

ISARC Pre-Budget Submission

January 25th, 2022

Interfaith Social Assistance Reform Coalition

Rev. Dr. Susan Eagle, Chair

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The Interfaith Social Assistance Reform Coalition (ISARC) welcomes this opportunity to have a voice in shaping the province's 2022 budget. Our coalition represents Christian, Jewish, Muslim and other faith communities across Ontario, including the Anglican Diocese of Toronto, the Anglican Diocese of Niagara, 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, Holy Blossom Temple, the Islamic Humanitarian Service, Mennonite Central Committee Ontario, the Presbyterian Church in Canada, The Salvation Army, the Society of St. Vincent de Paul, the Toronto Board of Rabbis, and the United Church of Canada.

ISARC advocates with and for Ontarians living in low-income households, who struggle to support themselves and their families. For more than thirty-five years, ISARC has participated in government consultations and hearings aimed at reducing poverty and providing an income security system that provides a livable income and that respects basic human dignity.

The faith communities that make up our coalition are themselves made up of tens of thousands of people, many of whom are active in justice initiatives to address root causes of poverty, as well as being directly involved with “survival supports” such as food banks, meal programs, Out of the Cold, and other emergency shelter programs.

ISARC has a long-standing commitment to making sure that Ontario's social assistance program, and its income security system in general, provides both a level of support to lift people out of poverty and is delivered in such a way as to respect the dignity of people. Sadly, Ontario's social assistance programs still fall short, leaving many people forced to live in deep poverty.

Closely connected to direct income supports is access to truly affordable housing. Decades of underfunding for social and community housing have left many Ontario communities in a deep affordable housing deficit. With funding through the National Housing Strategy, this is beginning to change. However, a glaring gap in the Ontario Residential Tenancies Act -- the absence of rent control for vacant apartments -- has led to a loss of naturally occurring affordable rental units in older buildings.

Income security for seniors rests largely with the federal government. Yet the Province of Ontario does have a key role to play in protecting the well-being and dignity of seniors needing care either in long-term care facilities or through community-based home-care services. The pandemic has thrown into stark contrast the many weaknesses that still plague Ontario's long-term care system.

Summary of recommendations

Income Security

- In this budget, index OW and ODSP rates to inflation.
- Set a multi-year plan to raise social assistance incomes above the Market Basket Measure of Poverty through any combination of increases to social assistance rates and/or refundable tax credits available to all low- and modest-income households.
- Invest Provincial funds and work with the federal government to build out the Canada-Ontario Housing Benefit so that it reaches more households in core housing need.

Affordable Housing

- Extend rent control to vacant rental units and units built since 2018.
- Provide municipalities the right of first refusal on apartment buildings that come up for sale.
- Provide funding to support municipalities, non-profit housing providers, and co-operatives to purchase existing apartment buildings that come up for sale.
- Prioritize public investment in permanently affordable housing built and managed by municipalities, non-profit housing providers and housing co-operatives.

Long-Term Care

- Increase pay for employees in long-term care homes, including nursing staff, personal support workers, and all other support staff working in long-term care homes.
- Encourage the conversion of part-time and contract positions into full-time permanent staff.
- Improve legal rights, working conditions, and pay for home care workers.
- Make plans through the province's budget to go to capital markets to secure funds to finance the cost of redeveloping and building new long-term care facilities. The province must make these funds available to not-for-profit long-term care providers so that they can apply for a greater proportion of the new builds.

Improving Income Security for Ontarians

A report from the Maytree Foundation, *Welfare in Canada, 2020*, found that Ontario Works (OW) and Ontario Disability Support Programs (ODSP) left recipients far below the Market Basket Measure of Poverty (MBM). Four household types were surveyed (single adult on OW, single adult on ODSP, single parent with a young child on OW and a couple with two children on OW) and all had incomes that left them in deep poverty -- meaning incomes less than 75% of the MBM. (*Welfare in Canada, 2020*: <http://www.maytree.com>)

A single adult on OW had an income that amounted to only 56% of the deep poverty threshold. The couple with two children had an income that amounted to 91% of the deep poverty threshold. The better financial position of poor families reflects the investments in child benefits at the federal level as well as provincially. Nonetheless, it is important to recognize that even with child benefits, families that rely on Ontario's basic income security programs -- OW and ODSP -- still live in deep poverty.

