

June 18, 2007

“Toronto for All” – Income Security

Social Inclusion and Income Security

At the first meeting of the Community Development and Recreation Committee in January 2007, there were presentations from City Divisions on key strategic issues and upcoming areas of work. Social inclusion emerged as an overarching theme that ties together the work of these Divisions and services at the City of Toronto.

Inclusive cities contribute to the quality of life of individuals and improve the health of the population by reducing social and economic distances between people. Inclusive cities also value diversity and ensure that all members have the ability to participate in their communities as equally valued and respected citizens. The City is the order of government with the biggest stake in promoting social inclusion because it is closest to people at a local level and is most responsive to their needs. Social inclusion provides a useful lens or framework for the work of the Community Development and Recreation Committee in addressing the social challenges facing a large, diverse city like Toronto.

The Community Development and Recreation Committee, at its April 2, 2007 meeting, focused the agenda on social inclusion and launched an initiative referred to as “Toronto for All” - building a Toronto that provides opportunities for the optimal well-being and healthy development of all children, youth and adults. “Toronto for All” is consistent with the Mayor’s mandate for making a safe city safer, investing in priority neighbourhoods and building a city with opportunity for all.

Within the context of the social inclusion framework, income security has emerged as a key area. Income security is a key determinant of one’s ability to enjoy a high quality of life and an important concern for a significant number of Torontonians. Although Toronto is a prosperous city, that prosperity is not shared equally among all its residents. Substantial— and growing—inequalities exist between our richest and poorest citizens. Between 1991 and 2001, the number of families living in poverty increased by 36 per cent. The proportion of families living in poverty rose from 16 per cent to almost 20 per cent, while the proportion of higher income families rose from 18 per cent to over 23 per cent. Since 2001, evidence suggests that low income rates have remained relatively unchanged despite growing employment.

These disparities in income have serious consequences for social inclusion. Low incomes have been tied to poorer outcomes in a wide range of areas, including physical and mental health, longevity, educational attainment, and school readiness in children. The lack of adequate income has a particularly significant impact on children, where its affect on school readiness can initiate a life of poorer outcomes.

First Focus – Income Security

As a first focus under “Toronto for All”, a special meeting of the Community Development and Recreation Committee was convened May 3, 2007 in order to hear from residents of the City of Toronto and community stakeholders on issues related to income security. This special committee meeting was a first for the City of Toronto under its new governance structure. It is an effort to advance the role of the City as a convenor of public dialogue - to take a strategic approach to critical issues facing the City, enter into dialogue with key experts and stakeholders and to facilitate community input and debate. This is also consistent with the emphasis of the Mayor’s platform on engaging residents and community stakeholders in decision-making and policy development at the City of Toronto.

Special Committee - What We Heard

The May 3rd meeting featured a panel of three speakers, bringing a variety of perspectives to the table on key income security issues, and putting forward options regarding appropriate City responses. They included Jehad Aliweiwi, Executive Director, Thorncliffe Neighbourhood Office; Hugh Mackenzie, Research Associate at the University of Toronto Centre for Urban Studies and the Canadian Centre for Policy Alternatives and Finn Poschmann, Director of Research, at the C.D. Howe Institute.

Following these speakers, a total of 16 deputations from the public were made, including seven written submissions.

At this meeting, residents and social policy advocates identified the need for real employment opportunities for City residents – jobs that pay a living wage and offer a way out of poverty.

Deputants reiterated the need for immediate increases to Social Assistance rates and benefits, and an elimination of overly punitive eligibility criteria, processes and procedures. Several speakers made reference to Toronto Medical Officer of Health, Dr. David McKeown’s recent report on the inadequacy of social assistance rates - indefensibly low rates which, according to one speaker, force individuals to, “choose between paying the rent and buying enough food to see them through the last 10 days of each month.”¹

¹ Janet Maher, written submission CD5.1.6

The strong link between poverty and health was reinforced and many deputants focussed on the need for dental services and drug benefits for the poor, access to vitamins and health supplements, and low cost, nutritious food. Deborah Phelps, representing the Queen West Community Health Centre, spoke of higher infant mortality, diabetes and other chronic disease rates among the poor. She summarized the connection between poverty and health in the following terms:

Poverty has been identified as the most important factor contributing to health disparities and inadequate government funding of programs and services used to close these gaps are directly linked to an increased demand for health services.²

Many speakers focused on the importance of other support services such as affordable housing, childcare, recreation, transit and education, and referenced the need for better links and integration between these services. Some highlighted the need for greater access to the other income security programs such as Employment Insurance and the Ontario Disability Support Program. The particular issues facing newcomers, visible minorities and those residing within specific communities were also highlighted.

