

# A Blueprint for Economic Stimulus and Poverty Reduction in Ontario

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A report of the 25 in 5 Network for Poverty Reduction

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The 25 in 5 Network for Poverty Reduction is a multi-sectoral coalition of more than 350 provincial and Toronto-based organizations and individuals working to eliminate poverty.

The Network came together because poverty reduction makes social and economic sense and because poverty reduction is possible.

# EXECUTIVE SUMMARY

The next provincial budget could not come at a more critical time. What Ontario's provincial government does now to stave off the worst of a recession and protect the vulnerable has the potential to make an immediate and lasting difference in the lives of Ontarians and, ultimately, on the health of the nation's economy.

A **Blueprint for Economic Stimulus and Poverty Reduction in Ontario** argues that making good on the province's commitment to reduce child poverty by 25 per cent in the next five years is key to addressing the economic challenges facing Ontario today.

It recommends key investments during the next two years in social infrastructure and public programs that do double duty of stimulating the economy at a time when we need it most and tackling poverty when the need is highest.

The Blueprint is the result of consultations in 30 Ontario communities with policy experts, civic leaders, agencies and people living in low income. The Blueprint shows how Ontario's next budget can stimulate the economy and make progress on reducing poverty by 25 per cent in the next five years.

Among its recommendations, the blueprint calls for immediate investments in areas such as:

- A \$100 Healthy Food Supplement to help all adults on social assistance access healthier food;
- A Housing Benefit to help low-income renters meet the rising cost of housing;
- An increase to the Ontario Child Benefit to \$92 a month in the 2009 budget and \$125 a month in the 2010 budget to protect families and their children during the economic downturn and beyond;
- Building 7,500 new affordable child care spaces, crucial to supporting parents who need to work and retrain for the demands of a changing economy;
- Leveraging the expected federal infrastructure dollars to build more affordable housing.

In the first year, the blueprint calls for an investment of \$2.4 billion in social infrastructure and public programs, with a \$2.6 billion commitment next year.

This investment represents only 2.7 percent of Ontario's 2008-09 program expenditures and less than half of one percent of Ontario's GDP.

All spending that is recommended is stimulative. It is directed to infrastructure investments or low-income individuals and families. Almost half is directed to infrastructure investment, which will help our economy recover and will not contribute to a structural deficit.

# INTRODUCTION

Ontario heads into the upcoming provincial budget with a shaky economic future as the storm clouds of a global recession gather over Canada.

In many ways, Ontario is at the epicenter of this economic storm. Even before the global meltdown, Ontario began buckling under the pressure of job losses in manufacturing and forestry.

The next provincial budget could not come at a more critical time. What our provincial government does now to stave off the worst of a recession and protect the vulnerable has the potential to make an immediate and lasting difference in the lives of Ontarians and, ultimately, on the health of the nation's economy.

While no one can predict how long and how deep this recession will be, there is widespread consensus that it is up to governments to invest in infrastructure, shore up consumer confidence, and make our social programs recession-proof.

Until now, the focus has been on what our federal government will do. The events of the past few weeks have left provinces, municipalities and communities on the edge of their seats, awaiting a January budget that would finally step up with resolute action to stimulate a slowing economy.

Unfortunately, the federal government's approach fell far short of the remedy required. While doubling the Working Income Tax Benefit and increasing funds for affordable housing are welcome measures, Ottawa's haphazard laundry list of initiatives failed to provide a coherent strategy for recovery and hope.

The federal government has also abdicated its responsibility to protect the vulnerable in these hardest of times, placing greater pressure on the upcoming Ontario budget to fill in gaps that our most senior level of government chose to ignore.

In the last few months, tens of thousands of Ontario workers have joined the ranks of the unemployed with fears that there is much more unemployment to come. Yet the majority of unemployed Ontarians do not qualify for Employment Insurance (EI), increasing the burden on the provincial government to deal with the fallout.

25 percent in the next five years is key to addressing the challenges facing Ontario today. That work begins with this year's provincial budget.

Recessions affect everyone, but many – especially those at the bottom end of the income spectrum -- experience greater hardship. During the last recession of the early 1990s, low-income and poor Ontarians were the first to fall and the last to rise.

As Ontarians brace for tough economic times, they look to our provincial government to ensure this year's budget achieves three vital objectives:

1. Invests in a major stimulus plan to stave off the worst of the recession and create jobs;
2. Protects the unemployed, the poor and the vulnerable;
3. Lays the foundation for a stronger, more sustainable economy that more fairly and equitably benefits Ontarians without leaving behind the poorest in our province.

This document lays out a blueprint to achieve all three of these objectives.

For months, the 25 in 5 Network for Poverty Reduction has been engaged in consultations with Ontarians in communities right across Ontario to hear their views on an effective poverty reduction strategy.

This document reflects the results of those consultations, outlining a plan of action for the Ontario government over the next two budgets.

