

# FALLING BEHIND



# FACT SHEETS

»»»»»»»» A REPORT OF THE | AUG 29  
ONTARIO COMMON FRONT | 2012

# Falling Behind

August 2012

Thirteen million of the most highly educated people in the world call Ontario home. Endowed with rich natural resources, vast tracts of farmlands, quadrillions of litres of freshwater, and an industrial hub that stretches across its southern reaches; it is almost inconceivable that this province houses a generation of residents who are experiencing the largest increase in inequality in this province's history.

Yet the evidence is indisputable.

Over the last generation, Ontario is falling behind the rest of Canada in terms of growing poverty, increasing inequality and flagging financial support for vital social programs.



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# “Austerity” in the context of soaring inequality

Economists describe the Ontario government’s fiscal plan as “austerity”, meaning a severe or harsh approach to budgeting.

Ontario’s austerity budget, passed in June of this year, includes cuts from social assistance funding for emergencies to school closures; cancelled hospital projects, delayed and curtailed child benefits, eroded affordable housing budgets, and restructuring across the public sector that will result in thousands of job cuts.

Occurring in a context of burgeoning inequality, Ontario’s social programs from justice to child protection are under renewed threat.



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# 2012 Austerity Budget Measures

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**Children's Aid Societies** will be restructured and wages frozen to find \$9 million in "efficiencies". Child Protection Service Programs will see their budgets dramatically curtailed.

**Child benefit** increases are delayed and cut -- they will resume at half the promised rate after a year's delay, in 2013 - contrary to the government's stated commitment to reduce child poverty by 25 per cent by 2013.

**Social assistance and disability benefits** are lower in real dollars now, than they were in 1986. In the original budget plan, social assistance and disability rates would be frozen. Under pressure from the legislative opposition and public interest groups, the government modified the budget to include a 1 per cent increase for 2012. The increase is far less than inflation (which is currently at 3.1 per cent) and under this budget social assistance rates will continue to lose ground, worsening Ontario's poverty rate.

**Special allowances under Social Assistance** - available to people if they have to move, flee an abusive situation, replace bed-bug infested furniture, fix plumbing or pay for power when it has been cut off - has been eliminated. In addition, funding for health emergencies, dental emergencies, eye glasses and funeral costs will be capped at lower levels for people on welfare and disability benefits.

**Infrastructure projects** are cancelled including badly needed hospitals in Grimsby, Wingham and Kincardine, as well as the Sunnybrook Hospital hemodialysis unit.

**Correctional Services, policing and legal aid** budgets will be cut by 1.6% per year.

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**Municipal and local** infrastructure funding will be cut by \$48 million from 2011 levels including roads, bridges, water, wastewater, and municipal transit.

**Public housing budgets** will see cuts for the fourth year in a row. Operational funding for the Ministry of Municipal Affairs and Housing will see a 12% reduction from 2009 levels.

**Elementary and secondary education** will see cuts of \$500 million and \$160 million will be cut from **post-secondary education**, including:

- Caps on the number of credits students are allowed to take in high school for a total funding cut of \$36 million.
- Cuts to funding and changes to policy so that more schools are closed for a total cut of \$116 million. Amalgamations of school boards - a cut of \$27 million over three years.
- Cuts to funding for busing for a total cut of \$34 million over three years.
- Cuts to some program grants for such things as healthy schools initiatives, programs to support math acquisition, extra library staff for a total cut of \$107 million over 3 years.
- Elimination of the program enhancement grants introduced in 2003 to support the arts and other school programs - for a total cut of \$66 million over three years.
- Changes to funding for school operations and renewal for a total cut of \$32 million over three years.
- Cuts to funding for curriculum specialists for a total cut of \$91 million.
- Cut of 2.5% from the budget of the Education Quality and Accountability Office.
- A two-year wage freeze.
- Elimination of \$100 million in other financial assistance programs for university students.
- Increase in university tuition fees by 5-8 per cent. This is the seventh consecutive year of tuition increases.

**Northern Ontario** programs will see a \$100 million in cuts. **Ontario Northland** train service will be axed and its other divisions privatized.

**Health care** funding will be curtailed by more than \$4 billion over the next three years: hospitals will have to find \$1 billion in "savings" in addition to a wage freeze; OHIP will have to find \$1.5 billion in cuts in addition to a wage freeze; long-term care funding increases will be halved and home care funding increases will be a third of what they have been over the last seven years.



