

A Down Payment on Poverty Reduction

Submission to the
Ontario Legislative Committee on Finance and Economic Affairs

From Interfaith Social Assistance Reform Coalition (ISARC)

December 11, 2008

The Ontario Poverty Reduction Strategy, announced on December 4, 2008, is welcomed as a first step and a foundation to reduce poverty in Ontario. ISARC strongly affirms the goal of a 25% reduction in poverty in 5 years and the use of the Low Income Measure (LIM) to indicate poverty's decline. Ontario took the high ethical road of making poverty reduction a priority.

The faith communities have been working especially since the recession of the early 1990's to help people survive and to break the cycle of poverty. Unfortunately so much of the faith communities' resources in volunteers, financial donations, collection of food and clothing, use of buildings, and staff time have been needed to help people survive. Our work has often concentrated on food hampers and emergency housing; faith groups could be using these resources for community building, family supports, children's programs, and support for those with mental, emotional and spiritual needs. Therefore, we welcome this change in government policy and financial direction; we hope that governments will not be relying on faith groups to provide survival services. We also are thankful that people with lower incomes are no longer stereo-typed nor stigmatized.

ISARC has joined the 25 in 5 Coalition and supports its declaration and recommendations. We have been part of the process over the past 18 months to discern how the complexity of poverty

can be addressed concretely and appreciate both the 25 in 5 declaration as well as the attention of the government in its strategy to this realistic approach to poverty reduction.

As we look at the necessary down payment for the strategy in the 2009 provincial budget, income security and affordable housing are of the highest priority for significant funds. These are important for three reasons:

1. People with low incomes need money for the essentials of life: food, housing, transportation, preparation for work, children's clothing and education supplies, and household goods. With high rents in our urban areas, people with low incomes need safe, permanent, affordable housing, which reduce housing costs. Safe, affordable housing and adequate incomes give people the hand up they need to break the cycle of poverty.
2. Increased incomes for people on social assistance and low wage jobs become money that is spent in Ontario, specifically in the cities and neighbourhoods where people live. Money invested in affordable housing – primarily the construction of housing units – is an investment in jobs and local purchasing. These two priorities end the recession while breaking the cycle of poverty.
3. “The Cost of Poverty” from Ontario Association of Food Banks and “Poverty is making us sick” from Wellesley Institute document that poverty costs the province and all residents, not just those who live on low incomes. As the province addresses income security, ISARC predicts that lower income people will use the health care system, including emergency assistance, less often; that more children will succeed in school; that criminal justice costs will decrease over the long term; and that people will have the safety and security to improve their lives, continue their education, and obtain better jobs.

Poverty reduction is not only about those who are economically marginalized but affects the whole population and many government ministries.

We believe that governments and citizens are judged by how the poorest are treated. All humans have inherent rights and dignity. Part of human dignity is to be able to handle one's financial responsibilities for self and family. Why are we making this more difficult for the lowest income peoples? ISARC reminds the provincial government that the federal and provincial governments have signed U.N. human rights conventions and accords, which guarantee adequate income, food, wages, affordable housing, and safety for all residents.

ISARC recommends that Ontario put a permanent increase of two billion dollars in its 2009 provincial budget: one billion dollars increases for social assistance rates and one billion dollars for affordable housing. These additional dollars will multiply many times in the local economies. These dollars, which are @ 2% of the provincial government's yearly budget, will give people with lower incomes the ability to handle personal and family responsibilities, becoming less reliant on food hampers and emergency housing services. It is also a very positive anti-recession action.

Income Security:

There are a number of aspects of income security for Ontarians: social assistance through Ontario Works (OW) and Ontario Disability Support Program (ODSP), Employment Insurance, benefits for children, minimum wage, etc. Our faith communities advocate for raises in social assistance, minimum wage, and other benefits to close the gap between economically marginalize individuals and families and the Low Income Cut-Off and/or the LIM. Low wage workers and persons on social assistance are more than 40% below median incomes in Ontario.

Individuals and families on OW were cut back by 21.6% in 1995; then there were not Cost of Living increases until the first term of this Liberal government. Though families with children have received increases through federal child benefits and the Ontario Child Benefit (OCB), adults still have less purchasing power than when the Liberals were first elected in 2003. There have been three Cost of Living (CoL) increases since 2003 which equal 7%. According to the Bank of Canada, the CoL has averaged 2.18% over the past five years (2003-2008), which equals 11.38% in CoL for Canadians for the five years (2003-2008). This means that adults on OW or ODSP have lost approximately 4% in purchasing power since 2003.

Employees in Ontario have had higher than CoL increases since 2003. The faith communities ask how our province can “short change” the most economically marginalized. ISARC is not opposed to increases which help our teachers, government workers, politicians, and other residents meet their financial obligations and responsibilities. As a government, Ontario needs to recognize that single parents have had a 31% decrease in income from 1994 – 2005 while necessities for living rose 26%; this is according to National Council on Welfare reports. How can this growing gap be reduced?

Our interfaith coalition has pressed and continues to advocate for an immediate ten dollar (\$10.00) minimum wage. Using a market basket approach in Waterloo Region, \$14.00/ hour was a Living Wage in the region for a single person; a family would need approximately \$21.00/ hour. We appreciate the minimum wage increases approved by this government through 2010. Calculations by economists with whom ISARC works have told us that one more 75 cent increase in 2011 would bring the minimum wage to \$11.00/hour, which equals \$10.00/ hour in 2007 and equals the minimum wage and its purchasing power in 1995. At the least, ISARC recommends that the provincial government enact additional increase of 75 cents and then tie the minimum wage to CoL.