The blueprint protects the vulnerable on several accounts, including innovative immediate measures such as:

- A \$100 monthly Healthy Food Supplement to help all adults on Ontario Works or the Ontario Disability Support Plan get access to healthier food;
- A Housing Benefit to help low-income renters meet the high cost of housing;
- An increase to the Ontario Child Benefit to \$92 a month in 2009 and \$125 a month in 2010 to protect families and their children during the economic downturn and beyond;
- Building 7,500 new affordable child care spaces, crucial to supporting parents who need to work and retrain for the demands of a changing economy;

- Leveraging the expected federal infrastructure dollars to build more affordable housing.

In the first year, the blueprint calls for an investment of \$2.4 billion in social infrastructure and public programs, with a \$2.6 billion commitment next year.

This investment represents only 2.7 percent of Ontario's 2008-09 program expenditures and less than half of one percent of Ontario's GDP. All of this spending is stimulative: it is directed toward infrastructure investments or low-income individuals and families. Almost half is directed to infrastructure investment, which will help our economy recover and will not contribute to a structural deficit.

The International Monetary Fund (IMF) recommends jurisdictions invest 2 percent of their GDP to help jolt the global economy out of its current slump. Ontario needs to do its part.<sup>1</sup>

As an indication of the depth of the global economic crisis, the prevailing orthodoxy about balanced budgets has been turned on its head in less than three months.

The discussion has moved away from whether it is appropriate for governments to ever run a deficit to widespread consensus that deficits – and strong government leadership -- are essential to weather this global economic storm. Governments who invest now do the double duty of softening the blow of recession and investing in generations to come – actions that will leave those jurisdictions that act boldly and swiftly with stronger, more sustainable economies.

The IMF has recognized that investments in anti-poverty programs can be most effective at pumping much needed activity into local economies. It advocates increasing transfers to low-income people because they will spend it quickly and locally, resulting in a faster, positive impact on the economy than other kinds of spending.<sup>2</sup>

Inaction isn't an option. The long-term effects of doing nothing about poverty are well known: A recent study shows that increased expenditures in health care, crime and social assistance due to poverty cost Ontario up to \$13.1 billion a year in lost revenues.<sup>3</sup> And that's in good times. In times of economic turmoil, the costs will surely be greater.

Recent Canadian research shows that increased government spending on infrastructure is most effective at increasing GDP.<sup>4</sup> It shows that \$1 billion

of personal income tax cuts creates 7,000 jobs and increases GDP by \$720 million. The same \$1 billion spent on infrastructure creates 16,000 jobs, half of which come in construction, and increases GDP by \$1.78 billion. The choice is clear: Infrastructure is the better investment in our future.

If the provincial government acts now on the recommendations laid out in this blueprint, it will meet its own commitment to reduce poverty and it will provide effective short-term fiscal stimulus to help Ontario recover from possibly the worst economic storm it has ever faced.

**In short, it will provide strong leadership in tough times.**

# THE BLUEPRINT FOR ACTION

The recommendations advanced in the 25 in 5 Blueprint are organized according to three goals for Ontario's poverty reduction strategy:

1. Ensuring livable incomes that affirm the dignity for all Ontarians—including those unable to work.
2. Investing in strong and supportive communities where opportunity and equitable inclusion is a reality for all, through enhanced access to affordable housing, early learning and child care, education and community programs that help people connect and thrive.
3. Achieving sustaining employment through a good jobs strategy that assures a living standard above poverty for any adult who works full time throughout the year and that pursues equitable access to work, fair pay and stable working conditions for all Ontarians.

## A Foundation for Livable Incomes in Ontario

### Strong First Steps: Making the Ontario Child Benefit Count

The introduction of the Ontario Child Benefit (OCB) in 2007 promised a new foundation for bolstering the income security of all low- and modest-income families in Ontario, improving living conditions for both those who are working poor and those who live on social assistance.

The OCB was rightly celebrated as a crucial missing piece in Ontario's arsenal against poverty, alongside improved wages, working conditions and other supports such as child care and affordable housing. It signaled the recognition that every jurisdiction that stands at the top of the pack in the fight against poverty invests heavily in child benefits.

But the potential of the Ontario Child Benefit is being delayed by an unnecessarily long implementation schedule.

The opportunity to move from a first step to a giant leap in Ontario's 25 in 5 goal could not be clearer. Increasing the monthly OCB payment now will reduce poverty and provide further protection for families and children during this economic downturn. At the same time, it will stimulate demand in the local economies where low-income parents spend on food, clothes, and other necessities for their families.

## Recommendation

- *Increase the maximum Ontario Child Benefit payment to \$92 per child per month in the 2009 budget, with a further increase to \$125 per child per month in the 2010 budget. These increases should be available to all children regardless of the source of their parents' income.*

## No One Left Behind: Shoring Up Social Assistance

As part of its December 2008 commitment to reduce child poverty by 25 percent within the next five years, the Ontario government promised a review of the province's flawed social assistance program.

