



Supporting Canadians in Tough Times

Pre-Budget Submission to the Federal Standing Committee on Finance

Submitted by: Social Planning Toronto

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Agency Profile

Social Planning Toronto (SPT) is a non-profit community organization engaged in research, policy analysis, community development and civic engagement aimed at improving the quality of life of Toronto residents. SPT's work focuses on poverty reduction with an emphasis on income security, good jobs, affordable housing and strong public education. In recent years, SPT completed studies on the impact of homelessness on children's education, working conditions within the immigrant-serving sector and funding of the community sector (SPT, 2006; SPT 2007; SPT 2008). Our community development work focuses on building capacity in low income and marginalized communities in the inner suburbs.

Executive Summary

Jobs are disappearing; homelessness is on the rise; families are faltering and falling into poverty; children are being robbed of their opportunity succeed – Canadians need support to cope with these uncertain times. While we recognize that money is scarce in this recession, it is precisely for this reason that we must spend public dollars to support Canadians most in need. In Toronto, where one in four families live in poverty and many others hover perilously close to that line (Statistics Canada, 2006a), federal investment in affordable housing and early childhood education and care, and a return of funds to the Employment Insurance program is vital.

We recommend that the federal government make meaningful investments in the 2010 budget in the areas of affordable housing, early childhood education and care, and Employment Insurance. The Federal Government should support Canadians by implementing a National Housing Strategy, a National Child Care Strategy and should strengthen the Employment Insurance program, beginning by decreasing the number of qualifying hours for Employment Insurance to a uniform 360 hours over a 12-month period for all regions across the country.

We urge the federal government to invest in these critical areas as a first step toward the development of a national poverty-reduction strategy with concrete targets and timelines. The cost of political inaction is exorbitant. Too many Canadians are already living in persistent poverty, with more joining the pool yearly. Federal leadership is urgently required to confront these challenges and improve conditions for all Canadians.

Good Quality, Affordable Housing for Everyone

Across Canada, approximately 1.2 million households lack good quality, affordable housing (Canada Housing and Mortgage Corporation, 2009a). An additional 200,000 to 300,000 individuals are homeless while an unquantifiable number of people comprise the “hidden homeless” population (Library of Parliament, 2008). Women, children, youth, lone-mother families, racialized groups, immigrants, Aboriginals and people with disabilities are least likely to have their housing needs met.

To deal effectively with this national crisis, management from the federal government is essential. Sadly, Canada remains the only industrialized country in the world without a national housing strategy. This lack of investment at the federal level is felt acutely in Toronto. Here, nearly half of all renter households spend 30% or more of their income on housing. In a city of renters, this represents more than one in five households without affordable housing. Average monthly rent for a one bedroom dwelling in the Toronto CMA costs \$919, \$1,075 for a two-bedroom and \$1,247 for a three-bedroom (Canada Housing and Mortgage Corporation, 2009b). These prices are simply too expensive, especially in a city in which a quarter of residents live below the poverty line (Statistics Canada, 2006b).

The City of Toronto helps to provide social housing and financial assistance for low-income households through its Shelter, Support and Housing Administration department and Toronto Community Housing, these are only partial solutions. The City's Housing Opportunities Toronto (HOT) is an important first step in the development of a more long-term initiative, but the city's limited financial resources restrict the targets set for this plan (Wellesley Institute, 2009a). At the provincial level, Ontario is in the midst of developing its long-term housing strategy, but is reliant upon funding, guidance and standards set by the national government.

The federal government's major housing and homelessness initiatives: the Affordable Housing Program, the Homelessness Partnership Initiative and the Residential Rehabilitation Assistance Program (RRAP), have made significant, if limited, improvements to housing in Toronto. The first has contributed to the development of over 1,000 new homes, benefiting more than 2,500 low-income residents (City of Toronto, 2008). The second has helped approximately 1,500 homeless to access housing in the past 4 years (City of Toronto, 2008). Finally, the RRAP has repaired and maintained more than 700 Toronto households (City of Toronto, 2008). Unfortunately, these are not permanent programs, but temporary endeavours set to expire within the next two years. A long term commitment to these programs is necessary.

