

2022 Ontario Pre-Budget Submission

Prepared for The Standing Committee on Finance and Economic Affairs

Submitted by Daily Bread Food Bank

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About Daily Bread Food Bank

Daily Bread Food Bank is a member-based organization representing 126 agencies across Toronto. Through the support and generosity of more than 50,000 volunteers and donors, we were able to distribute 17 million lbs of food last year to community members experiencing hunger.

The pandemic has led to significant financial hardship for low-income households. In the past year, there were close to **1.45 million food bank visits in Toronto, the highest number of visits ever recorded in the city's history.**¹ Monthly food bank visits at Daily Bread agencies have increased by 68% compared to before the pandemic. For the first time, new clients outnumbered existing clients at Toronto food banks.

Food insecurity is a direct result of poverty. As the latest wave of COVID-19 surges, food banks across Ontario are readying ourselves to provide increased levels of service to meet growing community need for months to come. The 2022 budget is a welcome opportunity to address the immediate needs of Ontarians while also making strategic investments to build the resiliency of communities that have been most impacted by the financial fallout of the pandemic.

Recommendations for Ontario's 2022 Budget

Based on the list of priorities provided as part of the 2022 budget consultations, we recommend the Government of Ontario focus on the following two priorities: **supporting job creation and connecting people to good jobs** and **increasing affordable rental options and affordable home ownership**. It is critical that the government approach these priorities with an equity lens to address the disproportionate barriers faced by people experiencing poverty and marginalization due to discrimination based on race, gender, disability, and immigration status.

Priority 1: Support job creation and connect people to good jobs

1. Enhance employment outcomes among social assistance clients by increasing OW and ODSP rates and reducing financial disincentives to work.

We are pleased that *Recovery & Renewal: Ontario's Vision for Social Assistance Transformation* recognizes that in order to secure employment, social assistance clients first have access to life stabilization supports such as mental health services, stable housing, primary health care, etc.

However, the biggest barrier to life stabilization and employment is that social assistance rates remain well below the poverty line, at \$733 per month for a single individual on Ontario Works (OW) and \$1,269 for those on Ontario Disability Support Program (ODSP). Social assistance rates have been frozen since 2018, but food prices alone have increased by 7.5%.² It is no surprise then that social assistance recipients make up 55% of food bank clients in Toronto. Accessing charitable food relief to survive becomes a part-time job, taking time away from job seeking activities.

To achieve the objectives of Ontario's poverty reduction strategy, *Building a Strong Foundation for Success: Reducing Poverty in Ontario*, we recommend that the Government of Ontario:

- **Immediately increase ODSP and OW rates by 4.9% (inflation rate in the past year).**
- **Commit to a plan and timelines to increase ODSP to \$2,060 for a single individual (which is equivalent to the Market Basket Measure (MBM) for Toronto) and OW to \$1,545 for a single individual (75% of the MBM).**
- **Reduce the financial penalty social assistance recipients face when transitioning to employment by increasing the employment earnings exemption to an annual floor of \$6,000 while maintaining clawbacks at no more than 50%.**

2. Enhance the Low-Income Individuals and Families Tax (LIFT) to better meet the needs of low-income workers.

Low-income workers have faced the highest rates of job losses during the pandemic.³ We were pleased to see the Government of Ontario recently increase the minimum wage to \$15 per hour, but many low-income workers continue to struggle with the rapidly rising cost of living. The average household is projected to spend close to \$1,000 more this year on groceries.⁴

The LIFT credit provides a mechanism to improve affordability for low-income households and incentivize employment. However, of the 2.9 million Ontarians eligible for the non-refundable LIFT tax credit, 1.5 million do not receive any benefit because they earn less than \$25,100 and therefore do not pay provincial taxes.⁵ The vast majority of food bank clients fall into this category. **We recommend the Government of Ontario make a half of the LIFT credit refundable, which would ensure the lowest-income households will receive the financial support they need to be able to purchase food, clothing, and other basic necessities, which helps to fuel the economy rather than relying on charitable food relief programs.**

