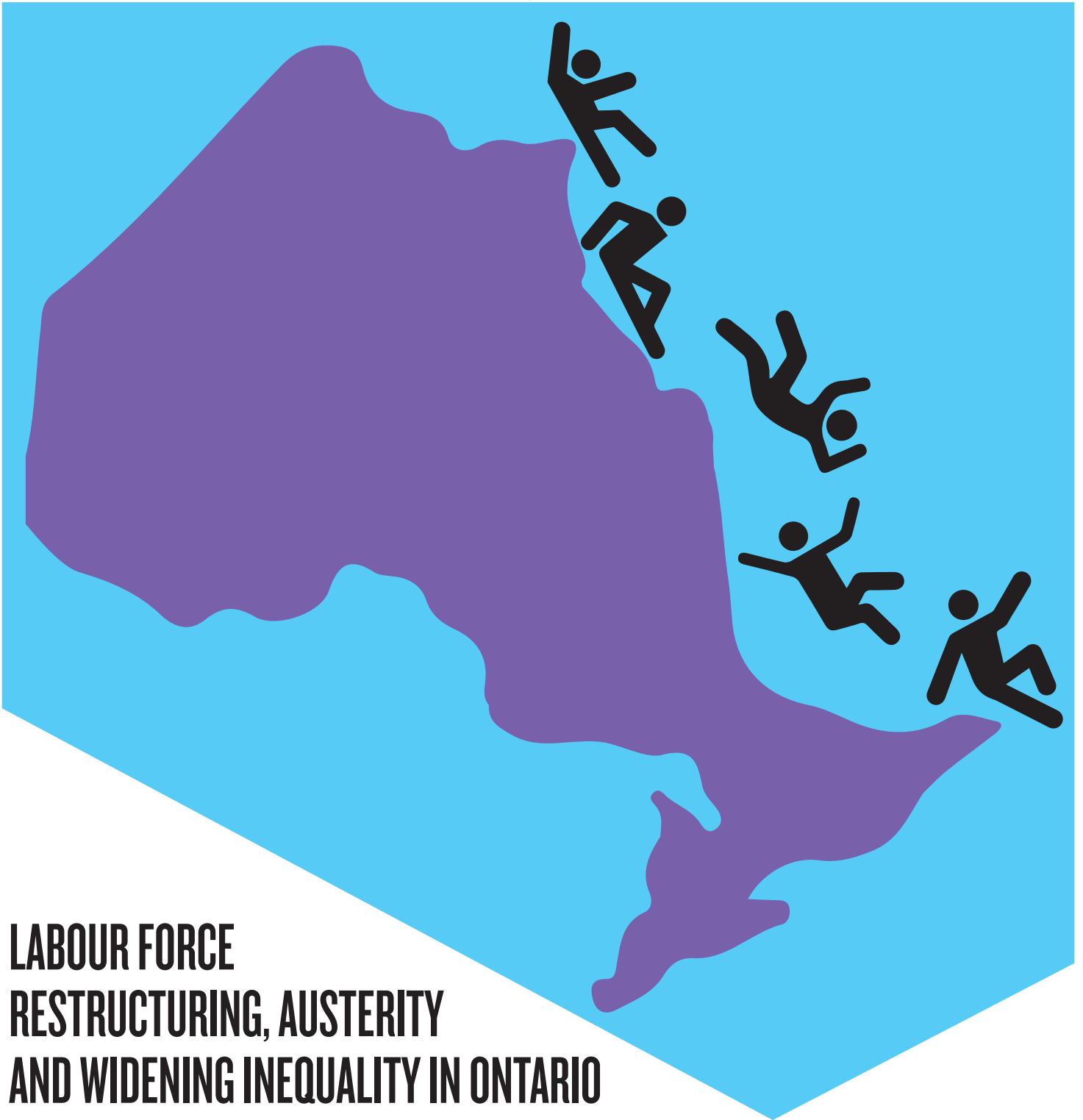


BACKSLIDE



**LABOUR FORCE
RESTRUCTURING, AUSTERITY
AND WIDENING INEQUALITY IN ONTARIO**

**ONTARIO COMMON
»»»»»» FRONT**

WE ARE ONTARIO



The Ontario Common Front brings together over 90 labour unions and community groups across Ontario that are working to expose growing inequality and propose workable solutions to fix it.

Our mandate is to:

- Support local campaigns with provincial coordination and resources;
- Garner media attention in local communities through highlighting the negative fall-out of cuts to jobs and social programs, while also providing alternatives; and
- Move the Ontario government to adopt legislation and policies that create greater economic and social justice for everyone.

**ONTARIO
COMMON
FRONT**
»»»»»»»»

Ontario Common Front
416.441.2731 1.800.668.9138
info@weareontario.ca
15 Gervais Dr., Ste. 202
Toronto, Ontario M3C 1Y8
www.WeAreOntario.ca



This report has been written for the Ontario Common Front by Natalie Mehra, Director of the Ontario Health Coalition.

In 2012, Natalie authored a noteworthy report, called **“Falling Behind: Ontario’s Backslide into Widening Inequality, Growing Poverty and Cuts to Social Programs.”**

The present report, **“Backslide: Labour Force Restructuring, Austerity and Widening Inequality in Ontario,”** continues in the tradition of “Falling Behind” by exposing alarming trends in Ontario and calling upon Ontarians and their government to take immediate action to reverse them.

This report builds upon the work and insight of the dedicated staff and volunteers in dozens of community- and labour-based coalitions, think-tanks and social service organizations. Much of what is written here finds its seeds in your research and analysis. Your principles and your community organizing have preserved the dream of a society in which all people are supported to live to their human potential. You are heroes, and we all owe you a great debt for your wisdom and perseverance in very difficult times.

It also would not have been possible to write this report without the research assistance of student intern David Taylor, the guidance of the Ontario Common Front – it is a privilege to work with all of you – the support of the Ontario Federation of Labour and the stalwart leadership and patience of Antoni Shelton. If this report finds a voice, it is because of the extraordinary talents of Joel Duff. Thank you.

Contents

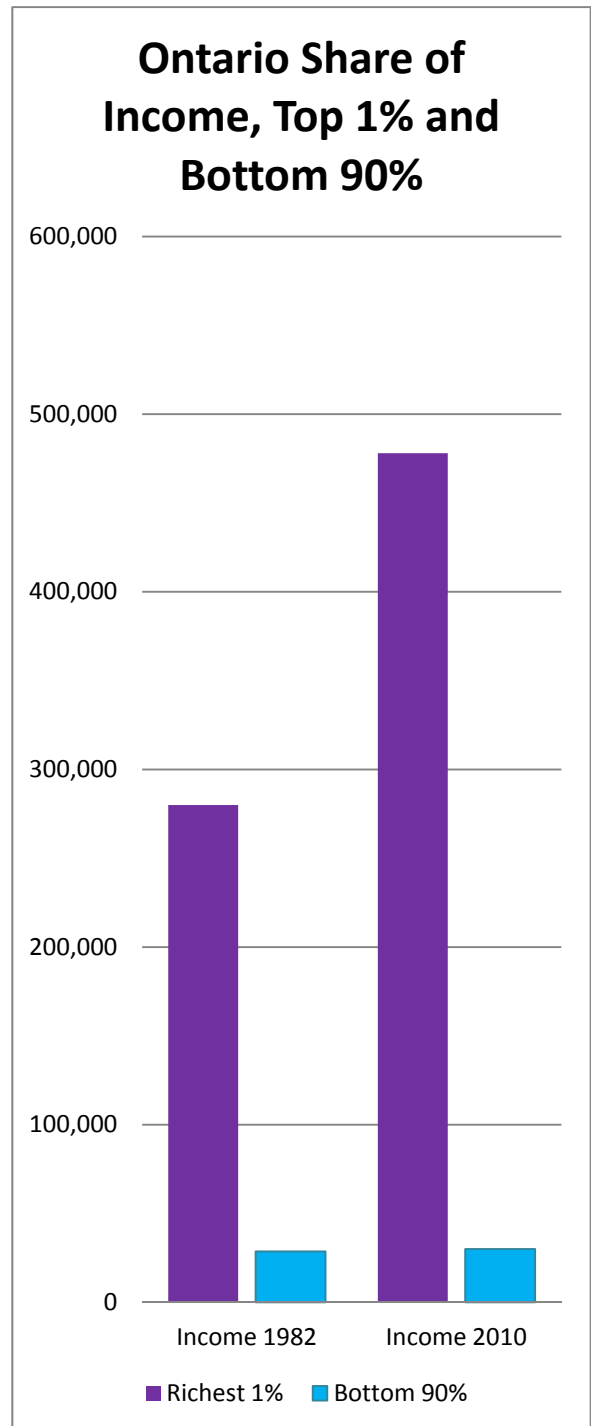
Summary	5
Labour Force Restructuring	10
Overall employment down	12
Precipitous decline in manufacturing	14
Shift in the types of jobs and quality of work	15
Increasingly unequal shares	18
Huge increase in minimum wage & low wage work force	20
Unemployment remains stubbornly high	22
Vast increase in long-term unemployment	24
Rising under-employment and part-time work	25
Disproportionate impacts of labour force restructuring	28
Growing Inequality	32
The rich and the rest of us	32
Growing Income Gap	33
Growing Poverty	35
Child Poverty	36
Austerity	39
Education	42
Health Care	44
Housing	46
Child Care	47
Income Transfer Programs	48
Privatizing Hydro One and other public assets	51
Conclusion	53
Endnotes	55
SPECIAL FEATURES:	
Labour Force Restructuring – By the Numbers	9
Growing Inequality– By the Numbers	31
Austerity – By the Numbers	38

Summary

A generation of Ontarians has grown up in a province that is becoming increasingly unequal. It is hard to imagine how such a rich and beautiful place with so many advantages can see its hard-won gains in equality fall into decline. But Ontario has been first battered by a sea change in the labour force and then slammed by a financial typhoon. As manufacturing work has drained out of our province, the inflow of jobs has not offset the outflow. At the same time, income transfer programs have been eroded, leaving Ontarians more and more vulnerable. Add to this, government cuts that are choking our public services – programs that create equity, boost the standard of living and improve life opportunities – just as the “free market” has restructured many Ontarians out of decent jobs. Not surprisingly, our ability to withstand a tempestuous world economy has been stunted.

The numbers are staggering. A quarter-million jobs have disappeared altogether. Those who can find jobs are working harder but not getting any further ahead. Fully half of Ontarians have seen little or no improvement in their incomes stemming from the periods of economic growth over the last thirty years. The share of the work force earning minimum wage has ballooned more than five-fold since 1997. Almost a third of Ontario’s workers – 1.7 million people – now earn low or minimum wages. For racialized workers, immigrants, women and youth, that proportion is much higher. Residents in our province face a harder time finding full-time work than our counterparts across the country, and involuntary part-time work is far more common here than elsewhere. Ontario’s long-term unemployment has surpassed the rate for the rest of Canada and continues to increase.

At the same time as the labour market is delivering more precarious, low paid and



Source: Trish Hennessy and Jim Stanford, *More Harm Than Good: Austerity's Impact in Ontario* Canadian Centre for Policy Alternatives, March 2013.

inequitable jobs, Ontario has tumbled to the bottom of the country in rankings measuring access to a wide range of social programs and services— from education to health care and housing to child care. All across Canada it has become harder to raise a young family. But here, costs are higher than anywhere else in the country. While they are working more hours than ever, young families are staggering under education debt loads, housing costs and child care price tags that far exceed those in the other provinces. Seniors and people suffering illness or injury find themselves left on stretchers in hallways of overcrowded hospitals that have suffered more bed cuts than any other province. Funding for all social programs and services is now lower in Ontario than anywhere in Canada. Just when it is most needed, the social infrastructure of our province is being plundered to pay both for the fall-out of a recession that most of us had no hand in creating and for billions in corporate tax cuts from which we are seeing no benefit.

For those of us who love our province, it is hard to watch such deterioration. There is enormous wealth in Ontario. We have an abundance of natural resources, dazzling diversity and outstanding levels of education. But the benefit of the economic growth that has occurred over the last generation has been hijacked by the richest. A class of elites have become accustomed to taking more while asking everyone else to make do with less. Amidst prosperity for the advantaged few, most Ontarians' life chances are increasingly determined by the lottery of birth. More and more, circumstances outside of our individual control limit our ability to boost our standard of living: our gender, age, immigration status, and racialization, among others; but also forces that have shaped the labour market in ways that work against most of us, and government policies that are exacerbating hardship and steepening our descent.

Across Canada, vast gains in earnings for the richest are stretching income disparities to new lengths, and Ontario's record is among the worst. We have the second most extreme level of income disparity between the richest

one percent and the rest of society. Only Alberta is more inequitable. From 1982 to 2010 the top one percent of tax filers in Ontario saw their average income climb from \$280,000 to \$478,000 – a 71 percent hike. In stark contrast, fully 90 percent of Ontarians saw their average income inch up from \$28,700 to \$30,000 – a \$1,300 increase over three decades. The richest one percent now takes, on average, 16 times more income than the bottom 90 percent. Thirty years ago, that ratio was 10 times.

In Toronto, the divide is even greater. In 2010, the city's bottom 90 percent of tax filers received an average of \$1,900 *less* than they did 30 years ago, while the top one percent made an average of \$653,000, more than double their incomes in 1982. Today, the richest one percent in Toronto earns in three years what 90 percent of Toronto's tax filers make in an entire lifetime.ⁱ

Juxtaposed against this bonanza for the richest, the experiences of those who rely on social assistance and disability income supports could not be more stark. Welfare rates have fallen behind the rate of inflation, declining 5–7 percent since 2003, and are far below the poverty line. The most vulnerable people are being nicked and dimed in budget measures that exclude their family members and claw back child benefit payments. While for the richest, the sky is the limit, for those who require income support, it seems that cheap is not cheap enough.

It does not have to be this way.

We need only to look to our own province's history for an alternative. The relative social and economic equality of Ontarians — always far from perfect — nonetheless grew and improved up until the current generation. A network of policies and practices were extended over decades to protect the most vulnerable and promote greater equity, and these aided in lifting standards of living across the board. Laws to limit discrimination, such as pay equity; policies and practices to protect vulnerable workers, like minimum wages, employment standards and unions; income

transfer programs such as pensions and employment insurance; public services including education and health care; poverty protection measures like social assistance – these have girded Ontarians and helped to protect us from the vagaries of greed, disadvantage, economic instability and discrimination. Together, they have worked to enhance our social cohesion and to support Ontarians to live to their human potential.

Lessons can also be found across the country, where most or all provinces are doing better than Ontario on virtually every equality measure. Though there are no easy solutions to the shift in the types and quality of work now available to Ontarians, the fact remains that other provinces have – and continue to make – budget choices that provide more supports for their residents. Tax giveaways to the wealthy and corporations have been far more lavish here than in most provinces, and while regular Ontarians are footing the higher bill for them we seeing little in return.

We wrote and released this report's predecessor "Falling Behind" three years ago. In it, we looked at income inequality and some social programs and were shocked to find the extent to which Ontario had dropped behind the rest of Canada. Since then, there have been some changes. Premier Kathleen Wynne has broken with the overblown rhetoric of austerity, practiced by Dalton McGuinty. Some important steps have been taken to boost support for the poorest and marginalized workers. Child poverty has been reduced by nine percent across Ontario. The government delayed the promised improvement in child benefit payments by a year as it prioritized deficit reduction (and paying off the corporate tax cuts), so it has fallen significantly short of its commitment to reduce child poverty by 25 percent by 2013. Nonetheless, any improvement – so long overdue – is deserving of credit. Unfortunately, when it recommitted itself to the original 25 percent reduction target, the government failed to set any deadlines. It seems they can make hard and fast promises regarding the deficit, but not when it comes to poor kids. The government has also increased minimum wages slightly in

real dollar terms, and set a new minimum wage for home and child care workers that is a substantial improvement. There are also many promises: an end to homelessness, a closing of the wage gap for women, improvements in employment standards. These are critically important and government attention to them is urgently needed. We will have to wait to see if the government takes any substantive measures to make progress on these commitments.

On the other hand, the Wynne government's record on public services continues to be the worst in Canada. Inequities in access to every cornerstone social program is the most extreme in Ontario, and getting worse. In our province, austerity has bit deeper than anywhere else. Today public funding for programs and services that we all need and use is the lowest in Ontario among all the provinces. As a result, fees and out-of-pocket costs for public services have skyrocketed, eating up more of households' budgets at the same time as those budgets have frozen or dropped. The disproportionate influence of the downtown Toronto elites and large industries, most notably the banking industry and the large construction firms, has fostered policy that favours privatization even when it is costing Ontarians billions more.

In this paper, we delve more deeply into the issues than we did in 2012. We have tried to quantify the ways in which labour force restructuring are impacting Ontarians and causing increasing inequality. We also look at the concentration of wealth at the top on the one hand, and the decline of equity-enhancing social programs from child care to health on the other. Together, these go a long way toward explaining the stretching of our social fabric and the extending inequities in our province.

Ontarians cannot continue to accept declining shares. We are home to almost 14 million people comprising almost 40 percent of Canada's householdsⁱⁱ and 36.5 percent of the country's GDP.ⁱⁱⁱ By deliberately narrowing the range of options to pay off the province's fiscal deficit as our provincial government has done,

a deficit in social needs is swelling, increasing suffering even while Ontarians pay the cost of the cuts many times over. Now is the time to take definitive action to restore and strengthen these programs and services to meet the challenges of a shifting labour force and an aging population. Tax giveaways that have shown no benefit must be rolled back. Our governments must forge a coherent economic plan to foster growth, democratize increasingly harsh and inequitable workplaces, support unions that share the wealth more fairly, and enhance income transfers and employment standards that build from the bottom up.

It took a century-and-a-half to win the rights and protections that Ontarians rely upon to improve and uphold our standard of living. Throughout that time, citizens' and labour movements have been at the forefront of the struggles to better the lot of working Ontarians: from the late 19th century's push to stop child labour and establish minimum wages; throughout the 20th century's efforts to protect workers against death and disability on the job, win public health care and establish public pensions; and more recently in the struggle for equal pay for women. Together we have changed history, and we have made tremendous progress toward the development of a just society, often in bleaker circumstances than today's.

We *can* move from backslide to progress and prosperity, but this relies upon a wider sharing of benefits and burdens. We can – indeed we must – insist that in rebuilding of Ontario's economy our government does not replicate the failings of the last thirty years.

Labour Force Restructuring

By the Numbers



317,900 Ontario lost 317,900 manufacturing jobs from 2000-2014.

270,000 We still need at least 270,000 new jobs in order to return to the employment rate of 63.7 per cent of September 2008 before the financial markets collapsed.

125,000 There remain about 125,000 more unemployed workers in Ontario than before the recession, as captured in unemployment rates.

100,000 more working part-time vs. full-time

Overall, the share of part-time work for Ontario's labour force has increased from 16.7 per cent in 2001 to 18 per cent in 2014. The share of full-time work has decreased from 77 per cent in 2001 to 74.7 per cent in 2014. Each one per cent difference is equivalent to more than 74,000 workers in the labour force in 2014. This is not the case for the rest of Canada. Across the country, outside of Ontario, both full- and part-time work have increased, though the increase in full-time work is marginal.

7.3% Ontario's unemployment rate, at 7.3 per cent, is higher than that of Canada (6.9 per cent).

2nd highest long-term unemployment In Ontario the average duration of unemployment has grown by more than 50 per cent since 2009 and is now the second-highest in Canada, behind Quebec.

Higher share of Involuntary part-time workers In 2000, the share of involuntary part-time workers was 5 percent below the rest of Canada. By 2013, it had risen to 8 per cent above the rest of the country.

695,000 By 2014, the number of minimum wage workers in Ontario had increased to 695,000.

\$1.7 million When low-wage workers (those working for between \$11 and \$15 per hour) are added in, the total number of low and minimum-wage workers in Ontario is a whopping 1.7 million. This is almost a third of all Ontario workers.

19 times From 1976 - 1990 there was, on average an 11 times difference between the lowest 20 per cent and the highest 20 per cent of income earning families. From 1991 to 2011, the average difference between the lowest-earning families and the highest had almost doubled to 19 times.

\$204,000 vs \$11,400 The average annual family income for the top 20 per cent of income earners has increased by more than \$50,000 to \$204,000. At the same time, it has declined from \$13,600 to \$11,400 per year for the bottom 20 per cent.

Labour Force Restructuring

Ontario's labour force is undergoing a sea change. Workers today face a much harsher job climate than did the workforce a generation ago, or even a decade ago. In the financial tempest of 2008-09, Ontario's economy was battered more severely than that of the rest of the country. But having weathered that storm, our economy has not recovered as it did following recessions in the 1990s and 1980s. Ontario families are still suffering the after-effects of the down-turn, and recovery has been stunted by longer-term trends of economic and labour force restructuring that have contributed to making our province more inequitable. In fact, the erosion of the gains in equality built over decades in the last century began years before the most recent recession and have left many Ontarians more vulnerable to economic tumult.

Manufacturing jobs started draining out of Ontario more than a decade before the last recession, and the outflow increased in the most recent decade. Goods producing industries like manufacturing have been partially replaced by an inflow of service sector jobs, but overall both the quantity and quality of jobs in down. At the same time, incomes have become increasingly more inequitable. Top income earners began giving themselves and their income class raises in the 1980s. But the big grab came in the late 1990s. From then on the top income earners have granted themselves and their ilk huge salary increases, leaving half of the workforce behind. Starting in the first few years after 2000, part-time and temporary work have been replacing full-time jobs. As work has changed, harsher employment practices and working conditions are increasingly

undermining workers' security and quality of life. It is no wonder that Ontario has found it so difficult to recover in the wake of the 2008 recession.

