

**JOINT SUBMISSION TO THE STANDING COMMITTEE ON FINANCE
REGARDING THE FEDERAL BUDGET**

**by
THE COLOUR OF POVERTY CAMPAIGN and
METRO TORONTO CHINESE & SOUTH EAST ASIAN LEGAL CLINIC**

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Executive Summary

There is growing marginalization of racialized communities across Ontario, which results in increasing racialization of poverty. The Federal Government must take a leadership role to address this issue by develop a comprehensive national poverty reduction plan. The Federal Government must also avail itself of greater revenue by increasing corporate tax and personal tax rates at the top income tax bracket in order to pay for the needed services and programs for people living in poverty. Finally, the Federal Government should collect and track disaggregated in order to identify racialized and other structural and systemic disadvantage, to be accompanied by goals and specific benchmarks and indicators to monitor the progress of poverty reduction plan.

I. About the Organizations

The **Colour of Poverty Campaign/Colour of Change (COPC)** 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. The Colour of Poverty works to build concrete strategies, tools, initiatives and community-based capacity through which individuals, groups and organizations (especially those reflective of the affected racialized communities) 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.

The **Metro Toronto Chinese & South East Asian Legal Clinic (MTCSEALC)** is a community based legal clinic which provides free legal services to the low income Chinese, Vietnamese, Cambodian and Laotian speaking communities in the Toronto area. Established in 1987, the MTCSEALC has become an important advocate for immigrants and members of racialized communities, particularly those who are low income, in order to advance their social, political & economic rights and interests in Ontario. MTCSEALC is also a founding member of the Colour of Poverty Campaign.

II. The Role of Federal Government in Poverty Reduction among Racialized Communities and other Disadvantaged Groups

As is well documented the gap between rich and poor in Ontario 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).

For instance, 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 Ontario'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 in all levels 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 of vulnerability that expose racialized – and other disadvantaged communities – to disproportionate poverty.

More importantly, any national poverty reduction plan must specifically name and address 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 by adopting a racial equity outcome measure to evaluate all its legislation, programmes, public policies as well as all its budgetary decisions.

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

In this age of austerity, politicians of all stripes and from all levels of governments 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 deficit 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 like ours.

Yet at the same time, as Canadians are being asked to make personal sacrifices in the name of deficit reduction, corporations and individual high income earners are expected to share an ever declining portion of their profits through the continuing corporate tax cut and the ever present tax loopholes. These tax cuts, or tax credits, are directly responsible for the creation of such undeniable phenomenon as “the rich get richer and poor get 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 impact in terms of support for important public services that all Canadians need, but especially those who are at the bottom of the economic totem pole.

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, national childcare program, programs for women and other disadvantaged communities, as well as specific programs to bring about substantive equality, including the Court Challenges Program, etc. have all seen their funding reduced, or 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 tax cuts – implemented and pending – are in fact contributing to the effective withdrawal of the Federal Government from all areas of public expenditure.

As racialized communities in Ontario 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 focus on tax cuts – for both corporate tax as well as personal income tax – had resulted in and will continue to have a differentially negative impact on these communities.

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 undertaken by the Employment Research Institute, Edinburgh Napier University. The overall aim is to review and summarise UK and international evidence on the impact of reduced spending on equalities groups. Emphasis is 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.
- 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 these austerity measures continue to take effect, members of racialized and other disadvantaged communities will continue to bear the brunt of public service cuts.

Recommendation 2: The Federal Government should not only reverse some of the tax cuts that have been implemented to date, but in fact increase corporate taxation as well personal taxation at the top income tax bracket so that more revenue will become available to provide needed services and programs for all Canadians, especially those living in poverty.

VI. Measurement, Indicators and Report on Federal Government's Contribution to Poverty Reduction

With the exception of Toronto, there is a serious lack of data and research in many local communities across the nation about the issue of 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 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 are they 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, COPC and its partners 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 province, while identify goals and specific benchmarks and indicators on a cross-sectoral basis, to monitor the labour market related differentials specifically and the progress of any poverty reduction plan as it relates to racialized and other historically disadvantaged and marginalized 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 share a collective sense of responsibility that we owe each other 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 responsibility. As part of our basic responsibility, Canadians are willing to abide by and contribute to a progressive tax system which 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 appropriate strengthening of the taxation schemes, the Federal Government is thus denying itself an important source of added revenue, while losing 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 the Government in strengthening public services so that all Canadians - regardless of who they are and their income status - will have a decent standard of living and an equal opportunity to succeed.