

ONTARIO BUDGET 2016



Labour Council's submission to the Ontario Finance Committee listed five priorities that should be addressed by the 2016 budget. The Finance Minister has now unveiled a budget which made some improvements, but fundamentally continues the direction of the Liberal government in program austerity and privatization, while investing heavily in infrastructure. Here is how it compares with our priorities:

Priority 1: Apply a "Climate Change" lens to all decisions made by every Ministry. All new infrastructure must be designed to attain the lowest carbon footprint in its operation. Economic development policies and investment must help place Ontario's private and public sectors on the cutting edge of sustainable practices and business opportunities. Money from Carbon Trading should be re-invested in green technology. Ensure the benefits of a green economy are fully shared with all communities.

Result: This is probably the strongest feature of the new budget. The cap and trade regime is expected to raise \$1.9 billion per year, to be invested in energy efficiency and transit.

Priority 2: Restore the capacity of public revenues. Instead of selling Hydro One, ensure corporations and tax evaders pay their fair share by:

- (a) Reversing the disastrous corporate tax cuts by restoring the rate to 14%, which could generate over \$2 billion annually.
- (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.

Result: Here the government completely failed. Bay Street gets to keep the absurdly low corporate tax rates, even for companies that ship jobs overseas. Privatization of 15% of Hydro One is a line item for over a billion dollars of one-time income.

Priority 3: Undo the structural inequities and ideological distortions left over from the Harris cuts and downloading. Restore and extend funding for social housing, transit operation, schools and childcare. Scrap the privatization of key services and assets such as transit and hospitals. Abandon any plans to further outsource public services, and challenge any aspect of CETA and TPP that would undermine the ability to support Canadian jobs.

Result: Hospital funding will increase by only 1% after a four year freeze. A small increase in education money fails to address the flawed funding formula at the root of the school boards' problems. P3's are the preferred method for creating new infrastructure.

... over

Priority 4: Commit to a comprehensive agenda of social, racial and economic equity. Strengthen workers' rights in order to tackle income inequality, build on the Community Benefits process for public infrastructure, invest in a robust Anti-Racism Secretariat, address the Gender Wage Gap, update the Fair Wage policy and raise the Minimum Wage to \$15.

Result: The Anti-Racism Secretariat is set to go, Community Benefits are included in major infrastructure, and the Changing Workplace Review is delayed but continuing. No sign of jump in Minimum Wage.

Priority 5: Commit to pro-actively strengthening the social infrastructure needed to address growing poverty, youth violence, obesity and health issues, and the aging population. Reduce tuition fees for college and university, and ensure that the next generation finds career opportunities that lead to decent jobs and a secure future.

Result: Spending on public services overall falls behind inflation and population growth. The changes to grants for post-secondary students is welcome but not as significant as the headlines suggest.

The Executive Recommends that Labour Council:

- Commend the Ontario government for its commitment to climate change action while condemning the privatization of public services and assets such as Hydro One.
- Continue to call for adequate funding for social services, schools, healthcare and transit operation.
- Continue to demand that corporate tax rates be restored at the provincial and federal levels.
- Ramp up the fight against electricity privatization

MARCH 2016

Cope343