

BUILDING

THE ONTARIO

WE WANT

ONTARIO FEDERATION OF LABOUR

**2016 PRE-BUDGET SUBMISSION
TO THE STANDING COMMITTEE ON FINANCE AND
ECONOMIC AFFAIRS, GOVERNMENT OF ONTARIO**



ONTARIO FEDERATION OF LABOUR



**BUILDING THE ONTARIO WE WANT: 2016 Pre-Budget Submission to the
Standing Committee on Finance and Economic Affairs, Government of Ontario**

February 2, 2016 • Ontario Federation of Labour (OFL)

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

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SUMMARY OF RECOMMENDATIONS

The Communities We Want

- 1. Reverse the decision to introduce private specialty clinics to take the place of local community hospital services.*
- 2. Commit to increased funding for hospitals, at a rate much larger than the rate of inflation.*
- 3. Phase in an affordable, public early learning and child care program – a program the Ontario Coalition for Better Child care urges be based on the principles of universal entitlement, high quality and comprehensiveness.*
- 4. Adopt the Early Childhood Educators’ Ontario call for a comprehensive workforce strategy for the regulated child care sector.*
- 5. Commit to lifting Ontarians out of poverty by addressing the harmful effects on families that result from food insecurity, lack of child care, shortages of affordable housing and increasing employment precariousness.*
- 6. Create a community advisory council of community, academic and labour representatives to advise on policies to assist the government in achieving its goals for the Ontario Poverty Reduction Strategy.*
- 7. Create a specific poverty reduction plan for Indigenous peoples after consultation with Indigenous groups and leaders.*
- 8. Increase income transfer payments to Ontario’s most vulnerable. Including a 5 percent increase in Ontario Works and Ontario Disability Support payments, with further increases indexed to inflation.*
- 9. Ensure the Anti-Racism Secretariat outlined in the Human Rights Code Amendment Act is assigned adequate resources and that the mandate to advance racial justice is a prerequisite throughout Ontario.*

The Jobs We Want

- 10. The Province should follow the lead of a number of Ontario cities and adopt a Fair Wage Policy to ensure that the companies it does business with are not exploiting their workers.*
- 11. Adopt a minimum wage of \$15/hour to lift all workers out of poverty.*
- 12. Adopt a comprehensive strategy to close Ontario’s Gender Pay Gap by 2025.*
- 13. Ensure that the Ontario Retirement Pension Plan (ORPP) is modeled on the CPP, such that it is portable and could be folded into the CPP at a later date. The ORPP must be universal and mandatory.*
- 14. Ensure the Government of Ontario continues to work with the federal government and the provinces to enhance the CPP, so that all workers in Canada can enjoy greater retirement security.*
- 15. Amend the WSIA to allow gradual onset mental stress claims.*

16. *Broaden the WSIB coverage to include all occupational sectors involved in Ontario's economy.*
17. *Establish a registration and licensing system for migrant worker employers and recruiters to provide the oversight and data needed for proactive enforcement.*
18. *Establish a Labour Market Partners Forum for multi-stakeholder consultation about job creation and training.*
19. *Provide adequate funding and the required resources for educators throughout Ontario's primary and secondary education systems.*
20. *Make community college education free for all students.*
21. *Eliminate interest on provincial student loans.*
22. *Develop a strategy to eliminate tuition fees for all post-secondary education in Ontario.*
23. *Establish a dedicated fund for the upkeep, repair and expansion of publicly delivered and financed infrastructure projects.*
24. *Commit to infrastructure spending in Ontario's northern and rural communities.*
25. *Stop the further sale of Hydro One.*

The Economy We Want

26. *Commit to investing in Ontario's future by supporting strong public services.*
27. *Ensure that details of the "Cap and Trade" system provide protection to low and middle income families in Ontario.*
28. *Make transparent the details that will apply to corporations and guarantee they will be required to contribute their fair share and at the same time as households, to truly confront climate change.*
29. *Divert any revenue generated from the program away from deficit reduction or from being hidden in general revenues and commit to re-investing the funds toward building a greener economy, with the green jobs required to truly tackle climate change.*
30. *Ensure corporations and tax evaders pay their fair share by:*
 - (a) *Increasing the corporate tax rate from 11 percent to 14 percent, which could generate up to \$2.5 to \$3 billion.*
 - (b) *Increasing efforts to collect the more than \$2 billion in unpaid taxes the Auditor General has uncovered.*
 - (c) *Removing the exemptions from the Employer Health Tax, which could generate up to \$2.5 billion.*



INTRODUCTION TO THE ONTARIO WE WANT

The Ontario Federation of Labour (OFL) is the voice of Ontario at work. With 54 affiliated unions representing working people from across the province, from all social, economic, and ethnic groups, over half of whom are women, we campaign for equity and equality for every Ontarian.

Together, we have the power to make real and positive change. We have an opportunity to make progress in pursuit of our shared values and to prepare for the challenges that the 21st century presents. We must not be constrained by ideas that today seem distant – *like free post-secondary education or a guaranteed annual minimum income*. If we wish to make possible these or any other ideas, we must provide a foundation for growth. Strong public services that bolster vibrant communities, a green economy, retirement security and affordable public childcare – these are the very ideas that are inspiring and motivating communities into action.

Public budgets are a reflection of the vision and values of government. Last year's budget delivered modest progress in responding to the needs of Ontarians. Instead of working toward a poverty-free Ontario, the government reverted to austerity and short-sighted privatization plans that would actually grow inequality, rather than reduce it. Across a variety of key measures, including income transfer payments, access to affordable housing, childcare and social support for our most vulnerable citizens, average Ontarians have slid backwards and are worse off today.¹

The OFL values its role in shaping public policy. When policy is developed without input from labour, the struggles of working people across the province are rarely considered a priority. The recommendations

¹ Ontario Common Front. "Backslide: Labour Force Restructuring, Austerity and Widening Inequality in Ontario." November, 2015.

listed herein provide direction to reverse the trend of growing inequality and to make a real difference in the lives of all Ontario workers.

The OFL envisions a prosperous and productive Ontario, built on values of equality, fairness and progress for all. A benchmark of our success will be our ability to lift up those least fortunate among us, to elevate our economy, our society, and our collective fortunes to new levels. This requires everyone, including corporations, to contribute their fair share to maintaining and building a better Ontario. The Ontario Budget 2016 presents an opportunity for the Government of Ontario to make real change, to prepare Ontarians for the next great leap forward. We must shift our thinking away from defending the jobs we have, and towards creating the jobs we deserve.

The government must provide the public services required for healthy and vibrant communities to flourish. Together, labour, government and business must nurture the economy, ensuring to value the contribution of working people, make our province truly accessible, stimulate responsible growth and create – the *Ontario We Want*.



