



We Can't Afford Poverty

Brief to the Ontario Government's Pre-Budget Consultations

**From Archbishop Colin R. Johnson and the Child Poverty Subcommittee
Anglican Diocese of Toronto**

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Executive Summary

“How are we treating those who are less fortunate?” Premier Dalton McGuinty asked that question in 2007. “It’s one of the best tests of government,” he said.¹ The Anglican Diocese of Toronto agrees with Mr. McGuinty. Economic times have been hard for the last few years making it more important than ever for the government to step up and show the leadership it is capable of. As release of the government’s 2012 budget approaches, a review of the government’s track record is in order.

In some areas, the government has made progress on its Poverty Reduction Strategy. The government’s recent Annual Report on the Strategy gave some highlights that included a decrease in child poverty of over four percent between 2008 and 2009, and a decrease in the poverty rate of single mothers of seven percent between 2008 and 2009. Unfortunately, numbers from Statistics Canada lag by 18 months so we don’t have a clear idea of the current poverty levels in the province from them. However, other figures provide a better idea of the current situation.

Toronto’s Daily Bread Food Bank reports that food bank usage increased by a disturbing 15 percent in 2010. At the beginning of 2011, there were 152,077 Ontario households on the waiting list for affordable housing, an increase of 7.4 percent over 2010 which was a 17.7 percent increase over 2009.² At this point, the list is so long that many tenants in need don’t even bother adding their names to it which means the need is even greater than these figures reflect. These data, and the experience of Anglicans involved in outreach work, paint a very different picture of poverty levels in Ontario than that presented in the government’s report: one in which poverty is *increasing*. The Annual Report on the Strategy itself, while reporting the decrease in poverty among children and single mothers, also indicated that during that same period poverty increased among other groups, especially single adults and seniors.

Community agencies and faith-based groups are trying to fill basic needs for low-income people in Ontario, but they fight a losing battle. Vulnerable people will continue to suffer as long as public policy continues to allow full-time workers to live below the poverty line, permit the buying power of those on social assistance to erode with inflation, and force low-income families to choose between whether they will pay their rent or eat. That is why we are asking the government to implement the following measures:

- Index social assistance rates to inflation to ensure that the buying power of the most vulnerable at least stays the same in years to come;
- Introduce a Housing Benefit for Ontario for low-income tenants so that more money is available to them for essentials like food, education, and transportation;
- Increase Ontario’s minimum wage from \$10.25 to \$11.00 an hour to ensure that all Ontarians with full-time employment live above the poverty level.

These measures would alleviate hardship and move our society in the right direction. We realize that

¹ Quoted in “The High Cost of Poverty.” *The Toronto Star*. 02 Jan. 2012.
<<http://www.thestar.com/opinion/editorials/article/1109665--the-high-cost-of-poverty>>.

² Linda Lapointe. *Where’s Home? The Need for Affordable Rental Housing in Ontario*. September 2011. Ontario Non-Profit Housing Association and Co-Operative Housing Federation of Canada Ontario Region.
<http://www.onpha.on.ca/Content/ONPHA/About/ResearchReports/WheresHome/WheresHome_2011.pdf> pg 30.

the government is in a difficult financial situation, but we believe that people whose lives are already extremely difficult must not fall even further behind. Poverty is costly – in terms of human and health costs, in lost opportunity, in its harmful impacts on the values of our society, and in so many other ways.

Introduction

Anglicans in the Diocese of Toronto understand poverty. Our Diocese represents approximately 376,000 Anglicans from 202 parishes that experience poverty from all angles. A recent survey of parishes in the Diocese revealed that church-run community programs serve tens of thousands of people a year. These programs include food banks and community meals; clothing drives; drop-in centres for youth, seniors, and the homeless; harm reduction programs for sex workers; assistance to those who cannot pay medical bills; creation and maintenance of community gardens; and many more services. Nor are our church members immune to poverty: our congregations include many seniors, low-wage workers, people with disabilities, and others who know poverty as a living reality.

