

2010 Report Card on Child & Family Poverty in Ontario



END CHILD & FAMILY POVERTY IN CANADA

Poverty Reduction: Key to Economic Recovery for Ontario Families

In 2007 Ontario Campaign 2000 and other anti poverty organizations called on all political parties in the provincial election to commit to developing a Poverty Reduction Strategy for Ontario with targets and timelines. The 25 in 5 Network for Poverty Reduction was formed, urging the re-elected Liberal government to adopt the goal of cutting poverty rates by 25% within five years. This advocacy was successful and public consultations were held across Ontario in 2008 seeking input into the strategy.

By year end the worst recession since the Great Depression had hit Canada. In December 2008 the Ontario government fulfilled their election promise and announced a Poverty Reduction Strategy with the goal of reducing the child poverty rate by 25% by 2013, becoming the third Canadian province with a plan and the first with specific targets for poverty reduction. In May 2009 all parties in the Ontario Legislature approved passage of the Poverty Reduction Act, which requires the Province to set a new poverty reduction target and action plan every five years based on public consultation.

Despite tight fiscal times the 2009 and 2010 provincial budgets included a number of measures that have benefited low income families, including increases to the minimum wage and the Ontario Child Benefit, stimulus spending on affordable housing, funding to

save child care subsidies, and implementation of full day kindergarten for 4 and 5 year olds. But the poorest 6.5% of Ontario's population, those who receive social assistance, have seen no increase in welfare benefits in real dollars. In terms of purchasing power, benefits are as low now as in 1967.

Poverty figures from Statistics Canada are always two years out of date. They indicate that in 2008, 1.6 million or 12.5% of people in Ontario lived in poverty (Low Income Measure After-Tax). The child poverty rate was 15.2%. Because of the recession these rates will be higher in 2010. It is too early to determine the impact of Ontario's Poverty Reduction Strategy, but there would be even more families struggling to make ends meet and falling into poverty without the steps taken to date by the Ontario government.

Clearly there is much more work to be done. The recession and weak social safety nets have aggravated our poverty problem. As we approach the 2011 provincial election Ontario Campaign 2000 partners will be reminding all political parties of their support for the Poverty Reduction Act and urging them to commit to making the investments and policy changes needed to end poverty in our province.

Breaking the Cycle: Ontario's Poverty Reduction Strategy

Key Commitments 2008	Progress as of November 2010
By 2013 raise Ontario Child Benefit to maximum of \$1,310 / child / year	<ul style="list-style-type: none"> Increased in July 2009 to maximum of \$1,100 / child / year.
Review social assistance, to reduce barriers and increase opportunity	<ul style="list-style-type: none"> Social Assistance Review Advisory Council released in June 2010 their recommendations for terms of reference for Ontario Income Security Review. No response yet from Ontario government.
Develop long-term Affordable Housing Strategy	<ul style="list-style-type: none"> \$622 million investment in affordable housing with matched federal funding (2009-2011). Public consultations completed 2009. No Housing Strategy yet announced.
<ul style="list-style-type: none"> Legislation to cover temp help agencies \$10 million / year to hire employment standards officers for enforcement Continue to raise minimum wage 	<ul style="list-style-type: none"> New protections for temp agency workers added to Employment Standards Act. \$4.5 million to hire officers; \$6 million to deal with backlog of claims. No announcement beyond \$10.25 / hour (March 2010).
Phase in full day kindergarten for 4 & 5 year olds between 2010-2015	<ul style="list-style-type: none"> Full day kindergarten for 4 & 5 yr olds began Sept. 2010 in 15% of schools. \$63.5 million /year committed to save child care subsidies.
Invest \$45 million / year for 3 years for dental care for low income Ontarians	<ul style="list-style-type: none"> New Low Income Dental Program which prioritizes children and youth, and expansion of CINOT. No program for low income adults.

