

No more austerity and privatization.

**Ontario needs a budget for
full employment, expanded public services,
equality, and progressive tax reform**

Submission to the Ontario 2018 Pre-Budget Consultation

Communist Party of Canada (Ontario)



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290A Danforth Ave., Toronto, Ontario M4K 1N6 Tel: 416-469-2446
info@communistpartyontario.ca www.communistpartyontario.ca

Standing Committee on Finance and Economic Affairs
Ann Hoggarth, MPP, Chair
Eric Rennie, Clerk
Room 1405, Whitney Block
Queen's Park, Toronto, ON M7A 1A2

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In the wake of the 2007-08 financial meltdown, federal and provincial governments introduced austerity measures that were designed to make the working class bear the burden for both government bailout programs and corporate losses. The blueprint for austerity in Ontario was provided by the 2012 Drummond Report, which called for the government to balance the budget through \$30 billion in spending cuts, a public sector wage freeze, and reductions in health, education and public services.

The Liberal governments of Dalton McGuinty and Kathleen Wynne implemented the majority of Drummond's proposals, and the outcome is almost precisely what was projected in the report – a 2017/18 provincial budget that is balanced on the basis of minimal revenue increases and huge spending cuts. While revenue did increase between 2010 and 2017, this growth is based on no significant new sources; current government revenue projections for 2017/18 are actually slightly lower than Drummond's already pessimistic forecast. The balanced budget relies almost exclusively on cuts to program spending, which dropped by 9% on a per capita basis (2010 dollars) between 2010 and 2017.

Ontario's austerity programs placed a heavy burden on the working class, and continue to do so in most areas. The 2017 budget provided no new funding for post-secondary education or transit. It also failed to address severe and ongoing underfunding in the areas of public schools, hospitals and healthcare, and child support services. While the government has not introduced any new austerity measures, it is firmly committed to maintaining what is already in place.

After years of austerity measures, which were preceded by decades of neoliberal policies, the working class in Ontario needs a budget that moves in a completely different direction.

This submission to the 2018 Pre-Budget Consultation projects key working class priorities, putting an end to Ontario's austerity and privatization policies, and committing to full employment, expanded public services, equality, and progressive tax reform.

Provincial Executive Committee
Communist Party of Canada (Ontario)

1. Declining jobs, wages and benefits

Austerity measures have had an enormous effect on work trends – in 2012, three years after the meltdown and the introduction of austerity policies, the proportion of precarious employment reached nearly 25% in Ontario. The rapid spread of precarious employment has infected all sectors of the provincial economy, including Ontario’s public service. In 2015, over 40% of the jobs posted and filled by the government – nearly 5000 positions – qualified as precarious employment.

The increased concentration and accelerated mobility of capital, facilitated by austerity measures, has contributed to plant closures and mass job losses. In 2017 alone, Ontario workers suffered no fewer than 10 large closures – these 10 closures alone resulted in 8300 job losses. Many of these closures were in small communities, where the impact is far-reaching and devastating.

The working class in Ontario has suffered greatly under the government’s austerity measures. On the other hand, corporations have benefitted mightily. In the 9 years between June 2008 and June 2017, the average hourly wage for non-management workers in Ontario increased by approximately 18%, from \$22 to \$26. During that same period, which begins just prior to the financial meltdown, annual corporate profits in Canada nearly doubled, rising from \$156 billion in 2008 to a projected \$306 billion for 2017. Profits for the first quarter of 2017 were a record \$80 billion. The Royal Bank of Canada alone announced a profit of \$11.5 billion for the third quarter of 2017.

Where the government has softened its austerity agenda, it has done so reluctantly and selectively. For example, when the public-sector wage freeze was lifted, the government’s approach was to extend or “rollover” collective agreements in the public service and education sectors, with 2-year deals providing pay increases that roughly match inflation. After 5 years of wage freeze, these deals leave hundreds of thousands of workers out of pocket.

Similarly, the recently enacted increase in the minimum wage increase was something the government was forced to do, the result of a sustained 5-year community campaign that was located wholly outside of the Legislature. The minimum wage increase and related employment reforms will benefit 1.7 million unorganized workers in Ontario, but are still less than what is needed – many studies indicate that workers need an hourly wage of \$20 to provide a liveable income.

Budget Priority: A full employment strategy – jobs, wages and benefits

- Create jobs through a massive expansion in provincial social programs, health care, publicly-owned social housing and public infrastructure.
- Rebuild, upgrade and expand publicly-owned provincial and municipal infrastructure, through public oversight and control, so that it is safe, accessible, environmentally sustainable, and reliable.
- Build a publicly-owned, democratically controlled and operated light vehicle industry in Ontario, to produce fuel-efficient and environmentally sustainable cars, light industrial vehicles, and mass public transit vehicles.

