



END CHILD POVERTY IN CANADA

## A POVERTY REDUCTION STRATEGY FOR ONTARIO

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### Ontario Campaign 2000 Discussion Paper July 2007

- ✚ Concern about the persistence of high rates of child and family poverty in Ontario despite strong economic growth over the past 10 years has prompted a number of social policy advocates and anti-poverty organizations to call for a **Poverty Reduction Strategy** – a multi year plan with targets, timetables, and financial commitments. There has recently been some increased political attention to the challenge of poverty with new measures introduced such as the Working Income Tax Benefit (federal) and the Ontario Child Benefit. These initiatives are steps in the right direction but need to be incorporated into a comprehensive plan with ambitious targets.
- ✚ Based on lessons learned from success in the United Kingdom and other jurisdictions, this Campaign 2000 discussion paper outlines what a Poverty Reduction Strategy for Ontario should look like. Given Campaign 2000's longstanding focus on child poverty, the paper concentrates on a strategy to reduce child and family poverty.

*Campaign 2000 is a non-profit, cross Canada coalition of over 120 organizations committed to working together to end child and family poverty in Canada.*

*Ontario Campaign 2000 is a provincial network of 50 partners; for a full list see [www.campaign2000.ca](http://www.campaign2000.ca).*

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# A Poverty Reduction Strategy for Ontario

## Executive Summary

Ontario is one of the most prosperous jurisdictions in the world, yet we have a high rate of child poverty. Almost one in every six children is growing up in poverty and 132,000 of our children rely on food banks every month. The income gap between poor and rich families is at a record high.

Why should we care?

Poverty and income inequality in Ontario affect us all. Teachers tell us of children who have gone without breakfast and can't concentrate in class. The media reports on youth violence in urban neighbourhoods. Employers complain of a shortage of skilled labour, yet youth unemployment is high.

We will all be better off if there is less poverty.

Reducing the number of children and families in poverty will mean a better start in life for all our children, safer and healthier communities, and assurance of a decent standard of living for everyone in our province.

What can we do to address child and family poverty?

There is growing international and Canadian evidence that government leadership is needed to develop and implement a multi year, comprehensive Poverty Reduction Strategy. The United Kingdom and Ireland are successfully following this approach. Provincial governments in Quebec (2004) and in Newfoundland & Labrador (2006) have each developed provincial poverty reduction strategies. They include measures that will help many Canadian families: raising the minimum wage; strengthening the social safety net; and public investments in affordable child care, housing, and tuition and training.

2007 is election year in Ontario. Campaign 2000 calls on all Ontario political parties to commit to developing a multi year Ontario Poverty Reduction Strategy.

It should include four key elements:

1. Indicators for measuring poverty;
2. Measurable targets and timelines;
3. A coordinated plan of action across all government ministries, and budget commitments;
4. Monitoring and evaluation of progress to ensure accountability.

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### **1. Poverty Measurement:**

There are a number of widely accepted measures of poverty in Canada. A practical option would be to adopt Statistics Canada Low Income Cut-Off After Tax as Ontario's poverty benchmark. Or, a 'poverty zone' could be identified where progress on each of the three poverty measures would be tracked.

Additional targets should be established to track progress on, for example, reductions in the number of children and adults accessing foodbanks, the number of households on waiting lists for social housing; the number of working poor families, etc.

### **2. Targets & Timetables:**

An Ontario Poverty Reduction Strategy should seek to achieve:

- a 25% reduction from the base year (2005) child poverty rate within 5 years;
- a 50% reduction from the base year (2005) in child poverty rate within 10 years.

This would bring Ontario's child poverty rate well below 10% and would be very close to meeting UNICEF recommendations on child poverty in rich nations.

### **3. Components of an Action Plan:**

These should be fleshed out in consultation with the community:

#### **(i) Good Jobs at Living Wages:**

- Minimum wage of \$10/hour (in \$2007) with inflation indexation;
- Work tax credits of up to \$350/month;
- Health and dental benefits for low wage workers;
- Improved enforcement, and updating of the Employment Standards Act;
- Services to help new immigrants access good jobs.

#### **(ii) Strong safety net of income support programs:**

- Increase child benefits to \$5,100/year (\$2007);
- Improve access to federal Employment Insurance benefits;
- Increase benefit levels for social assistance and index rates to inflation.

