

A DOWNPAYMENT ON POVERTY REDUCTION



PRE-BUDGET SUBMISSION TO
THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS &
THE MINISTRY OF FINANCE



FEBRUARY 2008

The Ontario Association of Food Banks (OAFB) is a network of food banks across the province including 100 communities across Ontario, from Ottawa to Windsor and Thunder Bay to Niagara Falls. The organization has helped serve its members since 1992 and has four major aims to achieve its vision of helping to end hunger across Ontario.

We acquire and distribute food across Ontario. With the help of our dedicated partners, the OAFB obtains and ships perishable and non-perishable food from our donors to food banks in communities across the province.

We ensure member food banks meet certain standards of safety, quality and ethics. Food banks have a responsibility to the communities that they serve. We help member food banks ensure that they can provide safe, high quality and ethical service to their community.

We offer membership support on development, operations and management. Although food banks across Ontario come in all shapes and sizes, many face the same challenges of raising funds, directing distribution operations and managing staff and volunteers. We help with the sharing of best practices and offer professional development for our members.

We work to reduce hunger across Ontario through policy, programs, and projects. It is difficult to articulate the challenges you face when you are struggling to find a nourishing meal. It is the responsibility of the OAFB to tell the story of food banks and those served by food banks, and educate the public on the issues of hunger and poverty facing Ontarians. These efforts are supported by diligent research and the development of long-term, credible solutions.

The OAFB is not a food bank. It is a non-profit charitable organization, and receives no funding from the United Way or any level of government.

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EXECUTIVE SUMMARY

The Ontario Association of Food Banks (OAFB) recommends investments and policy changes in the following areas for the upcoming provincial budget:

1. ADULT & CHILD INCOME SUPPORTS

The provincial government should enhance the adequacy and accessibility of income support programs for children and adults by:

- Accelerating the schedule of increases to the Ontario Child Benefit (OCB) so that the benefit is fully realized in 2009 for an investment of \$105 million;
- Improving the adequacy of social assistance benefits by three per cent and guaranteeing an ongoing annual indexing of benefits to inflation at minimum for an investment of \$124.5 million; and
- Hiring 125 ODSP Application Support Workers to assist applicants through a complex application process for an investment of \$8.6 million.

2. ASSETS & BENEFITS

The provincial government should provide improved protection for low income Ontarians through increased savings and improved health benefits by:

- Initiating a pilot program for Ontarians to build financial assets to save for education, home ownership, or business development for an investment of \$10 million;
- Creating a policy framework to regulate payday loan interest rates and ensure all low-income Ontarians access to supportive financial services; and
- Creating an Ontario Dental Benefit program to provide basic dental coverage for examinations, preventative services, and treatment for all low-income adults for an investment of \$70 million.

3. HOUSING

Ensure that low-income Ontarians have access to good quality, warm, energy efficient, and affordable housing by:

- Establishing a Social Housing Deferred Maintenance Fund to address capital repair and regeneration issues for an investment of \$43 million;
- Creating a community-based low-income household energy efficiency and assistance initiative fund for an investment of \$5 million; and
- Establish a new emergency housing allowance program targeting low-income households in urgent need on the social housing waiting list for an investment of \$59 million.

4. SOCIAL ENTERPRISE

Advance social enterprise to provide quality employment opportunities and entrepreneurial initiatives that will reduce poverty by:

- Creating a new Social Venture Capital Fund to invest in the development of social enterprises in Ontario for an investment of \$20 million;
- Making social enterprise a focus area of the Next Generation Jobs Fund; and
- Developing a comprehensive social enterprise strategy to make Ontario a world leader in social innovation for an investment of \$3 million.

5. POVERTY REDUCTION PLAN

The provincial government should lay the foundation for a comprehensive poverty reduction plan by:

- Providing necessary funding for the poverty reduction plan consultation and associated research for an investment of \$5 million; and
- Making a projected investment commitment to the provincial poverty reduction plan in 2009.

INTRODUCTION

We have never been at a point with greater need and greater potential for change. Almost 320,000 Ontarians were served by food banks every month in 2007. This alarming figure has risen by 15 per cent since 2001. A tremendous number of Ontario's children, working Ontarians, Ontarians with disabilities, and new Canadians are served by food banks. The inadequacy of social assistance has also forced tens of thousands to turn to food banks in Ontario. This is not only an urban problem, limited to the busy streets of downtown Toronto and Ottawa, as many communities in rural and northern Ontario are hit hard by hunger. Food banks struggle to keep up with the needs of their communities, and many are stretched beyond their limit.

Yet, we have reason to hope with the current level of public support and political will. Support amongst community organizations, media institutions, and the general public for immediate and long-term action

to reduce hunger and poverty is greater than it has been in almost a generation. The provincial government has also declared that a poverty reduction strategy will be an important focus of their mandate over the next four years after a positive step forward in the last provincial budget.

