



END CHILD & FAMILY POVERTY IN CANADA
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2008 Ontario Report Card on Child & Family Poverty

Now more than ever ... Ontario needs a strong poverty reduction strategy

The Challenge

Child & family poverty rate	Almost 1 in every 9 children and youth – 324,000- live in poverty (after tax LICO)
Depth of poverty	The average low income family is living \$7,100/year below the poverty line
The working poor	45% of low income children live in families where at least 1 parent is working full time, all year
Social exclusion	Poverty rates for children in Aboriginal, racialized, new immigrant and lone mother-led families are at least double the average rate

The Solutions: A Poverty Reduction Strategy for Ontario

#1 - A good job that lifts you out of poverty	<ul style="list-style-type: none"> • Poverty proof the minimum wage • Develop a Good Jobs Strategy • Federal: Improve access to EI and increase work tax credits
#2 - An assurance that living on social assistance does not sentence you to poverty	<ul style="list-style-type: none"> • Transform social assistance to support move out of poverty; get rid of punitive rules • Increase rates to ensure adequate income; index to inflation • Increase the Ontario Child Benefit • Federal: increase child benefits for all low and modest income families
#3 - A high quality, affordable child care space for every child	<ul style="list-style-type: none"> • Public investment and legislation to build a non-profit system • Adequate core funding for non-profit child care centres • Improve wages and benefits for the child care workforce • Federal: invest in national early childhood education and care
#4 - A home you can afford	<ul style="list-style-type: none"> • Invest in construction of affordable housing • Provide housing benefit for low income households • Repair and upgrade social housing stock • Federal: fund national affordable housing program
#5 - Post secondary education and training that's accessible, affordable	<ul style="list-style-type: none"> • Freeze university tuition; increase needs-based grants • Ensure quality skills training programs

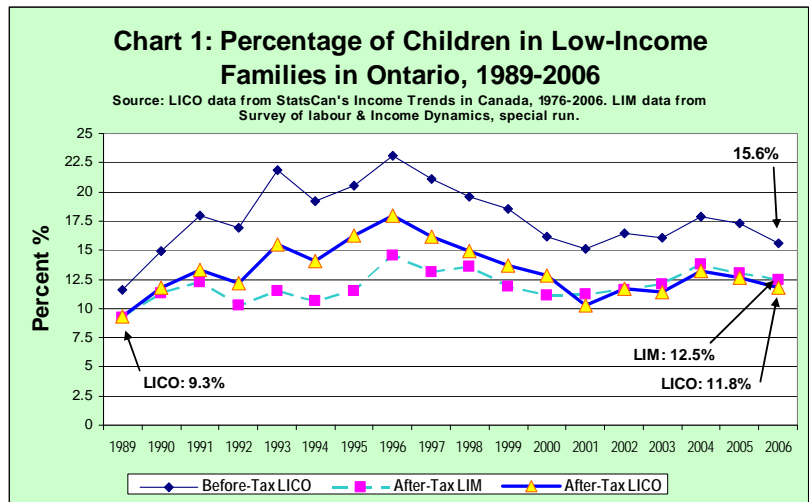
CHILD POVERTY IN ONTARIO: LET'S END IT.

"I have a dream – that my 2 girls don't have to live like I've had to. I want a life for them without food banks, with a safe, affordable place to live, and where they get a good education that leads to a good job."

Marie, Thunder Bay.

Ontario's child poverty rate was 11.8% in 2006, based on after tax income.¹ This means that 324,000 children and youth –almost one in every nine – is living in low income in Ontario. After a decade of strong economic growth, there are still too many families with children living in poverty. The current economic downturn means that poverty rates will increase.

Poverty rates are significantly higher for lone mother families, children with disabilities, and children in Aboriginal, racialized and immigrant families. One –third (33.2%) of female lone parent families with children live in poverty (based on after tax income). Census data with demographic breakdowns indicate that children with disabilities, Aboriginal children, racialized children and children in immigrant families experience poverty rates that are 1.5 to almost 3 times higher than the provincial average.² Children from communities and groups that face systemic discrimination are clearly much more likely to be growing up in poverty.