#### **(iii) Access to Early Learning & Child Care:**

- Public investment to build over 10 years a high quality, regulated system of early learning and child care for all children aged 0-12.

#### **(iv) Affordable Housing:**

- Comprehensive strategy including: construction of new affordable homes and supportive housing; rent supplements; and rehabilitation of existing social housing stock.

#### **(v) Accessible Education & Training:**

- Freeze tuition and increase needs-based grants to increase access to universities and colleges;
- High quality training programs, with ongoing support for those moving from welfare to work.
- Coordinated labour matching programs to better connect people with needs of employers.

### **4. Monitoring and Evaluation:**

High level political commitment is required from the Premier and Finance Minister, with one minister assigned to take lead responsibility and accountability. Following a time limited six month consultation to build consensus and public support, the Poverty Reduction Strategy should be developed and implemented with appropriate budget allocations. Progress toward meeting the targets of 25% reduction in 5 years, and 50% reduction in 10 would be tracked through annual evaluation reports by the Province, as well as independent monitoring.

**After years of piecemeal programs with limited success Ontario has an opportunity to build on the lessons learned from other jurisdictions and implement a plan to bring and keep our child and family poverty rate down. Campaign 2000 urges all Ontario political parties to seize this opportunity and demonstrate political leadership and vision on an issue which affects the social and economic future of our province.**

## 1. INTRODUCTION

Ontario is the largest economy in our country and one of the most prosperous jurisdictions in the world. Yet nearly one in every six children is growing up in poverty and the gap in income between rich and poor families is at a record high.<sup>1</sup> The poverty rate for children and families remains as high as it was 20 years ago. Each month 132,000 children in our province rely on food banks.<sup>2</sup> Someone working full time, full year at minimum wage cannot earn enough to live out of poverty.

Why should we care? Because poverty and income inequality affect us all. Because we **can** do something about it. And because we will all be better off if there is less poverty.

As parents and teachers, we see the consequences of poverty in our children's classrooms: children who have gone without breakfast, can't afford field trips or proper clothes, and are frequently ill. As urban residents we hear of gun crime and youth violence in our city neighbourhoods. In rural areas and small cities we worry about the loss of manufacturing jobs and reduced farm incomes. How can we raise a family on part time service jobs without benefits? As employers many of us have trouble finding skilled labour – yet we read about high youth unemployment and poverty rates among well qualified recent immigrants underemployed in low wage jobs. We want public leaders to take responsibility. If we fail to address child poverty now it will cost us all more in the future- higher costs for health services, remedial education, unemployment, and criminal justice.

**Ontario can do better. We can reduce child and family poverty.** Our society and economy will be better off as a result. We can learn from other jurisdictions that are making progress to address poverty. European Union countries have committed to

national action plans to combat poverty and social exclusion. In 2002, Quebec brought in anti-poverty legislation. The Government of Newfoundland and Labrador, in 2006, launched its own poverty reduction strategy following year long public consultations.

These plans include measures that would help many Canadian families: raising the minimum wage to ensure work pays more than poverty wages; investing in affordable housing, child care, and post secondary tuition. In Ontario we too can move forward by developing a comprehensive Poverty Reduction Strategy. We all stand to benefit – a better start in life for our children, safer and healthier communities, and assurance of a decent standard of living for everyone in our province.

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### **The Four Cornerstones of A Poverty Reduction Strategy**

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The National Council of Welfare's 2007 report, *Solving Poverty*, identifies common elements of effective poverty reduction strategies. They include a long term vision, with measurable targets and timelines. They lay out a coordinated plan of action across all government ministries. They build in accountability, including substantive consultation with those most directly impacted by poverty. They develop indicators to measure progress in reducing poverty.

With a child and family poverty rate above 17% when measured on a pre-tax basis, Ontario's political parties need to name their **targets and commit to a timetable** for reducing it. The United Kingdom set out to reduce child poverty by 25% between 1999 and 2004, 50% by 2010 and entirely by 2020. Quebec set its goal to rank among the industrialized nations with the lowest levels of poverty by 2013. Newfoundland and Labrador set its goal as becoming the

province with the least poverty in Canada within a decade.

The Ontario government needs a **plan and dedicated budget commitment** to coordinate the various anti-poverty initiatives.

