

Ontario Deserves Better

2020 Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs

January 2020

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, which include those among the nation's top exporters in addition to working within the broader public service. 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 2020.

1. Ontarians are angry with this government

Since coming to power, this government has pursued an aggressive agenda of budgetary cuts and legislative attacks that affect vulnerable and working people in the province. Ontarians have responded loudly and clearly: this government is on the wrong path and is intent on ignoring the people most impacted by these changes.

It was clear from the beginning that this government was distorting the province's financial picture in an effort to justify harmful cuts. For months, the government claimed that the deficit stood at \$15 billion. The Financial Accountability Office (FAO) confirmed in the fall of 2019 that the province recorded an actual deficit in 2018-19 of \$7.4 billion.

Meanwhile, the misleading characterization of the province's debt and the ideological attack on public and social services has caused irreparable harm to the millions of Ontarians who rely on them. These cuts have simply exacerbated the problem of chronic underspending by preceding governments and has pinned Ontario at the very bottom in Canada with regard to program spending per capita.¹

To make matters worse, this government has poured salt in the wound by reducing the revenue flowing to the province's coffers. Ontario now has the lowest revenue per capita in the country – a direct result of this government's actions since coming to power.² This includes the cancellation of the province's cap-and-trade program (projected to remove \$7 billion in revenue

¹ Financial Accountability Office of Ontario. "Comparing Ontario's Fiscal Position with Other Provinces," February 2019.

² Financial Accountability Office of Ontario. "Comparing Ontario's Fiscal Position with Other Provinces," February 2019.

over four years³), 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 (estimated to reduce revenues by an average of \$3.7 billion over the next four years⁴).

At this point, the government has not only misrepresented Ontario's fiscal situation, but it has handcuffed the province's ability to take care of workers, their families, and Ontario's most vulnerable through revenue cutting measures and implementing large scale cuts to public services. It is time that this government begins to listen to the people of Ontario and correct its mistakes.

2. A disgraceful attack on Ontario's most vulnerable people

With each regressive cut or policy change by this government, Ontarians have asked: why are they doing this to our children, families and vulnerable community members?

The rollback of previous improvements to labour rights and conditions through Bill 47 particularly targeted the lowest wage earners and most vulnerable workers in the province. The cancellation of the planned minimum wage increase to \$15 per hour, removal of two paid sick days, reduction of unpaid sick days and elimination of equal pay for equal work provisions have set millions of workers back.

The various cuts to funding and programs were made without any consultation or proper consideration of the consequences to Ontarians. In addition to the cuts to Ontario Legal Aid, this government broke an election promise with the elimination of the Basic Income Pilot Project. 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.⁵ This government reinforced its disregard for Ontarians living in poverty conditions with the reduction of planned increases to social assistance rates (from 3% to 1.5%).

The province's most vulnerable college and university students were also hit hard by cuts. Despite the 10% tuition fee reduction announced in January 2019, this government simultaneously scaled back non-repayable grants – forcing students to take on more loans – through the Ontario Student Assistance Program (OSAP). This change effectively benefited students from wealthier families who don't rely on OSAP and punished students from the lowest-income families who are seeking higher education.

³ Financial Accountability Office of Ontario, "Cap and Trade: A Financial Review of the Decision to Cancel the Cap and Trade Program." 2018.

⁴ Financial Accountability Office of Ontario, "Economic and Budget Outlook, Fall 2018." 2018.

⁵ CBC News, "Ontario minister admits Ford government broke election promise by scrapping basic income project. August 1, 2018.

Finally, this government’s handling of autism support funding has left families with children living with autism in turmoil. The initial move to restructure autism support funding, the subsequent period of uncertainty, and finally the announcement at the end of 2019 that a new needs-based program would be delayed and rolled out gradually have left struggling parents who need the help now with limited options.

Unifor is calling on the government to:

- ***Reverse course on the changes to labour rights***
- ***Reverse course on the funding and program cuts that have hit the most vulnerable Ontarians***
- ***Immediately implement the needs-based Ontario Autism Program***

3. Abandoning public programs and services

The people of Ontario did not vote for cuts to the important public and social services that families and communities rely on every day. Since coming to power, we have seen this government make widespread changes to our health care and education systems that have negative impacts on people across the province.

Placing health care on life support

While a commitment to “ending hallway medicine” may serve as a useful soundbite, it does nothing to comfort the millions of people impacted by health system restructuring and funding cuts to health care services.