While the review is welcome and will receive input from many 25 in 5 partners, the first order of business is to recession-proof the current system. Action is required immediately, starting with this year's budget.

The pressure on the province and municipalities to deal with the serious cracks in Ontario's welfare system will grow as job losses mount and more Ontarians discover they do not qualify for Employment Insurance.

As more middle-class Ontarians lose work and apply for welfare as a stop gap measure, they will be confronted with a system that forces households to be stripped of their assets before they can qualify for assistance. This will add to the short- and long-term hardship of Ontarians as they try to emerge from this recession. It is one of the first rules that should be changed in this year's budget.

What's more, Ontario Works (OW) and Ontario Disability Support Program (ODSP) benefits are so low that recipients live far below the poverty line in a constant state of hunger, insecure housing and economic precariousness. The inadequacy of support is socially isolating and is itself a barrier to employment, as noted by Minister Deb Matthews in 2004.

Achieving income adequacy is a fundamental component of a comprehensive poverty reduction strategy. Current incomes for people on social assistance have fallen dangerously below poverty levels. OW rates were cut by almost 22 percent in the mid-1990s and ODSP rates were frozen. Only modest increases have been seen since 2004.

Research on the social determinants of health continues to demonstrate the negative health effects of poverty. A recent report says: "low income almost inevitably ensures poor health and significant health inequity in

Canada.”<sup>5</sup> Households in the bottom 20 percent of the income spectrum have a significantly higher incidence of a wide range of illnesses.<sup>6</sup> An annual increase of only \$1,000 in income for the poorest 20 percent of Canadians would lead to almost 10,000 fewer chronic conditions and 6,600 fewer disability days every two weeks.<sup>7</sup>

Household food insufficiency is clearly linked with poorer health, including higher odds of restricted activity, multiple chronic conditions, major depression, heart disease, diabetes, high blood pressure, and food allergies.<sup>8,9</sup>

For the last 10 years the Ontario government has mandated the province’s 36 local health units to collect and report the annual cost of a Nutritious Food Basket in their areas. These reports consistently show a vast gap between the level of benefits received by people on social assistance and their ability to meet their basic food requirements along with other necessities of life.

There is no current formula for establishing social assistance benefit levels and the basic needs allowance is set far below actual market costs.

The promised Social Assistance Review offers an opportunity to seriously study the true cost of these basic necessities in communities across Ontario in order to establish a benchmark for income adequacy for use in setting benefit rates. But something needs to be done now, in the interim, because Ontarians and their children are going hungry and getting sick.

### Recommendations

- *Introduce a \$100 monthly Healthy Food Supplement to begin to address serious deficiencies in the Basic Needs Allowance of all adults receiving Ontario Works or ODSP.*
- *Index social assistance rates, beginning in the 2010-11 budget.*

### Rule Changes to OW and ODSP: The First Step to Transforming Welfare

Ontario Works (OW) and the Ontario Disability Support Program (ODSP) are the products of an outdated approach to income security.<sup>10</sup> Ontario Works deepens poverty and increases social exclusion through low benefit levels, program design, administration, and asset stripping requirements. The philosophy, rules, and rhetoric surrounding both programs foster negative stereotypes that limit community support and opportunities for social assistance recipients.

An estimated 800 rules enforced by Ontario Works program caseworkers result in constant surveillance and intrusive monitoring of the daily lives of people just struggling to get by. This is stigmatizing and a waste of resources.

Recipients who are able to work part-time have 50 percent of their earnings deducted from benefits. The employment supports and services that are part of the program are not available to everyone who requests them. When they are available, they often do not lead to employment.

Most of the punitive rules and intrusive monitoring in the Ontario Works program are also applied to people on ODSP. This causes unnecessary anxiety to people already living under the stress of health problems and other social barriers. And, while ODSP rates are higher than Ontario Works, they remain inadequate.

For low-income Ontarians with disabilities, gaining access to ODSP is critical to their survival. Yet research indicates that ODSP, in addition to failing to provide sufficient benefits, is rife with systemic barriers that make it an incredibly difficult program to access.<sup>11</sup>

It has been argued that the program is designed to deny access. The application is complex and unclear with no assistance provided to applicants. The process of determining eligibility through the Disability Adjudication Unit is also complicated and fraught with difficulties because applicants often lack access to appropriate medical practitioners to complete forms, doctors regularly make mistakes in the completion of the unclear forms, time limits are unreasonably short and adjudication takes too long.