There was a clear message that it is very difficult to speak of income security in the absence of a meaningful dialogue on systemic issues of poverty, marginalization, access and social inclusion. According to John Campey, Executive Director of the Community Social Planning Council of Toronto,

The adverse effects of poverty are clear – illness, discrimination, stigma, family dysfunction, social isolation, exclusion and premature death. These effects stretch beyond the individual, the family and the community to impact the City of Toronto itself – in increased service needs and emergency shelter costs.³

Ultimately, there was a strongly expressed belief that the City should support the growing call for the articulation of a poverty reduction strategy at the Provincial order of government.

Building Momentum

Many of the May 3rd deputants echoed the recommendations and conclusions of two recent documents developed and reported through City Council in the spring of 2006: *Time for a Fair Deal* by the Task Force for Modernizing Income Security for Working Age Adults (MISWAA), and *Systems of Survival, Systems of Support*, an Action Plan for Social Assistance in the City of Toronto, produced by Toronto Social Services.

² Deborah Phelps, Health Promoter, Queen West Community Health Centre, written submission CD5.1.3

³ John Campey, Executive Director, Community Social Planning Council of Toronto, written submission CD5.1.4)

Systems of Survival, Systems of Support is a wide-ranging policy document comprised of some 65 recommendations and actions for improving social assistance in Toronto. The report was prepared by Toronto Social Services, and approved by City Council in May 2006.

While the immediate focus of the report was on changes that should be made to the Ontario Works system in Toronto, the report also commented on the full range of income security issues facing unemployed adults in the city.

The overriding objective of the Action Plan is to ensure that benefits, services and employment supports for low income people are available, adequate and appropriate. It proposes immediate changes to the Ontario Works rate structure so that benefits reflect the true cost of living in Toronto, increased asset levels, as well as improved dental benefits for all social assistance recipients. In addition, the report calls for increased access to other income support programs such as Employment Insurance, and the Ontario Disability Support Program.

Chief among the recommendations in the report is the call for the creation of a provincial child benefit for low income families which would, in effect, remove the financial support of children from the social assistance system. By creating increased access to ODSP and creating a separate benefit for children, the Ontario Works program would be able to focus on assisting adults in making the transition from social assistance to sustainable employment.

Systems of Survival, Systems of Support also pays particular attention to the need for greater employment supports and job skill training for unemployed residents. It calls on the City to take a lead role in planning, managing and delivering employment services and supports in light of the federal and provincial governments wholesale downloading of these responsibilities. The report commits Toronto Social Services to lead in the development of an employment services plan on behalf of the City of Toronto.

Like many of the deputations heard on the evening of May 3rd, the Action Plan for Social Assistance in the City of Toronto concludes that addressing the full breadth of challenges faced by unemployed City residents will require a concerted effort by all levels of government and community service providers.⁴

MISWAA, a multi-stakeholder group reporting on Canada's income security system for adults living with low incomes, released *Time for a Fair Deal* in May, 2006. The report reviewed current policies and programs designed to support adults in gaining economic independence and stable employment.⁵

The MISWAA report made a number of recommendations for both the Federal and Provincial governments in order to restore the income security system in

⁴ Memo to Community Services Committee, April 11, 2007

⁵ MISWAA FAQ document

Canada. It called on the Federal government to reform Employment Insurance, create a new refundable tax benefit for working age adults, and provide a national disability income support program for persons with substantial disabilities. The Task Force also supported the recommendation made by others to increase the National Child Benefit.

The Task Force called on the Provincial government to establish an independent body to recommend periodic increases to the minimum wage. The report also included a recommendation to create a child benefit for all low income families outside of the social assistance system, to provide basic health and dental coverage to low income earners, and to significantly raise social assistance asset levels.

Both the MISWAA report and Systems of Survival, Systems of Support make concrete recommendations for reforms and re-investment in income security programs and policies. Several of the most important recommendations made came to fruition in the recent Federal and Provincial announcements. Earlier this spring, both the Federal and Provincial governments released budgets with an emphasis on families, poverty and issues of income security.

While contemplating how and where to concentrate our efforts as a City, it is both useful and critical to take stock of recent Federal and Provincial measures in the area of income security.

Taking Stock – Recent Income Security Measures

The Federal Budget:

The Federal budget of March 19, 2007 allocated more than \$550 million per year to establish a Working Income Tax Benefit (WITB), along the lines of that proposed by the MISWAA task force.

The WITB is intended to provide an incentive to people receiving social assistance to rejoin the labour force by “helping them over the welfare wall”. It is a refundable tax credit for low income earners, designed to off-set the additional costs an individual and family incur when moving from social assistance to paid employment. According to the budget plan, the Federal government estimates that the WITB will:

Help make work more rewarding for an estimated 1.2 million Canadians already in the workforce, thereby strengthening their incentives to stay employed. In addition, it is estimated that a WITB will encourage close to 60,000 people to enter the workforce.

However, given the relatively modest amounts available, it is unclear whether the WITB can make enough of a difference to enable many people receiving social assistance to seek increased employment.