**Fully half of Ontarians
have seen little or no
improvement in their
incomes stemming from
the periods of economic
growth over the last
thirty years.**

**- Ontario
Common
Front
2**

2 Ibid.

THE COMMUNITIES WE WANT

We have known for well over a century that the primary factors that determine whether our life will be long or short, healthy or sick, full of fulfillment, or empty with despair - are the living conditions experienced over the individual's entire lifespan.³

As such, these living conditions are important measures, which the academic community have come to refer to as the Social Determinants of Health (SDOH).⁴ The World Health Organization (WHO) describes SDOH as “the conditions of daily life – the circumstances in which people are born, grow, live, work, and age” and how they result from inequitable distribution of power, money – and resources – the structural drivers of conditions of daily life – globally, nationally, and locally.”⁵

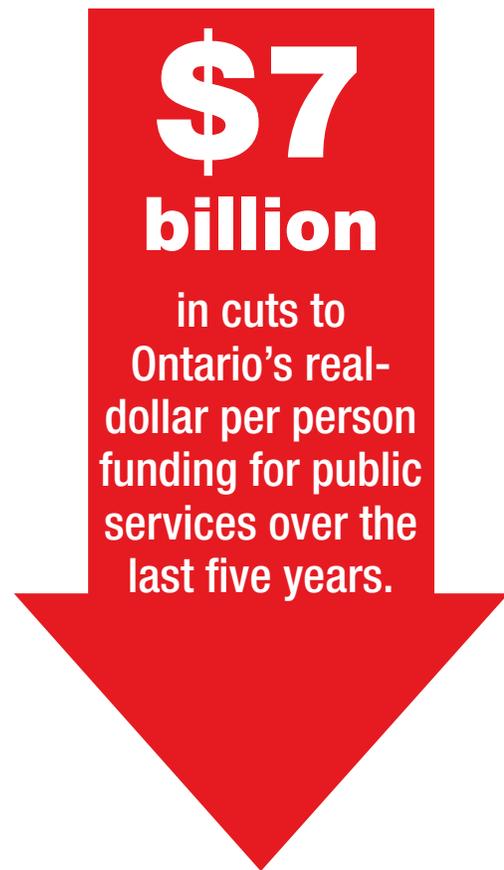
In light of the overwhelming consensus in the medical and scientific community on the centrality of the social determinants of health, the OFL recommends a comprehensive approach to building and sustaining vibrant communities. At its core, any approach must understand how Ontarian's social locations like communities of place, Indigenous status, disability status, race, gender, sexual orientation and identity interact with the social determinants of health and the overall communities' health.

Essential to the development of healthy and vibrant communities is the availability of social support networks and the provision of public services. Yet, in Ontario in the last five years, declining investment in public programs and services has reached 6 percent, or more than \$7 billion in cuts.⁶

The recommendations listed below will put Ontario communities on the path to sustained health and vibrancy.

Investing in Health Care

Funding for universal, equitable, and accessible public healthcare must be expanded. It is unacceptable to continue to fail to account for Ontario's changing demographics, like an aging population – by only funding healthcare at less than the rate of inflation. Practices such as the competitive bidding process, the delisting of public services and public-private partnerships must be eliminated. These practices are also leading to the erosion of job



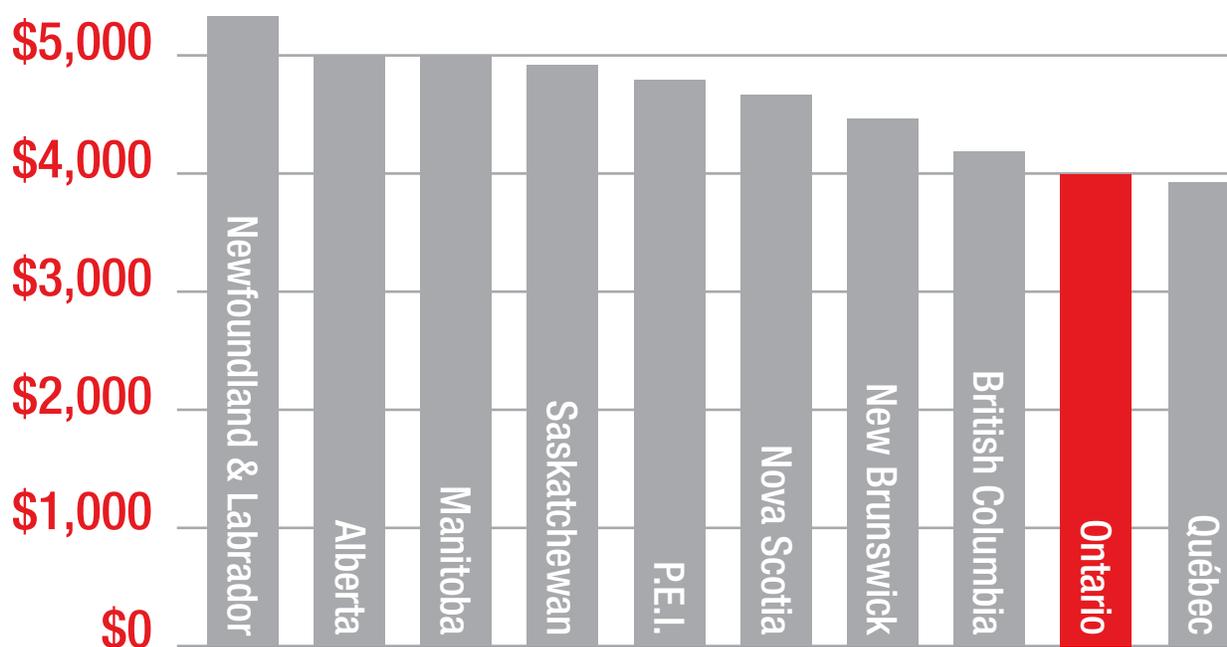
3 Raphael, Dennis. (November 2015) The Political Economy of Health: A Research Agenda for Addressing Health Inequalities in Canada. University of Toronto Press, to be published in the Journal of Canadian Public Policy.

4 Ibid.

5 World Health Organization (2008) Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health. Geneva; WHO.

6 Block, Sheila. Tiessen, Kaylie. Ontario Budget 2015: Kicks the can on fixing Ontario's real problems, Behind the Numbers, CCPA, April 23, 2015.

Health Care Funding Per Person, 2014



Source: Canadian Institute of Health Information, National Health Expenditures Database, 2014.

quality and working conditions in the health care sector. The decision to introduce private specialty clinics to take the place of local community hospital services must also be reversed.

Ontarians are paying the price for the lack of substantial investment in health care. Seniors' user fees for drugs have increased multiple times. Vision care, physiotherapy and chiropractic services have been cut, particularly for working adults and youth, and in some communities, like Windsor, the hospitals are literally falling apart. In fact, hospital budgets have been cut in real-dollar terms for eight years in a row – the longest period of cuts in our province's history.⁷ In the 2015 Budget, health care overall received a real-dollar cut.⁸

Recommendation 1: *Reverse the decision to introduce private specialty clinics to take the place of local community hospital services.*

Recommendation 2: *Commit to increased funding for hospitals, at a rate much larger than the rate of inflation.*

⁷ Ontario Common Front. "Backslide: Labour Force Restructuring, Austerity and Widening Inequality in Ontario." November, 2015.

⁸ Mackenzie, Hugh. "Ontario Budget 2015 throws everything but infrastructure under the bus." April 23, 2015.