## Recommendation

*That the following rule changes are funded in the next budget:*

- *Increase OW and ODSP asset levels to reduce asset stripping and allow those recipients to accumulate an economic cushion.*
- *Eliminate rules that punish sensible money management, such as sharing accommodation, choosing room and board accommodation, and living with family.*
- *Eliminate byzantine income rules, including treatment of loans as income, deductions from rates where family/friends assist with groceries and dinners.*
- *Streamline the level of eligibility monitoring. For example, limit*

*the withholding of benefits for failure to provide information to only those circumstances that involve serious issues of current eligibility; eliminate income reporting where there is no income, and reduce ongoing documentary review to a sensible level.*

- *Remove income penalties for dependent children who leave school and for children over 18 who stay within the family household.*
- *Allow recipients to continue receiving OW/ODSP income support while attending post-secondary education instead of taking out OSAP loans, and remove restrictions on singles accessing post-secondary education.*
- *Don't deduct gross income from other sources when recipient is actually receiving a lower net amount.*
- *Give local delivery agents the discretion to not pursue overpayments that result from administrative error or where collection results in hardship.*

We consider these rule changes a first step toward a fundamental reorientation of Ontario's social assistance system. The overarching goal of the government's upcoming Social Assistance Review should be to create a system that helps achieve a life of opportunity, free from poverty, for everyone in our province.

## The Next Step to Reform and Security: A New Housing Benefit

Low-income Ontarians continue to face a growing gap between incomes and rents, especially in high cost markets. Currently 124,000 households are on waiting lists for social housing. And housing insecurity will only worsen with a declining economy.

The solution to re-building housing affordability in Ontario must be multi-faceted. We need to address both housing supply and demand. Existing stock and new supply of social housing are one set of tools, but a housing benefit would also add to the toolbox.

A coalition of industry and community organizations has developed a proposal for a housing benefit.<sup>12</sup> The new benefit would help low-income Ontarians who are forced to spend a large share of their income on rent but who have no other choice in a tight housing market.

This benefit would be available to all low-income Ontarians regardless of the

source of their incomes, whether they have a job or receive social assistance. It would build on the existing shelter allowance in Ontario Works -- so social assistance benefits will not be reduced. It would be available to families and individuals who spend more than 30 percent of their income on rent, and would vary to reflect differences in rents in communities across Ontario.<sup>13</sup> By implementing this housing benefit, Ontario would join other provinces -- such as Quebec, Manitoba and British Columbia -- in recognizing the shortage of affordable rental housing in Canada.<sup>14</sup>

## Recommendation

- *Introduce a housing benefit that would be available to all low-income Ontarians. The benefit would be equal to 75 percent of the difference between actual rent paid and 30 percent of low-income individuals' and families' incomes.*

## Strong and Supportive Communities

### Housing: Building a Foundation for the Future, Today

It's time to learn the lesson that affordable housing is key to a sustainable economy and a vital way for the Ontario government to meet its commitment to reduce child poverty by 25 percent within the next five years.

In addition, to its role as a crucial poverty fighting strategy, investing in affordable housing at the start of an economic downturn does double duty as economic stimulus: It is a strong counter-cyclical tool that creates jobs and invests in local economies.

Careful investments in energy efficient new units as well as repair and retrofitting of existing housing can also have long-term positive impacts for governments seeking a more sustainable, green economy as well as economic stimulus and quality housing.

The Ontario government has announced that a 10-year infrastructure plan will now include social housing, alongside improvements to roads, sewers, transportation and a long list of other infrastructure demands. Adding housing to an extensive list of infrastructure deficits, while welcome, does not lead to any greater clarity about the scope of housing investments, the proposed range of housing initiatives, and possible timelines. On balance, it remains an inadequate answer to a pressing need. Further action has been put on hold until after Minister Jim Watson's affordable housing review. But this review has no definitive start date and its timeline for implementation

is unclear. That is too long to wait. In order to access the new federal funds for social housing repair and new housing supply, the government must act now. This will lead to immediate action to stimulate the economy, begin to improve the quality of housing in Ontario, and finally increase the province's affordable housing supply while leveraging federal dollars.

### Recommendation

- *Invest \$1 billion in 2009-10 and \$950 million in 2010-11 in affordable housing; retrofit and rehabilitation of existing affordable housing stock.*

## Early Learning and Child Care

There is widespread consensus that our governments must make major investments in infrastructure to stimulate the sagging economy. But it is important to ensure infrastructure investments are directed to both physical and social infrastructure.

Investing in the capacity and resiliency of people, particularly children, is as vital to our economic health as bridges and highways. And investments in lifelong skills, beginning with the early years, are crucial to ensuring that Ontario has broad participation in creating and sharing prosperity.

Universal early learning and child care has a proven track record of substantially reducing child poverty rates. Investing in child care prepares our future workforce, supports parents to work or retrain, and creates new jobs for women, as well as men. Full-day learning for four- and five-year-olds has long been a strong recommendation of experts as part of a universal child care system. Our early learning and child care program complements the Ontario government commitments of \$200 million in 2010 with an additional \$300 million in 2011 to implement full-day learning.

Fortunately many of Ontario's social capital projects are also 'shovel-ready'. Regional Best Start plans to build community infrastructure for early learning, care, health and family supports are ready to go. Increasing incomes of low-paid child care workers is an added effective economic stimulus.

Returns on investments in these areas have been calculated up to sevenfold.