Indicators of Child & Family Poverty

Campaign 2000 tracks a number of poverty indicators using annual data from Statistics Canada as well as census data. Ontario's Poverty Reduction Strategy, *Breaking the Cycle*, identified eight indicators by which progress will be measured. The following charts track changes on a number of indicators to provide a broad picture of child and family poverty in Ontario and monitor the progress of Ontario's Poverty Reduction Strategy. In most cases the most recent available data is for 2008.

Statistics Canada produces 2 sets of low income indicators, with a 2-year time lag. The Low Income Measure (LIM, Before and After Tax) identifies families with income below 50% of median income, adjusted for family size. LIM After-Tax 2008 for a 2-person household = \$26,279.

Statistics Canada revised the LIM methodology in 2010 to make it consistent with international practices. Therefore, poverty rates using the LIM indicator in this report should not be compared to LIM poverty rates in past Ontario Report Cards.

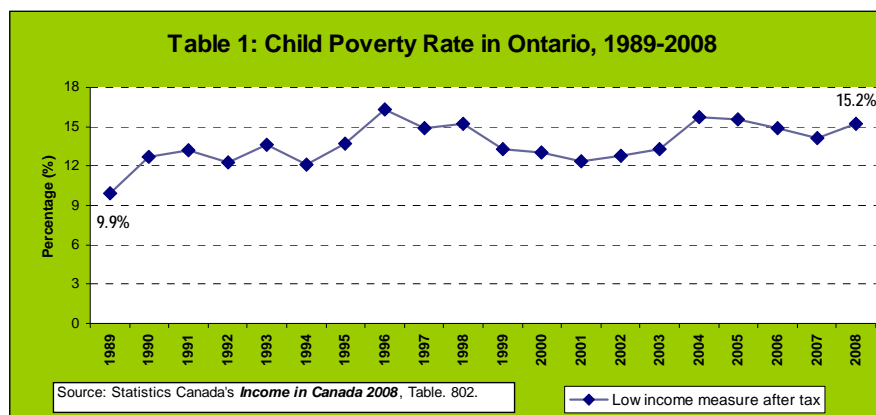
The Ontario Government's Poverty Reduction Strategy identifies the Low Income Measure After Tax as the indicator it will use to track progress on the target to cut the rate of child poverty by 25% between 2008- 2013.

The Low Income Cut-off (LICO, Before and After Tax) identifies an income level at which families spend 20% more of their income than the average family on food, shelter and clothing. It varies according to family and community size. LICO After Tax 2008 for a 2-person family in a large urban centre = \$22,361. Census data uses the LICO as the indicator of poverty.

Rate and Depth of Poverty

Ontario's child poverty rate was 15.2% in 2008, based on the Low Income Measure After Tax (LIM50-AT). This indicates that 412,000 children and youth under age 18 (more than 1 in every 6) were living below the poverty line in 2008. The rate increased from 2007 as the Ontario economy entered a serious recession. The impact of the recession will mean that the current rate of child poverty is even higher.

The Ontario government's Poverty Reduction Strategy, *Breaking the Cycle*, commits to reduce the 2008 child poverty rate by 25% and lift 90,000 children out of poverty by 2013. An effective strategy needs to also ensure a consistent decline in the depth of poverty; that is, the percentage of children living in a family with an income less than 40% of median family income. In 2008, 8.5% of Ontario children were living in deep poverty.¹