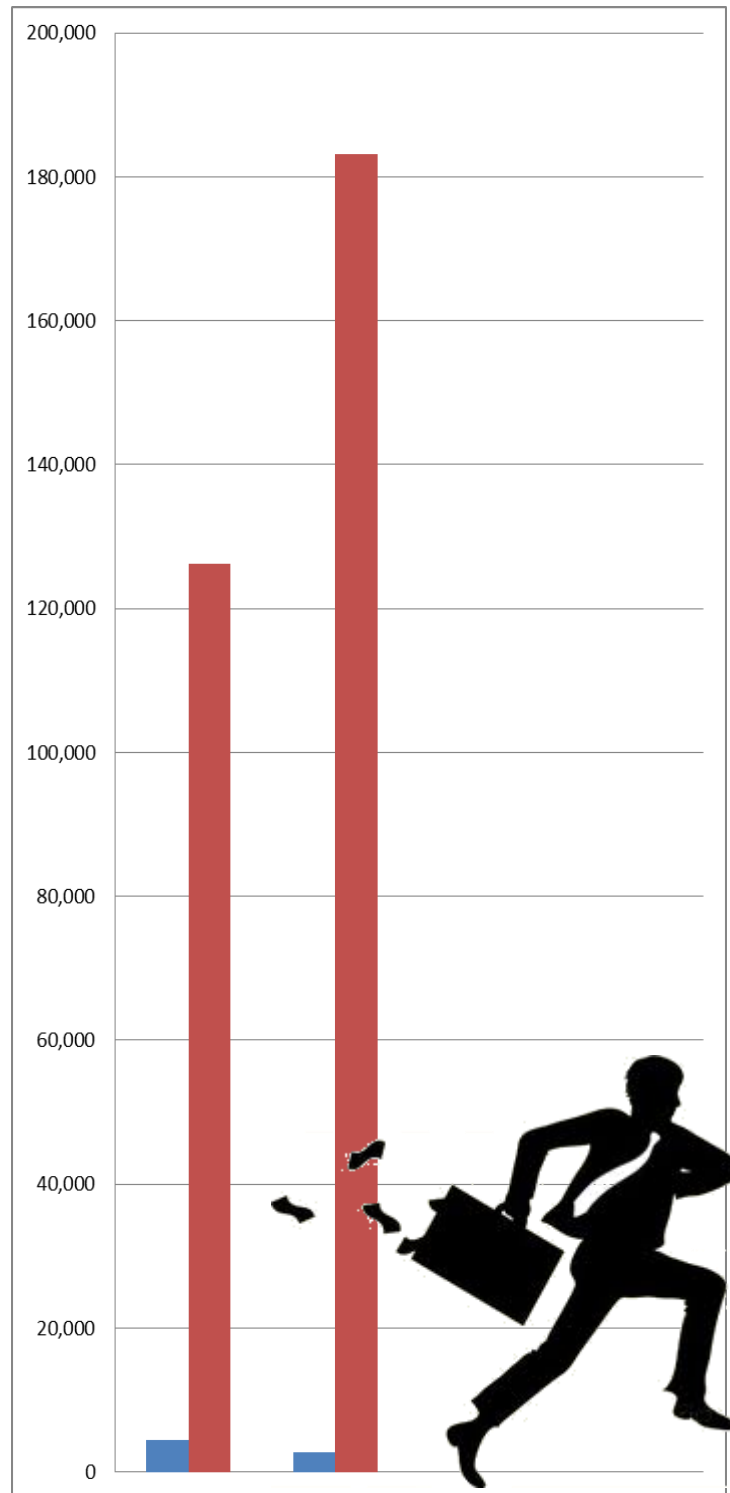
# Ontario's Growing Income Inequality

Over the last generation, from 1981 to 2010, Ontario experienced the largest change in income inequality of any province in Canada.

In Ontario, the girth of the gap between the richest and poorest first expanded beyond the Canadian average in the late 1990s. It has ballooned ever since.

Today, the widest income disparities between the top 20% and the bottom 20% income groups in Canada are in British Columbia and Ontario.

Despite prolonged economic growth (prior to 2008), almost half of Ontario's families have seen stagnant or dwindling real incomes since at least 2000.



In 1976 the richest 10% of families with children earned **27** times the poorest 10%.

By 2004 the richest 10% earned **75** times that of the poorest 10%.

