

2020

Pre-Budget Submission

TO THE STANDING COMMITTEE
ON FINANCE AND ECONOMIC AFFAIRS



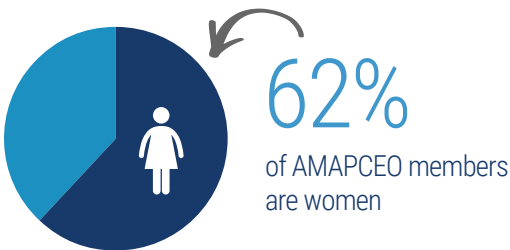
Meet some of our members
who are **Working for Ontario**
at amapceo.ca/workingforontario

AMAPCEO
ONTARIO'S PROFESSIONAL EMPLOYEES

Who We Are

AMAPCEO is a member-driven union of professional employees, dedicated to providing outstanding representation and membership services. We protect members' rights, defend Ontario's public services, and advocate for better working conditions for all workers.

The majority of AMAPCEO members work for the Ontario Public Service (OPS). You will have met some. They work in every ministry, and in agencies, boards, and commissions in over 130 communities across the province and in eleven cities outside Canada.



We also represent members in seven bargaining units in the Broader Public Sector:

- the Financial Services Regulatory Authority of Ontario;
- Health Quality Ontario;
- the Ontario Arts Council;
- Public Health Ontario;
- Waypoint Centre for Mental Health Care; and
- the former offices of the Ontario Child Advocate and the French Language Services Commissioner (now part of the Office of the Ontario Ombudsman)

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As a non-partisan union, AMAPCEO has a long and proud of working in a constructive, problem-solving manner with governments

14,000
public professionals
represented

of all political stripes. We have worked successfully on legislation and policy initiatives and negotiated free and fair collective agreements with governments led by Premiers Bob Rae, Mike Harris, Ernie Eves, Dalton McGuinty and Kathleen Wynne. We look forward to a similarly constructive relationship with the current government.

Introduction

For decades, Ontario has been caught in a budgetary loop. Newly elected governments accuse their predecessors of all manner of budgetary malfeasance. The newly elected government then proclaims that because of budgetary constraints its hands are tied with regard to progressive policy. Meanwhile, deficits continue, and Ontario's debt grows. All that changes is the precise mixture of the deficit recipe: the relative proportion which is a result of revenue constriction and that which results from spending growth.

In this budget submission, AMAPCEO offers some solutions to these problems.

In terms of expenditures, we can only repeat what we have said in the past: Ontario runs a lean operation. On a per capita basis, expenditures are the lowest in the country and the public service is the smallest.

The lynchpin of the government's current approach of expenditure reduction—legislatively limiting compensation increases—is fraught with difficulty as court challenges and strikes in the education sector should make clear. Consequently, **AMAPCEO recommends repealing the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*.**

It is commonplace to point out that Ontario has a revenue problem. This should not be at issue. The question is how to solve this problem.

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Before discussing these resolutions, we first set the scene, describing the loop that Ontario is caught in.

The more things change...

When we came into office, we inherited a deficit of \$2.5 billion (which had been described as a budget surplus throughout the election campaign). We inherited a debt of \$40 billion. And we inherited an array of spending programs, policies and bureaucratic bungles created by a Liberal government that chose the easy path at every turn. They cut nothing. They said yes to everyone. They simply piled spending commitment upon spending commitment. And when the time came to rein in that spending, there was no efficiency, no effectiveness in what had built up.

—Premier Bob Rae, May 1993¹

Implausible debt. Incredible deficits. Irresponsibility—and perfidious accounting—by the preceding government. These have been the immutable truths of Ontario politics for a generation.

Shortly after the Mike Harris-led Progressive Conservatives won power in 1995, the then Finance Minister, Ernie Eves, echoed what Rae had said two years earlier. The Rae government, claimed Eves

*left the province with a spending crisis which is just that: a spending crisis. The deficit outlook is significantly worse than the former Government indicated in April. Revenues are lower. And expenditures are much higher than the former Government indicated.*²

In 2003, newly-elected Premier Dalton McGuinty was relatively sanguine about the deficit left to him by the by then-former Premier Eves, saying that his government had not come into

what you would call an ideal situation. ... But my responsibility is to deal with the circumstances I find myself in. [The people of Ontario] don't want me to

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*spend any of my time complaining and whining about what was left to me. What they want me to do is take the bull by the horns and get on with the job.*³

One of the McGuinty government's first acts on the job was to retain former Auditor General Erik Peters to provide an independent review of the province's financial picture. To almost no one's surprise, Peters found that the former government had grossly underestimated the size of the deficit. One of those caught off guard by this finding was the new government's Minister of Finance, Greg Sorbara. Proclaiming Peters' findings "shocking," Sorbara argued that Peters had demonstrated "mismanagement and misrepresentation on the part of the previous government."⁴

In the past we find the present. The present Ontario government has decried the management of the former government. They established an independent commission to independently assess the budgetary picture. They have been shocked by the findings.