### Recommendations

- *Begin the roll out of full-day learning. Create 7,500 new affordable child care spaces, save 22,000 child care spaces which are*

*threatened by expired federal funds, and create 1,500 new jobs for Early Childhood Educators and other child care staff.*

- *Increase the average wage of child care staff and Early Childhood Educators by an average of 12 percent.*
- *Resume outstanding pay equity payment to child care workers.*

## Everyone Counts: A New Equity and Anti-Racism Directorate

Ontario cannot move forward when so much of its population is held back by lack of opportunities and discrimination.

According to the 2001 Census, 47% of Ontario children in new immigrant families and 32% of children in racialized families were poor in 2000.<sup>15</sup> This compares to a child poverty rate of 17% for all children in Ontario. And racialized families are two to four times more likely to fall below the LICO.<sup>16</sup>

The government has made some progress in identifying groups that are at higher risk of poverty, including new Ontarians, people with disabilities, women and aboriginal people. However, the government must acknowledge membership in racialized groups as a key determinant of poverty in Ontario, and clearly identify policy responses that address the growing racialization of poverty.

To do so, the government needs to identify population-specific targets and strategies for poverty reduction.

### Recommendations

- *Establish 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 with respect to the broader public sector. Its mandate will include:*
- *Collecting and tracking disaggregated data to identify differential impacts of poverty among all historically disadvantaged populations in Ontario;*
- *Working with education, training, employer and labour*

*groups and organizations to develop strategies that enhance the employment and life prospects of historically disadvantaged adults and youth*

## Education as a Key to Success: Focusing Learning Opportunities Grants

Education is linked to nearly every positive social outcome. But not all students have an equitable chance for success. Strong public education systems foster societal cohesion and civic engagement. In 1997, a government-appointed expert panel recommended the province provide a Learning Opportunities Grant for elementary and secondary students considered at-risk because of their socio-economic status. These grants were reduced by \$132 million in 2007.

While all low-income student need support, racialized students face particular barriers. Many students from racialized and ethnocultural communities experience discrimination and alienation in elementary and secondary schools across Ontario. Further, they have few teachers and other role models from their own communities in the various fields in the education system.

Schools with high dropout rates are those with the highest numbers of racialized students. The provincial dropout rate was 25% in 2007, and as high as 40% in some racialized and ethnocultural communities and for aboriginal youth.<sup>17</sup>

### Recommendations

- *Designate a new Equity in Education Grant to replace the Learning Opportunities Grant (LOG), which would be used solely for providing programs to mitigate social and economic factors affecting students.*
- *The new Equity in Education Grant should include a built-in accountability process mandating that school boards report on the programs and services funded by the grant, including data disaggregated ethno-racially and socio-economically, and on the programs' effectiveness at redressing racialized and other learning outcome inequities.*
- *While the Equity in Education Grant is being developed, the province should reinstate the \$132 million cut from Learning Opportunities Grant in 2007.*

## Community Services Partnership Fund

Especially during times of recession, Ontarians turn to the rich network of non-profit community and social services organizations for support.

Community service agencies provide essential supports such as housing, employment training, child care, settlement supports, women's shelters, individual and family counselling, family respite, social-recreational and educational programs, and many other kinds of aid. Community and social service agencies are the most locally based organizations in the non-profit sector and provide services directly to people.<sup>18</sup>

Even before the economic downturn, community agencies were facing a number of serious challenges including: pressing needs for community-building initiatives to address growing levels of inequality, poverty and discrimination; hollowing out of administrative infrastructure as organizations stretch resources to shore up programs underfunded by government -- all while governments increase their reliance upon the sector for the delivery of needed services.

### Recommendations

- *Introduce a one year Community Services Partnership Program providing resources that will enable groups and organizations to maintain, and where necessary, expand critical services and meet the immediate needs of community members during the economic downturn. We propose \$20 million, and that these resources be allocated to community agencies in consultation with municipalities and the communities served.*
- *Increase funding for community groups and organizations by \$25 million per year to strengthen the core funding of voluntary and community agencies engaged in poverty prevention and alleviation.*

## Achieving Sustaining Employment: Good Jobs for All

Even before the current economic crisis, Ontarians were working more hours for less money as part of 'the new reality'.

Low-wage workers, especially women, immigrant and racialized workers are increasingly working in temporary, contract and part-time work, and juggling two or three jobs without employment benefits or workplace protections.<sup>19</sup>

Fewer Ontarians are working full-time in full year jobs, and fewer still in unionized workplaces that provide protections, good wages and benefits.

There is a racialized dimension to this inequality. The gap in earnings between recent immigrants and Canadian-born workers continues to widen. In 1980, men who had recently immigrated to Canada earned 85 cents for every dollar earned by Canadian-born men. By 2005, that had dropped to 63 cents.