The programs of Anglican churches meet a need in the community; but it's a need that should not be present. Many of these programs have been running for years, some of them decades, and the situation continues to deteriorate, in large part due to ineffective public policy that allows inflation to eat away at the buying power of those living on social assistance, permits Ontarians working full-time jobs to live in poverty, and forces low-income tenants onto the streets.

In the book of Proverbs, Christians and Jews read: "Speak out for those who cannot speak, for the rights of all the destitute. Defend the rights of the poor and needy" (31:8-9). Anglicans across the Diocese are answering this call and speaking out for the millions of people in need in our province. Over the last three months, groups of Anglicans and other ecumenical partners have met with 20 Members of the Legislative Assembly who represent ridings from Mississauga to Orillia to Peterborough from all three political parties to advocate for the policies mentioned earlier. We will continue to work with politicians of all parties to seek solutions to the challenges we face.

Increasing the Minimum Wage

The minimum wage plays an important role in protecting vulnerable workers in our province. The Anglican Diocese applauds the work that the government did to increase the minimum wage from \$6.85 in 2004 to its present \$10.25. These increases have benefitted not just those who earn minimum wage: many other low-wage jobs are paid slightly above the minimum wage, so that when minimum wage increases, so do their rates. This means that the increases of the last seven years have improved the lives of many Ontarians.

However, no increase was made in 2011, and none has been announced for 2012. This is a bad move for Ontario because a single person working at the current minimum wage for 40 hours a week, 52 weeks of the year with no holidays earns only \$21,320 a year which puts them below the poverty line. "33% of children living in poverty have at least one parent working full-time, full-year" says Anne Kewley, Chair of the North House Transitional Housing Program, an organization supported by our church that assists individuals and families who are in need of housing solutions. "Where are these people supposed to live and what are they supposed to eat?" If the government wants to reduce poverty in the province, it has to make sure that all full-time workers are above the poverty line. It can

do that by increasing the minimum wage.

Some employers assert that increasing minimum wage is bad for the economy. In fact, regular increases in the minimum wage have proven to be good for the economy. While some businesses would be adversely affected, we need to question the viability of businesses that cannot afford to pay their staff a living wage. It has been demonstrated that minimum wage earners overwhelmingly spend their earnings locally on public transit and at local grocery stores, gas stations, and other small and independent businesses. This means that any additional money spent by local businesses on their employees ends up back in their own pockets. Moreover, studies have proven that the job losses from graduated minimum wage increases are negligible and far outweighed by the benefits involved.³

Therefore, we are asking that the government continue to increase the minimum wage, from \$10.25 to \$11.00, to provide urgently-needed extra income for low-wage workers. Where wages fail to increase at least at the same rate as inflation, the government allows the buying power of low-wage workers to fall.

Indexing Social Assistance to Inflation Rates

We are deeply disappointed that the government raised social assistance rates by only 1% for 2012 when the Consumer Price Index has gone up 3% and food inflation has gone up 5%. This tiny increase erodes what little buying power people on social assistance have and falls far short of providing enough for the most basic of necessities. It will make life for people in poverty even harder.

The maximum amount that a single person on the Ontario Disability Support Program can receive is a mere \$1,064 per month for all their needs. When combined with rising food and shelter costs, relying on social assistance for one's income almost guarantees food bank use. Luanne Reparón, an Anglican and a caseworker at the Lindsay office of the Ministry of Community and Social Services, says: "My clients use food banks because they don't get enough money to pay for their shelter – they use most of their ODSP allowance for shelter, and then have to manage the funds they have left for food, telephone, personal needs, and other costs for the month. Most have less than \$50 a week for all of these other expenses." The assistance rates for those on Ontario Works are even lower: the maximum amount that a single person on Ontario Works can receive is a meagre \$599 per month.

