

Don't Stop Now!

Progress in Poverty Reduction

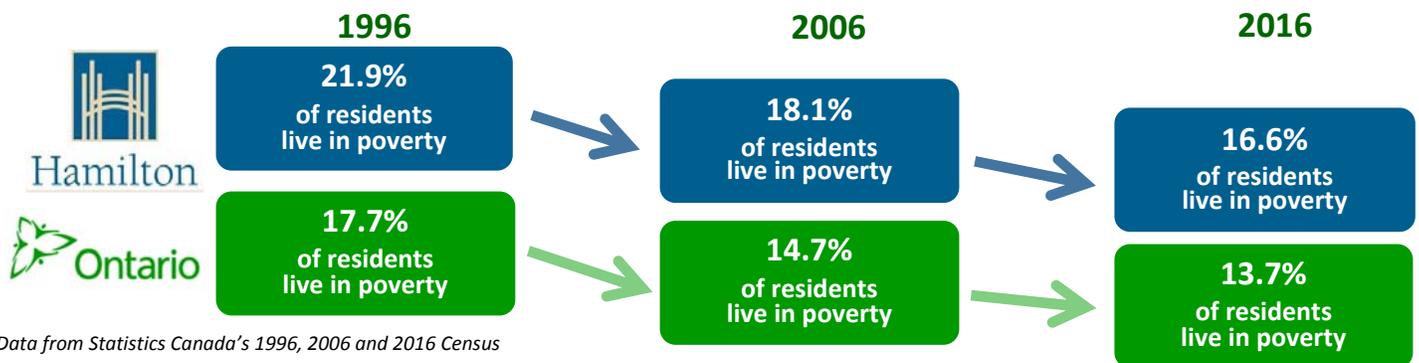
Analysis from Hamilton and Ontario, 1996-2016

Over the last two decades, important findings about poverty in Hamilton have emerged. The SPRC's Incomes and Poverty reports in 2005 and 2009 focussed on the different rates of poverty among various demographic groups showing that children, racialized groups and unattached individuals had among the highest rates of poverty in the city. The report also showed the significant decline in social assistance benefit rates and that a large number of people living in poverty were working full time. The 2006 and 2010 Women and Poverty reports published by the SPRC shed light on the gender differences in poverty and how gender segregation of the labour market and the lower pay for female dominated jobs explain in part the higher rates of poverty for women compared to men. The SPRC's 2011 Hamilton's Social Landscape Report showed that Hamilton had the third highest rate of poverty in Ontario, after Toronto and Windsor. In 2017, the Persistence of Poverty bulletins in the Social Landscape series showed that the most common outcome for people living on incomes below the poverty lines in the Hamilton Census Metropolitan Area is to quickly exit out of poverty within one year. But sadly, the second most common outcome is for people to have remained in poverty for all eight years of the period examined. In addition, the rates of youth exiting poverty have been declining, an ominous sign for future economic and social development in our city.

The Hamilton Spectator's ground-breaking Code Red series in 2010 explored the impacts of the social determinants of health including poverty and education on health care system use and health outcomes. Code Red laid bare the polarization within the city, with wealthier areas experiencing better health outcomes and longer lives and lower income areas of the city experiencing poor health and shorter lives. The 2019 update to Code Red showed that these disparities within the city largely continue to this day. The cost in terms of diminished life outcomes and higher health service use is both tragic and avoidable.

Reports like these shine a light on the complexities of poverty and its impacts. They have been an important driver for policy makers and the general public to understand that efforts to alleviate poverty to date have not been enough to improve the lives of people living in poverty or the health of the city in general. In turn, the calls for upstream policy solutions to prevent, reduce and eliminate poverty were heard and some improvements to the social safety net were enacted. Government-led Poverty Reduction Strategies and accompanying policy changes have been implemented over the last two decades across jurisdictions to respond to the clear need for more action on poverty.

This report summarizes some of these poverty reduction policies, tracks overall changes in poverty since 1996, and makes the case that poverty reduction works – we can't stop now.



Data from Statistics Canada's 1996, 2006 and 2016 Census using the Low Income Cut off before tax (LICO-BT).