Investing in Affordable, Universal, Public Child Care

Working families across Ontario find themselves caught in the parent trap. They need good paying jobs to provide for their families, but they also require affordable child care that will allow them the opportunity to participate in the labour market. Throughout the province there are growing waiting lists for subsidized child care – which ensures parents can get to work. According to the Ontario Coalition for Better Child Care’s 2015 report, there are only licensed child care spaces for 17.7 percent of children aged 0-12 years in the province of Ontario.⁹ This compares with a nearly 25 percent average across Canada.¹⁰ Regardless, when three out of four children across Canada are denied access to a child care space, the children, their families, and indeed our economy suffers. For the 17.7 percent of Ontario children that do have access to a licensed child care space, the cost to their families is debilitating – between \$10,000 to \$15,000 per year, per child. Ontario parents pay the highest cost for child care in Canada.¹¹

Economist Pierre Fortin’s study of the cost-effectiveness of the Province of Québec’s public child care program concluded that the Quebec program has made a net contribution of \$1.7 billion to the province’s GDP.¹² Child care is a public program that pays for itself.

Investing in 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:

- 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; and
- Lower welfare rates as parents can participate in the workforce.¹³

Recommendation 3: *Phase in an affordable, public early learning and child care program – a program the Ontario Coalition for Better Child Care urges be based on the principles of universal entitlement, high quality and comprehensiveness.*

Recommendation 4: *Adopt the Early Childhood Educators’ Ontario call for a comprehensive workforce strategy for the regulated child care sector.*

Fewer than 2 in 10 children under 12 have access to licensed child care



9 Ontario Coalition for Better Child Care. “Child Care Matters to Everyone: A Snap Shot of Child Care in Ontario.” 2015.

10 Ibid. pg.3

11 Sinha, Maire. “Statistics Canada: Spotlight on Canadians, Results from the General Social Survey: Child Care in Canada.” October 30, 2014.

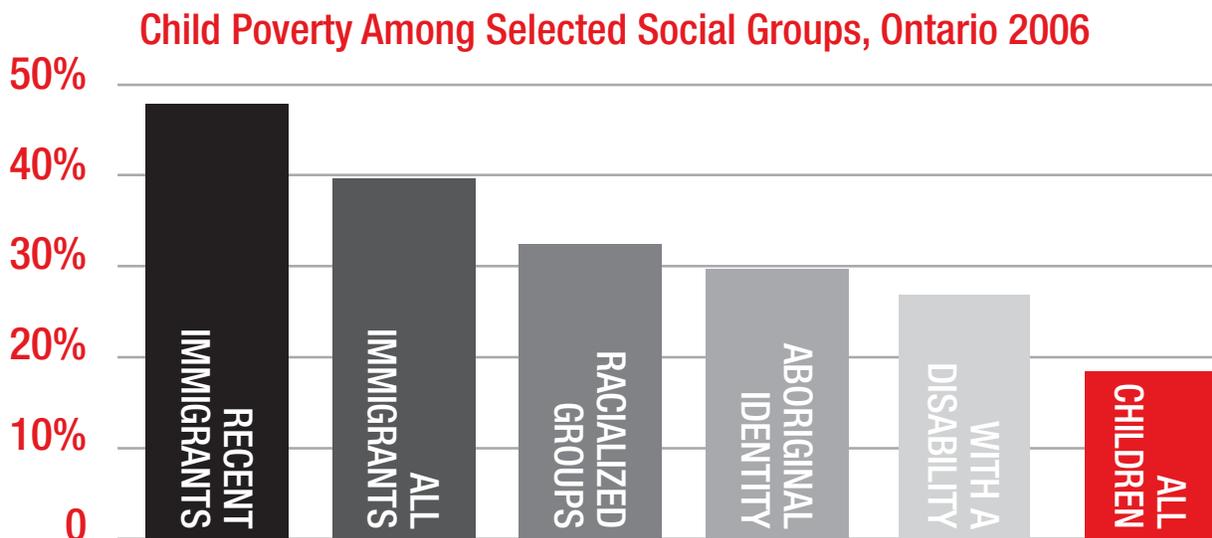
12 Fortin, Pierre. et al. “Impact of Quebec’s Universal Low Fee Childcare Program on Female Labour Force Participation, Domestic Income, and Government Budgets.” N.d.

13 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>.

Address the Harmful Effects of Poverty

Despite the efforts of governments since the mid 1990's, the proportion of Ontarians living in poverty has increased by 38 percent, from 8.9 percent of the population in 1994 to nearly 12 percent in 2011.¹⁴ Those least fortunate will always be with us. As is often the case, growing inequality and poverty disproportionately affects racialized Ontarians, serving to further marginalize these communities. This reality is clearly represented in the fact that 20 percent of racialized Ontarians are living in poverty, compared to 11.6 percent of non-racialized residents.¹⁵ We will never build a fair and equitable Ontario if we continue to let those among us in most need of our support, continue to languish in poverty. The effect of our inaction on poverty results in nearly 500,000 children in Ontario that are today living in poverty.¹⁶

The Government of Ontario has not been completely ineffective in reducing child poverty. The Ontario government committed to reducing child poverty by 25 percent and was somewhat successful.¹⁷ From 2008-2011 investments in Ontario Child Benefits and increases in minimum wages reduced child poverty by 9.2 percent.¹⁸ A measurable public target and a timeline have proven extremely effective in holding the government accountable to making progress towards fulfilling its promise. However, Ontario's child and family poverty is still higher now than it was a generation ago. There is much debate within the academic community on the measures of poverty. Whether we establish the low income cut-off as the statistical determinant of living in poverty, or any other of the many measures, what is for certain is that poverty in Ontario is harmful. When we view poverty in the context of the harm it causes children, their families, our economy and our communities at large, we quickly understand the importance of eradicating it, in all of its forms.



Source: Toronto Community Social Research and Data Consortium, using 2006 census.

14 Statistics Canada, Persons in low income families, annual percentage, CANSIM. Table 202-0802.

15 Block, Sheila. Galabuzi, Grace-Edward. Weiss, Alexandra. "The Colour Coded Labour Market By the Numbers: A National Household Survey Analysis." Wellesley Institute, September 2014.

16 Ontario Campaign 2000, Child Poverty, 25 Years Later: We Can Fix This, 2014 Report Card on Child and Family Poverty in Ontario, 2014.