Ontario's governments have failed to adapt and act decisively to mitigate the damage. Our province, historically a reliable wellspring of economic growth and prosperity in the country, has seen growth in employment slow to a trickle and then sink. More than a quarter of a million Ontario workers have been displaced since the 2008 slump. Unemployment, as measured by the unemployment rate, is up by more than a hundred thousand people.

Today, Ontario has slid to the bottom of the country, or near it, on key labour force measures. And within Ontario's workforce, for almost 2 million workers, Ontario's backslide has become a free fall. Unemployment remains stuck at a rate higher than the Canadian average and long-term unemployment in Ontario has outpaced the rest of Canada. Here, more than across the country, part-time work is displacing full-time work. The share of Ontario workers forced to accept involuntary part-time work because they cannot find a full-time job, used to rank below the Canadian average. Today it is 8 points above the national average. The share of Ontario workers working for minimum wage has skyrocketed. Almost a third of all Ontario workers – \$1.7 million – are now working for minimum or low wages.

Historically disadvantaged groups have suffered the effects of the new labour force climate more deeply. The proportion of women working for minimum wage has risen at

double the pace of men. Racialized workers are 47 percent more likely to be working for minimum wage than the total population. Young workers face double the unemployment rate of the general workforce – well above the national youth unemployment rate. Aboriginal communities, hard-hit by the 2008 recession, have yet to recover. The Aboriginal unemployment rate remains five points above the non-Aboriginal population, and for those working, wages are considerably lower than those for non-Aboriginals. Immigrants face double the unemployment rate of Canadian-born workers, and the share earning minimum wage – already much higher – is rising precipitously.

Ontario's workers are following the turning tide: today, more residents, particularly young

people, are moving out to other provinces than are moving into Ontario from other parts of the country.

This is the story of two worlds: one world in decline for millions of workers who earn middle class incomes and lower, and one that is living high at the top. There is still wealth being generated by Ontario's economy. But more and more of it is being siphoned off by the highest income earners. Wages are becoming much more unfair. While incomes for the highest 20 percent have increased by more than \$50,000 a year in real-dollar terms, from the middle on down they are stagnant or declining, living standards are dropping, financial insecurity is ever more menacing, and working conditions are becoming more severe.

Overall employment down

Ontario's employment rate has declined, and it has not recovered from the 2008 recession as it did following the previous economic downturns in the last 40 years. The decrease in employment impacts well over 220,000 working people and their families. To return to our pre-recession levels of employment, Ontario would need to add more than a quarter of a million jobs.

In the last four decades, the employment rate – the percent of employed to total population 15 years of age and older – has fluctuated from a boom-time high of 66.4 percent in the late 1980s, to a low of 59.4 percent in the depths of the economic slump of the early 1990s.

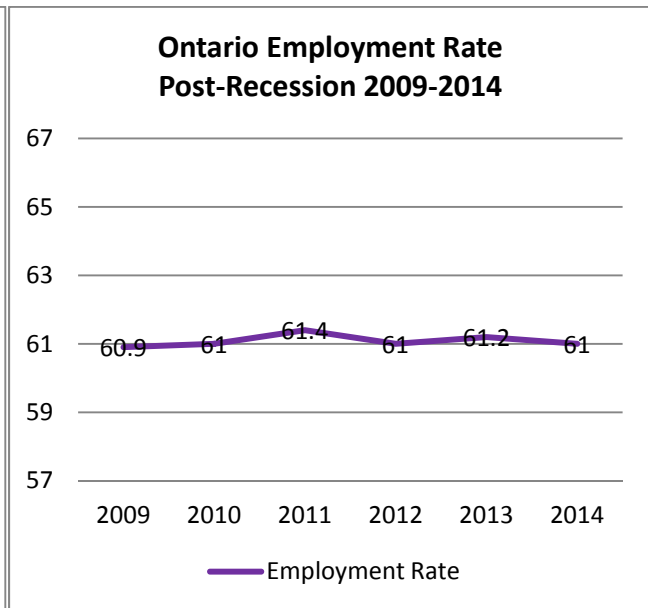
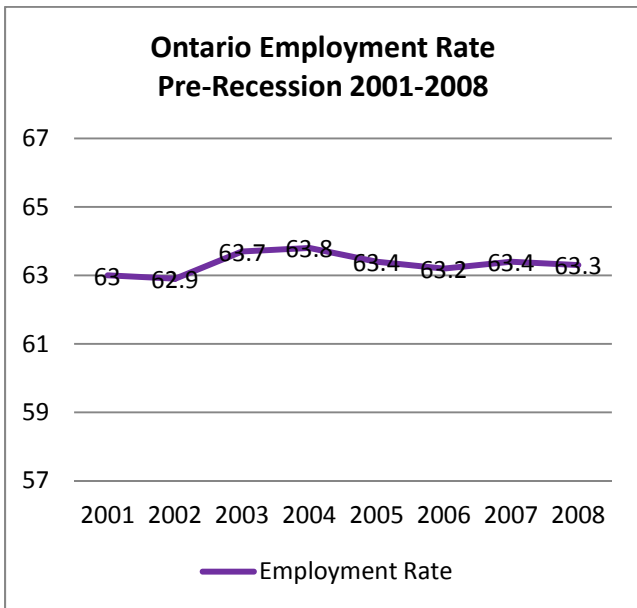
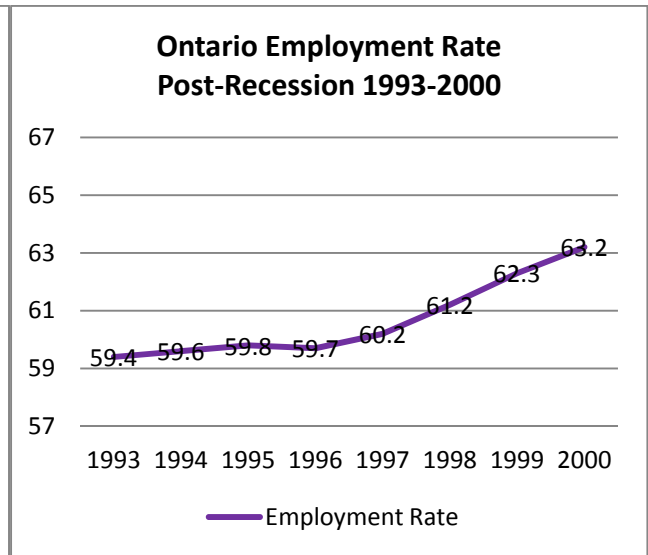
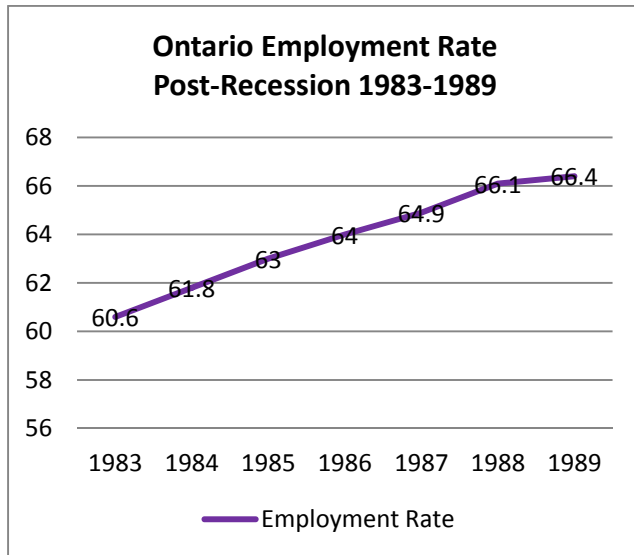
After the recession of the early 1980s, employment rebounded quickly. In the six years following that recession, the employment rate increased by 5.8 percent to 66.4 percent, far exceeding pre-recession levels.

Following the recession of the early 1990s, which was longer and deeper, the employment rate took seven years to gain 3.8 percentage points. It then rested at just over 63 percent, which became the average for most of the following decade.

The average employment rate in the eight years preceding the 2008 recession was 63.3 percent. It dipped to a low of 60.9 percent in 2009 in the year after the financial collapse. But unlike post-recession periods previously, since the 2008 recession the employment rate has barely grown. From 2009 to 2014 – in the six years following the latest recession – Ontario's average employment rate has been 61.1 percent. In 2014 it was 61 percent. It has not recovered to the pre-recession average of 63.3 percent and remains below the average for the last forty years.^{iv}

Slightly more than a two percent drop may not sound like much. But each percentage point in 2014 equates to more than 114,000 people.^v The decline in Ontario's employment rate means increased hardship for hundreds of thousands of individuals and families.

In fact, during the 2008 financial downturn, Ontario lost 266,000 jobs. Since then, though there has been a recovery of employment, job creation has not kept pace with population growth. Ontario needs at least 270,000 new jobs in order to return to the employment rate of 63.7 percent in September 2008 before the financial markets collapsed.^{vi}

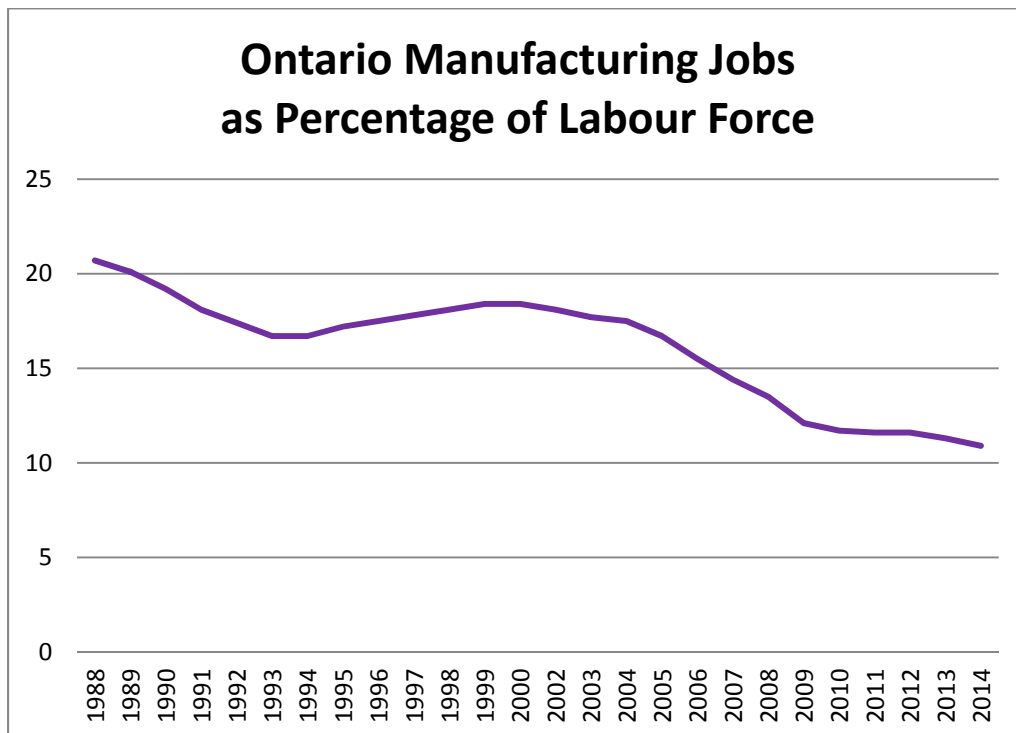


Source: Statistics Canada, Employment and Unemployment By Province, Canada, CANSIM Table 282-0087

Precipitous decline in manufacturing

Within the employed work force, the types of jobs available are shifting. Over the last decade-and-a-half, the decline in Ontario's manufacturing sector has been steep: Ontario lost 317,900 manufacturing jobs from 2000-2014.^{vii} As a result, the percentage of the work force employed in manufacturing has sharply reduced. In 2000, manufacturing jobs made up 18.4 percent of Ontario's labour market. By 2014, the manufacturing sector represented less than 11 percent of the jobs in Ontario's labour market.^{viii}

While the types of work available were shifting before 2000, the shift was slower over time. In the twelve years preceding the turn of the century, a significant dip in manufacturing work force during the recession of the early 1990s was largely offset by the recovery later in the decade. Still Ontario's manufacturing base had begun its downturn. From 1988 to 2000, the manufacturing labour force shrank from almost 21 percent of Ontario's total employed workers to 18.4 percent, before the big drop to less than 11 percent in the last decade-and-a-half.



Source: Statistics Canada. Labour force survey estimates (LFS), employment by economic region and North American Industry Classification System (NAICS), 3-month moving average, unadjusted for seasonality, annual (persons), CANSIM Table 282-0060.

Shift in the types of jobs and quality of work

The drop in manufacturing jobs is part of an overall transformation in the types of jobs available for Ontarians and this shift is delivering very different labour force conditions than before. Ontario's goods-producing sector is contracting while the services-producing sector has partially moved in to replace it (though not completely, as evidenced in the overall employment rates shown above). And while all service sector jobs are not poorer, some of the parts of the service sector that are growing the most have much worse wages and working conditions than the sectors that they are replacing.

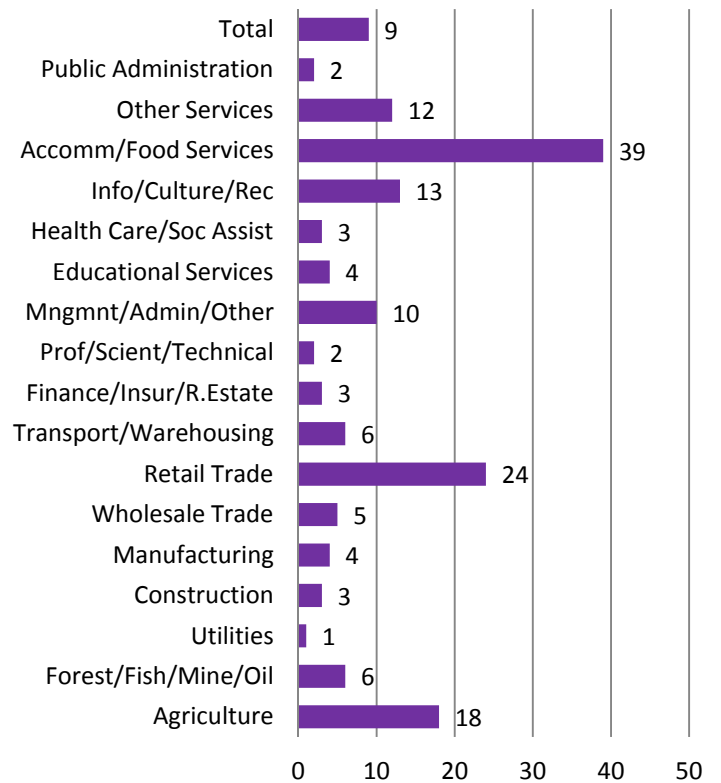
Within the goods-producing sector, construction is the only subsector showing an upswing in jobs over the last decade, but this growth has been far from enough to offset the manufacturing losses.¹ While manufacturing shrank from 18.4 – 10.9 percent of the labour force between 2000 and 2014, construction increased from 5.5 – 6.8 percent.

Overall, the decline in employment in the goods-producing sector was relatively slower from 1988 to 2000, followed by a much steeper descent from 2000 to 2014. In 1988, the goods-producing sector 31.1 percent of the labour force. By 2000, it had contracted to 27 percent. By 2014, it had narrowed to 21.1 percent.^{ix}

The types of jobs now available to Ontario's work force come with much different – and too often much more forbidding – working conditions. All of the goods-producing industries except agriculture have relatively higher incomes than a number of the service industries that have moved in to partially replace losses in manufacturing. The largest portion (about 1 in every 5 employees) of the services-producing sector is “trade” which is defined as wholesale and retail. This sector grew by about 13 percent from 2002 to 2014.^x Twenty-four percent of retail workers

earn minimum wage, the second highest proportion of any industry.^{xi} One in every twelve service sector workers works in accommodation and food services, which grew by 26 percent between 2002 and 2014.^{xii} This sector has the highest rate of employees working for minimum wage, at 39 percent. While not all service sector jobs are more poorly compensated than those in the goods-producing sector, the losses in manufacturing and the shifting types of jobs offer a partial explanation for the increasing income inequality in Ontario.

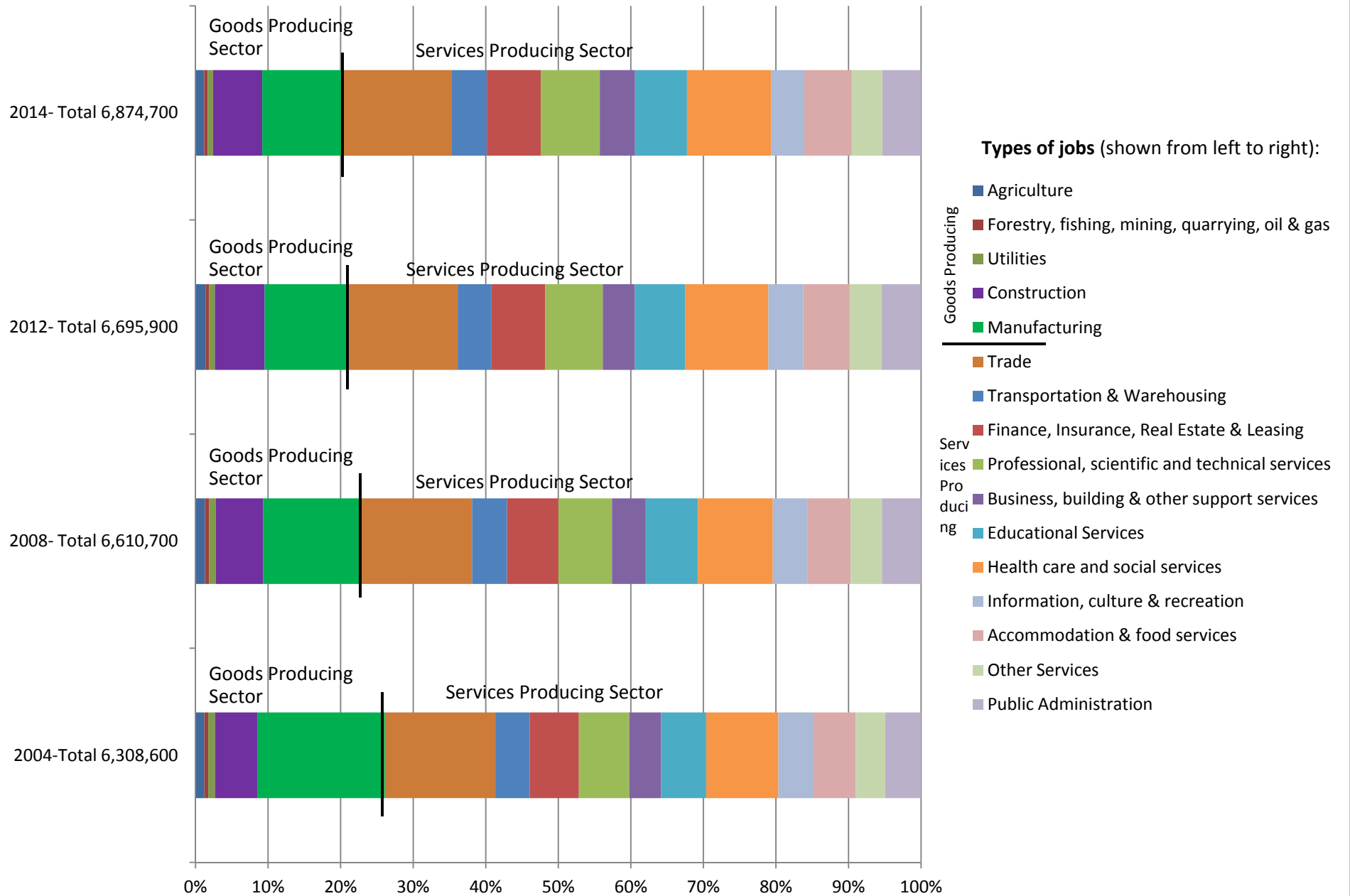
Minimum Wage Workers by Industry Ontario 2012



Source: Ontario's Minimum Wage Advisory Panel, Report and Recommendations to the Minister of Labour, 2014.

