


**25 in 5: Network for
Poverty Reduction** 

**Stepping up for Ontarians:
Staying the course on poverty reduction commitments**

Submission to Standing Committee on Finance & Economic Affairs

February 1, 2010

The 25 in 5 Network for Poverty Reduction is a multi-sectoral network endorsed by more than 1,500 organizations and individuals throughout Ontario working on eliminating poverty.

“Our government remains focused on driving forward with our priorities: building an Ontario with a strong economy so that our children can receive the best public education, our families are cared for in the best health care system, and where our vulnerable benefit from the best public supports.”

– Premier Dalton McGuinty January 18, 2010.

In October 2008, Canada plunged into one of the sharpest recessions since the Great Depression – making each and every one of us more vulnerable to the winds of economic change. That same month, an Environics poll showed 81 per cent of Ontarians believe it is more important during recessions for their governments to make helping the poor a priority and 89 per cent said they would be proud if their Premier took the lead in poverty reduction.

A few months later, in December 2008, the Ontario government took that leadership: it committed to reduce child and family poverty by 25 per cent within five years. All parties in the Ontario Legislature subsequently entrenched this commitment through unanimous approval of the Poverty Reduction Act. Making good on this commitment means that by 2013, 90,000 children and their families will be provided with the tools they need to climb out of the depths of poverty and participate in the province’s economic recovery.

But it also means continuing leadership in these tough economic times. We are here to urge the Standing Committee to ensure that bolder leadership is taken now to prevent falling short of the committed target. 2013 will soon be upon us and the global economic shake up of the past year puts all the more pressure on Ontario to get this right.

The world looks very different in 2010 than it did when the government made its poverty reduction commitment in 2008. Ontario has been hit harder than most provinces by the global recession. Hundreds of thousands of contributing members of our province have lost their jobs and haven’t even had an Employment Insurance (EI) system to fall back on.

Many Ontarians are silently hurting. For some, recession broadsided their ability to work and they joined the growing ranks of poor people in this province. Others were forced to take lower paying jobs. Still others struggled with the brutal reality of poverty long before recession made each and every one of us vulnerable to an economic transformation that is nowhere near finished.

Canada’s economic recovery is incredibly fragile. Ontario is not yet out of the woods, nor is the rest of the world. The World Bank has already warned that the global economic recovery could wilt if governments pull back on their stimulus efforts too quickly. Without bold provincial leadership, we risk plunging back into recession or faltering with a jobless recovery. We cannot afford either scenario.

The good news is that solutions are within reach, and they are very do-able. The bad news is that the new reality of government deficits is leading some Ontarians to panic and suggest a repeat of some of the worst mistakes of the 1990s.

The response to the 1990s' deficit was to slash public spending, declare war on the province's poor and vulnerable, sell off crown assets and shrink government to dangerously low levels. Ontario paid the price for those mistakes in more ways than one. Reducing public spending meant Ontario got worse, not better, public services. It put Ontarians at greater risk than necessary, compromising everything from water to food safety. Selling crown assets was a short-sighted political response to deficits, tantamount to burning the furniture to keep the house warm.

The war on Ontario's poor left lasting scars with no real solution to sustained poverty.

The lesson from the experiment of the 1990s? When you cut and run, you prolong the pain of recession and weaken an economic recovery. When you invest in people and communities, the economy recovers faster and our communities remain safer and healthier.

That is the critical challenge at this point in Ontario's history – to protect the vulnerable and keep our communities safe and healthy.

One reality that became crystal clear as Canada plunged deeper into recession last year was the importance of public sector leadership to fill the void left by corporations who stopped investing and started laying off workers in droves.

Without public sector investments, Canada's recession would have been deeper and longer. Cutting public sector spending now could slip this province into another round of recession – a scenario the Great Depression taught us we should work hard to avoid.

What we know from this past recession is that we are all vulnerable. Every child is vulnerable, every middle class job is vulnerable, every household is vulnerable, and every community is vulnerable.

But strategic solutions are at hand. Some solutions require immediate investments to protect the vulnerable and stimulate the economy by keeping and creating good jobs; others require simple rule changes to ensure the Premier meets his government's priority of providing the best public services for Ontario's vulnerable.

