

Hamilton Roundtable for Poverty Reduction

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to raise a child.

February 15, 2015

The Honourable Charles Sousa
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1

Hamilton Roundtable for Poverty Reduction Submission for the 2015 Ontario Budget

Dear Minister,

The Hamilton Roundtable for Poverty Reduction was formed in 2005 to tackle the City's unacceptable levels of poverty. Roundtable members work collaboratively, and include leaders from the business and non-profit sectors, from government, education and faith communities as well as individuals who experience poverty daily. Our goal: to reduce and eliminate poverty. The Roundtable doesn't offer programs or direct services; our role is to build understanding about the need to invest in poverty reduction to create a healthier, inclusive and more prosperous Hamilton. We work locally, provincially and nationally on policy and systems-level change to achieve long-term solutions to poverty.

Realizing Our Potential: Ontario's Poverty Reduction Strategy

The Hamilton Roundtable for Poverty Reduction concurs with the provincial government's strategy to transition "...youth to meaningful employment, education and training opportunities, while expanding (our) focus to support employment and income security for the most vulnerable in our province". Shared prosperity cannot be achieved while so many Ontarians are unable to find viable employment. If employment is to be a route out of poverty then securing and supporting the development of well-paying, stable jobs must be prioritized.

Tackling Precarious Employment

Precarious employment is defined as employment that is temporary, casual, short-term, fixed-term, or self-employed without employees; approximately 1 in 5 jobs in the Greater Toronto and Hamilton area fits this description. Furthermore, there are a growing number of jobs that include characteristics of precarious employment such as full-time jobs with no benefits, or those with employment contracts of less than a year. Those with similar characteristics make up a further 22% of the labour market.

In fact, when data from the Labour Force Survey and the Poverty and Employment Precarity in Southern Ontario survey were combined, the result showed: “In 2011, only half of the employed people aged 25-65 in the GTA-Hamilton labour market were in a ‘standard employment relationship’ or SER. This is defined as permanent, full-time employment with benefits”. Employment precarity affects newcomers to Canada, women, and racialized groups particularly.

Recommendation:

The Government of Ontario should establish a Commission on Precarious Employment, as a follow-up to the Poverty and Employment Precarity in Southern Ontario report. This commission should be tasked with engaging workers, employers and other stakeholders to develop recommendations on addressing the growing trend towards low paid, precarious employment in the province.

Adequate Employment Income

For employment to be the vehicle to security and prosperity, incomes must be adequate. Currently, 30,000 people in Hamilton work and live in poverty. A full third of those are working full-time. Working should provide the means to earn a living; to cover nutritious food, housing, utilities, grooming, clothing, prescriptions, transportation, child care, continuing education, modest recreation, and to engage in community life. The Roundtable’s Living Wage work group has calculated that in Hamilton, working 37.5 hours per week, individuals need to earn \$14.95 per hour to afford the basics and to participate in community life. This modest calculation does not allow for savings, retirement planning, home ownership, or paying down any form of debt.

The provincial poverty reduction strategy adopted a before tax low-income measure (LIM) as a poverty threshold; unadjusted in time, this is \$21,722 for a single person. Currently, minimum wage workers, if working an elusive 35 hours a week earn \$20,020 annually, still less than LIM.

Ontario has a unique opportunity to lead by ensuring that organizations with which the provincial government contracts also pay living wages. In Scotland, recent legislation commits the Government of Scotland to ensure firms seeking public contracts would have their willingness and ability to pay the living wage assessed.

We recommend the Government of Ontario set minimum wage at 10% above LIM and index annually, if other systemic supports and benefits are provided. We further recommend the Government establish a Living Wage procurement policy to encourage organizations with contracts with the provincial government to pay their employees a living wage.

Universal Health Benefits

A standard employment relationship has historically been defined as inclusive of benefits. Over the past 20 years this has declined dramatically. For those in precarious employment more than 80% have no form of health benefits. Stagnant wages have not matched losses in benefits, devaluing employment opportunities further.

Health care is a provincial responsibility. It serves no one if prescriptions are written that cannot be filled. Provincially led universal health care coverage (inclusive of drug, dental and vision care) for all low income individuals ensures that all Ontarians are provided with the opportunity to deal with medical crises and maintain health.

Quebec has adopted a public drug coverage program for any individual without private coverage. It is mandatory to be registered in a drug plan in Quebec. Their model includes an annual premium and a copay model with pharmacies. Both are based on income and can go as low as \$0 for the lowest income brackets. The insurance plan model can be brought to Ontario and extended to include other coverage.

By investing in preventative health care, we can ensure equal opportunity for health and longevity of all Ontarians, regardless of economic circumstance. Given that low income individuals experience approximately three times the rate of chronic illnesses; preventative measures will also reduce the overall health care budget in the future.

We recommend the Government of Ontario establish universal health care coverage (including drug, dental and vision care) for all low income individuals.

