Ontario Pre-Budget Submission

Protecting Public Services and Supporting Our Communities

Submitted by:

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Who We Are

Unifor is Canada's largest private sector labour union, with 315,000 members in every economic region of the country. Our 160,000 members in Ontario work in auto manufacturing, aerospace, natural resources, road transportation, air and rail transportation, telecommunications, media, health care, social services, education, retail and wholesale, hospitality and gaming, among others. The industries where Unifor members work are essential to the success of the Ontario economy and are among the nation's top exporters. Unifor is not only active in workplaces and at the bargaining table, but in all aspects of our communities and in the political debate to make Canadian society more just and equitable. We play a leadership role in building thriving, safe workplaces and a strong economy so all workers have a good job and decent standard of living. Unifor would like to share its priorities and recommendations for Budget 2019.

1. Distorting Ontario's Financial Picture

Since coming to power, this government has consistently raised the need for fiscal prudence and to address a deficit crisis. The release of the report by the Independent Financial Commission raised questions about how this government is representing the state of Ontario's finances, with experts (including the province's chief accountant) asserting that deficit figures are inflated. These assertions suggest that the government's framing of Ontario's public debt and argument for cutbacks to spending is misleading and irresponsible.

Governments typically borrow money in order to invest for future generations, a practice that is financially responsible since risk is spread across the whole population and lower interest rates are afforded to governments. The most recent fiscal and economic update sounded the alarm on debt service costs – 8.5% of Ontario's government revenue was projected to go toward debt financing. However, debt service as a share of revenue has been among the lowest it has been in the province over the last 20 years, due largely to low interest rates.[1] For example, debt servicing took up a 16% share of revenue in 1999, during the middle of the PC Party's last tenure in government.

The misleading characterization of the province's debt and the ideologically directed review by Ernst and Young has fueled the rhetoric around reckless spending by the previous government. The previous government did indeed increase spending, which was needed during the 2008-2009 Great Recession and to make up for chronic underspending by preceding PC governments. However, spending since 2011 has not even kept up with population growth and Ontario has among the lowest program spending per capita out of all of the provinces (second lowest after B.C.).[2]

The reality is that Ontario does not have a spending or debt problem – it has a revenue problem. The province's revenue as a share of GDP has not significantly changed over the last decade, while

[1] Sheila Block, "The State of Ontario's Finances." *Canadian Centre for Policy Alternatives* (2019).
[2] Ibid.

Ontario's provincial and local revenues per capita remain the second-lowest among all the provinces (P.E.I. is the lowest).[3] Unfortunately, the current government's actions since coming to power have only exacerbated this revenue problem.

The government's cancellation of the province's cap-and-trade program, for example, has been projected by the Financial Accountability Office of Ontario (FAO) to remove $7 billion in revenue over four years.[4] The huge loss in revenue is accompanied by the lost opportunity to fund emissions-cutting programs and investing in measures that ensure that workforce transition is appropriately managed as the province moves toward cleaner energy.

A number of tax related changes announced in the fall economic statement – including reversing previous measures to increase taxes on high-income earners, reducing corporate taxes and cancelling the planned minimum wage increase in favour of a new low income tax credit – has been estimated to reduce revenues by $2.1 billion in 2018-2019 and an average of $3.7 billion over the next four years.[5] This significant drop in projected revenue was one of the reasons that Moody's downgraded Ontario's credit rating in December 2018.[6]

At this point, the government has not presented a clear plan that will balance the budget or properly estimate the economic impact that large future spending cuts will have on Ontario's finances. This government must take a hard look at the impact that recent revenue-cutting measures will have on the province's coffers.

Unifor is calling on the government to implement the following revenue generating measures:

- Reverse the decision to cancel the province's cap-and-trade program.
- Reverse recent tax changes that are projected to reduce government revenue including:
    - Restoring the increased tax rate on high-income earners originally announced in the 2018 budget.
    - Reversing the changes to provincial corporate taxes meant to parallel recently announced federal corporate tax relief.
    - Restoring the planned $15 minimum wage and other labour law changes that were scrapped in Bill 47, *Making Ontario Open for Business Act*. Better jobs drive economic growth and stronger government revenues.

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[3] Ibid.
[4] Financial Accountability Office of Ontario, "Cap and Trade: A Financial Review of the Decision to Cancel the Cap and Trade Program." 2018.
[5] Financial Accountability Office of Ontario, "Economic and Budget Outlook, Fall 2018." 2018.
[6] The Canadian Press, "Moody's downgrades Ontario's credit rating, citing deficit, revenue cuts under Doug Ford." 2018.