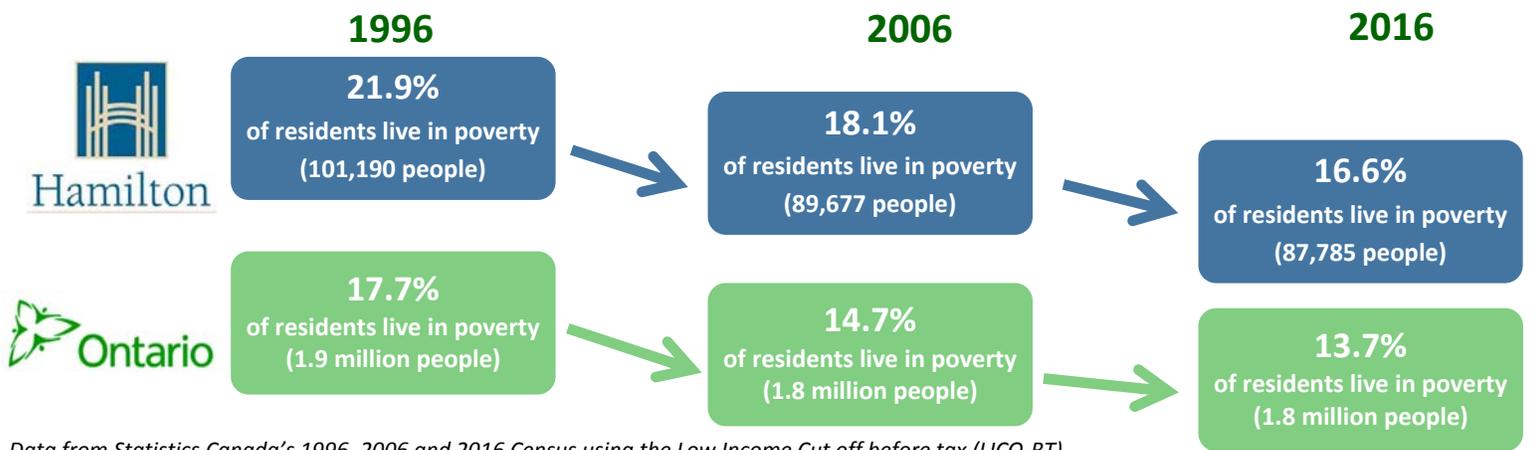
Report prepared by Sara Mayo and David Thornley and published by the Social Planning and Research Council of Hamilton (June 2019).

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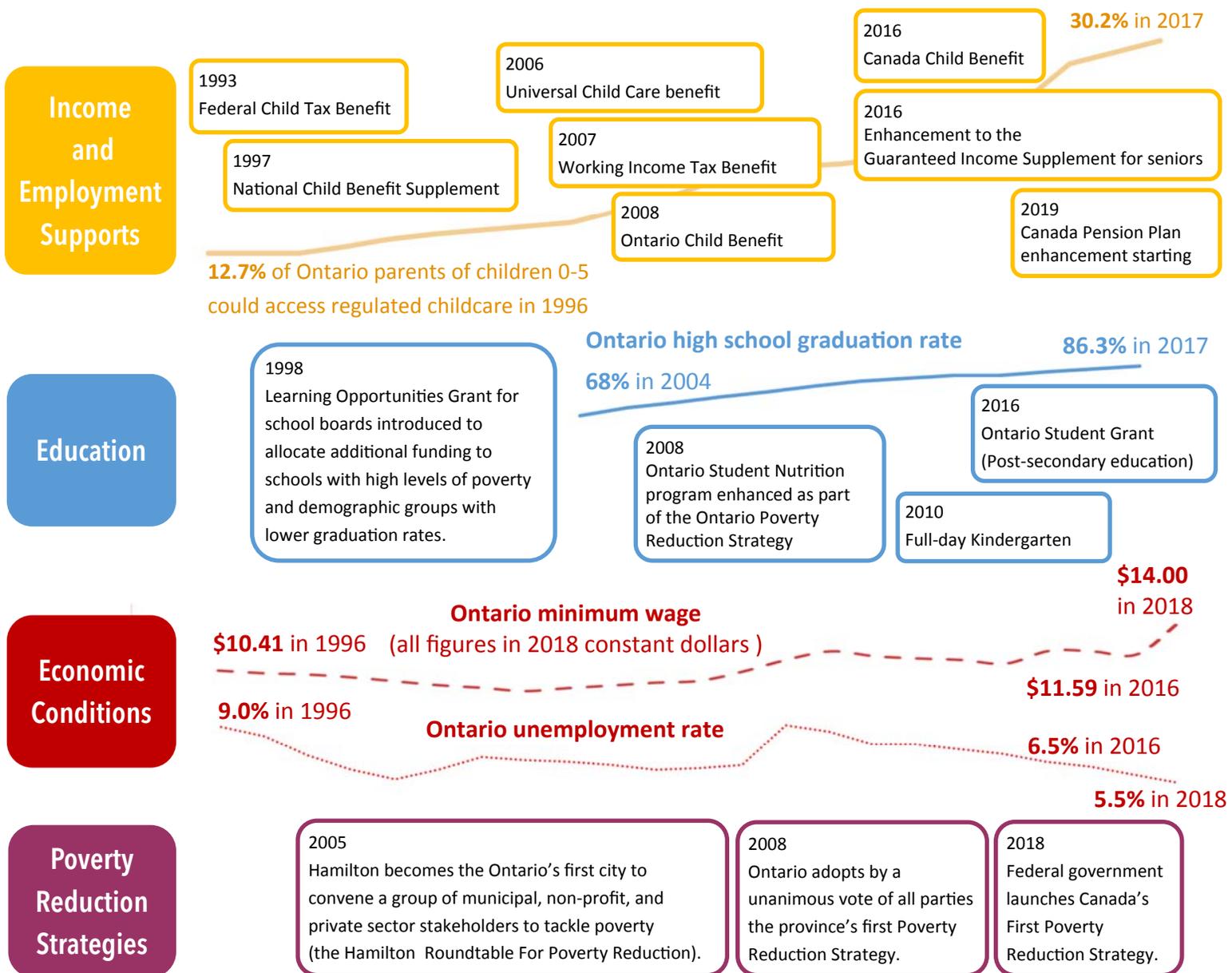