Statistics Canada produces 2 sets of low income indicators, with a 2-year time lag. The Low Income Cut-off (LICO, Before and After Tax) identifies an income level at which families spend 20% more than average on food, shelter and clothing. It varies according to family and community size. LICO After Tax 2006 for 1 parent, 1 child in a large urban centre=\$21,384. The Low Income Measure (LIM, Before and After Tax) identifies families with income below 50% of median income, adjusted for family size. LIM is used when making international comparisons. LIM After Tax 2006 for 1 parent, 1 child = \$21,251. Campaign 2000 uses LICO data, the most extensive source of historical data and trends.

The depth of poverty experienced by low income families improved in 2006, but poor families are still living in deep poverty. The average two-parent, low-income family and low-income female lone parent family had income that was \$7,100 below the poverty line in 2006. Deep poverty is reflected in dependence on food banks to meet a basic need. In 2007, 318,549 people in Ontario relied on food banks, and 123,600 of them were children.³

We need to build on progress by bringing down Ontario's rate of child and family poverty at a faster rate, and by reducing the depth of poverty. Northern European countries have child poverty rates under 5%. Quebec has cut its child poverty rate by over 50% during the past ten

years. We can do the same and better in Ontario by implementing a Poverty Reduction Strategy which includes targets, timetables, and a well funded multi-year action plan with accountability.

In the current challenging economic times it is more important than ever for government to invest now in poverty reduction, both to support families already struggling with low incomes and to prevent more families from falling into poverty. The 2008 Ontario Report Card on Child and Family Poverty focuses on five key measures needed from government to end child and family poverty within a broad Poverty Reduction Strategy for Ontario.

Campaign 2000 is a non-partisan, cross-Canada coalition of over 120 national, provincial and community organizations committed to working together to end child and family poverty in Canada. Visit www.campaign2000.ca for a list of partners.

Ontario Campaign 2000 thanks the following for their support: Sisters of St. Joseph of the Diocese of London (ON), Atkinson Charitable Foundation, Ontario Secondary School Teachers' Federation, Elementary Teachers'

Federation of Ontario, Ontario Federation of Indian Friendship Centres, Ontario English Catholic Teachers' Association, the Registered Nurses Association of Ontario, the Canadian Auto Workers Social Justice Fund, and our most dedicated partner organizations in Ontario. Thanks also to Social Policy and Research Council of BC (SPARC) for data support.

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#1 - A GOOD JOB THAT LIFTS YOU OUT OF POVERTY

"Because of the low pay I have to work 2 or 3 jobs to pay my bills and support my family. My wife also works at a minimum wage job. Working 3 jobs means there is no time to spend with my family or take care of my health."

Sam, a worker who volunteers with the Workers Action Centre

Solutions:

- **Poverty proof the minimum wage.**
 - Raise the minimum wage to \$11 hour by 2011 and fully index it to inflation.
- **Develop a Good Jobs Strategy.**
 - Strengthen and enforce employment standards: update the Employment Standards Act to cover precarious workers; increase workplace inspections.
 - Ensure health and dental benefits for low wage workers.
 - Address workplace discrimination: implement employment equity, remove barriers for new immigrants; ensure pay equity.
 - Make it easier for workers to unionize: reinstate card certification across all sectors.
 - Stimulate manufacturing for the green global economy, and increase Canadian content rules to put public investment to work creating good jobs.
- **At the federal level: increase Working Income Tax Benefit for low wage workers. Improve access to Employment Insurance.**

Work isn't working well for many Ontario parents. 45% of children in low-income families in Ontario live in a family where at least one parent worked full-time, all year, but did not earn enough to lift their family out of poverty.⁴ Their jobs don't provide an adequate living standard for their children or enough financial security to weather the crises of everyday life and plan for the future. The shift to non-standard, precarious work has created jobs with lower pay, poorer benefit coverage, less security and unsatisfactory, sometimes unsafe, working conditions -- bad jobs. Women, immigrants and workers from racialized communities are disproportionately found in jobs with the worst wages and working conditions.

