



BUILDING AN ONTARIO FOR EVERYONE

Brief presented to the Standing Committee on Finance and Economic Affairs
by
The Interfaith Social Assistance Reform Coalition

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As Ontario's major faith-based anti-poverty coalition, the Interfaith Social Assistance Reform Coalition (ISARC) welcomes this opportunity to influence the province's 2015 budget. Our coalition represents Ontario's major faith communities, including the Anglican Diocese of Toronto, the Anglican Diocese of Niagara, the Anglican Provincial Synod of Ontario, the Association of Catholic Bishops of Ontario, the Canadian Unitarian Council, Catholic Charities of the Archdiocese of Toronto, Congregation Darchei Noam, Dicle Islamic Society, the Council of Imams, the Council of Canadian Hindus, the Eastern Synod of the Evangelical Lutheran Church in Canada, the Western Ontario District of the Pentecostal Assemblies of Canada, the Islamic Humanitarian Service, Mennonite Central Committee Ontario, North American Muslim Foundation, the Presbyterian Church in Canada, the Redemptorists in Canada, the Society of St. Vincent de Paul, the Toronto Board of Rabbis, and the United Church of Canada.

ISARC has worked for more than 30 years to promote public policies that can ensure all citizens are treated with dignity. We see the government's coming budget as a crucial one, as it is the first one after the release in September 2014 of Ontario's second five-year poverty reduction strategy, called "Realizing Our Potential." Indeed "potential" is the key word we believe that the government should focus on as it plans its budget.

Introduction:

The faith communities that make up our coalition are themselves made up of tens of thousands of people. Many of our members, inspired by their faith, are directly involved with what have been aptly called the "survival programs" that enable low-income people to get through each day, and night. These include food banks, meal programs, Out of the Cold and other emergency shelter programs, and similar efforts. Sadly, programs such as these seem to have become part of the "new normal" in our society, even though there is nothing at all "normal" about so many people having to rely on these survival programs to avoid starving or dying of exposure. Indeed, we are disturbed that major corporations and institutions such as the CBC boast that they are working to counter hunger through their support for food banks — rather than by tackling the root causes of hunger, poverty and homelessness.

A few key facts bear out the depth of hardships involved:

- * More than 10 percent of Ontarians, 1.6 million people, live in poverty. Many are living on incomes far below the poverty line. A single person on the Ontario Works social assistance program receives only \$656 per month for all their needs.

- * Over 550,000 children in Ontario - one child in five — are living in poverty, according to the most recent statistics.¹
- * Food bank use has risen by 45 percent in Ontario over the past two decades, reports the Ontario Association of Food Banks.² The number of households using food banks for the first time has soared by 20 per cent. Over one-third of food bank clients are children. Some 375,000 people in Ontario receive food from a food bank in an average month. ³
- * The severe shortage of affordable housing continues to worsen, with a four percent increase in the provincial affordable housing waiting list in 2013. In Toronto, the number of people living in households waiting for affordable housing has soared from 128,000 in 2008 to 168,000 in 2014. A growing number of people in communities across Ontario are forced to rely on emergency shelters. In Peterborough, for example, an emergency shelter opened in the basement of a local church, expecting to serve 10 to 15 people per night. Yet by early December 2014, it was jammed to capacity, with more than 20 people. The situation is similar across Ontario.

Signs of hope in recent years

There have been some signs of hope in recent years. Ontario's 2008 Poverty Reduction Strategy (PRS) showed that targeted policies can make a difference. The first PRS, launched in 2008, was guided by the goal of reducing child poverty by 25% within five years. While it did not achieve this target, increases in the Ontario Child Benefit and in the minimum wage helped reduce child poverty by 9.2 percent from 2008-2011.

The next five-year Poverty Reduction Strategy, announced in September 2014, included a number of measures that ISARC strongly supports, a few of which had been previously announced by the government. These include \$42 million for the Community Homelessness Prevention Initiative, to bring investment to this program to almost \$294 million per year. Other positive measures included \$16 million for 1,000 new supportive housing units over three years to help Ontarians challenged by mental illness and addiction issues, an increase in the Ontario Child Benefit to \$1,310 per child, and \$50 million over five years for local poverty reduction efforts.

We also applaud the poverty reduction plan's bold target of ending homelessness in Ontario. We were also encouraged by the commitment to continue to reduce child poverty in Ontario by 25% from the 2008 figure of 15.2 percent. While these are important goals, Ontario needs to set targets and timelines, with a clear action plan, to achieve them.