The upcoming budget will represent an important indicator of the direction of the provincial government over the next four years. Although we do not expect precise investment details or full implementation beginning this spring, we do expect a significant down payment on a poverty reduction plan in the 2008 budget.

Our pre-budget submission to the Standing Committee on Finance and Economic Affairs and the Ministry of Finance will outline concerns and present recommendations for investment in five key areas, outline how these investments will be funded, and provide an estimate for investment required for the 2008/09 budget year.

FOCUS AREAS FOR INVESTMENT

It is recommended that the provincial government make investments in the following five focus areas:

1. Adult and child income supports. Ensure the adequacy and accessibility of income support programs for children and adults.

2. Assets and benefits. Provide improved protection for low income Ontarians through increased savings and improved health benefits.

3. Housing. Ensure that low-income Ontarians have access to good quality, warm, energy efficient, and affordable housing.

4. Social enterprise. Advance social enterprise to provide quality employment opportunities and entrepreneurial initiatives that will reduce poverty.

5. Poverty reduction plan. Lay the foundation for a comprehensive poverty reduction plan.

ADULT & CHILD INCOME SUPPORTS

Enhance the adequacy and accessibility of income support programs for children and adults.

GOVERNMENT COMMITMENTS

The provincial government has made a number of commitments to improving adult and child income supports:

“Your government will also fully implement the new Ontario Child Benefit, raising it to \$1,100 per child.”¹

“By increasing Ontario Works and Ontario Disability Support Program benefits in 2005, 2006 and now this year, the government would be helping families receiving social assistance manage the increased cost of living.”²

CONCERNS

1. **There are persistently high hunger and poverty rates for Ontario’s children and Ontarians with disabilities.** Despite our continued prosperity, nearly one in six or 17.4 per cent of Ontario’s children live in poverty in Ontario.³ Our child poverty rate is much higher than other developed nations, as Canada ranks 19th of 26 nations according to UNICEF. This poverty rate has risen by over five per cent since 1989, the year that Parliament passed a resolution to end child poverty by 2000. Consequently, there are too many children in Ontario that are hungry and are forced to rely on food banks for emergency relief. Forty per cent of all those persons served by food banks in Ontario are children.⁴

Persons with disabilities living with hunger and poverty comprise greater than their expected share of the population served by food banks. Ontarians with disabilities represent 13.5 per cent of the total population of Ontario, yet they represent over 20 per cent of those served by food banks in Ontario.⁵

2. **Ontarians with disabilities face significant hurdles when applying for benefits.** The application process for the Ontario Disability Support Program (ODSP) is extremely difficult for many Ontarians. It is a challenge to any individual’s dignity to reach out for income to assist for the very basics in life.

This challenge is only compounded by the complexity and a lack of an ethic of care present within ODSP. As a result, many Ontarians will opt out of the process before it is complete, leaving them to survive on even less sufficient OW income. More specifi-

cally, the Income Security Advocacy Centre has identified the Disability Determination Package (DDP) as the most serious barrier to the successful completion of an ODSP application. As they note, “...in 2000/2001 fiscal year, almost 40 per cent of applicants referred to the DAU [Disability Adjudication Unit] did not, ultimately, submit a DDP package.”⁶ There are two reasons for this high non-completion rate—the complexity of the DDP, and the extremely short period of time given to applicants to complete its various components. This challenge is exacerbated by a very high caseworker to client ratio, which stands at one to 233.⁷ This ratio excludes applicants.

