such sentiments are not unfounded.

Despite some job recovery, unemployment levels remain stubbornly high. February Labour Force Survey data show that Ontario's unemployment rate was still over 8 percent.¹⁹

As TD Economist Leslie Preston noted last month: "The unemployment rate has been edging up and wage gains have not been keeping pace with inflation, setting the stage for spending growth to slow this year."²⁰

Clearly, now is not the time to further depress wages, exacerbate jobs loss and cut public spending as the Drummond Report clearly recommends.

12 Statistics Canada. Average hourly wages of employees by selected characteristics and profession, unadjusted data by province (monthly). <http://www40.statcan.ca/l01/cst01/labr69g-eng.htm>

13 Ibid.

14 Ibid.

15 Ibid.

16 Ministry of Training, Colleges and Universities, Research and Planning Branch. Labour Market Information & Research: Ontario Labour Market Statistics for December 2011. January 2012. <http://www.tcu.gov.on.ca/eng/labourmarket/currenttrends/docs/monthly/201112.pdf>

17 RBC. Canadian Consumer Outlook, "Outlook for the Canadian economy over the next year". February 2012. <http://www.rbc.com/newsroom/pdf/0209-cco-charts.pdf>

18 Ibid.

19 Statistics Canada, The Daily. "Latest release from the Labour Force Survey". February 3, 2012. <http://www.statcan.gc.ca/subjects-sujets/labour-travail/lfs-epa/lfs-epa-eng.htm>

20 Quoted in Carmichael, Kevin. The Globe and Mail. "Weak December sales trigger fears of slowdown". February 22, 2012. <http://m.theglobeandmail.com/report-on-business/economy/economy-lab/daily-mix/weak-december-sales-trigger-fears-of-slowdown/article2344798/?service=mobile>

A COMPREHENSIVE STRATEGY FOR GOOD JOBS FOR ALL

Statistics Canada vacancy rate data, published in January 2012, show that last fall there were more workers without jobs than jobs available. For example, in Ontario, there were more than 300,000 people competing for about 90,000 available jobs—a ratio of 3.5 unemployed people for every job (3.5:1).²¹

The cross Canada data were revealing. In the forestry sector the jobs to unemployed ratio was an astonishing 37 to one (37.4:1). In the educational services sector, the ratio was 10 to one (10:1). In arts, entertainment and recreation, the ratio was about nine to one (9.2:1) and in the construction and manufacturing sectors, the ratio was about five to one (5.1:1 and 4.8:1 respectively).²²

These data suggest the labour market is suffering more from a jobs shortage than a skills shortage. Indeed, if every unemployed worker were to acquire the highest level of skills and training, it still wouldn't change the fact that there are more unemployed workers than jobs.

Ontario needs a comprehensive, good jobs-for-all strategy. It is insufficient for governments simply to offer no-strings-attached corporate income tax cuts and hope that investment will increase and create jobs. The evidence clearly shows this strategy is not working.²³ Instead of investing and creating jobs, corporations are simply stockpiling cash. Left in public hands, this revenue could be put to much better use.

The Ontario Federation of Labour has long called on the government to bring the stakeholders together in a structured forum so that a real vision for good jobs and growth can be developed. Previously circulated documents are appended to this submission.



3.5 people are unemployed for every available job

(Source: Statistics Canada)

21 Statistics Canada, The Daily. “Job Vacancies, Three-month average ending in September 2011”. January 24, 2012. <http://www.statcan.gc.ca/daily-quotidien/120124/t120124b4-eng.htm>

22 Statistics Canada, The Daily. “Job Vacancies, Three-month average ending in September 2011”. January 24, 2012. <http://www.statcan.gc.ca/daily-quotidien/120124/t120124b3-eng.htm>

23 Weir, Erin, Corporate Taxes and Investment in Ontario. January 23, 2012 <http://www.progressive-economics.ca/2012/01/23/ontario-corporate-tax-investment/>;
The Associated Press. “Rising corporate cash reserves stir tax cut questions.” January 1, 2012. <http://www.ctv.ca/CTVNews/TopStories/20120101/corporate-tax-cut-questions-in-light-of-rising-cash-reserves-120101/>

Such a vision would be predicated on:

- Leveraging more value-added and manufacturing jobs from resource industries;
- Strategic investment in infrastructure (roads, transmission, public transit, etc.);
- Environmental stewardship;
- Responsible development of and fair public return for Ontario's natural resources;
- Implementing procurement strategies so that public money is invested locally in good, safe environmentally sustainable jobs;
- Curbing the underground economy;
- Strong public services, including health care, child care and elder care; and
- Expanding worker-oriented education and training, including authentic apprenticeships in whole trades, as well as skills upgrading, literacy and second language programs.

Ontario's education and training strategy must reflect Ontario's vision for the good jobs of the future to ensure such jobs are available to all those living in Ontario, and especially to those facing barriers to the labour market.

In a labour market marked by stiff competition for jobs, there is a risk that for-profit and private institutions will take advantage of workers by selling them impractical or unnecessary certificates at inflated prices relative to our public system. This issue has a direct impact on public revenues when one considers that between 2007-08 and 2009-10, approximately \$550 million—over half a billion dollars—of provincial revenue was funneled to private career colleges through student assistance and employment support programs.²⁴

A tripartite structure charged with developing a comprehensive jobs strategy would be complemented by a labour market partners' forum to identify and undertake the necessary research to assess real labour market trends and develop sound labour market policies. We can then ensure that we are training workers for real jobs at a living wage. But without such research, we do not have an accurate assessment of what is actually happening in the labour market. In fact, too often labour market information is little more than a compilation of employer-generated anecdotes.

For instance, there is little concrete evidence to support charges of a widespread skills shortages and much of the rhetoric in this regard is based on speculation about the rate at which the baby boom generation will retire. But many of these assumptions are now in question: lost retirement savings have compelled many to postpone retirement, while others have simply not earned enough income to allow them to retire. Still others have decided to stay in jobs by choice, especially in occupations that are less physically demanding. And unfortunately, changes to federal retirement regulations threaten to postpone retirement not only for the baby boom generation, but also for every subsequent generation.

Sound economic development strategies and labour market policies can only be developed and executed with solid research and infrastructure for working provincial partnerships among labour, business, government and the relevant community / non-governmental partners.

24 McCarter, Jim. 2011 Annual Report, Office of the Auditor General. December 2011. p 251.
http://www.auditor.on.ca/en/reports_en/en11/312en11.pdf

CHILD CARE

The Ontario Federation of Labour supports and applauds the implementation of full-day kindergarten and we applaud the government for rejecting the Drummond Commission's recommendation to cancel it.

However, there continues to be a crisis in child care provision and this crisis must be addressed with an immediate injection of \$287 million. Thereafter, funding must be adjusted for inflation and per capita growth. It should be noted that child care wages are notoriously low while child care user fees are notoriously high. The province needs to develop a funding plan that will help raise wages in the sector and reduce the fees parents pay.

Child care has one of the highest multiplier effects of all investments and pays for itself quickly by allowing parents to work, retrain and study. This in turn generates additional tax revenues for the provincial government. In fact a 2010 report commissioned by the Ontario Coalition for Better Child Care demonstrated that a \$63 million investment in child care produces:²⁵

- 7,600 subsidized child care spaces for children from low-income families;
- 1,800 child care jobs and another 1,100 jobs in the related economy;
- 3,480 jobs for parents who are able to work;
- Lower welfare rates as parents can participate in the workforce.

ENHANCED INVESTMENT IN PUBLIC INFRASTRUCTURE

While we applaud the Ontario government's renewed investment in infrastructure, there is still much more that could be done to create good jobs, help the environment and enhance economic activity. As just one example, a 2008 report prepared for Metrolinx estimates the cost of gridlock in the Greater Toronto and Hamilton Areas to be \$6 billion annually. According to the report, investment in expanding public transit, combined with Ontario-based procurement, could generate \$18 billion in GDP growth, creating over 400,000 good jobs in Ontario.²⁶ Unfortunately, the plan adopted in 2009 has not been fully phased-in, with \$4 billion in funding postponed in the 2010 Ontario Budget. Restoring and increasing these expenditures would be a boon for all Ontarians and result in significant cost-savings for Ontario businesses.

As another example, while we acknowledge that the provincial government is on track to achieve a 15 percent reduction in electricity use at government-owned buildings since its 2002/2003 fiscal year baseline, we note that it has fallen short of its original target: a 20 percent reduction by 2012.²⁷ We applaud this initiative and urge the government to accelerate and expand it by increasing dedicated funding for the

25 Ontario Coalition for Better Child Care, Fact Sheet: 2012 Provincial Budget: Child Care is in Crisis. <http://www.childcarenow.ca/wp-content/uploads/2011/08/child-care-and-the-economy1.pdf>

26 HDR Corporation. Costs of Road Congestion in the Greater Toronto and Hamilton Area: Impact and Cost Benefit Analysis of the Metrolinx Draft Regional Transportation Plan Final Report. December 1, 2008. http://www.metrolinx.com/en/regionalplanning/costsofcongestion/ISP_08-015_Cost_of_Congestion_report_1128081.pdf

27 Miller, Gord. Environmental Commissioner of Ontario, Managing a Complex Energy System – Results: Annual Energy Conservation Progress Report – 2010 (Volume Two). p 21. <http://www.eco.on.ca/uploads/Reports-Energy-Conservation/2011-v2/2010-Energy-Conservation-Annual-Report-volume-2.pdf>

program, and developing a much larger scale vision to retrofit all public building stock, including schools. Investment in conservation measures would realize significant savings in electricity use for the provincial budget while simultaneously reducing generating capacity investments in the future. Of course, this kind of plan would create jobs and stimulate additional economic activity.

KEEP PUBLIC SERVICES PUBLIC

We applaud the measures your government has taken to encourage green energy alternatives and to use it as an occasion to promote local job creation by including local procurement in its *Green Energy Act*. However, we also note that Ontario's reliance solely on the private sector for green energy development has resulted in much greater costs to the province than would otherwise have been necessary had the public sector been able to develop alternative energy sources. In particular, Ontario is now in the unfortunate position of paying higher than necessary prices to private producers, paying private producers for *not* producing electricity when the system is at capacity, and exporting surplus electricity at rates significantly lower than those paid by Ontarians.²⁸ These are problems that would have been greatly reduced had the public sector been allowed to develop green energy supply.

