



# ACORN Canada

Uniting Communities for Justice

**ACORN Canada written submission to the 2018 Federal Budget Consultation**

**February 12, 2018**

## **Introduction**

ACORN Canada is pleased to have the opportunity to submit recommendations concerning Budget 2018. As a grassroots organization with over 113,000 members in 22 neighbourhood chapters across the country, we have worked to effectively represent and champion the interests of Canada's low and moderate income citizens on the critical issues of social and economic justice since 2004.

## **Internet Affordability and Internet for All**

Across Canada, low-income earners face barriers to digital inclusion, encroaching on their rights and causing them to sacrifice food and basic necessities in order to stay connected.

Most people understand that high speed internet access is vital for meaningful participation in society. Internet access is key to driving innovation, and is a key tool for success within our low-income communities. Internet access is so vital that it was declared a human right by the United Nations Human Rights Council in 2016. Following this decision, in December 2016, the Canadian Radio-television and Telecommunications (CRTC) also declared internet access a basic right, and acknowledged that affordability is an issue. Along with ally organizations, we were a key driving force in the historic CRTC declaration. Internet access is crucial when applying for jobs, completing schoolwork, and accessing government forms. Yet, many low and moderate income earners are still forced to choose between putting food on the table or accessing the opportunities that result from participation in the digital economy.

StatsCan reported that 42% of households in the lowest income quartile of \$30,000 or less do not have home internet access, compared with only 2% in the highest income quartile. This digital divide has serious implications for those who cannot afford internet access. People are suffering as large telecoms companies profit, in this two-tier system that favours those with higher incomes. Speaking to our low and moderate income members, the negative impact of overpriced internet is jarring. Change is needed now.

ACORN has long been involved in the fight for affordable, high speed home internet. Recently, we've seen success, such as \$10/month home internet for residents of Toronto Community Housing with Rogers and a \$10/month home internet pilot for single parents in B.C. with TELUS. However, these programs do not have the reach that is required to sufficiently provide affordable internet access to low-income communities. By allowing internet providers to choose if, when, and where they will offer affordable internet programs, the Federal Government is encouraging disparity due to income.

The Government has acknowledged that internet is unaffordable by pledging \$13.2million to affordable internet access in the 2017 budget. However, without a mandatory program forcing telecoms companies to offer high speed, affordable internet, there is no guarantee that any meaningful change will occur. Without forcing telecoms companies to act, the government is enabling them to exploit low-income people who rely on internet access to complete essential

daily activities, at the expense of their basic needs. ACORN calls on the Federal Government to hold unconscionable telecoms companies to account and ensure that internet affordability is addressed, by mandating that ISPs provide low-income Canadians with \$10/month high speed home internet.

## **Fair Banking**

Canadians are racking up debt-to-income at rate of 169.9 per cent, an increase of over 93 per cent since 1990 (Statistics Canada, 2017). In comparison with other OECD countries, Canada ranks 8th for levels of consumer debt. While consumer debt is increasing, it is becoming increasingly difficult for low and moderate-income earners to borrow from mainstream financial institutions. 3-15 per cent of all Canadians are underbanked, meaning their engagement with the mainstream financial sector remains limited. Excluded by their banks due to high NSF fees, no access to low-interest credit in emergencies and other barriers to accessing basic credit, many Canadians are forced to rely on alternative financial lenders. These lenders charge exorbitant rates and prey on low-income borrowers, with the hope of catching them in a debt trap that causes their repayments to spiral.

A 2016 report by ACORN and the Canadian Centre for Policy Alternatives found that the majority of users of high interest, alternative financial lenders turn to these services because their needs are not being met by their financial institutions. This forces many to rely on fringe financial institutions such as payday lenders, instalment loan operators, and rent-to-own lenders that charge predatory rates for their products and services.

Marginalizing low and moderate income members by failing to meet their needs and forcing them to use predatory lenders further entrenches poverty in our communities. Additionally, how can low- and moderate-income Canadians exercise their right to an adequate standard of living, when many cannot feed their families due to exorbitant interest rates leaving them in a vicious cycle of debt and rollover payday loans?

Given that Canada's biggest banks earned over \$42 billion in profits last year while 13% of Canadians are underbanked, there is a need for much more to be done to make banking inclusive for low- and moderate-income people. A national anti-predatory lending strategy that seeks to harmonize federal and provincial anti-predatory lending practices would help tackle inter-jurisdictional challenges and gaps in regulation on predatory lending, which will help bring spiralling debt costs for many low and moderate-income individuals under control.

If the Federal Government is serious about an approach that works for those working hard to join the middle class, holding predatory lenders to account and committing to a national anti-predatory lending strategy to make borrowing safer for our most marginalized Canadians would be a starting point. ACORN members urge the Federal Government to facilitate access to fair financial services for lower-income communities, by:

- Mandating the banks to provide access to low interest credit for emergencies;
- Mandating the banks to provide low interest overdraft protection;

- Mandating the banks to provide no holds on cheques;
- Mandating the banks to lower NSF fees from \$45-\$48 to \$10;
- Supporting alternatives to predatory lenders, such as postal banking and credit union credit products geared towards low- and moderate-income families;
- Creating a national anti-predatory lending strategy;
- Creating a real time national tracking system (or database) to help stop roll over loans;
- Amending the Criminal Code to lower the maximum interest rate from 60% to 30%.

## **Modernize and Fix EI**

In Canada, precarious and non-standard employment is rising. In 2015, non-standard employment had grown to 26.6 per cent, increasing almost 2.3 per cent annually since 1997. At the same time, the Federal Government has neglected to adapt employment insurance policy to match this trend. The last long term EI review was over twenty years ago. Despite some positive changes to EI, the employment insurance review that was requested under Minister Jean-Yves Duclos' mandate has not sufficiently progressed.

Workers desperately require increased protections to cope with our changing labour market. Poverty rates of workers in non-standard employment are up to three times higher than the poverty rates of workers in standard employment. Meanwhile, EI has become harder to access over the last twenty years, and the number of unemployed Canadians who receive benefits almost halved from 1990 to 1997. Currently, only 40 per cent of Canadians are eligible for EI. ACORN's experience working with marginalized community members has taught us that they are the most vulnerable to needing EI: precariously and under-employed, low-wage, non-unionized workers. To have any hope of helping this vulnerable group navigate towards the middle-class, ACORN strongly recommends that the Federal Government:

- Reduces the number of qualifying hours for regular benefits to 360 hours, regardless of who workers are or where they live and work in Canada;
- Increase the benefits period to 50 weeks;
- Calculate benefits set at 60 per cent of earnings being replaced on a worker's best 12 weeks;
- Conduct a long term review of EI and the appeal system.

**For more information, please contact the ACORN office on (416) 461 5322 or at [canadaacorn@acorncanada.org](mailto:canadaacorn@acorncanada.org).**