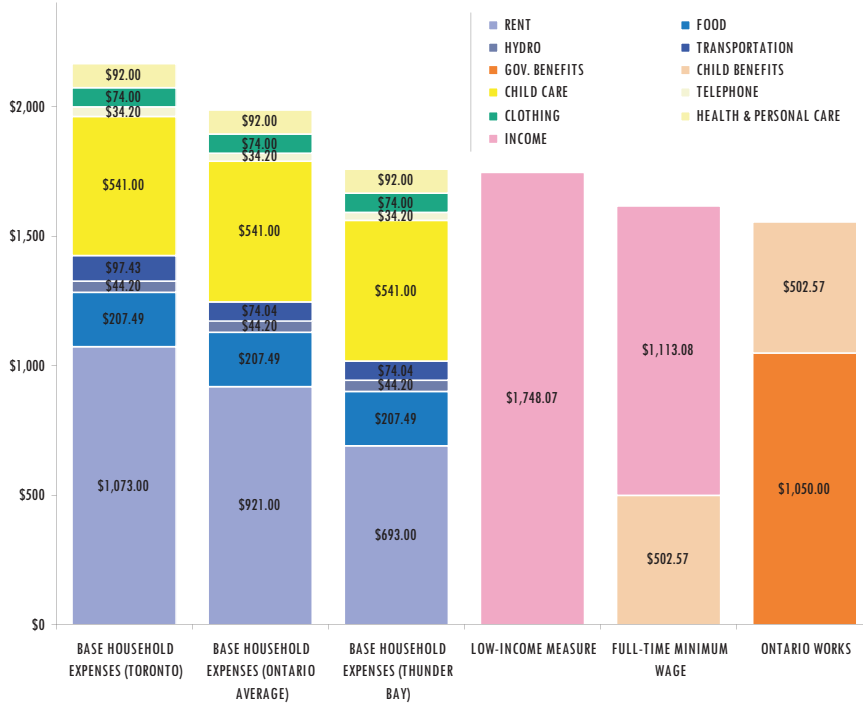
3. **Adult and child benefits below standards of adequacy.** Social assistance and child benefits in Ontario do not provide enough for adults and children to have the basics, including food and shelter. In terms of child benefits, the introduction of the Ontario Child Benefit (OCB) was certainly a step in the right direction with the provision of an additional \$21 per month per child for all low-income families. However, many low-income families on social assistance or working full time at minimum wage still fall below established poverty lines and a basic family budget. This can be seen in a case study of a single mother with one child under the age of six, comparing basic costs of living with income received through child benefits as well as Ontario Works (OW) or full-time minimum wage employment.

The maximum OW and ODSP allowance for single adults also falls below all poverty benchmarks. Put simply, single Ontarians on ODSP or OW do not have enough to pay

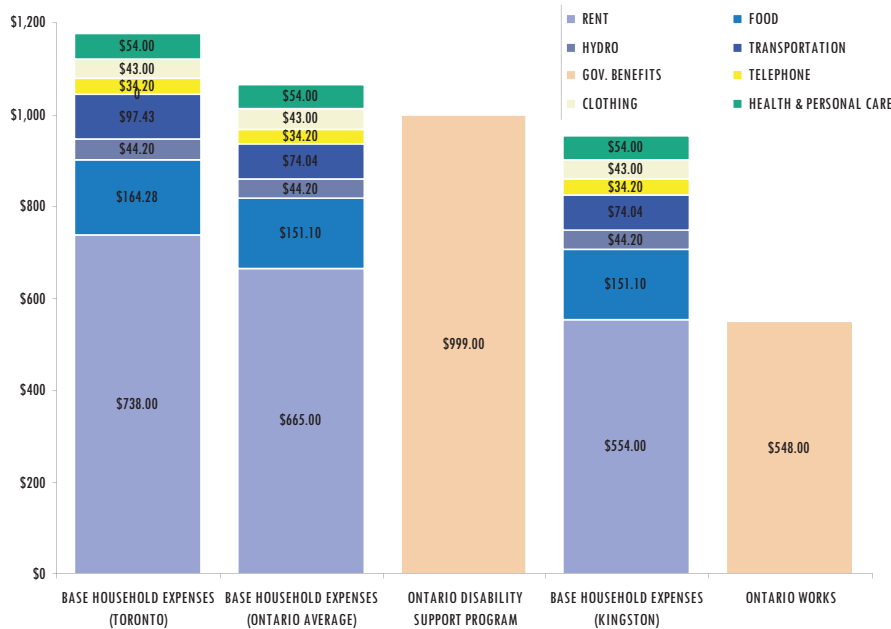
their rent and grocery bill each month. The result is that tens of thousands of Ontarians are locked in a dehumanizing cycle of poverty, and are forced to turn to food banks to make ends meet. The inadequacy of adult

benefits can be seen in a case study of a single adult living in Ontario, comparing basic costs of living with maximum benefit allowances through ODSP and OW.

CASE STUDY ONE: HOUSEHOLD EXPENSES FOR A SINGLE MOTHER WITH ONE CHILD IN ONTARIO COMPARED TO GOVERNMENT BENEFITS, 2008



CASE STUDY TWO: HOUSEHOLD EXPENSES FOR A SINGLE ADULT IN ONTARIO COMPARED TO GOVERNMENT BENEFITS, 2008



RECOMMENDATIONS

1.1. Accelerate the schedule of increases to the recently created Ontario Child Benefit (OCB). The Ontario Child Benefit (OCB) is scheduled to reach maturity at a full value of \$1,100 per child in 2011. It is clear that many families require the full value of this benefit today. Consequently, it is recommended that the provincial government accelerate the schedule of increases to the Ontario Child Benefit (OCB) so that it is fully realized in three years instead of five. In 2008, this would triple the amount of the current average monthly benefit available to all low-income families in Ontario to approximately \$60 per month per child. A proposed investment and increase schedule can be seen in Table One.

This recommendation would require an additional investment of \$105 million in 2008. This would bring the total annual investment for the Ontario Child Benefit (OCB) to \$505 million in 2008. The anticipated 2008 investment was \$420 million, given a projected increase of \$230 million over 2007 budget.