17 Ontario's Poverty Reduction Strategy, Breaking the Cycle, 2008.

18 Poverty Free Ontario, Ontario 'recommits' to tackling child poverty, September 4, 2014.

Recommendation 5: *Commit to lifting Ontarians out of poverty by addressing the harmful effects on families that result from food insecurity, lack of child care, shortages of affordable housing and increasing employment precariousness.*

Recommendation 6: *Create a community advisory council of community, academic and labour representatives to advise on policies to assist the government in achieving its goals for the Ontario Poverty Reduction Strategy.*

Recommendation 7: *Create a specific poverty reduction plan for Indigenous peoples after consultation with Indigenous groups and leaders.*

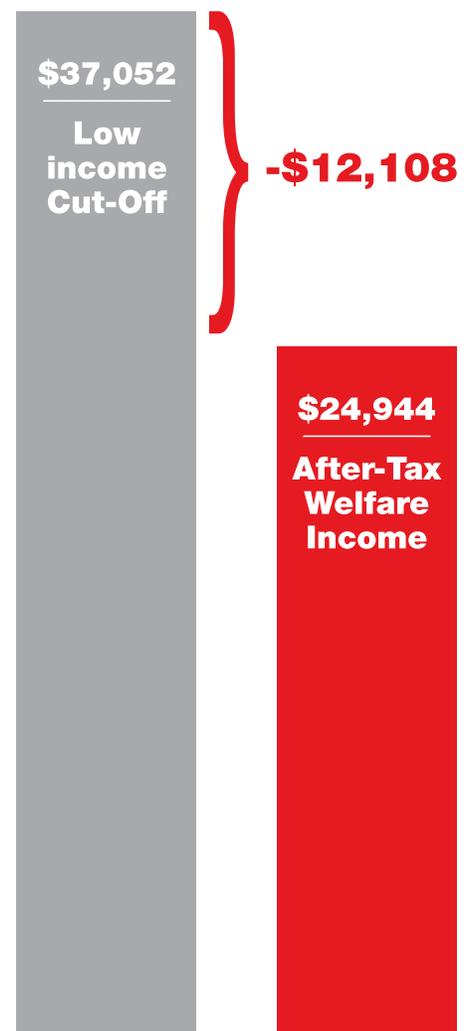
Increase Income Transfer Payments

A cornerstone of any attempt by our province to reverse growing inequality is in our ability to support those Ontarians that are most in need of help. Social assistance rates, already far too low to meet even the most basic needs and have even failed to keep pace with the rate of inflation. After the devastation of cuts under Mike Harris during the mid-1990s, the McGuinty and Wynne governments began to increase rates, but in real-dollar terms they too have not kept up with basic rate of inflation. For persons with disabilities and for those that utilize Ontario Works – income transfer rates today are less than they were a decade ago.

In fact, in real dollar terms, both Ontario Works and Ontario Disability Support Program are lower today by five to seven percent than they were in 2003.¹⁹

Recommendation 8: *Increase income transfer payments to Ontario's most vulnerable. Including a 5 percent increase in Ontario Works and Ontario Disability Support payments, with further increases indexed to inflation.*

Ontario Welfare income for a family of four is 33% below the poverty line



Source: "Welfare in Canada 2012," Caledon Institute, December 2013

19 Ontario Common Front. "Backslide: Labour Force Restructuring, Austerity and Widening Inequality in Ontario." November, 2015.

Fund an Ontario Anti-Racism Secretariat

The OFL is witness to the fact that Indigenous people, Ontarians with disabilities, members of racial minorities and women experience higher rates of unemployment than other people in our province. In addition, not only do we recognize that people in these groups experience more discrimination than other people in finding employment, they also struggle in retaining employment and career advancement. As a result, they are underrepresented in most areas of employment, especially in senior and management positions, and they are overrepresented in those areas of employment that provide low pay and little chance for advancement. The burden imposed on the people in these groups and on the communities in which they live is unacceptable and yet, some provinces, like Ontario, have abandoned their employment equity legislation.

Racial exclusion is rooted in structures and systems that appear to be race-neutral but exclude or discriminate against people of colour. Ontario must lead the charge to ensure that employment equity is once again a priority for all employers and for all levels of government.

Recommendation 9: Ensure the Anti-Racism Secretariat outlined in the Human Rights Code Amendment Act is assigned adequate resources and that the mandate to advance racial justice is a prerequisite throughout Ontario.



THE JOBS WE WANT

Essential to building a strong, vibrant economy is a commitment to improving Ontario's beleaguered labour market. Putting equity and equality at the centre of efforts to ensure that a job is a path out of poverty, not a chain that binds, is essential. The OFL and our affiliate unions have presented detailed recommendations on how to modernize Ontario's outdated labour laws and improve employment standards in Ontario. Top of the list of priorities is to make Ontario's job market more equitable. Although many of the recommendations require immediate attention, all Ontarians are eager to see the outcomes of the Changing Workplaces Review (CWR) and improvement to their working conditions in the coming year. The Government of Ontario must take this opportunity to make real, noticeable and positive improvements for working people across our province.

For the nearly one million Ontarians earning at or around the minimum wage, who do precarious work and lack union representation, an improved and enforced *Employment Standards Act*, could raise the floor for every worker, improve job security and provide dignity in their work.

Under the banner of "Fight for \$15 and Fairness," we have advocated for paid sick days, an end to split shifts and preventing employers from classifying employees as contract workers in order to escape their obligations for fair treatment. While minimum wage and equal pay issues have been explicitly excluded from the CWR, we continue to advocate strongly for a \$15-an-hour minimum wage and gender pay equity, so that no worker is forced to toil for sub-poverty or inequitable wages.

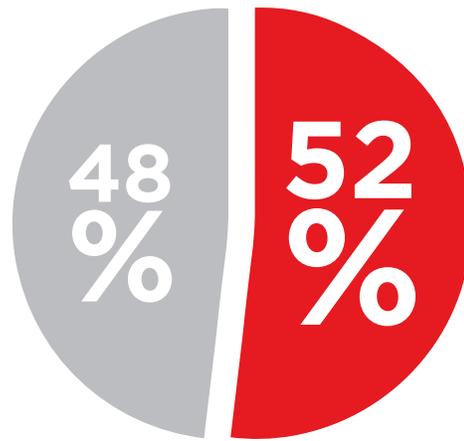
\$15 Minimum Wage

While the increase in the minimum wage to \$11.25/hour was a welcome step, it falls too short of what is necessary to provide low wage workers with an adequate wage to live in the cities where they work. Grassroots movements across the country have called for a fair minimum wage to ensure families can live a life of dignity and realize better health outcomes. In Ontario, all workers deserve no less than a \$15/hour minimum wage, regardless of the sector in which they work or the age or educational status of the worker. A minimum wage hike to \$15/hour would lift more people out of poverty and send a strong message that Ontario values workers' well-being and is a fair province.

Recommendation 10: *The Province should follow the lead of a number of Ontario cities and adopt a Fair Wage Policy to ensure that the companies it does business with are not exploiting their workers.*

Recommendation 11: *Adopt a base minimum wage of \$15/hour, adjusted annually based on increases in the cost of living, to lift all workers out of poverty.*

MORE THAN HALF
of workers in the GTA & Hamilton
now work in temporary, contract,
or part-time positions



Source: "It's More than Poverty", Poverty and Employment Precarity in Southern Ontario (PEPSO), February 2013

Closing the Gender Wage Gap

It is essential that meaningful action-oriented steps be taken to end gender pay discrimination and inequality in Ontario. To date, governments and businesses have resisted paying women's work what it is worth. It is unacceptable to use uncertain economic times to entrench women's pay inequality and to make matters worse for women by creating more precarious and low paid work, rather than full-time, secure, stable employment, with benefits and opportunities for advancement.

Women have traditionally earned less than men, as documented by numerous studies on the matter spanning decades.²⁰ Further studies confirm the continuing gap in wage differential between women and men – on average, women made 68.5 cents for every male dollar in 2011.²¹ Studying the effects of gender pay discrimination is an important element to drive awareness of the need for change and to uncover the structural and systemic root causes of the existent gaps. Targeted action aimed at closing the gender wage gap is long over-due.