Newfoundland and Labrador created an inter-ministerial committee to guide its poverty reduction strategy. Its 2006 budget included funding to raise social assistance rates and index them to inflation, to extend provincial health and dental benefits for low income families, and to eliminate school fees – all elements of its poverty reduction strategy.

Ontario needs the means to **monitor and evaluate** how well the specific policy initiatives contribute to reducing poverty. Quebec's anti-poverty legislation called for monitoring of the impact of government policy on poverty. When the U.K. introduced a minimum wage in 1999, the government created an independent Low Pay Commission to monitor the impact of minimum wage increases on employment, economic activity and on poverty. The Commission also recommends adjustments to the minimum wage.

**What can a concerted effort to reduce poverty achieve?** Quebec launched a package of family support benefits in 1997, including rapid expansion of early learning and child care services and an expanded child benefit. Child poverty rates have fallen steadily since 1997 and are below the rate in Ontario. That is no coincidence. The United Kingdom came very close to achieving its first target of reducing child poverty by 25% by 2004 and is working to keep the rate coming down. Ireland has brought its poverty rate down from 15% (1994) to below 5 percent, and has set the goal of bringing it to zero.

Helping families with children get out of poverty and stay out of poverty is possible. It

requires political will, financial commitment and a coordinated plan of action.

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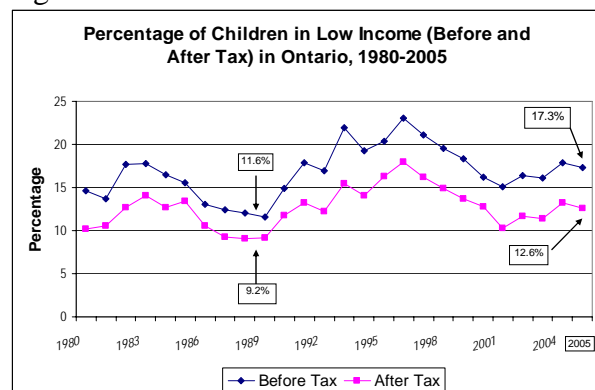
## The Challenge of Child and Family Poverty in Ontario

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In 1989 the federal House of Commons unanimously resolved to end child poverty in Canada by the year 2000. But no long term plan of action was put in place to meet this goal and track progress. There has been no consistent decline in child poverty rates.

In Ontario, the child poverty rate has fluctuated according to economic cycles, but it has always been higher than in 1989. Despite strong economic growth over the past 10 years, the child poverty rate has been stalled at 15-17 per cent (pre tax LICO) since 2000. Children are poor because their parents are struggling in low income. Overall, 14.5 per cent of people in Ontario live in poverty or 1.796 million.<sup>3</sup> The benefits of a strong economy have not trickled down to lift Ontario's most vulnerable out of poverty.

Figure 1



Source: Income Trends in Canada, 1980 – 2005

Low income families are living in deeper poverty now than during the early 1990s. The average low income family would need an additional \$9,500-\$11,000/year to bring them up to the poverty line. Many rely on the food banks which served 330,500 Ontarians in 2006 – 40 per cent of them children.<sup>4</sup> Many

of these families are among the 122,000 households on the waiting list for social housing where rent is geared to income.<sup>5</sup> Many of them are among the record 64,864 tenant households who faced eviction in Ontario in 2005 because they could not pay their rent.<sup>6</sup>

Poverty rates are higher for racialized communities and Aboriginal Peoples. Women experience low income at a higher rate than men. The most recent wave of immigrants is the most highly educated ever, yet experience higher than average poverty rates. In Ontario just over half (54%) of all low income children are in lone mother led families. According to the 2001 Census, 47% of children in new immigrant families and 32% of children in racialized families are poor. Factors behind these high rates include: an over-representation of racialized groups in low paying jobs, market failure to recognize international work experience and credentials, and racial discrimination in employment. One-third (33%) of off-reserve Aboriginal children live in poverty, and 26% of children with disabilities live in poverty. Within a broad poverty reduction strategy specific policies and investments are needed to address systemic sources of disadvantage and promote greater equity in our communities.

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### **A Strong Economy Is Not Solving Our Child Poverty Problem**

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Why has our rate of child and family poverty remained high in spite of a strong Ontario economy? Why do so many low income families find themselves stuck in a poverty trap where they cycle between social assistance and low paid, precarious work? Cuts to the social safety net and changes in the labour market are two key reasons.

