

## Presentation to the Standing Committee on Finance and Economic Affairs

### Pre-Budget Consultations 2017

It is well known that senior citizens vote in greater numbers, relatively speaking, than any other age group. Elections Canada reports that seniors even increased their participation rate in the 2015 election over that of 2011.

Seniors form a larger cohort in society than ever before; we are living longer. Our numbers will continue to grow for some time to come. One of the reasons why is because we benefited from a more equitable distribution of society's wealth during the postwar period, though of course many of us were adults by then.

It is tragic that today's young people are the first generation in a long time who are not doing better than their parents, and may not live as long.

But that can be changed, to the benefit of all.

Accordingly, our proposals for the 2017 Ontario budget are for taxing and spending in ways that will benefit the majority at all ages. Things that will be good for the many, over the tiny and shrinking minority who have been taking larger and larger bites out of the common wealth.

As unionists, we believe in coming to the bargaining table with a strong opening position – a vision of how things could be. We aim high.

And we intend to talk about the big picture, leaving detailed policy proposals to others.

We come to this consultation with the ambitious goal of persuading government to arrest and then reverse the race to the bottom that began in the 1980s when we who are now seniors were young – or so it seems to us now!

We call for:

- renewing and enhancing public services

## ABOUT CURC

CURC is an association of retired union members. We spent much or all of our working lives in unionized positions in a wide variety of trades, industries, governments and the broader public sector – as carpenters, caregivers, auto and steel workers, teachers, labourers, nurses and in many other occupations.

The CURC national organization is an affiliate of Canadian Labour Congress – the CLC -- representing half a million union retirees across Canada. Our area council represents one of the most densely populated and highly unionized regions in the country.

Just as the labour movement advocates for a better society for all, we are mindful of our own members and of those who have not had the benefits of union membership. We also see that our well-being is inseparable from that of those who are inheriting our society.

- reversing privatization
- fairer cost-sharing among municipal, provincial and federal governments
- fairer taxation

## Renewing and enhancing public services

No budget today can fail to take into account the urgent need to address climate change.

Labour has increasingly recognized that climate change is already causing widespread misery and ultimately threatens the very survival of our species. Preventing a deadly rise in global temperatures, and preparing for the weather events that are already inevitable, must inform everything our governments do. Money must be put behind it in every budget – municipal, provincial and federal.

And addressing climate change goes well beyond taxation measures or the search for a technological fix.

Naomi Klein's *This Changes Everything* nicely put into words what many of us have been feeling for a long time, as we watched growing inequality march across the land in lock-step with increasing environmental degradation and horrendous waste. We, as activists, protested these changes at every step of the way. But perhaps we didn't put it all together at the time.

Now we see more clearly. We understand that the underlying causes of inequality and environmental degradation leading to climate change are essentially the same. They come down to the greed – sometimes aptly termed “kleptocracy” -- of the privileged few. We have concluded that we cannot save the planet without at the same time achieving social justice – and vice-versa.

For excellent examples of how municipal governments have worked with labour and environmentalists on this issue, we refer you to the document prepared under the sponsorship of the Toronto and York Region Labour Council called [Greenprint for Greater Toronto: Working Together for Climate Action](#). Municipalities can do a great deal, but they will need access to funds raised through the income tax system to do it.

We believe a budget that moves towards greater social justice will also help prevent to further climate change and to adapt systems to prevent further damage from climate forces already at work.

Many of us still alive today actually remember the ice-man and the milk-man delivering their goods in horse-drawn vans. We learned to write in the days before throw-away pens. We took refillable pop bottles back to the store for the return of the deposit. We remember our teachers cutting sheets of paper in half for short assignments and tests.

And we also remember the days before universal health care coverage. So while some of what we advocate will sound like “back to the future,” we don't want to go *that* far back.

We remind you that today's Premier, Ms. Wynne, came into office pledging to be the social justice premier – and her predecessor, Mr. McGuinty, made valiant though compromised moves towards replacing fossil fuels with green energy.

We are asking the Government of Ontario to show bold leadership in restoring and improving public services for all.

Expanding public services means making life less expensive for everyone, including seniors. Public services provided by government are vastly more efficient than a patchwork of private, for-profit goods and services that people pay for piecemeal when they need them – if they can even find them.

Remember, countries with universal public health coverage pay significantly lower percentages of GDP on health care than does the United States, with its mess of for-profit insurers. And even more importantly, we have better health indices in such areas as life expectancy, infant and maternal health, and effective family planning.

Further, public health studies around the world show that social determinants of health involve greater equity in the distribution of society's wealth, not only the sharing of health care costs.

The expansion of public services will bring with it a growth in jobs, most of them green jobs. Decent work providing goods and services we all need – and some little luxuries, too – are an important part of how most of us participate in society. We haven't yet found a better way to distribute wealth from the rich to everyone else.

