

## Ontario starts to attack poverty, instead of the poor, but significant new social investments are still required

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The release of the Ontario government's Poverty Reduction Strategy on December 4, 2008, marks a significant change from the terrible policies and practices of the past 15 years that have punished people who are poor for their poverty. This backgrounder from the Wellesley Institute examines what's in the latest announcement and sets out the crucial next steps.

The Ontario government, like far too many others, cut income assistance, affordable housing and other social investments in the past two decades. And then, as poverty, income inequality, housing insecurity and poor health grew deep and persistent, some politicians chose to attack the poor, rather than attack poverty. The current government says that it has changed. Just as someone entering a twelve-step program to deal with addictive behaviour needs to admit their problems before they can move forward, so too does the province have to swear off the cruel practices of the past before it can make meaningful progress. That's why anti-poverty advocates welcomed the announcement that the government is going to stop "poor-bashing" and will, instead, invest in a strategy to "break the cycle of poverty".

Symbols matter, and the release of the poverty reduction plan is an important symbol. The government is to be congratulated for its commitment. Other provinces in Canada are taking important steps, and so are a growing number of governments around the world. Countries as diverse as China, Australia, the United Kingdom and the incoming Obama administration in the United States are all making significant social investments. Poverty reduction is moving into the political and economic mainstream (especially as the global economic tsunami gathers force) – and that's a long overdue change. Symbols are necessary, but they are not sufficient. So, it's important that Ontario moves quickly to build on its foundation. There's no need to wait months (and the next budget) to take the next steps.

Governments have often used income assistance programs to punish the poor for their poverty. The proliferation of contradictory rules, the creation of "snitch lines", grossly inadequate benefit levels and barriers built into the system prevented those programs from providing the practical help people needed. Ontario has already started to make rule changes, and it has promised a full review. That's a good start. Rule changes are necessary, but so is a greater investment in income assistance. The federal government's National Council on Welfare reports that income benefits are substantially less in every category over the past decade. For instance, single parents have had a 31% decrease from 1994 to 2005 – even though the cost of living (shelter, food, medicine, child care, transportation, clothing and other necessities) rose by 26%. There has been a modest increase in benefit levels lately, but Ontario needs to move more quickly to put more money into the pockets of the poorest Ontarians.

One of the most notorious symbols of the "poor-bashing" era is Ontario's *Safe Streets Act*, which criminalizes the very action that an increasing number of poor people were forced to do – and that's ask for spare change. Canada's *Charter of Rights and Freedoms* gives everyone the right to ask for

help (a right affirmed by the Supreme Court of Canada), but the *Safe Streets Act* legitimized over-zealous policing. Police have been aggressively issuing tickets— a total of 10,584 in Toronto alone in 2007. That's a 350% increase from 2004, yet Toronto Police Services Superintendent Hugh Ferguson said earlier this year: "We can issue lots and lots of tickets, but if it's not having the desired effect [reducing the number of panhandlers]." A survey of Toronto panhandlers earlier this year found that most were homeless, and almost all of them were asking for money to buy food. Police crackdowns on panhandlers just push them from one neighbourhood to the next.

Toronto City Council decided in May of 2008 that it would try to reduce panhandling by helping people find affordable homes instead of prosecuting them for begging. Toronto, like every other municipality, needs provincial help in the form of additional housing investments to turn its local plan into reality. Repealing the province's anti-panhandling law would send a powerful gesture that the Ontario government has truly sworn off the bad habits of yesteryear.

Here are some highlights from Ontario's PRS announcement:

**TARGETS:** The Ontario government has set the target of reducing the number of children in poverty by 25% over the next five years. The 25-in-5 Poverty Reduction Network (the Wellesley Institute is a founding member) urged the government not to divide people who are poor, as has often happened in the past, into deserving (children) and undeserving (youth, adults, seniors). The government plan will move 90,000 children out of poverty by 2013. That's a solid goal, but the government needs to expand its target to include everyone who is poor.

**MEASURES:** The Ontario government has decided to use Statistic Canada's Low Income Measure (50% of median income) as its key indicator. LIM is an internationally recognized measure. Several of the sub-indicators have been set out, but the province still hasn't designed a measure for one of the most severe components of overall poverty – housing insecurity. Plans for the housing indicator are "under development". Measures matter, because they allow the people to track progress, monitor the effectiveness of the tools that are being proposed by the government, and measure what more needs to be done. The PRS offers a good start on measures, but plenty of work remains to be done.

**LEGISLATION:** The Ontario government says it will introduce legislation in the spring of 2009 to "solidify Ontario's commitment to poverty reduction". There are no long-term guarantees in politics, but strong and specific legislation sends a very strong signal that the government is truly committed to reducing and, ultimately, eliminating poverty.

**NEW, ENHANCED OR RENEWED COMMITMENTS:** The government lists about 20 new, enhanced or renewed commitments as part of its poverty reduction strategy. Some of these have already been announced, some are additions to existing initiatives and a few are new. Some important investments in communities include a community opportunities fund (\$5 million), a school-community hub program (\$7 million) and an expanded youth opportunities strategy (\$22 million). Local groups often know the best anti-poverty initiatives for their community, but they lack the resources. New investment in communities is a smart move. So is the plan to hire more employment standards officers (\$10 million) to crack down on predatory practices by some employers who target the working poor. Poverty reduction must be woven throughout the political, economic and social agenda of the province. The array of commitments cited in the initial announcement signals that the government understands that a broad-based issue requires a comprehensive and government-wide set of solutions.