1.2. Improve the adequacy of social assistance benefits. The provincial government should increase the maximum allowance of both ODSP and OW by at least three per cent in 2008. This would result in an additional \$197 per year for single adults

receiving OW, and \$360 per year for single adults receiving ODSP. In addition, these adequacy improvements should be the first year of a guaranteed increase to social assistance that is at the cost of inflation at minimum. In addition, a full report on the adequacy of social assistance payments should be integrated into the poverty reduction plan development process in order to determine the long-term schedule of benefit increases for this vital support program. This recommendation would require an additional investment of \$121.5 million in 2008.

1.3. Hire ODSP Application Support Workers to assist applicants through the application process. It is clear that there is a need for additional support beyond caseworker assistance for ODSP applicants. This could be achieved through the appointment of ODSP Application Support Workers in municipalities across Ontario to assist applicants through the application process. This type of position was proven to be successful in its introduction in a pilot program in Ottawa, and has been supported by organizations such as Street Health, based in Toronto.⁸ This recommendation would require a new investment of \$8.6 million to hire 125 support workers across the province in 2008.

TABLE ONE: PROPOSED INVESTMENTS & SCHEDULED INCREASES TO ONTARIO CHILD BENEFIT COMPARED TO CURRENT PLAN

	2007	2008	2009	2010	2011
CURRENT SCHEDULE (Annual benefit)	\$250	\$600	\$805	\$900	\$1,100
ANNUAL INVESTMENT (\$ millions)	\$190	\$420	\$560	\$625	\$765
PROPOSED SCHEDULE (Annual benefit)	\$250	\$725	\$1,100	\$1,100	\$1,100
PROPOSED ANNUAL INVESTMENT (\$ millions)	\$190	\$505	\$765	\$765	\$765

ASSETS & BENEFITS

Provide improved protection for low-income Ontarians through increased savings and improved health benefits.

GOVERNMENT COMMITMENTS

The provincial government has made a number of government commitments to build assets and provide enhanced supplementary benefits:

“...create a new program to help low-income Ontarians build equity and save for a home, their or their children’s education, or to start their own business.”⁹

“Our first steps will be to support dental services for low-income Ontario families.”¹⁰

“Good dental health is good health, period. Keeping more people healthy helps more Ontarians seize opportunities and find success.”¹¹

CONCERNS

Home ownership and pension assets are dangerously low amongst low-income families. The struggle to save for a home is felt most acutely by low-income families. Between the mid-1980’s and the late 1990’s, low-income families became less likely to own a home. The proportion has lowered from one in three to one in four families holding a residence as an asset.¹² This decline in savings or financial assets is also reflected in home ownership amongst new Canadians, with the rate of home ownership declining by five per cent between 1981 and 2001.¹³ Without savings or any financial assets, it is difficult for families to contribute to the advancement of their children through higher education, receive loans based on their own equity, or transfer wealth to subsequent generations. The result of these difficulties is an increased limitation on intergenerational mobility, or the ability of children to move out of poverty.

Low-income families are much less likely to have pension assets to ensure their financial security after retirement. 64 per cent of economic families with incomes below \$30,000 have no private pension assets.¹⁴ This is over twice the national average of 29 per cent.

Debt ratios for low-income families are very high. Low-income Ontarians also have very high debt ratios when compared to both assets and income. Low-income Canadians have twice the national debt to asset ratio average at \$29 of debt for every \$100 in assets.¹⁵ The debt to income ratio of low-income Canadians is also much higher. In 1999, low-income Canadians had a debt to income ratio of 11 per cent, compared to the national average of 5 per cent.¹⁶ For

example, a low-income household with an income of \$12,000 per year would have an average debt of \$1,200.

A high proportion of low-income families are forced to turn to punitive alternative financial services such as payday loans. The challenge of debt and the inadequacy of government and mainstream financial institutions’ support of low-income families have forced many to turn to payday loan providers. Astonishingly, the effective annualized interest rate can be as much as 1,200 per cent.¹⁷ Low-income families are twice as likely to use a payday loan compared to the national average.¹⁸ In 2005, 4.6 per cent of low-income families in Canada received a payday loan, compared to the national average of 2.3 per cent. Usage is most acute in families with the lowest income and assets. Six per cent of families with bank balances of \$500 or less had taken out a payday loan, compared to one per cent of those families with balances of between \$2,100 and \$8,000 and virtually no families with a bank balance of greater than \$8,000.¹⁹

Supplementary benefit coverage for low-income families is inadequate. The vast majority of low-income working families do not have supplementary health or dental insurance. In low-income families with at least one worker, only one quarter of the families receive supplementary health or dental insurance, compared to 75 per cent for other households.²⁰ In Ontario, there are 3.4 million Ontarians without dental care coverage.²¹ Despite our national vision of universal health care, many Ontarians do not access essential services for financial reasons. In 2004, 26 per cent of Canadians with below average incomes

went without health care they needed because of the cost.²²

Ontario's children living in families on social assistance do get basic dental coverage for examinations, radiographs (x-rays), preventive services and treatment of dental decay. However, adults on social assistance only receive emergency coverage, and working families currently do not have any dental benefit coverage.

