

25 in 5: Network for Poverty Reduction

Building a Resilient Ontario: From Poverty Reduction to Economic Opportunity

Submission to Standing Committee on Finance & Economic Affairs

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The 25 in 5 Network for Poverty Reduction is a multi-sectoral network comprised of more than 100 provincial and Toronto-based organizations and individuals working on eliminating poverty.

"On moral grounds, it can be argued that some help for the poor is better than no help at all. But on strict economic grounds, the costs of providing insufficient help can be massive.... When both private and public (or social) costs are combined, poverty costs the residents of Ontario a staggering \$32 billion to \$38 billion a year – the equivalent of 5.5 per cent to 6.6 per cent of provincial GDP.... This immense sum of money would obviously be better spent removing the source of these dead-weight costs – widespread poverty – than continuing to treat the devastating symptoms of its effects. If properly spent, what this money would ultimately buy is a healthier, better educated and more productive workforce, in which far more Ontarians would have a stake in making the province work for the benefit of all."

Cost of Poverty, Ontario Association of Food Banks 2008.

The clock is ticking on the provincial government's commitment to lift 25 per cent of Ontario children and their families out of poverty by December 2013. The halfway point is nearly here.

Making good on this commitment would distinguish Ontario as the first jurisdiction in Canada to set a poverty reduction target and timeline – and deliver on the promise.

Delivering on the promise makes for good economic opportunity. It would lift 103,000 children and their families out of the depths of poverty, filling a new generation with hope.

And it's smart policy, because every Ontarian freed from poverty is better equipped to contribute to an economic recovery that needs "all hands on deck".

Investing in equitable and inclusive education and skills training, supportive income programs, employment equity, and early learning and child care lays the foundation for strong, inclusive communities and a competitive workforce – one that can respond to the challenges of a global economy in transition. Action on this is what's needed to meet the goal of reducing child poverty by 25 per cent in the next three years.

Last month, the 25 in 5 Network for Poverty Reduction marked the second anniversary of the poverty reduction strategy with the release of a second annual report tracking the government's progress towards its commitment to reduce child and family poverty by 25% in 5 years.

In this report, 25 in 5 made note of two significant – but not insurmountable – challenges for government to overcome in order to reach their poverty reduction goal:

- keep poverty reduction on the front burner
- stay the course in troubled times

Keep Poverty Reduction on the Front Burner

The first challenge is to keep poverty reduction front and centre on the agenda. This requires making substantial multi-year investments in programs that have been proven to work, continuing with the 2011 provincial budget.

In the second year of the government's strategy, progress was already made with investments in areas such as

- \$63.5 million to replace lapsed federal dollars in needed child care subsidies
- \$4.5 million in annual funding to better enforce workplace standards
- the implementation of new HST tax credits that cushion the blow of a harmonized sales tax and
- full day kindergarten for children aged 4 and 5 now underway in many communities representing a significant investment in the next generation of Ontarians

But there have also been missteps and missed opportunities, such as the troubling decision to cancel the Special Diet allowance and replace it with a more limited program, and a lack of new investments in areas like the Ontario Child Benefit, housing affordability, employment equity, and income adequacy for more and more people forced to rely on social assistance.

Clearly, there is work to be done.

Recently, the government's own social assistance advisory council recommended an overhaul of income supports to transform the current system into programs that show Ontarians a pathway out of poverty rather than confine them to the margins – the announcement of a social assistance review in December is encouraging in this respect.

As we near the mid-way point, Ontario requires decisive, timely initiatives to accelerate the provincial government's poverty reduction promise.

The window of opportunity is narrowing, but there is time to refocus and make good on the promise, starting with the 2011 provincial budget.

Stay the Course in Troubled Times

The second challenge facing government stems from the worldwide economic recession.

The global economy fell into deep recession in 2008 – the very year Ontario decided to get serious about reducing poverty.

Recessions tend to push more people into poverty, so the timing of the province's commitment to lift children and their families out of poverty couldn't have been better.

Ontario was smart to stay the course on poverty reduction.

Investments in the Ontario Child Benefit and minimum wage increases helped put dollars on Main Street, stimulating local economies at a time when they needed it most.

Stimulus investments on physical infrastructure kept Ontarians employed while leaving behind a legacy of new community centres, better roads, water pipes, and sewage systems.

Many of these investments were targeted to those on the lower end of the income spectrum. Though more children and their families fell into poverty during the recession, government actions at the height of the economic downturn prevented many from spiraling into deeper poverty than they would without public assistance.

Some are now using government deficits caused by stimulus investments as an excuse to call for spending cuts on public services that all Ontarians rely on. We must not repeat the mistakes of the 1990s. During the last recession, Ontario's poorest households were hardest hit by the economic downturn and it took them much longer to bounce back. Severe cuts to social programs and equity enhancing measures were accompanied by a scapegoating rhetoric that tarred and feathered the most vulnerable.

This divisive approach to politics drove wedges between us, and failed to accomplish the important task of lifting Ontarians out of poverty. Making the same mistake again isn't an option.