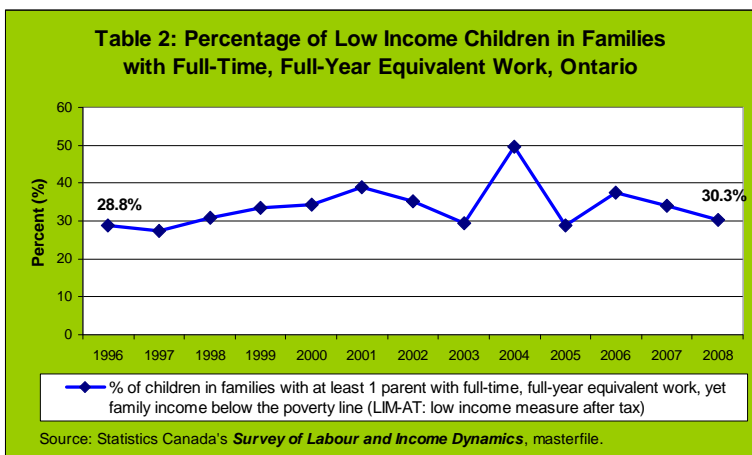
Working Poor Families

Over the past decade there has been growing concern about the working poor and the fact that getting a job does not necessarily guarantee an escape from poverty. Using the Low Income Measure of poverty, 30% of all poor children in Ontario in 2008 lived in working poor families, where at least one parent was working the equivalent of a full time full year job, but did not earn enough to lift the family above the poverty line.

In the current labour market many Ontario parents cannot achieve financial security because they are unable to find a good full-time job that provides a fair and secure income, plus health, dental and pension benefits for their family. Sixty percent of new jobs created in Ontario during the first 9 months of 2010 were part-time.² The largest proportion (40.4%) of Ontario workers have low wage service jobs which pay less, are most likely to be part-time and temporary, and have lower unionization rates and fewer benefits than jobs in high-wage service and non-service industries.³

The recession has made this situation even tougher. Because of changes to Employment Insurance (EI) eligibility made in the 1990s there's no safety net to support the majority of unemployed workers in Ontario. In 2009, only 38% of the unemployed received EI benefits.⁴

Ontario's efforts to reduce poverty need to include a Good Jobs Strategy including: updating the Employment Standards Act to cover precarious workers; improving access to unionization; implementing employment equity; and supporting the development of new good green jobs in the manufacturing and service sectors.⁵



A Poverty-level standard of living

In addition to income measures there is now a deprivation index for Ontario that will track the percentage of children who are being raised in poverty. A 2009 survey found that 12.5% of Ontario children lived in poverty because their

families could not afford at least two out of ten items listed below that are considered necessary for a household to have a standard of living above the poverty level.

Ontario Deprivation Index

Items necessary for a household to have a standard of living above the poverty level

1. Being able to get dental care if needed.
2. Replace or repair broken electrical goods such as a stove or toaster.
3. Being able to buy modest presents for family/friends at least once per year.
4. Appropriate clothes for job interviews.
5. Having friends or family over for a meal at least once a month.
6. Fresh fruit and vegetables every day.
7. Being able to get around your community, either by car or bus pass.
8. Hobby or leisure activity.
9. Meat, fish or vegetarian equivalent at least every other day.
10. Having a home free of pests, such as cockroaches, bedbugs, mice.



Source: Daily Bread Food Bank and Caledon Institute. *Developing A Deprivation Index: The Research Process*, 2009, p. 24.

Children at Greater Risk of Poverty

Children from communities and groups that face systemic discrimination are more likely to grow up in low income. The poverty rate (LICO-Before Tax) for children in lone-mother led families was 44% in 2008, down from a peak of 64% in 1995. This is due to a number of factors: the important increases to the Canada Child Tax Benefit since 1998; lone mothers getting more paid employment during a time of strong economic growth; and more women with higher incomes becoming lone mothers.⁶ But the risk of poverty is more than four times higher for children in

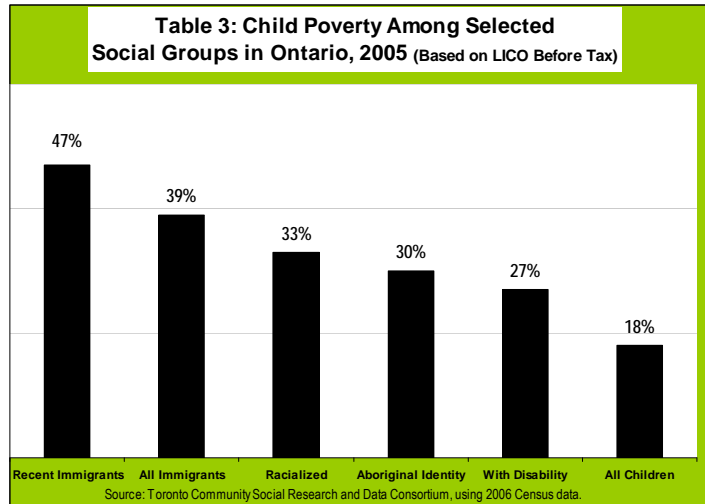
female lone parent families than for children in two-parent families.