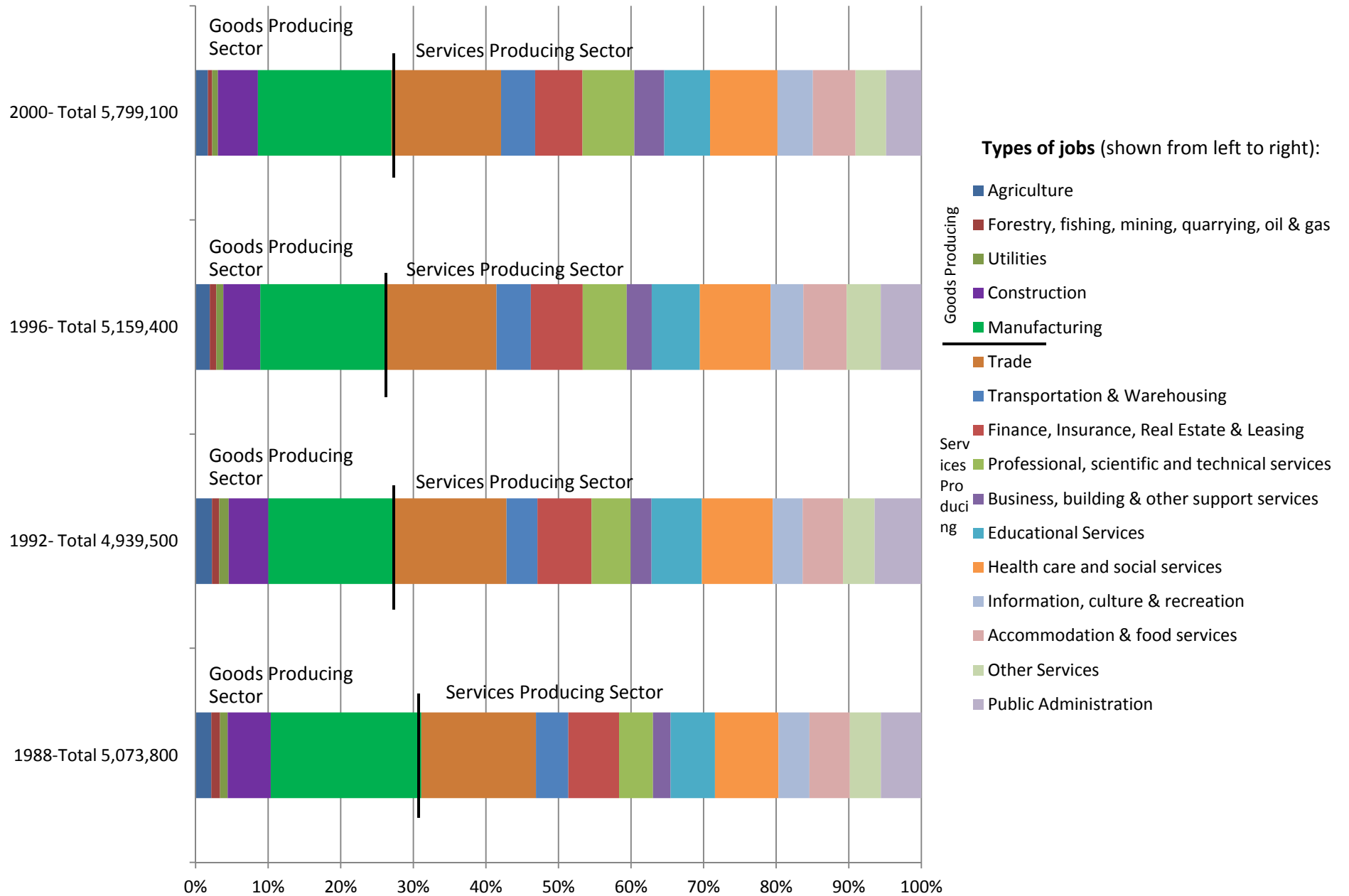
¹ Agriculture saw an increase in the middle of the first decade following the turn of the century and then declined.

Change in Types of Jobs 2004-2014, Ontario



Data calculated by the author from Statistics Canada Labour Force Survey Estimates CANSIM Table 282-0124

Change in Types of Jobs 1998-2000, Ontario



Data calculated by the author from Statistics Canada Labour Force Survey Estimates CANSIM Table 282-0600

Ontario's labour market is dishing out increasingly unequal shares

One of the greatest contributors to the increasing inequality in our province is alteration in the way that employers value work. Over the last generation, the share of income distributed by employers to Ontario's families has become less fair. While there has been economic growth for the vast majority of those years, that rising tide has lifted only those who were already riding high. The incomes of the highest income earners have soared, but about half of Ontarians are not seeing any benefit at all from the economic gains of the last thirty-five years. Incomes in the middle are stagnant, and for those whose earnings range from the mid-to-lowest tiers – those who can least afford it – income has dropped.

This was not always the case. From the mid-1970s to the early-1980s, incomes became more equitable. In 1976, the average high-income family made about 11 times the income of the average lowest-earning family. By 1981, the difference had narrowed to just under 9 times, before widening slowly to the end of the decade. Overall, from 1976 – 1990 there was, on average an 11 times difference between the lowest 20 percent and the highest 20 percent of income earning families.

From the mid-1980s to the mid-1990s incomes at all levels fluctuated with the economy, increasing in times of economic growth and decreasing – particularly steeply for the lowest-earners – in the recession of the early 1990s. But as Ontarians weathered those ups and downs, income inequality had started to distend. From the mid-1990s on, the distance ballooned. While the low-middle and lowest earners saw their earnings sinking,

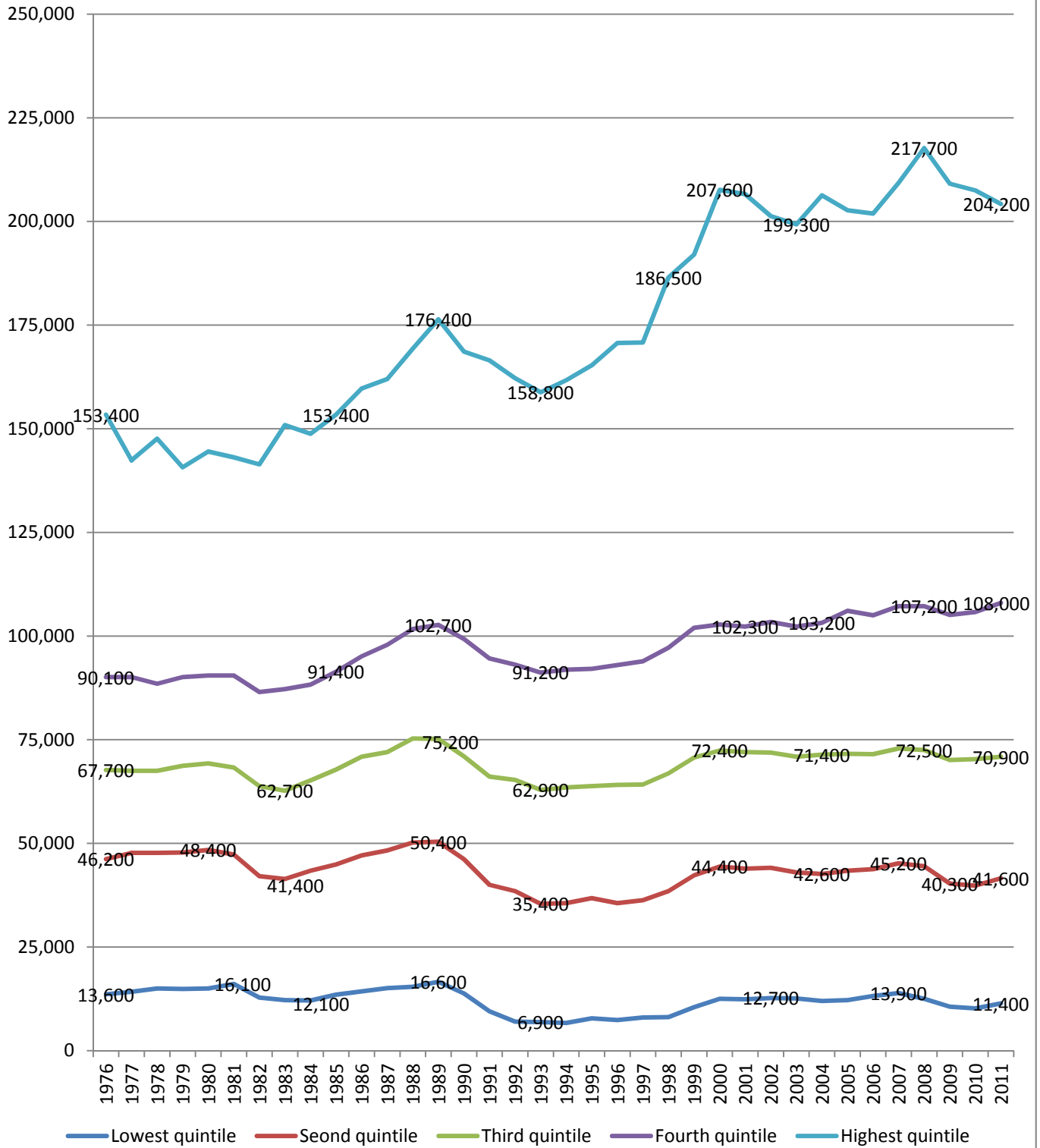
the highest earners shot up to new heights. By 2011, the average high-income family earned 18 times that of the average low-income family.

Broken down by income quintile (each quintile is one-fifth or 20 percent of income earning families), the numbers show the widening gap in incomes:

- In real dollar terms (inflation adjusted dollars), the average family income at the high end went up by more than \$50,000 a year, from \$153,000 to more than \$204,000.
- The next 20 percent also saw a big increase of about \$18,000 per year, from \$90,000 to \$108,000.
- The middle was fairly stagnant, with the average increasing by just under \$3,000 over 25 years from an annual average income of about \$68,000 to almost \$71,000.
- Lower-middle income earners lost about \$4,000, though they could scarcely afford it, declining from \$46,200 to \$41,600 on average.
- The lowest income quintile (20 percent) dropped from an average income of \$13,600 to \$11,400.

The chart on the next page shows the distribution of incomes as they are meted out by the market – that is before taxes and transfers (government programs that create more income equality such as employment insurance, pensions, and social assistance). It measures the trends in income inequality generated by increasingly unequal pay and salaries.

Ontario Income Inequality 1976-2011 By Income Quintile (each fifth) of Economic Families (in 2011 constant \$)



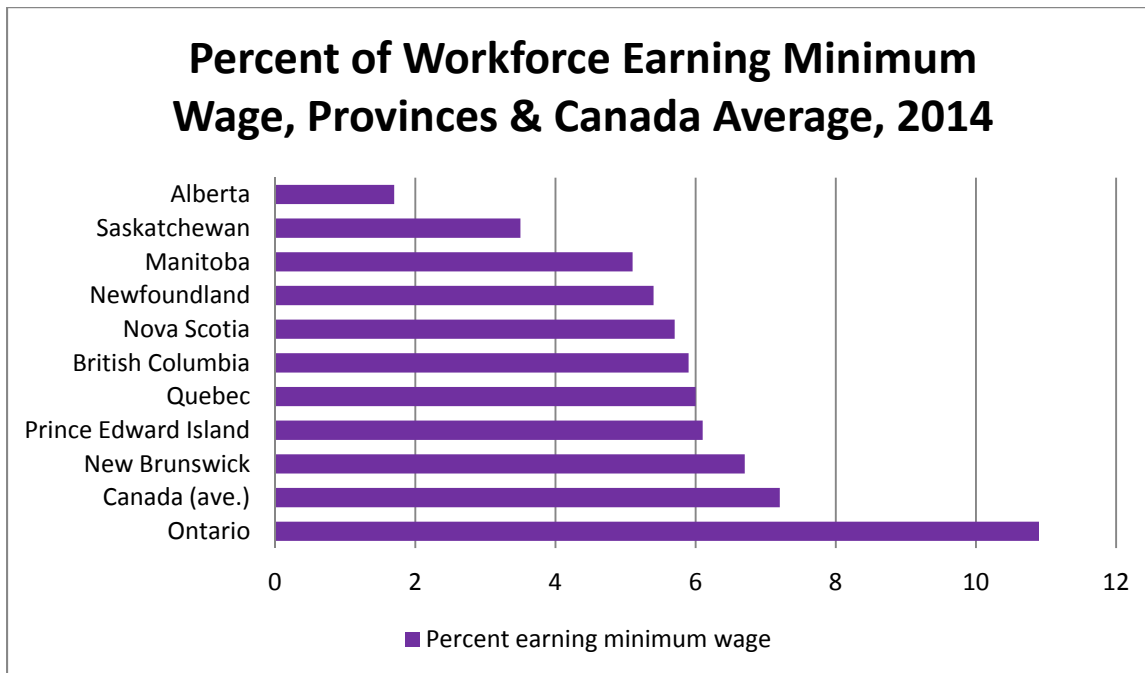
Source: Statistics Canada. Market, total and after-tax income, by economic family type and income quintiles, 2011 constant dollars, annual, CANSIM Table 202-0701.

Huge increase in minimum wage and low wage work force

Nowhere is Ontario' backslide more evident than in the alarming increase in the portion of the work force that works for minimum wage and low wage. People are working, and they are working hard. But they are not getting ahead. The share of the work force earning minimum wage has ballooned more than five-fold since 1997. By 2014, the number of minimum wage workers in Ontario had increased to 695,000.^{xiii} When low-wage workers (those working for between \$11 and \$15 per hour) are added in, the total number of low and minimum-wage workers in Ontario is a whopping 1.7 million – almost a third of all Ontario workers.^{xiv}

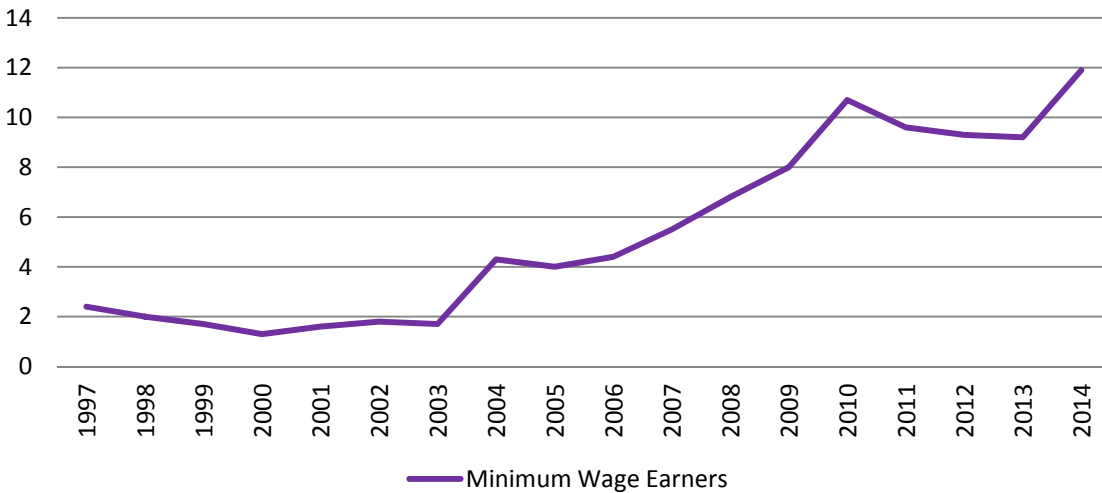
After dipping from 2.4 percent into the one percent range in the late 1990s and early 2000s, the share of Ontario workers earning minimum wage climbed steeply. By 2014, it had increased to 11.9 percent, more than five times the share fifteen years earlier. This means that nearly 1 of every 8 workers earns minimum wage today compared to nearly 1 of every 40 workers a decade-and-a-half ago.

The data for low incomes show a similar trend. After dropping from 19.3 to 16.5 percent from 1997 to 2001, the number of low income earners, defined as those earning within \$4 of minimum wage, rocketed to 29.4 percent by 2014.



Source: Statistics Canada, Minimum Wage Canada Since 1975
at <http://www.statcan.gc.ca/pub/11-630-x/2015006-eng.htm>

Percentage of Minimum Wage Earners Ontario 1997-2014



Percentage of Low Wage Earners (minimum wage + \$4 per hour) Ontario 1997-2014



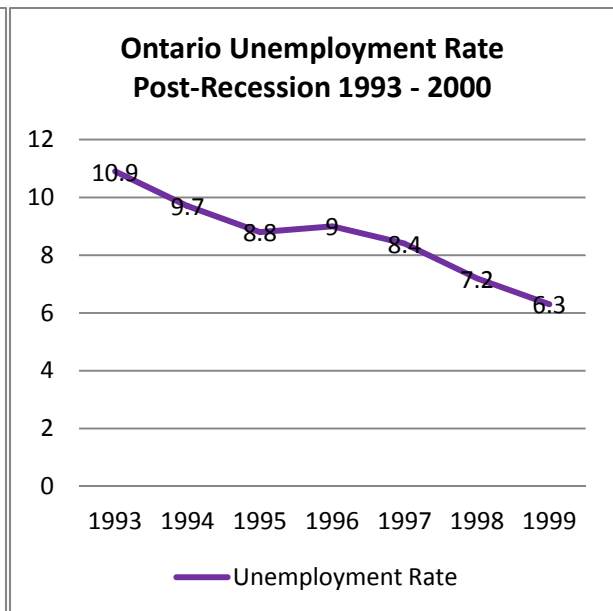
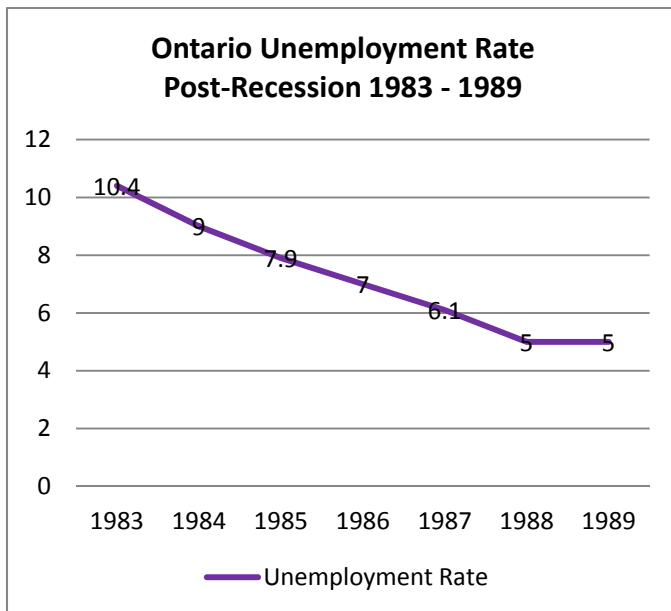
Block, Sheila, "A Higher Standard: The case for holding low-wage employers in Ontario to a higher standard", Canadian Centre for Policy Alternatives, June 2015.

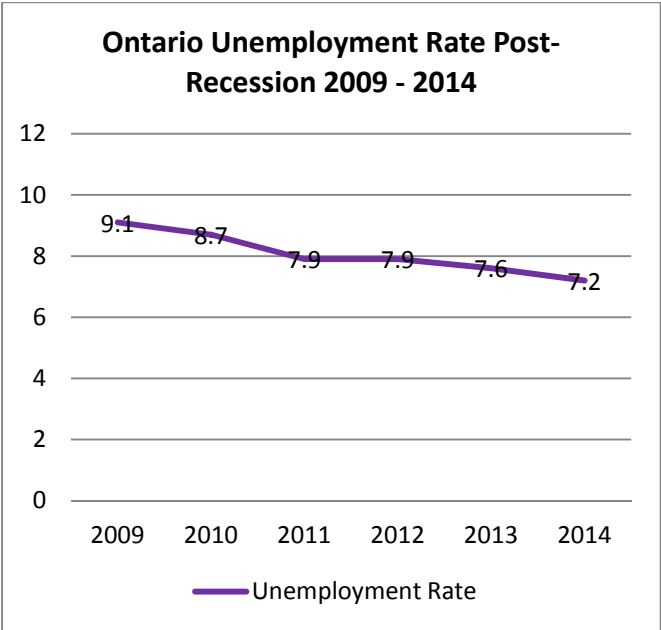
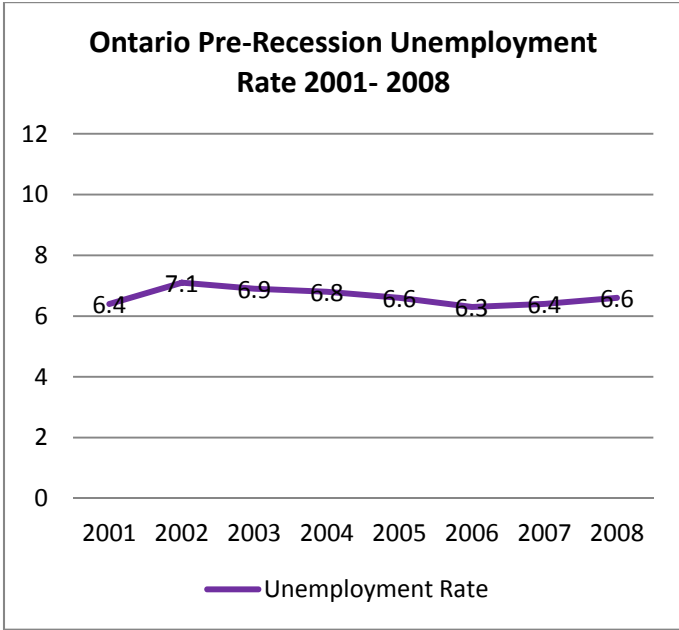
Unemployment remains stubbornly high

The picture of Ontario's weakening labour market is further illuminated by looking at the unemployment rate, which captures the number of people who are looking for work, but excludes those who may have given up. Since 2008's financial meltdown, Ontario's unemployment has not recovered as it did after previous recessions. It is still significantly higher than the average unemployment rate in the eight years leading into the 2008 recession. More than 100,000 Ontarians are on the unemployment rolls than were before the recession. Today, Ontario's unemployment rate, at 7.3 percent, remains higher than that of Canada as a whole (6.9 percent).