Unfortunately, these shocking findings have—as with their predecessors—been used as evidence to assert that the policy goals the government already wanted are no longer merely desirable—now they are ostensibly necessary.

RECOMMENDATION #1

Stabilize the Public Service

In our budget submission last year, AMAPCEO expressed concern about the prospect of significant downsizing in the public sector.

The OPS is already a lean organization. Table 1 clearly shows that, based on population, Ontario's has fewer public servants than other provinces. The OPS rate of 4.5 full-time equivalent (FTE) positions per 1,000 Ontarians is more than 1.5 public servants per 1,000 residents lower than the next most efficient public service in British Columbia. To put that into perspective, if the OPS was staffed at the same rate as BC's public service the OPS would be 37 percent larger and boast more than 90,000 FTEs.

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Table 1: Provincial Public Service Size, per 1,000 population

PROVINCE	PUBLIC SERVICE SIZE (FTE)	PROVINCIAL POPULATION, JULY 1, 2019 ⁵	PUBLIC SERVICE FTES PER 1,000 POPULATION
Ontario ⁶	65,568	14,566,547	4.50
British Columbia ⁷	31,350	5,071,336	6.18
Alberta ⁸	27,637	4,371,316	6.32
Saskatchewan ⁹	11,359	1,174,462	9.67
Manitoba ¹⁰	13,721	1,369,465	10.02
Quebec ¹¹	57,429	8,484,965	6.77
New Brunswick ¹²	10,066	776,827	12.96
Nova Scotia ¹³	9,804	971,395	10.09
Prince Edward Island ¹⁴	3,047	156,947	19.41
Newfoundland and Labrador ¹⁵	7,180	521,542	13.77

Although already a lean operation, the government's data show that the number of actual full-time equivalents in the OPS decreased by 1,000 between March 31, 2018 and March 31, 2019.

This decrease in staff size takes us to the hiring freeze, implemented just days after the government's election victory, on all but essential services positions.¹⁶ Should the freeze continue for the rest of this government's term, this would affect a significant reduction in the size of the OPS. Along with such a reduction will come a marked reduction in the quality of the public services Ontarians rely on.

AMAPCEO recommends an end to the hiring freeze and stabilizing the size of the Ontario Public Service.

RECOMMENDATION #2

End legislated wage caps

Since the time of the Bob Rae government, Ontario has variously used legislation and hard bargaining to achieve compensation outcomes that it asserts are fair.

Considering AMAPCEO's recent collective agreements in the Ontario Public Service, we find that the previous government extolled a collective agreement which delivered two years of wage freezes in which "the cost of wage increases is being offset through changes to benefits and entitlements, making it a net zero deal."¹⁷ In 2013, the then-government claimed the recently negotiated agreement with AMAPCEO would save \$55 million dollars over two years.¹⁸ In 2005, the government at the time referred to AMAPCEO's newly ratified contract as "fair to our employees and fair to the taxpayers. ... It is a fair salary."¹⁹

Despite this long period of fair settlements, the current government has embarked on a mission to legislatively constrain wage settlements for AMAPCEO members and throughout the public sector. Cognizant of the

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constitutional constraints on attempting to control wage settlements, the government first embarked on a 'consultation' process meant to elicit ideas from public sector unions and employers alike about "how compensation growth can be managed in a way that results in wage settlements that are

modest, reasonable and sustainable."²⁰

This consultation process led to the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*.²¹ In turn, the passage of that Act has led to a court challenge by a consortium of unions of which AMAPCEO is a part. The central feature of the *Act* is the capping of wage increases at 1% per year for three years. This is, at least, a novel approach: Premiers Harris, Eves, McGuinty, and Wynne were all (for the most part) able to achieve bargaining agenda at the table.

One exception to free and fair collective bargaining occurred with the McGuinty government's *Putting Students First Act, 2012* which placed significant limitations on the rights of workers in the education sector to collectively bargain.²² Ultimately the Ontario Superior Court of Justice ruled that the *Act* violated the *Charter of Rights*.²³ Not only did this court process tie up valuable legal resources, it led to the government having to pay out millions of dollars in compensation to the impacted employees, thereby obliterating any presumed cost-savings.