RECOMMENDATIONS

2.1. Initiate a pilot program for Ontarians to build financial assets to save for education, home ownership, or business development. Following successful models implemented in Canada and the United States, the provincial government should create a pilot asset-building matching program to allow low-income and low-wealth families build modest assets for investments in education, home ownership, or business development.

These accounts would be quite different from Registered Education Savings Plans (RESPs) or other similar initiatives. First, the level of support provided through matching funds by government would reflect a household's income. For example, a family with an income of greater than \$30,000 annually would not receive any matching funds from the program. Second, the money that was invested could be used for all manner of investments, including education, shelter, or small business development.

The provincial government would need to be careful when establishing this initiative. When setting up this program, they must consider a number of important factors, such as eligibility, acceptable use of funds, and the effects of participation for other public benefits.²³

This matched savings-asset building program should not be solely for working Ontarians – they should encourage savings regardless of income source. In order to follow this principle of encouraging Ontarians to retain savings, allowable asset levels for Ontario Works (OW) recipients should also be increased in the target population. Once it is fully implemented, this benefit could be applied to households below an established income ceiling, with a maxi-

imum matching amount of \$400 per year. It is recommended that in year one of this initiative, the provincial government run a pilot project in selected communities with a maximum of 8,000 participants province-wide. This pilot project would be designed to gather data on the effectiveness of the idea in order to ensure a smooth roll-out across the province.

This recommendation would require a new investment of \$10 million in 2008.

2.2. Create a policy framework to regulate payday loan interest rates and ensure all low-income Ontarians access to supportive financial services. The provincial government has moved towards the regulation of marketing and promotion of Ontario's payday loan industry to ensure that consumers are well-informed of their current practices. However, the current punitive interest rates and insufficient access to mainstream financial services for low-income Ontarians still remain. The provincial government should create a policy framework to regulate the interest rates of payday loan institutions and ensure Ontarians living in low-income neighbourhoods have access to financial services. This recommendation would require no financial investment in 2008. Depending on the policy framework established, it is likely that this would require investment in the future.

2.3. Create an Ontario Dental Benefit program to provide basic dental coverage for examinations, preventative services, and treatment for all low-income adults and children. The provincial government should create a basic dental care program targeted to adults on social assistance, as well as working families, which would provide coverage for examinations, radiographs (x-rays), preventive services and treatment of dental decay. The provincial government has established the cost of this program at \$45 million for working families.²⁴ Given that children living in families on social assistance already have access to dental care, it is estimated that it would cost an additional \$25 million to provide adults living on social assistance with basic coverage. Therefore, this recommendation would require a new investment of \$70 million in 2008.

HOUSING

Ensure that low-income Ontarians have access to good quality, warm, energy efficient, and affordable housing.

GOVERNMENT COMMITMENTS

The provincial government has made a number of commitments on housing:

“(The provincial government will) create a long-term strategy for affordable housing. We will ensure this strategy contains a mix of non-profit and co-operative housing, and takes advantage of creative financial options.²⁵”

CONCERNS

The affordability of housing has declined significantly. The cost of housing has increased tremendously over the past decade, which has caused an overall decline in affordability. Between 1995 and 2006, the cost to own a home increased by 79.5 per cent. Rental housing also showed a significant rate of increase beyond inflation, at a high of 35.7 per cent for a bachelor apartment to 28.7 per cent for a two bedroom apartment. Fortunately, between 2001 and 2006, the overall rate of increase for rental housing has slowed to slightly below inflation.²⁶ However, the cost of housing relative to income is still at very high levels due to the long-term increase.

There is a significant demand for affordable housing. 122,426 Ontario households are on a waiting list for social housing.²⁷ This represents 2.7 per cent of all Ontario households, which is roughly equivalent to the proportion of Ontarians served by food banks every month.²⁸ Current housing allowance programs are insufficient to bring these Ontarians off the waiting list and safely into market housing. The current housing allowance program provides up to \$100 per month for 27,000 low-income working families.²⁹

Energy represents a disproportionate share of household income for low-income families. Low-income Ontarians spend a disproportionate amount of their income on energy. Low-income Ontarians spend 13.7 per cent of their household income on energy, compared with the Canadian average of four per cent.³⁰ Low-income households in Ontario spend 6.1 per cent of their household income on electricity alone, which is six times as great as the highest income quintile.³¹ This is a particularly significant burden for many Ontarians served by food banks, as the majority of those served must pay for their utilities, including water, heat, and hydro in addition

to their monthly rent.