Over the last forty years, Ontario's unemployment rate has fluctuated from a low of 5 percent – which occurred like the highest employment rates in the boom period of 1988-89 – to a high of 10.9 percent in the

worst of the recession in 1993. Following the economic downturn of the early 1980s, the unemployment rate dropped quickly over five years by 5.4 percent, to a new low of 5 percent. After the recession of the early 1990s, unemployment did not recede so quickly, but it did ultimately abate, reducing by 4.6 percent, from 10.9 percent in 1993 to 6.3 percent six years later in 1999. Thereafter, in the eight years preceding the most recent economic slump in 2008, the average unemployment rate was 6.6 percent. But since the most recent recession in 2008, the unemployment rate has stayed stubbornly high, declining by only 1.9 percent over six years, from 9.1 percent in 2009 to 7.2 percent in 2014. There remain about 125,000 more unemployed workers in Ontario than before the recession, as captured in unemployment rates.^{xv}





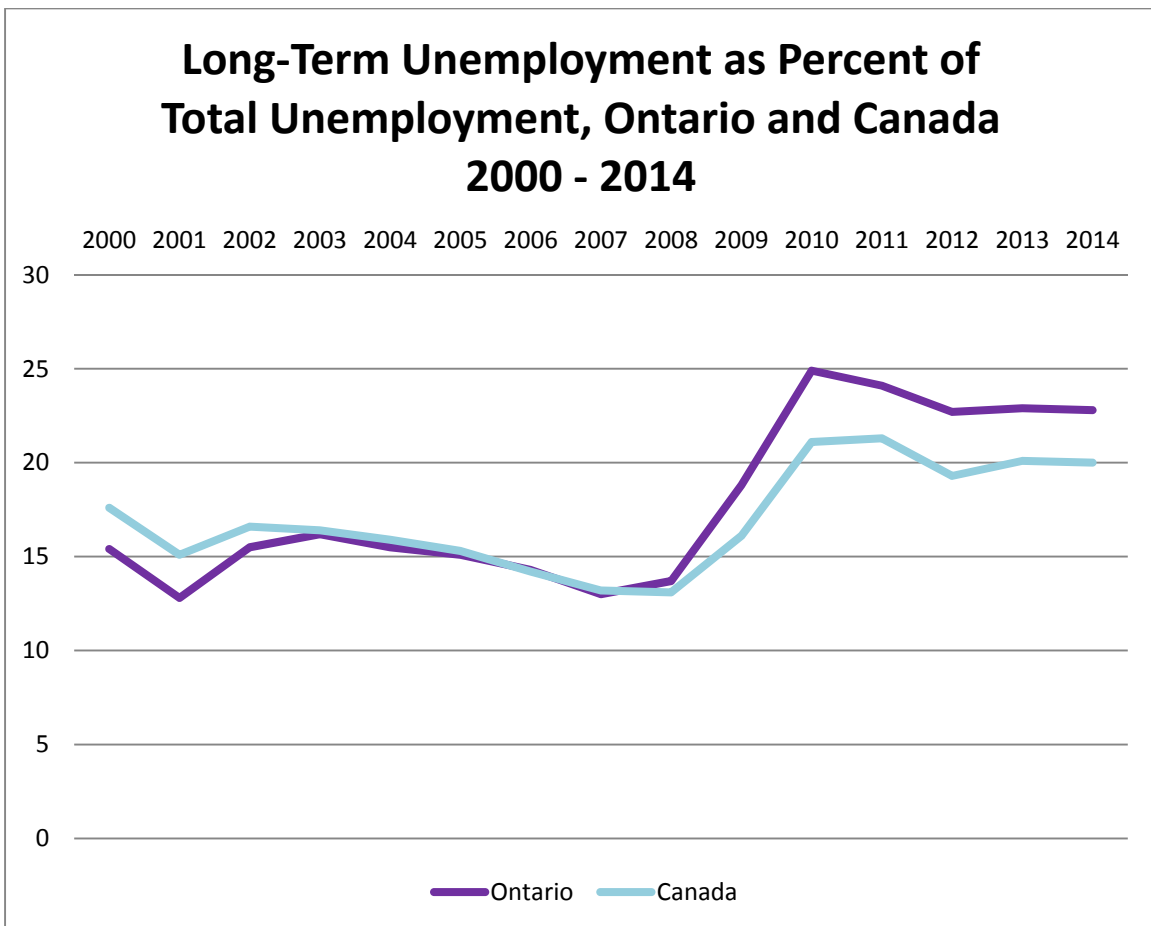
Source: Statistics Canada, Employment and Unemployment By Province, Canada, CANSIM Table 282-0087.

Vast increase in long-term unemployment

Even more disturbing is the increase in long-term unemployment in our province. The share of unemployed Ontarians who cannot find work over the long-term has swelled since the 2008 recession and shows few signs of abatement. From 2000 to 2008, the portion of unemployed workers who could not find work for 27 weeks or more ranged from 13 to 16 percent. After the 2008 recession, this proportion rose to almost 25 percent and has not recovered. It has remained at almost 23 percent since 2012.^{xvi}

Prior to the recession, Ontario's unemployment rate was below the national average. But since the recession, it has increased to five percentage points above the national average. In Ontario, the average duration of unemployment has grown by more than 50 percent since 2009 and is now the second-highest in Canada, behind Quebec.^{xvii}

The share of unemployed workers that are experiencing long-term unemployment in Ontario and Canada are shown in the chart below.



Statistics Canada, Labour force survey estimates (LFS), duration of unemployment by sex and age group, unadjusted for seasonality, annual, CANSIM Table 282-0047.

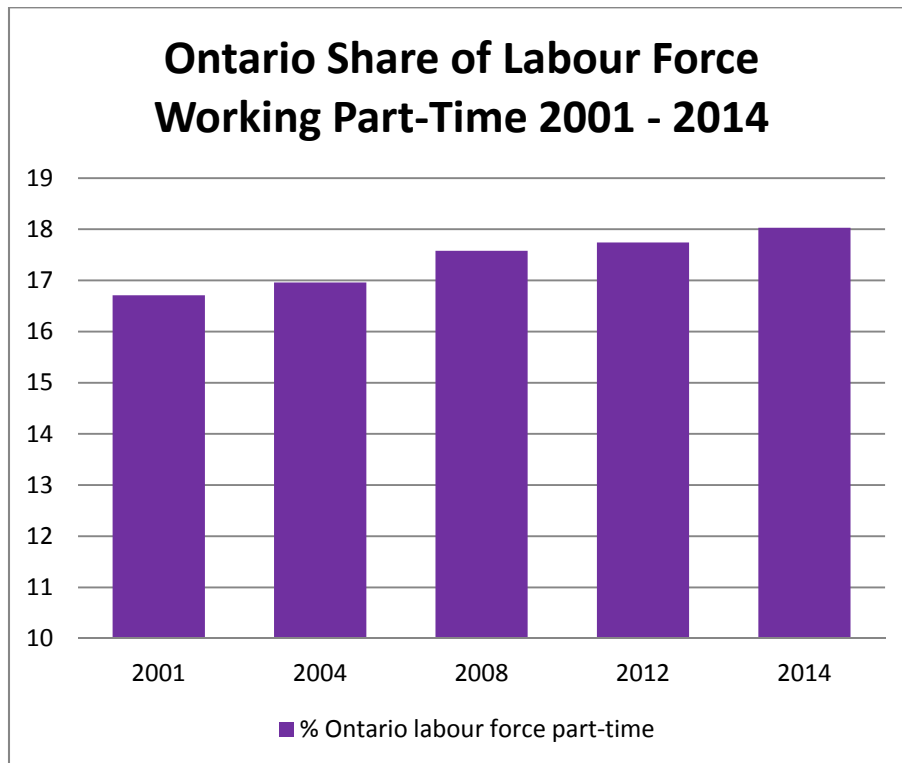
Rising under-employment and part-time work

The overall rates of Ontario's employment and unemployment show that finding a job can be very difficult. But finding full-time work has become even harder. Over the last decade-and-a-half, as Ontario's economy has shed goods-producing jobs and partially replaced them in the service-producing sector, the number of part-time jobs has risen faster than full-time jobs, and precarious work has outstripped both.

Overall, the share of part-time work for Ontario's labour force has increased from

16.7 percent in 2001 to 18 percent in 2014. At the same time, the share of full-time work has decreased from 77 percent to 74.7 percent. Each one percent difference is equivalent to more than 74,000 workers in the labour force in 2014.

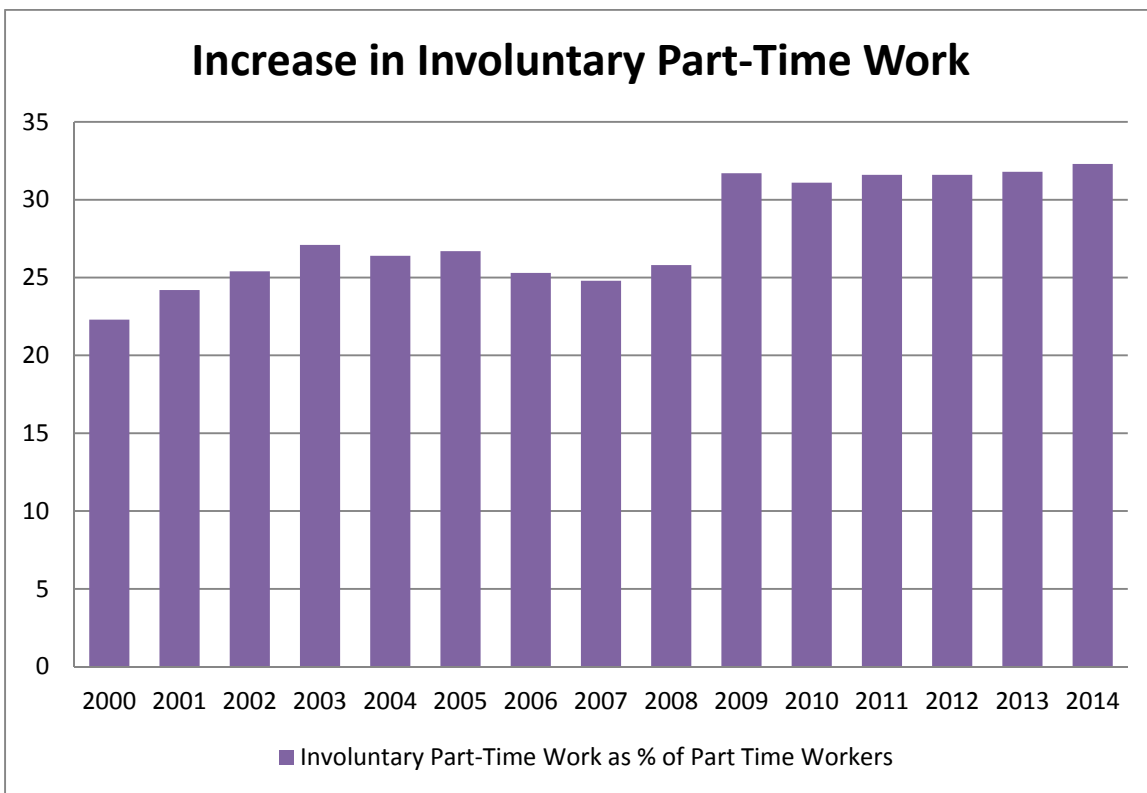
This is not the case for the rest of the country. In the rest of Canada, excluding Ontario, both full- and part-time work have increased, though the increase in the full-time share is marginal.



Source: Statistics Canada, Labour force survey estimates (LFS), by provinces, territories and economic regions, CANSIM Table 282-0123.

In 1997 Statistics Canada began collecting data on the reasons for part-time work; including illness, parental responsibilities, and involuntary part-time work due to inability to find full-time work. Their research shows that not only has there been an overall increase in Ontario's part-time workforce, but that the proportion of the labour force working part-time involuntarily – that is, they would rather be working full-time – has increased dramatically. This level of underemployment is a key trend in Ontario's workforce. In this regard, like in most of the other key labour force indicators, we have slid far behind the rest of Canada.

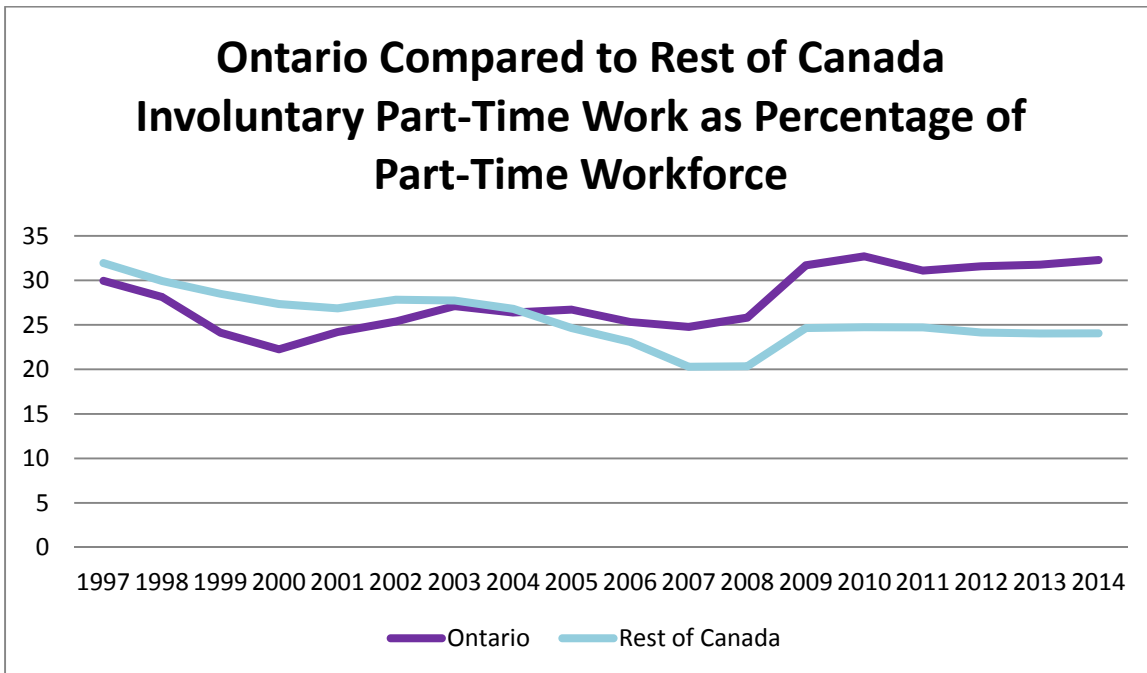
Ontario's rate of involuntary part-time work increased slowly from 2000 until the 2008 financial meltdown. Since then, there has been a sharp increase in involuntary part time work that shows no signs of subsiding. Starting in 2000, involuntary part-time work has increased by almost 43 percent.^{xviii} In 2000, 22 percent of part-time workers would rather have been working full-time. By 2014, that share had risen to 32 percent.



Source: Statistics Canada. *Labour force survey estimates (LFS), part-time employment by reason for part-time work, sex and age group, annual (persons), CANSIM Table 282-0014.*

Until 2004 Ontario showed a better trend-line than the rest of Canada. Today, a decade later, our province has fallen to near the back of the pack. In 2000, the share of involuntary part-time workers in Ontario was 5 percent below the average for the rest of Canada.

By 2013, Ontario's rate had risen to 8 percent above the rest of the country. "Only the Atlantic provinces have comparable rates at over 30 percent (Ontario is 32 percent)," reports economist Kaylie Tiessen.^{xix}



Source: Statistics Canada, *Labour force survey estimates (LFS), part-time employment by reason for part-time work, sex and age group, annual (persons)*, CANSIM Table 282-0014.

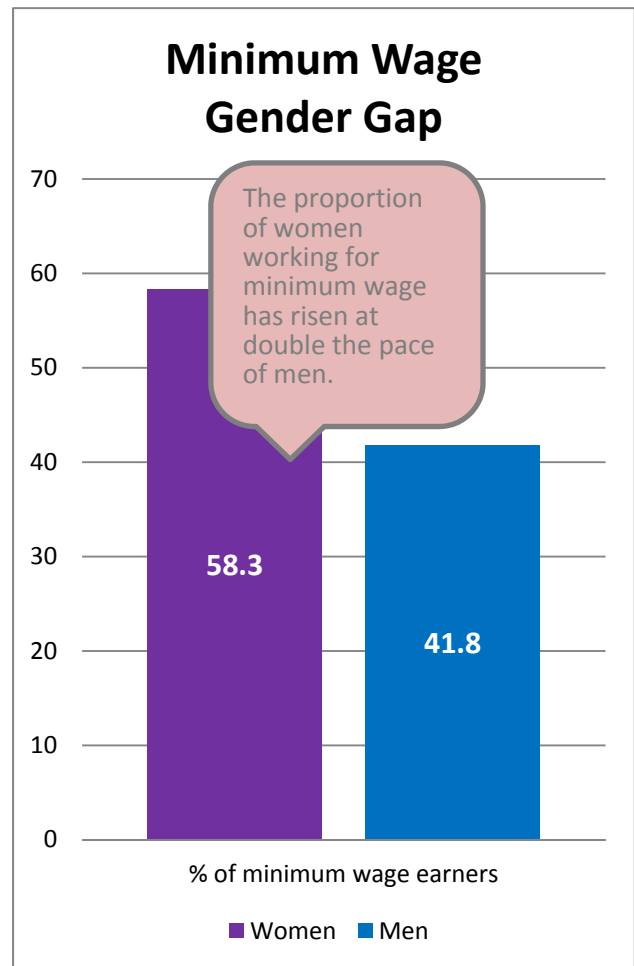
Disproportionate impacts of labour force restructuring

Women and the work force

On average, Ontario women earn \$34,500 per year while men earn \$48,500. That is a gendered pay gap of 29.2 percent.^{xx} And the ranks of the lowest income earners are disproportionately filled by women. Among those working for minimum wage, women comprised 58.3 percent compared to 41.8 percent for men.^{xxi} The proportion of women working for minimum wage has risen at double the pace of men. From 1997 to 2014 the share of women earning within \$4 of minimum wage increased from 24 to 34.3 percent.^{xxii} This compares to a rise from 16.1 to 24.5 percent for men.

During Canada's most recent federal election campaign, the Globe and Mail published a special report on the gender pay gap. It reported,

"...Canada is flagging compared with international peers. This country's gender wage gap is well above the OECD average. The last World Economic Forum gender-gap ranking put Canada in 19th place, behind Latvia and Burundi, while the UN's measure shows Canada slid 11 spots between 1995 and 2013."^{xxiii}



Racialized workers

Racialized Ontarians have slightly higher labour force participation than non-racialized workers. But, despite working in higher numbers, the unemployment rate for racialized workers is higher – 10.5 percent compared to 7.3 percent. The earnings gap between racialized and non-racialized Ontarians is 16.7 percent.^{xxiv} Racialized workers are 47 percent more likely to be working for minimum wage than the total population.^{xxv}

Colour-Coded Labour Force

Racialized Ontarians earn 16.7 percent lower income.

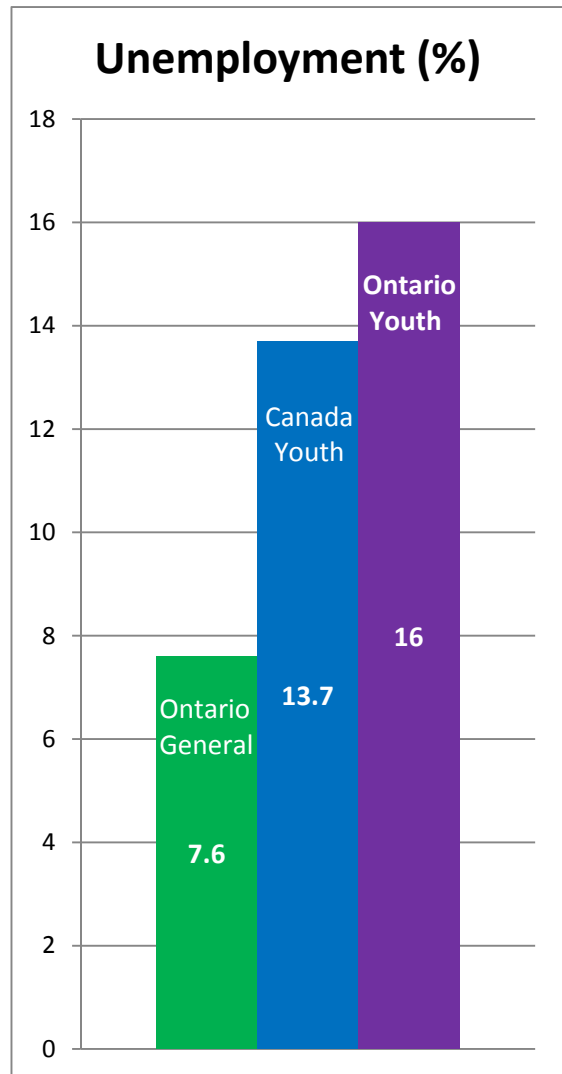
Racialized Ontarians are 47 percent more likely to work for minimum wage.

Young workers

As life got tougher for most of us, Ontarians began to move to where prospects were brighter. Out-migration from Ontario to other provinces surpassed the in-migration in 2003.^{xxvi} This trend has continued ever since. Over the past decade one-third of all migrants moving out of Ontario to other provinces have been young people aged 15 to 29.^{xxvii} It is no wonder. In 2013, Ontario's youth unemployment rate was 16 percent, more than double the general rate and well above the national youth unemployment rate at 13.7 percent.^{xxviii}

The employment rate for young workers in Ontario is 50 percent, four percentage points below the national average.^{xxix} Among those able to find work, conditions are precarious. Higher education has not opened the door to glowing opportunities: fully half of youth with a post-secondary degree are in unskilled jobs or precarious work sectors with low pay and poor conditions.^{xxx}

Ontario's youth are far more likely to work for minimum wage than adults in prime-working age, though a shocking number of adults now also find themselves among the working poorest. The youngest workers – aged 15 to 19 years – comprise 4.9 percent of the total workforce, but 42.1 percent of minimum wage earners. But minimum wage work is not only the purview of the youngest. The next cohort – those aged 20 to 24 years – are also suffering disproportionately high rates of poverty-level work. This group makes up 10.1 percent of the work force but 18.3 percent of minimum wage workers.^{xxxi}

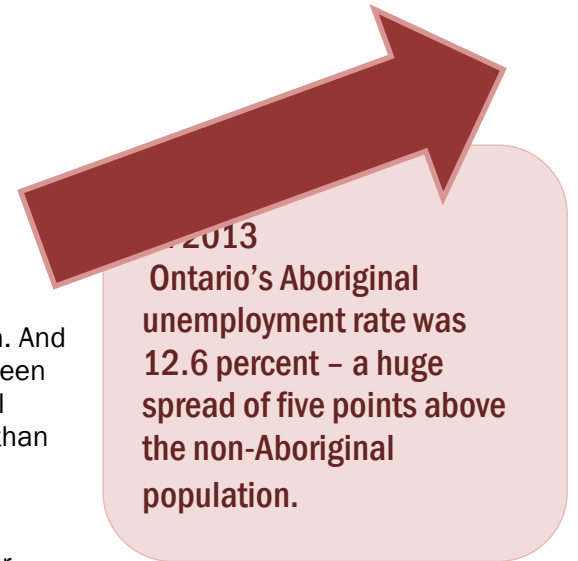


Aboriginal and First Nation workers

The Aboriginal community in Ontario was hard-hit by the 2008 recession and has yet to recover. As of 2013, labour force participation and employment rates had still not climbed back to pre-recession levels. This mirrors the trends among the population as a whole, but Aboriginal people fared worse in the recession than non-Aboriginals.