Affordable Child Care

A major barrier to labour market participation is support for children in a household. A Quebec study found 70,000 low income mothers entered the workforce with the advent of affordable childcare, increasing domestic income by 1.7% as a result (\$5 billion dollars).

The Government of Ontario's commitment to full-day kindergarten has succeeded in assisting families with young children to save approximately \$6,500 a year in child care costs yet in Hamilton alone there are hundreds of children still awaiting subsidized child care, approximately a quarter of those children from Ontario Works and Ontario Disability Support Program households. The lack of subsidized child care has a significantly negative impact for those on social assistance locating and maintaining employment. Costs can also lead to an otherwise gainfully employed parent leaving the workforce due to child care costs being unaffordable.

We recommend the Government of Ontario address, through additional funding of municipal programs or a government led initiative, affordable child care.

Affordable Transit Programs

In order to search for work, you must be able to get to interviews. In order to maintain work, the cost of transportation must be proportional to income. For those working 29 hours a week part-time, a monthly pass in Hamilton is 7.4% of their income after taxes. For someone on Ontario Works, a bus pass is unquestionably unaffordable. Hamilton's Affordable Transit Pass Program uses after tax LICO to determine eligibility and reduces the cost of a monthly pass by 50%.

Affordable transit fares are determined municipally, varying widely in pricing and availability, yet social assistance and minimum wage are fixed and determined provincially. As stated by Toronto Transit Commission Report "TTC Fare Policy — Requests for Fare Discounts" report, October 23, 2013, *"It is beyond the mandate and expertise of the TTC to effectively resolve broader social and community issues related to income distribution"*. Municipalities, nor their transit systems, should be subsidizing what are, in effect, critical social service supports.

We recommend the Government of Ontario develop a program of subsidized transit fares for low income individuals managed through the PRESTO pass system.

Addressing Social Assistance Rates

Social Assistance in Ontario was set up as a method of last resort, yet the current reality is that this is the only option for many. In Hamilton, 1 in 5 applicants qualify for Employment Insurance benefits when work is terminated. If they do not qualify, it is usually due to the number of hours employed. Due to precarious employment, lack of long term benefits, less hours, changes to the structure of Employment Insurance, and currently, seven applicants for every job available, community members are left turning with more frequency and longer duration to provincial benefits.

Determining social assistance rates relative to inadequate employment and wages will not move anyone out of poverty.

There has been no significant change in income adequacy for individuals on social assistance in a generation. Levels for a single on Ontario Works is still numerically less than 25 years ago, even without accounting for inflation. Locally 75% of all individuals utilizing food banks rely on provincial social assistance as their main source of income. They are living in the deepest poverty in the province and receive less than subsistence levels of support from the province. When inflation is factored in, social assistance rates are lower today than in 2003 when the current government came to office: Changes to this system of last resort must take place immediately.

The Commission for the Review of Social Assistance in Ontario, in addressing benefit structure, recommended the creation of a new standard rate for adults with two supplemental benefits; disability and children's supplements with "a rational methodology to provide the necessary information for setting social assistance rates" through, "a new Basic Measure of Adequacy (BMA), based on the costs of food, clothing and footwear, a basic list of personal and household needs, transportation, and shelter, taking into account the differences in the costs of these items in different Ontario regions, including the region north of the 50th parallel, and use this BMA as a benchmark for the adequacy of social assistance rates."

We recommend the Government of Ontario immediately provide a \$100 increase in social assistance rates and commit to establish an arms-length social assistance rates board to assess adequacy based on the actual cost of living in regions across Ontario.

Affordable Housing

The City of Hamilton sees 80% of unattached individuals and 60% of lone parents in poverty spend more than 30% on housing per month.

Further, 48% and 27% respectively spend more than 50% of their incomes. Studies show that although many different demographic subgroups are represented in the affordable housing crisis, housing initiatives that would serve women form one of the largest and most common denominators in all demographics.

Most disturbingly, women continue to be victims of domestic violence at alarming rates. Currently, 90% of women's shelters designated for victims of violence in Hamilton turn away 300 women per month.

An affordable housing strategy geared to women should serve to address not only income considerations, but those of safety, community, supports and sustainability. Women's incomes still fall short in comparison to men's; the bulk of minimum wage jobs are filled by women. In addition, women also are the majority of sole support parents.

We recommend the Government of Ontario pursue an innovative affordable housing strategy that addresses minimum wage and social assistance rates.

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Resources:

It's More than Poverty - Employment Precarity and Household Well-being In Southern Ontario
<https://pepsouwt.files.wordpress.com/2013/02/its-more-than-poverty-feb-2013.pdf>

The Rich and the Rest of Us - Trends in Hamilton's Income Inequality and Why They Matter
http://www.sprc.hamilton.on.ca/wp-content/uploads/2013/10/SPRC_Rich_and_Rest_of_Us_with_launch_info.pdf