The WITB includes an additional supplement for adults who are unable to work due to a substantial disability. This supplement, along with the new Registered Disability Savings Plan (RDSP), represents an important first step towards creating a national disability support system. The RDSP will allow parents and others to save for the long term financial stability of a child with a severe disability, with matching contributions from the Federal government.

Keeping the focus on families and children, the federal budget also included a new, non-refundable child tax credit that will save families up to \$310.00 per year in taxes per child under the age of 18. It is expected that approximately 3 million taxpayers will benefit from this new credit. Unfortunately, the new child tax credit will not benefit the poorest Canadians, including social assistance recipients, who have no taxable income.

In addition to the WITB, RDSP, and new child tax credit, the Federal budget included:

- a plan to equalize the Canadian Social Transfer payments to support post-secondary education, social assistance and social services equally in all provinces;
- \$250 million per year for new childcare spaces; and
- \$500 million for labour market training.

The investment of \$500 million annually beginning in 2008/2009 under a new labour market strategy targeted to those who do not qualify for EI programs and services was another welcome announcement in the Federal budget. According to budget documents, the funds will be allocated on a per capita basis. The federal government will work with the provinces and territories to determine how those funds can be best spent.

The Provincial Budget:

A few days after the Federal budget was announced, the Ontario government's budget was released. The following overview from the budget document *Investing in People, Expanding Opportunity* reflects the Provincial government's emphasis on income security and commitment to low income individuals and their families:

If each Ontarian is to be able to participate in the province's prosperity, the appropriate support and opportunities must be available. That means giving children who are growing up in low-income families in Ontario a better start in life. It means helping low-income families and those receiving social assistance.

While advocates and anti-poverty groups have suggested the budget is only a beginning with respect to addressing poverty in Ontario, it did include perhaps

the most significant change to the province's income security system in several decades with the introduction of the much anticipated Ontario Child Benefit (OCB). *Systems of Survival, Systems of Support* advocated this type of a benefit:

(It is recommended that) The Province commit to developing a child benefit, funded 100 percent by the provincial and federal governments, that builds on the current National Child Benefit Supplement and that provides adequate benefits to all children in low income families, outside of the social assistance system...⁶

According to Provincial budget documents, the OCB program will be income tested (rather than means tested), and will therefore reach beyond OW recipients to include all low-income families. The benefit is targeted to families with children under age 18, including those on social assistance. The OCB will be phased in over five years, beginning with a one-time payment of up to \$250.00 per child in July 2007. This marks an initial investment with the amount of the benefit growing to a maximum of \$1,100.00 per child annually by 2011. Social assistance benefits will not be reduced by the amount of the OCB,⁷ However, a single parent with one child on social assistance will see an increase of only fifty dollars per month once the OCB is fully implemented.

While the implementation schedule and amounts of the OCB are slower and less than many advocates had hoped for, it nevertheless represents a significant step towards creating a protected benefit for children of low income families in Ontario. It will also ease the financial burden of families leaving social assistance for lower paying jobs, as they will retain their OCB.

The budget also included provisions to increase the minimum wage in Ontario to \$10.25 by 2010 – a more cautious approach than poverty advocates and other groups were looking for. However, once fully implemented, these incremental increases will bring Ontario's minimum wage to the highest levels in real terms since the development of a minimum wage policy.

Toronto City Council endorsed the call for an immediate increase to the minimum wage and increase to Social Assistance rates based on the Nutritious Food Basket Measure. The position of Council was communicated to the Premier in a May 8, 2007 letter, that has been attached.

In addition to the OCB, and increases to the minimum wage, the Provincial budget provided for:

- a 2 percent social assistance rate increase;

⁶ *Systems of Survival, Systems of Support: An Action Plan for Social Assistance in the City of Toronto*

⁷ TSS staff memo on budgets

- the exemption of July 2007 increase to the National Child Benefit Supplement (NCBS); and
- the full flow-through of the federal Working Income Tax Benefit (WITB) for social assistance recipients.

Conclusion

All of these budget items will have an overall positive impact on the income security system in Ontario, but there is still much work to be done. The provincial and federal measures represent important first steps in the area of income security. However, what appears to be missing from the current political discourse is a clearly articulated framework from which to proceed. Ultimately, the public and social policy advocates present on May 3rd called for the City to strongly support the growing call for a Provincial poverty reduction strategy similar to those in place in other jurisdictions⁸ -characterized by clear goals, targets, timelines and concrete measures of success; with inter-related components including affordable child care, income security, affordable housing and effective and fair employment standards.

⁸ Among EU countries, Ireland was the first to implement an anti-poverty (1997, National Anti-Poverty Strategy). In Canada, Quebec passed anti-poverty legislation in 2002, and introduced The Government Action Plan to Combat Poverty and Social Exclusion in 2004. In 2006, Newfoundland/Labrador implemented their anti-poverty strategy.