ISARC also welcomes the provincial government's negotiation with the federal government to increase the number and per centage of workers who are eligible for Employment Insurance (EI) in Ontario. EI should be readily available to all workers who leave jobs during their working career. That only 22% of Torontonians or 27% of workers in other urban regions receive EI is unfair and inappropriate.

By increasing incomes for people on social assistance and workers with low wages, we are honouring those U.N. human rights conventions and accords. We are returning to the ethical and moral high ground.

Affordable Housing:

Emergency shelters are full, homelessness is growing, and more tenants are paying 50% or more of their income for shelter. Ontario has a housing crisis; it is not just a problem in Toronto but in most urban areas. ISARC was disappointed that there was not more in "Breaking the Cycle" on the provision of additional affordable housing.

Though vacancy rates have risen to an appropriate 3% of the market, costs for rental accommodation are much higher than housing allowances under OW and ODSP. For all people on lower incomes (which includes persons with low wage jobs), 44.6% of households pay over 30% of their income on shelter; 20.8% of home owners are also paying more than 30% for shelter. The 30% for shelter cost for lower income families is a long established national guideline because it allows the person or family the money for other necessities. The private housing market is not working to provide necessary affordable units. If Ontario wishes to support tenants with low incomes and the private housing providers, then it must invest in rent

supplements, increase the housing allowances for those on OW and ODSP, and increase shelter allowances.

As a faith community, we raise the affordable housing issue because there was no money for new affordable housing units in the last two provincial budgets. Our interfaith coalition recognizes and appreciates the \$100 million for social housing repair dollars; in fact, many faith communities have non-profit housing corporations which needed these monies.

ISARC is concerned that our municipal governments have set up structures for producing affordable housing. For example, City of London has two million dollars in its budget for new, affordable housing; Waterloo Region has just approved building 1000 more affordable housing units over the next five years. These municipalities need significant dollars from provincial and federal governments to build units. There need to be clear allocations. Municipalities need the assurance of on-going partnership with the province. If commitments to local governments are not made soon, municipalities cannot move forward and the infrastructure to produce housing may disappear.

Faith communities have been working to establish affordable housing stock for renters and future home owners. The infrastructure for constructing affordable housing disappeared after 1995; it is returning and faith groups are prepared to construct and manage additional housing units for those with low incomes. Faith communities are seeking donations and prepared to do their share in partnership with the federal and provincial governments. Hon. Deb Matthews suggests that “all hands are on deck” to reduce poverty. Where are the upper levels of government? Can we expect to see affordable housing dollars in the 2009 provincial budget as part of this commitment?

Conclusion:

ISARC congratulates the province on new positive directions to reduce and eliminate poverty in this province. The announced policy and program changes will affect people who have for too long been in a survival mode. Faith communities appreciate the attention paid to community-based programs where people assist each other to break the cycle of poverty. This comes at a time when more and more people will be needing assistance temporarily as Ontario faces adjustments in the economy, especially in the manufacturing sector.

This poverty reduction strategy needs a significant down payment. This down payment is an anti- recession investment. ISARC recommends

- Increasing by one billion dollars annually the allowances for those on social assistance (OW and ODSP),
- Increasing the minimum wage to \$10.00/ hour immediately or at least to \$11.00/ hour in 2011, and
- Increasing by one billion dollars annually the monies to build affordable housing stock in Ontario.

We recommend this \$2 billion annual budget increase as a down payment to help those who most need to break the cycle of poverty, care for themselves and their children, and increase the safety and security of all in Ontario. This will have benefits to Ontario as the dollars will address current recessionary pressures and will reduce health and criminal justice costs in the long term while making education, employment, community and social services more effective and helpful to children and adults.

Ethically and morally Ontario is judged by how the poorest are treated: Do individuals and families have enough resources to provide for their basic needs? Ontario and Canada have signed UN human rights conventions and accords, which protect all residents, especially the most marginalized. It's time to keep on the high road. It's the right thing to do and it does give all economically marginalized people the chance to break the cycles of poverty.

Thank-you for moving forward with a down payment on the Ontario Poverty Reduction Strategy.

Contacts:

Susan Eagle, ISARC Chairperson
P.O. Box 1570
London, Ontario N6A 5M3
(519) 657-8750 phone
(519) 636-3402 cell
seagle@london.ca

Brice Balmer, ISARC Secretary
P.O. Box 43011, 120 Ottawa Street North
Kitchener, Ontario N2H 6S9
(519) 884-0710 x 3927
(519) 635-4242 cell
isarc@gto.net

Organizations belonging to ISARC, a coalition of faith communities in Ontario, include:

Anglican Church of Canada, Diocese of Ontario
Baptist Convention of Ontario and Quebec
Buddhist Community of Greater Toronto
Canadian Association of Imams
Canadian Council for Reform Judaism
Canadian Hindu Heritage Centre
Canadian Islamic Congress
Canadian Jewish Congress
Canadian Religious Conference (Ontario Region – Catholic orders)
Canadian Unitarian Council
Canadian Unitarians for Social Justice
Council of Christian Reformed Churches in Canada
Evangelical Lutheran Church in Canada, Eastern Synod
Islamic Humanitarian Services
JAIN society
Mennonite Central Committee Ontario
Ontario Conference of Catholic Bishops
Pentecostal Assemblies of Canada
Presbyterian Church in Canada
St Vincent DePaul Society Ontario
The Salvation Army
Society of Friends
Toronto Board of Rabbis
United Church of Canada