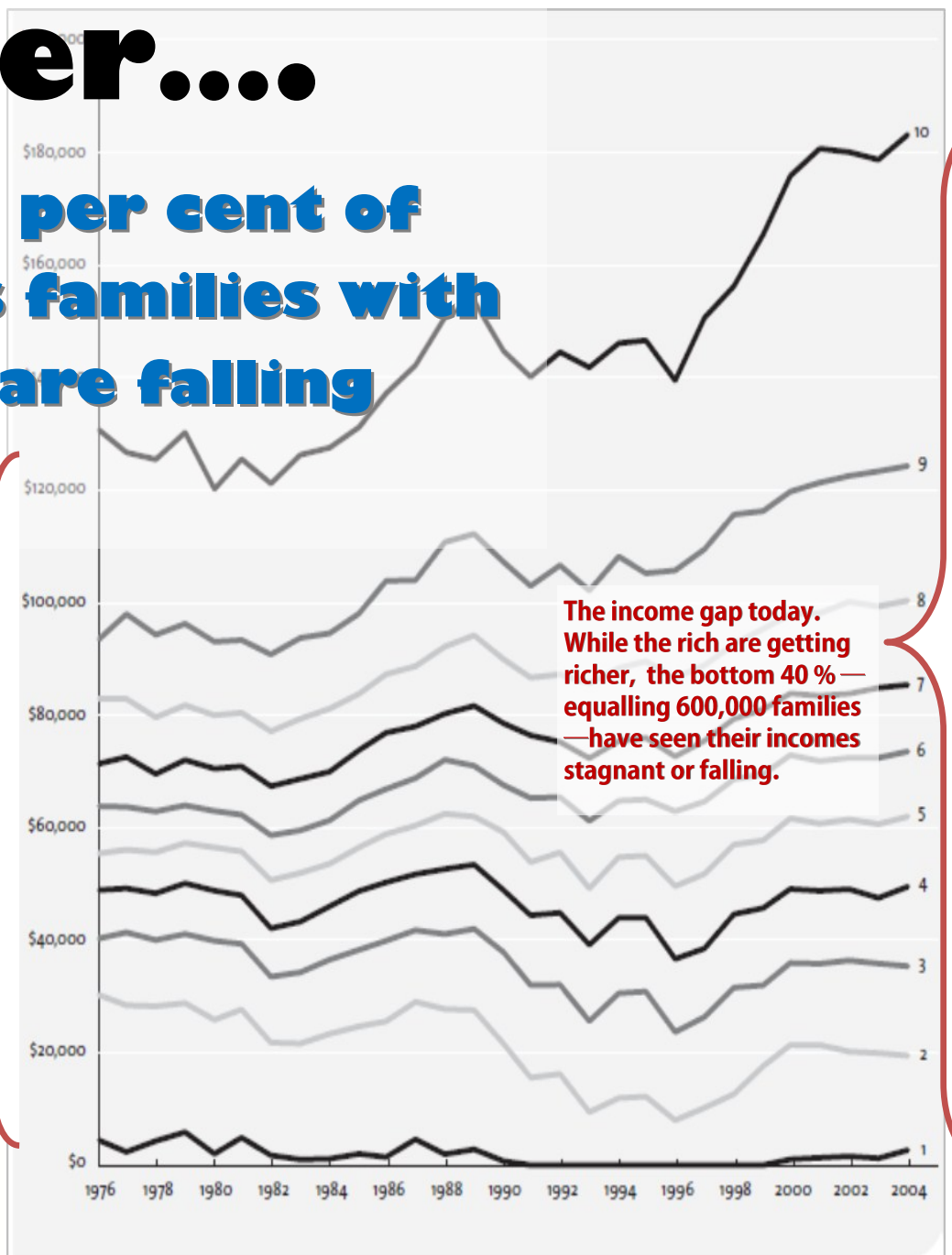
# The Richest are Getting Richer....

**While 40 per cent of  
Ontario's families with  
children are falling  
behind**

The income gap for  
families with children  
a generation ago.



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# Working Harder...