- Develop a publicly-owned generic pharmaceuticals industry, to create jobs and as a component of public pharmacare.
- Rebuild the northern Ontario economy by placing energy and natural resources under public ownership and democratic control, and developing them based upon the full consent, agreement and participation of Indigenous communities, in an environmentally responsible manner.
- Legislate a 32-hour work week with no loss in take-home pay, benefits or pensions, a ban compulsory overtime, and a minimum four weeks of annual paid vacation.
- Expand apprenticeship programs and invest in youth employment.
- Ban private temporary employment agencies, and expand government-provided employment services as part of a provincial full employment strategy.
- Introduce strong plant closure legislation that would legalize closures for the purpose of relocating to low-wage or low-regulation jurisdictions.
- Reform bankruptcy laws, to prevent the legalized theft of workers' wages and pensions and the intentional liquidation of industries by private corporations.
- Ensure compliance with minimum wage increases, increase the provincial minimum wage to a liveable level of \$20, and maintain this relative to the cost of living.
- Introduce a guaranteed liveable income program, to raise social assistance and disability payments to a living level well above the poverty line.
- Ensure that all workers receive equal pay for work of equal value, and eliminate the wage gap for temporary, part-time and migrant workers.

2. Health, education, public services, and the environment

After a decade of cuts, Ontario has the lowest per capita health funding in Canada. The government's ongoing cuts to hospital funding have created a severe crisis in overcrowding and ER wait times. The situation has become so acute that Ontario is moving to temporarily reopen some of the hospitals it closed, beginning with the Humber River Hospital that was closed in 2015.

In the area of public education, the government has also failed to move away from austerity measures. While Ontario announced in June a moratorium on school closures, it will proceed with the previously announced forced closures of more than 120 schools across the province. 40 of these schools are in rural areas, leaving many municipalities without their community hub, and abandoning many students to the option of bussing long distances to school.

Data shows that there is a \$16 billion repair backlog in Ontario's public schools. The trend toward severe underfunding of school's capital budgets began when the province took over education funding in 1998, and it accelerated under provincial austerity measures. The repair backlog directly diminishes students'

learning conditions and education employees' working conditions, often putting both students and workers in danger. It also exacerbates the ongoing underfunding of public education through the flawed funding formula, which the provincial has repeatedly refused to replace with needs-based funding.

Post secondary students continue to struggle with high tuition costs and ancillary fees, leading to debilitating student debt loads. Government regulation of post secondary education costs is completely insufficient and, in fact, has facilitated annual increases in tuition fees. Average student debt is currently around \$30,000. While the government has made numerous claims about providing free tuition, the Ontario Student Grant program only covers the average cost of an Arts and Science bachelor degree. This leaves thousands of students, whose program costs are above the provincial average, with no option but to go deeper into debt.

Across the province, 750,000 households are in core housing need and nearly 200,000 people are on waiting lists for Rent Geared to Income (RGI) housing. Housing costs and rents have soared beyond the reach of most people, and are continuing to rise. Yet, in the face of this crisis, Ontario's "Fair Housing Strategy," with inclusionary zoning as its centerpiece, is a gift to corporate developers. They will have access to a wide range of public subsidies to make enormous profits through private housing construction, while only temporarily setting aside a small number of units for low- and middle-income earners. The strategy will do nothing to build new affordable housing stock, upgrade existing stock, or provide rent relief and controls to tenants.

The housing strategy is completely dependent on the corporate sector, and is reflective of the government's commitment to a vastly expanded privatization strategy. This strategy continues to restrict government spending except for the purpose of providing private capital with opportunities for huge, often guaranteed, profit.

The government's unrelenting push for privatization is particularly notable in the \$190 billion BuildON infrastructure program, which is almost exclusively focused on P3s (Private Public Partnerships). P3s have consistently been exposed as being more expensive than public programs, using public money to increase corporate profit while providing lower quality or less reliable service.

In addition to housing and infrastructure and housing, there are several other cases in which the government is privatizing public services and institutions. Among the most notable are the Ontario Lottery and Gaming Corporation's private contracts to operate its facilities in the Greater Toronto Area and at Rideau Carleton Raceway in Ottawa; the incremental privatization of the Liquor Control Board of Ontario, through aggressively expanding beer and wine sales in large corporate grocery store chains across the province; and in the area of public transit, with the province's transit planning organization Metrolinx stipulating that tenders will only be accepted from corporations who can handle all components of transit development, which immediately excludes existing public transit entities and ensures that all new public transit will be privatized.