In 2013, the Aboriginal unemployment rate was 12.6 percent – a huge spread of five points above the non-Aboriginal population. And while unemployment decreased slightly for non-Aboriginals between 2012 and 2013, the rate increased by 0.5 percent for Aboriginal peoples. The Aboriginal unemployment rate in Ontario is higher than the national average.

Aboriginal people earn, at the median, 67 percent of the non-Aboriginal population. Differences in education levels account for some of this chasm, but even at the same level of education, Aboriginal people earn between 8 and 10 percent less. ^{xxxii}



Immigrant Workers

The recession widened the gap between established and new immigrants, and the Canadian-born population. For established immigrants, across Canada the unemployment rate was just slightly above the rate for Canadian-born workers prior to the recession, but after the recession the gap grew by 2.5 percent. ^{xxxiii} The unemployment rate of recent immigrants is more than double that of Canadian-born workers. ^{xxxiv} In Ontario, recent immigrants are more than twice as likely to be working for minimum wage than the total population and that trajectory is on the rise. ^{xxxv} The share of minimum wage earners who are recent immigrants has almost tripled since 1998, surging from 6.9 percent to 19.1 percent by 2011. In 1998, recent immigrants constituted 6.3 percent of all workers, but 6.9 percent of minimum wage earners. By 2011, they made up 9 percent of all workers, but 19.1 percent of minimum wage earners. ^{xxxvi}



Growing Inequality By the Numbers



Up 41%, Down 150% Between 2002 and 2012, the median net wealth for the top 10 per cent increased by 41 per cent to \$2.1 million. For the bottom 10 per cent, it dropped 150 per cent from negative \$2,000 to negative \$5,100.

38% increase in poverty In the last 20 years, the proportion of Ontarians living in poverty has increased by 38 per cent from 8.7 per cent to 12 per cent.

3rd highest increase in income inequality From 1981 to 2011, income inequality grew by 16 per cent. Only B.C. and Alberta have had higher increases.

149,000 42 per cent of Canada's low income children live in Ontario. Toronto is now tied with St. John New Brunswick as having the highest child poverty rate among major cities in Canada. Almost 149,000 (29 per cent) of Toronto's children live in poverty.

1 in 5 Overall, across Ontario one in five children lives in poverty.

39.7% The number of children in poverty with working parents has increased. Today, 39.7 per cent of children in poverty are in families that have full-time full-year work.

20% 20 per cent of racialized Ontarians are living in poverty compared to 11.6 per cent of non-racialized residents

60,000 In 2010, 23.5 per cent – or almost 60,000 off-reserve Aboriginal people -- lived in households with low income, compared to 13.7 per cent of non-Aboriginal Ontarians.

Growing Inequality

Money pit: the chasm between the rich and the rest of us

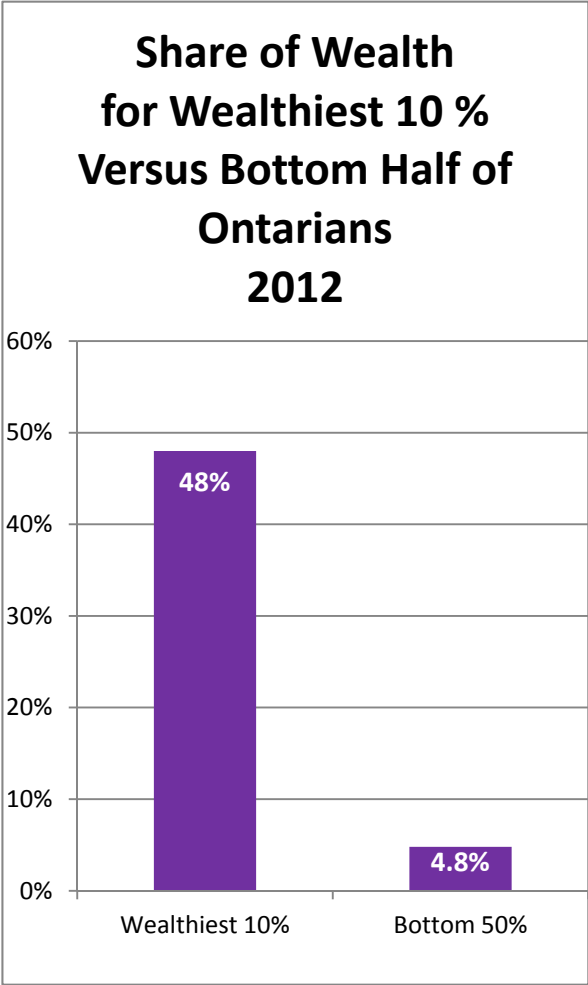
The Occupy Movement catapulted it into the headlines with its graphic allusion to the 1 percent and the rest of us. Bernie Sanders is calling it “the greatest moral issue of our times”. Income and wealth inequality is not only growing, it is surging. Today, the gap between the rich and the rest of us has become a chasm.

One of the primary measures of inequality is the accumulation of wealth. If a family or individual has little or no wealth, they have much less ability to weather an interruption in income-earning. Indebtedness and a lack of assets mean insecurity, and the data shows many Canadians live with an alarming level of uncertainty.

Canada has a deeply unequal distribution of wealth. Those at the top have taken the lion’s share of wealth while the bottom 10 percent have more debts than assets. The majority of Canadians, reports the Broadbent Institute, have almost no financial assets besides their pensions.^{xxxvii}

The spread is becoming obscene. Across Canada, between 2005 and 2012, as the median net worth for the top 10 percent increased by 41 percent to an eye-popping \$2.1 million, the median net worth for the bottom 10 percent dropped from negative \$2,000 to negative \$5,100, a drop of 150 percent. At the tip of the very top, the accumulation of wealth is almost inconceivable: the richest 86 individuals and families in Canada – or 0.002 percent of the total population – hold as much wealth as the country’s poorest 11.4 million.^{xxxviii}

Despite its economic woes, Ontario is still an extremely wealthy province. Almost half of Canada’s top 1 percent wealth-holders live



Source: Broadbent Institute, “Haves and Have-Nots: Deep and persistent wealth inequality in Canada”, September 2014.

here (41.5 percent).^{xxxix} But the glittering lives of downtown Toronto elites are not shared by the vast majority of Ontarians. The top 10 percent hold 48 percent of Ontario’s wealth. In comparison, fully half of Ontarians hold 4.8 percent of the wealth.^{xl} The bottom 20 percent have no wealth at all, and are in the negative.^{xli}

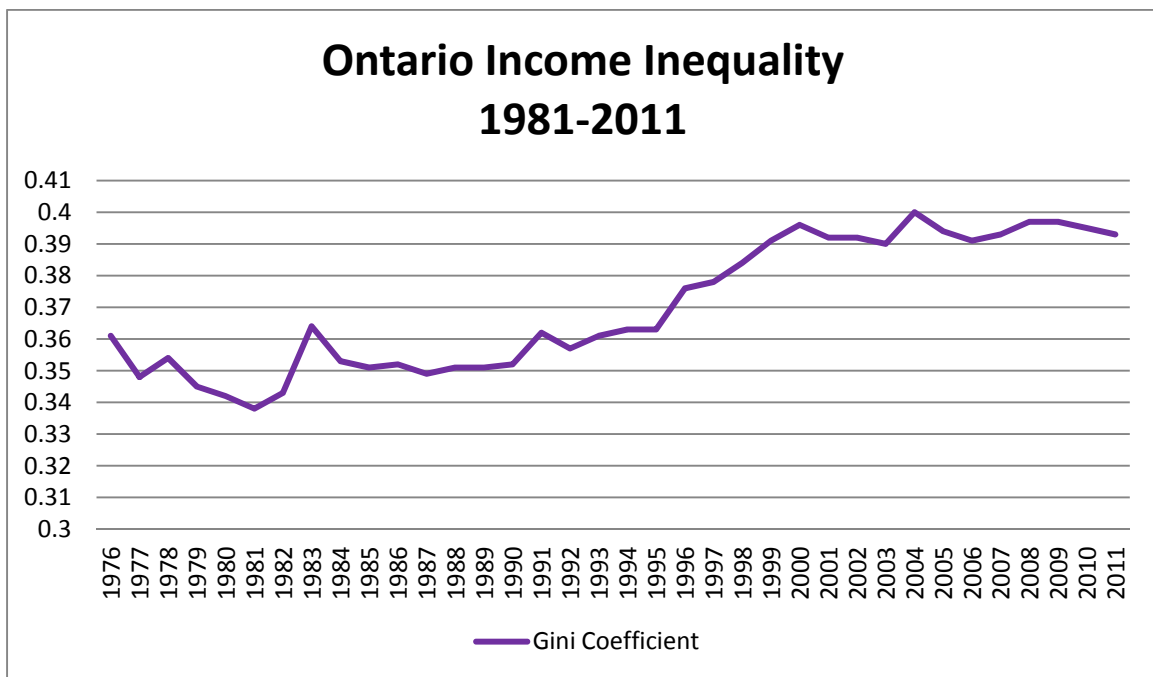
Growing income gap

The income gap in Ontario has grown wider in the last decade than it has been in the last forty years. With each recession in the 1980s and 1990s, the girth of income inequality grew. But while it stabilized after the economic downturn of the early 1980s, it never recovered from the slump in the early 1990s. The income spread has swelled since then, peaking in 2004 and abating somewhat since. Today, income inequality remains higher than it was for the entire generation before the turn of the century.

Growing income inequality is not inevitable. Indeed most provinces are doing better than Ontario. Only Newfoundland and Alberta show

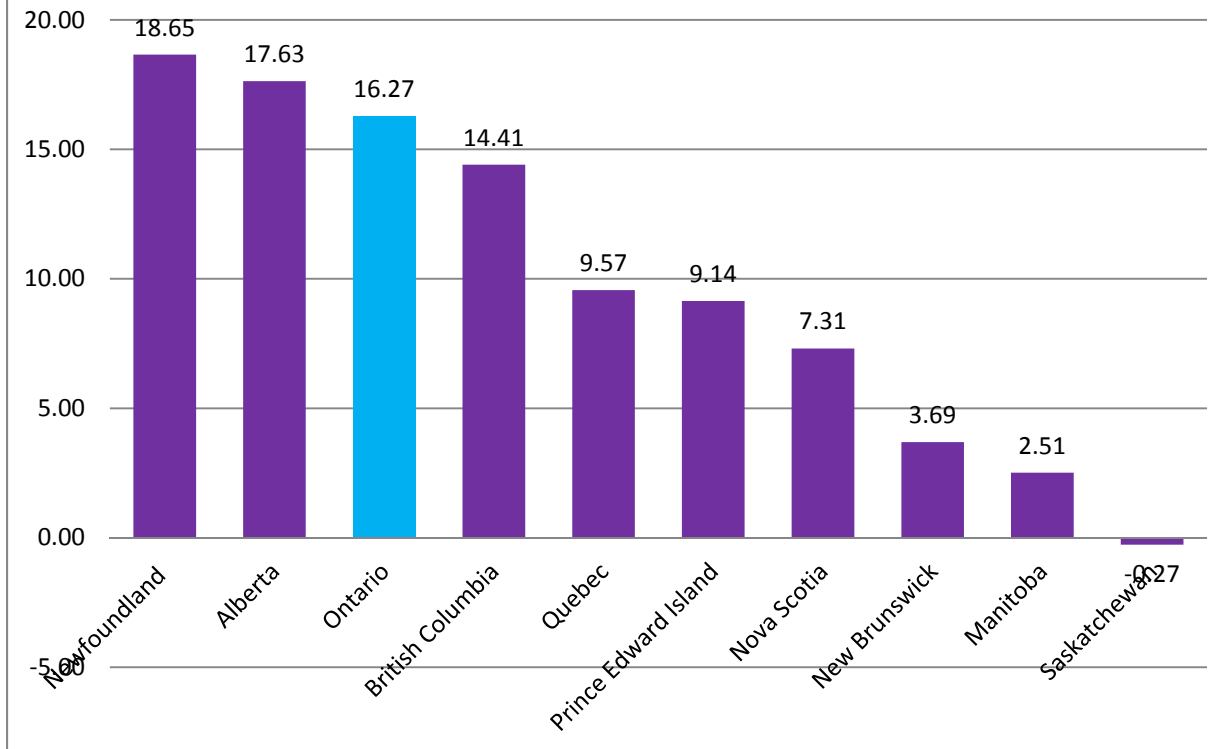
an inequality distention of incomes more extreme than Ontario's. In fact, Saskatchewan has seen a decline in the income gap over the same period.

The Gini coefficient, named for Italian statistician Corrado Gini, measures income inequality. Statistics Canada uses after-tax income to construct the Gini coefficient. A Gini coefficient of zero means perfect equality (wherein all have an equal income). A Gini coefficient of one means total inequality (wherein one person has all the income). We can use the Gini coefficient to measure relative income inequality over time and compare different provinces' performance.



Source: Statistics Canada. Gini coefficients of market, total and after-tax income, by economic family type, annual (number), CANSIM Table 202-0705.

Change in Income Inequality by province, 1981-2011



Author's calculations using Statistics Canada CANSIM Table 202-0705.

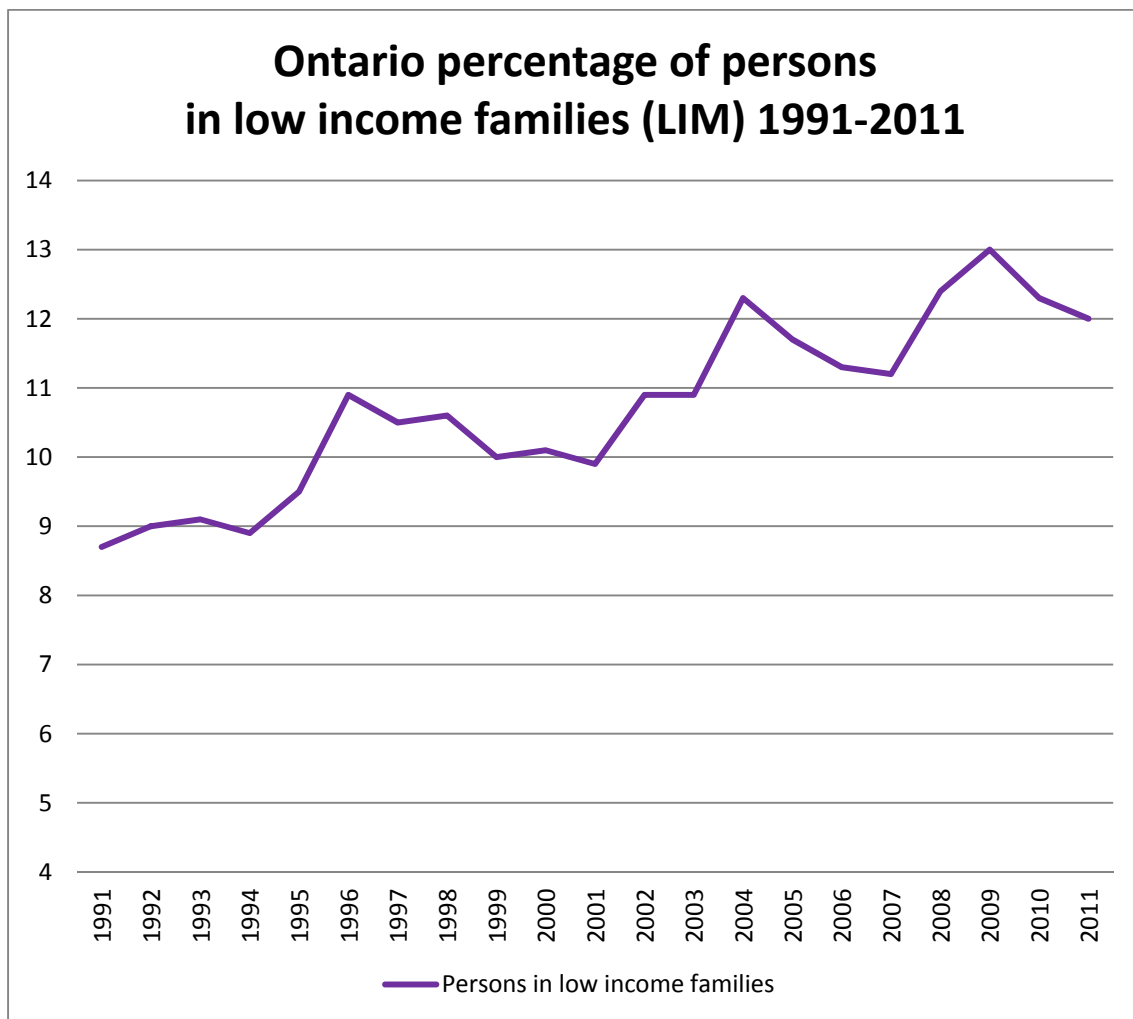
Growing Poverty

A growing number of Ontarians are living in poverty and the latest poverty numbers show stark racial inequities. Job layoffs have pulled the rug out from under thousands of families. Social assistance and disability support rates fall far below the poverty line, and are declining in real-dollar terms. The rise in precarious work with low- or minimum- wages has left families struggling to make ends meet. Deepening poverty increases the risk of homelessness and food insecurity as families and individuals struggle to pay the rent and meet rising costs for basic necessities.

In the last 20 years, the proportion of Ontarians living in poverty has increased by 38 percent, from 8.7 percent to 12 percent.

The incidence of poverty is segmented. Twenty percent of racialized Ontarians are living in poverty compared to 11.6 percent of non-racialized residents.^{xiii} In 2010, 23.5 percent – or almost 60,000 off-reserve Aboriginal people – lived in households with low income, compared to 13.7 percent of non-Aboriginal Ontarians.^{xiii}

A shocking recent study found that 90 percent of families with children are on the brink of homelessness in high-rise rental apartments in Toronto's low income neighbourhoods.^{xiv} A disproportionate number of the families surveyed are racialized, immigrants and headed by a lone-mother.



Source: Statistics Canada, Persons in low income families, annual, CANSIM . Table 202-0802.

Child Poverty

In 1989, Canada's House of Commons passed a unanimous all-party resolution to end child poverty by the year 2000. Children born in 1989 turned 26 this year: an entire generation has grown up waiting for this promise to be fulfilled. In Ontario, our government committed itself in 2008 to reducing child poverty by 25 percent by 2013. While there has been some progress, initial pledges to increase the Ontario Child Benefit have been sacrificed at the altar of austerity. Children in Ontario's lowest income families have been forced to shoulder the costs of the recession and corporate tax cuts. Today, 42 percent of Canada's low income children live in Ontario. Campaign 2000, a coalition of groups and citizens dedicated to eradicating child poverty, report, "Even as Canada's economy has more than doubled in size, child and family poverty is worse in 2014 than it was in 1989 at both the national and the provincial level."^{xlv}

Over 1.3 million children in Canada live in poverty, more than 550,000 of them in Ontario. And our province's largest city, Toronto, is now tied with Saint John, New Brunswick as having the highest child poverty rate among major cities in the country. A staggering 29 percent of Toronto's children – almost 149,000 – live in low income families, and that number is rising.^{xlvi}

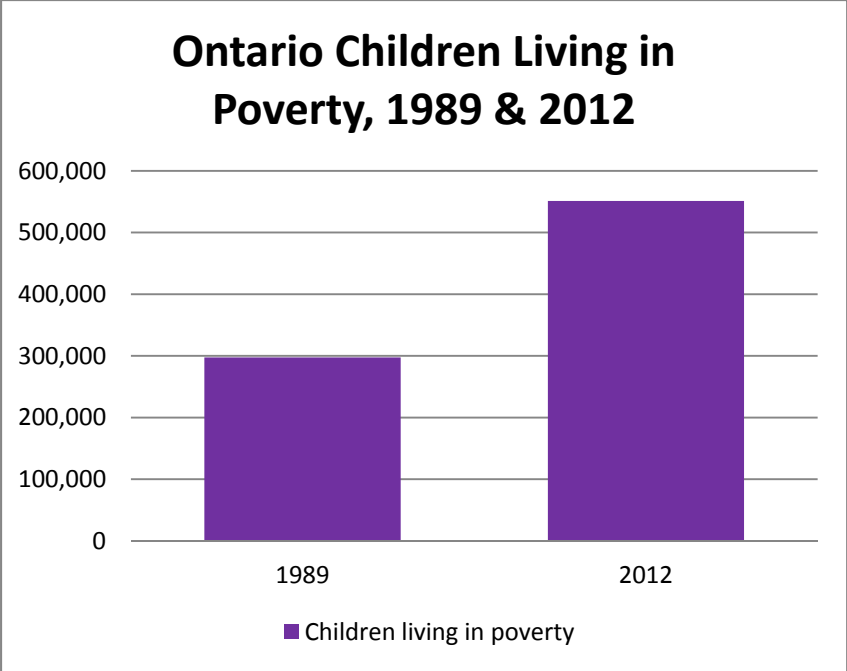
The Ontario government's commitment to reduce child poverty by 25 percent did succeed, in part. From 2008-2011 investments in Ontario Child Benefits and increases in minimum wages have reduced child poverty by 9.2 percent. The proportion of children in low income today is lower than it was when it peaked at the end of the recession of the early 1990s. A measurable public target and a timeline have proven effective in bringing pressure to bear and in holding government accountable to make

some progress towards fulfilling its promise. But Ontario's child and family poverty is still higher now than it was a generation ago.

