

SUBMISSION TO THE STANDING COMMITTEE ON FINANCE

REGARDING THE FEDERAL BUDGET 2012

by

COLOUR OF POVERTY – COLOUR OF CHANGE

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I. About the Organizations

Colour of Poverty/Colour of Change (COP/C) is a province-wide initiative made up of individuals and organizations working to build community-based capacity to address the growing racialization of poverty and the resulting increased levels of social exclusion and marginalization of racialized communities across Ontario. Colour of Poverty – Colour of Change works to build concrete strategies, tools, initiatives & community-based capacity through which individuals, groups, organizations - especially those reflective of affected racialized communities themselves - can better develop coherent and effective shared action plans as well as coordinated strategies so as to best work together to address and redress the growing structural and systemic ethno-racial inequality across the province.

II. The Role of Federal Government in Poverty Reduction among Racialized

Communities and other Disadvantaged Groups

As the documentation becomes ever more comprehensive and irrefutable the gap between rich and poor in Ontario and Canada is widening, but what is much less well understood is that the impact of this growing gulf is being much more profoundly felt by racialized group members (ie. Aboriginal or First Peoples and communities-of-colour).

All too well documented are the numerous institutional, structural and systemic racialized disadvantages as experienced by Canada's First Peoples (First Nations, Inuit and Metis) – and as we are aware of such First Peoples realities and lived experiences we stand in full solidarity with their self-led advocacy efforts to redress the racialized exclusion. We very much believe there are many links between such struggles and those of other racialized groups - peoples of colour - in Ontario and Canada. However, given the above we strongly appeal to our Federal Government to honour its (and our) Treaty obligations by fully acknowledging and respecting First Peoples claims to self-determination and in so doing we also recognize that First Peoples claims to justice are distinct and require a different set of Federal Government strategies, comprehensive policy responses and real movement toward appropriate revenue sharing and equitable funding arrangements due to First Peoples (First Nations, Inuit and Metis) unique and specific historical relationship with Canada.

Respecting peoples of colour (ie. visible minorities), a recent report by the Wellesley Institute and Canadian Centre for Policy Alternatives confirms a "colour code" is keeping "visible minorities" out of good jobs in the Canadian labour market. The Report found that visible minority Canadian workers earned 81.4 cents for every dollar paid to their Caucasian counterparts.

Based on the 2006 census, researchers found that earnings by male newcomers from visible minorities were just 68.7 per cent of those who were white males. The Report also confirms that such colour code persisted for second-generation Canadians with similar education and age, though the gap narrowed slightly - with visible minority women making 56.5 cents, up from 48.7 cents in 2000, for every dollar white men earned, while minority men in the same cohort improved by almost 7 cents, to 75.6 cents.

In 2006, during the boom years, visible minorities had an unemployment rate of 8.6 per cent, compared with 6.2 per cent for white Canadians. Even more disturbing is that visible minorities were under-represented in public administration, where 92 per cent of workers were white.

The increasing "racialization" or "colour-coding" of all of the major social and economic indicators can be gleaned not only from the statistics on income & wealth, but also from any one of a number of different measures – such as the inequalities with respect to health status and educational learning outcomes, higher drop- out or "push-out" rates among racialized learners, inequitable access to employment opportunities and over-representation in low-paying, unstable, and low-status jobs in which their rights as workers are often poorly or totally unprotected, higher levels of under-housing and homelessness and the re-emergence of imposed racialized residential enclaves and the increasing rate of incidence and ethno-racial differentials with respect to targeted policing as Aboriginal and men and women-of-colour are ever more over-represented in Canada's jails and prisons. All of these are products of the long-standing and now

growing social and economic exclusion of racialized groups from the so-called mainstream of society.

Given such stark realities, it is imperative that political leaders with all orders of government discuss the reduction if not the elimination of poverty by referring directly to actions to address and redress the increasingly racialized and otherwise differential character and experience of poverty.

