

Hamilton Roundtable for Poverty Reduction



Income Inequality in Canada

Report to the Standing Committee on Finance: April 5, 2013

Background on the Hamilton Roundtable for Poverty Reduction

The Hamilton Roundtable for Poverty Reduction was born out of concern for our community's poverty challenge. It came together in May 2005 to understand Hamilton's high poverty levels, focus the community's attention, and begin to find solutions.

Roundtable members work collaboratively and include community leaders from the business and non-profit sectors, from government, education and faith communities as well as individuals who experience poverty daily. Initially co-convened by the Hamilton Community Foundation and the City of Hamilton, the Roundtable is a multi-sector 55 member body that has engaged hundreds of organizations and tens of thousands of individuals in Hamilton around a community aspiration ~ to Make Hamilton the Best Place to Raise a Child.

The Hamilton Roundtable for Poverty Reduction doesn't offer programs or direct services; our role is to build understanding about the need to invest in poverty reduction to create a healthier, inclusive and more prosperous Hamilton. We work locally, provincially and nationally on policy and systems-level change to achieve long-term solutions to poverty.

We have worked closely with our municipal and provincial governments to help implement solutions to help move families out of poverty and reduce income inequality within our community. Successful initiatives range from implementing an affordable transit pass to rolling out new high-school curriculum on income inequality to advocating for changes to the provincial social assistance system.

The Roundtable has identified key priorities such as shifting public attitudes about poverty, encouraging local employers to adopt living wages, working with the provincial government on comprehensive social assistance reform and encouraging the federal government to implement a national poverty strategy.

We have supported community partners in the development of a comprehensive multi-neighbourhood development strategy; explored expanding student nutrition programs to ensure no child goes home hungry, advocated for affordable housing solutions, helped develop food security initiatives and engaged with employers and employees on the growing precariousness of work in our community. We have worked closely with the Government of Ontario on the rollout of the Ontario Poverty Reduction Strategy.

By the numbers: Some indicators of income inequality in Hamilton

In 2005, Hamilton was tied with Toronto for Ontario's highest poverty rate. Although Hamilton saw a reduction in poverty in the last census with more than 6000 individuals moving out of poverty, the recent recession hit Hamilton's poorest residents hardest. Low income residents were first to feel the impact of the recession and appear to be the last to see the benefits of an economic recovery.

Income Inequality in Hamilton

According to the annual Vital Signs report compiled by the Hamilton Community Foundation, "the poorest 20% of Hamiltonians had 5% of total income....the richest 20% had 41% of the total income." Overall, the richest one-fifth of residents have about eight times the income of the poorest one-fifth.

Hamilton's Child poverty rates remain unacceptably high.

In Hamilton in 2009, 26% of children lived in families that were below the Low Income Measure, just up from 25% in 2006. Out of Hamilton's 22 neighbourhoods, only one had a child poverty rate below 10%, while three neighbourhoods had child poverty rates of over 50%.

Women, new Canadians and members of our aboriginal communities are disproportionately affected by income inequality

Recent immigrants (50.5%), single people (41.6%), Aboriginal people (39.1%), and female lone parents (39.4%) living in Hamilton were more than twice as likely to experience poverty as measured by Statistics Canada Low Income Cut-Off. Seniors had the most improved rate from 2001 to 2006, dropping from 24.4% to 16.6% over that time.

Social assistance recipients are living in the deepest poverty in our society

Ontario's social assistance recipients are living in deep poverty: benefits for a single person on Ontario Works are currently \$606/month and do not come close to reflecting the actual costs of living in Hamilton or Ontario. 75% of all of Hamilton's food bank users are on provincial social assistance programs.

The number of Ontario Works caseloads has climbed from just under 10,000 in 2008 to 12,860 cases in January 2013. These caseloads represent nearly 30,000 children, women and men. Although caseloads have dropped over the last 16 months, many laid-off workers have exhausted their Employment Insurance benefits (or were not eligible for EI) and have turned to Ontario Works for emergency support as the only income support program available to them.

Hamiltonians are hungry

Hamiltonians are going hungry in staggering numbers (as noted above, the vast majority are in receipt of provincial social assistance programs). Hamilton Food Share has identified more than 18,600 individuals accessing food banks every single month in Hamilton *46% of whom are children. There are enough children accessing food banks every month in Hamilton to fill 370 classrooms.

Hamilton's Social Planning and Research Council has identified a further 30,000 Hamiltonians who remain 'food insecure' even though they may not access a food bank.

Housing remains precarious

Safe, affordable and accessible housing is a key determinant of individual and family wellness, and yet many Hamiltonians find themselves without access to this most basic of needs. Housing is precarious for too many in our community. In 2010 nearly 3,700 individuals stayed at a homeless shelter – and last month more than 300 women were turned away from a shelter because of lack of space. More than 5,400 families remain on waiting lists for subsidized housing in Hamilton. While the federal government's recent commitment to a 'Housing First' model is laudable and has proven effective in Hamilton by moving individuals from situations of long-term homelessness into stable housing. A national housing strategy is needed not only to help stabilize families, but to grow the economy: "every \$1 invested in housing reaps a net benefit of \$1.40 to the Canadian economy, spurring growth, jobs and productivity".

Childcare needs investment

Waiting lists for subsidized child care spaces have risen by 54% in Hamilton over the last three years, with nearly 1800 families not able to access child care spaces. While some families scramble to find appropriate informal care which often places additional stress on low-income and working poor families, others are forced to turn down employment opportunities.

Focusing on investments in poverty reduction can decrease inequality while building community prosperity:

Through our work, the Hamilton Roundtable for Poverty Reduction urge that focus remain on systemic changes that will lead to long-term poverty reduction efforts through enhanced community partnerships with government, increased flexibility in funding and program delivery and action-oriented solutions that have already demonstrated extra-ordinary results.

The Hamilton experience demonstrates that a strategic focus on poverty can mitigate the impact of poverty on a community. Citizens, businesses, government and community organizations have successfully achieved the following outcomes which are transforming the City of Hamilton:

- New high school teacher resource on income inequality (first in Canada)
- