

2014 Pre-Budget Consultation A Community of Shared Prosperity

A Submission from the Halton Poverty Roundtable

To the Government of Ontario

Standing Committee on Finance and Economic Affairs

January 2014



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Investing in Greater Equity

The Halton Poverty Roundtable (HPRT) wishes to thank the Provincial government for inviting community input on the 2014 Provincial Budget. Building a community, a province, and a nation of greater equity and shared prosperity is a win-win for all.

Formally established in 2011, the HPRT is a multi-sector collaborative working together to reduce poverty in Halton and to work towards a greater shared prosperity. We accept that it is no one sector's responsibility to reduce poverty and rather the work of all citizens in a community. We recognize that working collectively to address some of the systemic causes of poverty will yield a greater impact.

Regardless of current financial pressures faced by the Provincial government, it is our position that poverty reduction needs to remain a priority for the Ontario Government for the foreseeable future. The Canadian Medical Association's recent report "What Makes Us Sick" (2013), found that poverty was the number one barrier to good health. One of the recommendations of this report called for the federal, provincial and territorial governments to give top priority to developing an action plan to eliminate poverty in Canada.

We commend the Ontario Government on some key steps that were taken over the last year to reform our dysfunctional social assistance system. These include and are not limited to:

- Increasing the amount of liquid assets that people receiving Ontario Works (OW) can have, to ensure that people don't have to completely impoverish themselves (from \$606 to \$2,500 for singles and from \$1,043 to \$5,000 for couples);
- Increasing the amount of money that people on OW and ODSP can keep when they work. The first \$200 of a person's monthly earnings will be fully exempt, with a 50% reduction rate applied to earnings above that amount. The Work- Related Benefit for people receiving ODSP has not been changed;
- Allowing people on OW to have a vehicle, without capping the value of that vehicle.

(Income Security Advocacy Centre, May 2013)

Despite some of the advancements made over the last year, there is so much further to go. We know that one in ten adults and one in seven children in Ontario continue to live in poverty. Marginalized groups experience even higher rates of poverty with one in three racialized children living in poverty (Ontario Common Front, 2012).

We understand that all sectors have a role to play in creating an economic system that works to mitigate poverty by providing access to opportunities, resources, and a safety net for those who need it.

Our submission is divided into three parts; Part one makes the connection between why an investment in the reduction of poverty is an investment in greater prosperity. Part two describes the Halton Poverty Roundtable's work to reduce poverty in Halton, and part three outlines our recommendations to the provincial government on where we believe funds in the 2014 Budget need to be allocated to have a real and deep impact on the lives of our most vulnerable citizens, and directly, as well as indirectly on the economic health and prosperity of all of Ontario.

Part One: Why Investing in Poverty is an Investment in Prosperity – The Case for Poverty Reduction

The United Nations defines poverty as “a human condition characterized by the sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights.” Just as it is impossible to have a meaningful separation between the social, economic, political, environmental, cultural and spiritual dimensions of life, there is a general consensus among the faith communities that progress can only have a meaning if the concept embraces all dimensions of human existence. If emphasis is placed only on economic development, even this will fail, as the balance necessary for humanity's well-being will be lost.

The moral argument for reducing poverty is apparent, in a community as affluent as Halton, in a province as resource-rich as Ontario, and in a country as wealthy as Canada, is that it is unjust and unconscionable for any of our fellow citizens to be living in poverty. We have a great deal of knowledge and experience, good public policy models and a concerned population (National Council of Welfare, 2011). Senator Hugh Segal, a champion for guaranteed annual income, points out two Canadian examples of policy initiatives undertaken in the 1970s; first was a guaranteed annual income experiment, Mincome, in Manitoba, and secondly, the Guaranteed Income Supplement for seniors introduced at the same time. Both served to lift people out of poverty. “If we can do this for seniors,” Senator Segal asked, “why can't we do this for people within the working age group who are living below the poverty line?” (Halton Poverty Roundtable, 2013).

The True Cost of Poverty

In 2011, the now defunct National Council of Welfare put out *The Dollars and Sense of Solving Poverty*. The report states that in 2007, Canada had an overall poverty rate of 9.2% and a poverty gap of \$12.6 billion. That amount is what it would have taken to ensure all Canadians would have an income above the poverty line (2011). Poverty means that our society and our economy are losing out on a great deal of potential.

A recent article in the *Globe and Mail* reported research that found that poverty is like a tax on the brain because it imposes a measurable burden on the mental capacity of those who must struggle with it day after day. And it goes further to state that “It’s not handling problems” that slows down the mental performance in the poor, but “the lingering preoccupation on the mind” that comes with living on the economic edge (Semeniuk, 2013). This implies that poverty affects productivity and limits an individual’s ability to make a contribution to their community.