¹ 2014 Report Card on Child and Family Poverty in Ontario, Family Service Toronto and Ontario Campaign 2000, pg.3

² "Use of food banks soaring", Toronto Star, Dec.1, 2014

³ "Use of food banks soaring", Toronto Star, Dec.1, 2014

Poverty reduction requires resources

ISARC is encouraged by the government's commitment to alleviate poverty. We were encouraged to hear Community and Social Services Minister Helena Jaczek say that her government "has as its No. 1 concern (helping) those most vulnerable members in society."⁴

However, we need to see these commitments backed up by resources. Nor can we accept the argument that the government simply cannot afford to help people living in degrading conditions. The government's 2014 budget is a case in point. It included a \$2.5 billion Jobs and Prosperity Fund to give grants to companies that create jobs— vastly more than the \$92 million in new investment to fight poverty and eliminate homelessness announced by Deputy Premier Deb Matthews.

Tackling housing is key

We won't make progress in alleviating poverty until we address the huge, and growing, shortage of affordable and supportive housing in Ontario. It's as simple as that. Far too many Ontarians are paying 60, 70 or even 80 percent of their income on rent, leaving little money left over for food, clothing, transportation and other basic needs.

We could not agree more with Deputy Premier Matthews' comment that "Ending homelessness is not only the right thing to do, it's the smart thing to do." Minister Matthews made this comment on Sept. 3, 2014, as the government's new five-year anti-poverty strategy was unveiled. She was right to say that ending homelessness is the smart thing to do, because there are all kinds of hidden costs involved with homelessness, including higher costs for health care, social services and criminal justice expenses. Homeless and poorly-housed people tend to suffer declining health and thus use more health services. As Minister Matthews noted, "Homelessness costs Ontario's economy. Investments in housing can mean savings down the road because people are healthier, more ready for employment, and participating in the community."

We commend the government for matching the federal government's five-year, \$801 million investment in affordable housing. However, much greater support is needed. The Ontario Non-Profit Housing Association (ONPHA) estimates that Ontario needs to spend \$1.3 billion each year over the next decade to meet the need. We agree with ONPHA executive director Sharad Kerur that "the affordable housing crunch is not going to be solved by the current approach."⁵

The \$1.3 billion figure might seem high, yet it only represents about one percent of the province's annual budget.

⁴ "Wynne apologizes for welfare blunder", Toronto Star, Dec. 4, 2014

⁵ Toronto Star, Sept. 9, 2014.

Action Steps to Make Poverty Reduction Real

The government can live out its commitment to authentic poverty reduction, as well as putting money into the hands of people who will spend it locally, through measures such as these:

- * **Raise the minimum wage to \$14.00 per hour by 2016**, from the current \$11.00 per hour, so that work provides a pathway out of poverty. We applaud the 2014 increase from \$10.25 to \$11.00 per hour, and the indexation of the minimum wage to inflation. Yet \$11.00 is still not enough. That figure provides only 87% of the income needed to lift a single parent's take-home pay to the poverty line — assuming full-time hours of work, which many employees are unable to obtain. ⁶
- * **Significantly raise social assistance rates, starting with a \$100 per month increase for single people on Ontario Works (social assistance)**. Rates now are so low that they force people into degrading and unhealthy living conditions. For example a single parent on Ontario Works with one child under 6 only receives \$941 per month as well as a maximum Ontario Child Benefit of \$109 per month. That leaves them 35 percent below the poverty line. ⁷
- * **Provide public dental benefits to all low-income adults by 2018**. We appreciate the commitment for this measure in the Poverty Reduction Strategy, but the 2025 date given for completion is too late.
- * **Increase the Ontario Child Benefit by \$100 per child per year, and index future increases to the rate of inflation**. The OCB has made a real difference for low-income families, but further increases are needed.
- * **Implement a monthly housing benefit for low income-tenants** who, all too often, have to make the terrible choice between paying their rent or buying food.
- * **Provide a sharp increase in funding for affordable housing**, as part of a long-term plan for ending homelessness. The \$1.3 billion annual increase proposed by the Ontario Non-Profit Housing Association has been mentioned earlier.

Increased government revenues are needed

At a time when our society's political climate has become dominated by an austerity mindset, we need to remind ourselves that we live in a wealthy society. Unfortunately, however, that wealth is not being shared fairly across our society. Growing inequality has become a major public issue, and for good reason. In Canada, the top 1 percent receives 14 percent of all

⁶ 2014 Report Card on Child and Family Poverty in Ontario, Family Service Toronto and Ontario Campaign 2000, pg.7.