2. Cuts and More Cuts: The Attack on Ontario's Public Services

The provincial election campaign, Fall Economic Outlook and Fiscal Review, and the actions of this government since coming to power have clearly indicated what direction this government is going when it comes to Ontario's public services. Rhetoric around the previous government's "reckless spending and mismanagement" have been front and centre in the government's strategy of "fiscal discipline" in an effort to balance the books.

The attack on health care

As mentioned earlier in this submission, Ontario does not have a spending problem. And the people of Ontario did not vote for cuts to the important public services that families and communities rely on every day. But since this government has come to power, we have seen funding cuts that are having tangible and negative impacts on people across the province.

Doug Ford made a commitment to end hallway medicine – a commitment that would sound good if it meant restoring and improving health care services. However, this government has quickly moved to cut health care funding over the last several months. First, a commitment of $187 million to keep open 1,200 hospital beds was made under the previous government for the 2018-2019 fiscal year. This government decided to cut that amount to $90 million to keep open 1,100 beds or less. The cut to hospital bed funding simply exacerbates the crisis of overcrowding in our hospitals, as Ontario remains at the bottom in Canada in the number of hospital beds per person.[7]

Second, this government's mental health funding commitment ($1.9 billion over 10 years, to match federal funding) was a significant cut to the supports and services that Ontarians rely on. The replacement of the previous government's promise of $2.1 billion in additional mental health services over four years has amounted to a cut of $335 million from planned funding in this year alone.[8]

Third, this government acted quickly after coming to power to announce cuts to the OHIP+ program, which was developed to provide universal drug coverage for all Ontarians under 25 years old. The rollback requires that people must seek coverage from their private drug plan, despite that fact that the public, non-profit plan would be less expensive and provide more coverage for young Ontarians.

Leaving low-income Ontarians behind

The cuts have certainly not been limited to health care services. This government has moved to cut funding and programs that impact the province's most vulnerable people without proper consideration of the consequences. For example, the cancellation of the Basic Income Pilot broke

[7] Ontario Health Coalition, "Doug Ford cuts hospital beds and funding – calls it an increase. 2018.
[8] Toronto Star, "Tories blasted for $335M cut in planned spending on mental health." July 26, 2018.

an election promise and pulled the plug on support for thousands of vulnerable people. The government justified the decision by suggesting the initiative was not effective, despite the fact that it had not been active enough to generate the data required to gauge its success.[9] The government's lack of regard for addressing Ontario's poverty woes was further reinforced with the move to reduce planned increases to social assistance rates (from 3% to 1.5%).

Failing young people

Ontarians are concerned about how young people across the province will be impacted by recent policy decisions. In addition to the reversion of the sex-ed curriculum, this government cut $25 million to elementary and secondary schools across the province for programs that provide needed jobs for students, classroom tutors and supports for racialized youth.[10]

Children and their families are also feeling the impact of this government's decisions around child care. The announced cut to child care funding to municipalities will simply make child care in regulated, non-profit facilities less accessible for Ontario families. The cut of roughly $23 million in subsidy dollars to support low-income families will simply make life harder for these many families who are stuck on subsidy waiting lists.[11]

The government also eliminated the Ontario Child Advocate, along with two other independent officers of the legislature (Environmental Commissioner of Ontario and French Language Services Commissioner). This government has effectively removed an independent advocate who would investigate cases where children are harmed in foster care. In light of a recent coroner's expert panel report calling for an overhaul of Ontario's child protection system, the move to eliminate the office that pushes for improvements to the system is particularly concerning.[12]

The state of post-secondary education

Ontarians were surprised to learn of the cancellation of a promised French language university and other post-secondary education campuses. In January, this government went on the offensive again by cutting funding to post-secondary institutions through a 10 per cent tuition fee reduction. While a tuition fee reduction was being sold as making education more accessible, the additional announcement to scale back non-repayable grants (and instead force students to take more loans) through the Ontario Student Assistance Program (OSAP) will not improve access to students from lower-income families. In essence, the government made education more expensive for lower

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[9] CBC News, "Ontario minister admits Ford government broke election promise by scrapping basic income project. August 1, 2018.