If Ontario is going to succeed in eliminating poverty, we need a public strategy to create good jobs that protect families from poverty. The loss of good jobs is hurting families with children. Since 2002, Ontario has lost more than 235,000 manufacturing jobs. These losses have been offset by gains in other sectors – including a lot of part time jobs. Three out of every 4 jobs created in Ontario between December '07-October '08 were part time jobs.⁵ Most people face a 25% drop in income when they go from a well-paid manufacturing job to other employment.⁶ For those who are out of work relying on Employment Insurance, changes in eligibility at the federal level mean that only 29% of Ontario's unemployed received EI in 2007.⁷

#2 - AN ASSURANCE THAT LIVING ON SOCIAL ASSISTANCE DOES NOT SENTENCE YOU TO POVERTY

"I'm a single parent with 2 children. I have 3 invisible disabilities. I'm on social assistance, but I work when my health permits. But 50% of any money I earn gets deducted because of social assistance rules. My children's father pays child support, but because of the rules that money is deducted from my assistance cheque. I can't feed my kids the nutritious food they need, they can't participate in school trips or summer camps, and we can't afford birthday parties. Rates must reflect the true costs of living, and rules must be relaxed to help people work their way out of the cycle."

Rene, Toronto parent

Solutions:

- **Transform Social Assistance programs so they support people to move out of poverty.**
 - Provide access to meaningful supports such as: vocational services and counseling; education and training; continuing childcare and health/dental coverage
 - Increase rates to ensure adequate income; index rates to inflation. Create Social Assistance Rates Board to advise government on future rates.
 - Get rid of punitive rules.
- **Increase the Ontario Child Benefit for all low income children.**
- **Federal: increase the Canada Child Tax Benefit to \$5,100 (\$2007) for all low and modest income families.**

Incomes for families on social assistance are simply not adequate. Even with the federal National Child Benefit Supplement and the new Ontario Child Benefit, families on Ontario Works live far below the poverty line (the Low Income Cut Off After Tax). For example, a single mother with an eight year old child living in a large city like Toronto and receiving Ontario Works benefits still lives more than \$5,000 below the poverty line. Parents who receive Ontario Disability Support Program benefits do slightly better, but the costs associated with disabilities mean their incomes are still not adequate.

Ontario should follow the leads of Quebec and Newfoundland & Labrador – one of the first steps in their provincial poverty reduction strategies was to raise and permanently index social assistance rates to inflation. The Ontario Child Benefit should be increased immediately to the maximum monthly benefit level of \$92/child to allow all low income families to better cope with the costs of raising children.

There are more than 800 rules and regulations in Ontario Works and the Ontario Disability Support Program. According to Minister Deb Matthews, many of these rules are “punitive and designed not to support people, but to

keep them out of the system”.⁸ They prevent people from taking charge of their lives to move out of poverty. For example, if a teenager is expelled from school the parent will see a reduction in her social assistance cheque and lose health and dental coverage for her child because he’s no longer in school. If a parent tries to save rent costs by sharing with another person, the shelter portion of her cheque will be reduced. If a parent gets a job he risks losing crucial supports like health benefits, public housing and student loans because his income goes up.

Mandatory workfare programs like Ontario Works have been abandoned in many jurisdictions, replaced by programs that invest in supports to lift people out of poverty. Ontario’s Poverty Reduction Strategy must begin the process of transforming social assistance from the punitive, stigmatizing approach of the past to one that actively lifts people out of poverty, prepares them for the future, and recognizes different life challenges, strengths and goals. Ontario Works should provide people with effective skills training, education, and job placement supports. Parents need supports like child care and transportation. People with disabilities who are unable to work need adequate income and supports to live out of poverty.

#3 – A HIGH QUALITY, AFFORDABLE CHILD CARE SPACE FOR EVERY CHILD

“When you have children and you go to work, you have to pay for child care. It is very expensive. And it is a long wait – one to three years you wait to get a space”.

Jama, Parent in Scarborough

Solutions:

- **Enact legislation** to establish a system of universally accessible early childhood education and care, with core funding directly to centres.
- **Ensure affordable parent fees** and increased spaces in the not-for-profit sector
- **Implement full day learning** for 4 and 5 year olds.
- **Raise wages and benefits** for child care providers to address staffing crisis and high turnover rates.
- **Federal level: invest funding in early childhood education and care.**

Over 70% of mothers are in the workforce yet Ontario only has enough regulated child care spaces for 12% of children under 12.⁹ Tens of thousands of children are on child care waiting lists across the province; in Toronto alone 15,000 children are waiting for a subsidized child care space. Ontario parents pay \$40-\$65/day for child care, compared to \$7/day in Quebec.¹⁰ Recent polling indicates that 78% of people in Ontario see the lack of

affordable child care as a serious issue.¹¹ Salaries of early childhood educators are among the lowest in Canada which leads to high staff turnover.

