

Public Service Alliance of Canada



*PSAC
Ontario*

2014 ONTARIO PRE-BUDGET SUBMISSION

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Introduction

The Public Service Alliance of Canada (PSAC), represents over 80,000 unionized workers across Ontario. Our members deliver vital public services to Ontarians, contribute to their local economies and form the foundations of communities throughout this province.

PSAC's 2014 pre-budget submission advises the government to take steps to decrease economic inequality in this province, address provincial debt through new revenue generation and improve the quality of life for families in Ontario.

PSAC is submitting 5 recommendations to the Minister of Finance, as part of the Ontario government's 2014 pre-budget consultations. Below is PSAC's pre-budget submission for the 2014 Ontario budget.

Lifting Workers out of Poverty

Raising the Minimum Wage

Ontario's minimum wage has been frozen for three years. Currently, the minimum wage of \$10.25 per hour leaves workers earnings at a shocking 25 percent below the poverty line. The rise in minimum wage work in Ontario, coupled with the changing demographics of workers earning minimum wage, has created a crisis of "the working poor" in this province.

It is estimated that nearly 40 percent of employees working for minimum wage (183,000 Ontarians), were 25 years of age and over in 2011.ⁱ This shift in the demographic composition of minimum wage work, coupled with the

increase of minimum wage work (from 3.5% in 2003 to 9.3% in 2012), is steadily shifting this province into a low-wage economy.ⁱⁱ

However, nearly half of all minimum wage workers in Ontario are working for large corporations that employ more than 500 workers.ⁱⁱⁱ This statistic, together with the Ontario government's low corporate tax rate, has led to the subsidizing of profitable corporations by taxpayers.

By increasing the minimum wage to \$14 per hour, we would increase the buying power of workers, lessen dependence on government social programs, and increase Ontario's tax base.

Recommendation

Raise the minimum wage to \$14 per hour, which would lift a full-time worker (35 hours per week), 10 percent over the poverty line. By raising the minimum wage to this level and ensuring the minimum wage is adjusted annually for inflation, Ontario could make a substantial change to the lives of hundreds of thousands of workers and their families.

Post-secondary Education

Tuition fees have climbed as much as 80 per cent since 2006 and Ontario students pay the highest fees in the country.^{iv} High tuition rates create a barrier for lower income students, thereby excluding many workers from entering Ontario's knowledge based economy.

Students who enter post-secondary institutions take on a tremendous debt load; on average \$37,000 after a four-year degree.^v The damaging effects of

this financial burden extend from the personal to the public sphere, by creating a generation of heavily indebted young workers.

Ontario's economy is heavily dependent on consumer spending, both in terms of tax revenue and job creation. With substantial student debt and crisis level youth unemployment, consumer spending is restrained and all associated economic spin-offs. By lowering tuition rates, the Ontario government can minimize inhibiting economic growth while investing in its human capital.

Recommendation

The government's current Ontario tuition grant should be immediately changed to a 30 per cent reduction in tuition fees for all students, including international students, graduate students and part-time students.

Revenue Generation

Fair Taxation

The 2012 and 2013 Ontario provincial budgets focused on reducing provincial debt through an austerity program of spending cuts. Despite a growing body of literature demonstrating how austerity hampers growth (including statements from the International Monetary Fund and World Bank), Ontario continues down this path^{vi}.

While the Ontario government focuses on spending cuts, revenues have been reduced through the lowering of the corporate tax rate from 14% in 2009 to 11.5% today. Contrary to the rationale offered by the government for lowering the corporate tax rate, investment and employment have not in-

creased. Instead, Canadian corporations have held onto that wealth and are sitting on more than \$500 billion in currency and deposits.^{vii}

Recommendation

Restore the corporate tax rate back to 2009 levels (from 11.5% to 14%), which would generate \$2.5 billion annually.^{viii}

Improving Quality of Life

First Nations Policing Program

Often First Nations communities are located in remote areas, which are difficult to access, representing a unique challenge to law enforcement and community safety. In addition, challenging situations between First Nations communities and the Ontario Provincial Police (OPP), have led to strained relationships in some of these communities.