Ontario's income security programs consist of a combination of social assistance benefits through OW and ODSP (currently divided into a basic needs allowance and a shelter allowance), refundable provincial credits like the Trillium Benefit and the Ontario Child Benefit, plus refundable federal benefits such as the GST/HST credit and the Canada Child Benefit. The Ontario Child Benefit and the Canada Child Benefit are adjusted annually to reflect increases in the cost of living. Refundable tax credits such as the federal GST/HST credit and the Ontario Trillium Benefit are also adjusted annually to reflect increases in the cost of living. Social assistance rates, by contrast, have been frozen since the fall of 2018.

Ontario should implement a multi-year plan to raise incomes for people on social assistance first to the Deep Poverty Threshold, that is 75% of the Market Basket Measure or MBM, and then to the Poverty Threshold (MBM). A first step in that plan should be to implement the recommendation from *Income Security: A Roadmap for Change* report to collapse the basic amount and shelter allowance into a Standard Flat Rate benefit. If this is not done, both the basic needs and shelter allowances should receive increases. The plan could then include any of a combination of scheduled increases in OW and ODSP benefits above the cost of living, increases to the Ontario Trillium Benefit above the cost of living or other tax credits, such as converting the basic personal amount exempt from Ontario personal income tax into a refundable credit, and making that benefit available to Ontarians whose taxable income is below the threshold, building the foundation for a guaranteed liveable income.

The Canada-Ontario Housing Benefit is a useful program providing income-tested support for households in core housing need. The Province should expand this portable housing benefit through Provincial investments and ongoing partnership with the federal government to enable funding to reach more households in order to make housing costs more affordable.

Income Security Recommendations

- In this budget, index OW and ODSP rates to inflation.
- Set a multi-year plan to raise social assistance incomes above the Market Basket Measure of Poverty through any combination of increases to social assistance rates and or refundable tax credits available to all low- and modest-income households.
- Invest Provincial funds and work with the federal government to build out the Canada-Ontario Housing Benefit so that it reaches more households in core housing need.

Affordable housing

There is a built-in tension in Ontario's housing market where housing is recognized as a human right but housing is also a financial asset. This is especially clear in the rental housing market. The majority of OW and ODSP recipients, as well as people with incomes below \$30,000, live in private rental housing. The Residential Tenancies Act provides some rent control for existing tenants, but there is a glaring flaw in the Act as it provides no rent control when units become vacant. In the mid-nineties, when this weakening of rent controls was implemented, the government of the day hoped this would lead to an increase in the construction of new private rental housing. In the decades following, however, those changes meant "new construction has focused on condominiums rather than rental apartments," as the current Government observed in *More Homes, More Choice: Ontario's Housing Supply Action Plan*.¹

Nonetheless, this plan similarly assumes that removing rent controls will lead to an increase in new private rental construction and somehow make rental units more affordable. "Rent control made finding a rental unit harder for renters and discouraged landlords and developers from creating more apartments. We've exempted new rental units from rent control to encourage new rental construction so that there can be more choice for tenants. An increase in supply should help bring rents down."²

The weakening of rent controls did not lead to construction of new private rental apartments. However, it did create a market for Real Estate Investment Trusts (REITs) which have bought many existing rental buildings and have extracted profits by systematically raising rents. Martine August, professor in the School of Planning at the University of Waterloo, has documented the rise of REITs in Canada from 1997 to 2017, which went from owning zero to 10% of Canada's multi-unit apartments. The geographic presence of REITs has been more pronounced in provinces with weak rent controls, including Ontario.³

We must also recognize that this occurred during a period when the federal and provincial

¹ (<https://www.ontario.ca/page/more-homes-more-choice-ontarios-housing-supply-action-plan#section-6>)

² (<https://www.ontario.ca/page/more-homes-more-choice-ontarios-housing-supply-action-plan#section-6>)

³ (<http://www.waterlooregion.org/sites/default/files/August2020.pdf>)

governments stepped away from the construction of permanently affordable social housing. With the introduction in 2017 of the National Housing Strategy, we are now seeing more federal investment in housing. However, priority must be given to the construction of non-market rental housing - that is, municipally owned, non-profit, and cooperative housing - rather than to private rental housing where the definition of affordability is 80-85% of market rents. For many rental households it means that the level of rent is still beyond their means.