**Falling Behind**

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Percentage change in average annual weeks worked and annual (inflation adjusted) earnings at the median of each income decile for families with children, comparing the periods 1976–1979 and 2001–2004

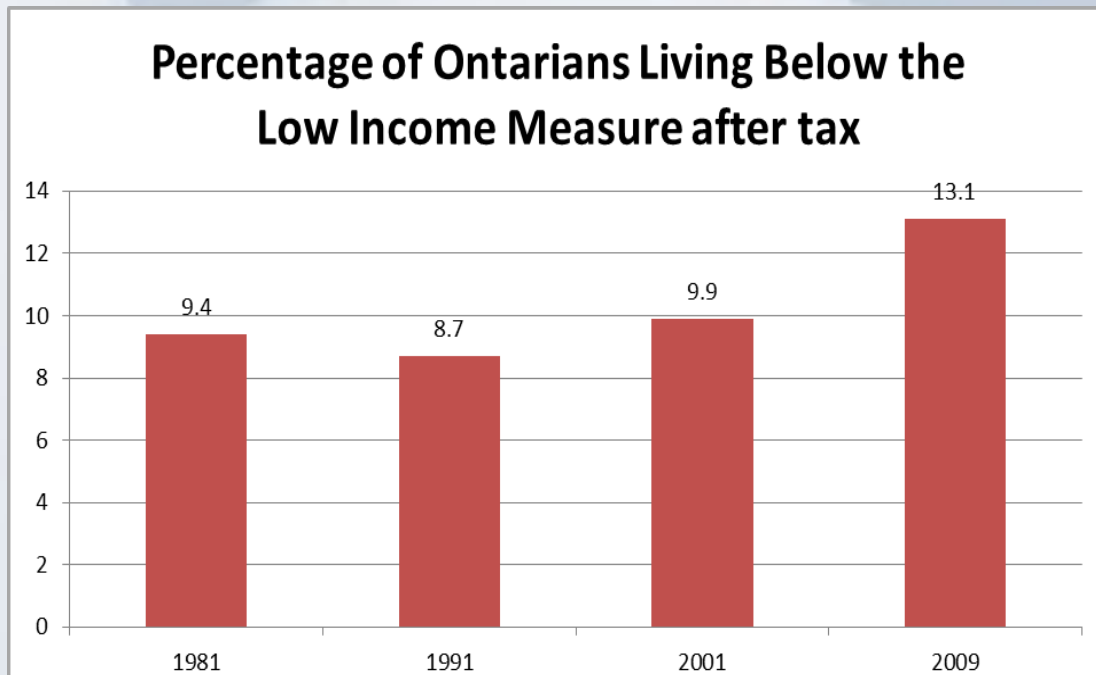
Income Decile	Average Annual Number of Weeks Worked				Average Median Incomes		
	1976-1979	2001-2004	Average Difference	Percentage Change	1976-1979	2001-2004	Percentage Change
1 <sup>st</sup> Decile (Poorest 10%)	45	51	+6	+14%	\$4,220	\$1,681	-60%
2 <sup>nd</sup> Decile (2 <sup>nd</sup> Poorest 10%)	64	67	+3	+5%	\$28,920	\$20,225	-30%
3 <sup>rd</sup> Decile	69	78	+9	+13%	\$40,686	\$35,842	-12%
4 <sup>th</sup> Decile	73	85	+12	+17%	\$49,124	\$48,698	-1%
5 <sup>th</sup> Decile	81	90	+9	+11%	\$56,089	\$61,183	+9%
6 <sup>th</sup> Decile	84	98	+15	+18%	\$63,578	\$72,536	+14%
7 <sup>th</sup> Decile	91	100	+9	+10%	\$71,370	\$84,367	+18%
8 <sup>th</sup> Decile	99	109	+10	+10%	\$81,799	\$99,485	+22%
9 <sup>th</sup> Decile (2 <sup>nd</sup> Richest 10%)	108	114	+6	+6%	\$95,507	\$122,869	+29%
10 <sup>th</sup> Decile (Richest 10%)	125	113	-12	-10%	\$128,264	\$180,683	+41%

**...is not paying off  
for almost half of  
Ontario's families  
with children**



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# Growing Poverty



Across Canada, the poverty rate fell in five provinces between 1981 and 2010. In the other half of the provinces, the poverty rate grew. At the extreme ends of this trend, poverty rates in Prince Edward Island and New Brunswick dropped 9.0 and 5.9 percentage points between 1981 and 2010, while those of British Columbia and Ontario increased 4.8 and 3.7 percentage points, respectively.

The most recent poverty figures available from Statistics Canada reveal that Ontario's poverty rate in 2009 was 13.1 per cent, equalling 1,689,000 people. The child poverty rate is even higher - at 14.6 per cent, meaning that 393,000 or 1 in every 7 children in Ontario lives in poverty. Marginalized groups experience even higher rates of poverty: 1 in every 3 racialized children live in poverty.