Census data (which uses the LICO-Before Tax measure) is the only reliable source of information on poverty rates with demographic breakdowns. If the Federal government's decision to cancel the long form census is not reversed we will not be able to track child poverty rates among selected social groups for 2010.

Census data tells us that one third (1/3) of all racialized children in Ontario in 2005 lived in poverty.⁷ Racialized children make up only 29% of all Ontario children, but they comprise 51% of all children in low income families in our province.⁸ Poverty rates are higher because of discrimination experienced by racialized Ontarians in the labour market. Their parents are more likely to face workplace barriers and higher unemployment rates than non-racialized workers, and when employed they earn less. In 2005, racialized women earned 84.7 cents for every dollar earned by non-racialized women. Racialized men earned 73.6 cents for every dollar that non-racialized men made.⁹

Almost half of Ontario children in families who had recently immigrated to Canada in 2005 were living in poverty. Since then Statistics Canada research has found that immigrants have borne the brunt of the recession. While employment among Canadian-born workers fell by 1.6% in 2008-09, employment among recent immigrants (in Canada for 5 years or less) fell by 5.7% and by 3% for immigrants who have been living here for at least a decade.¹⁰

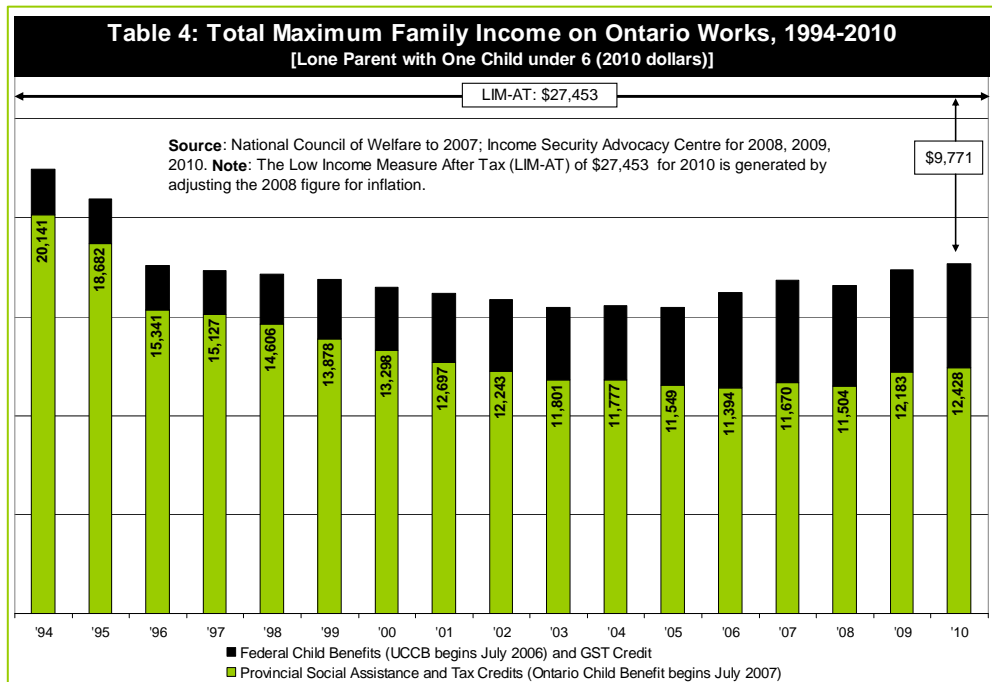
Almost one-third of Aboriginal children live in poverty. Measures needed to address urban Aboriginal poverty include: more funding, support for people to become self-sufficient and for training and employment opportunities, and provision of education and child care.¹¹



Children in Families on Social Assistance

The number of people who rely on social assistance rises during a recession and immediately afterwards as people run out of EI benefits and are forced to deplete their savings before they can apply for assistance. In 2010 about 6.5% of Ontario's population is receiving social assistance, which is only slightly above the average for the past fifty years.¹² Of those people receiving Ontario Works, almost half (47%) are sole support parents and their children, with the vast majority of these being lone mothers.