Governments and organizations need to recognize the drain on mental reserves when imposing administrative tasks on low-income groups. Putting more money in the hands of those who need it most would allow those in poverty, who are the real experts on their own experience, and have the insight, if given the opportunity to respond to them, can be resourceful in lifting themselves out of poverty. Some of the other costs of poverty are listed below.

Healthcare

A 2010 study by McMaster University found a 21-year difference in life expectancy between the poorest neighbourhood and the wealthiest neighbourhood in Hamilton. Living in the lowest quintile of income earners means that these citizens access the healthcare system 50% more. This is as a result of higher stress, poor nutrition, substandard housing, and an unstable social environment (Code Red, 2010). Residents in the most socially and economically deprived areas within Halton visit emergency departments more often, are hospitalized more frequently and have higher rates of premature death (Halton Region, 2012-1).

An estimate from the Ontario Association of Food Bank’s “The Cost of Poverty Report” estimates that poverty costs Canada’s health care system \$7.6 billion per year (2008).

Child Poverty

20% of the children living in poverty will live in poverty as adults. With skill training and higher education, the income gain for Ontario is estimated at \$3.2 billion per year. The total economic cost of child poverty in Ontario is \$4.6 to \$5.9 billion annually (Ontario Association of Food Banks, 2008).

Opportunity

If 25% of adults moved from the first to the second income quintile, this would generate a total social benefit of at least \$1 to \$1.5 billion in Ontario. (Ontario Association of Food Banks, 2008).

In total, poverty costs Ontario \$32 billion to \$38 billion a year – over 5% of the provincial GDP.

Income inequality and poverty do not just happen; somewhere along the path of policy development, choices are made that contribute to a system being developed that allows people to fall between the cracks. By working to align our economic and social policies, and using a long term investment approach focused on human well-being and development rather than a short-term spending approach focused on large costs we can ensure that our collective investment will yield greater productivity, innovation, lower poverty rates, reduced strain on healthcare and other public service systems, and less stress, anxiety and debt in our lives (National Council of Welfare, 2011).

Part Two: The HPRT's Key Initiatives

The HPRT is a part of Tamarack's Cities Reducing Poverty (CRP) decade old initiative that is working to create 100 aligned poverty reduction strategies nation-wide. CRP believes that if you bring together business, government, faith groups, community service sectors alongside people living in poverty – and focus their collective efforts on the issue of poverty, we can make a greater impact. Importantly, each poverty reduction initiative recognizes the importance of breaking down the systemic (or bureaucratic) barriers that exist within or between governments by developing a synchronized approach to dealing with poverty.

We know that several European jurisdictions have been extremely successful in reducing levels of poverty through comprehensive, coordinated strategies. In what came to be dubbed as “the Irish miracle”, poverty in Ireland was slashed to “6.8 per cent from the daunting 15 per cent that lived beneath the line of destitution 10 years ago” (Potter, 2007).

Cities Reducing Poverties' overall goal is to lift at least one million Canadians out of poverty through this collective impact model of working on poverty reduction. The HPRT consult, convenes, educates and acts as a catalyst on the issue of poverty.

To accomplish our objectives in Halton to build stronger communities, the HPRT has identified three major areas of focus: Healthy Families, Income Security, and Housing. With this in mind, the HPRT has engaged in community consultations to understand where community assets and programs exist to address the various social service needs in Halton, as well as where gaps exist. In further exploring the gaps in services and supports, we prioritized those we thought would best be served by the work of collective impact, and also that would see us directing our efforts at tackling the root and systemic causes of poverty. Below is a brief overview of four key initiatives we are currently working on.

Our Key Initiatives

1. CANADA LEARNING BOND (CLB)

The HPRT is currently engaged in a campaign to build awareness of and to increase

enrolment in the Canada Learning Bond (CLB). The CLB is a federal program in which the government of Canada contributes to a Registered Education Savings Plan (RESP). The goal is to increase the number of low income families enrolling in the CLB program from the current take up rate of 4,987 children (28%) to 40% over the next three years. Studies show that the mere existence of educational savings makes a child 50% more likely to pursue post-secondary education. The conversation shifts from: “Will I go to university or college?” to “What will I take when I go to University or College?” This initiative takes advantage of existing programs and funding by raising take-up through partnering with business, community and government.