# **Women and the Income Gap**

Ontario's Pay Equity Act is almost a generation old, having been introduced 20 years ago. It has succeeded in narrowing the wage gap for Ontario's women significantly, but income inequality stubbornly persists. Today, Ontario women earn on average 71 cents for every dollar earned by men. This 29% income gap is down from 38% in 1988, but it is still far too high. In fact, Canada's gender pay gap ranks 17<sup>th</sup> among 22 OECD countries.

And the gap is not equally shared among all women.

Racial minority women earn 36 per cent less than men and aboriginal women earn 54 per cent less. Women with disabilities earn much less than women and men without disabilities.

While women's increasing levels of education have helped, a gap remains regardless of education. Female high school graduates earn 27 per cent less than male graduates. Female university graduates earn 16 per cent less than male graduates.

Married women face the widest pay gap at 33 per cent because they bear an unequal share of care responsibilities. The gap continues into retirement as a lifetime of unequal pay and benefits results in retired women receiving a median income just half that of retired men.



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# Colour-Coded

# Inequality

Despite higher workforce participation, people of colour (racialized people) are more likely to be un- or under-employed or living in poverty. While a larger share of racialized workers is looking for work, fewer have found jobs compared to the rest of Ontarians.

Even when employment is found, racialized people suffer lower wages and are disproportionately represented among the ranks of precarious and unprotected workers.

Families and individuals from racialized communities -- many of them immigrants -- are overrepresented among Ontario's poor. Racialized families are 2 to 4 times more likely than white families to fall below the low income cut-off. The disproportionate impact of growing income inequality is all-too evident in Ontario's largest city where ethno-racial minority families make up 37 per cent of all Toronto families, but comprise 59 per cent of families living in poverty.



**Government policy has not helped.**

Successive provincial budgets have failed to acknowledge the persistence of economic insecurity among thousands of immigrants, refugees and members of racialized communities. Despite evidence of widespread systemic discrimination, Ontario's Employment Equity Act was repealed in 1995. Increased barriers in access to Employment Insurance over the last generation are impacting racialized and immigrant communities disproportionately as precarious working conditions and higher risk of unemployment mean that although workers pay into the program, they are not able to access unemployment insurance when it is needed.

Sexism and racial discrimination impact racialized women in Ontario who make 53.4 cents for every dollar non-racialized men made in 2005.



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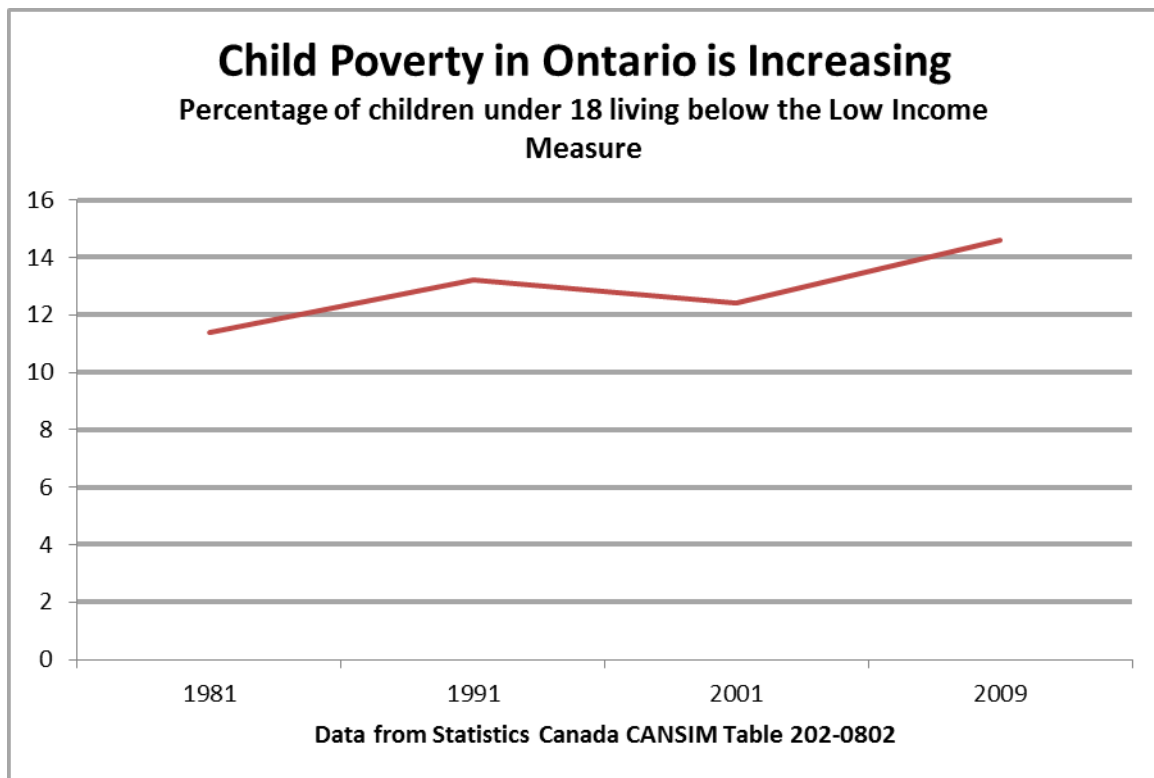
# **Economic Insecurity Among Seniors**