We are skeptical of guaranteed-income schemes currently being discussed; in today's political climate they are more likely than not to be designed so as to further disempower the already downtrodden. But we are talking about building a new political climate, aren't we?

### Health care

Let's start with health care and health promotion. Everyone benefits from publicly funded health care, but it is true that we tend to require more health services as we get nearer to the end of life. Yet – seniors of the future may require fewer services if appropriate care and prevention is available to people of all ages today.

If you watch TV at all, you'll have seen a recent trend in insurance companies pitching supplemental health care policies because public health insurance is covering fewer services. And also because members of the television audience may not have an employer-paid plan, or one that doesn't cover services they need.

We find this disturbing. Here are insurance companies hustling to make profits by exploiting low-income earners – yes, the ones who don't have an employer-paid plan, or one that doesn't cover all the services they need. Many of these are young people in precarious work. Many are seniors with no means of increasing their incomes.

Our response is to propose you reverse the slide into yet more privatization of health care. We say: Start exploring big *increases* in the services covered by OHIP.

### Pharmacare

If the Ontario Drug Benefit Program were turned into a full-blown pharmacare program, the government would have considerable bargaining power as purchaser of all the prescription drugs dispensed in the province. The proportion of provincial GDP spent on healthcare could potentially go down – even while pharmaceutical companies made a reasonable profit. And paid taxes on it.

In the meantime, the least the government could do would be to eliminate both the deductible and the co-payments levied under the ODBP. These measures are more likely to deter low-income seniors from

getting the care they really need than they are to deter “abuse,” if there is any, by those who are better off. Appropriate prescribing is an issue to take up with physicians and pharmacists.

Pharmacare is an idea whose time has come.

[And more . . .](#)

By the same token, we call on the government to explore funding necessary dental care, dental surgery and vision care, including eyeglasses, contact lenses and corrective surgery, under programs similar to OHIP. Provide full coverage of needed rehabilitation services such as physiotherapy. Far too many people are under-served or are being impoverished to pay for services. Far too many health care dollars in these areas are going into private coffers – and then not being taxed in an equitable manner. Put some money in the budget to start researching these possibilities this year.

And for further particulars on health care improvements we refer you to the deputation of the Ontario Health Coalition.

[Affordable housing](#)

Seniors will benefit from an increase in all forms of not-for-profit, co-op and rent-geared-to-income housing. This will enable us to continue to live in the wider community for longer. As well, seniors and our families will benefit from better funding for homes for the aged and retirement residences, making these more affordable when they may become necessary.

We need affordable housing for all and supportive housing for those with special needs. It is very do-able – and was actually done in postwar Britain. An increase in the supply of locally managed not-for-profit and co-operative community housing must be part of the equation.

[Transportation](#)

Seniors will benefit from restored provincial funding for transit -- not just capital but operating subsidies: Transit authorities will be able to keep fares low for everyone and also continue to offer lower fares for seniors. And it is fair. Commuters will all share in the cost, regardless of where they pay their property taxes.

Many seniors cannot afford cars or cannot drive. Some now drive for lack of choice. Convenient, affordable, accessible public transit keeps people mobile, and not only those on low incomes. A pleasant transit experience keeps cars off the road, reducing congestion and greenhouse gas emissions. Everyone benefits.

Seniors tend to use transit in off-peak hours; their usage in the off-hours helps make service available to all on some routes that otherwise would have less frequent service. If local transit authorities have the funds to offer affordable fares for all, and lower rates for seniors and others with low incomes, the whole system benefits.

[Reversing privatization](#)

Expanding public services can only be done by reversing the trend of the taxes of low-income and middle-income earners being funnelled into the pockets of corporations and their wealthy owners. It has been demonstrated over and over again: Privatization costs more and delivers less.

We call on you to start the process of arresting and then reversing the commoditization of public services and resources. These should be shared by all, either on a not-for-profit basis – or with any profits accruing to the public purse.

An example is hydro.

Ontarians pay the highest electricity rates in Canada – and clearly this most adversely affects those on low incomes, such as many seniors, who have no means of increasing their incomes. Also, of course, it hurts businesses, reduces job creation and is generally hard on the Ontario economy.

An article in the January 9 Globe and Mail asserts that most of the steep cost increase over the last 20 years has been caused by diverting public money into private hands – even before we see any effects from privatizing Hydro One.

Power plants that could have been built and owned by Ontario Power Generation (OPG) were instead built by private firms with long-term, high-cost supply contracts for energy it turns out we don't yet need. Now we are paying profits to firms for electricity we are not actually using. It has almost nothing to do with "green energy" – which we wholeheartedly support -- and everything to do with privatization of a public resource.