Priorities for Action in Budget 2011

Putting poverty reduction on hold during an economic slowdown only makes income inequality worse – and inequality had already reached new heights before the global recession weakened Ontario's economy.

The economy is on the mend, but recovery remains fragile. The threat of Ontario dipping back into a slowdown is very real. Ontario faces a serious challenge in creating a healthy economy sustained by good paying, secure, equitably accessible jobs to replace the hundreds of thousands of manufacturing jobs lost in the last decade.

To make Ontario a prosperous jurisdiction in a competitive global context will take a substantial investment by the public for the public. Ontario will pay a steep price if we take a political road that favours some Ontarians while leaving others behind. We will pay a steep price if we allow a generation of formidable minds to waste away on the sidelines.

In the coming budget, Ontarians are looking to their provincial government to implement and fund smart policies that achieve four core goals during this next period of economic recovery:

1. Ensure no one falls through the cracks during times of need.

This requires implementation of policies to ensure unemployed Ontarians have a secure safety net that allows them to live in dignity and to develop their skills to get back into the labour market. This includes:

- **Start the income security review and building livable incomes:** The province has announced a much-welcome a review of Ontario Works (OW) and the Ontario Disability Support Program (ODSP), At the same time that the review conducts its work, it is critical that action be taken to raise the incomes of people on social assistance. Social assistance incomes today have the same purchasing power as they did in 1967. The incomes of people on social assistance need to be increased immediately, through measures such as the \$100 Healthy Food Supplement. Ontario should also immediately implement the rule changes recommended by its own Social Assistance Review Advisory Council, including raising asset limits.

2. Invest in people, their skills, and their efforts to secure work.

This requires action, such as reforming social assistance, to align it with broader human development goals that lead to equitably accessible opportunity. This includes:

- **Listening to lived experience:** People living in poverty have expertise on actions that need to be taken to make life better. Government must create a community-based, inclusively representative advisory committee to provide expert advice to the government's Results Team and must ensure that the Social

Assistance Review has a central role for those with lived experience with the system.

- **A strategy for disproportionately poor communities:** Women, Ontarians from racialized groups (communities of colour and Aboriginal Peoples), and people with disabilities, and newcomers are disproportionately poor. The province needs a poverty reduction strategy that uses targeted measures to effectively address the structural and systemic poverty within diverse communities – one that offers hope and opportunity for this and future generations.
- **Increased supports for post-secondary education and training:** Education is linked to nearly every positive social outcome, but not all students have an equitable chance for success. Apprenticeships, college, and university – which provide access to good jobs – are out of reach for many low-income Ontarians. Whether for people on OW and ODSP, for those who are working, or for those who may have defaulted on an OSAP loan in the past, investing in and improving access to post-secondary education and training is a critical part of preparing all Ontarians to contribute to economic recovery.

3. Ensure jobs are pathways out of poverty. This includes:

- **A good jobs strategy:** The Ontario government must ensure that a job is a pathway out of poverty. Boosting the minimum wage to \$11 in 2011, and indexing increases to inflation – as well as beefing up employment standards enforcement and bringing forward a comprehensive employment equity initiative – are also vital. Income supports such as child and housing benefits as well as dental care also make work a sustainable option for individuals and families. Retraining and education programs are also in critical need of the additional funding required to meet higher demand.
- **Dental care for low-income Ontarians:** The province promised a new dental program for low-income Ontarians. It has moved ahead on a new community-based, preventative focused program targeted at children. But full implementation of this commitment that ensures services are available to low-income adults as well as children has yet to take place.

4. Create an infrastructure for opportunity. Keep investing in programs to support a strong economic recovery. Early learning and quality child care, affordable housing and affordable, dependable transit help people get to work – and make cities work too. This includes:

- Continuing to move ahead on social infrastructure investments is critical not only to meet Ontario's poverty reduction goal but also to get the province's economy into full recovery mode. Affordable housing, early learning and child care, expanded public transit, and income supports such as the Ontario Child Benefit, a new housing benefit and improved social assistance incomes are crucial to stimulating jobs and local economies by putting resources into the hands of low-income Ontarians.

Conclusion:

Ontario families are worried and, just like they did at the start of recession, they are turning to their governments for leadership in tough times. An austerity agenda that walks away from poverty reduction and eliminates the public services and programs that all Ontarians need only adds to the worry.

Without an investment plan in the 2011-12 budget, Ontario will not meet its goal of reducing poverty by 25% by 2013. As a result, families will falter and Ontario, already struggling from the weight of a worldwide recession, will fall further behind – an outcome we cannot afford.

Sitting back and hoping the private sector will save the province from the wrath of global economic competition is not an option. It hasn't worked so far. Not here. Not anywhere.

Poverty reduction benefits everyone. Building healthy, safe communities where everyone belongs and has a chance to bounce back from misfortune is the epitome of good government – and it's why the provincial government needs to renew its efforts to reduce poverty post-recession.

As Ontario nears the halfway point of its poverty reduction timeline, the mission must be to stay focused and to make good on the promise.