The OFL joins with anti-poverty groups and other pay equity advocates in echoing the call of the Ontario Equal Pay Coalition's 2008 Framework for Action.²² The OFL calls on the government to commit to a plan that will close Ontario's 31.5 percent²³ average annual earnings gender pay gap by 2025, the same compliance date and in similar process for making Ontario accessible under the *Accessibility for Ontarians with Disabilities Act*.

Recommendation 12: *Adopt a comprehensive strategy to close Ontario's Gender Pay Gap by 2025.*

**WOMEN CONTINUE
TO EARN 31.5 %
LESS THAN MEN**



Source: Statistics Canada, 2011

20 Doiron, D.J., and Riddell, W.C. "The Impact of Unionization on Male-Female Earnings Differences in Canada." *Journal of Human Resources*. Vol. 29. No. 2. Special Issue: Women's Work, Wages, and Well-Being. p. 504–534. 1994. See also: Baker, M., and Drolet, M. "A New View of the Male/Female Pay Gap." *Canadian Public Policy*. Vol. 36. No. 4. p. 429–464.) 2010.

21 Statistics Canada. "Table 202-0102 - Average female and male earnings, and female-to-male earnings ratio, by work activity, 2011 constant dollars, annual." Cansim (database). Sorted by Ontario, all earners, average earnings, sex, female-to-male average earnings ratio, 2002–2014.

22 Equal Pay Coalition, *A Framework for Action on Pay Equity*. 2008.

23 Statistics Canada. "Table 202-0102 - Average female and male earnings, and female-to-male earnings ratio, by work activity, 2011 constant dollars, annual." Cansim (database). Sorted by Ontario, all earners, average earnings, sex, female-to-male average earnings ratio, 2002–2011.

Universal Retirement Security

Another laudable initiative by the provincial government is the creation of the Ontario Retirement Pension Plan (ORPP) for Ontarians after the federal government has begun to drag its feet on efforts to improve the Canadian Pension Plan (CPP).

The creation of the ORPP must at no time become a barrier to an enhanced CPP, which is ultimately far preferable to the ORPP.

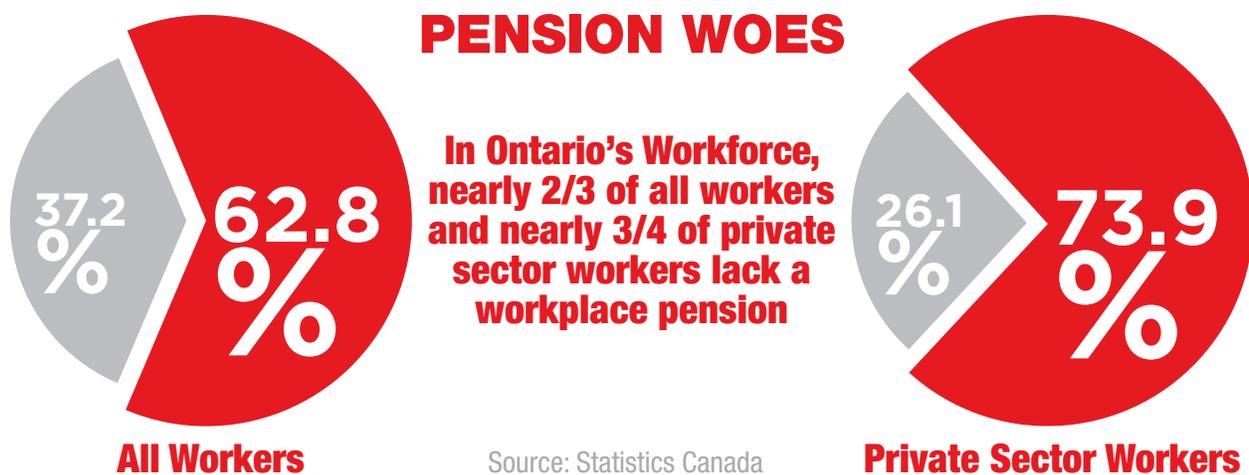
The aging of the “baby boomer” generation, declining incomes affecting our ability to save and the abdication of responsibility by corporations like Nortel to their retired employees, have left Canadians worried about their economic security as they age. Respected economists have called on governments to get serious about improving pensions and analysts continue to note that Canadians are not saving nearly enough – most often because they cannot afford to – for a poverty-free retirement.

The made-in-Ontario pension plan is not without its problems. Namely, the ORPP must ensure that contract and seasonal workers are not excluded from the plan. Ontario is already home to public sector pension expertise with extremely well run pension programs, including the Teachers’ Pension Plan. The stability of large public pensions such as the CPP and Québec Pension Plan (QPP) provide an excellent template for an Ontario plan, one that could provide more generous payments with higher, but still affordable, premiums.

Such a system would both reduce poverty and increase economic growth, as pensioners would have a higher disposable income. In addition, as with medicare, an enhanced pension program would be a positive contributing factor in persuading creative workers and industries to locate to Ontario. Now the Province must choose the right plan. Any other option would put the wants of investment bankers over the needs of Ontario seniors. Ontario has the capacity and the template of the CPP to follow. With the political will we can help ensure a secure future for our seniors.

Recommendation 13: *Ensure that the Ontario Retirement Pension Plan (ORPP) is modeled on the CPP, such that it is portable and could be folded into the CPP at a later date. The ORPP must be universal and mandatory.*

Recommendation 14: *Ensure the Government of Ontario continues to work with the federal government and the provinces to enhance the CPP, so that all workers in Canada can enjoy greater retirement security.*



Universal Workers Compensation Coverage

With the enactment of Ontario's original *Workers' Compensation Act*, some sectors of the economy were excluded from the legislation including banks, insurance companies, hairdressers/barbers, funeral directors, shoe shiners, private education companies, etc. There is no justification for these exclusions and there should be a legislative amendment in which all workers are afforded coverage under the law. A disproportionate number of these workers are women. These workers are left out, and left behind.

Furthermore, the health care costs associated with the claims for these excluded employers are borne by the provincial health care system, rather than the employer as is currently the case with covered employers. In light of the current debate around our publicly-funded health care system, it is essential that all employers be mandated to participate in the Ontario workers' compensation system and incur all costs of workplace injuries, illness and disease, including health care.

The Ontario workers' compensation law includes an obligation on employers to reinstate and accommodate workers injured on the job. Workers, employed in the excluded sectors, do not have this protection. In addition, non-covered employers do not have to provide paid sick leaves or disability insurance. These workers are often left unemployed and either seeking benefits from Employment Insurance, Canada Pension Plan Disability or Social Assistance. Each of these options places responsibility for the costs of the workplace injury on to the public system, further burdening the public purse with costs that should be borne by the employer. This abuse can only be addressed through compulsory coverage for all employers in the province.

The *Workplace Safety and Insurance Act (WSIA)* prohibit claims due to chronic harassment including sexual harassment. This discriminates against workers who have developed gradual onset psychological injuries. The Workplace Safety and Insurance Board (WSIB) does provide compensation benefits to workers who develop gradual onset physical injuries such as Repetitive Strain Injuries (RSI). Included in this are victims of harassment, including sexual harassment or sexual abuse.