3. Create a refundable digital access tax benefit for low-income Ontarians.

The pandemic has accelerated the shift to digital services across the public, private, and non-profit sectors. We have been pleased to see significant government investments in digital infrastructure, but affordability remains a challenge for low-income Ontarians. Currently 52% of Toronto's low-income households have insufficient download speeds and 34% of households are worried about paying their internet bills.⁶ This acts as a significant barrier to accessing necessary services and finding, securing and maintaining employment. **We recommend the Government of Ontario create a refundable tax credit to assist with the costs of internet service and devices for low-income households.**

4. Make affordable childcare a reality in Ontario.

The shortage of affordable childcare in Ontario is a significant barrier to employment, particularly for women who have seen disproportionately higher rates of unemployment throughout the pandemic.⁷ With funding from the federal government, Ontario has the opportunity to double its childcare budget, and greatly increase access to affordable childcare. **We recommend that the Government of Ontario sign the federal childcare plan so that \$10 per day universal childcare can be implemented rapidly in Ontario.**

Priority: Increase affordable rental options and affordable home ownership

5. Rapidly expand access to affordable housing while preserving existing social housing supply.

Housing is a key driver of food insecurity. Among Toronto food bank clients, 65% are living in private-market rental units (i.e., not subsidized housing). Of these clients, 80% are in deep core housing need, meaning that they pay more than half their income on shelter, leaving little to afford food.

While the province currently has an affordable housing strategy focused on incentivizing developers to build new supply, many of these units are far out of reach for low-income Ontarians and rent costs continue to rise. Social, non-profit, and co-op housing remains a crucial part of the housing supply. Investments in these kinds of housing have not kept pace with need. Most of the current supply was built decades ago and is in disrepair. We recommend the Government of Ontario adopts a three-pronged approach to address this issue:

- **Increase capital and operating funding allocations to municipalities to support the repair and refurbishment of existing social housing units to meet local affordable housing needs.**
- **Commit to building 99,000 new affordable and supportive rental units over the next 10 years in Ontario to meet growing needs.**

- **In partnership with the federal government, double the number of Canada-Ontario Housing Benefit recipients to provide immediate relief to Ontarians in private market housing.**

6. Incentivize the development of affordable housing.

We are pleased that the Government of Ontario has appointed a Housing Affordability Task Force. It is critical that the province use every tool at its disposal to enhance the supply of affordable housing. We recommend a mix of the following approaches to assist in expediting the construction of affordable housing supply:

- **Designate provincial surplus land disposition to affordable housing.**
- **Identify specific affordable housing development goals for Ontario Infrastructure.**
- **Provide provincial kick-start interest free loans to developers and non-profits to build affordable units beyond minimum development requirements.**
- **Amend the *Planning Act* to encourage the development of community land trusts.**
- **Remove development charges and parking requirements for non-profit housing.**
- **Amend the *Residential Tenancies Act* to allow transitional housing providers to support clients for longer than 364 days.**
- **Waive or provide a rebate on HST for materials used to develop affordable housing.**