As noted in the recent report of the Social Assistance Review Advisory Council (SARAC), "Ontario's core social assistance programs continue to fall short in providing an economic safety net for individuals and families as well as promoting opportunity to ensure everyone can contribute to the long-term prosperity of the province".¹³ The rates are seriously inadequate and the rules are complex. As of December 2010, a single person receives only \$592/month on Ontario Works, and a single parent with one young child receives \$922/month plus an Ontario Child Benefit of \$92.



Even with federal and provincial child benefits, a single mother with one child still lives about \$9,700 below the poverty line (LIM-AT).

The Ontario government urgently needs to raise rates by \$100/month with a Healthy Food Supplement, implement the short term rule changes identified by SARAC, and commence the promised Social Assistance Review that looks at the broad income security system along the lines recommended by SARAC.

The Ontario government announcement in March 2010 to replace the Special Diet Allowance program with a new nutritional supplement program (which has not yet been designed), has left fearful those social assistance recipients with chronic medical conditions requiring therapeutic dietary treatments. People with chronic health problems fear losing up to \$250/month in benefits that allowed them to purchase the nutritious and costlier foods their doctors recommend. Ontario Campaign 2000 urges the government to design the new program so that it reflects the five principles endorsed by the 25 in 5 Network for Poverty Reduction.¹⁴

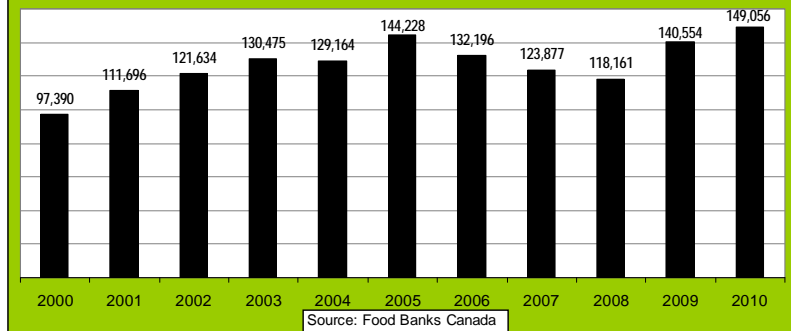
Food Bank Use by Children

Reliance on food banks is another indicator of poverty and the ineffectiveness of income security programs, such as EI and social assistance, to ensure livable incomes and dignity for those struggling to make ends meet. Working people, children and people with disabilities make up the largest proportions of people served by food banks in Ontario.

The number of children relying on Ontario food banks each month jumped by 20% between 2008 and 2009. This year 149,000 children were forced to rely on food banks, the highest number since Food Banks Canada began tracking food bank use. The economic recession and the lack of an adequate income

security system have meant that more people have to turn to charity because they cannot pay the rent and feed their families.

Table 5: Number of Children in Ontario Using Food Banks, 2000-2010



Access to High Quality, Regulated Child Care

Affordable high quality early learning and child care services benefit children and represent one important pathway out of poverty for low income families. Parents cannot take jobs, seek work, or get education and training when they don't have secure affordable child care.

The Ontario government introduced a significant new initiative that supports families and children with the



implementation of full day early learning for 4 and 5 year olds, starting in 600 schools in September, 2010. And recognizing the importance of subsidized child care for low income families, the Province stepped in with new provincial funding of \$63 million annually to save over 8,000 child care subsidies when federal funding expired in 2010.

But there is more work to be done to stabilize and expand Ontario's system of early learning and child care. The most recent data indicates that in 2008 there were regulated child care spaces for only 13.6% of Ontario children under age 12.¹⁵ In Toronto alone, there were over 16,000 children on the waiting list for subsidized child care in October 2010.¹⁶ Regular parent fees range up to \$50/day for child care, compared to \$7/day in Quebec. New provincial and federal funding is needed in order to: stabilize the current system while the Full Day Early Learning Program is fully implemented; limit parent fees; raise staff wages; and create new child care spaces.