At the federal level, changes to Employment Insurance eligibility mean that only 30 per

cent of Ontario's unemployed received EI in 2006.<sup>7</sup> At the provincial level, rate cuts and inflation mean that the purchasing power of social assistance incomes has been reduced by over 40 per cent since 1993. Rates are seriously inadequate. As of 2008, a lone parent with one child on welfare will receive \$903/month in provincial social assistance plus an Ontario Child Benefit of \$30/month. Yet the average cost of a one bedroom apartment in Toronto is \$896.00.<sup>8</sup> Despite the development of an Ontario Child Benefit, there has been no fundamental reform of the income security system since the 1960s, yet virtually every aspect of the labour market has changed dramatically in that period.<sup>9</sup>

A strong Ontario economy has led to more low income parents in the workforce, but they are unable to find jobs with sufficient pay, hours and benefits to lift their families out of poverty. More than half (56 per cent) of all low income children in Ontario live in families with a parent who's in the workforce, either part time or full time.<sup>10</sup>

Low wages and poor working conditions are a large part of the problem. Women, immigrants and racialized communities are disproportionately found in jobs with the worst wages and working conditions. 37 per cent of all jobs are now considered "precarious" – part time, temporary, contract and self-employed. These jobs are unlikely to provide families with health and dental benefits. Contract, temp and self-employed positions are not protected under Ontario's Employment Standards Act. Research shows that a high level of unionization increases the likelihood of better paying jobs and reduces wage inequalities, but workers in low paid jobs tend to not have access to collective bargaining.

Ontario's minimum wage has failed to keep pace with inflation. At the 2008 rate of

\$8.75/hour a full time full year worker in a large urban centre would have earnings that reach only 70 per cent of the Low Income Cut Off (before tax). In Ontario 830,000 workers (15 per cent of the workforce) were low waged in 2006 earning less than \$10/hour.<sup>11</sup>

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### **Needed: A Poverty Reduction Strategy**

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Poverty rates in Ontario have tended to decrease during periods of economic growth and rise during tough economic times. The challenge is to achieve a permanently lower level of poverty during all phases of the economic cycle. Public policies have helped reduce the severity of child poverty – without government transfers Ontario’s child poverty rate would have been 24 per cent in 2003 – but they have failed to achieve a consistent decline in the rate.

The lessons learned since the 1989 unanimous resolution are that we cannot rely on economic growth alone to solve our poverty problem. There is increasing international and Canadian evidence that in addition to strong labour markets we need government commitment to implement a coordinated, long term Poverty Reduction Strategy with targets, timelines, a dedicated budget, and ongoing evaluation in order to achieve sustained results.<sup>12</sup>



## **2. COMPONENTS OF AN ONTARIO POVERTY REDUCTION STRATEGY**

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### **Goals:**

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Campaign 2000 proposes the following goals for an Ontario Poverty Reduction Strategy:

- *Full time full year employment should ensure a standard of living above the poverty line;*
- *Parents/adults who are not able to be in the workforce should have access to income supports and child benefits that ensure a decent standard of living;*
- *Parents/adults with disabilities should be assured a basic income system that ensures a decent standard of living with adequate supports.*

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### **Poverty Benchmarks**

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Although Canada does not have an official poverty measure there are a number of widely accepted measures: the Low Income Cut Off - After Tax, and Before Tax (LICO); the Market Basket Measure (MBM) and the Low Income Measure After Tax and Before Tax (LIM).<sup>13</sup> All of these measures indicate that Ontario has a high, double digit child poverty rate.

Three of these measures (LICO- After Tax, MBM and LIM-After Tax) arrive at a similar poverty rate for Ontario. The LICO-After Tax measure is publicly reported each year by Statistics Canada, with a two year time lag. A practical option would be to adopt the LICO-After Tax annual measure of poverty as Ontario’s poverty benchmark, and track progress against a base year.

It may be decided that one measure of poverty is not sufficient and that a “poverty zone” including all three measures should be identified so that progress on each indicator could be tracked.

The most recent data for 2005 using the LICO-After Tax measure indicate:

- 10.3% of all people in Ontario were living in poverty in 2005;
- 12.6% of all children in Ontario were living in poverty in 2005.