The gap is even wider for women who have recently immigrated to Canada, dropping in 2005 to 56 cents for every dollar earned by Canadian born women -- from 85 cents in 1980. This gap widened even though educational attainment for recent immigrants has risen much faster than for Canadian born workers.<sup>20</sup>

For many years, the minimum wage was frozen while the cost of living kept rising. Recently, the Ontario government has allowed for minimal rate increases, but a full-time worker earning the minimum wage in Ontario is still part of the working poor. The minimum wage needs to be increased at a faster pace than the Ontario government has already committed to. And, it must also be removed from the vagaries of politics and become indexed so that it rises regularly to adjust for inflation.

### Recommendation

- *Poverty-proof the minimum wage by raising it to \$11/hr in 2011 and indexing it to the cost of inflation.*

### The Right Policy Environment

A successful poverty reduction strategy needs to address the inadequacies in the paid labour market.

This includes increasing access to unionization, updating and improving enforcement of the Employment Standards Act, and implementing a comprehensive employment equity program.

The Ontario government has made progress on this issue by introducing amendments to the Employment Standards Act to provide more protection for workers who are employed by temporary agencies. The government has also recognized that stronger enforcement of our workplaces is needed. A commitment has been made to increase the number of employment standards officers.

However, more needs to be done. Having a union increases wages and fairness at work. Every Ontarian deserves fair wages for their work. Unionized workers earn more than non-unionized workers, and unionization reduces the gap between men's and women's wages. While there are a number of factors that affect differences in wage rates, unionization has been estimated to provide a 7.7 percent advantage.<sup>21</sup> Unionized workers are also more likely to have a benefit plan and a pension plan.<sup>22</sup>

To join a union, workers have to demonstrate that a majority of the employees at a workplace want to become members. The way workers show this is by signing a union card. For decades in Ontario, having a clear majority of employees at a workplace sign a card was considered sufficient evidence of their desire to join a union.

In 1995, the legislation was changed so that providing sufficient evidence required a two-stage process. First, workers must sign union cards; and second, they have to participate in a secret ballot vote.

The addition of the mandatory vote process makes it much more difficult for vulnerable workers to unionize. Empirical research shows that there is a significant difference in the characteristics of successful attempts to organize a union when a mandatory vote is required. Workers are more likely to have successful certification applications if they are in larger bargaining units, in the manufacturing sector. They are less likely to succeed in the service sector or if they are part-time workers.<sup>23</sup>

In 2005, the current government reflected the lack of fairness in the system when it brought back the card certification for workers in the construction industry. This was an important step forward. However, this right should be given back to all workers.

An effective poverty reduction strategy must include this change to labour legislation.

### Recommendation

- *Re-establish card-based certification for all workers in Ontario.*

Workers in precarious employment can also find it hard to keep their union. Those who work for employers who are contracted to provide security, cleaning, food or other services can lose their union representation more easily than other workers. If their employer loses their contract to another service provider, these workers lose their rights. And they have to start the process all over again to gain the protection of a union.

Other workers, those in more stable employment situations, can maintain the protection of their union through “successorship” rights provisions in the Labour Relations Act. These rights make sure that union representation and collective agreements are maintained even if the company changes ownership. If workers can maintain their union, they can gradually improve wages, benefits and working conditions through successive improvements in collective agreements.

#### Recommendation

- *Re-establish successor rights for unionized workers whose employers are contractors.*

Action is also required to increase fairness for workers who face reprisals or intimidation because of their union activities. When situations like this go before the Ontario Labour Relations Board, the usual remedy is to give the worker their position back with compensation. However, the employer is not punished for violating the Act while the worker has likely suffered a long period without income. This loss of income can have a devastating impact. The Act should be amended to provide for broader access to rapid adjudication and effective remedies, including interim relief, when workers lose their jobs as a result of union activity. Penalties should be imposed that provide a real financial disincentive for this kind of behaviour on the part of employers.

#### Recommendation

- *Provide more protection for workers from reprisals and intimidation because of their union activities by increasing the penalties for unfair labour practices to levels equivalent to those of the proposed Employee Free Choice Act in the United States.*

### Equal Protection for Workers in Precarious Employment

People get trapped in poverty when they work in jobs where wages are below legislated levels. But precarious work means more than just low wages. When minimum labour standards are not enforced, workers must often bear the costs of unpaid hours of work, being denied overtime pay, and earning less than minimum wage.<sup>24</sup> This requires increased enforcement as well as changes to the Employment Standards Act (ESA).

#### Recommendations

- *In the 2009 budget, the government invests annually \$10 Million*

*dollars to hire new employment standards officers and improve Employment Standards Act compliance.*

- *Expand the ESA definition of employee to cover all workers – including all those doing precarious work.*
- *Expand the ESA to hold employers legally responsible for employment standards for both direct and indirect work including workers hired through a temporary agency as nominal sub-contractors, or on their own account*
- *Indirect and temporary agency workers should receive the same working and employment conditions (pay package, statutory and employer-sponsored benefits and conditions) that the client company provides to other workers in all forms of comparable work.*

## Implementing an Employment Equity Program

Racialized Ontarians and new immigrants continue to have a double-digit income gap and higher rate of unemployment than non-racialized workers.<sup>25</sup>

The income gap is evident among university educated workers, where the median gap is 14.6 percent, as well as those without post-secondary education, where the median gap is 20.6 percent. While the educational attainment of racialized group members exceeds that of other Canadians, their income and occupational status is lower.

