

Brief to the Standing Committee on Finance

Income inequality

Att. Christine Lafrance, Clerk of the Standing Committee on Finance

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Equality in a country brings many benefits for the government and the citizens of that country including.

1. Attainable upward mobility for individuals from all levels of income and educational family backgrounds.
2. Lower property and violent crime rates.
3. Stable governance and low civil disobedience.

What is occurring in Canada and Ontario that reduces or increases income equality?

1. Increasingly, individuals in families with lower incomes are living in neighbourhoods with schools that have disproportionately lower academic success. This results in a limited access to postsecondary school opportunities and limited economic mobility and equality and limited inclusion in community growth and development.
2. Costs associated with postsecondary school options have increased; including increases in the cost of books, tuition and resident fees. Students are now working part time during the school year to accommodate costs not covered by loans and scholarships. Students are also graduating with student loans for 4 years that are \$17,000. Per year. The entry level jobs they are expected to accept do not have income levels that allow them to pay off their student loan of \$68,000.
3. Women and people from non-white backgrounds are forced to accept lower pay for jobs, (women get paid 71% compared to men doing similar work). This is a systemic barrier to equality; this barrier is well documented. Government imposed pay equity programs would improve the system.
4. Family incomes since the 1980's have not reflected the increased number of hours worked. In 1980 two parent families worked less than 50 hours per week now the same families work in excess of 80 hours per week with a real increase of income that is less than 25%. This has increased stresses on families. In addition our taxation system expects this family to pay a disproportionate level of income tax. Individuals who are earning less than \$30,000.00 per year and families who earn less than \$60,000. Per year, are carrying a disproportionate share of the tax burden.

5. Individuals who earn more than 13,000.00 per year pay taxes. The individual poverty level is about \$20,000.00 per year we should not be expecting individuals to pay tax who are living below the poverty line. In Ontario one member of the couple can reduce their tax burden, but the second cannot. In many other provinces there is no minimum tax reduction. Most Canadians live in the golden horseshoe area with a high concentration of individuals and families living in our 11 largest cities. The cost of living is much higher for accommodation and services. The poverty level should be higher for such large centres and for communities living in very small isolated centres.
6. In Ontario we are also disproportionately taxing individuals for their health “premium”, which is a tax according to the Canada Revenue Agency. For those earning \$25,000.00 per year the tax rate is 1.2%, while those earning \$200,000.00 pay a tax rate of .004%.

Welfare trap

- Individuals are required to use welfare as a last resort. This means they and their families, have used all available resources prior to receiving any income. Such a system makes you too poor to get out. We must allow individuals to maintain some resources to support their future inclusion into the job market. It is necessary to provide the necessities of life so people do not lose their health and capacity to work. Welfare is not paying enough. We should have a seamless system that ensures a base income for all. I like the Working Income tax benefit. It is an excellent tool to help people move into the labour market. It needs to be expanded and have a more reasonable
- We must have adequate resources and programs that are capable of managing addicted individuals, since 10% of our population have addictive personalities, we must find methods to treat this problem. Our recent research that indicates individuals who are depressed are much more likely to become addicted, requires a systemic plan to educate people and to develop programs to reduce stress and depression.
- Employment Insurance supports are too sparse and often too late. Individuals who are displaced in the job market due to labour market changes require and an immediate retraining plan. One that provides the essentials to success, including adequate funding, excellent assessment tools, adequate job market information, and adequate and long term (as long as the training takes) income support.
- Healthy food costs twice as much as processed junk. It is important to ensure access to healthy food. We should all have free access to a dietitian to help us develop eating plans that fit our tastes and lifestyles. We should restrict the amount of salt, sugar and food colouring requirements for the food industry in Canada. Our nutritional labelling should reflect the amount of a product usually added to one serving. Our education

systems should include home economics, which include nutrition, cooking and budgeting. This would encourage a healthy development and healthy workforce.

- Social housing, made up of scattered units is a necessity to getting people out of the welfare trap. Canadians see home ownership as an essential ingredient to a prosperous and successful life social housing is not going to stop that. But safe, economically accessible housing is an necessary component to a successful inclusion into a working lifestyle. We have tripled out population in the past 40 years without increasing our social housing support system in Canada. Build some.

Thank you for your interest in this matter,