This unequal treatment of work-related disablements has been found to be a violation of *Canada's Charter of Rights and Freedoms*. In British Columbia and in Nova Scotia the courts have struck down discriminatory sections of the workers compensation legislation because they violated Section 15 of the *Charter*.

According to the latest information available as of 2013 some 26.45 percent of Ontario's workforce is not covered by the WSIA.²⁴ So approximately one-quarter of Ontario's workers could be victims of harassment, including sexual harassment or sexual violence and are not entitled to benefits and if they lose time from work, their lost time injury statistics cannot be tracked by the WSIB.

It is the employers who pay for the administration of the *Occupational Health and Safety Act (OHS)* and Ontario's prevention system through their WSIB premiums. This includes the cost of the Ministry of Labour inspectors. Many of the WSIB excluded employers are covered by the *OHS* but are not paying their fair share for prevention and enforcement. This includes ministry inspectors who will be trained to deal with harassment, including sexual harassment complaints.

Recommendation 15: Amend the WSIA to allow gradual onset mental stress claims.

Recommendation 16: Broaden the WSIB coverage to include all occupational sectors involved in Ontario's economy.

24 Association of Workers Compensation Boards of Canada. Retrieved at: http://awcbc.org/wp-content/uploads/2013/12/Industries_Occupations_Covered.pdf.

A Migrant Workers' Bill of Rights

Measures proposed by the governing Liberals in *Bill 146, Stronger Workplaces for a Stronger Economy Act*, introduced in December 2013, are positive steps in the right direction, but more robust protections are needed for vulnerable workers across the province. In particular, a continued and growing reliance on migrant workers in our economy demands stronger protections to ensure that these workers are no longer forced to cope with excessive or illegal recruitment fees, sub-standard housing, unsafe working conditions or unpaid wages.

The proposal to prohibit recruiters and employers from charging or passing on recruitment fees to all migrant workers by expanding the *Employment Protection for Foreign Nationals Act* will provide some protection from these abuses. However, the effectiveness of this legislation will be limited because it relies on employee complaints rather than proactive enforcement. In 2013, the OFL launched a proposal for a Migrant Workers' Bill of Rights.²⁵ To date we have yet to see real concrete action on our requests.

The provincial government must adopt the OFL recommendations by establishing a comprehensive public registry and licensing system of all employers and recruiters to provide better oversight and accountability, similar to those in place in Manitoba. It must also include joint and several liabilities for employers and recruiters and penalties for those that fail to comply with the legislation.

Recommendation 17: Establish a registration and licensing system for migrant worker employers and recruiters to provide the oversight and data needed for proactive enforcement.

Labour Market Partners Forum

Ontario must turn the corner on job creation and economic growth. Implementing the best public policy requires open dialogue between government, industry and workers in order to meet modern challenges head on and develop creative ways to overcome them.

Without the best ideas, and buy-in from stakeholders, Ontario's growth will be hindered. A Labour Market Partners Forum made up of representatives from government, labour, business, and academics must be established to address a wide range of economic and labour market challenges and to advise on public policy, particularly employment strategies.

This Forum would consist of two bodies – a Premier's Advisory Council, which would be made up of political leadership who would meet twice a year, and a Labour Market Partners Committee, which would be made up of staff who would meet monthly. Other provinces, including Nova Scotia and Newfoundland, use these types of forums successfully.

Recommendation 18: Establish a Labour Market Partners Forum for multi-stakeholder consultation about job creation and training.

25 Ontario Federation of Labour. "Labour Without Borders –Towards a Migrant Workers Bill of Rights." August 2013.

THE ECONOMY WE WANT

To develop a prosperous and dynamic economy, the Government of Ontario must take the bold steps required to position all Ontarians to survive and thrive in the 21st Century. We are living in exponential times and are operating on an increasingly complex and globalized stage. Global market forces coupled with mounting pressure from within Ontario for responsive government, indicate we cannot afford to continue doing business the same way we have done in the past. Business as usual, will not suffice. The time for big, bold ideas designed to elevate our economic output and attract and retain investment to our province is now.

The OFL has charted a comprehensive path toward prosperity. The *Ontario We Want* provides economic opportunity for all and requires a multi-faceted approach to deliver on its desired outcomes.

Investing in Education

Too often, teachers in Ontario are being asked to reach into their own pockets for the resources they require to do their jobs effectively. Ontario Budget 2015 once again, slashed elementary and secondary education spending in real dollar terms.²⁶ Unfortunately, that was just the beginning of cuts to education. Fiscal year 2015 also saw a 0.4 percent cut to post-secondary education funding in Ontario.²⁷ The practice of underfunding our education system is further burdening educators and disadvantaging young Ontarians and their families. We must respect and value the work of teachers and educators in the province of Ontario.

Education has long been considered essential for developing engaged citizens, but also a necessity for any hope of income security. At the very least, it was a ticket out of poverty. Yet education – specifically higher education – has become out of reach for too many Ontarians due to the skyrocketing costs and a general lack of vision. Notwithstanding modest efforts to provide some students with tuition fee reductions, Ontario's tuition fees for post-secondary education remain the highest in the country.²⁸ This reality forces too many families to make difficult choices and buries too many students under decades worth of debt.

This is not how Ontario builds a prosperous, productive and inclusive society.

The average student debt after a four year degree could be a down payment on a \$370,000 house



Source: Canadian Federation of Students–Ontario

26 Mackenzie, Hugh. "Ontario Budget 2015 throws everything but infrastructure under the bus." Behind the Numbers, CCPA, April 23, 2015.

27 Ibid.

28 Canadian Association of University Teachers, Almanac of Post Secondary Education in Canada. 2014-15.

In the United States, President Obama has recognized the critical role higher education plays in reducing income inequality and has proposed free community college tuition for all young Americans.²⁹ Such a bold idea should be implemented here, in particular because Ontario has such a strong and diversified community college system. Free community college tuition would be the natural next step in making higher education in Ontario truly universal. It would also bolster the trades and prepare Ontarians to prosper in today's knowledge-based economy and prepare them for success in the 21st Century.

The picture does not get any better for recent graduates, as crushing debt loads are stifling their ability to participate in the economy. The Canadian Federation of Students reported in 2013 that the average debt load for a post-secondary education graduate was \$37,000.³⁰ With youth unemployment at 16.9 percent and the explosion of unpaid internships, young Ontarians are overwhelmed. Handcuffed by the debt accumulated attaining a degree, they struggle to afford homes, are delayed in starting a family, and are unlikely to be able to afford the time to volunteer or participate in their communities.

Recommendation 19: Provide adequate funding and the required resources for educators throughout Ontario's primary and secondary education systems.

Recommendation 20: Make community college education free for all students.

Recommendation 21: Eliminate interest on provincial student loans.

Recommendation 22: Develop a strategy to eliminate tuition fees for all post-secondary education in Ontario.

Creating Infrastructure

One positive measure to arise out of Ontario's Budget 2015 was the investment in rebuilding Ontario's crumbling infrastructure. However, it came at a cost. Last year, when economist Hugh Mackenzie reviewed the government's budget plan he noted:

"When you look at the numbers, it is clear that everything else – every other service that Ontarians depend on – has been thrown under the infrastructure bus."³¹

There is no question that Ontario's aging infrastructure is badly in need of repair. Maintenance, upkeep and expansion of these investments are not only a necessity, but also contribute greatly to the health of our labour market and to our communities by attracting investment and creating good paying jobs – thus driving economic growth.