To respond to this dilemma, the Ontario government and the federal government agreed to a First Nations Policing Policy to provide First Nation communities with access to police services that are professional, effective, culturally appropriate and accountable. All agreements entail budgets that are cost-shared between the two levels of government; the federal (52%) and provincial (48%).

Several First Nations communities in Ontario have agreed to law enforcement services through the First Nations policing program in their territories. These police services offer high quality law enforcement equal to the OPP, however through a culturally appropriate framework that works

with community leaders and is often representative of the communities they serve. Funding levels however are not permanent, often being renegotiated every few years, which leaves First Nations Police Boards in a difficult financial situation.

Recommendation

The government of Ontario commit to fund First Nations policing as an essential service, to promote healthy communities across the province on a permanent basis. The government must therefore formulate a plan toward long-term, sustainable funding of the First Nations Policing Program, while lobbying the federal government to increase funding levels for high quality First Nations policing services.

Horse Racing and its Agricultural Base

In 2013, the Ontario government eliminated the successful Slots at Race-tracks Program (SARP), which supported the horse racing industry through a revenue-sharing agreement.

The terms of the agreement specified that the horse racing industry received 20% of the total annual gross slots revenues (10% directly into the racing industry in breeding, ownership and expanded purses and 10% went to the racetrack operators).^{ix} This program sustained the horse racing industry in Ontario, while generating over \$9 billion for the province since its inception over a decade ago.

With the loss of this revenue, the horse racing industry is in decline as was foreseen by the Ministry of Finance's gaming policy branch, which esti-

mates that 11 of the province's 17 racetracks would likely not survive if the government phases out the slot-at-racetracks program.^x The transition funding provided by the government is inadequate, jeopardizing the estimated 76,000 jobs supported by this industry, mainly in rural Ontario.^{xi}

Recommendation

Create a similar revenue-sharing arrangement between racetracks and the province that would preserve existing employment and ensure that good jobs remain an integrated part of any modernization strategy.

Conclusion

A budget reveals more than expenditures and revenue forecasts, it is a reflection of a government's priorities. This government has focused on an austerity program that has produced few results in terms of economic growth, lessening inequality and improving the lives of the majority of Ontarians. It is time we pursue a different strategy; one that focuses on healthy communities and a balanced approach in dealing with debt.

Endnotes

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- ⁱⁱⁱ Carlos Osorio. “Raising Ontario’s minimum wage makes good economic sense.” Toronto Star, August 13 2013. http://www.thestar.com/opinion/commentary/2013/08/13/raising_ontarios_minimum_wage_makes_good_economic_sense.html. January 14, 2014.
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- ^v Canadian Federation of Students – Ontario. “Changing priorities: Moving towards affordable post-secondary education.” February 2013. <http://cfsontario.ca/downloads/CFS-ChangingPriorities-En.pdf>. January 14, 2014.
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- ^{viii} Hugh Mackenzie and Trish Hennessy. “Austerity is holding back Ontario’s economy.” March 20, 2013. http://www.thestar.com/opinion/commentary/2013/03/20/austerity_is_holding_back_ontarios_economy.html. January 14, 2014.
- ^{ix} Vel Evans. “Horse Racing in Canada.” March 2012. <http://value4money.ca/wp-content/uploads/2012/03/ECONOMICS-RACING-FULL-REPORT-MARCH-2012.pdf>. January 14, 2014.
- ^x Jeff Leal. “MPP Jeff Leal has submitted report calling for an investment in horse racing industry.” August 16, 2012. <http://value4money.ca/august-16th-2012-mpp-jeff-leal-has-submitted-report-calling-for-an-investment-in-horse-racing-industry/>. January 14, 2014.
- ^{xi} Vel Evans. “Horse Racing in Canada.” March 2012. <http://value4money.ca/wp-content/uploads/2012/03/ECONOMICS-RACING-FULL-REPORT-MARCH-2012.pdf>. January 14, 2014.