Ms Reparón's experience is indicative of a larger trend noted by the Daily Bread Food Bank which, in a 2010-2011 study, found that 67% of food bank users in Ontario live on social assistance. The same study found that 48% of Ontario Works food bank users and 55% of Ontario Disability Support Program food bank users had gone at least one whole day without eating in the last 12 months due to lack of money.⁴

Since being slashed in 1996, social assistance rates have been dismal. From 2000 to 2010, the Consumer Price Index rose by over 20% and Ontario Food Inflation rose by over 30% but social assistance rates only went up about 10% for a single person on Ontario Works. If the rate has been adjusted for inflation since 1994, Ontario's social assistance rate for a single person would now stand at \$938 a month.⁵ That

³ Michael Goldberg and David Green. *Raising the Floor: The Social and Economic Benefits of Minimum Wages in Canada*. Vancouver: Canadian Centre for Policy Alternatives, 1999, pg 17.

⁴ Richard Matern. *Who's Hungry 2011*. Toronto: Daily Bread Food Bank, 2011.
<<http://www.dailybread.ca/wp-content/uploads/2011/09/WhosHungryReport2011-WEB.pdf>>.

⁵ OCHU: Ontario Council of Hospital Unions. *Media Release: \$16,000 to \$49,000 pay raises for Liberal caucus. Surely social assistance rates will also rise?* November, 2011. <http://www.ochu.on.ca/special_diet.php>.

is why, as Anglicans, we urge the government to introduce the indexation of social assistance rates to the rate of inflation, as part of government policy. Failure to do so forces those on assistance to continue to choose whether they will eat or pay their rent from one month to the next.

Introducing a Housing Benefit for Ontario

Housing is considered affordable when no more than 30% of an individual or family's income is spent on housing costs. People who spend more than 50% of their income on rent run a high risk of homelessness. Yet among those who used Ontario's Daily Bread Food Bank between April 2010 and March 2011, the average percentage of income spent on housing and utilities was 72%.⁶ Ontarians should not have to choose between food and shelter: they are entitled to the dignity of both.

When tenants cannot afford to pay their rent, landlords and government incur high costs. Landlords lose rent they cannot recover, have to spend time filing applications with a housing tribunal, and face delays in finding new tenants. Government is forced to pay administrative costs associated with eviction, legal aid, and shelters for those who are now homeless.

Because of these costs and the hardships endured by low-income tenants, we urge the government to implement a Housing Benefit for Ontario. The Housing Benefit we propose is supported by the Federation of Rental Housing Providers of Ontario, the Ontario Non-Profit Housing Association, the Greater Toronto Apartments Association and the Daily Bread Food Bank. In it, the government would pay for a percentage of the gap between what a tenant can afford to pay in rent and what their actual rent is, up to a set maximum based on a Statistics Canada Survey of Household Spending.

This model would apply not only to people on social assistance, but to low-wage workers as well, making it easier for people to transition from social assistance to paid work. The program would target people in severe need, providing benefits to households of two or more whose rent costs exceed 30% of their household income, and to singles with rents exceeding 40% of their income.

Assuming that every eligible renter applied for the housing benefit, this measure would cost Ontario only \$240 million per year, less than 1 percent of the government's annual expenditures: an amount that would be quickly earned back by the decreased strain on shelters, affordable housing, and healthcare services, and reduced administrative costs for the programs mentioned above.

As Kathy Hardill, a Primary Care Nurse Practitioner in North Hastings, points out: "poverty [is] the single most important modifiable factor determining whether someone is healthy or not."⁷ Studies have shown that low-income women under the age of 40 are 62% more likely to be hospitalized than higher income women. Over the age of 40, they are 92% more likely to be hospitalized.⁸ A five-year study tracking the healthcare costs of housed and homeless discharged patients revealed that homeless

⁶ Matern, 17

⁷ Kathy Hardill. "Austerity Won't Save Health Care – Fighting Poverty Will." *Healthy Debate*. February 2012. <<http://healthydebate.ca/opinions/austerity-wont-save-health-care-fighting-poverty-will>>.