Access to Affordable Housing

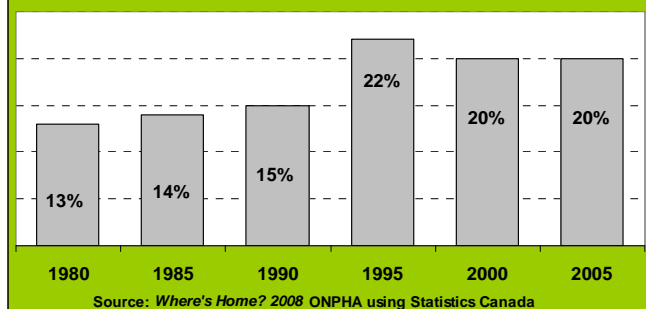
The high cost of housing is one of the main reasons that low income families have to rely on food banks. Census data reveals that 1 in every 5 tenant households in Ontario (261,000 households) paid more than 50% of their income on shelter costs in 2005. For single parent tenants, 24% paid more than half their income on rent. The recession will mean these figures are now higher as tenant incomes have declined and rents have risen. The average household pays about 20% of income on housing.

Ontario's Poverty Reduction Strategy measures progress on housing affordability for families by tracking the percentage of families with children who are living in deep poverty (i.e. their income is less than 40% of median family income), and who are spending more than 40% of their income on housing. In 2007, 4% of Ontario families were in this situation with housing costs disproportionate to family income.¹⁷

In 2010 there were 141,635 households on the waiting list for non-profit housing, a jump of 10% over the previous

year. Families comprise 39% of households on the list. The economic recession and the decline in tenant incomes mean more people are trying to find rent-geared-to-income housing. The wait time varies by community but can be as long as 21 years for those who live in Peel Region.¹⁸ The government promise to develop and implement a Long Term Affordable Housing Strategy is clearly key to achieving the target of cutting child and family poverty by 25% by 2013.

Table 6: Percentage of Ontario Tenants Spending 50% or More of Income on Housing 1980-2005



Women's Poverty

- Women who work full-time, year-round earn only 71 cents for every dollar earned by men. 20% of women are in low-wage occupations, compared to 10% of men.¹⁹
- Lone mothers receiving social assistance are not allowed to keep child support payments from the father. The Ontario government deducts these payments from their social assistance cheque. In Quebec, parents are allowed to keep \$100/month.
- Poverty often traps women in abusive relationships. Without access to adequate income, housing, childcare and decent employment, many women and their children are trapped.²⁰

About Campaign 2000

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), Income Security Advocacy Centre, 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 Canadian Auto Workers Social Justice Fund, Sisters of Providence of St. Vincent de Paul, and our dedicated Ontario partner organizations and donors. Thanks also to SPARC BC and to the Canadian Centre for Policy Alternatives for their data support.

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NEXT STEPS IN POVERTY REDUCTION

1. ENCOURAGE GOOD JOBS AT LIVING WAGES

What Ontario Needs to Do

- Increase minimum wage to \$11/hour in 2011 & fully index to inflation
- Develop a Good Jobs Strategy for Ontario to encourage more full-time jobs with decent pay and benefits
- Improve enforcement of Employment Standards Act. Update & expand ESA to protect workers in precarious employment
- Address workplace discrimination: implement Employment Equity program; ensure pay equity
- Ensure health & dental benefits for low-wage workers
- Improve access to unionization
- Support work tax credits for low wage workers.

2. PROVIDE STRONG SOCIAL SAFETY NET

What Ontario Needs to Do

- Transform social assistance to support move out of poverty, based on the Social Assistance Review of income security
- Introduce \$100 monthly Healthy Food Supplement for all adults on social assistance
- Fully index social assistance rates to inflation
- Make the short term rule changes recommended by SARAC
- Increase maximum Ontario Child Benefit to \$125/month
- Press federal government to increase Canada Child Tax Benefit to \$5,400/child
- Press federal government to improve access to Employment Insurance.