Wage legislation is simply the wrong way to move forward.

No one knows for certain how the eventual court challenge will be decided. The chance that the government's wage control legislation will be found unconstitutional injects significant uncertainty into the government's budget projections. It is simply the wrong way to move forward. Far better for the government, for the unions, and, ultimately, the public, would be for the government to set bargaining mandates and freely bargain with unions towards achieving them.

AMAPCEO recommends the repeal of the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* to be replaced with free and fair collective bargaining.

RECOMMENDATION #3

Increase revenue

Annually, numerous budget submissions remind the government that it needs to look at both sides of the ledger as we move towards a balanced budget. Cuts and the relentless search for efficiencies only keep the province mired in the never-ending budgetary loop discussed above. Rather than only examining ways to curtail expenditures, in order to provide the level of public services the people of Ontario desire the government must also pursue strategies to raise revenue.

AMAPCEO remains agnostic about specific revenue tool should be utilized. We submit that numerous economists, from former TD Bank Chief Economist Don Drummond in his 2011 report *Public Services for Ontarians: A Path to Sustainability and Excellence*, to Canadian Centre for Policy Alternatives have outlined a range of revenue tools, from sales and “sin” taxes, to modification to the corporate tax code which would resolve the structural deficit Ontario faces, without requiring ever-deeper cuts to the public services Ontarians rely on.

Cuts and the relentless search for efficiencies only keep the province mired in the never-ending budgetary loop.

AMAPCEO recommends increasing revenues to address Ontario’s structural deficit and to preserve public services.

Endnotes

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- 4 Caroline Mallan and Robert Benzie, “Liberals Inherit \$5.6b Deficit; Government says higher taxes, hydro rate hike on the table,” *Toronto Star*, 30 October 2003, A1.
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- 6 Ontario, Open Data, OPS workforce demographics, <files.ontario.ca/opendata/open_data_workforce_report_-_english_-_march_2015-march_2019.csv>
- 7 British Columbia, Ministry of Finance, *Budget 2019*, p. 24.
- 8 Alberta, Treasury Board and Finance, *Budget 2018: Fiscal Plan*, p. 151.
- 9 Saskatchewan, Public Service Commission, *Annual Report for 2017-18*, p. 24.
- 10 Manitoba, Civil Service Commission, *Annual Report for 2017-18*, p. 49.
- 11 Quebec, Secrétariat du Conseil du trésor, *L’effectif de la fonction publique du Québec 2017-2018*, p. 3.
- 12 New Brunswick, Department of Human Resources, *Workforce Profile—2015*, p. 1 (The most recent headcount publicly available for New Brunswick is from 2015.).
- 13 Nova Scotia, Public Service Commission, *Moving Toward Equity—2017-18*, p. 6.
- 14 Prince Edward Island, Department of Finance, *44th Annual Statistical Review—2017*, p. 109.
- 15 Newfoundland and Labrador, Human Resource Secretariat, *Departmental Salary Report—2017/18*, p. 293.
- 16 See “News from Secretary Steve Orsini,” <<https://www.ontario.ca/page/news-secretary#2018-june-18>>
- 17 Ontario, Legislative Assembly, *Official Report of Debates (Hansard)*, 27 (17 November 2014), 1151 (Hon. Charles Sousa).

- 18 Ontario, Legislative Assembly, *Official Report of Debates (Hansard)*, 13 (19 March 2013), 576 (Hon. Harinder S. Takhar).
- 19 Ontario, Legislative Assembly, *Official Report of Debates (Hansard)*, 143 (10 May 2005), 6964 (Hon. Gerry Phillips).
- 20 Ontario, News Release, “Ensuring Sustainable Public Sector Wages to Protect Front-Line Services” April 4, 2019. <news.ontario.ca/tbs/en/2019/04/ensuring-sustainable-public-sector-wages-to-protect-front-line-services.html>
- 21 S.O. 2019, c. 12.
- 22 S.O. 2012, c. 11.
- 23 *OPSEU v Ontario*, 2016 ONSC 2197.

See more of
AMAPCEO's submissions at
amapceo.on.ca/publications

AMAPCEO

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Established in 1992, AMAPCEO is a bargaining agent that represents 14,000 professional and supervisory public servants who work in the Ontario Public Service or one of six organizations in the Broader Public Sector.

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