The difficulties of internationally educated professionals and tradespeople are well documented. The combination of income inequality, unequal unemployment rates, barriers preventing racialized group members to convert their educational attainment advantage into commensurate occupational status and income, and the differential experience of internationally educated racialized group members show that racialized group members face discrimination in employment.

## Recommendation

- *Develop the operational foundation as well as the implementation strategy and plan for a comprehensive employment equity program for those ethno-racial and other equity-seeking populations that have been historically disadvantaged in the labour markets of Ontario.*

## Enhanced Access to Employment Supports

People living on Ontario Works and ODSP need enhanced access to effective education, training and employment supports. Given current labour market conditions, this need is even greater.

Studies show this can be accomplished through<sup>26</sup>:

- Personalized assessment and high quality vocational and career counselling with flexible support options.
- Access to effective skills training, education, job placement, and retention support.
- Strength-based case management: realistic goal setting with manageable steps and supports, not punishment when people stumble along the way.
- Individual holistic solutions that define success as improving employability even if there is no immediate job outcome.
- Adequate collateral supports for training and employment (child care, transportation, language training, etc.).
- Industry-specific and sectoral strategies that provide strong connections to employers and improved career advancement prospects.

### Recommendations

- *Explicitly include in the upcoming review of Social Assistance a commitment to ensuring high quality and effective education, training and employment support programs for recipients of OW and ODSP;*
- *In the interim, extend eligibility for all provincially funded and/or delivered employment support and training programs to recipients of Social Assistance;*
- *Ensure that every annual plan required under the Canada-Ontario Labour Market Agreement explicitly include the provision of high quality and effective education, training and employment supports to people receiving OW and ODSP.*

# CONCLUSION

The Ontario government's commitment to reduce child poverty within the next five years is a long-awaited and welcome objective. The prospect of a deep recession will plunge many families and individuals into great hardship. The actions our provincial government takes now to address the harsh reality of an economy in transition will make a lasting difference in the lives of Ontarians and in Ontario's ability to emerge stronger and more socially united when the economy recovers.

This blueprint outlines a course of action that leaves no one behind and addresses systemic problems that have been plaguing Ontario for many years. Not only does this blueprint provide guidance for our government to reach its commitment of reducing the number of poor people in our province, it lays the groundwork for a healthier, more sustainable economy.

# Costing: Blueprint for Poverty Reduction

	2009-10	2010-11 (\$ millions)
<b>LIVABLE INCOMES</b>		
<b>Social assistance</b>		
Downpayment on adequacy	473	485
Indexing		138
Elimination of Punitive Rules	92	95
<b>Housing</b>		
New supply	515	505
Repair and retrofit	210	160
Provincial share-federal repair program	190	190
Provincial share-federal seniors program	76	76
Provincial share-federal supportive housing	10	19
Housing benefit		277
<b>Accelerate child benefit</b>	298	189
<b>Subtotal</b>	<b>1,864</b>	<b>2,133</b>
<b>STRONG AND SUPPORTIVE COMMUNITIES</b>		
Emergency Community Services Fund	20	
Sustaining community services	25	25
Establish Anti-racism Secretariat	17	17.4
Learning Opportunites	132	135
Childcare - operating	200	310
Childcare capital	85	
<b>Subtotal</b>	<b>479</b>	<b>488</b>
<b>GOOD JOBS</b>		
Increase minimum wage		
Hire new employment standards officers	10	10.3
Update Legislation		
Introduce employment equity		
Improve training for ODSP and OW recipients		
<b>Subtotal</b>	<b>10</b>	<b>10.3</b>
<b>Totals</b>	<b>2,353</b>	<b>2,632</b>

# Endnotes

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## Appendix

# Collected Recommendations

## A Foundation for Livable Incomes in Ontario

### Strong First Steps: Making the Ontario Child Benefit Count

- Increase the maximum Ontario Child Benefit payment to \$92 per child per month in the 2009 budget, with a further increase to \$125 per child per month in the 2010 budget. These increases should be available to all children regardless of the source of their parents' income.

### No One Left Behind: Shoring Up Social Assistance

- Introduce a \$100 monthly Healthy Food Supplement to begin to address serious deficiencies in the Basic Needs Allowance of all adults receiving Ontario Works or ODSP.
- Index social assistance rates, beginning in the 2010-11 budget.