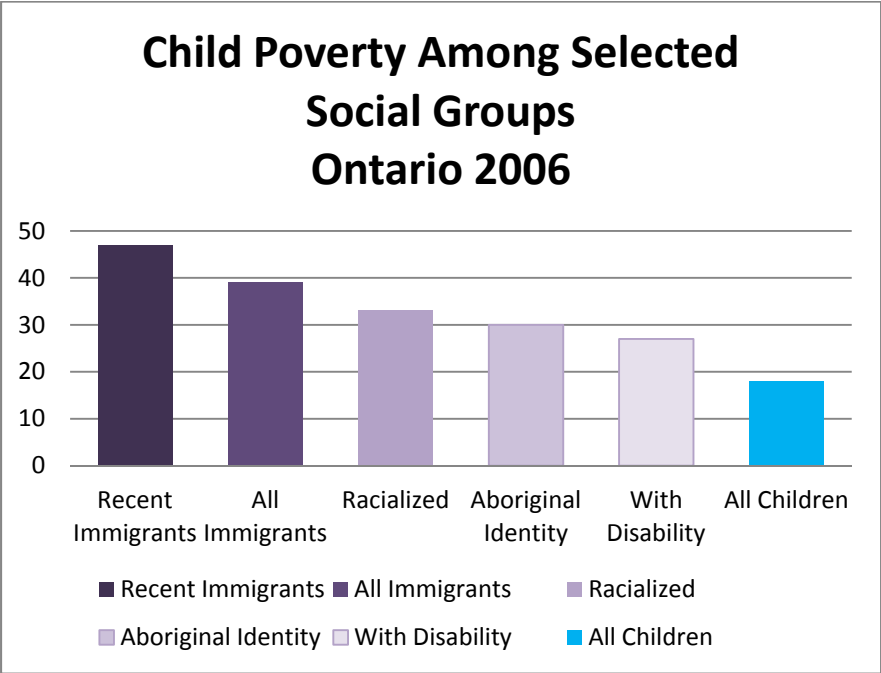
In 2014, the government acknowledged that it had failed to meet its target to reduce child poverty by 25 percent. It recommitted to the 25 percent reduction, but this time without any timelines. When making the announcement, Deputy Premier Deb Matthews reported that almost 50,000 children and their parents had been lifted out of poverty through measures such as full-day kindergarten, minimum wage increases and the increase in the Ontario Child Benefit. What she did not mention was that, under the 25 percent reduction target set in 2008, the goal was to lift 90,000 children out of poverty.^{xlvii}

The impact of labour force restructuring shows in child poverty, and it threatens our collective futures. Children live in poverty because their parents do. The decline in the quality of work – including the increase in precarious, involuntary part-time and minimum wage work – is evident in the child poverty numbers. The number of children in poverty with working families has increased since 1989. In Ontario today, 39.7 percent of children in poverty are in families that have full-time full-year work.^{xlviii}

Today, 19.9 percent of Ontario children – one in five – live in poverty, up from 12.9 percent in 1989. And the experience of poverty is segmented, with the rates among children of marginalized groups disproportionately high, as is their parents' experience accessing the labour market and other social supports. One in two children of immigrants, one in three racialized children, and one in four First Nations children on reserve – live in poverty. One in four children with disabilities lives in poverty. Single parents have higher rates of poverty than two-parent households.



Source: Ontario Campaign 2000, “Child Poverty 25 Years Later: We Can Fix This”, 2014.



Source: Toronto Community Social Research and Data Consortium, using 2006 Census.

Austerity By the Numbers



\$41,000 per year The average single Canadian receives \$17,000 in tax-funded public services each year. For a middle-income household, that means a benefit of \$41,000 on average in tax-funded programs and services.

\$7 billion cut Over the last five years, cuts in Ontario's real-dollar per person funding of public services total more than \$7 billion.

\$3.7 billion Children and families living below the poverty line were required to wait an extra year as child benefit program funding was frozen. At the same time, Ontario's government is paying more than \$3 billion per year in corporate tax cuts made by the McGuinty government.

Worst in Canada Ontario's funding per student in post-secondary education is the lowest in Canada.

601% real dollar increase Tuitions have skyrocketed. In the last 20 years, college tuition fees outpaced inflation by 435 per cent while university undergraduate tuition fees outpaced inflation by 601 per cent. Students in Ontario today pay the highest tuitions in the country.

\$37,000 Student debt for a 4-year degree now averages \$37,000.

2nd last Ontario funds public health care at the second lowest rate of all provinces.

Last place Ontario has cut more hospital beds than any other province.

156,000 There are more than 156,000 household on wait lists for affordable housing.

Longest wait lists Ontario has the highest ratio of renters in dire need for affordable housing in the country.

\$19,000 Young families face the highest costs for child care in Canada – up to \$19,000 per year.

Down 5 – 7 % In real-dollars, welfare and disability supports are lower today by 5 – 7 per cent than they were in 2003.

1 in 5 Cuts to Employment Insurance have dropped coverage to its lowest rate in history. In 2012, only one in five unemployed Ontarians qualified for regular EI benefits.

Austerity

Even before Ontario climbed out of the last recession, our government had started down the path of austerity – meaning severe budget cuts to public programs and services.

Following the economic downturn, austerity has accelerated. Under Premier Kathleen Wynne, recent Ontario's budgets have adopted a different rhetoric than was the case under previous premier Dalton McGuinty.

Gone are the doomsday prognostications about out-of-control government spending.

Toned down is the hyperbole that recast programs like health care as a maniacal Pac-

Man eating up the budget, rather than an enormous benefit that transfers income to all Ontarians.

But while the shock-and-awe approach to forcing Ontarians submit to austerity has changed, the new media messaging from the government asks Ontarians to succumb to the delusion that cuts in health care and education do not exist and that a few steps forward in poverty-alleviation negate all the giant strides back. The public face may have

changed, the words may be kinder, and, in fairness, Ontario's government has taken some measures to mitigate the worst impacts of growing inequality for the poorest – but austerity still remains the rule of the day.

Regardless of the change in tone, Ontario has dropped below the rest of Canada in key measures of access to social programs and supports, and with every year of austerity, we are sliding further back. The cuts to social programs and income transfers are being used to pay off more than \$3.7 billion annually in corporate tax cuts, and, at the same time, foot the bill for the provincial deficit. But as a result of the cuts, a mounting

deficit in social needs has emerged. On a per person basis, austerity budgets have meant that funding for all programs and services – from education, health care, social assistance and social services to transportation, recreation and provincial parks – have fallen behind inflation and population growth. Over the last five years, the decline can be measured as a cut in real per person investments in public programs and services of 6 percent, or more than \$7 billion.^{xlix} As a result of austerity, Ontario has tumbled down to the very bottom of Canada in funding for all of our public services and programs.ⁱ

Economists Hugh Mackenzie and Richard Shillington calculated the financial benefit of public programs and services for Canadian families. They found that the average single Canadian receives \$17,000 in tax-funded public services each year, equivalent to almost a full-time income at minimum wage. In fact, a middle-income household benefits by \$41,000 on average in tax-funded programs and services each year.

Having become habituated to an steady diet of tax bashing, Ontarians often fail to recognize that our tax-funded public services and social transfer programs amount to a social wage. By pooling our money through the tax system, and redistributing it based on need, our social services are a great leveller: they mitigate the income inequalities dished out in unequal wages and

salaries by the marketplace. Statistics Canada reports that collectively, Canadians in the lowest five deciles – that is the bottom half of income earners – receive more in government transfers than they paid in taxes. The top 10 percent of income earners (who can well afford it – their incomes have skyrocketed in recent decades) pay 25 percent of their incomes in taxes and receive 2 percent in transfers.ⁱⁱ

Government transfer programs include Employment Insurance, Pensions, Old Age Security and Child Benefits. In addition, public education, health care, parks and recreation, transportation and transit systems and many

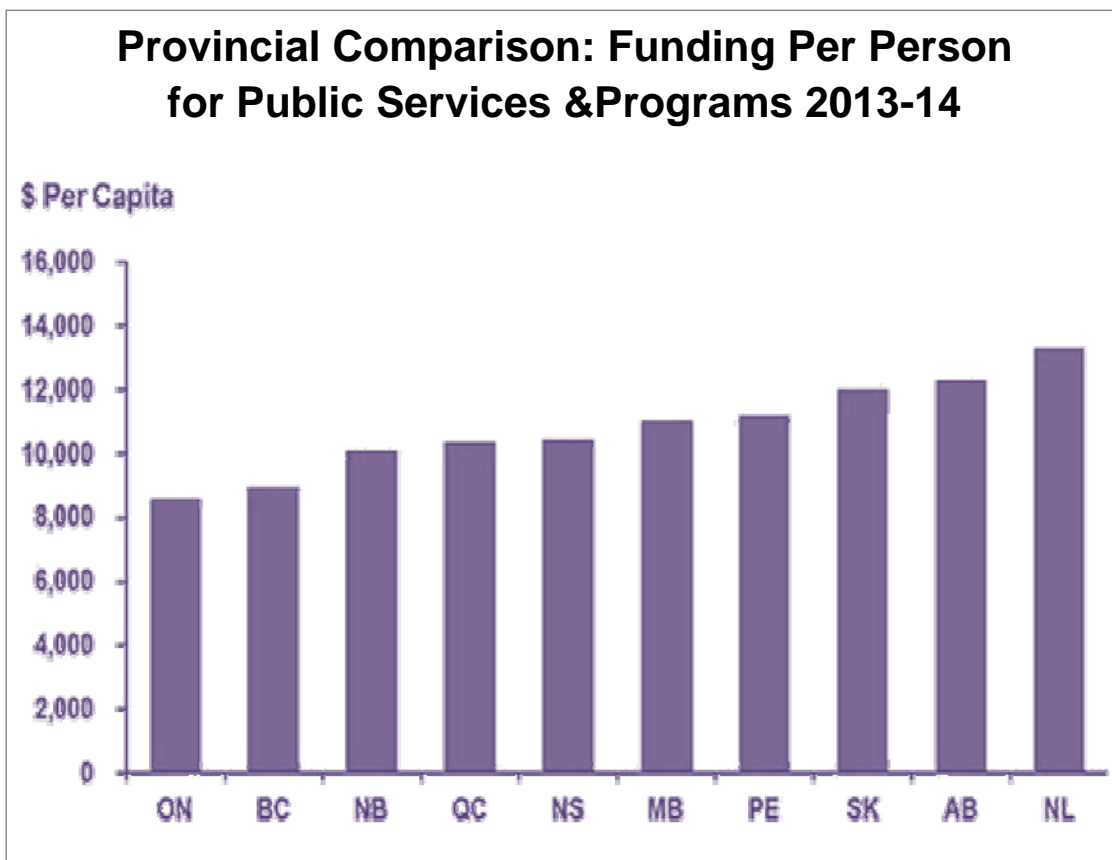
more public services provide a general standard of living. All of us benefit from the greater social cohesion, enhanced opportunities, more stable economy, and fairer society that these programs and services help foster.

Economists Hugh Mackenzie and Richard Shillington calculated the financial benefit of public programs and services for Canadian families. They found that the average single Canadian receives \$17,000 in tax-funded public services each year, equivalent to almost a full-time income at minimum wage. In fact, a middle-income household benefits by \$41,000 on average in tax-funded programs and services each year.^{lii}

An increase in social programs is equivalent to giving the public a much needed raise. Public pharmacare, child care or enhanced pensions would make a world of difference for families who are finding it ever harder to meet growing

costs with stagnant or shrinking incomes. Cuts to social programs and income transfers not only cause job losses, harm access to needed services, damage local economies and stunt economic growth. They also amount to a pay cut for most of us.

Ontarians are paying for the cuts in our social programs, and we are paying heavily through burgeoning out-of-pocket costs and declining benefits. Social assistance and disability supports have dropped below their real-dollar levels of more than a decade ago and are far below the poverty line. The government's legislated commitment to reduce child poverty by 25 percent by 2013 was not met, as child benefit increases were delayed. Student tuitions are the highest in Ontario of anywhere in the country. Child care rates in Ontario's largest cities are the highest in Canada and parents face impossible wait lists for subsidized spaces in licensed centres.



Ontario's funding for post-secondary education is the lowest in the country, and student tuitions in Ontario far exceed those in any other province. Ontario's government has effected the most severe cuts to hospital beds of any province in Canada, and of any developed country in the world. Wait lists for long-term care homes are the largest and longest in the country. Publicly-funded home care is severely rationed. Ontarians now pay more out-of-pocket for health care than residents of all other provinces. More than 150,000 Ontarians are languishing on wait lists for affordable housing that can extend up to ten years. One in five renters is persistently in high need for housing, a ratio far higher than the national average. Cuts by the federal

government to employment insurance, have dropped coverage to the lowest rate in history.

These are choices not necessities. All of Canada was impacted in the last recession. But Ontario's government, more than others, has failed to redress growing labour force and income inequities. It has devoted itself to the most extreme tax cuts for the wealthy and corporations in the country, and willingly sacrificed billions of dollars for public service to do so. Together, these have meant that Ontarians pay more and yet have poorer access to virtually all public services. Compared to the social progress and standings of the rest of Canada, we are trailing – and sliding further behind each year.

Education

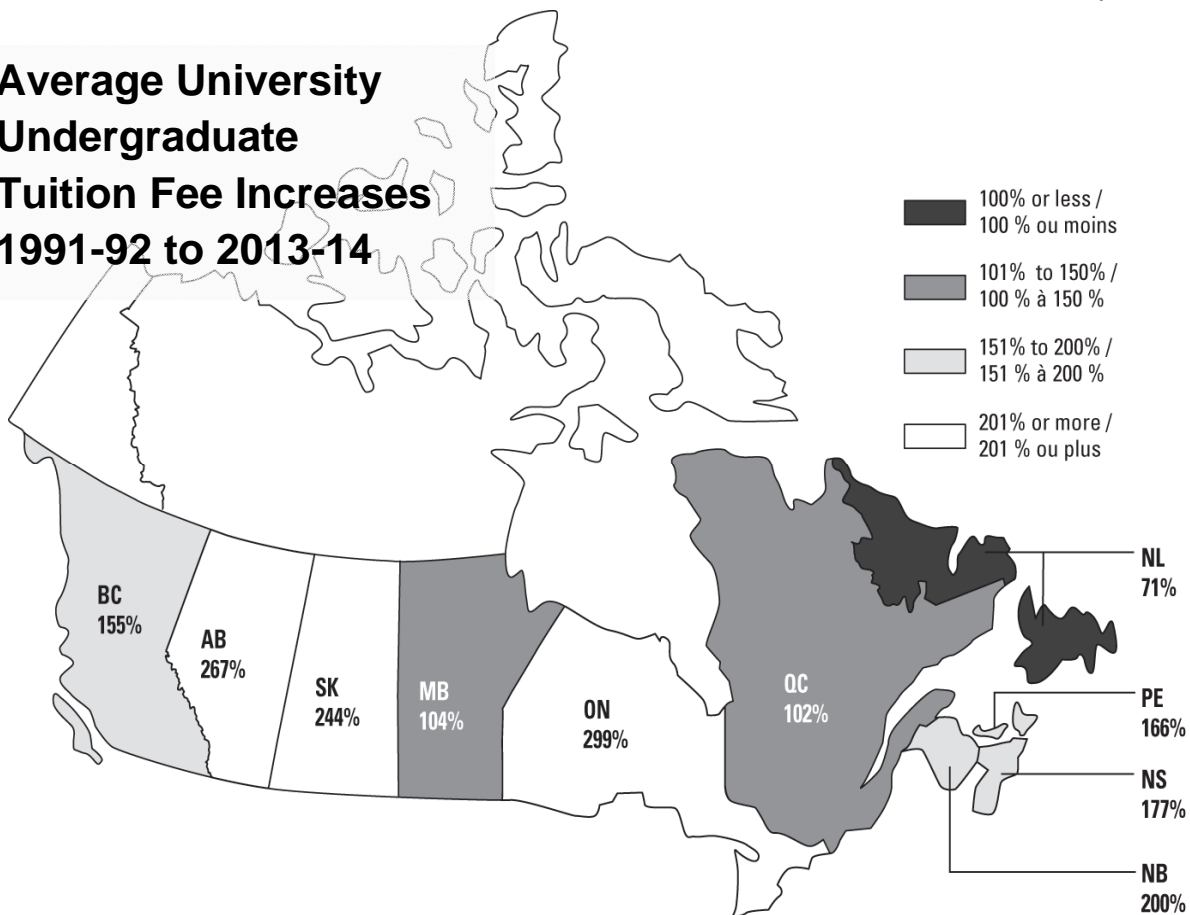
Budget 2015 cut elementary and secondary education in real dollar terms, and that includes the remaining cost of implementing full-day kindergarten.^{liii} Post-secondary education received a cut of 0.4 percent, and that is before inflation is factored in.^{liiv} But these are just the latest cuts.

Post-secondary education has been slammed by government funding cuts at both the federal and provincial levels. The federal government reduced transfers to Ontario students by 50 percent in the two decades from 1992-93 to 2012-13.^{liiv} Though every province has been hurt by federal budget slashing, Ontario's sky-high tuition rates reflect the extremity of the cuts our province has made. Colleges and universities have responded by downloading costs onto students and their families. As a result,

students are starting their working lives with crushing debt loads and, at the same time, entering a labour market that increasingly relegates them to low-paying, low-skilled and precarious work. The original vision of universities built through the 1950s and 60s – places of higher learning where access was determined by ability and desire – has been shunted aside in the race to make cuts. Colleges were created to provide access to education for those who would not normally attend university due to socio-economic barriers, but this too is being sacrificed as fees have soared.

Ontario's investment per student in post-secondary education is the lowest in Canada.^{livi} As public funding has failed to keep pace with university operating budget needs, students and their families have been told they must

Average University Undergraduate Tuition Fee Increases 1991-92 to 2013-14



Source: Canadian Association of University Teachers, Almanac 2014 -15, Map 3.3.

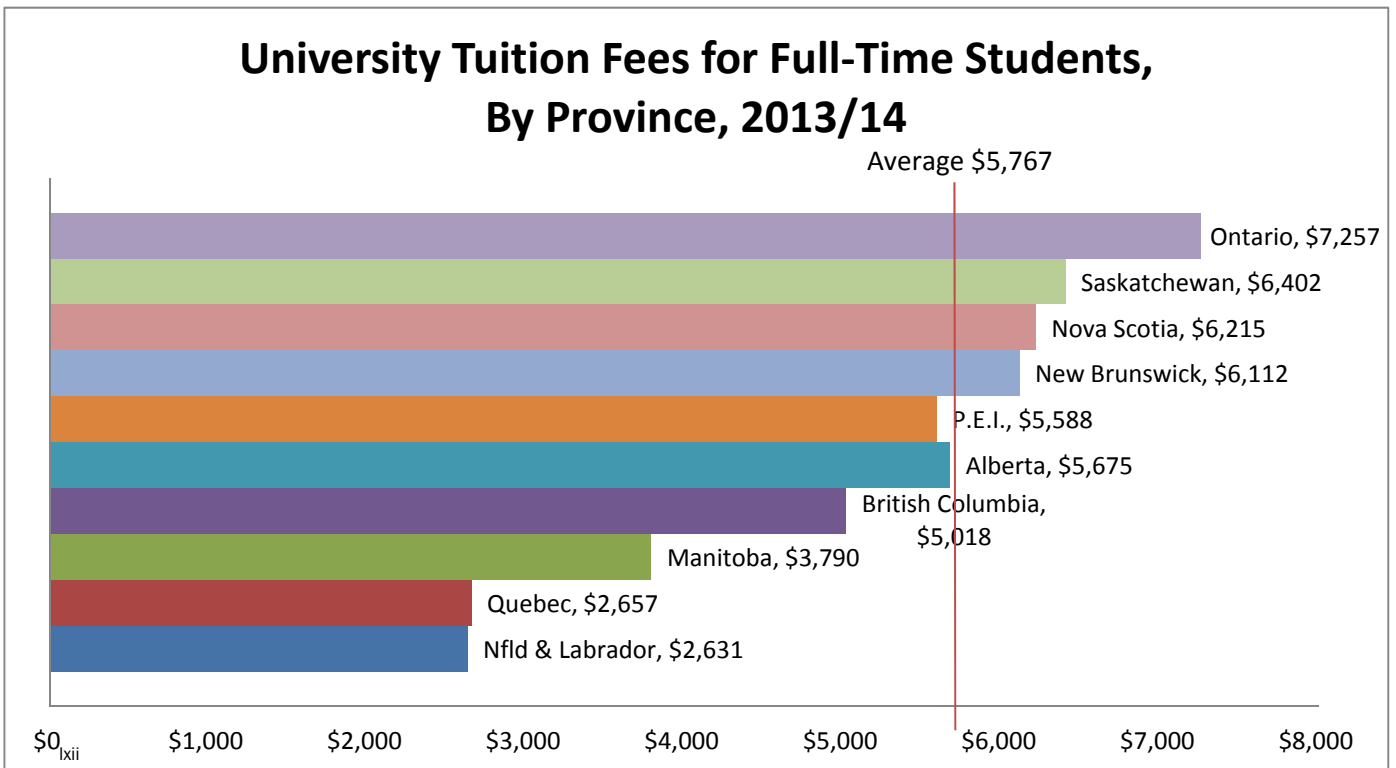
take up the slack. In 2014, student tuitions for the first time made up more than 50 percent of university operating budgets in Ontario.^{lvii} And tuition costs are skyrocketing. In the last 20 years, college tuition fees outpaced inflation by 435 percent while university undergraduate tuition fees outpaced inflation by an eye-popping 601 percent. Students in Ontario today pay the highest tuition fees in the country. Undergraduates pay 29 percent more than the national average. Graduate students pay 14 percent more.^{lviii}

As a result, Ontario students are leaving post-secondary education with massive debt-loads. Student debt for a four-year degree has now reached \$37,000 on average – a 460 percent increase over 15 years.^{lix}

In colleges, the cost of short-funding is also being shouldered by the workforce, which is increasingly casualized. The number of students increased by 53 percent between 1988 and 2005, while the number of full time professors decreased by 22 percent. In response to declining government funding,

colleges have hired an army of administrators to oversee sweeping institutional changes, cut full-time professors, enlarged class sizes, reduced the scope of engaged in public-private partnerships that increasingly control the content of curriculum, and moved more learning to on-line formats rather than in-person classes and lectures.^{lx}

The impact of increasing tuition fees falls more heavily on those in disadvantaged groups. Labour force restructuring and declining real incomes have disproportionately impacted racialized Ontarians and aboriginal communities. The astronomical rise in tuitions has contributed to pushing post-secondary education beyond reach. Education is supposed to be a great leveller – opening doors to opportunity and social mobility – but a high-cost, high-debt model of access to education tilts the balance in favour of those born into greater privilege and higher incomes. In Ontario, university participation rates are particularly inequitable; they are significantly lower for persons from lower income families, with aboriginal identity and with disabilities.^{lxi}



Source: Statistics Canada, Tables – Undergraduate Fees for full time students (ave.), by province, Canada.

