

Priority Recommendations: Social Investments and Expanding the Canadian Economy Federal Budget 2009 Policy Brief

Overview

The current economic downturn presents grave challenges for governments, communities and most significantly for the individuals and families who are the first to be impacted: those living on social assistance benefits; on low or limited incomes; and those who have recently experience job layoffs or loss. In anticipation of the upcoming federal budget, the Hamilton Roundtable for Poverty Reduction urges all federal political parties to address the unacceptable levels of poverty both within Hamilton and across Canada through social investments by investing in people and in communities.

Over 3.4 million Canadians, including 89,000 Hamiltonians live below Statistics Canada's low income cut off. The federal government has an important and pro-active role to play in collaborating with communities to make strategic investments during this time of economic downturn. *Investing in the following "prosperity priorities" will have the dual result of an immediate and significant impact for Canadian families and encourage the expansion of the economy at the municipal and community level.* The following list includes investments and policy changes which that fall within the purview of the Federal Government and will benefit the economy of Hamilton, Ontario and Canada.

Many of the investments identified require an **integrated policy and program delivery** approach between all levels of government which can be moved forward through the leadership of the Government of Canada. Examples of integrated approaches required by communities including a *National Poverty Reduction Strategy, National Housing Strategy, National Early Learning and Child Care Strategy* and a *National Strategy for Investing in Cities*. Our experience at the Hamilton Roundtable for Poverty Reduction proves that an integrated policy and program approach can leverage resources and investments both across government and through philanthropic investors and can be a significant economic stimulus to the Canadian economy and communities. The downturn in the economy provides an opportunity to explore innovative approaches.

Investing in People through Reform of Employment Insurance

A system to provide financial assistance to workers who become unemployed has been in place in Canada for decades. The first unemployment insurance act was introduced in 1940 and provided some security for workers who found themselves between jobs.

Enhancements to the program took place in the 1960s, 1970s and 1980s. Along with financial assistance, the program incorporated skills development training to assist workers to find and keep higher-paying jobs. The program provided essential support for individuals who became unemployed during the economic recessions of the early 1980s and early 1990s.

In the 1990s, Unemployment Insurance was reformed and changed to Employment Insurance. Guidelines for eligibility were tightened and a new formula for calculating benefits enacted. Since that time fewer people — most notably part time, contract and temporary workers — have been able to qualify for benefits. Women and recent immigrants tend to be more heavily impacted by the new rules. "The number of hours required to qualify for benefits was set at a level where few part-time workers could qualify". As premiums were still paid however, millions of dollars more were being collected by the federal government through the EI than paid out. In 2007, a \$54 billion EI surplus was diverted into the federal government's general revenue stream.

With the current economic downturn, many unemployed workers are finding it increasingly difficult to gain access to EI benefits and the skill development training that flows from the program. Many are instead forced to access Ontario Works as the only income support program available – a program that by all account provides below subsistence levels of support. In December 2009, Hamilton’s Ontario Works applications rose by 19.4% over the previous year – this rise is likely attributed to the fact that fewer are able to access EI benefits.

For many municipalities in Ontario outside of the GTA, the current Employment Insurance system presents difficult social and financial challenges. Until social services costs are fully uploaded by the province, cities have to bear the financial burden any increasing welfare costs that would result from unemployed workers being denied EI benefits. **A 25 per cent increase in Ontario Works caseloads in Hamilton for example will cost the municipality an extra \$7 million** (an additional 2% increase for the average property taxpayer).

Investing in Affordable Housing

Best practice research indicates that building assets (savings accounts, home ownership, stable rental housing) promote family stability, give people a stake in their communities encourage political participation, enable families to plan for retirement and pass resources on to future generations. A **National Housing Strategy** which focuses on a continuum of housing options from social housing to affordable home ownership will help families build for their futures while ensuring prosperous communities. The need to develop a National Housing Strategy and the overarching issues around the need for the development of a long-term, comprehensive strategy to deal with affordability and accessibility to housing for hundreds of thousands of low income Canadians remains critical.

The National Housing Strategy should include on-going supports for programs such as rent banks and rent subsidies which keep children and their families safe and housed. A family under stress from underemployment, job loss or on social assistance benefits should not have to face the additional challenges of finding suitable housing for themselves and their children.

Capital Repairs to Social Housing

The City of Hamilton recently completed a request for capital repairs to existing social housing. The total requests were in excess of \$45 million. Many low income tenants are living in housing that in poor condition, unsafe and in urgent need of repair.

Many of these housing units fall within the category of non-profit, cooperative, and public units of housing that provide rent-geared-to-income and market rent housing to over 25,000 tenants in the City. According to the Hamilton Affordable Housing Flagship, these units are in “drastic need of repair”. Over the years, the responsibility for funding social has been downloaded from the Federal government to the Provincial government to the local property tax base. This makes capital repairs to social housing an exceptional fit with the current look at strategic investments.

Investing in housing creates local jobs - capital repairs to social housing as well as new construction of affordable housing is carried out by the local trades – local framers, drywallers, and electricians.

The investments in housing could be focused on increasing energy efficiency. In many of the older non-profit housing stock – including the city-owned housing stock – there are a large number of updates that could be made – windows, insulation, etc that would serve to decrease operating costs (saving taxpayer money) over the longer term. CityHousing Hamilton has been investing in efficient light bulbs and water saving toilets and anticipates significant savings over the longer term.