Childcare in Ontario remains in crisis, with parents regularly paying \$20,000 or more for infant care. While safe childcare remains out of financial reach for thousands of working class women and families, the government's response has been to extend licensing to private home-based child care. This approach is a stubborn refusal to take action on the issue of fees, or to build a public system of quality, affordable and accessible childcare.

Scientific research demonstrates that climate change will have a drastic impact on farming, as the province experiences more instances of drought and flooding; on resources, through increased wildfires in rural and forested areas; on urban infrastructure, which will be heavily burdened by increased flooding; and on public health, as warmer temperatures facilitate the northward spread of diseases like Lyme Disease. Despite this, the government's only significant response to climate change is its cap and trade program, which aims to regulate carbon emissions by commodifying the right to pollute. Cap and trade is a completely pro-corporate approach to climate change, in which the largest corporations purchase more carbon credits and continue polluting. Any additional costs will be paid for by working people in the form of increased prices, as well as in demands for wage and benefit concessions.

Budget Priority: Expand public services

Health

- Restore health and hospital funding that has been cut, and halt and reverse the delisting of services to community hospitals.
- Expand healthcare to include full coverage for dental care, vision care, pharmacare, mental health care and long-term care.
- Provide full healthcare coverage to all residents of Ontario, including temporary foreign workers, international students, and refugees; and eliminate health premiums, co-payments and the University Health Insurance Plan (UHIP).
- Immediately ban private clinics and labs, halt and reverse all P3 developments and contracts, and fully provide these services through publicly owned and administered institutions.
- Stop and reverse hospital closures, abolish the Local Health Integration Networks (LHINs), and preserve and expand Community Care Access Centres (CCACs).
- Introduce a provincial food and nutrition program, based in all schools and communities, to ensure that every person in the province has access to a proper diet.

Education

- End public funding for Catholic schools and enact a single, secular public school system in Ontario.
- Deliver a new, needs-based funding formula to provide adequate and guaranteed funding, from provincial general revenues, to public schools and education programs.
- Provide stable capital funding to pay for maintenance and upgrades, so that schools and educational facilities are safe, accessible, reliable and environmentally sound.
- Halt all sales of public school lands and buildings, and develop schools as community hubs.
- Eliminate tuition fees for post-secondary education and cancel student debt, increase funding to public post-secondary education, and end corporate funding and privatization.

Housing

- Recognize housing as a human right, and introduce a Tenant Bill of Rights and provincial housing program to ensure adequate housing based on need is provided to all.
- Build 200,000 units of affordable social housing units within in 4 years, and maintain levels of affordable housing based on need.
- Upgrade and maintain existing units so that they are safe, secure, affordable, accessible and environmentally sound.
- Enact rent control legislation to cover all rental units, and legislate rent rollbacks across Ontario.
- Ban evictions or utility cutoff due to involuntary unemployment including layoff, strike or lockout.

Childcare

- Build a provincial system of universally accessible and quality public childcare, free of charge.
- Introduce 24-hour childcare, for parents who work shift schedules or who have personal/family emergencies.

Sports, Culture and Recreation

- Invest in amateur sports and recreation, TVOntario, and increase funding to the Ontario Arts Council and democratic culture in Ontario.
- Eliminate admission prices and expand hours and services at public museums, sports and recreation facilities, and art galleries and other public cultural institutions.
- Restore and expand music, theatre, and arts programs to all public schools.
- Make public libraries community hubs and increase their budgets, services and hours of operation.

Transportation and Transit

- Expand municipal and regional public transit systems, and eliminate fares.
- Increase funding for infrastructure upgrades that facilitate bicycle transportation.
- Ban road tolls for personal and public vehicles.
- Ban private auto insurance in Ontario and introduce a publicly owned and administered non-profit plan that will provide full coverage at affordable rates.

Action for Climate and Environmental Justice

- Reject all pipeline projects that enable the maintenance and expansion of tar sands, and halt all fracking operations in Ontario.
- Replace cap-and-trade and carbon tax schemes with strict legal limits for pollution and emissions, especially from industrial sources, impose strong penalties for corporations who break the law, and increase investment for developing sustainable industrial processes.

- Halt and cancel corporate contracts for withdrawing freshwater for bottling, and introduce strict public management of water systems.
- Rebuild a single, publicly-owned and democratically controlled provincial electrical utility that includes production, distribution, transmission and bulk electricity system market, that can ensure affordable, safe and reliable power supply for the provincial and municipal levels.
- Phase out nuclear plants, while protecting jobs and shifting to sustainable energy, by developing publicly owned wind, solar, hydro and thermal energy production and increasing conservation.