Between 1980 and 1995, Canada's public pension plans and income transfer programs resulted in a successful reduction of income gaps among seniors. But after decades in decline, the incidence of poverty among seniors (aged 65 and older) rose 25 per cent from 2007 to 2008. Many seniors were hit by the 2008 recession, and some may never recover their former standing. Poverty among seniors is most prevalent for seniors living alone, and among women and racialized seniors. Ontario's senior poverty rate has risen faster than the national average since 2007.

The growth rate of poverty among Ontario's seniors has soared in recent years, far exceeding the national average growth rate. While the incidence of poverty among seniors across Canada rose 25 per cent, Ontarians 65 years and older saw an extremely high poverty growth rate of 41.9 per cent, although the overall proportion of seniors in poverty still remains below 9 per cent. Single women over 65 were the largest group among unattached individuals of all age categories that has fallen into poverty since 2007.



# Child Poverty Is Increasing



Children live in poverty because their families live in poverty. It is therefore not surprising that the significant growth in child poverty over the last decade in Ontario mirrors the growth in overall poverty. From 1981 to 2009, the percentage of children living below the low income measure in Ontario jumped from 11.4 per cent to 14.6 per cent.

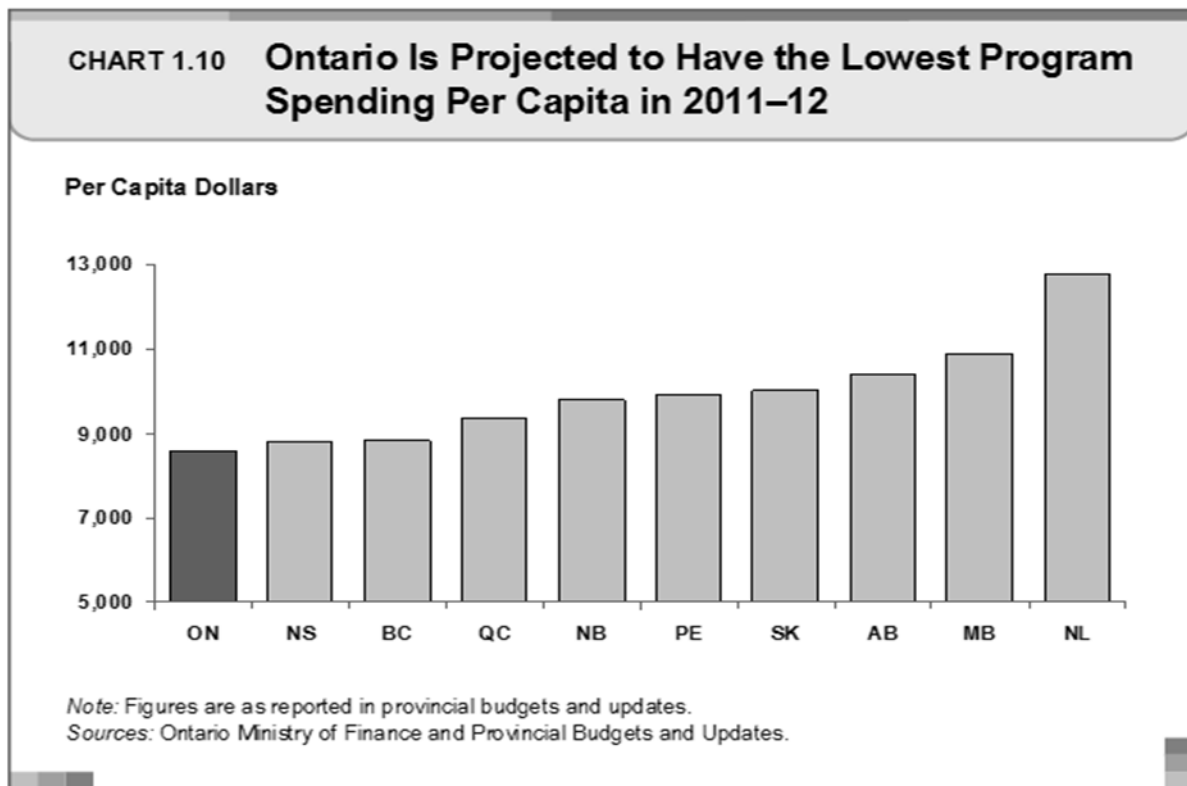


At higher risk are children in female lone-parent families. In 2009, more than 1 in 3 children of single mothers lived in poverty, compared to 1 in 9 children in two-parent families. Similarly at risk are children in ethno-racial minorities. According to the 2006 Census, 1 in 3 racialized children in Ontario live in poverty.

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# Dead Last:

## Ontario Funds All Our Social Programs Less Than Any Other Province



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Social programs help to make fairer the income inequality meted out in unequal wages and salaries. In fact, the average individual Canadian receives \$17,000 in tax-funded public services every year, report economists Hugh Mackenzie and Richard Shillington. For an average household, public services are a huge boon, amounting to a benefit of \$41,000 per year in tax-funded programs and services.

Ontario now funds all of our programs and services - from health care to education, from justice to disability benefits - less than anywhere else in Canada. Ontarians are paying for these cuts in new user fees, reduced access to services, increased property taxes at the municipal level, and growing inequality.



# Ontario's Backslide By the Numbers

## Falling Behind

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### Largest Increase in Income Inequality