History has shown that the public sector is the efficient, cost-effective choice for delivering critical public services and protecting the public interest. In this regard, we remind the Minister of the numerous past failures of public-private-partnership models in everything from hospitals to hockey rinks.

In Nova Scotia, the government's decision to bring road maintenance back in-house allowed it to cut its chip sealing expenses in half, thereby saving the province \$2.3 million. In fact, as the NS Minister of Transportation and Infrastructure Renewal observed, the public provision of this service not only saved public dollars, it introduced public-sector competition into the private sector, forcing private companies to lower their prices.²⁹

In 2009, the municipality of Port Moody, British Columbia, restored garbage collection to the public sector after numerous complaints about the quality of services provided by the private company.³⁰ In Hamilton, Ontario, within two years of ending private water and wastewater operation, the City saved nearly \$1.4 million of public money.³¹

28 McCarter, Jim. Annual Report, Office of the Auditor General. December 2011. pp 87-113.
http://www.auditor.on.ca/en/reports_en/en11/2011ar_en.pdf

29 Ministry of Transportation and Infrastructure Renewal, "Province's Chip Seal Crew Saving Tax Payer Dollars". November 22, 2011. <http://www.gov.ns.ca/news/details.asp?id=20111122007>

30 CUPE. "Port Moody to contract-in solid waste". June 25, 2008
<http://cupe.ca/privwatchmayjune08/port-moody-contracts-in-solid-waste>

31 CUPE. "Hamilton's contracted-in water proves cheaper, safer, more efficient". April 26, 2006
http://cupe.ca/contracting-in/Hamiltons_contracted

HEALTH CARE

The Brampton, Ontario P3 hospital (public-private-partnership or alternative financing and procurement model) is yet another example of privatization that went wrong. In 2008, Ontario's Auditor General found the cost overruns associated with the Brampton P3 hospital amounted to nearly \$300 million—and this for just one hospital.³²

For all these reasons, we strongly oppose the privatization measures proposed in the Drummond Commission, especially in the areas of service delivery. We oppose the deepening and acceleration of the competitive bidding model and we object to the downward pressure on wages and disruption to workers that is entailed in such models. These measures hurt workers, many of whom are among the lowest paid in the system. In health care, women dominate the workforce so any further erosion of wages and working conditions in this sector will disproportionately affect women.

The Ontario Federation of Labour continues to support the positions put forward by the Ontario Health Coalition and join their call to end:

- competitive bidding;
- public-private partnerships; and
- pay-for-performance hospital funding.

We urge the Ontario government to ensure that health care funding increases not only to cover inflation in the health care sector and population growth but also to substantially increase it as a proportion of GDP.

EDUCATION

The spending cuts set out in the Drummond Report would result in an erosion of quality education, to the detriment of Ontario's children. Moving backward on class size will erode the improvements made in the quality of education and result in job losses. Drummond's proposal to eliminate thousands of teaching and non-teaching staff would reduce the number of adults with whom children interact, reduce their access to role models and would be a devastating blow to the system. We believe that fairly bargained collective agreements create the conditions in which students, staff and teachers excel and deliver the best results for Ontario's education system. Legislating wage freezes is the wrong way to go.

Children in our public schools, students at college or university, and workers in need of skills training deserve better access to programs. Real dollar spending cuts will result in even higher user fees for all aspects of education and training and will exacerbate existing school resource gaps among high and low-income neighbourhoods.

We oppose Drummond's call for greater differentiation among post-secondary institutions as a further erosion of access for students across Ontario. We know that travel distance is a key barrier to post-secondary education. Of course we oppose tuition fee increases and the use of other user fees in our colleges and universities. We object to the growing reliance on part-time and temporary academic and support staff at Ontario colleges and universities.

32 Ontario Health Coalition, Media Release: "Health Coalition Vindicated in Auditor General Report: Hundreds of Millions of Dollars in "Mistakes" in Brampton P3 Finances". December 8, 2008.
<http://www.web.net/ohc/mediarelease120808.pdf>

WORKPLACE-BASED SKILLS, LITERACY AND LANGUAGE TRAINING

We are also in urgent need of permanent infrastructure to support workplace-based skills and literacy training in workplaces across the province. A recent joint project between the Ontario Literacy Coalition, the Ontario Federation of Labour and the Canadian Manufacturing and Exporters Ontario, and others, demonstrated the extent of demand for partnerships to deliver basic skills to workers in or near workplaces across the province. Such infrastructure is critical to ensure that all workers have access to the basic skills and language proficiencies that will help them during times of labour market flux.

CURB RISING INCOME INEQUALITY

We note that the income gap between ordinary working people and the very affluent is growing rapidly, as has been well documented.³³ The breadth and support of the Occupy movement speaks to a growing public backlash in this regard. The Ontario government should take steps to curb this growing gap and implement meaningful income redistribution measures, which would involve taxing corporations and wealthy individuals fairly and by increasing support for those at the lowest ends of the income scale, including those relying on social assistance, disability support, employment insurance and pensions.

A LIVING WAGE

We believe the Ontario government must take steps to increase the minimum wage to ensure that no person working full-time continues to live in poverty. This measure will ease the downward pressure on the monthly benefits for those on social assistance and disability support, since too often the poverty-level minimum wage is used as a ceiling for monthly income for those relying on government income support. We applaud the government for establishing an advisory committee on the minimum wage and urge the government to move forward with this initiative.

ENFORCEMENT

A critical part of combatting inequality is enforcing the laws, standards and regulations that exist to protect workers and the public. The Ontario government must increase funding and staffing for enforcement. Such an investment must involve a substantial increase in on-site inspections. Staff should be able to develop the specific expertise required to enforce particular codes, standards and regulations, as opposed to expecting all inspectors to be equally familiar with a variety of codes, regulations, laws and standards in multiple areas (employment standards, health and safety, etc.). By enforcing provincial laws and standards, more workers can be assured of receiving money owing to them by their employers. This in turn would provide another stimulus to the economy. Enforcement will also curb the underground economy, level the playing field between employers who follow the law and those who flout it, and generate increased tax revenues for the public purse.

33 See the Canadian Centre for Policy Alternatives' Growing Gap Project:
<http://www.policyalternatives.ca/projects/growing-gap>

SOCIAL ASSISTANCE AND DISABILITY SUPPORTS

We appreciate that the province has struck a Commission on the Review of Social Assistance and we are participating in that process. As mentioned earlier, the pre-occupation with not dis-incentivizing low-wage work relative to social assistance has resulted in a distorted public discourse and woefully inadequate income support. The reality is, few choose to live in poverty. All too often, those living in poverty are trapped there by systemic structures, punitive policies and inadequate supports and wages. The OFL supports the recommendations of the Income Security and Advocacy Centre that the overriding objectives of social assistance should be “to reduce poverty, treat people with dignity, and provide positive, personalized supports to employment rather than negative penalties and disincentives.” The OFL believes it is a matter of urgency that the purchasing power of social and disability support lost under the previous Conservative government be restored and that restrictions on the special diet allowance be removed. All Ontarians should have the right to access healthy food.

AFFORDABLE HOUSING

The province must accelerate its affordable housing strategy and work with municipalities to prevent the privatization of existing affordable housing stock, to protect those on fixed incomes and low-wage workers.

SUPPORT FOR WORKERS WITHOUT JOBS

The Ontario Federation of Labour urges the government to reject the recommendations of the Mowat Centre Task Force on Employment Insurance. If the Mowat Centre’s recommendations were implemented as a package, many workers who would be entitled under the existing program would be disentitled, thereby increasing provincial costs associated with social assistance. The cornerstone of the Mowat Centre EI recommendations is a distinct Temporary Unemployment Assistance program—jobseekers’ loans—that would be funded, not by employer and employee contributions (as is the case for EI) but rather by user-incurred debt. This scheme will harm modest income workers who would be forced into debt because they cannot receive EI. It would also mean the loss of millions of dollars of public revenue and a further payroll tax cut for corporations. Under the Mowat Centre vision, Ontario—and all provinces—may well lose tens of millions of dollars in federal funding to support EI eligible workers. (A more detailed analysis of the Mowat Centre Task Force recommendations has been prepared by the OFL and appended to this submission.)

Instead, we call on the government to support meaningful changes to the federal EI program, including reducing the hours required to qualify for EI to a single, lower standard for all; increasing the benefit rate and extending the duration of benefits. We believe these measures would significantly reduce the number of unemployed workers who are not receiving EI, because they have exhausted benefits or have not been able to meet the threshold for minimum hours.

We note that an extended EI program would be beneficial for Ontario’s Second Career Program, so that EI income could better support workers participating in Second Career training. This would allow the government to increase income supports for non-EI eligible workers and eliminate the family income test. As it stands, the family income test can result in income support that is too low to allow workers to pursue training. It should also be remembered that not all income within a family is shared equally and even today,

women are still more likely to be in unequal positions in the home. Of course we continue to support the Second Career Program and recommend that the program be expanded.

SUPPORTS FOR SENIORS

The Ontario Federation of Labour urges the Ontario government to support the call for an enhanced Canada Pension Plan (CPP) through modest increases in workers' contributions to the CPP. The proposal endorsed by labour would see workers' CPP savings increase by less than one-half of one percent (0.43%) each year for seven years. This extremely modest measure would allow for the effective doubling of CPP benefits for seniors and lift many out of poverty.

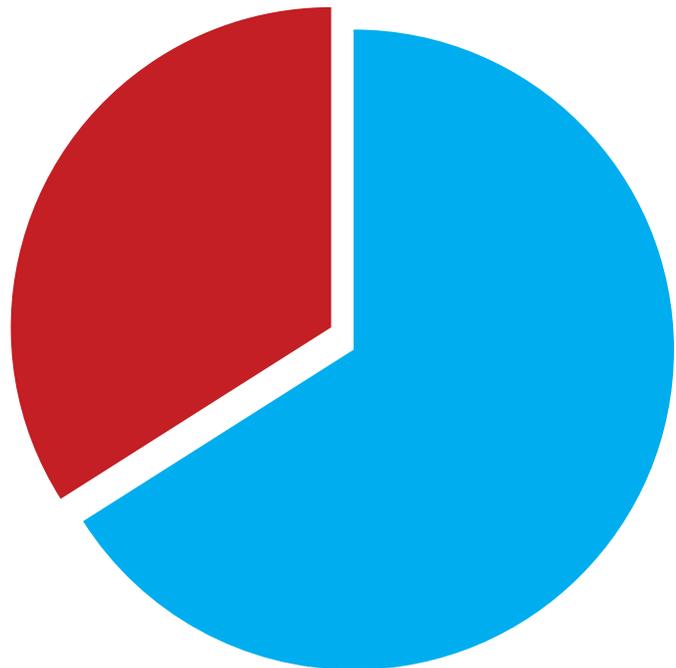
We urge your government to support this modest, but critical measure. In fact, we believe your government must make support for expanded CPP a pre-condition for any contemplated provincial legislation to enable the federal government's Pooled Registered Pension Plans (PRPP).