3. Increasing threats to equality

These consultations take place at a time of growing racism, Islamophobia, anti-Semitism, and other reactionary views. The response of the provincial government to this trend, as well as to increased protests about systemic racism and racist violence by police, was to create the Ontario Anti-Racism Directorate. This body has a tiny \$5 million budget – one quarter of what the government spends on the Queen’s Park Sergeant-at-Arms Office – and a vague commitment to “develop a cross-government approach” to confronting systemic racism. The initiative has been sharply criticized by many racialized activists, for focusing on consultations and reports instead of on concrete action to confront racism.

While the main attack of reactionary groups and ideologies is directed at the working class, every sector and strata are affected, including middle strata, farmers, small businesses, etc. The government has a responsibility to provide an effective, well-funded response.

Another backdrop to these consultations is the widespread public discourse about women’s experiences with sexual harassment and gender-based violence. This is a poignant and important reminder of how violence and oppression continue to target and hurt so many women and girls in our society. According to a recent study, “there are almost 15 million adult women in Canada and according to our latest survey, almost 8 million of them (53%) have experienced unwanted sexual pressure. The prevalence of this experience is highest among women under 45. Women 30-44 are most likely to see this problem in the workplace: 22% say it is common, and a total of 64% say it happens in their workplace.”

Over the last year, legislation in Ontario mandated all public post-secondary institutions establish a stand-alone sexual assault policy to address the rape culture that permeates university campuses. But only so much change can be legislated. Since the problem of harassment and gender violence is deeply rooted in capitalism, individual examples must also be addressed with systemic solutions.

Women’s and gender oppression is reflected in the continuing gender wage gap, in which woman, on average, makes 70 cents for every dollar made by a man. For Aboriginal, racialized, disabled, trans and lesbian women, the gap is even higher. A recent study on the Global Gender Gap by the World Economic Forum reached the damning conclusion that at the current rate, it will take 170 years for women to reach equality.

Budget Priority: Protect and extend equality rights

- Increase funding and support for anti-oppression and equity-seeking programs, including school programs and legal challenges, and provide funding to accessible community legal clinics.
- Enforce pay equity legislation, to close the gender and racial wage gaps, and introduce employment equity for Indigenous people, women, people with disabilities, and people from racialized and LGBTIQ communities.
- Provide equitable standards and funding, at a minimum, for housing, job creation, quality education and healthcare for Indigenous people living on or off reserves.
- Deliver the immediate cleanup of poisoned Indigenous land and water, provide just compensation to people and families who have suffered health effects, and prosecute the corporate perpetrators of this pollution.
- Enforce an end to all forms of violence against women, and provide adequate funding for social and economic supports women facing sexual harassment and assault, including crisis centres and transition houses.

4. Tax cuts, privatization and the provincial revenue crisis

Decades of neoliberal government policy has produced a revenue crisis in Ontario. Since 2000, when Ontario's corporate income tax rate was 14.5%, it has steadily fallen and is now only 11%, the lowest in North America. These cuts have done nothing to stem the decimation of the province's manufacturing sector, which has largely been transferred to low-wage, low-regulation or right-to-work jurisdictions.

All tax cuts in Ontario over the past two decades, the overwhelming majority of them benefitting the corporations and very rich, total \$18 billion per year in lost revenue. This is the money that is needed to pay for infrastructure, expanded health care, public transit, job creation, and virtually all the measures that are badly needed by the province's working class.

The government has stated that its reason for privatizing Hydro One, or introducing road tolls and user fees, is to raise funds for the province's \$30 billion infrastructure program. But selling assets and introducing user fees won't raise enough money, and it's not the way to increase steady revenue. The 2016 annual report from the Auditor General is a damning expose of the bankruptcy of the privatization agenda, including P3s.

Instead of continuing this approach, Ontario needs immediate progressive tax and financial reform based on ability to pay, to shift the tax burden onto corporations and the very rich.

Budget Priority: Progressive tax reform

- Double the corporate income tax rate, to 23%; restore Ontario's corporate capital tax, which provided over \$1 billion per year until it was eliminated in 2010.
- Abolish the provincial/harmonized sales tax.
- End market-based property tax assessment ("Current Value Assessment") and remove education from the property tax.
- Introduce wealth and inheritance taxes on estates over \$1 million.
- Eliminate taxes on personal incomes under \$40,000.
- Amend the capital gains tax so that it applies to 100% of the gain.
- Return 50% of gas and road user taxes to municipalities.