Health Care

Under the *Canada Health Act*, hospital and physician services are to be provided without financial barrier on equal terms and conditions to all Canadians. That means that the cost of illness and injury is to be shared by all Canadians, and care is to be provided through our public taxes so that people are not burdened when they are ill, injured or dying; when they are least able to pay. The fundamental principles of compassion and equity, of which Canadians are rightfully so proud, are embodied in this system of health care for all. The *Canada Health Act* was brought into law with unanimous support from all political parties in Parliament.

Provincial governments are required to uphold the principles of Public Medicare for all, as enshrined in the *Canada Health Act*. But under the Ontario government's austerity program, health care funding has dropped to nearly the bottom of the country and needed services are being slashed. Ontario now ranks second last in Canada in health funding per person.^{lxiii} This is a choice in government budgeting, not a necessity. Despite claims that a faltering economy is driving the health cuts, Ontario remains in the bottom third among provinces and territories, in health spending as a proportion of our provincial GDP.^{lxiv}

Ontarians are paying the price. Vision care, physiotherapy and chiropractic services have been cut, particularly for working adults and youth. Seniors' user fees for drugs have been increased multiple times. Global hospital budgets have been cut in real-dollar terms for eight years in a row – the longest period of cuts in our province's history. In the 2015 Budget health care overall received a real-dollar cut.^{lxv} As a consequence, Ontarians pay more out-of-pocket and privately for health care than do the rest of Canadians.^{lxvi}

The sharpest edge of the cuts has been aimed at Ontario's local public hospitals where hundreds of beds have been axed, thousands of front-line nurses and staff positions cut,

and entire hospitals closed – particularly impacting equitable access to care for rural residents. The Ontario Health Coalition warns that fully one-in-four Ontario hospitals are under threat of serious cuts or closure.^{lxvii} When public hospital services are cut, and services are offloaded from public hospitals, almost without exception, they are more inequitable, subject to user fees, ad hoc and privatized. New capacity outside of hospitals has largely been built in the private for-profit sector where user fees are rampant, as corporations seek to maximize their profits regardless of patients' expense and suffering.

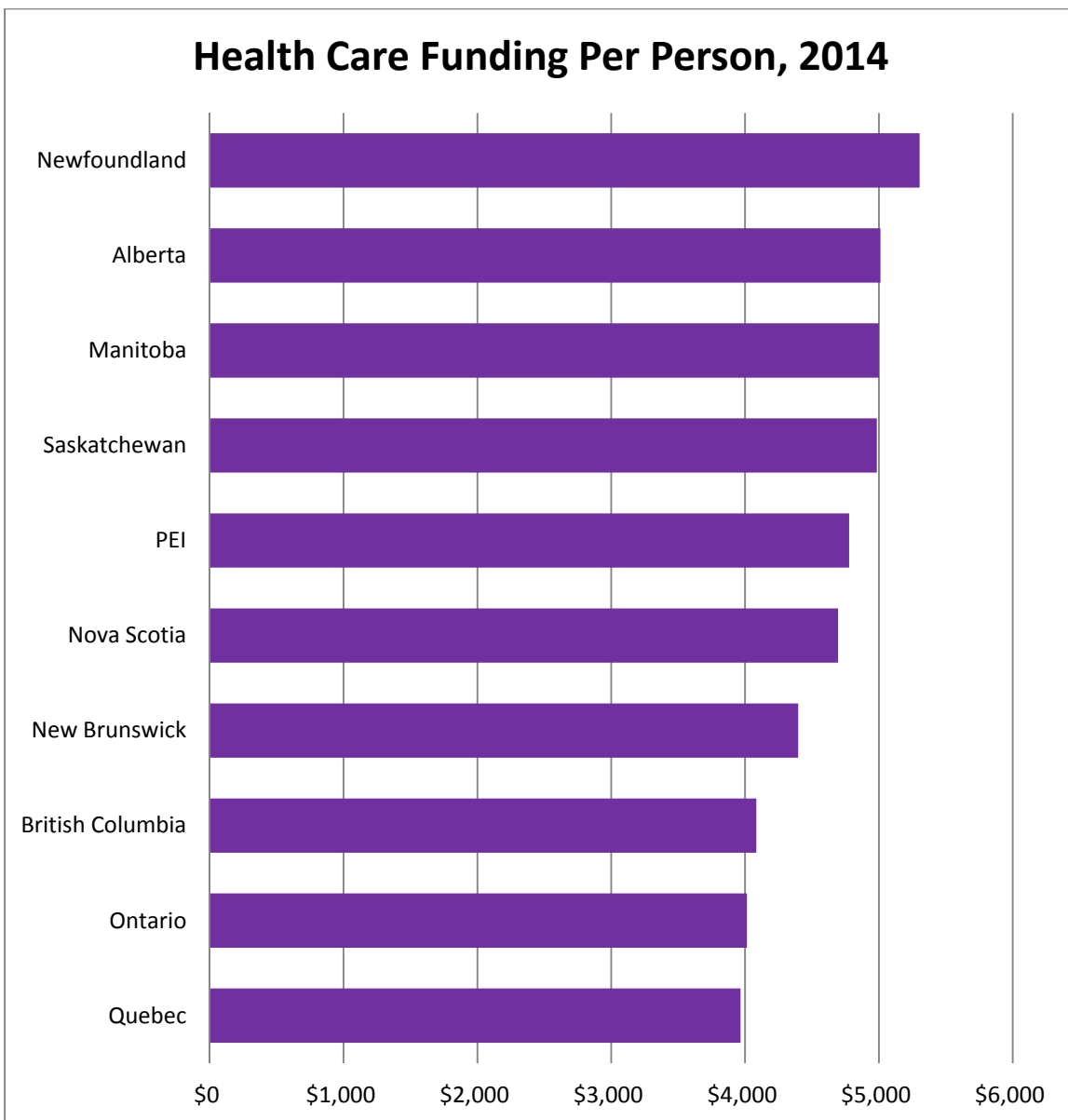
In Ontario the evidence is all around us that needed hospital care is being slashed. Wait times, for which we had seen real and significant progress across the board in the mid-late first decade of the 2000s, are climbing back up again as the hospital cuts take hold. Rationing of home care is extreme. More than 20,000 people are on waiting lists to access long-term care home placements.^{lxviii}

Budget constraints on hospitals have dropped Ontario to the bottom of the country, and the lowest point in international rankings by virtually every count. Ontario has the fewest hospital beds per capita of any province in Canada, by far. Our province has the highest level of hospital occupancy of any developed country. In fact, hospital overcrowding in Ontario is at dangerous levels. We have the most people languishing on long wait lists for long-term care homes, and the highest acuity in those homes. Continual pressure on health budgets has meant cuts, offloading and privatization of services to the detriment of patients.

The Ontario government has, in the last two years, taken some baby steps to address the inequities resulting from their cuts, and, to their credit, stepped in to cover refugee health costs cut by the federal government. Budget 2014 pledged to provide health benefits for children in low income families to cover prescription drugs, assistive devices, vision

care and mental health services and to explore options to extend coverage to all low income Ontarians. Campaign 2000 reported on the impact of restoring and extending health coverage on equity: “Extending health benefits to all low income Ontarians is an important systemic policy solution that can

also address the link between inequality and health suffered by marginalized people. For example, a Toronto study showed that racialized group members were less likely to have visited a dentist in the last 12 months “because they had lower income levels than non-racialized group members.”^{lxix}



Source: Canadian Institute for Health Information, National Health Expenditures Database, 2014.

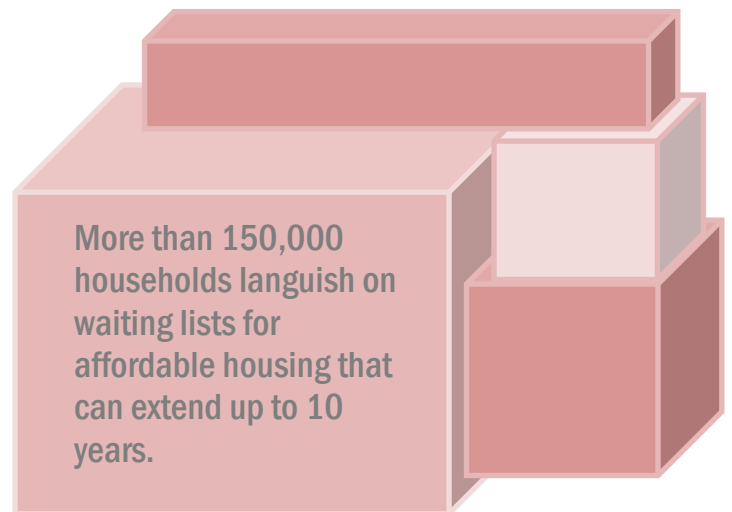
Housing

Housing is, by far, the largest expense faced by individuals and families, particularly those earning low and moderate incomes; and poor housing impacts not only household finances, but mental and physical health also.

Inadequate living conditions are a significant determinant of health. Overcrowding worsens health outcomes while high-cost housing dramatically reduces families' and individuals' ability to afford their other basic needs. As incomes have stagnated or declined, rent has eaten up a greater share of household incomes. In 1990, the cost of rental took between 17 percent of median income (for a bachelor apartment) and 32 percent of median income (for a 3-bedroom house). By 2010, it swallowed 24 percent of renters' median incomes for a bachelor apartment and 41 percent to pay rent on a 3-bedroom house.

Housing affordability is deteriorating. A rising number of people with low incomes face a widening gap between income and rents. But since 1995, government policy changes mean that the modest increase in rental housing is not geared to income and is less affordable than rent-geared-to-income models of rental housing.^{lxx} The bottom line is that government policies in the mid-1990s caused huge damage to accessible housing for Ontarians and that ground has never been made up since. In fact, we are sliding further behind.

Non-profit housing experts call Ontario's shortage of affordable housing, "staggering and worsening". There are more than 156,000 households on affordable housing wait lists and many are discouraged from applying due to wait lists that can extend up to ten years.^{lxxi} By the most recent measures, one in five Ontario renters is in persistently in Core Housing Need – a measure of housing need based on adequacy and affordability of housing. This ratio is higher than any other province.^{lxxii} (The national average is 13 percent.)



Aboriginal peoples (including First Nations communities, Metis and Inuit) are more likely to live in less adequate dwellings than non-Aboriginal Ontarians. Statistics Canada data shows that in 2011, 17 percent of Aboriginal people lived in homes that required major repairs. For non-Aboriginal Ontarians, that rate is 7 percent. About one-third of Aboriginal people living on reserve occupy dwellings that are in poor condition – five-times that of non-Aboriginals. On-reserve Aboriginals are also significantly more likely to live in overcrowded conditions.^{lxxiii}

The 2014 Poverty Reduction Strategy set a goal of ending homelessness but committed to no timelines to achieve this goal. The affordable housing program of the federal and provincial government has added about 1,500 units per year, far short of need. Only about 2/3 of these are in non-profit and publicly-owned housing and therefore likely to remain modestly priced in the long-term. Moreover, only a minority of units are affordable to low-income households. The overall rate of rental housing production since the 1990s is at its lowest since the 1950s.^{lxxiv}

Child Care

Child care is the second largest expense for young families after housing, and it has a huge impact on families' financial security. Ontario's child care costs exceed those in other provinces, and in our largest cities these fees are highest of the country. Parents are paying more for care now than in 1998, and the average cost across Ontario has now exceeded \$12,000 a year. The price of child care in Toronto in sheer dollar terms the highest of anywhere in Canada – up to \$19,000 per year. As a proportion of women's incomes, it is highest in Brampton.^{lxxv} Ontario funds subsidized child care for low income families, but wait lists are long. In Toronto alone, the wait list for child care subsidies averaged 17,000 in the first three months of this year.^{lxxvi}

These are a result of budget and social policy choices, not necessities. Child care costs vary dramatically across the country. In provinces like Quebec and Manitoba, regulation has kept fees down, easing the burden on families. Quebec's universal child care program provides the most economical child care of all. It costs 7 times less than the

median cost of child care per child for an Ontario family.^{lxxvii}

With the introduction of full-day kindergarten for four year-olds, Ontario became a leader in the country. The Ontario government has also opened more child care spaces and taken the first steps towards addressing poor wage rates for child care workers, providing a \$1 raise each year for two years for those with the lowest incomes. For these, the Wynne government deserves recognition. But by Ontario Budget 2015, the phase-in of the remainder of full-day kindergarten for four year-olds was left to schools to fund out of budgets that have been cut in real-dollar terms. And Ontario ranks in the bottom half of the country in terms of the number of licensed child care spaces available to families with kids.^{lxxviii} The budget's small increases for child care fall far short of what is needed to make any significant progress in addressing the gargantuan wait lists for subsidized licensed day care spaces, and to restore public and non-profit day care centres that have been closing down.^{lxxix}



Income Transfer Programs

Employment Insurance, social assistance, child benefit payments, pensions and other income transfer programs were created to set the foundations for a basic standard of living. Across Canada, labour market restructuring combined with cuts to income transfer programs, have reduced financial security for Canadians. Statistics Canada analysis shows that taxes and transfer programs have not been enough to offset the increasing inequity served up by the employment market.

The bottom line is that our country as a whole is becoming more inequitable. For those at the lowermost point of the income scale – those who cannot find work – the bottom has fallen out. For persons with disabilities who face enormous barriers of discrimination in job-seeking, income supports have declined dramatically. Cuts to social assistance and employment insurance have been nothing short of draconian. Ontario's social assistance rates and disability income supports are lower now than they were a decade ago, and even more dramatically lower than they were two and three decades ago. Employment insurance coverage in Ontario is worse now than it has ever been.

Across Canada, income transfers are not mitigating the increasing income inequalities. This was not always the case. Even though family incomes were becoming more inequitable in the 1980s, tax and transfer programs increased enough to offset the market income inequalities. Statistics Canada analysis shows that income redistribution grew enough in the 1980s to offset 130 percent of the growth in family market-income inequality – more than enough to keep after-tax income inequality stable. However, in the 1990-to-2004 period, redistribution did not grow at the same pace as market-income inequality and offset only 19 percent of the increase in family market-income inequality.^{lxxx} Just as salaries and wages were getting less equal,

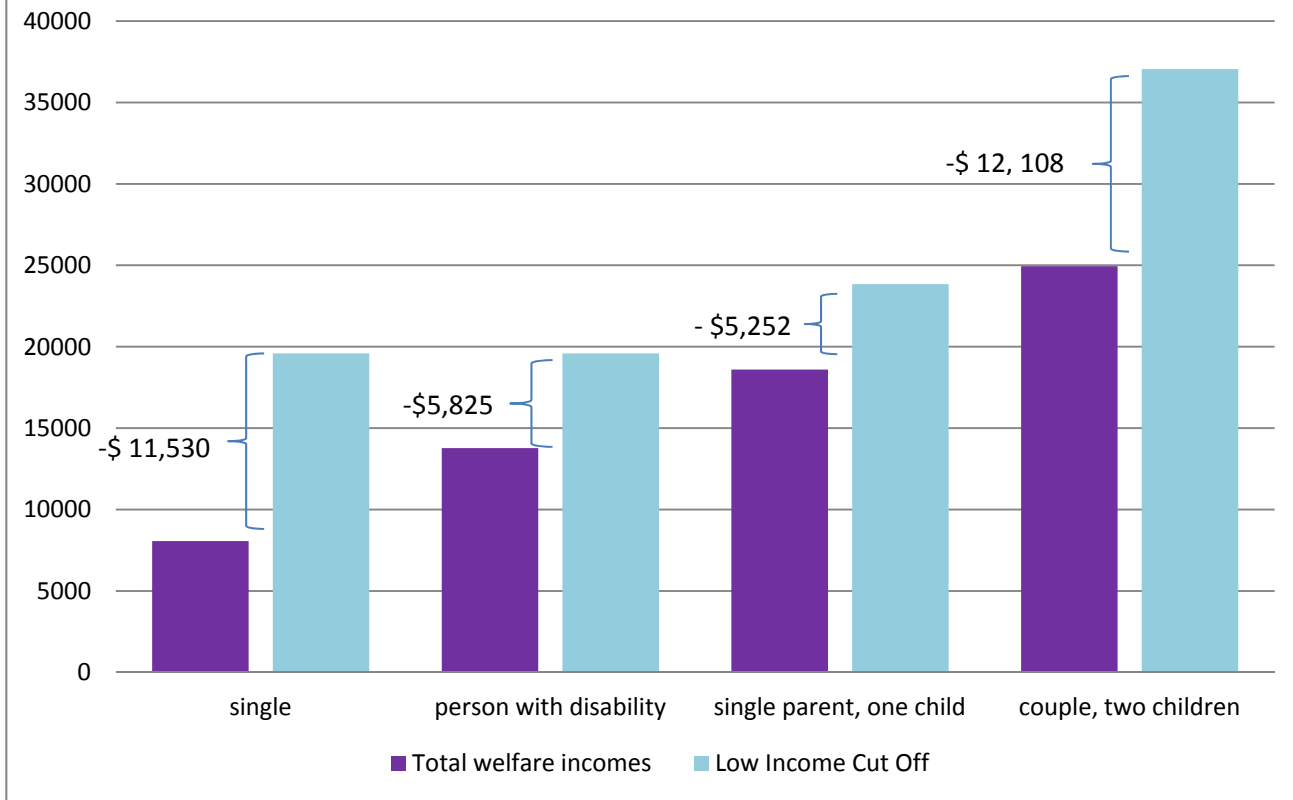
governments engaged in massive tax cuts, benefitting primarily the wealthiest and corporations, and cut or constrained income transfer programs to pay for them. As a result overall income inequality has ballooned.

Social assistance rates, already far too little to meet even the most basic needs, have failed to keep pace with inflation. After the devastating cuts by the Harris government in the mid-1990s, the McGuinty and Wynne governments began to increase rates, but in real-dollar terms they have not even kept up with basic inflation. For persons with disabilities and for those on welfare, rates today are less than they were a decade ago. In fact, in real dollar terms, both Ontario Works and Ontario Disability Support Program are lower today by 5–7 percent than they were in 2003.^{lxxxii}

By 2012, social assistance rates for single people in Ontario were less than half of poverty line incomes. For persons with disabilities on Ontario Disability Support Programs, they were 70 percent of poverty-line incomes. For single parents, they were 78 percent and for couples with school-aged children they were 67 percent of poverty-line incomes.^{lxxxii}

Cornerstone to the legislated commitment to reduce Ontario's child poverty by 25 percent by 2013, was the government's plan to increasing the OCB to \$1,310 per child per year by 2013. This increase was delayed as government made preeminent the corporate tax cuts and deficit reduction. After a year delay, the OCB was increased to \$1,310 per child/year in July 2014.^{lxxxiii} The goal of 25 percent poverty reduction for kids and their families was not met. So in 2014, the Ontario government recommitted itself to the goal of reducing child poverty by 25 percent from the 2008 rate, but this time when it made the promise, it set no timetable for which it can be accountable.

Ontario Welfare Incomes Compared to After-tax Low Income Cut-offs 2012



Source: "Welfare in Canada 2012", Caledon Institute, December 2013.