A highlight of the 2009 budget was the federal government's investment of new housing funds, the largest housing spending announcement in more than two decades (Wellesley Institute, 2009b). Yet most of this money went to individuals who were already homeowners looking to improve their housing conditions. Those who are in the most desperate need -- low-income Canadians, homeless Aboriginals and people with physical and mental disabilities in need of supportive housing, are not receiving a benefit (Wellesley Institute, 2009b).

To ensure that Canadians most needing support get the housing investments they need in the upcoming budget, funding for cosmetic improvements to the dwellings of homeowners (such as tax credits for the installation of driveways and decks) must be shifted to programs benefitting those who are suffering the most. Most insecurely housed people live in rental units. In Toronto, 45.6% of all occupied dwellings are rental dwellings (Social Planning Toronto, 2009). Increasing the allocation of money to rental households would benefit low-income Torontonians significantly.

In addition, Canadians need new investments in homelessness programs. In the last budget, homelessness dollars were combined with the federal housing rehabilitation program, resulting in only \$1.9 billion country-wide, over a period of five years. In the next budget, it is crucial to provide more money for a national homelessness strategy so that programs targeted towards health and food would not be bypassed in favour of direct investments tackling homelessness in Canada's largest cities (Social Planning Toronto, 2009).

Since poor housing conditions contribute to ill-health, good quality, affordable housing for everyone would prevent avoidable costs to the healthcare system (Public Health

Agency of Canada, 2002). Not only should the federal government focus on big housing investments, but it must commit to long-term strategies with money being directly targeted toward Canadians that need it most.

Working Families Raising Healthy Children

The 2003 Multilateral Framework Agreement on Early Learning and Child Care, a commitment made by the Federal, Provincial and Territorial Ministers responsible for Social Services, recognized the value quality early childhood education and care programming can make to the lives of children, families and the communities in which they live. The time has come to act on this framework. Canada must implement a National Child Care Strategy.

The need for a national strategy, first recommended in 1970, has only become more pressing in these tough times. Families increasingly require two incomes to make ends meet; 63% of Canadian mothers with pre-school aged children work outside the home (Statistics Canada, 2006c). Today one in four families with children are lone-parent families, of which 80% are mother-led (Statistics Canada, 2006d). Parents in nearly 60% of lone parent families are working outside the home (Statistics Canada, 2006e).

Despite parents' need to place their children in quality care while they are working, in 2006 there were only enough regulated child care spaces for one in six Canadian children from 0 to 12 years (Campaign 2000, 2008). In Toronto, approximately 61% of preschool children have parents who work, but there is access to licensed day-care spaces for only 19% of these children (Mahon and Jensen, 2006). There are more than 15,000 children on waiting lists for care in Toronto alone (Ontario Coalition for Better Child Care, 2008). Across Ontario, tens of thousands of children await access to early childhood education and care (ECEC).

For those parents who are able to access child care spaces costs are often exorbitant. Many parents pay the full cost of ECEC, up to \$14,000 per year for young children (Friendly et al., 2007). For low-income families the costs often prove insurmountable. Despite the fact that all provinces and territories offer subsidies many restrictions apply and as a result, even if spaces are available, many low income families are not able to access regulated child care (Campaign 2000, 2008).

The impact of child and family poverty highlights the importance of a universal system of affordable early education and care as a key component of an effective poverty reduction strategy. In Ontario 324,000 children live in poverty, 43% of all Canadian children living on a low income (Campaign 2000, 2008). A universal ECEC program would help families balance their responsibilities at home and at work. It would reduce poverty rates by allowing both or lone parents to work full-time or to access the needed training and education required to qualify for employment that would increase household earnings.

Universal ECEC also benefits the economy. With the restructuring of Québec's child care system Baker, Gruber and Milligan found a 7% increase in mothers' labour force

participation, while government revenues generated from mothers' higher employment participation covered 40% of the cost of child care services (2006).

Affordable, accessible, universal, equitable and high quality early childhood education and care is recognized for its current and future economic and social benefit. Yet it is the advantages children accrue with regard to their physical, emotional, intellectual, and social well-being that truly validates the implementation of a National Child Care Strategy.