⁸ Michael Mirolla. "The Cost of Chronic Disease in Canada." *The Chronic Disease Prevention Alliance of Canada*. January 2004. <<http://www.gpiatlantic.org/pdf/health/chroniccanada.pdf>> pg iv.

patients cost \$2,559 more than housed patients.⁹ Helping low-income Ontarians to afford their housing will alleviate some of the strain on an already burdened and expensive healthcare system. This housing benefit would also help to alleviate some of the pressure on shelters and affordable housing in the province: a burden that John Stephenson, manager of outreach to the Dan Harrison housing project at All Saints Anglican Church Community Centre in Toronto, knows all too well. Funded by the Anglican Diocese of Toronto, the Centre functions mainly as a drop-in centre to the homeless and low-income individuals who live in the neighbourhood at Dundas and Sherbourne Streets in Toronto. When asked to reflect on the Centre's programs, he shared the following thoughts:

Of those individuals accessing our services, approximately half are housed. Much of this housing however is poor quality, under-maintained and/or unsafe due to the development of rooming house style accommodation and the threat of violence from non-tenants. Our experience at the social housing complex, as well as working with individuals to find private housing, demonstrates how inadequate the housing stock and supply is in Toronto.

At the social housing building, one aspect of our work is to help tenants who are illiterate to fill out necessary documentation. Recently, a woman came to us for help as she was being abused by her spouse. She was hoping to get a transfer to another building where she would have her own apartment. Although transfers for safety concerns are given priority, she was told she would have to wait four to six months for her application to be processed. That is much too long to wait for safe housing.

While walking the halls of the building, bullet holes are clearly visible in the walls. One of the gentlemen we work with was robbed at knife point in the elevator. After reporting the event to police, he hoped the attacker would be arrested and evicted. In the weeks that followed the robbery, he continued to see the attacker mingling in and around the complex. Because of the lack of security, many people are afraid to leave their apartments, coming out only to purchase food and attend doctor's appointments.

Many shelters and placement agencies have agreements with the housing provider in order to secure housing faster for those wanting to leave the shelter system. These organizations are finding that their clients are refusing to take an apartment in the housing complex because of its reputation as unsafe and unclean.

We are concerned that as the gentrification of the surrounding neighbourhoods continues, the homeless and marginalized of our community are pushed into an even smaller area. Housing is not available for these individuals, as 82,138 households are on the waiting list for Toronto Housing. The Wellesley Institute estimates that "it will be almost 24 years by the time a household that signed up in December of 2011 is offered a place to call home."¹⁰ The challenge of providing safe and quality housing will only increase as the City of Toronto has cut the budget of Toronto Housing by \$6 million for the coming year.

⁹ Stephen W. Hwang, James Weaver, Tim Aubry & Jeffrey S. Hock. *Hospital Costs and Length of Stay Among Homeless Patients Admitted to Medical, Surgical, and Psychiatric Services*. Philadelphia: Medical Care, April 2011; 49(4).

¹⁰ Michael Shapcott. "Wait List Hits New Records, Exec Committee Schemes to Sell-Off 740 Affordable TCHC Homes." *Wellesley Institute*. January 2012. <<http://www.wellesleyinstitute.com/news/wait-lists-hit-new-records-exec-committee-schemes-to-sell-off-740-affordable-tchc-homes>>.

The development of a comprehensive housing strategy that links all levels of government is imperative to halting the spread of such a housing crisis for those most vulnerable in our city and province.

The living situations described by Mr. Stephenson above are appalling and it's easy to understand why people living in such circumstances incur higher healthcare costs. The Housing Benefit that we propose would help low-income tenants to find and afford their own housing, thus alleviating the financial and medical strains that poverty and homelessness have on the province, to say nothing of the psychological strains that such circumstances have on low-income Ontarians.

Fair Taxes

"We are fully cognizant of the fact that these are difficult times for our government. It is even more difficult for poor people." This message appeared in a letter signed by Bishop Philip Poole and other Anglicans to MPP Donna Cansfield following a recent meeting with her.

We are in tough economic times and, as mentioned earlier, we acknowledge the challenges that the government's deficit involves. Some would argue that tough economic times and the government's deficit mean that our society cannot afford measures to help people in poverty. But these times are really a challenge to politicians to take initiative and stand up for the most vulnerable in our society. The government has an obligation to make its priority those who are in most need.