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Data from Statistics Canada's 1996, 2006 and 2016 Census using the Low Income Cut off before tax (LICO-BT).

Contributing factors to progress in reducing poverty in Ontario



Poverty Reduction in Hamilton and Ontario

The infographic on the opposite page shows that the Low Income Cut-Off before taxes (LICO-BT) poverty rate decreased in both Hamilton and Ontario from 1996 to 2016. In Hamilton the LICO-BT poverty rate dropped from 21.9% in 1996 to 16.6% in 2016. In Ontario, the decline was not as steep in this time period, dropping from 17.7% to 13.7%. Due to population growth, the number of people living in poverty did not show as large a decline as the poverty rate. Taking into account Ontario's rising population, if the poverty rate had remained at 1996 levels (17.7%) and not been reduced to 13.7% by 2016, there would be an additional 530,000 Ontarians today living on incomes below the LICO-BT poverty line, enough people to fill Tim Hortons Stadium twenty times over.

Since LICO data is not easily available for rates of poverty in 1996 for specific population groups (women, racialized groups, or persons with disabilities, for instance), more research is needed to determine to what extent poverty has changed in these groups as well to reveal the equity impacts of poverty reduction.

The infographic also illustrates some of the many contributing factors to initial successes in poverty reduction in Ontario, including income and employment supports, education, and economic conditions. The formalization of municipal, provincial and federal poverty reduction strategies has also been an important step to help focus government efforts across departments and public services to support poverty reduction.

The infographic shows that Ontario's social safety net has seen some important improvements in this time period. In recent years, the provincial government has reported important reductions in child poverty specifically, which have been linked to improved child benefits for families and easier access to childcare. The social safety net for Ontario's adults, however, has not been strengthened in equivalent ways. In fact, the safety net for working age adults is currently at further risk with the provincial government's recent reduction in employment standards protections and plans to further restrict social assistance programs beyond their currently complex rules. Poverty remains an urgent problem in Ontario, and the province must take action to strengthen programs and strategies that are working to reduce poverty and result in positive impacts for individuals, communities, the economy and the public purse.

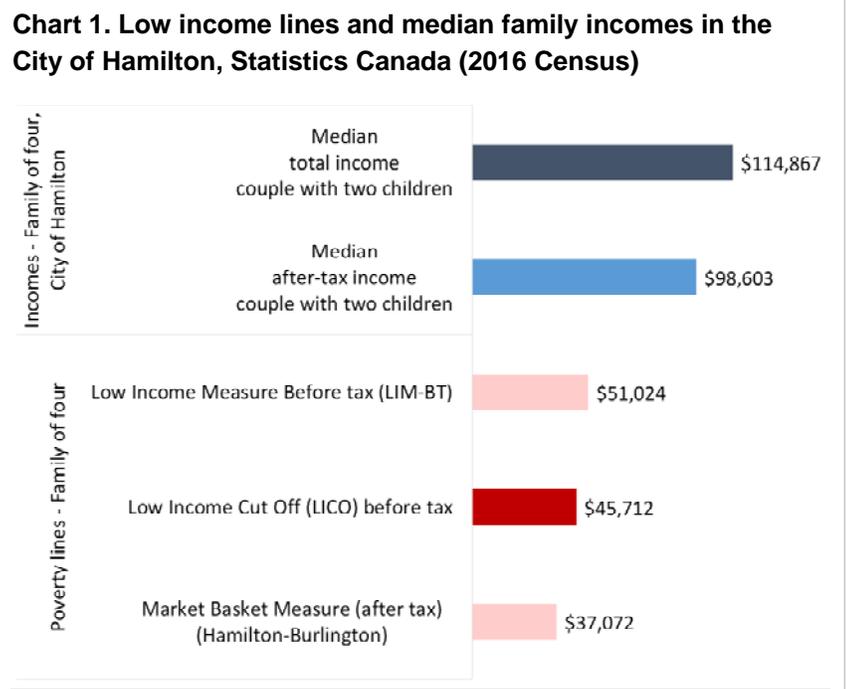
Measuring Poverty

Poverty makes it impossible for people to meet their most basic needs, resulting in a combination of:

- unsafe and insecure housing, inadequate nutrition, and diminished health outcomes;
- higher costs for taxpayers for hospital care, mental health and addictions, child welfare, and criminal justice;
- lower high school and college graduation rates and less success in the labour market; and
- negative impacts on economic growth caused by a large number of people without the means to participate in the formal economy.

Many Canadian studies estimate the cost of perpetuating poverty at between 150% and 200% of the cost of eliminating it, particularly when both income related programs and the added cost of existing services and supports generated by poverty are included.

Measuring poverty is challenging because, as *The Poverty Trends Score Card* from Citizens for Public Justice in Ottawa notes, "no measure can ever capture the experience of actually living in poverty, which is a drain on dignity, potential and hope." This report uses Statistics Canada's Low Income Cut off before tax (LICO-BT) because it is the only measure of low income that is published for each of the 1996, 2001 and 2016 Census years. Chart 1 compares the thresholds for the three low income lines published by Statistics Canada, the LICO, the Low Income Measure (LIM), and the Market Basket Measure (MBM), compared to family incomes in Hamilton.



Poverty Reduction in Ontario: What Next?

Despite some progress, many serious challenges remain for Ontario's 1.8 million residents living on incomes below the poverty line — including the persistence of deep poverty, a lack of affordable housing, precarious work and predatory lending.

Deep Poverty - Individuals accessing Ontario Works and the Ontario Disability Support Program continue to live in deep poverty, living on incomes incapable of providing both safe and secure housing and enough food to eat. Their lives are a constant struggle to keep body and soul together, and where any emergency can destabilize their lives and result in adverse health effects on them and their families.

Lack of Affordable Housing - In Hamilton, 45% of all renters are living in unaffordable housing, paying more than 30% of their income on shelter costs. Most people living in deep poverty are paying over 50% of their incomes on housing. Waiting lists for affordable housing extends to over 3 years in Hamilton. For nearly two decades, governments have failed to build new affordable housing and have under-invested in maintaining the existing supply.

Precarious Work - Both the types of jobs and the quality of jobs has changed, with precarious employment becoming more common, and lack of basic protections for low income workers becoming a widespread problem. Recent policies designed to address this critical human right by ensuring basic workplace protections are under attack from powerful business groups.

Predatory Lending - People on social assistance as well as the working poor have become increasingly dependent on payday loan services, a form of legalized loan sharking, which has grown dramatically in the last twenty years, due to deep poverty and precarious jobs combined. Lack of access to loans from banks and credit unions leaves Ontario's poor victim to annualized borrowing costs of up to 400%.

While some progress has been made, there is still much to do in improving the lives of the 1.8 million people in Ontario who continue to live in poverty. Even the limited progress made in recent years will be put at risk without further investments in these critical areas:

Make social assistance adequate and fair. Ending a generation of neglect that has justified the continuation of punitive, coercive and inadequate social assistance programs that consign our most vulnerable to live lives of desperation on the margins by:

- Committing to immediate implementation of the recommendations in the provincial government's Income Security: A Roadmap For Change report, including a three year plan to raise the Standard Flat Rate for Ontario Works to \$893/month and ODSP to \$1,334/month and restarting the Basic Income pilot to learn the best ways to transition away from traditional social assistance to a minimum income system.

Alleviate the affordable housing crisis. Giving relief to people across Ontario who are living in precarious and unaffordable housing and address Ontario's growing housing crisis by:

- Improvements to the Residential Tenancies Act to protect affordable private market units and ensure equal access for all groups protected under the Ontario Human Rights Act
- Commit to implementing the Canada Housing Benefit as announced in the National Housing Strategy
- Bold investment to both increase the supply of new community housing and renovate older stock

Address discrimination and inequality that differentially impact some groups in terms of higher rates of labour market exclusion, unfair workplace practices, the inability to secure rental accommodation and low-cost loans in time of emergency including: women, racialized groups, newcomers, and youth by:

- Improvements to basic workplace standards that will apply to all workers, and
- Access to low cost emergency loans through banks and credit unions, coupled with the phasing out of predatory lending practices that add to those living in deep poverty

Poverty reduction works – we can't stop now!