The cost of energy is still at all-time highs for all households across Canada. Between 2003 and 2007, the cost of household heating fuel increased from 68 to 74 per cent in Ottawa, Toronto, and Thunder Bay. Fortunately, the cost of energy seems to have stabilized in the past few years. The increases to the overall cost of energy are compounded by the fact that low-income households are often less energy efficient. They also have less capability to adopt high front end cost measures that would increase efficiency and reduce costs in the long-term.

There is a significant amount of deferred maintenance in existing social housing stock. Social housing in Ontario is old and in desperate need of upgrading and repair. The vast majority of public housing complexes managed by the municipal sector are between 30 and 60 years old. This represents 40 per cent of the social housing stock in Ontario, or 100,000 units. In the City of Toronto alone, the backlog of repairs on its public housing stock is estimated at \$300 million.³²

RECOMMENDATIONS

3.1. Establish a Social Housing Deferred Maintenance fund to address capital repair and regeneration issues. Public housing in Ontario is in desperate need of capital investment for repair and regeneration. The provincial government could provide the support for this change by providing access to financing for social housing providers. As recommended by the Ontario Non-Profit Housing Association (ONPHA), this fund could function as a loan facility with no interest and some debt forgiveness over time. This initiative would allow the provincial government to move beyond the emergency issue of repair to focus direct investment in new social housing stock as a centrepiece of their affordable housing strategy beyond 2008.

The provincial government would need to establish a sizable fund providing a maximum of \$1.5 billion in necessary capital for repairs and renewal. At minimum, the province should provide assistance to improve former Ontario Housing Corporation (OHC) facilities, requiring \$750 million in capital. If the Social Housing Deferred Maintenance Fund was created as a loan facility, the only cost to the provincial government would be their own lending cost. Given that prime is currently 5.75 per cent, this would require an investment by the provincial government approximately of \$43 million in 2008.

3.2. Set aside funding for community-based energy efficiency and assistance initiatives. The provincial government should set aside funding for community organizations and low-income housing providers to deliver programs, services, and information that will increase the comfort and energy efficiency of low-income households in Ontario, while improving their ability to pay for heat and hydro. This fund could be administered by the Ministry of Energy or the Chief Conservation Officer. This recommendation would require a new investment of \$5 million in 2008.

3.3. Establish a new emergency housing allowance program targeting low-income households in urgent need on the social housing waiting list. The size of Ontario's social housing waiting list is a problem. But the bigger problem is the

length of time that households may wait on that list, as well as the severity of their housing emergency. The provincial government should create an emergency housing allowance program targeting households on the social waiting list to ensure they have enough money to live in a good quality residence in the traditional rental market. Funding should be provided on a monthly basis at a maximum value of \$300 per month per household, and a median value of \$125 per month. Ontario could target one third of the highest need households on the social housing waiting list with this allowance. It should be noted that this should be limited to individuals who meet two criteria: they have been on waiting list for a significant period of time; and they are considered to be in emergency priority. This will ensure that, although unlikely, there is not a significant uptake in interest in the social housing waiting list. This recommendation is shared with the Ontario Non-Profit Housing Association (ONPHA).

This initiative could be a new program, a significant supplement to the Strong Communities Rent Supplement Program, or the reconfiguration of the Rental Opportunity for Ontario Families (ROOF) program. This recommendation would require an investment of \$59.4 million to target one third of households on the social waiting list, resulting in a significant reduction in the backlog.

SOCIAL ENTERPRISE

Advance social enterprise to provide quality employment opportunities and entrepreneurial initiatives that will reduce poverty.

GOVERNMENT COMMITMENTS

The provincial government has made a number of commitments to advance social enterprise:

“Create a social venture capital fund at Social Innovation Generation@MaRS to find new solutions to difficult social problems.”³³

A prosperous economy and society depends on great ideas being turned into great outcomes in both the private and social sectors of the economy. The government is investing \$6 million over four years to support the creation of Social Innovation Generation based at MaRS (SIG@MaRS).³⁴

RECOMMENDATIONS

4.1. Create a new Social Venture Capital Fund to invest in the development of social enterprises in Ontario. The provincial government has already made a commitment to the establishment of a Social Venture Capital Fund. It is recommended that the value of this investment be \$20 million in 2008, as the first year of a three year commitment to the fund. In 2009 and 2010, it is recommended that the provincial government commit \$10 million in renewal funding.

In addition, the provincial government should work towards the establishment of clear parameters for the fund by late spring, including investment categories, an expert Venture Capital Board including community representatives, traditional and social entrepreneurs, and other key stakeholders, and a schedule of disbursements, both for timing and values.

