



‘BILLION OR BUST’ – INVEST NOW

Brief presented to the Standing Committee on Finance and Economic Affairs

By

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ISARC PRE-BUDGET SUBMISSION

To: the Standing Committee on Finance and Economic Affairs

ISARC – a voice for the voiceless

The Interfaith Social Assistance Reform Coalition (ISARC) welcomes this opportunity to have a voice in shaping the province's 2017 budget. Our coalition represents Christian, Jewish, Muslim and other faith communities across Ontario, including the Anglican Diocese of Toronto, the Anglican Provincial Synod of Ontario, the Assembly of Catholic Bishops of Ontario, the Canadian Unitarian Council, Catholic Charities of the Archdiocese of Toronto, Congregation Darchei Noam, the Council of Imams, the Council of Canadian Hindus, the Eastern Synod of the Evangelical Lutheran Church in Canada, the Eastern Ontario District of the Pentecostal Assemblies of Canada, the Islamic Humanitarian Service, Mennonite Central Committee Ontario, the Presbyterian Church in Canada, the Society of St. Vincent de Paul, the Toronto Board of Rabbis, and the United Church of Canada.

As communities of faith, we are concerned about the slow rate of progress of the government's efforts to lift Ontarians out of poverty. Working for justice and ensuring that the poor and marginalized are not left in an endless cycle of poverty is a tenet of all our faith traditions.

As faith organizations we have done and continue to do our part to serve the poor and show compassion to those in need. But we cannot fix the systemic issues that keep people in poverty. That is the work and moral obligation of a good and conscientious government.

Ontario is home to over a million diverse faith communities who are watching with interest, the commitment that the government will show in its next budget to poverty alleviation. We understand that there are a myriad of competing interests and priorities that need to be

balanced and there will be many voices that will speak into shaping the 2017 budget. However, the poor do not have a voice.

For the past three decades we, together with a growing number of organizations have been that voice, encouraging governments to act in the best interests of the poor in Ontario. We now call on the Liberal government to step up and deliver on its election promise to be the social justice government that Premier Wynne proudly stated it would be, to Ontarians.

Now is the time to act on that promise.

And so we are asking you to use this next budget to do three things:

- Add another billion dollars immediately to social assistance programs; with approximately \$700 million for rate increases and \$300 million to resolve inequities in the delivery system
- Add another billion dollars over three years towards affordable housing programs
- Raise the minimum wage immediately to \$15 per hour

A billion dollars is less than 1% of the provincial budget: an investment that not only helps people on OW and ODSP and improving health and well-being, but will also save the government money by reducing things like hospitals visits and helping local economies grow.

These would be bold steps that would confirm your intention to make good on the election promises this government has repeatedly made to close the gap between the have and have-not populations of our province.

Positive steps

We commend the government for steps taken to alleviate poverty.

We were heartened by the government's Poverty Reduction Act of 2009, and the reaffirmation of a Poverty Reduction Strategy in 2014. However we, and many others feel that progress has

slowed down in putting flesh and bones on the title of Ontario's second five-year poverty reduction strategy, called "Realizing Our Potential."

We are grateful that increases to the Ontario Child Benefit were front-loaded in the face of the global recession, the minimum wage was increased and indexed to inflation and changes were made to social assistance rules such as ending the claw back of child support payments from social assistance payments and increasing the travel allowance for medical visits.

We also acknowledge the continuing dialogue with regard to the Guaranteed Annual Income or Basic income strategy being piloted in cities across Ontario. Much as this could be a step in the right direction (although the jury is still out as to its effectiveness), it would still be another 5 years before any policy decision is made, based on the analysis of the outcomes of these pilots.

In the meantime the reality is that with the increasing price of housing, electricity, food and other costs of living, many who live in poverty continue to struggle every day to care for themselves and their families. The poor in Ontario are getting poorer, a fact corroborated by a number of organizations that have done extensive research in this area¹.

We commend you for the appointment of the Income Security Reform Working Group facilitated by George Thomson. And we support their call for the government to raise social assistance rates "by a meaningful amount that exceeds inflation in 2017." This would demonstrate a commitment to those in need and be "an early signal" of the government's positive response to the recommendations in the Action Plan.

Why it matters

There are economic arguments as to why raising the incomes of the most impoverished is good for the economy. There are practical arguments about the lost productivity of those who are

¹ Campaign 2000, Income Security Advocacy Centre, Ontario Association of Food Banks.,

left to languish on the margins of society. There are social and health implications that leave people behind which ultimately reduce the quality of life for the whole community.

From a moral and ethical perspective, ISARC believes that we are called to care for each other and to respect the dignity and value of every human being. We believe we are called to be a neighbour to one another, and that the way we care for each other is the legacy we leave to future generations.

More than a decade ago, the Deputy Premier, Honourable Deb Matthews in a review of employment programs recognized that low social assistance rates act as a barrier to employment and contribute to "deep and sustained poverty".

We are dismayed by the lack of significant action. The sympathetic refrain of "yes, but not yet," is no longer an acceptable option – if it ever was - for those of us who have been waiting years for more substantial action. It is a shameful dismissal of those who exist in a desperate struggle to survive. A government committed to poverty reduction should seek out additional resources.

Funding – a matter of priority

In its meetings with government leaders over the past ten years, ISARC believes that everyone shares the same goal: an end to chronic poverty in Ontario. Yet, the objectives of both poverty reduction strategies have been undermined by the government consistently claiming that it cannot afford the expenditures needed for full implementation. While we understand that the government is working to tame the provincial deficit, it should not be done by sacrificing the goals of poverty reduction.