Canadians urgently need a comprehensive national poverty reduction plan that integrates a broad range of universal initiatives, accompanied by specific targeted measures to remedy the different underlying sources or “drivers” of vulnerability that expose racialized – and other disadvantaged communities – to disproportionate poverty.

More importantly, any national poverty reduction plan must specifically name, address, track and measure positive change with respect to racialized poverty.

Recommendation 1: The Federal government must take a leadership role by acknowledging and addressing systemic barriers to inclusion as well as persistent experience of racial discrimination. This should be achieved by developing and implementing a national poverty reduction strategy with targeted, time-specific and measurable mechanisms and goals and by adopting a racial equity outcome measure and framework to systematically evaluate all of its legislation, policies, programmes and practices as well as all its annual and ongoing budgetary and resource allocation decisions.

III. Enhancing the Capacity of the Federal Government to Address Poverty

In this age of austerity, politicians of all stripes and from all orders of government are trying to convince Canadians that governments have to get out of the business of governing because of the budgetary “deficit” they face. Canadians are told, repeatedly, that the only way to address such deficits is by cutting public services and funding for public goods, be it public libraries at the municipal level, legal aid at the provincial level, or childcare at the federal level. This is so, even as politicians themselves acknowledge that services being reviewed for possible reduction and elimination are “core services” that Canadians need to either maintain their basic health and well being and/or to foster the development of an inclusive and democratic society.

Yet at the same time, as Canadians are being asked to make personal sacrifices in the name of deficit reduction, corporations and individual wealth holders and high income earners are expected to share an ever more declining portion of their wealth and profits through the continuing corporate tax cut and the ever present tax loopholes of a system that is less and less progressive in its nature. These tax cuts, or tax credits, are directly responsible for the creation of such undeniable phenomenon as “the rich getting richer and poor getting poorer”. To name just one proof of such growing inequities, according to the 2006 census data released by Statistics Canada, between 1980 and 2005, median earnings among Canada’s top earners rose more than 16 per cent while those in the bottom fifth saw their wages dip by 20 per cent.

The annual cost of the corporate tax cuts alone that have either taken effect under the last two terms of Government or are scheduled to take effect in the future will reach \$14.2 billion by fiscal year 2012-13. If that fiscal capacity was to be made available to the Government of Canada, it would have a substantial deficit reducing impact in terms of support for important public services that all Canadians need, but especially for those of our neighbours and community members who are at the bottom of the economic ladder.

The ever decreasing tax revenue directly and negatively reduces the capacity of the Federal Government to provide or fund programs that are essential to members of the most marginalized communities in Canada. Programs such as affordable housing, a national childcare program, skill-building and income security programs for women and other disadvantaged communities, as well as specific programs to bring about substantive equality, including the Federal Court Challenges Program, etc. which have all seen their funding reduced, or in fact have been eliminated completely.

As a further example of such inconsistent and incoherent economic policies, the Caledon Institute has estimated that the Canada Child Tax Benefit could be increased to \$5,000 per child for an annual cost of \$4 billion. It is clear that the constraints on public resources at the federal level caused by such ideologically driven and reckless tax cuts – those implemented and pending – are in fact contributing to the effective withdrawal of the Federal Government from all too many areas of critical public expenditure.

As racialized communities in Ontario (as elsewhere across the country) are considerably over-represented among the poor, they are thus more likely to have benefited from these public services, had they been properly funded. Thus, the obsessive focus on tax cuts – for both corporate tax as well as

personal income tax – has resulted and will continue to result in a differentially negative impact on these ever more vulnerable communities.

In fact last year the Scottish Government commissioned a study to look at the impact of reduced public services spending on vulnerable groups. Entitled the Equalities Budget Report, this evidence-based review was done by the Employment Research Institute, Edinburgh Napier University. The overall aim was to review and summarise UK and international evidence on the impact of reduced spending on equalities groups (what we in Canada might refer to as equity seeking groups). Emphasis was given to evidence on what has happened in the past, although note is made of estimates of what might happen due to reduced spending in the future.