2. HALTON SPORT LEADERSHIP PROGRAM (HSLP)

The HSLP is a pilot sport education program that will provide low-income youth the empowering opportunity to gain confidence, leadership, job skills, and experience through free training in nationally recognized certification programs in a variety of sports. This is a unique opportunity that provides great experience and the skills for future employability and career prospects. This project is a true example of collaboration because of the partnerships that have been created that has resulted in the pooling of resources to achieve this program.

3. CAMPAIGN FOR A LIVING WAGE

Along with Poverty Free Halton and Community Development Halton, the HPRT is working to build awareness of the need for greater income security for our Halton residents. When people are paid enough to support themselves, they no longer need to rely on social assistance support or subsidized housing. The opportunity here is that when people earn a living wage, they in turn pay more taxes and buy more goods and services – which helps the local economy. We look forward to generating community dialogue that includes businesses, government, community organizations, faith groups, and people who live in poverty.

4. AFFORDABLE HOUSING IN HALTON

The HPRT has worked with other community stakeholders to advance awareness of the need for and the identification of effective solutions for affordable housing across Halton. Our work in 2011 to convene a community forum on the state of housing in Halton “Moving Hope into Homes”, was one of the driving forces that lead to the recent creation of the Halton Housing Alliance. Another outcome of our housing forum was a recommendation for and the subsequent establishment of a Housing Help Centre (thanks to funding from Halton Region). We continue to support the efforts of the Halton Housing Alliance to ensure there is an adequate supply of affordable and accessible housing.

Part Three: Our Recommendations

Recommendation # 1: An immediate \$100/month increase for single adults on Ontario Works (OW) and Ontario Disabilities Support Program (ODSP)

This recommendation speaks to providing greater food security for those living on social assistance. Echoing the findings in Lankin and Sheikh's Brighter Prospects: Transforming Social Assistance Report, the principle behind this recommendation is that of "Adequacy, so that [one] can obtain nutritious food, secure housing and other basic necessities, no matter what region of the province you live in" (2012).

Food security is defined as "a situation where all community residents obtain a safe, culturally acceptable, nutritious diet through a sustainable food system that maximizes community self-reliance and social justice" (Hamm & Bellows, 2003). Poverty is a key social determinant of health and is linked to food insecurity, reduced diet quality, and increased risk of developing chronic disease.

The results of the Halton Nutritious Food Basket for 2013 demonstrate that the cost of a nutritious diet is rising and it is becoming increasingly difficult for many low-income households to afford nutritious food (Halton Region, 2013). Healthy eating is central to overall health and reduces the risk of nutrition-related chronic diseases. In order to maintain healthy eating patterns, individuals must have access to safe, acceptable, affordable, and nutritious foods.

The impact of rising food prices is much more significant for those with low incomes since they must allocate a greater portion of their incomes to purchase food. An average Halton household with children earning the median family income would need to spend 10% of their after-tax income on the Nutritious Food Basket, while families relying on social assistance or earning minimum wage are spending 30% to 40% on the same basket.

Recommendation # 2: Ontario must negotiate with the federal government to commit to a housing framework for Canada that includes adequate, stable, long-term federal funding and encourages its housing partners and stakeholders, including municipal governments, to work with the federal government to secure this commitment.

This reflects recommendation 19-14 in the 2012 Commission on the Reform of Ontario's Public Services, or what's better known as the Drummond Report.

Housing does not just reflect inequality—it magnifies it. Housing is far and away the largest expense of moderate- and low-income households. Because housing takes such a large share of income, inequality in disposable income is greater after housing costs. Housing that is not

affordable has a fundamental impact on quality of life, leaving low-income households without enough money to meet their other basic needs, including food, clothing, health costs, and transportation (ONPHA, 2013)

The Canadian Medical Association broadly recommended that the federal, provincial and territorial governments develop strategies to ensure access to affordable housing for low- and middle-income Canadians (2013), and the Mental Health Commission of Canada further recommended a “Housing First” approach for people with chronic conditions that cause homelessness be continued and expanded on. The “Housing First” approach developed by the Mental Health Commission of Canada is an approach where housing is provided as the first step, in combination with supportive services, to people who are homeless and living with mental health issues. It is based on the idea that the first and most primary need for people is housing, and that any other issues a person is living with can be addressed once a person has housing (2013).

In Halton we know that:

- 7.5% of Halton families live in poverty: an increase of 19% between 2006 and 2009, although the overall population grew only 8.4%.
- 20% of families spend more than 30% of their income on housing and that number is closer to 65% when you include the number of families living in low income.
- Halton’s wait list for social housing grew from 1,931 in 2010 to 3,153 in 2012; an increase of 63% within 2 years.