7. Support renters who have accrued rental arrears during the pandemic.

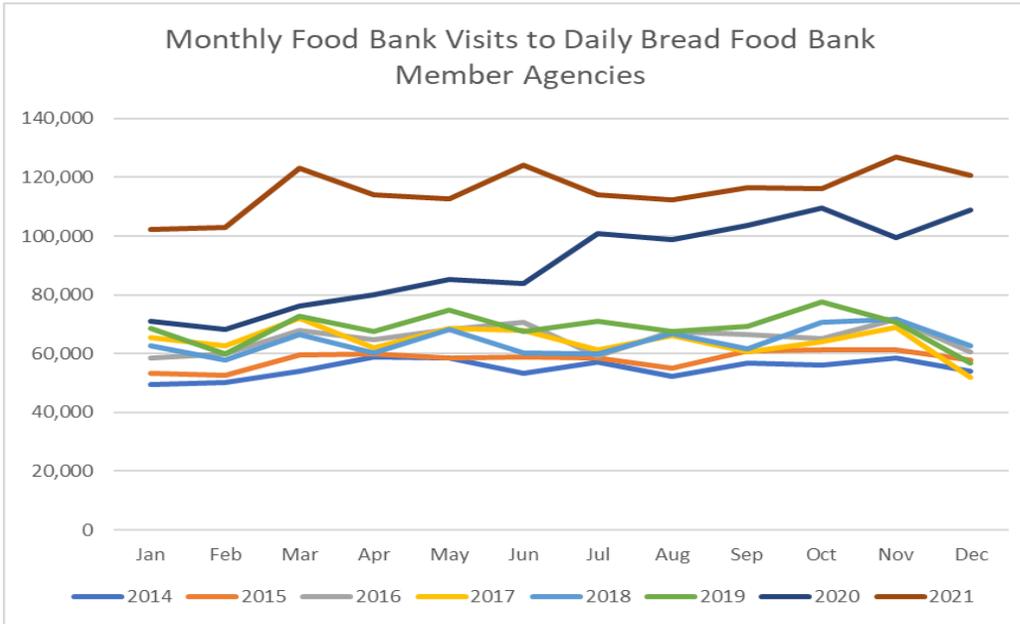
Ontarians experiencing poverty continue to struggle with housing challenges as a result of economic instability created by the pandemic. Among food bank clients in 2020, 38% reported being worried about facing eviction in the coming months. Ontario also has the highest rate of rent arrears in the country, at 10.2% for the period between October 2019 – October 2020⁸ – signaling the need for immediate relief. We recommend the Government of Ontario:

- **Implement a rent assistance program designed to support those who have accrued rent arrears.**
- **Increase funding for municipal rent banks and other local eviction prevention programs.**
- **Ensure strong access to tenant support services by reversing the \$113 million funding cut to Legal Aid Ontario implemented in 2019.**

Thank you for the opportunity to share our feedback. For more information, please contact:

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Appendix



Monthly food bank visits in 2021 were 68% higher than pre pandemic (2019).

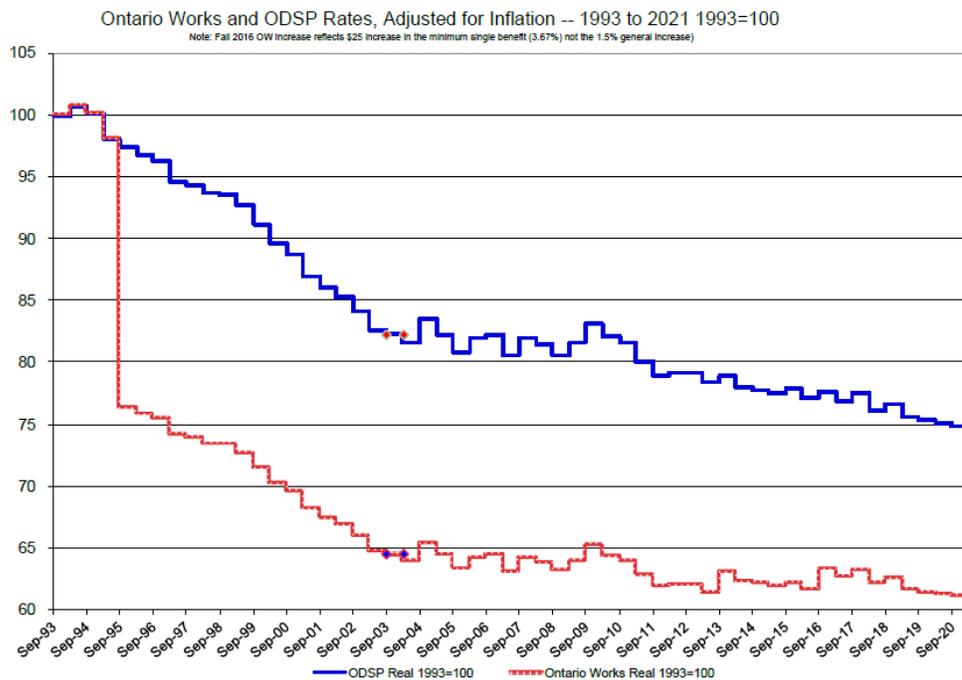


Chart by Hugh Mackenzie, Research Assistant, Canadian Centre for Policy Alternatives.

Social assistance rates have lost pace with inflation.

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