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### **Poverty Reduction Targets and Timetable**

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UNICEF in its 2005 Report Card on Child Poverty in Rich Nations urged all OECD governments to set credible targets and timetables to bring child poverty rates below 10 per cent, and then emulate Nordic countries by seeking to bring the rate below 5 per cent. The United Kingdom set a target in 1999 of 25 per cent reduction of child poverty over 5 years, 50 per cent by 10 years, and to eradicate it by 2020. They are on track to achieve these targets.

**Campaign 2000 proposes that a reasonable set of poverty reduction targets for Ontario could be:**

- **a 25 per cent reduction from the 2005 child poverty rate by 2012;**
- **a 50 per cent reduction from the 2005 child poverty rate by 2017.**

If the LICO-After Tax poverty measure were chosen (with 2005 as the base year for monitoring purposes and 2008 as the first year of an implementation plan), this would mean a target child poverty rate reduction to 9.5 per cent by 2012, and to 6.3 per cent by 2017. These would be very close to meeting the UNICEF recommendations, and would put Ontario on the way to eradicating child poverty by 2020.

A series of additional poverty reduction targets could be established in consultation with the community to track progress on other

indicators of poverty. A comprehensive strategy will also need to address single adults living in poverty.

An Ontario Poverty Reduction Strategy could seek to achieve:

- a specific reduction in the number of children/adults accessing foodbanks in Ontario;
- a specific reduction in the number of households on the waiting list for social housing;
- a specific reduction in the number of homeless people needing shelters;
- a specific reduction in the number of tenants facing eviction due to inability to pay their rent;
- a specific reduction in the number of working poor families in Ontario;
- a reduction in the depth of poverty for an average low income 2 parent and lone parent family (i.e. the amount of income needed to bring the family up to the poverty line);
- a reduction in the duration of poverty for young low income children (i.e. the number of years that the child spends in poverty);
- a specific increase in the number of publicly funded, affordable child care spaces.





*What are the key components of an Ontario Poverty Reduction Strategy that could achieve these goals and targets?*

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**A. Good Jobs at Living Wages**

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Much of the focus of welfare policy has been to move people into the workforce in the belief that a job is the best route out of poverty. Yet the growth of working families below the poverty line shows that paid employment does not always provide that pathway. An effective Poverty Reduction Strategy needs to ensure that the labour market plays its role in reducing poverty. Ontario working families need good jobs with sufficient pay, hours and benefits to effectively lift them above the poverty line. We need to ensure that all jobs are covered by provincial labour legislation, and that all workers have access to unionization if they chose.

- Set the **provincial minimum wage at \$10/hour in 2007** (in \$2007) with inflation indexation to ensure that someone working full time full year earns enough to bring them up to the poverty line.
- In conjunction with an adequate minimum wage, the Ontario government (or federal government) could introduce **work tax credits** to assist workers who are not able to get, or take on, full time work. The report of the Task Force on Modernizing Income Security for Working Age Adults recommended a benefit of up to \$350/month to assist low wage workers to reach an adequate level of income.<sup>14</sup>
- **Health and dental benefits** need to be provided to low wage workers. Options include: the provincial government providing basic health coverage to low wage workers via the Trillium Drug Program, or provincial legislation requiring employers to provide health and dental benefits to all workers.
- The Ontario government must do a better job in **enforcing the Employment Standards Act**. More inspectors must be hired to carry out proactive inspections and ensure employers who break the law are caught and fined. The Act needs to be updated to ensure that contract, temporary and self-employed workers have the same protections under provincial labour legislation as do full time workers.
- The Province should **improve access to unionization**. Workers should be allowed to organize in all workplaces by allowing card certification only (not just in the building trades), and it should be made easier under the Labour Relations Act for workers in small workplaces and precarious forms of work to organize. Research shows that a high level of unionization increases the likelihood of better paying jobs, and reduces wage inequality in a society.
- Investments must continue to be made in **services that help all new immigrants access good jobs** in keeping with their skills and training. These include labour market integration programs, workplace language skills training, and apprenticeship programs, with **broader initiatives required to address employment discrimination both in hiring and in the workplace**.

- Municipalities could pass bylaws requiring the municipal government and its subcontractors to pay all employees a locally determined “**living wage**” which lifts workers above the poverty line, ensures a healthy standard of living and enables them to build some savings.