[10] Toronto Star, "School boards 'blindsided' as Ford government slashes program funding. December 15, 2018.

[11] Ontario Coalition for Better Child Care, "Outside the spotlight: Small changes could have big consequences for Ontario child care." September 12, 2018.

[12] Huffington Post, "Doug Ford's government cuts watchdog office that fought for foster kids." November 15, 2018.

income families, reduced the cost for wealthier families, and diluted core operating funding from the system.

At the same time, this government announced a requirement for institutions to provide opt-out options for “non-essential” non-tuition fees. This decision is a veiled attack on students’ unions by creating the conditions to defund them. Independent students’ unions have been the loudest voices calling for a more affordable and high quality system of post-secondary education and play an essential role in advocating for and providing services for students. This government is attempting to muzzle these democratic and independent organizations that play an important role in holding the government accountable on issues around education.

Stop the bleeding

Ontarians did not vote for cuts to the province’s public programs in the 2018 election. This government needs to understand that there are real consequences to policy and funding decisions made by the stroke of a pen. Unifor is calling on this government to reverse course on this dangerous path and resolve to invest in the public services that every Ontarian relies on.

Unifor is calling on the government to reverse the cuts to public services:

- Reverse recent health care policy decisions and restore funding to hospitals, mental health initiatives and OHIP+.
- Restore funding to student support programs for elementary and secondary public schools.
- Restore the $23 million in subsidy dollars for low-income families in need of child care.
- Restore the Office of the Ontario Child Advocate.
- Stop the attack on the post-secondary education system:
    - Reverse the decision to restructure OSAP that cuts non-repayable grants and forces students to take on more loan debt.
    - Increase core operating funding for college and universities to make up for the chronic underfunding of the sector.
    - Scrap the “Student Choice Initiative” and the attack on independent, democratic students’ unions and groups.

3. Supporting Ontario’s Manufacturing Sector

According to the government’s own data, Ontario’s manufacturing sector generates $270 billion in annual revenue and accounts for 18% of the province’s GDP. There is no overstating how important the sector is to Ontario’s economy and the jobs that support our communities. It is essential that this government supports the industry as it faces new challenges in the global economy and prepares for the future.

General Motors in Oshawa and Ontario's automotive industry

Workers at the General Motors (GM) assembly plant in Oshawa and people across the province were shocked to hear in November that GM was planning on closing the facility at the end of 2019. The news has been devastating to the hard working people who have kept the profitable facility running but is also a violation of the collective agreement between GM and Unifor, which requires GM to keep the plant open until September 21, 2020 at a minimum (at which time there would be an opportunity to discuss restructuring plans during negotiations).

The closure of the GM plant in Oshawa would be a disaster for Ontario. Studies have shown that a closure would create an economic shock far beyond the 2,600 Unifor members who would lose their jobs: Ontario would lose a projected 14,000 jobs and another 10,000 elsewhere in Canada by 2025.[13] Ontario government revenue would shrink by an average of $460 million annually, and Ontario's economy would shrink by an average of $4 billion each year to 2030. A further $522 million in annual federal government revenue would be lost over this period. A loss of public revenue of this magnitude will have a significant impact on public services that Ontarians rely on every day.

The government's response to this development has implications for the entire industry. The automotive industry is Ontario's top private sector business by economic impact and the province's top export. If GM abandons its operations in Oshawa, who is next? Ontario's essential automotive industry is at a crossroads. With the conclusion of a new trade agreement with the United States and Mexico (USMCA), this government now urgently needs to focus on securing the long-term future of the industry.

Supporting workers impacted by U.S. tariffs

Amidst the backdrop of the USMCA has been a series of trade disputes between Canada and the United States. The year 2018 saw the imposition of significant tariffs on Canadian exports by the U.S., some that continue to directly impact key Ontario industries like steel, aluminum and forestry (as well as many others throughout the respective supply chains). These three industries directly and indirectly employ hundreds of thousands of people across the country and remain vital to Ontario's economy.

To help offset the impact of the U.S. tariffs, the federal government announced financial support for the steel and aluminum industries, including money to extend work-sharing agreements so

[13] Quantitative Economic Decisions, Inc., "Economic Impact of GM Operations in Oshawa." January 2019.

employers can avoid layoffs and funding for people to re-train and find new jobs if needed.[14] The federal government also made investments to support affected workers in the softwood lumber industry through loan guarantee programs, community supports and efforts to diversity markets.[15] The Quebec government also set aside $100 million in guaranteed loans to provincial steel and aluminum companies hurt by U.S. tariffs.[16] At the time, the Quebec government explained that it wanted to mitigate the threat of short-term or permanent job loss for the 30,000 Quebecers working in those industries. Ontario needs to follow these examples and examine how it could provide support for workers in the industries impacted by U.S. tariffs.

