

April 11, 2011

The Honourable Dalton McGuinty
Premier of Ontario
Room 281, Main Legislative Building, Queen's Park
Toronto, Ontario
M7A 1A1

Re: Ontario Needs a Commission on Tax Fairness and Quality Public Services

Dear Premier McGuinty:

The Drummond Commission on Public Sector Reform is fatally flawed because it is mandated to only look at the spending side of the financial equation. It has not been instructed to review the revenue side as well.

What we need instead is for your government to engage with the people of Ontario in a serious and ongoing conversation about the value of public services and the tax system that pays for them.

I urge your government to establish a Commission on Tax Fairness and Quality Public Services. I suggest the following three priorities for this Commission:

1. Connect the revenue side with the benefits of quality public services. The Commission should examine the value of public services in supporting families and communities; the impact of public services in attracting business investments and creating jobs; the role of the public sector in stabilizing the economy in tough economic times, and the revenue capacity needed to fund these services.
2. Propose measures that will restore tax fairness to the system. Tax fairness has been flipped upside down in Ontario. Today, the top 1% pay a smaller share of their income in taxes than the 10% with the lowest income. Personal income tax cuts have overwhelmingly benefited the richest Canadians while the rest of us are paying more in user fees and sales, payroll and property taxes. At the same time the Ontario and federal government have been cutting taxes for the wealthiest corporations. This kind of unfairness in the tax system constrains the government's ability to provide high quality public services and contributes to a growing income gap between the richest and the rest of us.

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3. Develop a *Fairness Test* that would assess the impact of key tax and spending policies in future provincial budgets on income inequality. The large and growing gap between the rich and lower income Canadians is one of the most important social and economic issues of our time. It is causing economic instability, undermining social cohesion and diminishing the quality of life of all Canadians. Reducing income inequality must be the overriding goal of future provincial budgets.

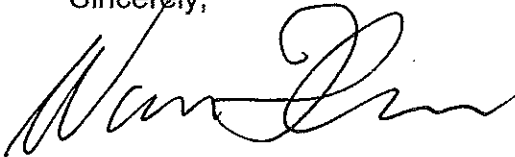
It is crucial that a Commission on Tax Fairness and Quality Public Services involve a broad cross-section of the public, especially those not traditionally involved in the public sector reform and tax policy (like economists, bank executives, lawyers and accountants). The Commission should conduct town hall meetings across the province and especially encourage women, racialized people, the middle class and low income Canadians to participate. This would be the first comprehensive review and open dialogue about Ontario's tax system in the last 15 years.

Mr. Premier, times of great need, we are told, are the times when true leaders emerge and display the courage to set aside political agendas for the sake of the public interest and common good. The challenges facing families in our province demands that kind of courage from you.

If you are not prepared to demonstrate this courage, the Ontario Public Service Employees Union, under my leadership, will step up and do so. OPSEU will establish a Commission on Tax Fairness and Quality Public Services, hold town hall meetings across the province, and engage the public in a real dialogue about these issues. We will produce a report and work with the rest of the labour movement, our community allies and the public at large to pressure your government to adopt the recommendations.

OPSEU recognizes that the public wants a leader who understands the value of quality public services and is prepared to talk straight about the need to pay for them through a fair tax system. We hope you recognize this as well.

Sincerely,



Warren (Smokey) Thomas
President

WST/ab

copy to: Honourable Dwight Duncan, Minister of Finance
Tim Hudak, Official Opposition Leader
Andrea Horwath, NDP Leader
OPSEU Executive Board
OPSEU Stewards