While the national strategy is a critical step in reducing the incidence of childhood and family poverty in Canada over the next decade, in this current economic crisis immediate action is needed to help families cope. The National Child Benefit Supplement, a joint initiative of the federal, provincial, and territorial governments, has helped prevent and reduce the depth of child poverty, yet the current supplement rate is not sufficient in this time of economic upheaval. If adequate interventions are not implemented it is possible that Canadians will witness a similar rise in the child and family poverty rate, which increased to nearly 18% (LICO after-tax) in 1996 (Campaign 2000, 2008). To alleviate the impacts of child poverty the National Child Benefit must be extended to mitigate the effects of the recession.

Making Ends Meet during the Economic Downturn

Every payday millions of working Canadians contribute a portion of their earnings to help fund the Employment Insurance (EI) program. Workers rely on this program to provide them with a source of income in order to support themselves and their families during recession, work stoppage, job loss, illness, or employment transition. However, many Canadian workers facing these circumstances are often distressed to find that they do not qualify for EI. Government cuts to the EI program and program restructuring in the mid-90s have resulted in stricter qualifying criteria, decreased benefit amounts, and shorter benefit coverage time (MISWAA, 2006). These factors have greatly curtailed eligibility and accessibility, and are excluding the very people that the program was created to assist. Workers are being left out in the cold or must make do with meagre EI benefit amounts (only 55% of insured earnings with a maximum of \$447.00 a week).

While unemployed workers struggle, federal governments since the mid-90s have been transferring surpluses from the EI fund to general revenues, which in turn have been used to pay off the deficit and pay down the debt. Despite rising unemployment the number of Canadians receiving EI benefits has dropped to its lowest level since 2000 (Statistics Canada, 2008). At the national, provincial and city level, EI coverage has dramatically decreased, leaving many people in a precarious position with no means to financially support themselves. Across the country, the rate of coverage has decreased from approximately 80% in 1990 to just over 40% in 2004 (CCPA, 2008). Only 20-25% of unemployed workers in the Greater Toronto Area are able to receive benefits. In Ontario, only one in four unemployed workers is receiving EI (Black and Shillington, 2005).

Increasing numbers of workers are engaged in part-time, temporary and contract work which leaves many ineligible for EI benefits. Workers ineligible for EI benefits either lack the required number of hours to qualify or have been categorized as “self-employed” or “independent contractors” by employers seeking to offload associated labour costs and responsibilities (MISWAA, 2006; Workers Action Centre, 2007).

Eligibility changes have made it especially difficult for entrants new to the job market (most notably youth and new immigrants) to receive any benefits. Women continue to be less likely to receive benefits than men, a gender gap that has tripled between 1996 and 2004 (Torjman, 2007). Today, only one in three unemployed women receives EI benefits (CCPA, 2008). “Without restoring the EI system’s ability to provide macro-economic stability - by improving eligibility and benefit rates – there will be considerable pain for Canadian families and a potentially massive wave of economic dislocation which will unnecessarily prolong and deepen the recession” (Yalnizyan, 2009, p. 7).

The EI program is failing to meet the needs of Canadian workers and is not keeping pace with an evolving labour market. Created in the 1940s (as the Unemployment Insurance program), the original intention of the program, to protect unemployed workers, has largely been lost. Many vulnerable Canadian families, forced to live pay cheque to pay cheque, are in constant threat of falling into poverty. Without the proper policy measures in place, individuals and families will find themselves rapidly falling behind financially, at a social and economic cost to us all.

The June 2008 report, “Poverty, Housing and Homelessness: Issues and Options” of the Subcommittee on Cities of the Standing Senate Committee on Social Affairs, Science and Technology made many recommendations regarding social supports generally and EI specifically. In May of this year, Social Planning Toronto published a report, “Uninsured: Why EI is Failing Working Ontarians” in which we made several recommendations to strengthen the EI program, including advising the federal government to decrease the number of qualifying hours to a uniform 360 hours over a 12-month period for all regions across the country (Sidhu, 2009).

Recommendations

We recommend that the federal government make meaningful investments in the 2010 budget in the areas of affordable housing, early childhood education and care, and the Employment Insurance fund. The Federal Government should support Canadians by implementing a National Housing Strategy, a National Child Care Strategy and should strengthen the Employment Insurance program, beginning by decreasing the number of qualifying hours for Employment Insurance to a uniform 360 hours over a 12-month period for all regions across the country. We advise the federal government to invest in these critical areas in the 2010 budget as a first step toward the development of a national poverty-reduction strategy with concrete targets and timelines.

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