3. ENSURE ACCESS TO EARLY LEARNING & CHILD CARE

What Ontario Needs to Do

- Invest to stabilize current child care system and create new affordable child care spaces
- Increase wage & benefit levels for child care workers
- Implement all of the recommendations of the report of the Special Advisor on Early Learning
- Press federal government to establish and fund a national system of early education and child care services.

4. IMPROVE ACCESS TO AFFORDABLE HOUSING

What Ontario Needs to Do

- Fund and implement an effective Long-Term Affordable Housing Strategy with targets and timelines
- Provide a monthly Housing Benefit to low income tenants to reduce high rent costs
- Invest to build more affordable housing and new supportive housing
- Invest to bring aging social housing stock up to standard
- Strengthen tenant protection legislation
- Press federal government to create and fund a national affordable housing program.

5. PROVIDE EDUCATION & TRAINING THAT LEAD TO GOOD JOBS

What Ontario Needs to Do

- Freeze university tuition at 2004 rates; increase grants for students from low income families
- Ensure high quality training programs to support the move from welfare to work, and layoff to work.

Investment in Poverty Reduction: Smart Economic Policy

The recession that hit the Ontario economy has revealed the frayed state of federal and provincial social safety nets. Almost two-thirds of unemployed people in Ontario (62%) were not eligible to receive EI benefits when out of work in 2009. The majority of new post-recession jobs so far offer only part-time work. To get help from the income support program of last resort, provincial social assistance, unemployed workers have to first deplete their savings; they then struggle on inadequate incomes and often get stuck in a cycle of poverty. The recession has caused poverty rates to rise, with long term social and economic costs. Even before the recession the total economic cost of poverty in Ontario was estimated to be \$32-\$38 billion annually in healthcare and criminal justice costs, and lost productivity.²¹

It is imperative that the Province re-double its efforts on poverty reduction. With baby boomers retiring and a declining birth rate the Ontario economy will face labour shortages. We need to ensure that those struggling with poverty who are able to work have the supports they require to be part of the workforce. We need to ensure that those most at risk of poverty – low income children, Aboriginal People, recent immigrants, members of racialized communities, lone mothers, people with disabilities – can achieve their full potential to contribute to Ontario's economy and society.

Tax cuts will not help Ontario's poverty problem. But there is ample evidence that government programs make a difference. Ontario's child poverty rate (LICO-BT) would have been 40% higher in 2008 without government transfer programs like child benefits, GST tax credit, and EI.²²

Ontario families need government action on measures that help those who are both low and modest income: public investment in

affordable housing and child care; access to affordable post-secondary education and training; dental and health benefits; and a modernized income security system that would ensure adequate income and supports when economic times are tough. Parents need the labour market to play its proper role ensuring that employment is a pathway out of poverty through full time jobs with decent wages and benefits.

More specifically, Ontario Campaign 2000 calls on the Province to follow through on its commitment to reduce poverty by:

- Initiating the Income Security Review as recommended by SARAC, and making immediate changes: raising adult rates by \$100/month and implementing SARAC's short term rule change suggestions.
- Releasing a robust Long Term Affordable Housing Strategy that includes: a new Ontario Housing Benefit for low income tenants; new funding to build at least 10,000 affordable homes annually; and strengthened tenant protection legislation.
- Developing a Good Jobs Strategy with roles for government, labour and the private sector that lead to more full time, permanent jobs with decent pay and benefits.
- Increasing the minimum wage to \$11/hour in 2011 with inflation indexation; raising the monthly Ontario Child Benefit to \$125/child; and developing a dental program for low income adults.

The federal government must turn from being a derelict player to an active partner supporting Ontario's Poverty Reduction Strategy with measures including: significant new funding for social housing and a national child care program; increasing the Canada Child Tax Benefit; and expanding EI eligibility.

ENDNOTES

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