The Ontario Federation of Labour strongly opposes this scheme by the federal government. As your government knows, management expense ratios for mutual funds in Canada are 2.87 percent of assets. Over a 40-year investment period these fees would funnel more than half of workers' savings into the already inflated profit margins of the financial industry.

Legislatively granting large financial services institutions new powers to initiate 'multi-employer' pension plans raises new questions about the role played by large, for-profit commercial operations in pension plan design, marketing, governance and regulation of pensions. The introduction of such plans may open up new risks, where employers with more secure defined benefit plans seek to displace them with PRPPs. This initiative contradicts the intention of the Ontario Expert Commission on Pensions, which recommended a more secure defined benefit approach to retirement income.

34%
**of Ontario
workers are
covered by
a workplace
pension plan**

(Source: Statistics Canada, 2010)



An expanded CPP would obviate the need for PRPPs and lift thousands of seniors out of poverty. Moreover, by enhancing CPP, the federal government could reduce subsidies to existing and contemplated Registered Retirement Savings Programs and re-direct such funds into Old Age Security and the Guaranteed Income Supplement; both are measures that would help Canada's most vulnerable seniors.

WORKERS RIGHTS TO JOIN UNIONS

The ability of workers to join unions and bargain collectively for improvements in wages, benefits and working conditions continues to be a critical pathway out of poverty for most workers, despite relentless employer efforts to undermine the wages and benefits of union and non-union workers.

By fighting collectively through a union, workers have improved their health and safety at work; their pay, benefits, and pensions; and have narrowed the wage gaps between men and women, between white workers and workers of colour, and between those born in Canada and those born elsewhere.

Unfortunately, since the mid-1990s, anti-union legislation has given employers more confidence and scope to subvert workers' desire to join a union. We are also seeing employers display intolerable belligerence at the bargaining table, while at the same time there has been unprecedented government interference in the bargaining and arbitration processes.

We believe it is a matter of urgency that fairness and balance be returned to Ontario's *Labour Relations Act* so that workers may freely choose to form a union, bargain fairly and expect fairness and respect in return. When workers have achieved a collective agreement, we believe that employers should not be able to circumvent the contract through competitive bidding processes. In this regard, restoring successor rights in the contract sector is critical.

LABOUR RELATIONS AND INTEREST ARBITRATION

The Ontario Federation of Labour strongly opposes the Drummond Commission recommendations concerning Interest Arbitration. Interest arbitration can only work when all parties have confidence in the neutrality of the process. This neutrality is embodied by three fundamental principles that guide interest arbitration: replication, gradualism and demonstrated need. Replication refers to the concept that arbitrators should "replicate" what would have happened during the collective bargaining process had it proceeded. Gradualism is understood to mean that any changes imposed one way or another during the arbitration process should not be drastic, but rather, gradual. Of course, the demonstrated need principle is intended to provide an exception to gradualism if either side can prove a "demonstrated need" to impose more drastic measures. Key to this approach is the assurance that employers and unions may select arbitrators by mutual agreement. Drifting from these norms will further erode confidence in the system and result in a much more difficult labour relations environment as is evident from the recent interventions by the federal government into collective bargaining and interest arbitration processes.

CONCLUSION

Ontarians applauded when your government differentiated itself from the Harris era by refusing to phase-in the corporate tax cuts initiated under the former regime. Your government was also applauded for restoring labour peace in the education sector and when public spending in education began to increase. By standing up to the pharmacy industry to reduce corruption and curb the cost of generic drugs, you saved millions of public dollars and expanded access to medicine for all Ontarians; again we applauded.

But it now feels as though your government is at a crossroads. Your government could succumb to distorted rhetoric about the scale of the Ontario deficit, slash services, depress wages for all workers and again, put unions and public sector workers back into the line of fire. These actions would not improve the economy. Indeed, they would have a profoundly negative impact on Ontario's recovery. Your following this path would embolden Conservative Party Members of Provincial Parliament who, despite being out of office, have been relentless in waging a partisan and ideological war on workers and public services in general, and on unionized workers in particular.

We urge your government to do what's right for the economy and what's right for the people of Ontario.

Respectfully submitted,



Sid Ryan, President
Ontario Federation of Labour

Dated: March 9, 2012

SR/PF/jd/kn





APPENDIX I:

A STRATEGY FOR GOOD JOBS FOR ALL

INTRODUCTION

We are recovering from an economic crisis brought about by corporate globalization and neo-liberal policies like free trade, privatization and de-regulation. Corporations have been allowed to make millions of dollars in profit and then leave with no social, environmental or economic accountability. Hundreds of thousands of good jobs have been lost. Workers experience grief, anger and fear as a result of losing their livelihood and their workplace friends and family. Lay-offs can have long-term chronic effects on the overall health and well being of workers, creating social, financial and economic consequences for families, communities and the province as a whole.

We reject the blatant attempt to scapegoat workers by labelling decent wages and benefits as the source of the economic problem. Job loss, declining pay as a result of decreased working hours, reductions in wages and benefits, shifts to precarious and temporary employment, cuts to public services and privatization will only worsen and prolong the economic malaise.

We need to increase wages and benefits for all workers, and create strong, healthy, sustainable communities. Public services must be strengthened and public, democratically controlled ownership should be considered as a possibility to create and maintain jobs and to produce the goods and services that we need.

In this time of economic uncertainty, comprehensive legislative reform is urgently required to promote fairness for workers on the job and in transition between employment. Such reform must include measures that curb the spread of temporary, precarious, part-time employment and that make it easier for workers to join unions.

The creation and maintenance of good, sustainable jobs and principles of equity must be the foundation of all economic development and training strategies. Training and education are meaningless if future employment is part-time, low-wage, precarious, and permanently in flux. All Ontarians need good jobs,

decent wages and benefits, secure pensions and much wider access to training, with adequate support. Unions are a crucial part of the solution.

A strategy for good jobs for all must include:

- a. Buy-Ontario and local procurement policies at every level of decision-making, from municipalities and school boards to the province;
- b. A green jobs strategy that includes just transition and necessary training;
- c. Strategies to diversify and create value-added jobs, especially in the resource sectors;
- d. Implementation of regional pricing structures for power and energy that facilitate economic growth;
- e. Strong publicly funded and delivered services that are universally accessible regardless of where one lives, including health care, child care, elder care and home care;
- f. Universal access to training and education, including workplace-based literacy, language, basic skills and authentic apprenticeship training, funded by an employer-paid training levy;
- g. Particular action for economic development and training to meet the regional needs of Northeastern and Northwestern Ontario, and to provide universal access to social programs and supports;
- h. Measures to make it easier to join unions, including card-based certification; and
- i. Action to address all forms of discrimination and ensure successful outcomes for all workers on the job or in transition.

LEGISLATIVE CHANGE

1. Government and Employers must be Responsible and Accountable

a. Jobs Commissioner

The Ontario government must establish a Jobs Commissioner whose job is to advocate for the creation and maintenance of good, sustainable, well-paying jobs for all. Such a position must have a sound framework, based on the principles outlined below, and be supported with the necessary staff, legislative and financial tools.

b. Labour Market Partners Forum

The Ontario government must work together with provincial stakeholders to develop sound social and economic strategies based on current and reliable labour market research. The Ontario government should create a permanent Labour Market Partners Forum at the provincial level, comprised of equal numbers of labour, employers and government representatives, to develop effective strategies for economic development, training and labour adjustment.

c. The Appropriate Levels of Government Must:

- 1) Adequately fund social programs and public services to restore universal access and eliminate user fees. This must include all necessary staffing and infrastructure costs, so that access is timely and equitable, regardless of where one lives. The not-for-profit sector must be funded adequately with guaranteed, long-term funding.
- 2) Implement and enforce equity principles in the workplace;

- 3) Actively enforce regulations that protect workers, communities and the environment;
- 4) Ensure that past and future Employment Insurance premiums are only used to fund benefits and supports for workers whose premiums fund EI;
- 5) Increase the benefit levels of the Canada Pension Plan and Old Age Security or create a universal Ontario Pension Plan to provide adequate income and dignity for retired workers;
- 6) Ensure that the Pension Guarantee Fund is adequately funded and that the cap is increased from \$1,000 to at least \$2,500;
- 7) Recognize and implement the right of all workers to a minimum training leave;
- 8) Implement a Life-long Learning strategy for all workers;
- 9) Implement a buy-local / buy-Ontario / buy-Canadian procurement policy;
- 10) Restore labour's right to select representatives to sit on public college governing boards; and
- 11) Create a universally accessible, high quality, public child care system and effective elder care program.

d. Triple Bottom Line: Social, Environmental, Financial Accountability

Employers benefit from Ontario's natural and human resources and social programs yet rarely are they obligated to contribute toward the social and environmental costs of their enterprise. Nor are employers held adequately accountable for any negative consequences of their actions.

As such, the *Ontario* and *Canada Corporations Acts* should be amended to ensure that in their day-to-day affairs, all corporations adhere to a triple bottom line of accountability: social, environmental and financial. All levels of government must implement procurement policies that adhere to that triple bottom line.

Governments should advocate for non-eviction and non-foreclosure arrangements with landlords and banks in communities where job loss and unemployment threaten workers' ability to pay their rent or mortgages.

e. Employer Responsibilities and Putting the Brakes on Job Loss

More must be done to ensure that employers honour their obligations to their workers and the communities in which they operate. Too many employers have closed operations unnecessarily or moved aspects of their enterprise to other countries where wages, benefits and employment standards are low.