Strategic procurement

The expertise and capacity of Ontario's manufacturers is a strength that should be utilized and supported by this government. The province's domestic procurement system, for example, provides a tremendous opportunity to stimulate local economic development and create quality jobs. The need to strategically leverage infrastructure spending to boost local production is now more important than ever.

Bombardier, for instance, is the largest private sector employer in Thunder Bay, which produces bi-level commuter cars and light rail vehicle cars, largely for projects funded through Metrolinx and the Toronto Transit Commission (TTC). However, Unifor has sounded the alarm bell on this facility because Bombardier has not secured new contracts for the plant beyond 2019. The impact of not securing new production would be devastating for this community. And given that existing projects rely on the province for funding, there is a significant role for this government to play in the future of this facility.

This government must leverage its purchasing power to ensure that local jobs not only remain in Ontario, but to fuel the growth of the manufacturing sector in the province. Without a strong local procurement strategy and policy, we may not have seen, for example, the federal government award a Via Rail contract worth $1 billion to a foreign company to build bi-directional trains for use along the Quebec City-Windsor corridor instead of to a local supplier, employing Canadian workers.[17] It is time for strong commitment to a "Buy Ontario" strategy that will put workers first and grow the province's manufacturing sector into the future.

[14] Globe and Mail, "Ottawa to provide up to $2-billion in help to steel and aluminum industries." June 29, 2018.
[15] Natural Resources Canada, "Action Plan on Softwood Lumber." 2017.
[16] CBC, "Quebec to provide $100 million in loans to steel and aluminum companies affected by U.S. tariffs." June 11, 2018.
[17] Montreal Gazette, "Quebec blasts Ottawa over $1B Via Rail contract to Siemens." November 27, 2018.

This government must take action to support Ontario's manufacturing sector and protect jobs in the province:

- Support Ontario's automotive industry:
    - Join Unifor and strongly advocate for GM to keep the Oshawa plant open and to allocate product to secure its economic future.
    - Working in connection with the federal government, Ontario needs to implement a renewed automotive strategy aimed at securing the next-generation technology and product mandates, and growing investment and jobs.
- Provide targeted financial assistance to industries and workers in Ontario affected by U.S. tariffs.
- Strategically leverage infrastructure spending to take advantage of the expertise and resources of Ontario manufacturers through a "Buy Ontario" strategy.

4. The Privatization Agenda

The fall release by the Premier's office of the report commissioned to Ernst and Young has helped establish the narrative of privatization by this government. The report called for the introduction of user fees and means testing for Ontario's social programs such as education and health care. This unprecedented report was an ideologically driven document with a clear message from this government that it wants to marketize and deregulate the public services that Ontarians cherish and rely on every day. Let's be clear, Ontarians did not vote for weakening public services.

Deregulating health care

The deliberate weakening of our health care system has already been under way since this government came to power. The decision to cut OHIP+ and leave out young people who have private drug plans was a move to benefit private insurance companies. The reality is that private drug plans have deductibles and co-payments, and for families who have kids with more complicated illnesses, drugs could amount to hundreds of dollars per month. Public, non-profit plans are less expensive for families and typically provide more coverage.

When this government committed to creating 15,000 new long-term care beds over the next five years, there was an expectation that this would be done in the most accountable and responsible manner. Unfortunately, this government set up the tendering process for the new long-term care beds so that municipalities would be prevented from applying. Studies have shown that for-profit facilities provide fewer hours of care per resident and have higher rates of resident complaints. This quality of care is further evidenced by the recent and unprecedented lawsuit filed by hundreds of Ontario families against Canada's three largest for-profit long-term care chains for failure to provide adequate care.[18] Not-for-profit homes have greater accountability and use any extra revenue to expand services and operations, rather than moving funds away from care to increase profit margins. Based on this government's actions, the vast majority of the thousands of new long-term care beds will be handed over to for-profit corporations.