A universal system of affordable early childhood education and care must be part of Ontario’s



commitment to poverty reduction. Early childhood education and care improves health outcomes for children, school readiness and developmental skills. Quality child care helps parents enter and stay in the workforce, and helps pay for itself through higher tax revenues from working parents.

#4 – A HOME YOU CAN AFFORD

"I applied for public housing here in Ottawa. I got a letter back saying they only have space for people with terminal illnesses. What am I supposed to do? I've heard people waiting for up to 10 years for a public housing unit."

Esmeralda in Ottawa

Solutions:

- **Invest in a provincial affordable housing program** to construct over 8,000 affordable homes annually, and new supportive housing.
- **Provide housing benefits to low income households** to reduce high shelter costs.
- **Invest to bring aging social housing stock up to standard**, and fully upload social housing programs back to the Province.
- **Plug loopholes in tenant protection legislation.**
- **Federal role: develop national housing plan** with funding for housing and homelessness strategy, and social housing.

The high cost of housing is a major factor creating poverty for Ontario families. Shelter and rising utility costs are the single biggest expenses for most low and moderate income families. According to the 2006 Census, 28% of Ontario households spend more than 30% of their income on shelter. In 2007, 58,320 tenant households faced

eviction, largely due to rising rent and energy costs they could not afford.¹²

Private developers are not building affordable rental units. Although the Ontario government committed in 2003 to build 26,600 affordable units, only 6,400 units have been built to date.¹³ On a per-person basis, the Ontario government's spending on housing is among the worst of all provinces, well below Newfoundland, Nova Scotia, Alberta and Saskatchewan.¹⁴ Over 124,000 households remain on the waiting list for social housing where rent is geared to income – the wait time ranges from 5 to 12 years. There are 250,000 social housing units in the province but this housing stock is aging and needs \$1.5 billion in repairs and maintenance.¹⁵

Measures to make current housing more affordable and to increase the supply of social housing must have a central place in Ontario's poverty reduction strategy. Public investment in upgrades to social housing and construction of new affordable units would provide employment and economic stimulus during the current economic downturn.

#5 - POST SECONDARY EDUCATION AND TRAINING THAT'S ACCESSIBLE, AFFORDABLE

"I know I need more education to get a good job. If you can't afford school, you have to take out a loan from OSAP. Then you graduate and if you can't find work you're in debt and owing interest too. It's risky."

Sagal, Toronto youth

Solutions:

- **Improve access by freezing tuition rates at 2004 levels**, and increasing needs-based grants.
- **Ensure high quality training programs:** provide training, relevant skills and credentials to support move from welfare to work, layoff to work, and better skilled workforce.

The provincial drop-out rate for Ontario high schools was 25% in 2007, and as high as 40% in some racialized communities and for Aboriginal youth.¹⁶ 18% of working age people in Ontario do not have a high school education.¹⁷ We need to improve school completion rates and ensure post-secondary education is accessible for low income people because 70% of all new jobs over the next ten years will require a trade certificate, college diploma or university degree. The Ontario government has ended the freeze on

university tuition fees. Rising university costs and the prospect of large student debts have become significant barriers for low-income families.

While people who have lost their jobs in manufacturing and other sectors struggle to retrain and find new jobs, there are many employers who are struggling to find qualified workers. The skills shortage will increase as more workers retire and fewer young people enter the workforce. It is estimated that Ontario will experience a shortage of 360,000 skilled workers by 2025.¹⁸ The Province needs to integrate skills and training policies with poverty reduction strategies for unskilled and under-represented groups to ensure all have access to good jobs. Investing in post-secondary education, training and life-long learning is an important part of a poverty reduction strategy.

TIME FOR STRONG LEADERSHIP

"I'm proud to lead the 1st government in Canada that is going to put forth a comprehensive and effective plan to address poverty in the province of Ontario. The issue is not whether we are going to put out a plan this December to address poverty; it's the rate and the pace at which we can move on implementing that plan."