The laundry list of cuts is long and deeply alarming:

- \$97 million cut in funding for hospital beds: with “hallway medicine” already a key issue identified by this government, these cuts only further entrench Ontario’s position as the jurisdiction with the lowest number of hospital beds per capita in Canada.⁶
- Cuts to mental health funding, including a cut of \$335 million from previously planned funding over the past year.
- Overall cuts to OHIP+: the government has unfairly reduced eligibility for drug coverage under the program by requiring young people to rely on private insurance.
- Capping core nursing and personal care funding to long-term care homes at 1%: this minimal increase is inadequate considering the surge in demand for long-term care services, higher acuity in homes and the inflationary costs of providing care and maintaining homes. The 1% cap is a departure from the consistent 2% increase over a significant part of the decade. It will aggravate the substantial shortage of Personal

⁶ Ontario Health Coalition, “Doug Ford cuts hospital beds and funding – calls it an increase.” 2018.

Support Workers (PSWs) in the province. The impact of this PSW shortage on resident care and working conditions has reached a crisis that cannot be ignored any longer – homes are attempting to fill in staffing gaps by hiring staff from temporary agencies and relying on uncertified and inadequately trained individuals to provide personal care. Meanwhile, PSWs are working harder than ever and are being tasked with impossible workloads under poor working conditions and low compensation.⁷

- Cancelling planned overdose prevention sites: some of the most vulnerable people in the province who live with addictions will be left without the support they need during a province-wide opioid overdose crisis.
- Funding cuts to municipalities for public health initiatives: requiring already cash-strapped municipalities to somehow find the money to now cover 30% of the costs to maintain these programs.

In addition to the widespread cuts, this government has overhauled the health care system through Bill 74 without any meaningful consultation. This legislation leaves the door wide open to for-profit health services, gives unaccountable political appointees centralized power of the health care system, restructures the health care system in a way that removes local control and oversight, and would negatively impact local provision of health care services.

The hasty creation of the new Super Agency and Ontario Health Teams has been done without properly investigating how these Health Teams will be governed or funded, or how they will function. The government has also suggested reducing the number of ambulance services from 59 to 10, and the number of public health units from 35 to 10.

The Ontario government is pursuing a course that will deepen the chronic funding shortage of the province's public health care system and create the conditions for introduction of further private, for-profit care in a number of the system's segments. At best, the government's health care plans will lead to substantially lower quality care for Ontarians and untenable labour conditions for health care workers, and at worst will intensify ongoing health crises in the province as was noted by over 100 emergency room professionals responding to the Ontario government's health care cuts.⁸

Students learning a harsh lesson on regressive public policy

Students, parents and communities across the province have expressed their outrage about the impact of cuts to Ontario's education system on young people.

The Ontario government cut \$25 million from school board funding for student support programs – including student job programs and classroom tutors – targeting Indigenous and

⁷ Ontario Health Coalition. "Caring in Crisis: Ontario's Long-Term Care PSW Shortage." January 2020.

⁸ Open letter from more than 100 emergency room professionals to Premier Doug Ford and Minister Christine Elliott, September 3, 2019.

racialized students.⁹ The government's move to increase class size averages in Grades 4-12 is astonishing in its lack of rationale, considering the negative impact it will have on the quality of education in Ontario.

Unifor members, students and parents are curious to know why this government was comfortable to put school boards in disarray with this move, resulting in large numbers of teacher layoffs and the cancellation of classes. In widespread news media, high school students shared stories of their inability to graduate or attend college or university programs because required courses were cancelled. The Financial Accountability Office estimated that 10,000 teachers will be lost over the next 5 years as a result of these cuts.¹⁰ Meanwhile, Ontario's teachers' unions estimate 60,000 courses will be cut in the process.

Child care chaos

This government has repeatedly proven its disregard for vulnerable families who are in need of vital public programs. The cuts of roughly \$23 million in subsidy dollars to support low-income families for child care services will only make life more difficult for these families who are stuck on subsidy waiting lists.¹¹

Funding for new child care spaces has also been far short of expectations. In 2017, the provincial government had committed to create 45,000 more child care spaces in schools over five years. However, this government reduced the number by 15,000 and only allocated funding for 30,000 new spaces over a new five year period.¹²

In addition to this reduction in school spaces, municipalities are now required by this government to fund 20 per cent of operating costs for new child care spaces (where previously the province was to cover 100 per cent of the costs). All administration funding is to be cost-shared at a 50/50 rate with the municipalities and the province is winding down fee stabilization support funding. Simply put, many municipalities have stated that there would be challenges in finding funding support for the operation of new child care spaces and inevitably, some new child care spaces will not open as planned.

Because of this government's actions, child care in regulated, non-profit facilities has become less accessible for Ontario families.

A step backward for skilled trades and apprenticeships

⁹ Toronto Star, "School boards 'blindsided' as Ford government slashes program funding. December 15, 2018.