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## **B. Income Support Programs**

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Income support programs play an important role ensuring families are able to maintain a decent standard of living. When parents are unable to take on full time paid work because of health/disability issues or lack of access to child care, or when people are temporarily unemployed/underemployed, income support programs are critical to keep people housed, fed and ensure they have sufficient resources to participate in their community.

Currently we have a patchwork of federal and provincial income support programs that vary widely with regard to their rules, financial benefits, and the range of supports such as training and education which they provide. Federal programs include the Canada Child Tax Benefit (CCTB), Employment Insurance (EI) and the Canada Pension Plan. Provincial income support programs include Ontario Works (OW), the Ontario Disability Support Program (ODSP), and the new Ontario Child Benefit which will be implemented over the next five years.

**Child Benefits** – The labour market does not pay higher wages to workers with children. Governments provide a child benefit to help cover the cost of raising a child until age 18.<sup>15</sup> The combination of full time work at \$10/hour minimum wage (\$2007), plus an adequate child benefit, should be sufficient to lift families above the poverty line. Campaign 2000 calls for a child benefit for low and modest income families of \$5,100/year (in \$2007). The Canada Child

Tax Benefit will reach \$3,243/year in July 2007 with no additional increases scheduled. The new Ontario Child Benefit will reach \$600/year in 2008. These combined child benefits will not be sufficient to keep children out of poverty.

**Employment Insurance** – When a worker loses her job, she should be able to access adequate federal EI benefits to ensure a decent standard of living while she looks for work.

**Social Assistance** – Common reasons why people turn to social assistance (the income support program of last resort) include: illness or disability; unemployment or underemployment; and loss of a spouse. Both Ontario Works and the Ontario Disability Support Program fail to provide benefits that ensure people have a decent standard of living. Both systems are plagued by complicated and punitive rules.

Reform of our income support programs is necessary to an effective Ontario Poverty Reduction Strategy. Child benefits and social assistance rates, along with federal and provincial tax credits, should ensure a decent standard of living.

- **Increase child benefits to reach \$5,100/year (\$2007) with inflation indexation.** This requires the federal government to increase the Canada Child Tax Benefit and the provincial government to speed up the implementation of the Ontario Child Benefit.
- **Improve access to EI** by introducing 360 hour qualifying requirement to ensure laid off and part time workers qualify. The system also needs to improve benefit levels and increase the maximum from the current \$400/week.

- **Increase benefit levels for Ontario Works and the Ontario Disability Support Program.** The provincial government should establish an independent committee to determine just and rational criteria by which social assistance rates should be set. E.g. rates should provide for the cost of meeting the Nutritious Food Basket, and the shelter allowance should reflect average local rents as defined by CMHC. Benefits should be permanently indexed to inflation as are federal income benefits.
- Over the longer term structural reform of the Ontario Works program should be undertaken guided by principles of accessibility, transparency, adequacy, respect and dignity.
- Campaign 2000 supports recommendations from numerous disability groups which call for development of a separate federal income support system for adults and children with disabilities.

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### **C. Access to Early Learning and Child Care**

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Early learning and child care services benefit children, regardless of their socio-economic circumstances, by providing them with an equal opportunity to achieve full potential in a safe learning and caring environment. They are a critical element in a comprehensive poverty reduction strategy. Parents need access to high quality, affordable and secure child care if they are to seek employment or the training/education required to get a good job.

Ontario currently has a patchwork of early learning and child care programs with quality

and availability varying widely. Low and modest income families face a range of challenges. There are only sufficient regulated child care spaces for 11 per cent of children aged 0-12. The cost of a regulated space is \$6,500-\$9,500 a year.<sup>16</sup> Estimates of the number of families on subsidy waiting lists for child care range from 17,000 upwards.

Ontario families need a comprehensive system which over the next 10 years would result in regulated early learning and child care services available to all children aged 0-12. This would require:

- Provincial legislation to establish a publicly funded early learning and child care system that is high quality and universally accessible;
- Transition to a system directly funded by the provincial and federal governments with elimination of the subsidy system;
- Funding support for the child care workforce through improved wages, benefits and working conditions;
- Support for the development of programs and services in rural, northern and under-served areas.
- Expansion in the non-profit sector only to ensure high quality, accountability to government, and equitable access for children.