4.2. Make social enterprise a focus area of the Next Generation Jobs Fund. The provincial government has already committed \$1.15 billion for the Next Generation Jobs Fund, focusing on key areas including green technology, biotechnology, pharmaceutical manufacturing, and creative industries like digital media and communications.³⁵ These are important and emerging sectors of our economy that should create good, high quality jobs. However, there is also a need to foster businesses that meet a social and economic bottom line. This

would add prominence to social enterprise in Ontario's economic development strategy, and represent the provincial government's recognition of the need to integrate both social and economic development strategies in Ontario.

4.3. Develop a comprehensive social enterprise strategy to make Ontario a world leader in social innovation. The provincial government is pursuing social enterprise as a means of creating opportunity and fighting poverty with a number of new and proposed initiatives. But there is a clear need to bring these initiatives into a coordinated and comprehensive strategy to ensure that Ontario has the right components to make Ontario a world leader in social innovation. The provincial government should bring together representatives from government, the social enterprise sector, community organizations, business and education to formulate a social enterprise strategy. This social enterprise strategy would lay out a framework for the necessary capital, institutions, legislation, markets, and media for a social enterprise sector that would make Ontario a world leader in social innovation. It is possible that SiG at MaRS could facilitate this endeavour. This recommendation would require an investment of \$3 million in 2008 for the research and development necessary to develop the strategy.

POVERTY REDUCTION PLAN

Lay the foundation for a comprehensive poverty reduction plan.

GOVERNMENT COMMITMENTS

The provincial government has made a number of commitments to lay the foundation for a poverty reduction plan:

In their election platform, the Ontario Liberal Party committed to a, "...comprehensive poverty reduction plan..."³⁶

"Study after study, including a report from the United Way of Greater Toronto just this week, has underlined that we all share a responsibility to work towards lifting more families out of poverty. Your government will continue to assume its responsibility to provide these families with better opportunities.

A new cabinet committee will begin work developing poverty indicators and targets and a focused strategy for making clear-cut progress on reducing child poverty."³⁷

RECOMMENDATIONS

5.1. Provide necessary funding for the poverty reduction plan consultation and associated research. It will require a monumental effort to develop a transformative poverty reduction plan for Ontario. There are at least two areas that will require significant attention: the consultation process and supportive research.

The poverty reduction plan consultation process will require funding to foster effective community representative participation and to ensure the provincial government hears the voice of those living in poverty. The provincial government must set aside funds for a series of community meetings with relevant stakeholders in all regions of the province, and in both urban and rural centres. In addition, the provincial government must also set aside funds for the facilitation of in-person focus groups of low-income Ontarians with the aim of trying to understand the unfiltered experience of poverty in our province. These tools would complement traditional tools of consultation including the web as well as opportunities for individuals and community organizations to offer suggestions and submissions to the provincial government.

Beyond the consultation process, there is a need to invest in supportive research to ensure that the poverty reduction plan and its associated outcomes are evidence-based. This will require a dedicated secretariat that is staffed by public servants. Once the planning process is complete, it

is possible that these persons or the infrastructure that they create could evolve into a formalized poverty reduction or development agency of the provincial government. Additional funding will also be required for the purchase and analysis of existing data sources that could form the basis of poverty reduction indicators, as well as the development and implementation of any new survey tools that will be required to support the poverty reduction plan.

It is estimated that this recommendation will require an investment of \$5 million in 2008.

5.2. Make a projected investment commitment to the provincial poverty reduction plan for 2009. It is hoped that 2008 represents a significant down payment to a poverty reduction plan that will begin to be financed in the 2009 budget. This will provide an important sign to those persons living in poverty in Ontario, as well as those who represent them, with a strong signal that the provincial government is seriously committed to reducing poverty in our province. Another strong signal in the upcoming provincial budget would be a projected investment commitment to the provincial poverty reduction plan for 2009. This commitment may be concrete, with a specific set aside of a significant portion of government revenues in 2009 and beyond, or broad, as a stated commitment within the budget speech to a significant up-front investment in poverty reduction by the province throughout its four year mandate.

HOW WILL THESE INVESTMENTS BE FUNDED?

The total value of the required investments is substantial. However, there are sufficient funds within the provincial Treasury to have a very positive impact in each of the five areas outlined above. These investments will also generate significant revenue and savings for the provincial government. The funding sources for the recommendations are as follows:

1. EXPECTED ECONOMIC GROWTH

Although we are facing the spectre of a recession in our province, Ontario's GDP is expected to have grow more moderately by 1.9 per cent in 2008.³⁸ According to the Fall Financial Update, provincial government revenues are expected to increase by 1.7 per cent over 2007, which represents an additional \$1.6 billion in revenues, and an additional \$1 billion over projections for 2008 made in the 2007 Budget.³⁹ This represents a sizable source of funding for the proposed investments.