⁷ 2014 Report Card on Child and Family Poverty in Ontario, pg.8

income, up sharply from 8 percent in the 1980s.⁸ Ontario is very much part of this disturbing trend. In Toronto, for example, the average income of the richest 1 percent has risen by over 80 percent since the 1980s, while the average income of the bottom 90 percent is 6 percent less than in the 1980s.⁹

Improved publicly-funded programs and services can help to alleviate this growing inequality, and provide the services and programs so urgently needed by those left on the economic margins of our society. However, a kind of fundamentalism seems to have gripped those with key decision-making power in our society, including economic, political and media leaders. This fundamentalist dogma argues that governments somehow cannot afford the expenditures needed to help the poor. Related to this belief is the notion that taxes cannot be raised on the wealthy to pay for the investments in social programs so desperately needed in Ontario. Instead of focusing on the need to come to grips with the vast human deficit caused by hunger, poverty and homelessness, our elites tell us that government's top priority has to be taming the provincial deficit.

We disagree strongly with this assessment. We agree with economist Trish Hennessy, who has noted, "You can't be an activist government and not have enough revenue to actually make change."¹⁰

The government has a range of tax options available to raise the revenue needed to finance meaningful poverty reduction measures. To cite just one of them, restoring corporate income tax rates to their 2009 level would raise \$2.5 billion annually in government revenues.

Tax increases for the wealthiest Ontarians are another option, especially given that the 10 percent wealthiest Canadians enjoy almost half (47.9 percent) of the country's wealth, as of 2012, while the bottom 50 percent only controlled less than 6 percent.¹¹ To its credit, the government's 2014 budget provided small income tax increases for Ontarians earning more than \$150,000, but further steps are needed.

Our choice: continuing hardship or social progress?

Political commentators and pollsters have warned that Canada is experiencing an unprecedented collapse of trust in democracy overall, and in particular, in governments and politicians. Many people have lost faith in the capacity of government to improve life for citizens. This is an extremely disturbing trend.

⁸ <http://www.broadbentinstitute.ca/en/issue/income-inequality>

⁹ https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office%2C%20Ontario%20Office/2013/11/Income_Inequality_Fact_Sheet.pdf

¹⁰ Toronto Star, July 14, 2014

¹¹ 2014 Report Card on Child and Family Poverty, pg.9

And of course, the notion that government is powerless to alter the current direction of our economy and society is simply not true. When they choose to, governments can enact policies and policies leading to tremendous improvements in people's lives. Latin America is a case in point. Progressive policies during the past decade have resulted in between 60 to 70 million people being lifted out of poverty in Latin American countries during the past decade. In Brazil alone, some 36 million people have escaped from poverty.¹² Minimum wage increases and grants for low-income families have been key ingredients in Brazil's recipe for progress against poverty. The evidence is in: governments *can* act for the common good.

As mentioned earlier, we and many others across Ontario are anxiously waiting to see the government's verbal commitment to act against poverty matched by the resources required. We, and many others, have been calling for action in this area for a long time. 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. Two and half years have passed since the release of the commission's report, *Brighter Prospects: Transforming Social Assistance in Ontario*. We await action in response to the commission's recommendations, action that would both help people in urgent need, as well as helping restore faith in government.

Our coalition has taken the pulse of the province several times in recent decades on the impact of poverty on people's lives through community social audits involving, on each occasion, hundreds of people in communities across the province. A highlight of these powerful experiments in citizen action have been that they have enabled Ontario's real poverty experts — people living in poverty — to speak of their lives, lives that are so often ignored by the media and by our society overall. Our latest social audit, held in 2010, led to the book *Persistent Poverty: Voices from the Margins*.

As the government prepares its budget, we urge it to be guided by a few concluding comments from *Persistent Poverty*, which remain true today:

*The way in which we treat our most vulnerable neighbours...speaks volumes about the very nature of our society. Ethically and morally, a society is judged by how it treats its most vulnerable and marginalized members.... we have a long way to go before we can claim with any honesty that we are applying moral treatment in dealing with the least fortunate among us.*¹³

¹² "Latin America: Real gains for the poor, but tougher times ahead", Stephanie Nolen, The Globe and Mail, Jan.3, 2015

¹³ *Persistent Poverty: Voices from the Margins*, Jamie Swift, Brice Balmer and Mira Dineen, Toronto: Between the Lines, pg.160