**BETTER SOCIAL POLICY:** Ontario's poverty plan promises to create an independent social policy institute to evaluate social policy, identify best practices and "develop innovation roadmaps for Ontario in specific areas of competitive strength, social policy and economic importance". This proposed new social institute will provide solid directions – a very good idea, indeed.

**SOCIAL ENTERPRISE / SOCIAL INNOVATION:** The PRS offers a number of practical recommendations to strengthen the third sector (non-profit, charitable and voluntary organizations –the backbone of the province's social economy). These include a new sustainable procurement policy for social enterprises; a feasibility study on creating a social investment exchange; a study of the community interest company corporate model used in Britain; and a promise to revive the \$20 million social venture capital fund ("delayed" by provincial finance minister Dwight Duncan as a cost-saving measure earlier this fall). The Wellesley Institute, along with others, has urged Ontario to use its poverty reduction plan not simply to invest in social programs (although those investments are vitally needed), but also to strengthen the third sector. Ontario's non-profit sector can be the catalyst for increased economic activity; and a major growth in social innovation would lift many people out of poverty and give them practical control over their jobs and their lives. At a time when the financial sector is in its worst crisis since the 1930s, building up the third sector is sensible social strategy and good economic policy. The social enterprise and social innovation proposals in the poverty reduction strategy offer the potential for some of the biggest and most positive changes over time. This is one of the most innovative elements of the poverty reduction plan.

Overall, Ontario is to be congratulated for turning its back on "poor-bashing". But there is plenty of work to do, and major new investments are required. The bare foundation set out in the December 4 announcement, along with the limited new investments, set the stage for the vital next steps:

**1 HOUSING INVESTMENTS URGENTLY REQUIRED:** Shelter costs are the biggest expense for most households, and Ontario has the highest shelter costs in Canada. Even before the current economic crisis hit, almost half of renter households (44.6%) and one-in-five owner households (20.8%) were precariously housed, paying 30% or more of their income on shelter. Housing insecurity is a toxic mix of a growing unaffordability; a critical lack of new supply; over-crowding and deteriorating standards in existing homes; inadequate physical and mental health services for those who need special supports to access and maintain their homes; and inadequate emergency relief (shelters, transitional housing and supports for people who are homeless). The December announcement acknowledges the importance of a new provincial housing strategy. Yet, all the government offers is a \$5 million top-up to the existing rent bank. The province says that housing providers can line up with municipalities who urgently need new investments in bridges, transit, sewers and other physical infrastructure to compete for the upcoming \$60 billion infrastructure plan.

The PRS announcement says that the province will work to develop a long-term affordable housing strategy, but that may not come until after the next provincial budget. It's far too long to wait – especially since the October economic update from finance minister Dwight Duncan set out a sharp spending drop for the Ontario Ministry of Municipal Affairs and Housing – down 14% compared to the past three years. The McGuinty government has increased affordable housing spending by 40% since it was first elected in 2003, according to Statistics Canada, but even with that increase, Ontario's investments in affordable housing are down by a whopping 60% over the past decade. A new, comprehensive and fully funded provincial housing strategy is long overdue. There are important steps that Ontario can take right away, and in the upcoming provincial budget. These include:

- A new universal housing benefit for Ontario;

- Additional investments in new affordable homes;
- Additional investments to upgrade existing housing; and,
- Provincial rules that require affordable homes to be included in every new development.

The Wellesley Institute is working with others on recommendations for a comprehensive new affordable housing strategy for Ontario, building on our submissions to the provincial poverty reduction secretariat in 2008.

**2 HEALTH EQUITY AND ADDITIONAL SOCIAL INVESTMENTS:** Just days before Ontario released its poverty reduction strategy, the Wellesley Institute released the most comprehensive and current survey of health and income in Canada. *Poverty is making us sick* sets out the devastating cost of poverty in terms of increased illness. It also documents, for the first time, the positive health gains that come from every \$1,000 rise in income. The Ontario Ministry of Health and Long-Term Care, and its Local Health Integration Networks, have said that health equity is a critical lens to guide investments. The Wellesley Institute has been working on the details of a provincial health equity strategy. While health is mentioned throughout the December announcement, Ontario still lacks a thorough health equity strategy to complement its poverty reduction plan.

It's hard to separate out the new dollars from funding already announced (the government does not provide its own costing), but adding up the "what's new" dollars reveals that the province has put only \$110 million on the table – a paltry amount set against the deep and devastating reality of poverty. This doesn't include the \$1.3 billion investment in the previously announced Ontario Child Benefit, which won't be fully rolled-out until 2012. The child benefit is an important measure, but a full set of investments across the spectrum is required to meeting the complex realities of poverty. The province says that "if child poverty were eliminated in Ontario, the additional income tax revenue for Ontario would be between \$1.3 billion and \$1.6 billion annually" – which means that the child benefit would pay for itself. The same is true of other social investments – they not only provide a real benefit to the individuals, but they also lead to better health, better housing, stronger communities, more and better jobs, increased economic activity and – ultimately – increased tax revenue for the government.

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For more information, plus current and recent research, on [health equity](#), [income and health](#), [housing and homelessness](#), [poverty](#) and Ontario's Poverty Reduction Strategy, [click on the Wellesley Institute's web site at \*\*www.wellesleyinstitute.com\*\*](#).

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