¹⁰ Financial Accountability Office of Ontario. "Expenditure Estimates 2019-20: Ministry of Education." September 2019.

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

¹² Financial Accountability Office of Ontario. "Expenditure Estimates 2019-20: Ministry of Education." September 2019.

Included in the rollback of several labour rights in Bill 47 was the scrapping of the Ontario College of Trades. The regulatory body governing skilled trades and apprenticeships played an important role in ensuring that employers hired certified skilled workers.

Abolishing the College will introduce a host of potential public safety risks with the potential for more unqualified workers performing jobs that they shouldn't be doing. Simply removing the regulatory body and reforming some rules will increase the likelihood of accidents and threaten the safety of workers in the trades, as employers will look to cut corners and hire apprentices or trainees without proper enforcement.

Unifor is calling on the government to:

- ***Reverse course and restore funding to health care programs, while addressing the PSW crisis in long-term care.***
- ***Close the door to privatization in the health care sector and restore accountability and transparency to the health care system***
- ***Reverse course on the funding cuts to student support programs and the increase to class sizes in Ontario schools***
- ***Restore funding for child care spaces in municipalities and Ontario's public schools***
- ***Reverse course on the elimination of the Ontario College of Trades***

4. Neglecting Ontario's manufacturing sector

According to the government, Ontario's manufacturing sector provides over 760,000 direct jobs and \$91 billion in GDP – accounting for 45 per cent of the total Canadian manufacturing sector.¹³ There is no doubt that the sector is crucial to Ontario's economy and the jobs that support our communities.

Ontario's vital automotive and parts supplier industries

After producing vehicles for more than a century, the General Motors (GM) assembly line in Oshawa ended vehicle production in the lead-up to the December 2019 holiday season. Since the devastating news had been announced in November 2018, this government was urged to take aggressive action to protect vehicle production jobs at the facility and in related parts and services industries across the Durham region.

Unfortunately, the Ontario government stood by while an estimated 2,300 highly skilled assembly line and 1,200 independent parts supplier workers have lost their jobs in a manufacturing community that will be hit hard by this economic shock. In addition to the jobs in the plant, Ontario will lose a projected 14,000 auto-based jobs and another potential 10,000

¹³ Minister of Finance. "2019 Ontario Budget: Protecting What Matters Most." 2019.

jobs elsewhere in Canada by 2025 as a result of this closure.¹⁴ Government revenue is projected to shrink by an estimated average of \$460 million annually and Ontario's economy would shrink by an average of \$4 billion each year to 2030.

The conversion of part of the plant into a stamping operation and test track for autonomous and connected vehicles would only offset a small portion of these losses. GM still has a footprint in Oshawa but a loss of this magnitude will have a significant impact on the community. This government must join Unifor in every effort to advocate for the return of vehicle production at this facility.

In the independent parts supplier sector in particular, the Government has been complacent as manufacturing jobs continue to move to other jurisdictions such as Mexico. In one instance, at the Nemak Windsor Aluminum Plant, the company announced it would violate its collective agreement with workers and move its operations to Monterrey, Mexico despite having received, among other government sources, \$1.5 million from the Southwestern Ontario Development Fund. Government funding for job creation and retention projects in the auto and auto parts sectors must include clear criteria for companies to maintain jobs and honour agreements with workers.

The cessation of vehicle production at the GM facility has broader implications for the auto industry in the province. If GM was able to cease vehicle production in Oshawa, other manufacturers could follow suit. Meanwhile, many other jurisdictions have invested significantly in Electric Vehicle (EV) technology and manufacturing. However, the government of Ontario's approach to supporting manufacturing of the next generation of vehicles in Ontario is insufficient. Amidst the challenges in the global economy, this government must do far more to support the automotive and independent parts supplier sectors and focus on securing the long-term future of manufacturing production in Ontario.

Strategic procurement for public services

Ontario's manufacturing and skilled workforces are assets that should be protected and supported by all levels of government. The province's domestic procurement system, for example, provides a strategic and obvious opportunity to sustain quality jobs and stimulate local economic development. This government should ensure that provincial infrastructure spending is strategically leveraged to boost local manufacturing operations.