As demonstrated earlier in this brief, the needs of the poor in Ontario are desperate. With food bank usage up, waiting lists for affordable housing ever-growing, and the buying power of minimum wage earners and those on social assistance eroding due to inflation, the government *must* find the money needed to keep important, life-saving programs afloat. The provincial government has the tools necessary at its disposal to find funding. All it needs is the will to see it through.

The Occupy movement has focused a spotlight on the huge gulf separating the rich and the poor in our society. Now, more than ever, a wide range of people agree that the glaring inequality in our society is profoundly unfair and calls for action in response. In a report on inequality in Canada, the OECD noted with concern that:

Prior to the mid-1990s, the Canadian tax-benefit system was as effective as those in the Nordic countries in stabilising inequality, offsetting more than 70% of the rise in market income inequality. The effect of redistribution has declined since then: taxes and benefits only offset less than 40% of the rise in inequality.

To offset this disturbing trend, it recommended:

top earners ... now [have] a greater capacity to pay taxes. In this context governments may re-examine the redistributive role of taxation to ensure that wealthier individuals contribute their fair share of the tax burden.¹¹

Anglicans urge our government to acknowledge what the OECD and others affirm, and to have the courage to enact tax measures that will both help the poor and reduce inequality.

¹¹ OECD. "Country Note: Canada." *Divided We Stand: Why Inequality Keeps Rising*. 2011. <<http://www.oecd.org/dataoecd/50/52/49177689.pdf>> pg 2.

Here are some practical tax proposals in this regard:

- Raise tax rates for high-income earners

At a time when more than a million people in Ontario live in poverty, well-off people in our society need to shoulder their fair share of the costs involved in alleviating poverty. Before 1996, Ontario's tax rate for high-income earners was close to 17%, or 58% of the top federal rate of 29%. The top rate is now only 11.7%, and even with surtaxes, the top rate is still below the 1996 level. Raising Ontario's personal income tax rate by two percentage points, from 11.16% to 13.16% for taxable income over \$500,000 would raise more than \$500 million per year.

- Eliminate the stock option tax deduction loophole

Business executives pay tax on income from their stock options at only half the rate as non-executives do on their employment income. The Ontario Finance Ministry estimated that this tax break cost Ontario \$180 million in 2010, and will likely cost more than \$200 million in 2012. Eliminating this tax break could pay for the Ontario Housing Benefit discussed earlier.

- Freeze corporate tax rates at current levels

When the provincial government brought in the HST, Ontario's corporate income tax rate was reduced from 14% to 12%. Further cuts are planned that will bring the rate down to 10% by July 2013. The Ministry of Finance estimates that this reduction will cost the province \$2.4 billion a year. Freezing Ontario's corporate tax rate at the current rate of 11.5% would save the Ontario government at least \$900 million a year. Restoring the rate to 12% would recover \$1.2 billion annually, which could be used to fund poverty-reduction programs.¹²

Simply put, our society cannot afford to subsidize the wealthy. It is time that the wealthy among us pay a fairer share of the cost of maintaining our common life, and time also for the government more generously and effectively to subsidize those in our province who are really in need.

Conclusion

The Poverty Reduction Act of 2009 won the government widespread praise and it was supported by *all* parties. In the midst of an economic crisis, we look to our minority government to work together now as it did when it agreed to that Act. It's time to fulfill your promises and work to improve the lives of people whose lives are constricted by poverty. As John F. Kennedy pointed out: "When written in Chinese, the word 'crisis' is composed of two characters. One represents danger and the other represents opportunity."¹³ At the Anglican Diocese, we believe that these times offer an opportunity for our government. In difficult economic times we need to build a strong and inclusive economy by supporting our neighbours who have been hardest hit by the economic downturn. Let's invest in the future of our citizens and our province.

¹² Toby Sanger. *Tax Measures for Ontario to Generate Revenues, Strengthen the Economy and Increase Equity*. November 2011.

¹³ Quoted in Fred R. Shapiro's *The Yale Book of Quotations*. New Haven: Yale University Press, 2006 pg 420.