

Halton Poverty Reduction Forum

April 4, 2013

Opening Remarks by Marc Hamel, Co-Chair of the Halton Poverty Roundtable

Good Morning. My name is Marc Hamel, I am a Burlington business man and I am also the co-chair of the Halton Poverty Roundtable. It is my pleasure to welcome you this morning to a day of dialogue. This is an opportunity for us to come together as a community to discuss the Report on Social Assistance Reform, the proposed changes and the potential impact on our community.

Paul Schmitz is an advisor to the White House on Community Solutions. He is also the CEO of Public Allies, an organization in the United States that works on asset based community development by recognizing the assets that they possess rather than what they lack. They do this, in part, by developing leaders from some very unusual spots – such as food banks, youth shelters and community drop in centres. He believes that leadership is not a position that someone holds, but rather an action that one takes. So today, as we take a seat at a one of these tables to discuss common issues, we are all leaders.

In that spirit, we will hear from a variety of leaders today - academics, business leaders, leaders of community organizations and elected representatives. We will also hear from some leaders from our community who will share their struggles and very personal stories of their experiences of living with low income and how they have organized, coming together to effect social change. They will give of themselves, their stories can be emotional, they can be raw and they are meant to be challenging to the status quo. These speakers deserve our attention, they deserve our patience and most importantly they deserve our respect.

I know how powerful their message can be, because I am here with you today. Three years ago I thought that poverty was not an issue in Halton. However, I spent a day with 15 members of our community as they shared their challenges of living with low income in Halton. Our community. They spoke to me and my fellow panel members about how tough it was to survive each and every day, and they spoke to us, as well, of the ways that they found to give back to the community, to volunteer and to help others. They said that this provided them with some sense of place, a sense of control and a sense of self worth. I learned that, yes, poverty means being hungry; and, yes, it means struggling to find a place to live; but more than that I finally began to understand that poverty really means an absence of choice and opportunity. It means being unable to participate effectively in or contribute to our community. I also started to understand that because poverty is a systemic issue it will persist regardless of any single individuals' behaviour, their attitudes and their choices - unless, together, we make systemic changes to how we live together.

No one chooses to live in a state of deprivation – no one chooses to live in poverty.

Now, I understand the moral imperative to help those in poverty. But as a business man and as a taxpayer I am now beginning to understand that there is a significant economic argument to tackle poverty. In 1971 Senator David Croll said “We are pouring billions of dollars into a social welfare system that merely treats the symptoms of poverty, but leaves the disease untouched.” That system that he spoke about in 1971 is relatively unchanged today. I guess we could just keep on doing what we are doing, but Albert Einstein defined insanity as doing the same thing over and over and over again and expecting different results.

Research shows us that an inadequate response to reducing poverty has not only a huge personal, emotional and health cost to those living in poverty but that the result of this response is a significant social cost. These costs include increased health care costs, increased security costs and lost tax revenues.

In 2008, the Ontario Association of Food Banks completed a report called the Cost of Poverty. Then in 2011 the National Council on Welfare completed a national report called the Dollars and Sense of Solving Poverty. Plus there other provincial reports and wide ranging sources of research from all over the world that demonstrate that the true cost of poverty, that result from inadequate responses, is far greater than the cost of an appropriate response to poverty. I want to highlight three of the areas outlined in the Cost of Poverty report that I found most compelling.

They are health care costs, intergenerational costs and opportunity costs.

First let us look at health care. You cannot examine the cost of poverty or the cost of health care without considering the other. Research clearly shows that people living in poverty are more likely to use the healthcare system because of illness or mental health issues and they will die earlier. In fact a 2010 study by McMaster University published as part of the Code Red series in the Hamilton Spectator found a 21-year difference in life expectancy between the poorest neighbourhood and the wealthiest neighbourhood in Hamilton. Further, the Ontario Association of Food Bank research shows that someone living in the lowest quintile of income earners will use the healthcare system 50% more than the average person. This is as a result of higher stress, poor nutrition, substandard housing and an unstable social environment. Clearly, someone who can't afford medication, or is homeless, or lacks a social support network is more likely to end up in the emergency room. Current estimates put the additional cost to our healthcare system in Ontario, as a direct result of our current response to poverty, at close to \$3 billion dollars per year.

The second cost of poverty that surprised me is the intergenerational costs resulting from child poverty. It is estimated that 20% of the children living in poverty, will live in poverty as adults. As a result, they will have lower incomes during their lifetime. In fact, estimates suggest that if we could help this 20% with skill training and higher education, the income gain for Ontario would be \$3.2 billion per year.

Now, while this gain would be felt primarily by those escaping poverty, it would have a beneficial impact on the economy and increase the government's tax revenues; thereby benefiting all who live in the province. The total economic cost of child poverty in Ontario is \$4.6 to \$5.9 billion annually.

However, by far, the biggest cost of poverty is the opportunity cost. This is the loss of the contribution that the households living in poverty, could make to our economy. Their low earnings, or lack of earnings, can, for the most part, be understood to be a result of low skills or of the lack of demand for their particular skills. If we were able to increase the income and participation of the lowest quintile of income earners and raise their incomes to the second quintile level, the benefit to the Ontario economy would be over \$16 billion per year. Plus, the government would receive an additional \$4 billion in tax revenues.

Clearly, poverty in Ontario has a big price tag. The private costs of poverty resulting from intergenerational impact and opportunity cost are over \$20 billion per year. The social cost of poverty resulting from increased healthcare, intergenerational and opportunity costs are over \$10 billion per year. In total poverty cost the residents of Ontario a staggering \$32 billion to \$38 billion a year – the equivalent of over 5% of the provincial GDP.

If our goal is to allow people living in poverty to survive, barely, then maybe we have reached that goal. But, clearly that decision comes with a huge personal, social and economic cost. If we want to end poverty and eliminate the costly repercussions, we need to try something else.

Imagine for a minute that you have an infection and go to see the doctor. The doctor tells you that you need 10 ml of an antibiotic for 15 days to clear up the infection completely. He then prescribes you 5 ml for 10 days. Sure, you might feel better a bit, but there is no doubt that you will need to be back for ongoing refills of the antibiotic. Quite possibly for the rest of your life. We would never run our healthcare system this way and I struggle to understand why we are using this approach to tackle poverty.

As Canadians, I think we are ready to do something different. A recent Environics poll showed that 83% of Canadians agree that the government should reduce the gap between rich and poor, and that 70% of Canadians think that taxes are a good thing because they contribute to a positive quality of life. As the Roundtable pointed out in our New Year's message entitled "Toward a Shared Prosperity", Canadian bank leaders and U.S. President Barack Obama have been pointing out that: "Income inequality is a defining issue of our time."

So with that all in mind, I want to thank each of you for joining us here today and I challenge you to ask questions, express ideas and connect with the other leaders with a stake in the future of our community.