Across Ontario, statistics are even worse:

- 20 per cent of Ontario households pay more than 30 per cent of their income on rent, or live in homes that are too small or in need of repair. They also live in these circumstances much longer than Canadians in other provinces.
- One in every five Ontario tenants is in “persistent” Core Housing Need, a higher share than in any other province. Core Housing Need is a standard CMHC measure of housing suitability, adequacy, and affordability. The Core Need definition captures affordability and other housing stresses for households in the lower quarter to third of the income spectrum (varying by household size and local average market rents). In the Core Housing Need measure:
 - Suitability refers to sufficient housing size (e.g., bedroom count) relative to household need.
 - Adequacy refers to a decent physical state of the housing.
 - Affordability means housing that costs less than 30 per cent of before-tax household income.

A household is in Core Need if: (1) its current housing does not meet criteria of affordability, suitability and/or adequacy and (2) if it is under the income level at

which it could afford the average market rent of a suitable unit.

- While, The Canada-Ontario Affordable Housing Program (AHP) and now the Investment in Affordable Housing (IAH) have added about 1,500 units annually—an important but modest contribution by all levels of government and by community-based sponsors. Only two-thirds of this housing, however, is in the non-profit and municipal sector and therefore likely to remain moderately priced for the long term. As well, only a minority of these units are affordable to low-income households (ONPHA, 2013).

We see housing as a key lever for action that the government can work with to address poverty, one of the province's most pressing public policy issues.

Recommendation # 3: Immediately raise the minimum wage to \$14.00, and work to index the minimum wage to the cost of living so that no Ontarian who is working full time full year is forced to live in poverty.

The work of the recently convened Living Wage Halton group is grounded in the core belief that it is unacceptable that people engaging in full time and full year work are unable to lift themselves out of poverty. The current minimum wage rate, which has been frozen at this level for over three years, still amounts to a poverty wage for many Ontario families. While, we are advocating for a living wage in Halton,, which has been calculated by Community Development Halton as \$17.05 for a family of four with two parents working (2013), we see our work as complementary to the work of the Raise the Minimum Wage Campaign, which is calling for the Ontario Government to raise minimum wage to \$14 hour, which would effectively bring the roughly 25% of Canadians living below the Low Income Measure to 10% above it (Raise the Minimum Wage, 2013).

While our long term goal is to see the Living Wage and the Minimum Wage to be one and the same, right now, we need to see work pay within real human terms and framing the conversation as “Can working people afford to pay rent, buy food, or pay the transportation costs necessary to get to work every day?” (Hennessy, 2012) goes a long way in driving greater dialogue and action towards paying a wage that is in line with the cost of living. Another complementary strategy to creating greater income security for Ontarians is the concept of a guaranteed annual income; The Canadian Medical Association recommended that the guaranteed annual income approach to alleviating poverty be evaluated and tested through a major pilot project funded by the federal government (2013).

Companies like Lee Valley and Costco, who are paying a living wage, highlight benefits such as greater employee retention, greater employee engagement, and higher productivity. Craig Jelinek, the C.E.O. of Costco, a company that is committed to paying a living wage in Canada and the U.S., sates that “At Costco, we know that paying employees good wages makes good sense for business. ... Instead of minimizing wages, we know it's a lot more profitable in the

long term to minimize employee turnover and maximize employee productivity, commitment and loyalty” (Grant, 2013).

In a recent Environics poll, Canadians were asked what they think of the idea of providing everyone with a guaranteed annual income. Forty-six per cent of respondents either strongly or somewhat strongly supported the idea, suggesting we have the "potential foundation for building public support for (guaranteed income), especially if it was accompanied by the elimination of other programs." So we know that there is public will to support greater government action in this area.

Closing Comments

If our goal is to allow people living in poverty to survive, barely, then maybe we have reached that goal. If we want to end poverty and eliminate the costly repercussions, we need to try something else.

We ask the provincial government to act decisively to ensure that our social assistance program, our housing program, and our wage structure make access to a healthy quality of life a reality for all Ontarians. We do not need another consultation to know that our current systems are inadequate; research shows us that our 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 and financial cost to our community, our province and our country. These costs include increased health care costs, increased security costs, lost productivity and lost tax revenue.

We hope that the government remembers that poverty is a systemic issue and will persist regardless of any one individual’s behaviour, attitudes or choices – unless together, we make real systemic societal changes.

We know from a growing body of international literature that societies which tolerate high levels of income inequality suffer higher levels of stress, greater levels of crime, worse health outcomes, and diminished trust – in each other and in their democratic institutions. So the question is not “should we act now to reduce income inequality” but simply a question of how quickly we can act. Our recommendations represent a few ways that the Ontario Provincial government can act now to stem the tide of growing inequality.

Halton Poverty Roundtable

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