Among other things, the main conclusions of the report were:

- Equalities groups are especially vulnerable to public spending cuts as not only because they are well represented in the public sector workforce but are also significant users of public services.
- Individuals can fall into multiple equalities groups, therefore exacerbating their vulnerability to cuts in public services. Additionally cuts in one area can impact on other equalities groups.
- The large variations within equalities groups should be explicitly considered as certain sub-groups may be much more affected than others (e.g. mothers compared to single women, or certain ethnic groups compared to others etc.).
- Certain individuals will be especially vulnerable to any cuts as both public sector employees and public service users.
- The effects of public spending cuts will be felt by those working in and using services delivered by community organizations and across sectoral boundaries.

As has been found to be the case in the UK is just as true here in Canada – as the various austerity measures continue to take effect, members of racialized and other disadvantaged communities will continue to bear the brunt of fiscal capacity and public service cuts.

Recommendation 2: The Federal Government should not only reverse some of the tax cuts that have been implemented to date, but should in fact increase corporate taxation as well personal taxation for the higher income tax brackets - so that more revenue will become available with which to provide needed services and programs for all Canadians, and especially for those having to live their lives in poverty – with inequitable life chances, life opportunities and life outcomes.

VI. Tracking, Measurement, Indicators and Reporting on Federal Government's Contributions to Poverty Reduction

Though it is very slowly changing, with the exception of the City of Toronto, and with the all too inconsistent acknowledgement and measurement of First Peoples structural and systemic disadvantage in certain contexts and jurisdictions, there is a serious lack of data and research in many local communities across the nation about the issue of the racialization of poverty.

For example, federal initiatives to increase take-up of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) are often cited as an example of success in reducing poverty among seniors. But no one knows to what extent this has benefited seniors from racialized communities. Nor do we know if immigrant seniors from certain countries face any systemic barriers in accessing this benefit, and whether those from racialized communities generally have seen their living conditions improved as a result.

Specifically, the lack of desegregated data means the Federal Government does not have a clear picture of who are indeed the poor and how they are being affected by government policies and programs. Without such data, the Government is also unable to calculate the “default” costs of doing nothing, from an economical as well as social perspective.

As such, **Colour of Poverty – Colour of Change** would like to make the following recommendation to the Standing Committee:

Recommendation 3: The Federal Government should collect and track disaggregated data across all Ministries, Departments and relevant institutions in order to identify racialized and other structural and systemic disadvantage. With respect to poverty, we need to develop and use clear and common definitions and indicators, in order to get a full and complete picture as to who are the poor in this country, while identifying goals and specific benchmarks and indicators on a cross-sectoral basis, to monitor the labour market related differentials specifically as well as the progress of any poverty reduction plan initiatives as they relate to racialized and other historically disadvantaged and marginalized groups and communities.

V. Conclusion

Canadians expect their governments to play a critical role in providing a safety net for all Canadians, especially those who need a helping hand. Canadians believe in fairness and do share the collective sense of responsibility that we owe to one another in a democratic society, founded upon such principles as equality, respect for diversity and human rights. Fair minded Canadians know and accept that, with rights, come responsibilities. As part of these responsibilities Canadians are willing to abide by and contribute to a progressive tax system, one that takes into account the ability of individuals and families to pay tax, while imposing an appropriately weighted obligation on corporations to share profits.

By focusing only on expenditure reduction measures in this budget consultation without seeking input on how to appropriately enhance prevailing taxation schemes, the Federal Government is denying itself insights into how it might more creatively source revenue. Indeed we lose out on a great opportunity to remind Canadians about the importance of public goods as building blocks of an inclusive society, and the role of Governments in providing public services so that all Canadians - regardless who they are or their current income status - will have a decent standard of living and an equal opportunity to succeed.