Over the generation stretching from 1981 – 2012, Ontario experienced the largest change in income equality of anywhere in Canada, in percentage terms at 17.2 per cent, followed by British Columbia at 14.4 per cent. (Source: Lars Osberg and Andrew Sharpe, *Centre for the Study of Living Standards, Beyond GDP: Measuring Economic Well-Being in Canada and the Provinces 1981-2010* (September 2011).)

Today, the widest income disparities between the top 20 per cent and the bottom 20 per cent of income earners in Canada are in British Columbia and Ontario. (Source: Human Resources and Skills Development Canada, *Indicators of Well-Being in Canada: Financial Security – Income Distribution*.)

The average earned income (before tax) of the richest 10 per cent of Ontario families raising children was 27 times as great that of the poorest 10 per cent in 1976. By 2004, the gap had ballooned to 75 times. While the highest income earners have enjoyed large income increases over the last generation, the bottom 40 per cent have seen stagnant or declining incomes, despite putting more hours into the workforce each year. (Source: Armine Yalnizyan, *Canadian Centre for Policy Alternatives, Ontario's Growing Gap: Time for Leadership* (2007).)

### 2<sup>nd</sup> Highest in Poverty Increases

Across Canada the poverty rate fell in five provinces between 1981 and 2010. In the other five provinces, the poverty rate grew. Over this period, Ontario had the second-highest increase in poverty in the country. (Source: Lars Osberg and Andrew Sharpe, *Centre for the Study of Living Standards, Beyond GDP: Measuring Economic Well-Being in Canada and the Provinces 1981-2010* (September 2011).)

The most recent poverty figures available from Statistics Canada reveal that Ontario's poverty rate in 2009 was 13.1 per cent, equalling 1,689,000 people. The child poverty rate is even higher – at 14.6 per cent, meaning that 393,000 or 1 in every 7 children in Ontario live in poverty. (Source: Campaign 2000, "Poverty Reduction in an Age of Uncertainty and Change" 2011 Report Card on Child and Family Poverty in Ontario (February 2012).)

Racialized Ontarians are far more likely than the rest of Ontarians to live in poverty, experience barriers to employment, and earn less even when they get a job. In 2005, while 6 per cent of non-racialized Ontario families lived in poverty, 18.7 per cent of racialized families lived in poverty. Discrimination is amplified for racialized women, who earned 53.4 cents for every dollar non-racialized men made in 2005. (Source: Sheila Block, *Canadian Centre for Policy Alternatives, Ontario's Growing Gap: The Role of Race and Gender* (June 2010)).

### Worst record on Affordable Housing

With more than 152,000 Ontario households on wait lists for assisted housing, Ontario has the worst record of all provinces in affordable housing investments. In 2009, Ontario spent \$64 per person on affordable housing compared to the average among all provinces of \$115 per person. (Source: Michael Shapcott, *Wellesley Institute* (March 23, 2011).)