This situation points to the need for several actions in the Ontario 2022 Budget, if we are to preserve existing affordable rental housing:

Affordable Housing recommendations

- Amend the Residential Tenancies Act to control rent increases on vacant rental units.
- Remove the Residential Tenancies Act exemption on rent controls on housing built since 2018.
- Promote public and non-profit acquisition of existing rental housing by providing municipalities the right of first refusal on apartment buildings that come up for sale, and providing funding to support municipalities, non-profit housing providers and co-operatives to purchase existing apartment buildings that come up for sale.
- Prioritize the creation of new permanently affordable rental housing by focusing public investment in municipal, non-profit and co-op housing development.

Long-term Care

Increasing hours of nursing and personal care for long-term care residents

The standards of nursing and personal care for long-term care home residents are inadequate. Bill 37 only provides that residents of long-term care homes will receive 4 hours per day of frontline nursing and personal care on average across the province as of March 2025, with the first increase of 15 minutes to 3 hours occurring as of March 31, 2022. This standard must be accelerated with the 4 hour level reached by March 31, 2023 and the level of 3.25 hours reached by March 31, 2022. Moreover, the target needs to be changed to a mandate and applied to each home individually, rather than being just a provincial average.

Absent this increase in staffing levels for each home, the residents will be condemned to live with neglect even bordering on abuse.

Improving working conditions and compensation for long term care staff will increase the available supply of labour

The claim that there are insufficient workers to be hired to meet these higher hours of care fails to recognize the free market rules of supply and demand. Improving working conditions will make long-term care homes more attractive workplaces. Improving staffing levels will moderate workload, which is the current key barrier to workers remaining in, and even joining, this sector.

Compensation plays a crucial role as well. The Premier has stated numerous times that healthcare workers have been underpaid. Initially he identified \$4 an hour as the gap and made it available to all front line workers. Later he reduced the payment to \$3 an hour and restricted it to Personal Support Workers (PSWs). However, staffing shortages are felt across all front line positions, including Registered Nurses (RNs), Registered Practical Nurses (RPNs) as well as housekeeping staff, who sanitize the homes, and dietary staff, who prepare the meals for the residents.

The budget for long-term care homes must be increased to allow for both the increase in care/staffing levels and for increased compensation. Moreover, the Legislature must put in provisions to ensure that the money actually goes to these purposes and is not reallocated by home operators for other purposes. This means that additional monies must be allocated to increase inspection staff, so that they can enforce these new requirements and restore annual surprise comprehensive inspections.

Repeal Bill 124 -- Protecting a Sustainable Public Sector for Future Generations Act, 2019

Right now health care workers, who are predominantly female, are subject to harsh wage restraint laws not applicable to paramedics, police and firefighters, who are predominantly male. **Bill 124, if not completely repealed, must at the least be amended to exempt health care workers, and the budget should include sufficient resources to enable long-term care homes and other health care facilities in the broader public sector to pay the enhanced compensation that will result once the restraints of Bill 124 are removed.**

Compensation in long-term care has also been suppressed because of the limited efforts to achieve and maintain Pay Equity. **The Pay Equity Act needs to be strengthened so that the process of "pay equity maintenance" for long-term care homes can be fast tracked. The budget must also include extra funding that will enable long term care homes to meet their "maintenance" obligations. Furthermore, the Pay Equity Act should be amended to extend the "proxy" method to retirement homes and home care.**

Improved pay and the expansion of home care services

One of the significant contributors to long waits for admission to long term care homes is the limited scope of care that Ontarians are able to receive at home. It is far less costly to care for persons with difficulties fulfilling their own activities of daily living and the lower level of health care that they need, if they can remain in their own homes. This is, in fact, the strong preference of many Ontarians requiring care.

However, there are now arbitrary limits on the amount of home care any one individual can receive. These limits must be removed. It is true that part of the reason for the limits is the insufficient number of persons who are willing to work in this sector. That is because home care workers have the least favourable working conditions and compensation, in large part because they have the weakest labour law protections. The laws must be changed to facilitate the ability of these workers to unionize if they wish, to have access to the same bargaining dispute resolution mechanism as other health care workers, and to have the same successor rights when the contract for the work they perform is switched from one agency to another.

The budget must include sufficient funding to pay for improved compensation and the expansion of home care services. As indicated, the investment in home care will not only provide superior options for Ontarians, it may reduce the need for some increases in the budget for long-term care and will reduce the waiting list for admission to long-term care.