### Rule Changes to OW and ODSP: The First Step to Transforming Welfare

- Increase OW and ODSP asset levels to reduce asset stripping and allow those recipients to accumulate an economic cushion.
- Eliminate rules that punish sensible money management, such as sharing accommodation, choosing room and board accommodation, and living with family.
- Eliminate byzantine income rules, including treatment of loans as income, deductions from rates where family/friends assist with groceries and dinners.
- Streamline the level of eligibility monitoring. For example, limit the withholding of benefits for failure to provide information to only those circumstances that involve serious issues of current eligibility; eliminate income reporting where there is no income, and reduce ongoing documentary review to a sensible level.
- Remove income penalties for dependent children who leave school and for children over 18 who stay within the family household.
- Allow recipients to continue receiving OW/ODSP income support while attending post-secondary education instead of taking out OSAP loans, and remove restrictions on singles accessing post-secondary education.
- Don't deduct gross income from other sources when recipient is actually receiving a lower net amount.
- Give local delivery agents the discretion to not pursue overpayments that result from administrative error or where collection results in hardship.

### The Next Step to Reform and Security: A New Housing Benefit

- Introduce a housing benefit that would be available to all low-income Ontarians. The benefit would be equal to 75 percent of the difference between actual rent paid and 30 percent of low-income individuals' and families' incomes.

# Strong and Supportive Communities

## Housing: Building a Foundation for the Future, Today

- Invest \$1 billion in 2009-10 and \$950 million in 2010-11 in affordable housing; retrofit and rehabilitation of existing affordable housing stock.

## Early Learning and Child Care

- Begin the roll out of full-day learning. Create 7,500 new affordable child care spaces, save 22,000 child care spaces which are threatened by expired federal funds, and create 1,500 new jobs for Early Childhood Educators and other child care staff.
- Increase the average wage of child care staff and Early Childhood Educators by an average of 12 percent.
- Resume outstanding pay equity payment to child care workers.

## Everyone Counts: A New Equity and Anti-Racism Directorate

- Establish 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 with respect to the broader public sector. Its mandate will include:
- Collecting and tracking disaggregated data to identify differential impacts of poverty among all historically disadvantaged populations in Ontario;
- Working with education, training, employer and labour groups and organizations to develop strategies that enhance the employment and life prospects of historically disadvantaged adults and youth

## Education as a Key to Success: Focusing Learning Opportunities Grants

- Designate a new Equity in Education Grant to replace the Learning Opportunities Grant (LOG), which would be used solely for providing programs to mitigate social and economic factors affecting students.
- The new Equity in Education Grant should include a built-in accountability process mandating that school boards report on the programs and services funded by the grant, including data disaggregated ethno-racially and socio-economically, and on the programs' effectiveness at redressing racialized and other learning outcome inequities.
- While the Equity in Education Grant is being developed, the province should reinstate the \$132 million cut from Learning Opportunities Grant in 2007.

## Community Services Partnership Fund

- Introduce a one year Community Services Partnership Program providing resources that will enable groups and organizations to maintain, and where necessary, expand critical services and meet the immediate needs of community members during the economic downturn. We propose \$20 million, and that these resources be allocated to community agencies in consultation with municipalities and the communities served.
- Increase funding for community groups and organizations by \$25 million per year to strengthen the core funding of voluntary and community agencies engaged in poverty prevention and alleviation.

# Achieving Sustaining Employment: Good Jobs for All

- Poverty-proof the minimum wage by raising it to \$11/hr in 2011 and indexing it to the cost of inflation.

## The Right Policy Environment

- Re-establish card-based certification for all workers in Ontario.
- Re-establish successor rights for unionized workers whose employers are contractors.
- Provide more protection for workers from reprisals and intimidation because of their union activities by increasing the penalties for unfair labour practices to levels equivalent to those of the proposed Employee Free Choice Act in the United States.

## Equal Protection for Workers in Precarious Employment

- In the 2009 budget, the government invests annually \$10 Million dollars to hire new employment standards officers and improve Employment Standards Act compliance.
- Expand the ESA definition of employee to cover all workers – including all those doing precarious work.
- Expand the ESA to hold employers legally responsible for employment standards for both direct and indirect work including workers hired through a temporary agency as nominal sub-contractors, or on their own account
- Indirect and temporary agency workers should receive the same working and employment conditions (pay package, statutory and employer-sponsored benefits and conditions) that the client company provides to other workers in all forms of comparable work.

## Implementing an Employment Equity Program

- Develop the operational foundation as well as the implementation strategy and plan for a comprehensive employment equity program for those ethno-racial and other equity-seeking populations that have been historically disadvantaged in the labour markets of Ontario.

## Enhanced Access to Employment Supports

- Explicitly include in the upcoming review of Social Assistance a commitment to ensuring high quality and effective education, training and employment support programs for recipients of OW and ODSP;
- In the interim, extend eligibility for all provincially funded and/or delivered employment support and training programs to recipients of Social Assistance;
- Ensure that every annual plan required under the Canada-Ontario Labour Market Agreement explicitly include the provision of high quality and effective education, training and employment supports to people receiving OW and ODSP.