Priorities for Action in Budget 2010

Here are seven priorities for action in this next budget that will not only help meet the all-party commitment to reduce poverty by 25% by 2013 but will also guide Ontario through a stronger and healthier economic recovery.

A. Ensure livable incomes that affirm the dignity of all Ontarians—including those unable to work – through action to:

1. **Increase the Ontario Child Benefit to \$125 a month** to protect families and their children during the economic downturn and beyond;
2. Address problems in the Social Assistance system by:
 - **introducing a \$100 monthly Healthy Food Supplement** to help all adults on social assistance access healthier food;
 - ensuring the **Social Assistance Review is adequately resourced** so that transformative changes can be made to bring OW and ODSP in line with poverty reduction; and,
 - providing funding to **fix counter-productive social assistance rules**. Rule changes should include:
 - Increasing OW and ODSP asset levels to reduce asset stripping and allow those recipients to accumulate an economic cushion.
 - Eliminating rules that punish sensible money management, such as sharing accommodation, choosing room and board accommodation, and living with family.
 - Eliminating byzantine income rules including treating loans as income, deductions from rates where family/friends assist with groceries and dinners.
 - Streamlining the level of eligibility monitoring. For example, stop withholding benefits for failure to provide information when there are no serious issues of current eligibility; eliminate income reporting requirements where there is no income, and reduce ongoing documentary review to a sensible level.
 - Removing income penalties for dependent children who leave school and for children over 18 who stay within the family household.
 - Giving local delivery agents the discretion to not pursue overpayments that result from administrative error or where collection results in hardship.
 - Extending eligibility for all provincially funded and/or delivered employment support and training programs to recipients of Social Assistance.

B. Invest in strong and supportive communities where opportunity and equitable inclusion is a reality for all through action to:

3. **Make a down payment of \$250 million on the ten-year provincial affordable housing plan**, pending release of the province's long-term housing plan.
4. **Ensure the viability of 7,600 subsidized childcare spaces** currently in jeopardy by investing at least \$64 million in child care to maintain existing service levels and recognize increases in operating costs.

C. Achieve sustaining employment through a good jobs strategy that:

5. **Poverty-proofs the minimum wage** by raising it to \$11/hr in 2011 and indexing it to the cost of inflation.
6. **Hires new employment standards officers** and improve Employment Standards Act compliance through the additional \$5 million investment required.
7. **Establishes an Equity and Anti-Racism Directorate** mandated to help embed equity principles, policy frameworks, programs and practices within and across all ministries as well as the broader public sector.

These seven priorities are part of 25 in 5's Blueprint for Poverty Reduction, which we released in 2009 to provide the pathway toward ensuring that Ontario meets its target of reducing child and family poverty by 25% by 2013.

The full set of measures recommended in the 25 in 5 Blueprint are provided as an attachment to this submission.

Conclusion:

It is critical that Ontario stick to its commitment to a 25 in 5 poverty reduction strategy. This budget presents a critical opportunity to turn the corner on poverty, or risk losing too much ground to achieve the progress that we need by 2013.

Poverty reduction must be at the top of the priority list for Budget 2010 because more and more people are hurting. Action on poverty reduction is crucial to support hard-hit Ontarians right now, so that we can ensure that we can all get back on our feet as quickly as possible. Now more than ever inaction isn't an option.

Aside from the benefit to individuals and families of our recommendations, we want to emphasize that investing in poverty reduction benefits everyone and needs to be an integral part of Ontario's economic recovery.

Every dollar provided through the Ontario Child Benefit and through new HST credits ends up with local retailers and grocery stores, helping to prevent a longer and deeper recession and get Ontario into recovery mode faster.

Policies to tackle poverty lay the foundation for a stronger, well-equipped workforce where all hands are on deck ready to take on the challenges of a 21st century global economy.

And investments in public programs and services help ensure that all Ontarians can be a part of economic recovery.

Everyone wants to see the backside of this recession but the reality is that Ontario is not yet out of the woods.

We need this government to maintain a steady hand, to stick to its commitments, and to be there for the vulnerable. This recession taught us just how vulnerable every Ontarian is to the economic winds of change. What we do in the next year to protect each other from more economic harm can make all the difference.