The funding devoted to infrastructure in last year's budget was a welcome first step. However, enhanced investments must be made to public infrastructure, such as water and energy systems, transit and housing. A long-term plan is still needed – one that commits to the operation and maintenance of all public goods and services – and substantial investment in infrastructure projects.

29 The White House. "White House Unveils America's College Promise Proposal: Tuition-Free Community College for Responsible Students." Fact Sheet. Retrieved at <https://www.whitehouse.gov/the-press-office/2015/01/09/fact-sheet-white-house-unveils-america-s-college-promise-proposal-tuition>, January 09, 2015.

30 Canadian Federation of Students – "Ontario, The Impact of Government Underfunding On Students." Fact Sheet. January 2013.

31 Mackenzie, Hugh. "Ontario Budget 2015 throws everything but infrastructure under the bus." CCPA, April 23, 2015.

Ontarians cannot afford, nor have they the will, to endure another gas plant scandal in which over a billion dollars of taxpayer money was squandered because of the failure of public-private partnerships to protect the public interest. History has shown that the public sector is the efficient, cost-effective choice for delivering services and operating and maintaining infrastructure.

Throughout Ontario, specifically in Northern Ontario and the smaller, rural communities that dot Ontario's landscape – communities are calling out for investment, for attention to their specific needs. In fiscal year 2016, we must view infrastructure expenditure equitably – through a northern and rural lens.

Recommendation 23: Establish a dedicated fund for the upkeep, repair and expansion of publicly delivered and financed infrastructure projects.

Recommendation 24: Commit to infrastructure spending in Ontario's northern and rural communities.

Halt the Further Sale of Hydro One

The Ontario Liberal Government was not elected on a mandate to dismantle public assets by privatizing Ontario's electric utility – Hydro One. Any further planned sell-off must be halted. Selling Hydro One is problematic in many ways. Too much is at stake.

A tertiary look at jurisdictions that have privatized or deregulated public utilities provides a window of understanding into what is in store for Ontario consumers. According to a 2013-14 report on the performance of the retail energy market by the Australian Energy Regulator, the citizens of South Australia, following privatization, have the highest bills in Australia (AER).³² We understand that comparing the South Australian example as outlined in the AER's report – to that of the current situation in Ontario – is not an apples-to-apples comparison. We acknowledge that there are many factors that contribute to end user cost and general effectiveness in the delivery of public services, hydro included. Closer to home in Nova Scotia, which privatized their electricity system in 1992, the outcome was bleak – as they now have the highest rates in Canada. Since rate deregulation in 2002, Ontario has quickly caught up. In fact, when HST is factored in (Nova Scotians do not pay provincial sales tax on electricity), Ontario's bills are tied for highest in Canada.³³

However, one thing is for certain: an unintended consequence of the sell-off of public utilities is that the government loses the ability, as limited as it may be, to effectively regulate pricing and to drive improvements to the system, especially in remote communities.

In addition, transparency in billing practices is also greatly diminished. Indeed, like in many sectors of the economy, private enterprise has increasingly chosen to stockpile profits or divide them among their limited shareholders – instead of reinvesting toward infrastructure enhancement, research and the general development of service improvements.

In the fall of 2015, the Financial Accountability Office (FAO) of the Ontario Legislature released a report that warned that the sale of Hydro One was not only going to generate less money than estimated, the sale would likely add to the provincial debt.³⁴

32 Australian Energy Regulator, "Annual report on the performance of the retail energy market 2013-14." N.d.

33 Hydro Québec. "Comparison of Electricity Prices in Major North American Cities." Retrieved at http://issuu.com/hydroquebec/docs/comp_2015_en.

34 Financial Accountability Office, Ontario, "An Assessment of the Financial Impact of the Partial Sale of Hydro One." October 29, 2015.

Specifically, the FAO noted:

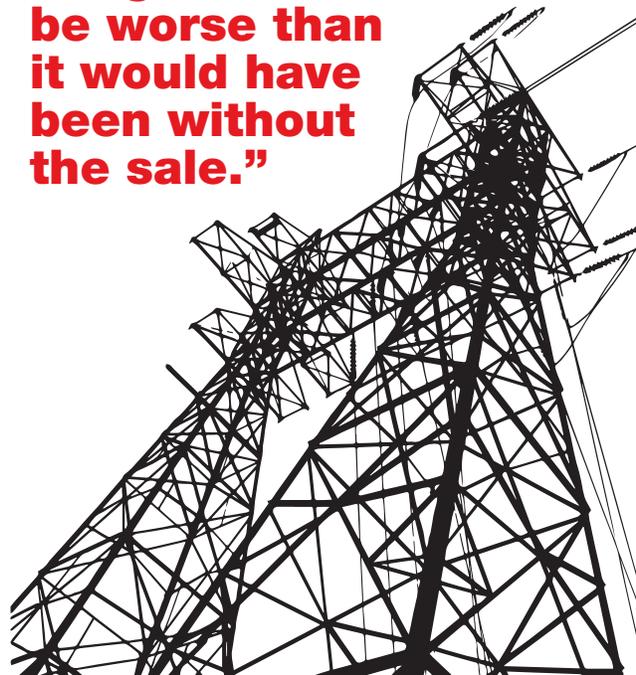
“In years following the sale of 60% of Hydro One, the province’s budget balance would be worse than it would have been without the sale.”³⁵

The government refused to hand over key information to the Financial Accountability Officer, citing “cabinet confidence.” The FAO asked for, and was refused, copies of whatever analysis (if any) had been performed by Ed Clark, even though a guiding principle of the Ed Clark panel was that “the decision process remains transparent, professional and independently validated.”

The FAO found that by selling Hydro One, the government would lose net revenues of nearly \$500 million per year, as compared to using traditional financing methods to pay for infrastructure. Instead of reducing the long-term debt, the sale could increase the debt by \$300 million.³⁶

The FAO found that the sale of Hydro One could yield as little as \$1.4 billion in cash for infrastructure, nowhere near the \$4 billion that has been promised.

“In years following the sale of 60% of Hydro One, the province’s budget balance would be worse than it would have been without the sale.”



Recommendation 25: *Stop the further sale of Hydro One.*

Recommendation 26: *Commit to investing in Ontario’s future by supporting strong public services.*

Fighting Climate Change and Greening the Economy

The scientific consensus is quite clear: we have to substantially reduce our carbon emissions by the latter half of this century to avoid further catastrophe and the most devastating effects of climate change.³⁷

Ontario’s announcement to proceed with a “cap and trade” system to reduce greenhouse gas emissions means that 75 percent of Canadians will now live in a province with some form of carbon pricing. The announcement comes nearly seven years after Ontario first signed onto the Western Climate Initiative with Québec and California.

Any system or program must contribute “meaningfully” toward the province’s target of reducing emissions 15 percent below 1990 levels by 2020. Climate change is already imposing costs on society, damaging crops and increasing insurance claims, so there is no question that a solution to the environmental crises is required. However, it must be transparent and broadly applied. The Liberal government in Ontario must

35 Ibid.

36 Ibid.

37 Boothe, Paul. “When tackling climate change don’t wait for policy perfection.” *Maclean’s*, April 15, 2015.

not allow special industry exemptions to be a feature of its plan, as exemptions are proving to weaken the effectiveness of Québec's system.