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## **D. Access to Affordable Housing**

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In addition to government supports and labour market measures to ensure adequate incomes, low income families need access to good quality, secure, affordable housing. Approximately 70 per cent of low income families with children in Ontario live in unaffordable housing where they spend over 30 per cent of total income on shelter.<sup>17</sup>

The Province needs to develop a comprehensive affordable housing strategy for Ontario with funding allocations and annual targets for construction of new affordable homes, new supportive homes, home renovations for low and modest households, and rent supplements. Housing advocacy groups recommend that 1 per cent of the provincial budget be dedicated to affordable housing measures to ensure sufficient supply is build and maintained. The municipal share of social housing programs should be uploaded back to the Province. The federal government should continue to fund a housing and homelessness strategy to expand social housing, maintain affordability of existing stock, and ensure social housing is in good repair.

An affordable housing strategy could include:

- Public investment to construct 8,300 new affordable homes annually and renovate sub-standards existing homes of low and modest income families;
- 45,000 rent supplements annually to move homeless people into housing, and assist low income families access new and existing housing;
- Construction of supportive housing with support services to meet the special physical and mental health needs of a small part of the population;

- Investment in a social housing rehabilitation funds to bring aging social housing stock up to standard.

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## **E. Accessible Education, Training and Life-Long Learning**

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Education and training are critical pathways out of poverty because they increase skill levels and help to access better paying jobs. Investing in human capacity building through accessible post secondary education, training and life-long learning is not only a public responsibility but an important part of a poverty reduction strategy.

However, rising tuition costs in Ontario and the prospect of large student debts have become significant barriers for low income families. Training programs often force unemployed workers to take the first job opportunity, rather than providing financial support and skill development to permanently exit the cycle of temporary unstable work. When social assistance recipients move into the workforce they are no longer eligible for government supports, yet many would benefit from ongoing access to support services to ensure they progress into better paying and higher skilled jobs.

Training boards across Ontario identify top labour market trends as: a shortage of skilled trade workers and apprenticeships, the aging workforce, the marginalization of immigrants, a high youth unemployment rate, and skills deficiencies in literacy and soft skills.<sup>18</sup> The provincial government needs to ensure access to post secondary education to support a well educated workforce, while improving training and skills upgrading opportunities for youth, new immigrants, people in low wage jobs and older workers.

### 3. NEXT STEPS

- Increase access to universities and colleges for qualified students by freezing tuition fees, extending financial aid to part time students and doubling the number of needs based grants;
- Establish a seamless system of high quality training programs available to all people on income support programs (i.e EI, ODSP, Ontario Works) to assist them secure sustainable employment at living wages;
- Provide ongoing support services such as in –work training and education for those moving from welfare to work;
- Coordinated, coherent labour matching programs are required to better connect people who are unemployed (or underemployed) to the needs of employers. E.g. training programs could respond to the need for skilled tradespeople by providing support throughout the apprenticeship process to ensure higher completion rates.
- The availability of new federal funds under the Labour Market Development Agreement (January 2007) which will focus on training needs of EI eligible workers means there is a opportunity to re-direct current Ontario training expenditures in these directions.

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During the 2007 election Campaign 2000 urges all Ontario political parties to demonstrate leadership and vision on an issue that affects the social and economic future of our province. We urge commitment to developing a Poverty Reduction Strategy which includes: targets and timetables; poverty indicators; an action plan with a budget; and evaluation.

The next steps for the new government should include:

- ✓ High level political commitment and leadership to poverty reduction from the Premier and Finance Minister;
- ✓ Identify a minister to take lead responsibility with support from an inter-ministerial committee;
- ✓ Consult with the community, including low income people, for a time limited period (e.g. six months) to build consensus and public support for the components of the action plan;
- ✓ Develop and implement the Ontario Poverty Reduction Strategy with budgetary commitments for its components;
- ✓ Ensure accountability via annual evaluation reports by the Province, as well as independent monitoring and evaluation of government progress by academic and community social policy researchers.



## Summary: Cornerstones of Ontario Poverty Reduction Strategy

### **Targets & Timetables:**

- 25% reduction in child poverty rate within 5 years.
- 50% reduction in child poverty rate within 10 years.

### **Indicators for Measuring Poverty:**

- Low Income Cut Off – After Tax;
- Additional targets to track progress on other poverty indicators on food bank use, need for housing shelters, etc.

### **Components of Plan:**

- Good jobs at living wages;
- Strong social safety net;
- Access to early learning & child care;
- Affordable housing;
- Accessible education & training.