Increasing the cost to employers of layoffs will not eliminate job loss. However, making layoffs expensive can act as a brake and force employers to consider alternatives. This is especially true where employers are making profits, but choosing to phase-out enterprises that "aren't profitable enough".

f. Employers must be obligated by law and adequate enforcement to:

- 1) Adhere to a triple bottom line of accountability: social, environmental and financial;
- 2) Restore and enforce employment equity legislation and human rights laws in the workplace and in hiring practices;
- 3) Provide full-time jobs; turn part-time jobs into full-time jobs wherever the total number of hours worked by multiple part-time employees exceeds 35 hours per week; restore out-sourced

- labour and justify any use of temporary, part-time and otherwise precarious labour;
- 4) Adequately fund pension plans;
 - 5) Contribute a training levy (modelled on the one existing in Québec) to fund workplace-based training, including authentic apprenticeship training; literacy, language and basic skills training; and skills upgrading;
 - 6) Pay workers first in the event of insolvency or bankruptcy and ensure that workers are included first in the definition of “secured creditors” under the *Companies’ Creditors Arrangement Act*. This must also include payment of pension obligations;
 - 7) Contribute to a fund used to guarantee and pay out all outstanding workers’ wages, benefits and pension obligations in the event of bankruptcy or insolvency;
 - 8) Pay severance and termination monies to all laid-off workers, without affecting workers’ Employment Insurance;
 - 9) Justify and disclose all layoffs, regardless of the numbers involved;
 - 10) Bargain adjustment and fund adjustment committees and action centres staffed with peer helpers;
 - 11) Return resource rights to public control in the event of closure; and
 - 12) Restore the environment to health as part of a standard closure obligation.

2. Strengthen the Social Safety Net for Laid-off Workers

The social safety net refers to a variety of programs that are the backbone of Canadian citizenship in which all people—regardless of where they live or where they were born—have the right to food, clothing, education, health care and income support; not as hand-outs but as fundamental entitlements. These entitlements spring from the dignity of all human beings. In this context, the support for laid-off workers is woefully inadequate, especially for those facing barriers to the labour market and for older workers.

The appropriate levels of government must:

- a. Increase the levels of—and access to—social assistance;
- b. Fund adjustment committees and action centres staffed by properly-trained peer helpers;
- c. Restore the publicly funded and delivered system of not-for-profit employment services;
- d. Restore and reform the Employment Insurance (EI) program and provide the necessary staffing and infrastructure to:
 - i) Restore benefits to at least 60 percent of normal earnings using workers’ 12 best weeks and raise the maximum rate;
 - ii) Significantly reduce the qualifying hours to one uniform standard;
 - iii) Eliminate the two-week “waiting period” during which workers receive no benefits;
 - iv) End allocation of pension income, vacation pay, severance and other termination monies received by workers at the time of lay-off, as income against EI benefits;

- v) Extend EI benefits to at least two years whenever unemployment reaches 6.5 percent;
 - vi) Prevent maternity, parental, compassionate and sick leave benefits from being counted against EI claims resulting from lay-off; and
 - vii) Ensure the timely processing of all Employment Insurance applications, appeals and information requests.
- e. Provide adequate income support for all workers and address the particular needs of older workers, workers who have exhausted EI claims, and others facing barriers to the labour market.
 - f. Provide adequate income support for all workers in retraining. Such income support must:
 - i) Extend EI income support for the duration of training programs;
 - ii) Eliminate the cap on income support while retraining;
 - iii) End means testing for income support programs while retraining; and
 - vi) Provide income support during periods in which the training is not offered.
 - g. Provide bridging to retirement income support and post-retirement benefits for workers and their families;
 - h. Restore and expand the publicly funded and delivered education and training system. Such measures must be supported by adequate staffing and infrastructure so that public institutions can offer the appropriate services and support for workers, along with program flexibility and more frequent in-take dates, to meet the needs of workers on the job and in transition.
 - i. Provide meaningful retraining programs to laid-off workers ranging from literacy and basic skills to programs like Second Career and Skills Development. Meaningful retraining must:
 - i) Recognize prior learning and internationally acquired credentials;
 - ii) Provide bridging programs that include literacy, computer, math, language, grade-12 completion or equivalency, preparation for training or post-secondary education, and other skills training;
 - iii) Meet the retraining needs of workers facing barriers to the labour market, including older workers, workers for whom English is a second language, and those who may not have had secondary or post-secondary education;
 - iv) Allow for group purchases from public colleges that are provided with adequate public funding;
 - v) Support and strengthen authentic apprenticeship training with bridging programs for workers and support for union and not-for-profit training centres;
 - vi) Include appropriate and mandatory assessment services that eliminate conflict of interest between those recommending training programs and those providing it; and
 - vii) Be supported with adequate staffing and infrastructure supports to ensure timely assessments and processing of all training applications;
 - j. Create a publicly-funded health and drug benefit program (“Pharmacare”) for all laid-off workers and their families.

3. Provide Training and Support for Vulnerable Workers on the Job

Too many workers in general are employed in low-skilled, precarious employment, with little access to skills training. Others are employed in sectors that are economically at-risk. Such vulnerable workers are in urgent need of workplace-based training that includes literacy, computer, math, language, grade 12 completion or equivalency and other skills training. Such workers also need protection from temporary employment agencies that profit from workers' displacement and entrench temporary and precarious employment. Low wage workers need an increase in the minimum wage, better benefits and working conditions.

Government must:

- a. Provide new and adequate infrastructure funding for workplace-based or union-based literacy, language and basic skills training and upgrading. Such training must:
 - i) Include literacy, computer, math, language, grade 12 completion or equivalency and other basic skills;
 - ii) Recognize prior learning and internationally acquired credentials;
 - iii) Meet the retraining needs of workers facing barriers to the labour market, including older workers, workers for whom English is a second language, and those who may not have had secondary or post-secondary education;
- b. Provide new & adequate infrastructure funding for workplace- or union-based skills training or upgrading, including those required for skilled green jobs;
- c. Where the workplace parties agree, expand the "Workshare while Learning" model through Employment Insurance;
- d. Restore and expand the publicly funded and delivered education and training system. Such measures must eliminate user fees and be supported by adequate staffing and infrastructure so that public institutions can offer the appropriate services and support for workers, along with program flexibility and more frequent in-take dates, to meet the needs of workers on the job and in transition.
- e. Further regulate for-profit temporary employment agencies, and properly enforce such regulations;
- f. Declare companies with multiple work sites to be common employers and therefore subject to all obligations for each site as if all sites were one;
- g. Amend the *Employment Standards Act* to apply to more workplaces and extend ESA protection to greater numbers of workers;
- h. Further increase the minimum wage; and
- i. Implement measures to make it easier for workers to join unions, including the restoration of card-based certification.

Dated: June 2009





APPENDIX II:

PROPOSAL FOR A LABOUR MARKET PARTNERS FORUM

INTRODUCTION

The Ontario Federation of Labour represents approximately 1 million organized workers in the province of Ontario. The OFL, on behalf of those workers, engages with government, business and community organizations on a wide variety of policy matters including those relating to the province's labour market.

There has been a dramatic restructuring of Ontario's labour market in recent years. And new challenges continue to emerge.

The changes and challenges have enormous consequences for key partners in the labour market – government, business and labour – as well as the provincial economy as a whole.

Yet, these labour market partners have no place to come together on a regular basis to discuss, debate, research and advise on public policies and initiatives that might improve our collective fortunes. The need for these partners to come together is reinforced by the special challenges of a difficult, protracted recovery period following Canada's worst recession since the 1930s. For labour, the crisis has been relentless.

We propose that the province establish a permanent Labour Market Partners Forum to address a broad range of labour market development issues.

This forum would bring together leaders and knowledgeable experts from business and labour to assist the province in assessing the current state of the labour market as well as the challenges ahead, and to advise on potential public policy responses, especially with respect to training and employment strategies.

Most successful economies have mechanisms to bring together labour market partners to consider broad trends and developments and advise government on appropriate responses and initiatives, in some cases covering economic strategies as well as labour market development. Jurisdictions such as Quebec and Newfoundland & Labrador have introduced forums that work very effectively in partnership with local and regional networks, and with other provincial organizations.

ONTARIO'S CHALLENGES ARE STILL MANY

The Labour Force Survey (November 2010) reports that:

- almost 600,000 Ontarians who are actively seeking work remain jobless;
- during the last twelve months, the rate of part-time job creation has outstripped that of full-time work and is now close to 1 in 5 jobs in the province (19.2%);
- the number of youth (15 to 24 years) seeking work has dropped by almost 48,000 in the last twelve months and fewer in this shrunken youth labour pool are employed;
- while modest gains for manufacturing have been documented in a new study by the Ontario Manufacturing Council, sector employment is still far below the 901,000 where it stood in late 2008 when the recession began, much less in 2004.

The following are some of the issues the labour market partners might consider pursuing through research, analysis and recommendations, as well as conferences and round tables that allow for in-depth discussion and debate:

- Widely-held beliefs about the character of Ontario's "skills shortages" and "aging work force" lack solid evidence and data. Yet both have become dominant themes in current discussions about the labour market, veering between understatement and overstatement. The analysis stumbles further when focusing on occupation, sector, region and worker demographics. Can we expand our knowledge of these trends? What supports might be needed to address real shortages?
- While new jobs have been created, many are low-wage and precarious in nature. Real wages have been declining. Temp agency employment is becoming the norm in more workplaces. Is there an alternative?
- What are the best practices in labour adjustment supports?
- What would a new approach to Ontario's older worker initiative look like?
- Can we reverse the decline in opportunities to enter and complete authentic apprenticeships?
- What policies support the participation and retention of young people, women, aboriginal peoples, older workers, people with disabilities, etc?
- Supports for re-training has been more evident in recent years but still there are significant gaps for employed, underemployed and unemployed workers alike. What are the infrastructures that would provide adult learners with realistic opportunities to finish high school, access postsecondary education, improve basic skills such as reading, writing, math and basic computer skills or ESL/ FSL programs? What would a new Literacy, Training, Skills and Education Strategy look like?

600,000

Jobless Ontarians are actively seeking work

(Source: Statistics Canada, 2010)

ANOTHER ROLE

A multi-stakeholder body would enhance the provincial voice for much needed federal funds for labour market development and training, including supports for employed workers who are job-threatened or underemployed, and those who are not EI-eligible.

PROPOSED STRUCTURE FOR AN ONTARIO LABOUR MARKET PARTNERS FORUM

We propose that the Forum consist of two bodies:

1. Premier's Advisory Council

The Premier's Advisory Council would meet twice annually to develop goals, strategic plans and set priorities.

It would review these plans annually to evaluate their effectiveness.

The Council would include political leadership from government, business, and labour :

Ministers

We suggest the Ministries of Training, Colleges & Universities, Finance, Economic Development & Trade, Labour, and Education.