The government has begun privatizing Hydro One over vehement public protests. It is pretty clear by now that hardly anyone believes this will be a good thing for Ontario consumers or for Ontario's economy over-all. The excuse of selling Hydro One to pay for infrastructure would be laughable if it were not so infuriating – what is Hydro One if it is not infrastructure?

Now the government is cutting Hydro bills by 8 per cent with a taxpayer subsidy. Great. Transfer about \$1 billion from our Hydro bills to our tax bills. This helps wealthier people pay for a lot of the electricity they burn in their large homes, while doing very little for those who live in small apartments or houses and can't reduce their usage any further. And on top of that, the wealthy have far more ways of avoiding taxes than we ordinary people have. Once again, a formula for transferring wealth from the poor to the rich.

What might work? Provide the first x number of kilowatt-hours for a very low flat rate and then charge higher rates for greater amounts used on a graduated scale. That might actually encourage conservation by those with the means to do it. And it would be fair.

For the long term, we say, reverse the privatization. Restore the generation and distribution of electricity to public hands. Negotiate with the profiteers to sell back this resource at a reasonable price. Get tough.

And look at not-for-profit community generation and a smart grid to accommodate it, as well.

We cannot sustain a reasonable lifestyle without electricity. It is much too important a resource to be controlled by for-profit enterprises. As was seen when California privatized much of its electricity system, government will always be held accountable for keeping the lights on, even if it gives up control of the power grid. Much better not to give up control in the first place and be in a position to run this vital utility for the public good.

What goes for hydro also applies to other public goods and services.

In housing – private profits rank ahead of decent conditions for tenants. We are not saying there are no good private landlords and no bad public housing projects. But profit has no place in ensuring decent, affordable housing for all. It won't get us to that goal.

In transportation: We have seen how York Region's public-private transit system delivers a lower level of service at a much higher cost, per ride, to the public – with the workers being paid less than Toronto Transit Commission employees performing the same work. Why? Profit is draining away public money.

Let's not even talk about Highway 407. Or disastrous P3 hospital deals. Just ask the Auditor-General how much public money has been wasted on privatization. Billions over a few short years.

What comes of privatizing is political blackmail by the private owners, higher prices, lower returns for the taxpayer and lower wages for the workers. Who then have less money to feed back into the economy through their spending and their taxes.

## Fairer cost-sharing among federal, provincial and municipal governments

In order for the cost of the services we need to be allocated fairly, there will have to be some reversal of the government downloading that started in the 1980s – from the federal government to the provincial government, and from the province to municipalities. Municipalities being the governments with the least access to progressive forms of taxation, as well as the narrowest tax base.

The government of Canada's largest province should be in a position to lead the fight to persuade the federal government to resume responsibilities it shed over the last several decades. It will be best if you can wring some serious funding for health, social services, housing and transportation out of the federal government.

But let's not forget that Canadian medicare was pioneered in what was then one of Canada's poorest provinces – Saskatchewan.

And, yes, we noticed and appreciate that the Ontario government, by threatening to introduce its own supplement to the Canada Pension Plan, pressured the federal government and other provinces to update the CPP instead. This demonstrates that it can be done. (It was too late for us, but still we appreciate it.)

So, Ottawa may seem intransigent. But in that case, Ontario should not wait for federal action before beginning to upload responsibilities previous provincial governments dumped on municipalities starting decades ago. Ontario can set an example. Ottawa and other provinces may be inspired and emboldened to follow suit.

Social services, public health, housing and transit all have suffered under this downloading. Municipalities are struggling with a taxation regime that is not based on ability to pay and which they cannot change.

## Fair taxation

Certainly the government knows how to render our tax system fairer, and greater fairness in the tax system has the potential to raise more funds for needed public programs. Greater fairness means levying taxes in proportion to actual ability to pay.

Creating jobs in a wide range of public services will also increase the tax base.

Greater fairness is needed in income tax, corporate tax, capital gains tax, sales tax and property tax, as well as user fees for a wide variety of such things as post-secondary tuition fees, drivers' licenses and even transit fares.

Fair taxation also means a fair balance of responsibilities and taxation powers among the three levels of government. It all works together.

Suffice it to say that those on the lower end of the income scale, if they see a reduction in their over-all cost of living, including their tax bills, will keep that extra income circulating through the economy by spending it.

Those at the top end have much more than they need. To a great extent the very rich are using their large surpluses to play in a financial sector that has long since ceased to serve the needs of the majority in society. They may howl and rage against paying something approximating their fair share, but in the end they also benefit from good public services and a fair tax regime.

We have made some ambitious proposals here. And yet we are not calling on government to do anything that has not been done before, either here or in other Western democracies. The measures we outline have been popular with voters, and have contributed to civil societies.

We know you can't do it all at once, but you can make a start. You have a chance to be on the right side of history, and to put money behind creating the kind of society you want to grow old in.