Converting Part-time jobs into full-time positions

One readily available source of additional labour hours are part-time employees. Most would prefer full-time work that makes unnecessary the task of cobbling together a number of part-time positions. This would also improve the continuity of care received by residents/patient, and reduce the spread of infection that results when staff bring to their second employer the contagion from the first workplace. Employers argue that they need a sizeable part-time complement in order to properly meet the care needs of those they serve. That is not correct; all they need is a competent work scheduler. The main reason that employers prefer to use part-time employees is to be able to pay them less, primarily by denying them insurance benefits and some or all paid sick leave.

Legislating ten days of paid sick leave at full pay

If there is anything at all that we have learned from the pandemic, it is that all workers, part-time as well as full-time, require an adequate amount of paid sick leave. The law should be changed to require all employers to provide all their employees annually with at least 10 days of sick leave at full pay.

Equivalent pay for part-time and contracted employees as well as full-time permanent employees

The law should further require that all employers provide all their part-time and other employees of any category, including persons providing them service secured through a temp agency or a digital app, a total hourly compensation at least equivalent to the amount paid to full time permanent employees with substantially the same duties. Finally, the budget should allocate sufficient revenues to employers in the broader public sector to enable them to satisfy these obligations.

Financing Long-term care capital costs

There is also a long-term care component to the province's capital budget. Over the next number of years, the province will be reissuing licenses for existing homes requiring redevelopment, as well as for the construction of new homes. The province's practice, over the past number of years, is to finance these capital costs through a daily per diem paid to licensees. It is up to the licensees to borrow the money needed for construction in the private capital market. Such borrowings are subject to higher interest rates than the province would be if it borrowed the money itself.

Since the province is paying the full capital costs in any event, it makes no sense for the province to condemn itself to having to fund the higher interest rates triggered by operators borrowing the money on their own. The reason given by the province for not borrowing the money directly is that it wants to avoid showing debt levels in its books. However, in reality the province is creating even higher debt levels by subjecting itself to pay for the higher interest rates through the ongoing capital per diem payments to the operators. The government should cease taking a short-term view of its balance sheets and instead adopt a funding mechanism for long-term care that is more cost efficient for the life of the constructed homes.

Another negative consequence arising from the current funding mechanism is that it is harder for not-for-profit long term care providers to raise money on capital markets than it is for for-profit providers. This means that there are fewer applications from not-for-profit providers for new builds. Yet, the evidence consistently shows that not-for-profit providers have better staffing levels and better care outcomes for residents than is the case from for-profit providers. The experience under COVID is only the latest manifestation of this situation.

The province in its capital budget should make plans to go to capital markets to secure funds to finance the cost of the redevelopments and new builds. By raising money on capital markets itself, the province can make these funds available to not-for-profit providers so they can apply for a greater proportion of the new builds.

Long-Term Care Recommendations

- Increase pay for employees in long-term care homes, including nursing staff, personal support workers and all other support staff working in long-term care homes, including:
 - Repealing Bill 124 or at least those sections that apply to healthcare workers, and
 - Strengthening the Pay Equity Act.
- Encourage the conversion of part-time and contract positions into full-time permanent staff.
- Improve legal rights, working conditions and pay for home care workers.
- Make plans through the province's budget to go to capital markets to secure funds to finance the cost of redeveloping and building new long-term care facilities. The province must make these funds available to not-for-profit, long-term care providers so that they can apply for a greater proportion of the new builds.

Appendix

ISARC Values

Human Dignity. The right of all people and their communities to be treated with justice, love, compassion, and respect, and their responsibility to treat others likewise.

Mutual Responsibility. The obligation of communities to care and share with their people, ensuring that basic needs are met.

Social Equity. The right of all people to adequate access to basic resources, to full participation in the life and decision-making of their communities.

Economic Equity. The right of all people and communities to adequate access to the resources necessary for full lives, including access to worthwhile work, fair employment considerations, and our communal responsibilities to use such resources responsibly.

Fiscal Fairness. The right of all people, communities, and institutions to fair fiscal treatment and the responsibility of all to contribute fairly for the well-being of all.

Ecological Sustainability. The obligation of communities to practice responsible stewardship of the earth and its environment, so that creation might be preserved for generations to come.