Labour

Presidents from the Ontario Federation of Labour, including two private sector unions, two public sector unions and a building trades union.

Employer

Representatives from key sectors such as auto, steel, aerospace, health care, hospitality, etc.

2. Labour Market Partners Committee

The Labour Market Partners Committee would meet monthly to develop and inform the goals and strategic plans, to initiate research, collect labour market data, develop forecasting models, identify barriers, develop recommendations, etc.

The Committee may strike work groups on the priorities identified by the Premier's Advisory Council.

This Committee would include representatives at the staff level from government, business, and labour :

- Government Representatives (4) from the key Ministries
- Labour Representatives (4) appointed by OFL Labour Adjustment Committee
- Business Representatives (4) from employers in key sectors

With a Partners' Secretariat:

A small provincial secretariat would support the work of the Forum.

CONCLUSION

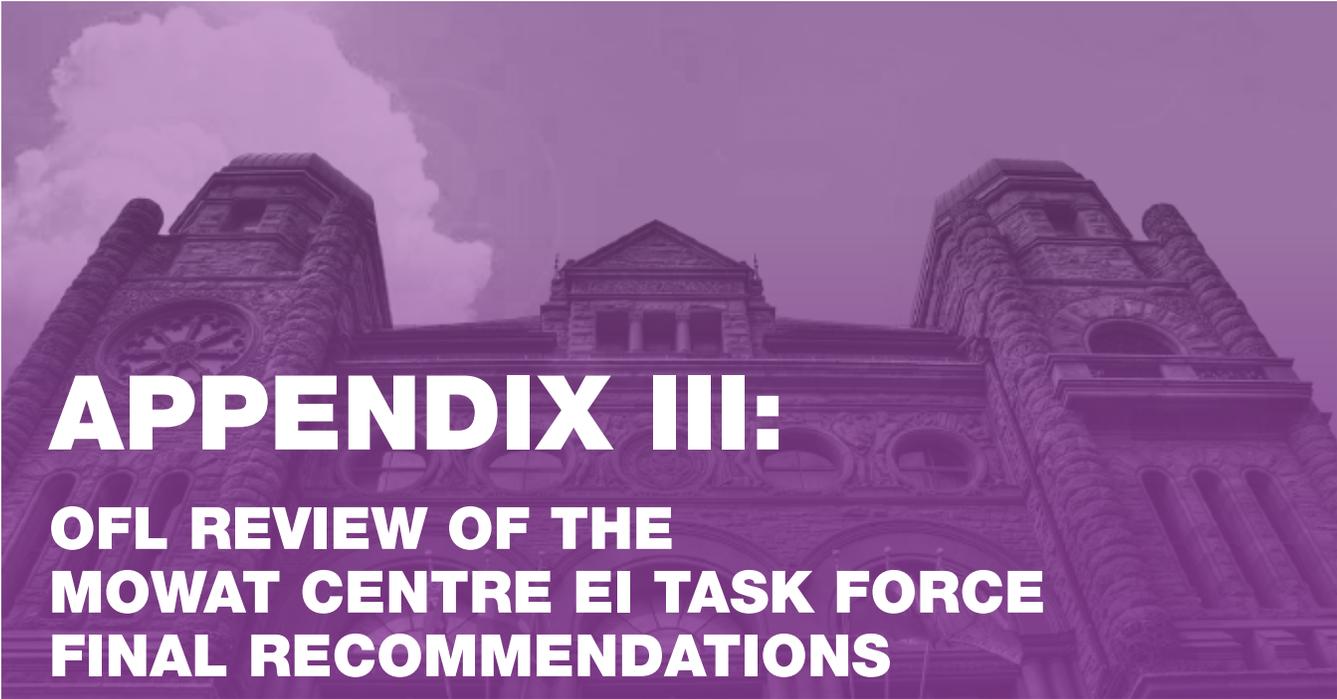
In order to be successful, adequate resources, including staff support, would be allocated to the Forum and its constituent bodies to facilitate the realization of the goals and plans identified by the Premier's Advisory Council.

A permanent Labour Market Partners Forum would enhance Ontario's commitment to be responsive to the emerging challenges in the labour market and to deliver more effective services in the areas of apprenticeship, literacy, skills training, secondary and post-secondary education with the goal of strengthening the development of the province's labour market and the job opportunities available to its work force.

Dated: February 15, 2011

SR/SC/ss





APPENDIX III:

OFL REVIEW OF THE MOWAT CENTRE EI TASK FORCE FINAL RECOMMENDATIONS

INTRODUCTION

The Mowat Centre was officially launched in August 2008 under the banner of “Public Policy Research from an Ontario Perspective”. It was funded by a one-time grant of \$5 million dollars from the Ontario government and is currently housed in the School of Public Policy and Governance at the University of Toronto. Matthew Mendelsohn, a former Deputy Minister in the Ontario McGuinty government, serves as the Centre’s Director.

In March 2010, the Centre announced a Task Force on EI, tasked with producing a report on EI in fall 2011. The final report was made public on November 15 and officially released on November 16, 2011.

The Mowat Centre Advisory Committee was comprised of:

- Ratna Omidvar, President of Maytree
- Roy Romanow, former Premier of Saskatchewan
- Rahul K. Bhardwaj, President and CEO of the Toronto Community Foundation
- Ken Boessenkool, Executive Fellow at the School of Public Policy at the University of Calgary
- Mel Cappe, President and CEO of the Institute for Research on Public Policy
- Ian Clark, Professor at the University of Toronto’s School of Public Policy and Governance
- Don Drummond, former Chief Economist at TD Bank
- W.E. (Bill) Fearn, Founding Partner and Managing Director of Delta Capital
- Danny Graham, Strategic Consultant to McInnes Cooper and Chief Negotiator for the Province of Nova Scotia in Aboriginal Rights Negotiations
- Diane Gray, President and CEO of CentrePort Canada Inc.

- Ron Jamieson, former Senior Vice-President, Aboriginal Banking at BMO
- The Hon. Frances Lankin, Co-Commissioner for the Ontario Social Assistance Review
- William A. MacKinnon, Chair of the Board of Directors of the Toronto Board of Trade, former CEO of KPMG Canada
- The Hon. Roy McMurtry, QC, Chancellor of York University
- Alain Noël, Professor of Political Science at the Université de Montréal
- Dr. Susan Pigott, Vice President, Communications and Community Engagement at the Centre for Addiction and Mental Health in Toronto
- Robbie Shaw, President of the IWK Health Centre Foundation

PREAMBLE

At best, the Mowat Centre EI Task Force report is ambiguous and therefore open to various political agendas. At worst it is a deliberate intervention in the national discourse to discredit and undermine support for EI remedies that have long been advanced by labour and community organizations alike.

While the report claims to offer a non-partisan contribution to the national dialogue, the report is deeply ideological. Taken as a package—as recommended by the Task Force itself—the recommendations would result in: reduced EI eligibility; a greater reliance on a privatized temporary unemployment assistance (TUA) program; reduced EI premiums to the disproportionate benefit of corporations and employers; fewer financial resources for meeting the needs of unemployed people; compromised services, and a balkanized, weakened national infrastructure for employment supports.

Labour’s proposals to strengthen EI are premised on three fundamental principles—that eligibility must be increased through the implementation of a lower national entrance requirement; that the duration of benefits must be extended; and that the amount of benefits must be increased. At every step, the Mowat Centre EI Task Force recommendations draw attention away from these crucial issues.

An Alternative Vision for Strengthening Canada’s Employment Insurance Program

1. Improve access to benefits with 360 qualifying hours, in all regions of Canada
2. Increase benefit duration:
 - a. Ensure at least 50 weeks, in all regions
 - b. Provide an additional year of “Special Extension” benefits when national unemployment exceeds 6.5%, paid from federal general revenues
 - c. Extend EI Part 1 benefits while a worker is in approved training.
3. Increase benefit levels to at least 60% of normal earnings, using workers’ 12 best weeks, and raise the maximum benefit. Suspend the allocation of severance pay. Eliminate the 2 week waiting period.

This is particularly destructive given the fact that labour and community allies have won broad-based support from both the public and elected officials in their campaign to strengthen EI.

Indeed, Parliamentary Committees have, on numerous occasions, endorsed, echoed or proposed improvements to EI that are in keeping with these principles.

But the Task Force recommendations are more than just distracting; they are dangerous. In particular, the proposal to create a private, temporary unemployment assistance (TUA) program financed by user-accrued debt would be a disaster for Canada's EI system and the people who rely upon it.

The report is also imbued with what can only be described as a strong, if destructive, Ontario parochialism that serves to undermine inter-provincial solidarity among workers and set one group of vulnerable workers against another. Over and over again, the report points an accusatory finger at the “generous” benefits received by workers in Newfoundland and Labrador.

It points the finger at workers in seasonal industries who must rely on EI more frequently than those in non-seasonal industries, regardless of the relative importance such industries play in Canada's economy, and with little appreciation of how seasonally sensitive operations, from casinos to canners, exist across the land.

The report insidiously suggests that low-wage workers are getting shafted by higher-wage workers and singles out public sector workers for their high wages and generous parental benefits.

Given these deep flaws, the unavoidable conclusion must be to reject utterly the vast majority of recommendations proposed by the Mowat Centre EI Task Force.

Canada's unemployment insurance system is workers' legacy from the Great Depression of the 1930s. They fought for and won a social insurance system of income replacement to the benefit of their families and their communities. Town councils were some of the strongest supporters, knowing how local economies suffered when welfare was the only option for those laid off from work.

Since then, workers have continued to insist on social rather than commercial insurance principles so that UI/EI is flexible enough to meet new social needs, as with the expansion to cover parental leave and retraining. We need to do this again today.

TEMPORARY UNEMPLOYMENT ASSISTANCE (TUA) PROGRAM

The implications of the Mowat Centre EI Task Force recommendations can be best understood by starting with its proposal to introduce a temporary unemployment assistance (TUA) program outside the EI program.

Consequently, this paper will begin with the TUA proposal—Recommendation 5—and proceed from there. Since the Task Force calls for the recommendations to be taken “as a package”, it will be important to keep in mind the intended “beneficiaries” of the TUA, listed on page 45 of the report as follows:

- **Those With Too Few Hours**

“TUA could assist laid off workers who cannot accumulate sufficient hours to qualify for EI benefits.”

- **New Entrants**

“TUA could provide temporary income to new labour force entrants (e.g. young workers, new immigrants) in need of assistance while looking for work, but who do not qualify or do not wish to apply for social assistance.”