For instance, Bombardier is the largest private sector employer in Thunder Bay. The facility in Thunder Bay manufactures bi-level trains for Metrolinx, TTC streetcars and Rocket Subway Cars for Toronto's subway system. Recent studies have shown that every job maintained at the facility supports between 1.5 and 2.8 additional full-time jobs, many of them in Ontario and in

¹⁴ Quantitative Economic Decisions, Inc., "Economic Impact of GM Operations in Oshawa." January 2019.

the GTA. These jobs result in \$184 million in labour compensation and direct GDP and tax revenue of approximately \$545 million and \$33.5 million respectively.¹⁵

The Thunder Bay facility has been short on orders and remains at risk of not being able to maintain operations beyond 2020. After the government unveiled its Toronto transit expansion plan, Metrolinx made the right move by reaching an agreement with Bombardier to purchase 36 additional bi-level rail cars for GO Transit, which would be built at the Thunder Bay facility. However, the facility is still at risk as Unifor advocates for the TTC to accelerate plans for a new streetcar order in order to secure the future of the sole manufacturing base for the city's streetcar and subway systems.

Strategic procurement that activates the local manufacturing base is simply a win-win for transit users, communities, workers and governments. In cases like the Thunder Bay plant, the community would be devastated by mass layoffs or the failure to secure new production. It goes without saying that the provincial government has a significant role to play in supporting local manufacturing for any existing project that relies on the province for funding. A "Buy Ontario" strategy what will put local communities and workers first is essential for sustaining the province's manufacturing sector in the coming years.

Unifor is calling on the government to:

- ***Support Ontario's automotive industry:***
 - ***Join Unifor and strongly advocate for GM to allocate a new product mandate and build vehicles once again at the Oshawa assembly plant.***
 - ***Invest in Electric Vehicle technology and manufacturing to preserve and create new jobs in Ontario's auto and auto parts sectors.***
 - ***Ensure that government funds for auto and auto parts manufacturing are conditional on honouring collective agreements with workers.***
 - ***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.***
- ***Strategically leverage infrastructure spending to take advantage of the expertise and resources of Ontario manufacturers through a "Buy Ontario" strategy.***

¹⁵ Internal calculations and figures from Bombardier factsheet for Canada, "Bombardier: A Canadian Industrial Leader."

5. Disregarding science and the rest of the world on the environment

No action on reducing carbon emissions

In the midst of the global actions demanding action on climate change in 2019, this government has made “next to no progress” on plans to cut carbon emissions, according to Environmental Defense.

Immediately after coming to power, this government cancelled the province’s cap-and-trade program. This dramatic action is estimated to remove \$7 billion in revenue to the province’s coffers over four years, according to the Financial Accountability Office.¹⁶ This lost revenue resulted in the elimination of over 200 emissions-reducing projects that included school and social housing repairs, green energy retrofits, commuter cycling programs, and measures to ensure that workforce transition is appropriately managed, among others.

Simultaneously, this government cancelled 758 green energy projects. Not only did this eliminate real measures to cut emissions and significantly move the province toward cleaner energy, but it cost Ontario taxpayers \$231 million. Meanwhile, this government continues to waste taxpayer dollars to campaign and litigate against the federal carbon tax.

Broken promises on public transportation

Any economically developed region and jurisdiction with a sound environmental strategy would prioritize developing a robust and comprehensive public transportation system. This includes building the necessary transportation infrastructure to meet the needs of communities in the region, including commuter-heavy areas.

It should come as no surprise that Ontarians living in the Hamilton area and the region’s business community lambasted this government for backtracking on the \$1 billion in funding previously committed for a light rail project. The decision, which the Hamilton Chamber of Commerce called “irresponsible and reckless,” would have reduced the city’s carbon emissions, addressed the region’s challenges with urban sprawl and created hundreds of quality jobs.

This move comes after this government passed legislation (Bill 107) to take control of transit planning in Toronto and opens the door to transit privatization. Furthermore, this government reneged on a promise to double the city’s share of the gas tax – a move that will cost Toronto \$1.1 billion in funding for transit over the next decade.

In northern Ontario, the Progressive Conservative Party made an election campaign promise to bring back the Ontario Northland Passenger Train to provide service between the Greater Toronto Area and Cochrane. To date, northern Ontario communities are left wondering if any progress will be made to revive the service that was cancelled in 2012. Considering that no

¹⁶ Financial Accountability Office of Ontario, “Cap and Trade: A Financial Review of the Decision to Cancel the Cap and Trade Program.” 2018.

funds were earmarked in the 2019 budget to restore the train, questions remain on whether this government will fulfill this previously made promise.

Unifor is calling on the government to:

- ***Reverse course on the current approach to carbon emissions: restore the province's cap-and-trade program and establish new emissions-reducing initiatives***
- ***Halt any further action and spending on opposing the federal carbon tax***
- ***Fulfill previous commitments on funding for the Hamilton LRT and the City of Toronto's share of the gas tax***
- ***Bring back the Ontario Northland Passenger Train to provide service between the Greater Toronto Area and Cochrane***

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