Cuts by the federal government have dropped unemployment Insurance coverage to the lowest point in its history. Without consultation, the public – who pay for EI to protect us in times of job loss and economic turmoil – have found ourselves falling through a safety net that is full of holes. The plundering of Employment Insurance is an appalling episode in Canada’s social and economic history. In 2010, the federal government cut \$57 billion – that’s \$57,000,000,000 – from the EI surplus for which Canadians paid – and then has steadily dismantled EI coverage for the majority of Canadians. The latest federal cuts to EI targeted Ontario and Quebec for the harshest measures. Eligibility tightening aimed at these two provinces impacted 351,000 jobless Quebecers and 289,000 unemployed

Ontarians by making the rules harder for them to access EI.^{lxxxiv} By October 2012, only 21.2 percent of Ontario’s unemployed were receiving regular EI benefits: barely one in five. Discriminatory EI eligibility rules mean that coverage rates for unemployed women are lower than for men.^{lxxxv}

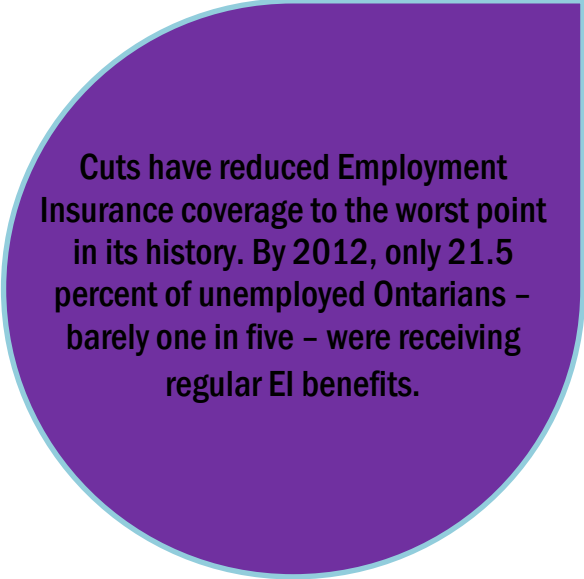
About 10 percent – or one in ten – of Ontario’s seniors lives in poverty, according to the latest data available from Statistics Canada.^{lxxxvi} Of grave concern, retirees today were often in the work force when private pensions covered more of the population, but currently even fewer workers are covered by workplace pension plans and rates of coverage are declining. As work has shifted away from traditional industries to smaller employers, more part-time and casual work, self-

employment and precarious jobs, more workers do not have any workplace pension at all. Young workers, in particular, will face a harder time accruing enough savings for retirement as more workplaces adopt two-tier structures that reduce or eliminate pensions for new hires. And more workplaces have shifted away from defined benefit plans to defined contribution plans (a euphemism for less secure retirement funds). Private pension plan coverage has eroded significantly in Ontario – from 40 percent in the 1980s to under 35 percent by 2005, and it is below the national average.^{lxxxvii} The global financial meltdown in 2008 and the ensuing recession devastated retirement savings: defined-benefit plans and RRSPs declined by 30 percent or more in just a few months.^{lxxxviii}

Public pensions are too little to protect Ontarians from poverty. The average Ontario retiree receives only \$6,800 a year from the Canada Pension Plan (CPP).^{lxxxix} Yet the federal

government has rejected calls by most provincial leaders and millions of Canadians to enhance the Canada Pension Plan to ensure retirement income security. Instead, its response has been to make Canadians work longer. The Harper government increased eligibility for Old Age Security (OAS) and Guaranteed Income Supplement (GIS) to 67 from 65 starting in 2023.

Conversely, the Ontario government should be lauded for its leading role in pushing for a better national pension plan and in proposing an Ontario plan in the absence of federal leadership. However, progressive economists are concerned that the proposed plan's income replacement rate is only 15 percent – too little to bridge the gap and meet the needs of people in retirement. For low income earners, taxation rates for OAS and GIS will eat up all their benefits, even though they will have contributed to the program.^{xc}



Cuts have reduced Employment Insurance coverage to the worst point in its history. By 2012, only 21.5 percent of unemployed Ontarians – barely one in five – were receiving regular EI benefits.

Power Trip: the privatization of Hydro One and other public assets

While Ontario's government has told Ontarians that we must tighten our belts, cutting public services and stifling potential gains in equity-enhancing social programs, the story couldn't be more different for Bay Street investors and some of Ontario's largest private profit-seeking companies. Both under former premier Dalton McGuinty and now, under Kathleen Wynne, the provincial government has been mulish in its determination not to reverse corporate tax cuts to help pay down the deficit despite the undeniable fact that corporations are stockpiling billions in "dead money" that is not helping the economy. At the same time, they have actively engaged in the privatization of Ontario's assets – hospitals, infrastructure and hydro – even in the face of overwhelming evidence that privatization will cost billions more (reducing the money available for social programs that benefit all Ontarians) and hurt the province's books.

Nowhere is the power of the elites at the expense of most Ontarians more glaringly evident than in the privatization of the management of Ontario's electricity grid and in the development of Ontario's public infrastructure projects. On October 29, the Financial Accountability Office of the Ontario Legislature released a report warning that the sale of Hydro One was not only going to raise less money than estimated, it would likely add to the provincial debt.^{xcii} While there is a total consensus of opinion that hydro rates will increase under the privatization plan – forcing more belt-tightening for residents, public institutions and businesses alike – the salary of Hydro One's CEO bulged to more than \$1.3 million. Ironically provincial revenues from OPB/Hydro One were higher than expected in 2014-15, but the government pushed through the privatization regardless.



Similarly, Ontario's Auditor General has warned that billions are being unnecessarily wasted through privatization schemes called euphemistically "Public Private Partnerships" or P3s. In December 2014, the Auditor revealed that for 74 privatized P3 projects to build hospitals, court houses and public transit projects, "tangible costs, such as construction, finance and professional services, were estimated to be nearly \$8 billion higher" under the privatized P3 program than estimated if the projects had been subject to sound management and oversight by the public sector. She went on to note that there is no empirical evidence to support the claims and valuation of "risk transfer" under these schemes.^{xciii} In other words, the public holds the risk but private financiers, construction companies, consulting firms and service privatizers make billions in profits that could otherwise be used to shore up our faltering social programs and enhance equity.

These are not the only privatization initiatives that are robbing Ontarians of our public assets, increasing costs and changing the values of our public institutions and services. Affordable housing has been increasingly privatized upping the risk that rents will become unaffordable. Funding cuts have led to the closure of public day care centres in towns across Ontario. A quiet coup has transferred ownership and control in post-secondary education, facilitated by the public funding cuts. Colleges and universities are remarkably less public than they were 20-years ago and curriculums have changed to reflect the pre-eminence of private interests over public interests.^{xciii} The majority of Ontario's long-term care beds are now owned by profit-seeking companies. For-profit diagnostic and surgery clinics have sprung up across Ontario, taking the easy care "profitable" patients and leaving the more expensive patients to local hospitals with less

staff and funding to treat them. Private clinics are billing OHIP for surgeries and charging patients hundreds or even thousands of dollars for the same surgeries, in violation of

the Canada Health Act.^{xciv} Across the board, public ownership and control of vital services is being lost to private profit-seeking interests.

Conclusion

In a welcome shift, the Kathleen Wynne government in Ontario has shown that it is willing to turn the page on the overblown rhetoric of austerity practiced by Dalton McGuinty. They have taken some steps to alleviate poverty, particularly for children and their families, and – under duress – boosted tax rates for very high income earners to help pay for these measures. But austerity still remains the guiding principle. Cuts to public services – now totalling \$7 billion per Ontario resident over the last five years – are biting deeper every year. As a result, a social deficit is replacing our province’s fiscal deficit. Tuitions, wait lists for housing, out-of-pocket costs for health care – these costs are soaring as public funding is cut and constrained. Ontarians, shaken by the economic down turn and not yet recovered, are now faced with an increasingly unaffordable array of costs for basic needs.

Under pressure from the opposition while in minority, the Wynne government increased the tax rates by 1 – 2 percent for those earning between \$150,000 and \$514,000 per year. These amount to only the tiniest of increases relative to the massive tax cuts enjoyed by the wealthy and corporations in recent decades, but they comprise the first improvement in progressive taxation that we have seen in more than a decade. The government has also taken some steps to alleviate poverty. Notably, increases in child benefit payments have reduced child poverty by 9 percent – short of the 25 percent target – but a marked turnabout nonetheless. This policy, more than any other, shows how clear and accountable targets and dedicated effort to reducing hardship can and do succeed. The government has also increased the minimum wage in real-dollar terms, and this too is progress. But minimum wages remain too meager to meet basic living costs without hardship. In another plus, the Ontario government has proven itself a leader in

creating a new Ontario Pension Plan. But the plan as it is currently designed, leaves many falling through the cracks. Though these measures amount to a real-dollar improvement for some in need, they are a few steps forward following many giant strides back. To date, they are not enough to reverse increasing income inequality, nor to negate the relentless budget slashing in public services.

There have been other announced measures to address inequities, but most of these are just window dressing – nice sentiments but when the curtain is peeled back there are no real plans, no timelines and no benchmarks attached. Small investments in housing, home care and social assistance amount are more PR than progress. In these, government actions are proving to be too little too late, as Ontario’s housing crisis has deepened, welfare rates have sunk in real-dollar terms, and home care falls far short of offsetting massive hospital cuts. And the privatization of new capacity is deepening inequalities in both housing and health care. The recent promise to eliminate homelessness, while welcome, has no coherent plan appended to it, no timelines and no benchmarks. Similarly, the government’s promise to eliminate the gender wage gap sounds good, but there is no plan to achieve it so far. Indeed, the failure of our government to set itself a new deadline to their renewed commitment to reduce child poverty by 25 percent should be of grave concern. The mark was missed in 2013 as kids in poverty were bumped in favour of corporate tax cuts and deficit reduction. Low income children and families have already waited a generation for relief, they should be top priority.

There *are* alternatives. No province is perfect, but trends from across the country show that Ontario’s budget and social policy choices are more inegalitarian than most others. Our

province is still wealthy – with a relatively large GDP, extraordinary education attainment levels and vast economic resources – but it now ranks at the very bottom of Canada in funding all social programs and services. As a tide of labour force restructuring has swept Ontario, the erosion of income transfers and social supports has left Ontarians without adequate protection. It has stunted our recovery from the latest recession and continues to stifle gains today.

Public budgets are a reflection of the values and priorities of governments. While equity-enhancing programs and services have been subject to relentless belt-tightening Corporate tax giveaways have dominated Ontario's budgets to the point that this province is now

one of the lowest tax jurisdictions in all of North America. Yet the evidence shows that corporations are sitting on stockpiles of money, not investing in jobs.

There is far too little debate about our province's economic strategy and direction. Aside from the brew of tax cuts, privatization and public service cuts that have contributed to noxious levels of inequality in our province, there appears to be little by way of economic plan to foster growth and mitigate the worst of the labour market trends. The data in this report shows that those old strategies are not working. We hope that our work here contributes to a deeper debate about the choices we face as a society, and the profound changes we are undergoing.

Endnotes

-
- ⁱ Hennessy, Trish and Jim Stanford, *More Harm Than Good: Austerity's Impact in Ontario* Canadian Centre for Policy Alternatives, March 2013, pp 17.
- ⁱⁱ Ontario Ministry of Finance, *Fact Sheet*, October 2015.
- ⁱⁱⁱ Ibid.
- ^{iv} Averages are the author's calculations. These and the employment rates in this paragraph are from Statistics Canada, *CANSIM Table 282-0087*.
- ^v Author's calculations from Statistics Canada, Population by Age and Sex Canada, Provinces and Territories 2014, *CANSIM Table 051-0001*.
- ^{vi} Tiessen, Kaylie, *Seismic Shift: Ontario's Changing Labour Market*, Canadian Centre for Policy Alternatives, March 2014.
- ^{vii} Author's calculation from Statistics Canada, Labour-force survey estimates (LFS) by economic region and North American Industry Classification System, *CANSIM Tables 282-0600 & 282-0124*.
- ^{viii} Ibid, Also see: Tiessen, Kaylie, Tiessen 2014, pp 5..
- ^{ix} Author's calculations from Statistics Canada, Labour Force Survey *CANSIM Tables 282-0600 & 282-0124*.
- ^x Author's calculations using Statistics Canada, Labour Force Survey *CANSIM Table 282-0124*.
- ^{xi} Ontario's Minimum Wage Advisory Panel, *Report and Recommendations to the Minister of Labour*, 2014, pp 15.
- ^{xii} Author's calculations using Statistics Canada, Labour Force Survey *CANSIM Table 282-0124*.
- ^{xiii} Block, Sheila, *A Higher Standard: The case for holding low-wage employers in Ontario to a higher standard*, Canadian Centre for Policy Alternatives, June 2015, pp 9.
- ^{xiv} Ibid, pp 12.
- ^{xv} Ibid, pp 6, 14- 15.
- ^{xvi} Author's calculation from Statistics Canada, Labour-force survey estimates, *CANSIM Table 282-0047*. Also see Kaylie Tiessen pps 16 – 17.
- ^{xvii} Kaylie Tiessen, pp 17.
- ^{xviii} Ibid, pp 7.
- ^{xix} Ibid, pp 19.
- ^{xx} Cornish, Mary, *Ontario's Equal Pay Day: Best Place for Women? Behind the Numbers*, CCPA, April 19, 2015.
- ^{xxi} Ontario's Minimum Wage Advisory Panel, pp 29.
- ^{xxii} Sheila Block, June 2015, pp 9.
- ^{xxiii} Tavia Grant, *Canada's Troubling Pay Gap*, Globe and Mail, October 10, 2015, pp B8.
- ^{xxiv} Block, Sheila, Grace-Edward Galabuzi and Alexandra Weiss, *The Colour Coded Labour Market By the Numbers: A National Household Survey Analysis*, Wellesley Institute, September 2014, pp 4.
- ^{xxv} Sheila Block, "June 2015, pp 9.
- ^{xxvi} Statistics Canada, Interprovincial migrants, Canada, provinces and territories, annual (persons), *CANSIM Table 051-0017*.
- ^{xxvii} Service Canada, *Client Segment Profile: Youth Aged 15 – 29, Ontario*, April 2014, pp 4.
- ^{xxviii} Canadian Federation of Students et al., *Submission to the Premier's Council on Youth Opportunities, "Addressing Youth Unemployment and Underemployment* February 27, 2014.
- ^{xxix} Kaylie Tiessen, 22.
- ^{xxx} Canadian Federation of Students et al, pp 1.
- ^{xxxi} Ontario's Minimum Wage Advisory Panel, pp 29.
- ^{xxxii} Service Canada, *Client Segment Profile: Aboriginal Peoples, Ontario*, June 2014, pps 10 - 16.
- ^{xxxiii} Block, Sheila et al., September 2014,, pp 2.
- ^{xxxiv} Kaylie Tiessen, pp 23.
- ^{xxxv} Sheila Block, June 15, 2015, pp 9.

-
- ^{xxxvi} Ontario's Minimum Wage Advisory Panel, pp 29.
- ^{xxxvii} Broadbent Institute, *Haves and Have-Nots: Deep and persistent wealth inequality in Canada, September 2014*, pp 3.
- ^{xxxviii} MacDonald, David, *Outrageous Fortune: Documenting Canada's Wealth Gap*, CCPA, April 2014.
- ^{xxxix} Statistics Canada, *High-income Trends Among Canadian Taxfilers, 1982- 2012*, The Daily, November 18, 2014 at <http://www.statcan.gc.ca/daily-quotidien/141118/dq141118b-eng.htm>
- ^{xl} Broadbent Institute, pp 9.
- ^{xli} Statistics Canada, Survey of Financial Security (SFS), composition of assets (including Employer Pension Plans valued on a termination basis) and debts held by all family units, by net worth quintiles, Canada and provinces, occasional (2012 constant dollars unless otherwise noted), *CANSIM Table 205-0003*.
- ^{xlii} Block, Sheila, et al., September 2014, pp 4.
- ^{xliii} Service Canada, *Client Segment Profile: Aboriginal Peoples, Ontario*, June 2014, pps 10 - 16.
- ^{xliv} Paradis, E., *Nine out of Ten Families at Risk of Homelessness in Toronto's Aging Rental Highrise Buildings*. Research Update. Cities Centre, University of Toronto, November 2013 at <http://www.citiescentre.utoronto.ca/Assets/Cities+Centre+2013+Digital+Assets/Cities+Centre/Cities+Centre+Digital+Assets/pdfs/publications/Homelessness+in+Toronto+Rental+Highrise+Bldgs+-+NCRP+Nov-2013.pdf>
- ^{xliv} Ontario Campaign 2000, *Child Poverty, 25 Years Later: We Can Fix This*, 2014 Report Card on Child and Family Poverty in Ontario, 2014, pp 2.
- ^{xlvi} Poverty Free Ontario, *Toronto child poverty at 'epidemic' levels*, August 27, 2014.
- ^{xlvi} Poverty Free Ontario, *Ontario 'recommits' to tackling child poverty*", September 4, 2014.
- ^{xlvi} Ibid, pp 7.
- ^{xlvi} Block, Sheila and Kaylie Tiessen, *Ontario Budget 2015: Kicks the can on fixing Ontario's real problems*, Behind the Numbers, CCPA, April 23, 2015.
- ^l Ontario Ministry of Finance, *Budget 2015*, Chart 2.1.
- ^{li} Statistics Canada, *Income Composition in Canada, 2011* at: <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-014-x/99-014-x2011001-eng.cfm>
- ^{lii} Mackenzie, Hugh and Richard Shillington, *Canada's Quiet Bargain: The benefits of public spending*, Canadian Centre for Policy Alternatives, April 2009.
- ^{liii} Mackenzie, Hugh, *Ontario Budget 2015 throws everything but infrastructure under the bus*, Behind the Numbers, CCPA, April 23, 2015.
- ^{liv} Ibid.
- ^{lv} MacKay, Kevin, *Neoliberalism and postsecondary education: A view from the colleges*, Academic Matters, October 2014.
- ^{lvi} Hugh Mackenzie, April 23, 2015.
- ^{lvii} Canadian Federation of Students – Ontario, *The Impact of Government Underfunding on Students*, Fact Sheet, January 2013.
- ^{lviii} Ibid.
- ^{lix} Ibid.
- ^{lx} Kevin Mackay, October 2014.
- ^{lxi} Higher Education Quality Council of Ontario, *A report on where we are and where we are going*", 2013, pp 14.
- ^{lxii} Statistics Canada at <http://www.statcan.gc.ca/tables-tableaux/sum-som/I01/cst01/educ50a-eng.htm>
- ^{lxiii} Author's calculation using Canadian Institute for Health Information (CIHI) *National Health Expenditures Database*, 2014..
- ^{lxiv} Author's calculation using Canadian Institute for Health Information (CIHI) *National Health Expenditures Database*, 2014.
- ^{lxv} Hugh Mackenzie, April 23, 2015.
- ^{lxvi} Author's calculation using Canadian Institute for Health Information (CIHI) *National Health Expenditures Database*, 2014.
- ^{lxvii} Ontario Health Coalition, *Code Red: Ontario's Hospital Cuts Crisis*, April 2, 2015.

-
- ^{lxviii} Ontario Health Coalition, *Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs*, January 29, 2015.
- ^{lxix} Ontario Campaign 2000, pp 9.
- ^{lxx} *Ibid*, pp 23 – 24.
- ^{lxxi} Ontario Non-Profit Housing Association, Co-Operative Housing Federation of Canada, *Where's Home? Looking back and looking forward at the need for affordable housing in Ontario*, 2013, pp 7.
- ^{lxxii} *Ibid*, pp 45 – 46.
- ^{lxxiii} Service Canada, *Ontario Client Segment Profile: Aboriginal Peoples*, Ontario, June 2014, pp 10.
- ^{lxxiv} *Ibid*, pp 19.
- ^{lxxv} Macdonald, David and Martha Friendly, *The Parent Trap: Child care fees in Canada's big cities*, Canadian Centre for Policy Alternatives, November 2014.
- ^{lxxvi} Tiessen, Kaylie, *Universal Affordable Child care: Don't scap it, improve it*, Behind the Numbers, CCPA, September 28, 2015.
- ^{lxxvii} Ferns, Caroline and Martha Friendly, *The state of early childhood education and care in Canada 2012*, Moving Child Care Forward, June 2014, pp 3.
- ^{lxxviii} Tiessen, Kaylie,, September 28, 2015.
- ^{lxxix} Caroline Ferns, *Ontario budget not enough to modernize child care*, Ontario Coalition for Better Child Care, April 23, 2015.
- ^{lxxx} Heisz, Andrew, *Income Inequality and Redistribution in Canada: 1976 – 2004*, Statistics Canada at <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2007298-eng.htm>
- ^{lxxxi} Hugh Mackenzie, April 23, 2015.
- ^{lxxxii} Tweddle, Ann et al. *Welfare in Canada 2012*, Caledon Institute, December 2013, pp 49.
- ^{lxxxiii} Mackenzie, Hugh and Trish Hennessy, *Ontario Budget 2014: Four more years of austerity*, Behind the Numbers, CCPA, May 2, 2013.
- ^{lxxxiv} Walkon, Thomas, *Stephen Harper's new employment insurance rules whack Ontario hard*, Toronto Star, November 1, 2013.
- ^{lxxxv} Hennessy, Trish and Jim Stanford, *More Harm Than Good: Austerity's Impact in Ontario*, CCPA, March 2013, pp 14.
- ^{lxxxvi} Statistics Canada, Canadian Income Survey (CIS), persons in low income, Canada and provinces, annual (percent unless otherwise noted), CANSIM Table 206-0003.
- ^{lxxxvii} Ontario Expert Committee on Pensions, *A Fine Balance: Affordable Pensions, Safe Plans, Fair Rules*, November 21, 2008, chapter 3.
- ^{lxxxviii} Banting, Keith, and John Myles eds, *The Fading of Redistributive Politics*, UBC Press, Vancouver-Toronto, 2013.
- ^{lxxxix} Ontario Federation of Labour, *End Retirement Insecurity* Submission on the ORPP, February 12, 2015.
- ^{xc} Mackenzie, Hugh, *Proposed Ontario Pension Plan Misses the Mark*, Behind the Numbers, CCPA, May 1, 2014.
- ^{xc} Financial Accountability Office, Ontario, *An Assessment of the Financial Impact of the Partial Sale of Hydro One*, October 29, 2015.
- ^{xcii} Ontario Auditor General, *2014 Annual Report*, Chapter 3.
- ^{xciii} Kevin Mackay, Academic Matters.
- ^{xciv} Ontario Health Coalition, *For health or wealth? The evidence regarding private clinics and user fees in Ontario*, March 25, 2014.

**ONTARIO COMMON
»»»»»» FRONT**