### **Monitoring and Evaluation:**

- Annual reporting by Province;
- Independent evaluation.

## End Notes:

<sup>1</sup> Yalnizyan, Armine. May 2007. *Ontario's Growing Gap*. Toronto: Canadian Centre for Policy Alternatives.

<sup>2</sup> Spence, Adam. Ontario Hunger Count Report 2006. Toronto: Ontario Association of Food Banks.

<sup>3</sup> Statistics Canada (2007). *Income Trends in Canada, 2005*. Catalogue No. 13F0022XIE. Ottawa: Industry Canada. "Poor children" are people under 18 years of age living in families with pre tax, post transfer household income below the Statistics Canada Low Income Cut-Off Before Tax.

<sup>4</sup> Spence. Ibid.

<sup>5</sup> Ontario Non Profit Housing Association [www.onpha.on.ca](http://www.onpha.on.ca)

<sup>6</sup> Shapcott, Michael. December 2006. Ontario Pre Budget Submission 2007. Toronto: Wellesley Institute.

<sup>7</sup> Caledon Institute of social Policy

<sup>8</sup> Canadian HOusing & Renewal Association CHRA(Jan 2007). Minimum Housing Wage 2006. Ottawa: CHRA

<sup>9</sup> Report of the Task Force on Modernizing Income Security for Working Age Adults (MISWAA), "Time for A Fair Deal". May 2006. Toronto: Toronto city Summit alliance & St Christopher House

<sup>10</sup> Campaign 2000 "2006 Ontario Report Card on Child & Family Poverty". March 2007. Toronto: Campaign 2000.

<sup>11</sup> Statistics Canada Labour Force Historical Review for 2006 SC#71F0004XCB

<sup>12</sup> See for example: Minoff, Elisa. "The UK Commitment: Ending Child Poverty by 2020". Washington DC: Center for Law & Social Policy. Quebec's Government Action Plan to Combat Poverty & Social Exclusion at

[www.messf.gouv.qc.ca](http://www.messf.gouv.qc.ca). Newfoundland's "Reducing Poverty: An Action Plan for Newfoundland & Labrador" at

[www.gov.nl.ca/hrle/poverty.htm](http://www.gov.nl.ca/hrle/poverty.htm)

<sup>13</sup> **Low Income Cut-Off (LICO)** identifies an income level at which families are expected to spend 20% more than the average family on food, shelter and clothing and thus be in straitened circumstances. Updated annually; varies according to family size and community size. LICO-Before Tax is based on total income including government transfers. LICO-After Tax is based on total income less income taxes. 2005: LICO-BT for 2 person family (city size 100,000-499,999) = \$22,276. LICO-AT = \$17,723.

**Low Income Measure (LIM)** is a relative measure and the most commonly used measure when making international comparisons. Identifies families with income below 50% of median income, adjusted for family size. Updated annually. Note: European Union uses a LIM which is 60% of median income.

2005: LIM Before Tax for 1 person, 1 child = \$23,428. LIM After Tax = \$20,446

**Market Basket Measure (MBM)** is an absolute measure of income deficiency. It identifies 2 parent, 2 children families without sufficient income (ie after taxes and deductions) to purchase a specified basket of essential goods and services in the market basket in their community. Last updated 2002.

MBM for Toronto CMA = \$29,343.

<sup>14</sup> The 2007 Federal Budget introduced a Working Income Tax Benefit but it provides a maximum annual tax credit of only \$1,000 for families and phases out completely at household incomes of \$21,167.

<sup>15</sup> The federal government provides the Canada Child Tax Benefit comprised of a base benefit (which 90% of Canadian families receive depending on income) and the National Child Benefit Supplement which is targeted to lower income families. In 2007 the Ontario Child Benefit will begin to flow to low income families. Monthly payments are scheduled at \$50/child in 2008 increasing to \$92/child by 2011.

<sup>16</sup> Friendly, Martha and Jane Beach. Early Learning & Child Care in Canada, 2004. Toronto: Childcare Resource & Research Unit, 2005.

<sup>17</sup> Campaign 2000, 2005 Report Card on Child Poverty in Ontario.

<sup>18</sup> Local Boards Network. Provincial Summary 2007. Trends, Opportunities, Priorities Report.

[www.localboards.on.ca](http://www.localboards.on.ca).

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