- **The Self-Employed**

“TUA would represent a new, previously unavailable form of income support for the self-employed. Comparable to EI, it would replace weekly earnings. The self-employed could rely on TUA until other work is secured or use TUA to smooth income over periods of lower earnings.”

- **Part-time Workers and Multiple Job Holders**

“TUA could be accessed during periods of low income or upon the loss of one part-time job. These workers could stop receiving TUA once another job is found or use the income support while seeking better employment. It may prevent some from resorting to social assistance.”

- **EI Exhaustees**

“TUA could extend assistance while these individuals continue looking for new work. This could include those who experience seasonal layoffs.”

- **EI Recipients Who Cannot Wait Two Weeks for Benefits**

“Those experiencing financial hardship during the EI system’s two-week waiting period or during processing delays could access TUA instead of social assistance.”

- **Those With Low EI Benefits**

“Those who are entitled to very low EI benefits and might currently turn to social assistance for top-ups could receive a top-up from TUA instead without the means-testing and administration associated with social assistance.”

MOWAT CENTRE RECOMMENDATION 5

“Create a new system of temporary unemployment assistance outside the EI program”

The Task Force report proposes a temporary unemployment assistance program readily accessible to workers who cannot access EI. The “support” workers receive would be paid back later when they’re working:

It would be structured as a forgivable “jobseeker’s loan” with repayment contingent upon income reported through the tax system. (p. 35)

First, don’t let the word “forgivable” fool you. Progressive-minded advocates are well aware that targeted “forgiveness” programs—even if implemented—are highly vulnerable to shifting political winds. In this regard, the notable decline in access to the EI system’s Low Income Family Supplement is instructive.

Second, the TUA proposal is not about increasing access to EI benefits; it is about privatizing funding for unemployment insurance, which is jointly funded by workers and employers, with employers contributing a larger portion, since they are the ones who make decisions about hiring and firing. By contrast, the TUA

would be funded out of general revenues and repaid by individuals through the tax system; there appears to be no employer contribution component in the Mowat Centre vision.

If implemented, the TUA would not only open the door to privatization, but also accelerate it.

Why? Because a “jobseeker’s” loan scheme shifts costs away from workers and employers jointly, onto the backs of individual workers who will be personally liable to repay their jobseekers’ debt.

Once a privately funded program is in place to capture all those who don’t receive EI benefits, there is no longer any incentive to improve access to EI.

Worse, it could create incentives to reduce EI eligibility as a means of reducing joint costs and increasing individual costs. (Indeed, the report’s remaining recommendations prove that such concerns are not unfounded.)

When it comes to repayment, those groups least likely to access EI (i.e. youth, newcomers, low-income workers, etc. who are already at a disadvantage in the labour market) will now have the additional burden of repaying their jobseekers debt once they find a job—perhaps, their second Pay Day loan.

Those who work with low-income workers and social assistance recipients have flagged serious concerns on the potential negative impact on both social assistant recipients and laid-off low-income workers.

According to Marion Overholt, a staff lawyer with Legal Assistance of Windsor:

Social assistance applicants and recipients could be required to pursue TUA benefits and exhaust their eligibility for TUA before they are allowed to apply for social assistance. Provincial governments would support this initiative because it would reduce their social assistance program costs.

There are also unanswered questions about worker and employer EI contributions in situations where employees make use of TUA instead of EI. It is unlikely that the intent of this recommendation is to impose double-payments on low-income workers (one for EI and one for TUA repayment).

A seemingly obvious solution would be to eliminate the workers’ EI contribution. That’s what the Mowat report suggests for Temporary Foreign Workers who find themselves without coverage.

This opens the door to exempting employers from contributing to EI if they create jobs in which workers tend not to qualify for EI. This measure could well create an incentive for employers to engage in employment practices that actually undermine workers’ access to EI and increase reliance on TUA.

It is difficult to imagine how this TUA proposal would result in anything other than a weakened EI program and reduced employer responsibility toward workers.

MOWAT CENTRE RECOMMENDATION 1

“Introduce a single national entrance requirement for all workers across Canada”

While the labour movement has long-advocated for a single, *lower* entrance requirement for all workers, the Mowat Centre EI Task Force explicitly concludes this proposal would have an insignificant impact on access to EI.

One potential objection to this recommendation is that the federal government should simply expand access to EI benefits rather than create a separate, new program. For instance, many have called for

lowering the entrance requirement to 360 hours and for covering the self-employed in the system of regular benefits. Based on extensive analysis, the Task Force has concluded that lowering the entrance requirement would not significantly increase the number of unemployed individuals qualifying for benefits. (p. 41)

...

Depending on the region, lowering the hours requirement to virtually nothing could benefit only approximately 15% of the unemployed who were not receiving EI in 2010. Any realistic lowering of the entrance requirement could only benefit a portion of this 15 per cent. (pp. 94-95.)

There is nothing ambiguous in this report's *rejection* of reducing the entrance requirement. In fact, despite its "extensive analysis" the report does not offer convincing evidence and in fact does not appear to understand the relationship between those who are not eligible for EI and those who were eligible but who have exhausted their benefits. Reducing the hours threshold would have the effect of capturing more unemployed workers *and* extending the benefit period, thereby reducing the number of exhaustees.

The costing provided in the report accepts the current parameters that range from 420 hours to 700 hours, but notes that the "cost-neutral" measure would be an entrance requirement of 560 hours. If implemented, this "cost-neutral" measure would *disentitle* those with fewer than 560 hours who would otherwise have qualified.

It should be noted that entry requirement hours are premised on a 35-hour workweek, ranging from 12 to 20 weeks. Statistics Canada data show that 70 percent of the hourly-paid workforce employed in services average about 30 hours a week. Any person who works fewer than 35 hours per week and who works irregularly will take much longer to accrue the hours necessary to qualify. This is the obvious barrier to those in precarious and non-standard work who have difficulty qualifying for EI entitlements.

The report's "cost-neutral" measure of 560 hours would have a distinctly negative impact on workers in non-standard work. Because workers of colour, newcomers and women are over-represented in low-wage, precarious work, this negative impact will be most sharply felt by these same workers.

Presumably, under the Mowat Centre vision, these disentitled workers would be captured by the TUA debt scheme.

MOWAT CENTRE RECOMMENDATION 2

"Introduce a single national entrance benefit duration range"

While the labour movement has long-advocated for a common duration period of at least 50 weeks for all workers, it is notable that the Mowat Centre EI Task Force does not recommend a specific national duration range (p. 30) and it openly dismisses such an extension in its consideration of measures for long-tenured workers.

A prolonged benefit duration could also have a negative influence on incentives to find new work.

Typically, the most significant impact of a lay off on a long-tenured worker is lower pay in a new job (rather than a longer period of unemployment). Extending benefits for a longer period does not address this issue. (p. 45)

The report also suggests that longer benefit periods would serve as a disincentive to workers moving to find work:

Differences in entitlements between regions can discourage people from moving to find a new job. For example, an unemployed person receiving EI in a region where benefit duration is longer may not choose to move to a region with shorter benefit duration. (p. 32)

There is little evidence provided to support this claim.

In its costing for this recommendation, the report examines three ranges of duration: from 14 to 36 weeks; 20 to 44 weeks; and 32 to 45 weeks. If any of the Mowat Centre examples were implemented, they would result in a *reduction* in duration for workers who qualify for the maximum number of weeks, which is currently 50, thereby increasing the number of exhaustees and the number of unemployed not in receipt of EI.

As noted above, the Mowat Centre notes that the “cost-neutral” measure would be an entrance requirement of 560 hours, with a benefit duration range of 17 to 44 weeks, a gain of three weeks at the low end and a loss of six weeks at the high end.

Again, under the Mowat Centre vision, disentitled workers would have to rely on the TUA debt scheme.

MOWAT CENTRE RECOMMENDATION 3

“Introduce a single national weekly benefit formula”

While the labour movement has long-advocated for a single, higher proportion of wage replacement, based on a worker’s best 12 weeks, it is not at all clear that this measure would be supported by the Mowat Centre EI Task Force.

While the report does note that the current basic formula of 55 percent of prior earnings is comparable to US rates but lower than European rates, it is silent on the issue of increasing the wage replacement rate to determine EI benefits. The report goes on to note that the Canadian formula is subject to variances that stem from workers’ own inconsistent weekly earnings and the effects of “averaging” as well as the length of employment combined with regional unemployment rates (factors that also affect benefit duration under the present system).

The report actually casts aspersions on the “Best 14 Weeks” pilot project, citing it as yet another example of regional inequity providing “higher replacement rates to some workers in some regions”. In fact, this pilot project—along with others like it—are hard-won gains that mitigate some of the damaging changes imposed during the 1996 EI overhaul. It is disturbing to see others just toss them aside.

Of course labour argues that the “Best 14 Weeks” pilot should be applied to all workers across the country and that the standard be improved to “Best 12 Weeks”. Seen in this context, the issue of “unfairness” actually reinforces regionalism and distracts the public from the urgent need to implement measures like these as permanent, national standards.

Finally, while the report is strangely silent when it comes to the matter of increasing the existing Canada-wide benefit formula, the possibility of an increase in weekly benefits is discussed in the context of parent benefits.

In this case, the Mowat Centre EI Task Force recommends that higher benefits be tied to *reduced* duration. It recommends that workers choose either higher benefits and shorter duration or lower benefits and longer duration. Such a “choice” will likely result in a disproportionate number of low-wage workers losing weeks of benefit, widen the gap between workers who receive a parental top-up and those who don’t, and further distract the public from the urgent need to increase benefit rates for all EI recipients, including all those on special benefits.

It should be noted that the lower rate option that exists in Quebec was a compromise particular to a package of changes negotiated by Quebec social partners for their new parental system, including separate benefits for fathers. It doesn’t follow that this is the road to take elsewhere.

MOWAT CENTRE RECOMMENDATION 4

“Eliminate the higher entrance requirement for new entrants and re-entrants to the workforce”

Currently, the EI system requires new labour market entrants or re-entrants to acquire 910 hours to be eligible for EI. The labour movement supports the call to eliminate this provision. Indeed, as a result of its campaign, labour briefly won a pilot project that reduced the requirement to 840 hours.