Investing in Early Learning and Childcare

Best practice research identifies that early learning and childcare are critical investments. Children participating in high quality early learning and childcare programs demonstrate higher academic achievement, fewer grade repetitions and a lower drop out rate. A **National Early Learning and Child Care Strategy** will deliver substantial long term cost savings in health care, education, social services and justice system. Research proves that every dollar invested in early learning and child care programs returns over \$4 in cost savings and returns to the Canadian economy. Access to licensed, quality child care spaces is a critical issue for Canada. Currently, available licensed child care spaces serve only 10% of families in Hamilton. There are also 890 children in Hamilton families on a waiting list for subsidized child care spaces. These families and children have to scramble to find appropriate informal care which often places additional stress on low-income and working poor families who do not have the financial resources and are not able to access subsidies because of lengthy wait lists. Federal investments in early learning and child care not only create jobs and meet a pent up demand from families in Hamilton, these investments also lead to families being able to access employment or maintain their attachment to the workforce.

Investing in Skills Training for Youth

Youth access to education, skills development and appropriate employment supports is critical to maintaining a prosperity focus. Many low income youth experience significant access barriers leading them to disengage from the workforce. The federal government must continue to play a significant role in connecting youth with post-secondary, apprenticeship, skills development, and employment supports to create a stronger, stable and diverse workforce. Enhanced federal support for youth summer job placements will be essential in 2009 as a way to help families cope with the recession and assist young people with educational costs.

Investing in new Canadians and Urban Aboriginal Populations

Many companies are experiencing significant challenges attracting a skilled workforce while recently laid off workers, new immigrants and youth face numerous barriers accessing these skilled jobs. An Urban Aboriginal Strategy should provide opportunities for urban aboriginal populations through increased coordination to maximize investments and enable greater program alignment with provincial and municipal programming.

Investing in Municipal Infrastructure that Supports Youth and Seniors

Many communities are struggling with large infrastructure deficits; in a recent report, Hamilton has identified “\$20 million in needed repairs” to this City’s 78 recreation facilities. Access to recreation is an essential component of fostering a healthy lifestyle – especially for children and seniors – the Roundtable would encourage the federal government to help cities address these core needs.

Investing in Ontario Cities and their Workforces

150,000 high paying manufacturing jobs have been lost in Ontario over the last several years as the economy diversifies and contracts as a result of a multitude of pressures. Western Economic Diversification Canada is a Canadian government agency responsible for improving the economy of Western Canada both locally and nationally. The Hamilton Roundtable for Poverty Reduction would encourage the creation of a “Southern Ontario Economic Diversification Program” to assist communities to diversify, create jobs and stimulate their local economies.

The Hamilton Roundtable for Poverty Reduction's approach is to deliver **evidence based investments** that not only reduce poverty but increase the capacity of citizens to engage in the workforce - both today and in the future.

These critical points of investment are built on foundational community supports that require investment and policy direction by all levels of government. Without these foundational supports, children are unable to move through the five critical points of investment. The foundational community supports require both investment by the Government of Canada and the development of policies to support their sustainability.

The foundational community supports are:

- Civic engagement and broad social inclusion
- Universal access to health care supports that focus on prevention, early intervention and mental health
- Strong education institutions
- A solid economy producing quality employment and a living wage
- Affordable housing opportunities in neighbourhoods across the city
- Accessible, reliable, and affordable transportation
- Accessible amenities at the neighbourhood level
- Adequate and responsive income security programs
- Institutional and community behavior that values that participation and contributions of youth.

The Hamilton Roundtable for Poverty Reduction looks forward to working with the federal parties to reduce poverty and social exclusion in our communities. We recognize that the issue of poverty will not be solved quickly or simply, but we would encourage the Government of Canada and its elected leaders to take these important first steps immediately. We believe that ignoring the issues of poverty and social exclusion impacts the ability to achieve prosperity for all citizens in Canada.

It is time for leadership and action.

The Hamilton Roundtable for Poverty Reduction

The Hamilton Roundtable for Poverty Reduction was born out of concern for our community's poverty challenge. It came together in May 2005 to understand Hamilton's high poverty levels, focus the community's attention on poverty, and begin to find solutions. Since then, we have consulted widely in the community, reviewed findings from local consultations on poverty related issues, explored best practices here and elsewhere, and received advice from experts in approach to poverty and community action.

Hamilton is a community at the crossroads. 20% of our people are living in poverty. We know that tackling poverty is a key to both our economic development and our social development. In February 2006 the Roundtable announced a poverty reduction strategy focused on children and youth: making Hamilton the best Place to Raise a Child: A Change Framework. We took this initial focus for a number of reasons:

- It reflects the voice of the community
- It targets a significant poverty demographic and encompasses other poverty "hotspots"
- It is grounded in best practices
- It supports Hamilton's strategic vision
- Children are the future of our City

The Roundtable is one piece of the framework – in its role as convenor and facilitator the Roundtable will help to drive the change process – but it will take everyone in Hamilton working together to really make an impact on poverty. The Roundtable believes that by taking a systems approach and working together with a focus on children and youth, our community can reduce poverty and make Hamilton *The Best Place to Raise a Child*.

For more information about the Hamilton Roundtable for Poverty Reduction visit:

<http://www.hamiltonpoverty.ca>

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The Hamilton Roundtable for Poverty Reduction is co-convened by the Hamilton Community Foundation and the City of Hamilton

Hamilton Roundtable for Poverty Reduction – Membership

Judith Bishop	Trustee, Hamilton-Wentworth District School Board
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Marcel Castura	Director of Education, Hamilton-Wentworth Catholic District School Board
Mark Chamberlain	President & CEO PictorVision; Past-Chair, Hamilton Community Foundation Board of Directors
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Liaison Representatives

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