### Poorest Funding of Public Services

Ontario now funds all our public programs and services – from health care to education, from justice to disability benefits – less than any other province in Canada. (Source: *Ontario Ministry of Finance, Ontario Budget 2012*.)

Ontarians are paying for poor public program funding through burgeoning user fees and reduced services: Ontario's hospitals are funded less than anywhere else in Canada and as a consequence, this province has the fewest hospital beds per person of any province. More than 30,000 Ontarians are waiting for a hospital bed, long-term care placement or home care. Ontarians face the highest proportion of out-of-pocket or privately-funded health care costs in the country at 32.5 per cent versus the Canadian average of 29.7 per cent. (Source: *Ontario Health Coalition, Fist Do No Harm* (February 2012); *Canadian Institute for Health Information, National Health Expenditure Trends 1975-2011*.)



Parents are now faced with unprecedented user fees for secondary school activities from labs, materials, science classes, and sports. (Source: *People for Education Private Money in Public Schools* (August 2010).) University tuition fees in Ontario universities are the most expensive of anywhere in Canada, according to Statistics Canada, and have seen the highest increases in recent years. (Source: *Canadian Association of University Teachers, CAUT Almanac 2011-2012*; *Canadian Federation of Students*.)

# Tax Fairness and Restored Sustainability

*Here are some potential revenue-generating alternatives that would help to restore sustainability and contribute to tax fairness:*

## Fair Taxes for Corporations

Restore corporate income tax rate to 2009 levels (14%)

**Revenue impact: + \$2 billion per year**

Restore corporate capital tax

**Revenue impact: + \$700 million per year**

Financial transactions tax at 0.1%

**Revenue impact: + \$1 billion per year**

Suspend phase-in of HST tax credit for energy purchases by corporations

**Revenue impact: + \$1.3 billion per year**

Uniform rate for Business Education Taxes & indexation education taxes

**Revenue impact: + \$1 billion per year**

## Fair Taxes for High Income Earners

Make permanent the raised income tax rate on incomes over \$500,000 by 2%

**Revenue impact: + \$500 million per year**

Raise income tax rate on incomes over \$300,000 by 2%

**Revenue impact: + \$800 million per year**

## Close Tax Loopholes

Eliminate tax preferences for stock options and capital gains

**Revenue impact: + \$1.5 billion per year**

Close Ontario's Employer Health Tax Loopholes

**Revenue impact: + \$2.3 billion per year**

Tax audit collection and compliance measures

**Revenue impact: + \$2 billion per year**



# Falling Behind

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## There Are Alternatives to Cuts, Rising Inequality and Austerity

The following groups are members of the Common Front Steering Committee. Each group has policy analysis and alternatives to share – and there are many other organizations concerned with growing inequality that also have resources. Please see our website at [www.weareontario.ca](http://www.weareontario.ca) for more. You can also friend us on Facebook or follow us on Twitter.

### Acorn Canada

[www.acorncanada.org](http://www.acorncanada.org)

### Alliance of Seniors/Older Canadians Network

[www.opatoday.com](http://www.opatoday.com)

### Canadian Federation of Students-Ontario

[www.cfsontario.ca](http://www.cfsontario.ca)

### Canadian Pensioners Concerned

[www.canpension.ca](http://www.canpension.ca)

### Coalition of Black Trade Unionists-Ontario

[www.cbtu.ca](http://www.cbtu.ca)

### Colour of Poverty/Colour of Change

[www.facebook.com/groups/colourofpoverty.colourofchange](http://www.facebook.com/groups/colourofpoverty.colourofchange)

### Faith Communities in Action Against Poverty

[www.isarc.ca](http://www.isarc.ca)

### Latin American Trade Unionists Coalition

[www.latuc.ca](http://www.latuc.ca)

### Nia Centre for the Arts

[www.niacentre.org](http://www.niacentre.org)

### ODSP Action Coalition

[www.odspaction.ca](http://www.odspaction.ca)

### Ontario Council of Agencies Serving Immigrants

[www.ocasi.org](http://www.ocasi.org)

### Ontario Federation of Labour

[www.ofl.ca](http://www.ofl.ca)

### Ontario Health Coalition

[www.web.net.ohc](http://www.web.net.ohc)

### Step It Up Ontario

[www.stepitupontario.ca](http://www.stepitupontario.ca)

### Social Planning Network of Ontario

[www.spno.ca](http://www.spno.ca)

### Workers Action Centre

[www.workersactioncentre.org](http://www.workersactioncentre.org)