MOWAT CENTRE RECOMMENDATION 6

“Test wage insurance for long-tenured workers and eliminate provisions whereby severance pay can displace EI benefits”

Since the early 1980s when severance pay was first allocated against Unemployment Insurance (UI) benefits, the labour movement has advocated for the elimination of the provision on behalf of all workers, not just a select group. The Task Force recommendation only addresses long-tenured workers.

The report’s “wage insurance” proposal is clearly meant as an alternative to extending the duration of EI benefits. The labour movement has proposed a general extension, but particularly in periods of high unemployment and economic restructuring. The recommendation also seems intended to displace the concept of bridging programs, another labour proposal, which would help workers bridge their employment income to retirement.

As noted by Andrew Jackson, a CLC economist, there is evidence to show that there are better labour market outcomes when workers have the time to explore job possibilities and better match their skills with jobs, rather than being pressured simply to take the first low-wage job that comes along.

Finally, it is interesting to note that while the Task Force rejects labour’s proposal to reduce the entrance requirement as a “subsidy” for seasonal industries (p. 95), the report *recommends* “wage insurance” for long-tenured workers, which would result in a wage subsidy for employers who hire older workers at a lower rate of pay than such workers could normally expect.

For instance, the report states:

The result is a system that provides disproportionate support to older, rural, seasonal workers and, as a result, to primary industries by subsidizing their labour costs on a seasonal basis. Some industries “never receive a net transfer from the programme; others always do” (Corak and Chen, 2007 p.330). (p. 12)

Lowering the EI entrance requirement would be of small benefit to the unemployed, and the benefits would tend to accrue in seasonal labour markets, increasing the degree to which firms and workers across the country subsidize those engaged in seasonal industries. (p. 95)

MOWAT CENTRE RECOMMENDATION 7

“Modify benefits in response to economic conditions (i.e. expanding work-sharing during recessions)”

The labour movement has long advocated for the modification of benefits in response to economic conditions, including the expansion of benefits for two years, reducing the hours requirement, etc.

Yet in its discussion, the report virtually dismisses labour’s proposals to lower the entry requirement as insignificant while acknowledging that in some economic circumstances, extending the duration of benefits “may” make more sense.

Nevertheless, the bulk of the report’s discussion is devoted to the EI work-sharing program. While extending benefits “may” be useful, the report insists “there is clear scope for expansion of work-sharing in Canada as a response to economic turmoil.” (pp. 47-48)

Of course labour supports expanding work-sharing arrangements and, in fact, such measures have already been implemented, even under the current federal government. In this context, this recommendation seems more designed to turn attention away from the very real need to extend benefits for all.

MOWAT CENTRE RECOMMENDATION 8

“Establish a transparent process for testing changes to the EI program”

As noted earlier, many pilot projects have resulted in large part from intensive advocacy work undertaken by labour and community organizations on behalf of all workers. These projects do mitigate some of the damaging changes imposed during the 1996 EI overhaul.

One recent pilot project was the Extended Employment Insurance and Training Incentive pilot project, in which long-tenured workers may have been eligible for an additional 104 weeks of EI benefits while retraining. It is revealing that the Task Force did not recommend this measure when considering long-tenured workers, instead opting to funnel them into low wage jobs under its wage insurance proposal.

Generally speaking, the problem with pilot projects is not their existence, but the failure to extend the programs to all workers or make them available on a permanent basis. Notions of “regional unfairness” as suggested intermittently throughout the report are red herrings, as has been noted elsewhere. It would be an enormous setback for workers if the result of implementing this Mowat Centre recommendation were to undermine even limited access to these gains.

MOWAT CENTRE RECOMMENDATION 9

“Treat temporary foreign workers fairly”

While fair treatment of workers can rarely be criticized, the report clearly leaves it open as to whether migrant workers should be included or excluded as a matter of fairness.

Excluding migrant workers would simply reinforce existing vulnerability in the event they become unemployed and let employers off the hook. The better solution is to include them and ensure they have full access to the provisions of EI, including the right to stay in Canada if they become separated from employment.

This issue is also relevant in the case of employees who cannot access EI and who instead turn to the TUA. One solution to the potential for imposing double-payments (one to EI and one for TUA) on workers is to forgive or exempt employees from their EI premium contribution (and therefore employers' contributions). Exempting employees from EI premiums will weaken the program and undermine support. It would also lead to a reduction in employer responsibility for funding EI.

MOWAT CENTRE RECOMMENDATION 10

“Modify the low-income family supplement to track growth in maximum insurable earnings”

According to the report:

The low income family supplement cutoff should increase at the same rate as maximum insurable earnings. Further, the current supplement should be adjusted retroactively to match increases in maximum insurable earnings since 1996. (p. 51)

Of course it makes sense to ensure that the low-income cutoff is increased in proportion to maximum insurable earnings, and to make such increases retro-active. However, this existing measure has introduced means-testing to a system founded on entitlements. It is premised on the notion that family income is shared equally, when for many—especially women—this is not the case.

According to HRSDC, in 2008-2009, the average weekly top-up amounted to a mere \$42, down slightly from the \$43 average in 1999-2000. Raising the weekly benefits and introducing a benefits floor, would be a more streamlined, secure alternative to the means-tested family income supplement.

MOWAT CENTRE RECOMMENDATION 11

“Transition the delivery of benefits for self-employed fishers out of EI”

According to the report:

Self-employed fishers who have received benefits should remain eligible for them. However, new self-employed fishers should not enter the system; governments should examine whether or not to deliver benefits outside of EI to these new self-employed individuals. (p. 52)

While much of the report's discourse has been framed through the unhelpful lens of “regional unfairness” and directed at workers in Newfoundland and Labrador, it should be noted that fishers do not reside solely in Newfoundland and Labrador.

According to Agriculture and Agri-Food Canada:

Canada has one of the world's most valuable commercial fishing industries, worth more than CDN \$5 billion a year and providing more than 130,000 jobs to Canadians. It is the economic mainstay of approximately 1,500 communities in rural and coastal Canada. (<http://www.ats.agr.gc.ca/sea-mer/ind-eng.htm>).

While the report acknowledges that other self-employed individuals do not receive EI, its proposal to disentitle the next generation of self-employed fishers is a step backward, not a step forward.

Despite the pejorative treatment of the self-employed fishers program, the features associated with it have actually gone some distance toward accommodating the widely varying “hours of work” challenges associated with those who are self-employed. As the report notes:

Unlike EI regular benefits, EI fishing benefits are based on earnings, not hours of employment. Depending on the local unemployment rate, fishers need to earn between \$2,500 and \$4,200 in income from self-employed fishing or a fishing-related activity within a 31 week period in order to qualify for benefits. Fishing benefits can last up to 26 weeks. (p. 53)

These (and other) innovative features of the fisher benefits program should be considered—not dismissed—for other self-employed workers as a means of making the EI system more accessible.

While the report notes that the numbers of EI claimants accessing EI self-employed fisher benefits is declining, the fact remains that in 2009, 4.3 percent of fishing claimants were youth between the ages of 15 to 24. If implemented, this Mowat Centre recommendation would throw more young people at the mercy of the private TUA system, while simultaneously discouraging the youth who might have chosen to support Canada’s crucial fishing industry from doing so. It will result in further displacement of independent fishers and add more instability to those communities dependent on fishing.

As with all two-tiered programs, once the fisher benefits are grandfathered, those remaining in the system will be at permanent risk of losing the program altogether, as their numbers dwindle relative to other EI claimants. In the absence of fisher benefits, disentitled workers will be either forced to move away from their community or resort to the private TUA system, creating a whole new set of labour market and economic problems for those involved.

If implemented, this recommendation would be most harmful to already fragile rural communities across Canada, from British Columbia to Newfoundland and Labrador. Outside of the unhelpful Ontario parochialism that permeates the document, it is hard to fathom why a program that is both relatively inexpensive and highly effective would come under such direct attack by the Mowat Centre.

Finally, the Mowat Centre report introduces a very dangerous and destructive false argument that low-income workers are “subsidizing” EI benefits they cannot access:

Low income workers pay disproportionately for the program, yet many have little or no chance of collecting any benefits should they find themselves unemployed. (p. 15)

Given the regressivity of the EI system, it is inequitable for low income workers in stable employment to pay premiums for a benefit that they themselves cannot access. (p. 53)

First, like all social insurance programs, the system is not based on “getting what you paid for”. It is a social contract in which we pool our resources to ensure there is a social safety net for those in need. It contributes to the overall wellbeing of society and the economy. For instance, while universal health care has mattered for many individuals, it has also been an economic asset for employers and for Canada’s economy.

While it is true that EI premiums constitute a higher proportion of income for low-income workers than high income, this is a function of the fact that EI benefits are capped at a certain level of income, and after a certain threshold is reached, premiums are no longer paid. As long as EI premiums are capped—a measure supported by the Mowat Centre report (p.15)—this will always be the case. Moreover, the Mowat Report

does not provide convincing evidence to support the claim that stably employed low-income workers subsidize unstably employed workers or higher-income workers, once the full range of redistributive effects and economic benefits are considered.

Ironically, in a later proposal where the report recommends the complete devolution of EI support measures, the report states:

For example, some provinces may wish to use funds to provide programs to individuals who are employed but have weak attachment to the labour market. Others may wish to devote more funds to new Canadians who are ineligible for EI and are having a difficult time securing work in their field. Still others may choose to target measures toward Aboriginal people who will account for most of the labour market growth in some provinces in the coming decades. (p. 57)

While all these groups are in need of specific assistance, such individuals should have access to these supports *regardless* of where they live in the country. In the Mowat Centre vision, it is clearly the intent to allow provinces to *cut* funding for certain programs and increase funding for others. Under this vision, a worker in a designated group may have access to a program in one province, but not in another. Labour supports targeted measures for all workers facing particular labour market barriers, and believes such programs should be available to those workers in any province in which they reside. Clearly, the Mowat Centre's concern for ensuring all workers have fair access to all programs is selective.

MOWAT CENTRE RECOMMENDATION 12

“Fund all training and active employment measures through a general revenue-funded transfer to provinces”

The report states:

The Task Force recommends that the federal funding streams (LMDAs, LMAs, Labour Market Agreements for Persons with Disabilities, and the Targeted Initiative for Older Workers) be collapsed into a single transfer, funded from general revenues, and modelled on the LMAs. EI qualification should be eliminated as a precondition for accessing active employment measures.

...

Removing active labour market funding from EI would result in lower EI premiums for workers and businesses. (p. 56)

Like many other recommendations in this report, this is yet another dangerous proposal that will undermine the EI system in Canada. Clearly, it is about reducing costs for the EI fund and reducing employer premiums, not about improving access.