The situation has been exacerbated by chronic staffing shortages at long-term care homes across the province, including a widespread shortage of Personal Support Workers (PSWs). PSW courses in post-secondary institutions are now regularly cancelled due to lack of enrolment and there are some long-term care beds that cannot open because they do not have adequate or appropriately trained staff. The largely for-profit facilities are attempting to fill in staffing gaps by hiring staff from temporary agencies and hiring more people who are not certified or properly trained to provide personal care. These tactics do not address the issue of poor working conditions and low compensation, to name a few, at these for-profit long-term care homes. Meanwhile, PSWs are working harder than ever and are being asked to do the impossible.

Deregulating child care

In addition to cancelling the previously budgeted funding to create free pre-school spaces for children over two-and-a-half years old, this government added insult to injury by moving to further privatize the child care sector. The For-Profit Maximum Percentage Threshold was established in recent years as a cap to limit the amount of public funding going to for-profit child care. The cap was an important mechanism that prioritized the expansion of child care funds to the public and non-profit sectors.

The decision to lift the threshold goes against the recommendations of the early learning and child care community, including those who were part of the public consultations that led to the introduction of the threshold. It also ignores the research that shows that for-profit child care centres generally offer lower quality of care because they are more focused on profit and paying shareholder dividends, and are more likely to hire fewer qualified workers for lower pay with more staff turnover.[19] Despite the decades of research that show superior quality of care in public and non-profit child care, it is clear that this government would rather listen to the corporate sector and open the door for 'big-box' child care in Ontario.[20]

This government is moving to further water down the province's child care system with its proposed changes in its omnibus bill, *Bill 66, Restoring Ontario's Competitiveness Act*. It is alarming that through this bill, this government wants to increase the number of children that unlicensed and private at-home daycare providers are allowed to care for. The government has justified these changes as an easy way of adding more child care spaces for parents without consideration of the risk this places on children. It should not be forgotten that these much-needed restrictions were

[18] Toronto Star, "Proposed class action lawsuits claim Ontario nursing homes were negligent." May 2, 2018.
[19] Globe and Mail, "Child-care advocates fear next moves by Ontario government in daycare sector." September 16, 2018.
[20] Toronto Star, "Ontario shouldn't open the door to 'big-box' child care." September 4, 2018.

originally put in place after Ontario's ombudsman condemned the "systemic government ineptitude" in oversight of unlicensed home daycares after a string of infant deaths in the Toronto area in 2013-2014.[21]

Private interests over the health and safety of Ontarians

Through its actions since coming to power, it is clear that this government favours the interests of private and corporate players in Ontario's public sectors over the health and safety of this province's families and communities.

In his fall economic statement, the Finance Minister wrote, "Our seniors built this country, and our government believes they should be able to count on public services to be there for them as they grow older." If that were true, we would not be seeing our public dollars being funneled, with little accountability, into corporate coffers. Despite the need for more regulated child care spaces in the province, the government has prioritized serving private interests by shifting existing public funding to private operators and loosening regulations that favour unlicensed providers while threatening the safety of children in care.

Unifor is calling on the government to reverse course on its privatization and deregulation agenda:

- Address the crisis in Ontario's long-term care sector:
    - Change course on the tendering process for new long-term care beds by prioritizing public not-for-profit homes.
    - Establish a minimum standard of care in the province of four hours per resident, a benchmark that the PC Party supported through Bill 33, the *Time to Care Act,* during the previous government's tenure.
    - Develop a strategy to address the PSW shortage in Ontario, which includes capturing issues around compensation, enrolment in institutional programs, recruitment and retention.
- Responsible investment in a high quality, non-profit child care system:
    - Expand public and non-profit child care spaces with stable, long-term funding.
    - Restore the For-Profit Maximum Percentage Threshold.
    - Remove proposed legislation that changes the regulations for unlicensed caregivers and the number of children they are allowed to care for.

[21] Toronto Star, "Ontario Ombudsman slams 'systemic government ineptitude' for daycare deaths." October 22, 2014.

Conclusion

Unifor is clear on its position that this government has mistakenly painted a bleak financial picture for Ontario that has justified cuts to public services and an explicit shift in favour of privatization and de-regulation of these services. Ontario cannot afford to continue in this direction. There is still an opportunity for this government to reverse course on these regressive changes and to invest in our communities and the services they rely on. In the meantime, Ontario's manufacturing industry is being hit hard by our largest trading partner and companies who don't care about the impact of their decisions on workers and their communities. It is time for this government to really prove that it is acting in the best interests of "the people."

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