The government has pledged to balance the budget by 2017-18, while also investing in the programs and services that benefit all Ontarians. Yet far too little attention has been paid to the revenue options that could help fund the measures that would improve the living conditions of families and individuals living on low-income. The government has a range of tax

options available to raise the revenue needed to finance meaningful poverty reduction measures. Here are a few options:

Following the federal government's lead, the province should raise taxes on high income earners. To its credit, the province took a step in this direction in the 2013 and 2014 budgets when it raised the marginal income tax rate for the top 2% of income earners. But further steps are needed.

Restore corporate income tax rates to their 2009 level; this would raise an additional \$2.5 billion annually in government revenue. Corporate income tax rates have been reduced steadily over the past two decades to the point where Ontario now has one of the lowest corporate income tax rates among developed countries.²

Action Steps to Make Poverty Reduction Real

The government can reaffirm its commitment to authentic poverty reduction, as well as put money into the hands of people who will spend it locally, by taking the following actions:

Increasing the 2017 budget for social assistance by \$1 Billion: Increasing the rates by an average of 10% should cost the Treasury about \$700 Million. Given that Social Assistance rates for those on OW have fallen behind the rates for those on ODSP we recommend an increase for those on OW of greater than 10% while the increase for individuals on ODSP can be for less than 10%. This year however there needs to be a substantial increase for those with dependants on ODSP given the flat lining that occurred for this group in the past. The other \$300 Million should be sufficient to remove some arbitrary rules denying benefits and to expand access to dental care.

Provide a sharp increase in funding for affordable housing, in the amount of \$1 Billion over the next three years as part of a long-term plan for ending homelessness. As mentioned, Ontario

² "Fixing Ontario's Revenue Problem", Canadian Centre for Policy Alternatives, pg.10

should be able to access additional funding for affordable housing from the new federal government.

Raise the minimum wage to \$15.00 per hour in 2017, from the current \$11.40 per hour, so that work provides a pathway out of poverty. We applaud the government's decision to link the minimum wage to inflation. Yet \$11.40 still leaves workers below the poverty line. A decent minimum wage is especially important given that Ontario's low-wage workforce has grown by 94 percent over the past 20 years, far more than the 30 percent growth in total employment in that time. A wide range of organizations are calling for a living wage, rather than only a minimum wage, including a growing number of employers and business groups, such as the Hamilton Chamber of Commerce and the Windsor Essex Chamber of Commerce. They realize that a higher minimum wage is not only the right thing to do morally, but it's also in their interest.

Aside from the ethical imperative to pay workers a living wage, there is an economic urgency of increasing demand to stimulate the economy. By doing so, the government creates an economic incentive, spurring on low income individuals to be consistently more productive and thus sustain high levels of employment.

The call for an increase to \$15 an hour is part of the broader Campaign for \$15 and Fairness. Action in 2017 by the province to amend the Employment Standards Act and the Labour Relations Act will end much of the discrimination against precarious workers. That action will increase incomes of such workers resulting in more tax revenues to offset the investments we are calling for in this submission.

A budget is a moral document

ISARC as well as other concerned groups across Ontario are anxiously waiting to see if the government's commitment to poverty reduction is matched by the necessary resources to achieve it. We were active in calling for improvements to the social assistance system, along

with many others across the province, through the Commission on Social Assistance in Ontario. Three and half years have passed since the release of the commission's report, *Brighter Prospects: Transforming Social Assistance in Ontario*. We are still waiting for action to be taken in response to the commission's recommendations, action that would both help people in urgent need, as well as helping restore faith in government.

Over the past decade, ISARC has 'taken the pulse' of the province on several occasions to measure the impact on people directly affected by poverty and homelessness through community social audits. Hundreds of people in communities across Ontario responded. They enabled us to hear firsthand about conditions faced each day by individuals and families living in situations of poverty. Their stories rarely merit an article in the media and are all too often ignored by society as a whole.

ISARC represents many faith communities that themselves are made up of tens of thousands of people, who inspired by their faith, are directly involved with food banks, meal programs, 'Out of the Cold' and emergency shelter programs. Their outreach assists low-income people in their daily struggle to survive. These programs which were meant to be short-term, stop-gap measures are now sadly part of the "new normal" in our society. Giving the working poor the tools to become self-sufficient is a goal that should be shared not just within the faith community but by society in general.

As the government prepares its budget, we urge it to be guided by the belief that a budget is not simply about the allocation of funding for programs and services but rather about people and ensuring that *everyone* is included and that *no one* is excluded from being full participants in society. When we invest in people, we all benefit.

ISARC hopes that the government will heed the advice of the many who believe that now is the time to act and allocate the funds needed to realize the goals of its poverty reduction strategy. We believe that the government should enact the needed legislation that will set out the policy

and create the regulatory structure to make this a reality. All that is needed is the political will to do it.

As this budget is the last active and implementable budget before elections in 2018, ISARC believes that it is imperative that the government deal with the issues that we have raised. For this reason, ISARC has adopted the slogan, “Billion or Bust”: \$1 Billion for social assistance rate increases, \$1 Billion for social housing investments (*over three years*), and an increase to \$15-an-hour to raise minimum wage. ” There is an urgent need for significant investment in these areas NOW.

Respectfully submitted.

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Chair -ISARC