As the report states plainly, this measure would take nearly \$2 billion of public, EI money, out of circulation. In the current economic climate, it is naïve to think the federal government will *fully replace* the lost EI funds using general revenues. And it is irresponsible to peddle the notion that the current government would actually *increase* funding to accommodate the new demand resulting from eliminating the EI requirement. In fact, Ontario's Second Career Program is a case study on just how much pent up demand actually exists for training and supports, and how quickly a government can move to restrict access when demand exceeds the money supply.

The more likely result of this Task Force recommendation would be a *reduced* funding envelope to address the needs of greater numbers of people, thereby undermining access to and the quality of existing programs. This measure would weaken national standards, and, ironically, exacerbate the regional differences that the paper purports to oppose.

In contrast to the Mowat Centre, the labour movement has been campaigning to *increase* the funding currently provided under Labour Market Agreements for non-EI eligible workers, thereby enhancing and complementing the supports that should continue to exist for EI eligible workers. In this regard, labour's proposals to reduce the entrance requirement and extend benefits would improve access to both EI Part I *and* Part II benefits.

It also has to be said that relative to their OECD counterparts, Canadian business investment in workplace training is badly trailing. Cuts in corporate income tax have already proven ineffective in changing this persistent reality.

It is therefore hard to see how eliminating employer EI contributions toward training and other labour market supports would improve this situation. Instead, this measure would be a gift—on top of all the recently announced corporate tax cuts—to Canadian corporations who will be relieved of their obligation to contribute to labour market supports via EI premiums.

Finally, it should be noted that the report takes a swing at EI funding aimed at improving labour market research and business-labour collaboration:

In addition, there are other activities funded through EI under the rubric of active employment measures that do not directly benefit unemployed workers. The EI account is currently used to fund labour market research and business-labour collaboration on human resource issues. Although these activities may be worthwhile, there is no reason why they should be funded through premiums intended to fund a workers' insurance system. If the federal government chooses to fund such activities it should do so through general revenue. (p. 59)

A significant problem with research and collaboration efforts to date is the unstructured, ad hoc and uneven implementation, and the failure in most cases to include labour and business as key partners. The purpose of using EI funding to engage in these activities is precisely to inform the kind of support measures that would improve labour market outcomes for workers themselves.

The labour movement has long advocated for a tripartite body that brings labour, business, government and relevant social partners to the table in a permanent manner with the necessary resources to identify collaboratively and then undertake research that would improve policy making. It would be a body that could respond quickly to problems in policy implementation and make recommendations that work for all parties.

The paper also adds its voice to those who admonish existing training and support:

... we accept the conclusion of most research “that many active labour market measures fail to prepare clients for new work. (p. 61)

In fact, it is not the training and support strategies that are failing, but rather the labour market realities that fail those looking to acquire decent jobs. Despite training, too often the jobs simply aren't there when workers complete their training; this is especially so during periods of high unemployment.

Indeed, the value of the training is often realized down the road, when workers have been able to match their skills with jobs, and when the labour market improves. This reality underscores the need for federal and provincial governments to develop a comprehensive jobs strategy. Providing for a tripartite, permanent, resourced body would help government develop and implement a vision for job creation that would benefit all Canadians.

Clearly, labour-business-government collaboration and research would dramatically improve policy development and implementation. It would improve outcomes for both unemployed workers and business, and is, therefore, a critical and necessary investment in meeting the needs of unemployed workers.

MOWAT CENTRE RECOMMENDATION 13

“Enhance the relevance and effectiveness of the Forum of Labour Market Ministers”

This recommendation does speak to the need for better research and policy-making outcomes. However, it is notable that the Task Force does not envision labour or business participation in such a forum. As noted above, an effective forum must include government, labour and business.

It should also be said that this report has accepted and legitimized the erosion of the role of played by the federal government in setting national standards and implementing policy within Canada. This is a highly ideological assumption that undermines those organizations working to reverse this trend.

MOWAT CENTRE RECOMMENDATION 14

“Enable individuals to pursue skills development (such as high school and post-secondary education) while receiving EI benefits”

This is a laudable measure that was already implemented as a pilot project by the current government. As noted elsewhere, labour fought for and won the Extended Employment Insurance and Training Incentive pilot project that allowed certain long-tenured workers up to 104 weeks of additional EI benefits while retraining. The measure should become a permanent feature of EI and accessible to all EI recipients.

MOWAT CENTRE RECOMMENDATION 15

“Provide parental benefit recipients with a choice between higher benefits over a shorter period, or lower benefits over a longer period”

As noted elsewhere, the Mowat Centre EI Task Force report is silent when it comes to the matter of increasing weekly benefits under a single, national weekly benefit formula. They entertain the idea only in the context of parental benefits and only if it is tied to *reduced* duration of benefits.

While the report acknowledges (p. 66) that such a “choice” might result in a disproportionate number of low-wage workers losing weeks of benefit, it argues that in practice, low-wage workers are already

discontinuing their benefits early because their weekly benefits are inadequate.

Some low-wage workers forgo their parental benefits entirely for the same reason.

This allows the Mowat Centre, in an Orwellian sleight of hand, to argue that by choosing the *shorter* duration, low-income workers will actually receive a *longer* duration of parental benefits. (p. 66-67)

Genuine choice would involve higher EI benefits for all workers, so that choices pertaining to parental benefits can be made without the duress associated with low-wage work.

The fact that this option was not even mentioned speaks volumes. Once again, misleading notions of “choice” are being used to distract and undermine the campaign for higher benefits.

MOWAT CENTRE RECOMMENDATION 16

“Remove the two-week waiting period for special benefits”

The labour movement supports the elimination of the two-week waiting period for all workers, not just those applying for special benefits.

MOWAT CENTRE RECOMMENDATION 17

“Test a change to sickness benefits to support labour market participation of persons with disabilities”

According to Marion Overholt, a staff lawyer with Legal Assistance of Windsor:

Context:

Sickness Benefits are available under employment insurance for up to 15 weeks with medical documentation. If at the end of that period, the worker is unable to look for work no further employment insurance benefits would be paid. The worker would then apply for social assistance and disability support program benefits. Most workers have to apply for social assistance first because there is a backlog of applications for disability benefits and the appeal process can be lengthy. Similar delays are experienced by workers applying for Canada Pension Disability benefits. The Ontario Disability Support Program recognizes recurrent disabilities and allows recipients to reapply for rapid reinstatement if their conditions deteriorate and they become substantially impaired. Canada Pension also allows recipients to return to employment trials without jeopardizing benefits.

The Mowat Report uses this section to criticize the current disability support programs as being all or nothing in their approach and suggests that the programs make people dependent on the system instead of creating a labour market connection. Ontario is currently reviewing both the Ontario Works and Ontario Disability Support Program and a report from the Social Assistance Reform Commission is expected for June 2012.

Impact of the Task Force recommendation:

Workers with disabilities need not only access to good, well-paying, secure jobs but viable employment supports to maintain the employment.

The elimination of the two-week waiting period for special benefits is helpful but it is a small problem in relation to the larger access and support issues facing workers with disabilities.

The recommendation is not to increase the amount of sickness benefits, rather to make it a more flexible benefit. It is significant that the Mowat Report does not make recommendations to improve the quality of work and enforcement of labour standards, which define the working conditions. Both heavily influence the need to access employment insurance benefits.

Real solutions:

- Fix the access issues of Ontario Disability Support Program and Canada Pension Plan disability.
- Address the lack of adequate employment standards and enforcement.
- Provide comprehensive employment supports for persons with disabilities.

MOWAT CENTRE RECOMMENDATION 18

“Strengthen and broaden the authority of the Canada Employment Insurance Financing Board (CEIFB)”

As noted by Andrew Jackson, a CLC economist:

The report proposes expanding the role of the Canada – EI Financing Board (CEIFB) so that they would be responsible for approval of pilot projects and program evaluation as well as service standards. They do call for labour and employer representation on the CEIFB, but there is a danger that the design and actual administration of the EI program could be devolved from a democratically accountable government department.

Indeed, the report appears consistent in its view that the federal government is little more than a support agency for the provinces. But from a worker advocate perspective, an entity deliberately constructed to be arms-length from government reduces the political space in which advocates can effect change. It lets government off the hook for bad decisions. Since CEIFB members are not elected, they are far less susceptible to political pressure from constituents and much more prone to reflect their own narrow personal perspectives or interests.

CONCLUSION

Taken as a package, the report has little to recommend. Many of the proposals would have far-reaching negative consequences for workers throughout Canada. The report’s reliance on an individual debt scheme as a funding mechanism for laid-off workers in precarious employment must be vigorously rejected. Likewise, the proposals to reduce EI access for seasonal workers and fishers would be devastating for workers and employers in those industries.

Despite the rhetoric, the Task Force recommendations are not at all about increasing access to EI or to EI training and supports. Still less are the recommendations about “fairness”. Rather, these recommendations are about reducing costs to the EI account in order to reduce EI premiums for employers. Indeed, many of the recommendations are tantamount to handing over another round of no-strings attached tax cuts to corporate Canada.

Concerns that the vision put forward by labour and community organizations are too costly are unfounded. The over \$57 billion surplus in the EI account would more than cover the additional costs associated with strengthening the current system. Yet this money has been misappropriated and used, in part, to fund the corporate tax cuts that have been dolled out over the past number of years.

Lastly, it must be noted that the Mowat Centre has been mandated to develop an “Ontario Perspective” on matters of national policy. This fact helps explain why the report is so heavily biased toward Ontario, why the report relies so much on regionalism to advance its vision, and why so many of its examples of “regional unfairness” are unpersuasive. As such, the document is unworthy of national consideration. Indeed, governments, policy-makers and worker advocates outside Ontario would be well advised to see this report for the Trojan Horse it is.

Yet even as a document intended to appeal to those residing in Ontario, the report remains dangerous and destructive. If these recommendations were implemented, many Ontario workers currently eligible for EI—especially those in precarious employment and seasonal employment—would be disenthralled.

Certainly, no worker inside or outside Ontario has an interest in a privatized unemployment insurance scheme that may well make low-paid workers, newcomers, young workers, older workers and many others personally liable to fund their own assistance, while employers get off scot-free.

In short, the Mowat Centre report contains a set of very dangerous recommendations that could deliver a devastating blow to one of Canada’s most successful and important social insurance programs.

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