2. REDUCED RESERVE INVESTMENT

The provincial government projected a deficit of \$0.4 billion in their 2007 budget. In the recent fall economic statement, the budget is now projected to balance, and the government is anticipating an annual investment in their reserve of \$0.8 billion in 2007, and \$0.9 billion in 2008. Given that the province's financial situation is relatively stable, it is possible to reduce the reserve. If the reserve was reduced to \$0.4 billion, the provincial government would still have a financial cushion to protect against a reduction in revenues. This would also generate an additional \$0.5 billion for spending in new program areas.

3. ECONOMIC GROWTH & SAVINGS GENERATED BY INVESTMENTS & RECOMMENDATIONS

These investments and recommendations are targeted to improve the quality of life for low-income Ontarians. But they will also generate economic growth and savings for all Ontarians.

Improvements to the adequacy and access of income supports for adults and children will generate significant savings and long-term economic growth. As food banks, we believe that hunger is a problem that is most directly, but not wholly, linked to inadequate income. If we are able to increase the income supports provided

to our children, we will be helping parents to put more nutritious foods on the table. Adequate nutrition is perhaps the best start for children to ensure that they are able to develop and reach their full potential. It is difficult to even dream of becoming a scientist, teacher, writer, lawyer and doctor when you are more worried about missing lunch or dinner instead of finishing your homework. If our children are able to succeed, they will be making untold contributions to the province in tax revenues, ideas and other supports. Similarly, the associated recommendations and investments can help to decrease the spiralling consumption costs of health care. Beyond its impact on development, food also may be the best medicine for our children, and all Ontarians. If children and adults have enough income to purchase and consume nutritious food, it is proven that they are less likely to have chronic illness, activity limitations, and developmental delays.

An investment resulting in increased savings and enhanced benefits will have a similar effect to income supports in terms of economic growth and savings. The introduction of a dental benefit program has a proven impact on the consumption costs of health care. This point has been supported by academics, advocates, media, and politicians alike. But the ability to save also has an important impact on the economic stability and success of both individuals and the state. The experience sub-prime mortgage crisis of the United States is proof that increased and unstable debt amongst low-income households can have a devastating impact on a national economy. Although our credit crisis does not approach the scale of the American experience, the presence and preponderance of debt in low-income households will continue to have negative economic effects. If we are able to encourage savings that will translate financial capital into human capital or regular income, we could reverse that trend and generate economic growth for those Ontarians and the province as a whole.

The proposed investments in housing and social enterprise are economic drivers that will result in a significant social benefit. In particular, the Social Housing Deferred Maintenance Fund will generate \$1 billion in economic opportunities for those businesses that are involved in the repair

and renewal of homes across the province. This will create jobs and generate additional tax revenues in the process.

RESULT

Expected economic growth and a reduced reserve would result in an additional \$2.1 billion available for new program spending in Ontario. The proposed investments

would represent a significant, but reasonable 21.6 per cent of this available new program spending. Although this figure is larger than the current proportional investment in children and social service spending, this significant new investment would reflect the provincial government's commitment to poverty reduction.

SUMMARY OF INVESTMENTS

The summary of recommended investments is as follows:

PROGRAM INITIATIVE	INVESTMENT (millions)
ADULT & CHILD INCOME SUPPORTS	
Ontario Child Benefit (OCB) Investment Acceleration	\$105.0
Adequacy Improvements to Ontario Works (OW) and Ontario Disability Support Program (ODSP)	\$124.5
ODSP Application Support Workers	\$8.6
ASSETS & BENEFITS	
Pilot Asset-building Program	\$10.0
Ontario Dental Benefit Program	\$70.0
AFFORDABLE HOUSING	
Social Housing Deferred Maintenance Fund	\$43.0
Low-income household energy assistance and efficiency initiative fund	\$5.0
Emergency Housing Allowance Program	\$59.4
SOCIAL ENTERPRISE	
Social Venture Capital Fund	\$20.0
Social Enterprise Strategy	\$3.0
FOUNDATION FOR POVERTY REDUCTION	
Poverty Reduction Plan Consultation & Research	\$5.0
TOTAL INVESTMENT	\$453.5

CONCLUSION

We are in the midst of a very unique moment in time with a rare combination of public support and political will. But it is in this moment that we require immediate and sustained action to satisfy the public's appetite for change and mobilize the current will of the government towards the reduction of hunger and poverty. We need a significant down payment in 2008 looking towards a poverty reduction plan in 2009.

We believe that we can make a down payment on poverty reduction through enhanced and accessible child and adult income supports, increased savings and enhanced dental benefits, accessible good quality affordable housing, a strong social enterprise strategy, and a strong foundation for the poverty reduction plan.

Together, we can end hunger. Think about it.

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