

STATEMENT

ON

PRE BUDGET PLANNING

TO

**STANDING COMMITTEE ON FINANCE AND
ECONOMIC AFFAIRS**

LEGISLATIVE ASSEMBLY

FROM

CANADIAN PENSIONERS CONCERNED, INC.

ONTARIO DIVISION

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Canadian Pensioners Concerned, Ontario Division

Pre-Budget Brief 2007

Canadian Pensioners Concerned began in 1969 with a special concern about whether retirement income would allow for a good quality of life for seniors. We have expanded our interests over the years to include all age groups and those who are especially vulnerable by virtue of illness, impairment, economic need, or age. We are committed to social values that determine fairness and social justice in our multicultural society.

The members of Canadian Pensioners Concerned deeply appreciate having the opportunity to contribute to the Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario.

We have followed the sequence of the questions in the Minister of Finance's "Tell Us What You Think" document to inform you of our major current concerns.

We believe that a strong economy is essential to a strong and healthy society. We also believe that you cannot have a strong economy without a well educated, socially secure society. The continuing existence of unacceptably high levels of poverty, the underemployment of people with skills and education, the lack of safe and secure housing, the high level of food insecurity all contribute to the undermining of the economic and social fabric of Ontario. The economy cannot be as productive and competitive as it could be and will lack the competitive edge needed to stay strong in economic downturns if these conditions are not changed. The greater the level of social inequity the lower the economic sustainability of the economy will be.

We are particularly concerned about the growing gap between those who have and those who lack the basic resources for living in this province, especially those who have come to Ontario from abroad since the 1980s. This is a matter that requires urgent attention and we praise the government for its recent efforts to overcome some of the barriers these recent skilled immigrants face, barriers which have severely limited their opportunities to fully contribute to and participate in Ontario society.

It is simple to argue that the government should increase spending and taxes in order to meet the economic needs of the citizens of this province. The comparison with the northern European countries that have high taxation rates and lower poverty rates is frequently made.

Unfortunately, Ontario has to compete with taxation rates in the bordering American states and with its fellow provinces. Thus we argue the issue is more complicated for the government to balance the social and economic needs of Ontarians.

Canadian Pensioners Concerned supports a fair and equitable taxation system. We believe that the government must have taxation resources and use those resources to benefit its citizens by

strengthening the economy and the social infrastructure. **We are strongly opposed to tax cuts for individuals or business.**

1. What can the Ontario Government do to continue to foster economic growth and job creation in the province?

Strengthen Social Equity to foster economic growth and job creation.

- a) Raise the minimum wage to \$10 an hour immediately and enforce its application across the economy. This will not have an economic cost to the government – though there will no doubt be a political cost. Despite the fears of some, there is no evidence that shows that an increase in the minimum wage would lead to a rise in unemployment. There is evidence to the contrary, that such an increase is good for the economy as well as for the workers. Indeed, many studies have shown that lower income people spend their incomes in the local economy and thus contribute to its health – unlike those in higher income brackets who have the discretionary capacity to invest elsewhere, travel outside the province, buy off-shore luxury goods etc.
- b) Establish an independent commission empowered to review the minimum wage level and provide advice to the Legislature on necessary changes on a yearly basis. The levels should be set to ensure that those dependent on that wage are at least meeting the low income minimum necessary for their location and family size.
- c) Stop the clawback of the National Child Benefit Supplement. This clawback is hurting the very low income and lower middle-income families in this province – families that clearly need and are eligible for this support. The cost to the provincial government will be marginal as will the benefits to the families receiving it given the appallingly low level of income support for families and individuals on Ontario Works programs and Ontario Disability Program (social assistance programs).
- d) Increase the incomes of those dependent on social assistance – their spending will go directly into the local economy and apply a graduated level of benefits (drug, childcare, housing etc.) that will support people as they move into the labour force rather than penalizing them as the system does now. Once individuals and families have moved out of the trap of poverty the direct benefit support could be reduced. The current programs

and policies hurt those who are in most need of help and restrict their capacity to fully contribute to the broader economy and society.

- e) Safe and secure housing – not shelters – is essential to a stable labour force. People who lack secure housing cannot be expected to be fully participating citizens. Affordable, geared to income housing is essential for many Ontarians. They will have to spend too much time and resources just trying to find shelter.

Recommendations “a” to “e” will result in direct benefits to both the economy and social equity.

Strengthen human and capital resources to foster economic growth and job creation.

- f) Invest further in education, training and retraining of the young and those entering or re-entering the labour force. We cannot afford to have a society with low levels of literacy and skills and expect to have a strong and healthy economy.
- g) Foster investment in research and development by setting an example for the corporate sector through its own initiatives but also by making it clear to the corporate sector that it must improve its generally very poor record in this area. (Publish a list of companies that have made contributions in this area of Research and Development (proportionate to their gross profits) and a list of those who haven't. This could build public pressure to change the performance of those at the bottom of the list!) Ontario must strive to be at the front of the line developing the new technologies and best practices that others will want to buy rather than depend on others to produce them for us.
- h) Put greater emphasis on fostering the development and utilization of alternative technologies and practices that will have a direct positive impact on the environment. A strong and healthy economy will be one that has achieved a zero negative impact on the environment. We have examples of companies that have used environmentally safe practices that have benefitted the companies' bottom line. Ontario has the capacity and the potential to become a world example if the government, the corporate, the educational sector and the public at large become engaged and collaborate on this issue.

- i) Economic productivity depends on a healthy community and a labour force that works in safe conditions. Work place inspections, stringent requirements for workplace safety and severe penalties for both employers and employees who violate safe practices are essential ingredients of a strong economic growth policy.

2. What should the government's top priority be for this year's budget and how should it be funded?

Tackle the issue of poverty in all of its multi-faceted causes. We have provided advice in our responses to the questions you have posed. The funding will come from a variety of sources i.e. the private sector with instituting the \$10 minimum wage now, to the dropping of some existing tax expenditures and by government Ministries fully exploring how they can work together by combining programs.

3. Are there any programs or services the provincial government provides that are no longer needed?

a) We believe that there is an urgent need to review all tax expenditures affecting both individuals and businesses to ensure that:

- i) They are still needed and achieving the social and economic purposes for which they were intended.
- ii) They are fair and equitable.

b) Experience has found that outsourcing to consulting firms can be costly and even unwise in the use of public resources unless well controlled and subject to audit. The government must ensure that it has the skills it needs in its labour force and then use them. It appears that the use of outside consultants is often seen as a way of justifying an action the government plans to take but feels it requires an independent voice supporting its planned action.

4. What else can be done to continue to press Ontario's case for fairness with the federal government?

- a)** Launch a strong information campaign in other provinces to educate their public about the per capita shortfall Ontario receives on federal transfers in the full range of programs.

- b)** Meet regularly with the individual party caucuses in Ottawa and press home the case and demand justification for their failure to support the needs of the province.

- c)** Join other provincial governments and the Federation of Canadian Municipalities in demanding the active engagement and long term commitment of the federal government to infrastructure programs (such as social housing, public transit) at the local government level. In particular, the federal government must be reminded of the fact that the economy of the country depends on the health and strength of the economies of the cities.

- d)** Most workers, perhaps especially in Ontario, do not receive the employment insurance benefit to which we believe they have a legitimate entitlement through their contributions of premiums and/or their membership in the labour force. The federal government must stop the practice of excluding the majority of workers from collecting insurance that they have paid for. This practice has added to the provincial cost of social assistance.