Hon. Dalton McGuinty, Hansard, September 22/08

The Ontario government has made good progress to date in setting the framework for a multi year poverty reduction strategy. Campaign 2000 calls for a plan with a minimum target of 25% reduction in poverty over 5 years, and 50% reduction over 10 years to put Ontario solidly on the path to eradicating poverty. Progress should be tracked using an income based measure such as the Low Income Cut Off or Low Income Measure, along with other indicators of poverty. The strategy should include the five components outlined above to achieve sustaining employment, livable incomes, and strong communities. To ensure accountability we call for: provincial anti poverty legislation; a permanent secretariat to implement the plan and report annually; and a Citizen's Advisory Committee to the Minister that includes low income people.

It is estimated that the public cost of poverty in Ontario is \$10-\$13 billion/year in healthcare costs, criminal justice, and lost productivity.¹⁹ Investing in preventing and reducing poverty is a more effective and less costly approach. The economic downturn in 2008 is hurting low and modest

income families hard. Now is the time for the Ontario government to invest with a financial downpayment in the 2009 budget. The federal government must also play a role for poverty reduction targets to be met.

A September '08 Environics poll commissioned by the Canadian Centre for Policy Alternatives shows 81% of Ontarians believe it's more important than ever in a recession for government to make it a priority to help poor Canadians. Even though these measures could mean higher taxes or spending cuts in other areas, the poll found the vast majority of Ontarians support raising the minimum wage, improving income supports for families with children, creating more low cost child care spaces and affordable housing, ensuring welfare rates keep pace with cost of living increases, and investing in more job and skills training.²⁰ Public opinion supports the policy recommendations that Campaign 2000 and others have been making for many years. We urge our political leaders to heed this call and demonstrate now the leadership to invest in effective and lasting poverty reduction in Ontario.

ENDNOTES

¹ All poverty statistics are the most recent currently available. They are 2006 figures from Statistics Canada, *Income Trends in Canada, 1976-2006* unless otherwise noted. These Statistics Canada sources exclude children in First Nations reserves, the Yukon, Northwest Territories, Nunavut, and living in institutions. A child is defined as a person under age 18 living with parent(s) or guardian(s). Poor children are those living below the Low Income Cut-Off (LICO) as defined by Statistics Canada. LICOs vary by family size and community size. E.g. the after tax LICO for a lone parent with one child in a large urban centre (population over 500,000) was \$21,384 in 2006.

² 2001 Census data

³ Spence, Adam. *Ontario Hunger Count Report 2007*. Toronto: Ontario Association of Food Banks.

⁴ Based on before tax income. Source: Statistics Canada's Survey of Labour & Income Dynamics, masterfile.

⁵ Calculated by Canadian Labour Congress from Statistics Canada, monthly Labour Force Information.

⁶ For more detail see Campaign 2000, *Work Isn't Working for Ontario Families*, p.13, May 2008 at www.campaign2000.ca

⁷ Caledon Institute of Social Policy

⁸ Matthews, Deb. (2004) *Review of Employment Assistance Programs in OW & ODSP*. Toronto.

⁹ Friendly, Martha et al (2007). *Early Childhood Education & Care in Canada, 2006*. Toronto: Childcare Resource & Research Unit.

¹⁰ Ontario Coalition for Better Child Care, Fall 2008.

¹¹ Environics poll done for Code Blue for child care. See www.buildchildcare.ca

¹² Workload reports, Landlord and Tenant Board, January 31, 2007 to December 31, 2007. Eviction applications - L1, L2, L3 and L4.

¹³ www.mah.gov.on.ca/Page126.aspx

¹⁴ Shapcott, Michael. (Feb '08) Wellesley Institute National Housing Report Card.

¹⁵ Lawson, Hugh & Sharad Kerur. (Jan '08) *2008 Ontario Pre-Budget Submission to Standing Committee on Finance & Economic Affairs*. www.onpha.on.ca

¹⁶ Ministry of Education, Government of Ontario. (Feb. 2008). *Province Celebrates Impressive Number of Students Graduating from High School*, and CBC radio reports Metro Morning, Week of Feb. 28/08.

¹⁷ Statistics Canada. "2001 Community Profiles: Education." Updated February 2007. Ottawa: Statistics Canada.

¹⁸ Conference Board of Canada. (September 2007). *Projections of Labour Shortages in Ontario, and Possible Strategies to Engage Unused and Underutilized Human Resources*.

¹⁹ See www.oafb.ca for more details.

²⁰ Hennessy, Trish & Armine Yalnizyan. (Oct '08) *Ready for Leadership- Canadians' Perceptions of Poverty*. Toronto: CCPA.

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