According to estimates from Alberta, cited in a recent Maclean's article:

"For consumers (in Alberta), the carbon tax will add nearly seven cents per gasoline litre by 2018, shaving off most the current price advantage Alberta has compared to provinces with sales taxes. Overall costs for heating, power and fuel are targeted to add \$470 to the average household bills, though Premier Rachel Notley pledges some kind of rebate program for the lower 60 percent of Alberta income earners."³⁸

What is evident is that shifting to a carbon pricing system will have a real dollar effect on Ontario households. Further investigation by University of Calgary economist Trevor Tombe provides a clearer picture:

"Roughly speaking, households in the bottom 20 percent of the income distribution face a \$300 per year cost increase from the carbon tax. For a median household, the cost is \$500, and for the top 20 percent of households, the cost is about \$600. To be sure, this will be a burden for many, but the government is committed to providing rebates to low and lower-middle income households. The panel recommended this rebate be given to "low and middle income households" twice a year by providing an amount "equal to the expected annual cost of the carbon price for an average Albertan." This suggests about \$500 per year to the 500,000 (or so) Alberta households in the lower half of the income distribution. So, about 5 percent of the carbon tax revenue will be rebated as direct low income."³⁹

Of further concern is the secrecy and lack of details that have been announced about the new carbon pricing initiative. The Government of Ontario must ensure that low and middle income families in Ontario are not thrown under the bus and asked to contribute more than some of the most egregious environmental offenders, large corporations.

Further, to measure the success of the "cap and trade" system, and to re-invest in building a greener economy, the public must be made aware of the details and outcomes of such a program. To bury the revenue stream that the proposed system will generate into the murky pit of the Provinces general revenues, or strictly to tackle Ontario's public debt – will not provide the much needed resources required to make real difference on climate change.

Recommendation 27: Ensure that details of the "Cap and Trade" system provide protection to low and middle income families in Ontario.

Recommendation 28: Make transparent the details that will apply to corporations and guarantee they will be required to contribute their fair share and at the same time as households, to truly confront climate change.

Recommendation 29: Divert any revenue generated from the program away from deficit reduction or from being hidden in general revenues and commit to re-investing the funds toward building a greener economy, with the green jobs required to truly tackle climate change.

38 Markusoff, Jason. "Alberta pitches a big-bang climate plan." Maclean's, November 22, 2015.

39 Tombe, Trevor. "Here's what we know—and don't know—about Alberta's carbon tax." Maclean's, November 23, 2015.

Tax Fairness

At the heart of our demand for tax fairness is that all that benefit from the economy, contribute equitably to the financial viability and the overall well-being of the province. Doctors for Fair Taxation and other fair tax groups advocate that if those with the means can contribute more to the common good through income tax – they should absolutely do so.⁴⁰ Others, including the Broadbent Institute, also recommend that corporations pay their fair share, indeed pay more. Currently, Ontario has a corporate tax rate of 11.5 percent, which is among the lowest in Canada.⁴¹ However, there is little to no evidence that this “low tax rate” has generated any new jobs for the people of this province.

With the Canadian dollar hovering at a rate of \$0.70 US, now is the time to attract foreign investment in Ontario’s economy. The very low Canadian dollar combined with a continuing recovery in the United States, which still remains the destination of 75 percent of our national exports, has already protected our international trade position. Indeed, with the dollar set to remain at its current value, corporations should be clamouring to invest their resources in Ontario.

The OFL validates the call of the Ontario Health Coalition – which argued that exemptions from the Employer Health Tax are depriving the treasury of the badly needed funds it requires to operate our province.

The 2015 Annual Report of the Office of the Auditor General of Ontario describes all economic-support funding across the Ontario government, totaled almost \$2 billion in the fiscal year that ended March 31, 2015.⁴²

Ontario’s Auditor General, Bonnie Lysyk, in her annual report indicated:

“The Ministry of Finance also provided financial assistance to businesses through corporate income-tax credits. In 2014/15, there were 17 types of corporate income-tax credits available to businesses, costing the province \$2.877 billion as follows:

- Foregone revenue of \$1.962 billion related to the general deduction for small businesses—\$1.595 billion; research and development—\$170 million; manufacturing and processing—\$175 million; and other general deductions—\$22 million; and
- Refunded corporate income tax credits of \$915 million relating to film and media expenditures—\$422 million; research and development—\$193 million; and apprenticeship and training—\$300 million.”⁴³

40 Doctors For Fair Taxation, “Doctors to Governments: Tax us. Canada is worth it!” May 1, 2014.

41 Canada Revenue Agency, Tax Foundation, KPMG Tax Facts 2014-2015.

42 Office of the Auditor General of Ontario, “Annual Report 2015.” Fall 2015 p.170.

43 Ibid.

The richest one percent now takes home, on average, 16 times more income than



the bottom 90 percent. (Thirty years ago, that ratio was only 10 times.)

Source: Ontario Common Front, “Backslide,” November 2015

Did the government realize “value” for this revenue side shortcoming? Ontario’s corporate welfare system needs an overhaul. If those who can afford to contribute more are not asked to do so, or are unwilling to do so, the cost of paying for the programs and services that benefit us all will be **borne disproportionately by those who can afford it least**. The province has taken modest steps in recent budgets to improve tax fairness but there is more it could and should do.

Recommendation 30: Ensure corporations and tax evaders pay their fair share by:

(a) Increasing the corporate tax rate from 11% to 14%, which could generate up to \$2.5 to 3 billion.

(b) Increasing efforts to collect the more than \$2 billion in unpaid taxes the Auditor General has uncovered.

(c) Removing the exemptions from the Employer Health Tax, which could generate up to \$2.5 billion.

CONCLUSION

Workers in Ontario continue to bare the brunt of an economic recession they did not create. By rejecting the low-wage agenda and calling on corporations to become fair tax partners, the provincial government has a real opportunity to stimulate the economy and deliver the recovery that Ontarians have been waiting for. The government must stick to the Premier's own words that a departure from the austerity approach of recent years is the only way forward. People across the province are calling for big, bold ideas and to make real a vision for a prosperous Ontario – for all.

The Government must commit to the actions required to build a fair, equitable and inclusive Ontario. The growth of low-wage jobs must be met with swift action to raise the minimum wage and protect vulnerable workers, while the public services Ontarians value and rely on must be reinvigorated and strengthened. It is time for a budget that invests in people, jobs and communities to drive economic growth and expand opportunities for all.

Now is the time to embrace the resourcefulness of Ontarians. We look forward to working with the Government of Ontario, all Members of Provincial Parliament, other stakeholders, and the people of Ontario to implement these recommendations.

The OFL welcomes the opportunity to provide further information and clarification on our recommendations and looks forward to helping to continue to build a strong and fair Ontario – the *Ontario We Want*.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Chris Buckley', with a long horizontal flourish extending to the right.

Chris Buckley, President
Ontario Federation of Labour

Submitted on February 2, 2016

RH/JD/ss

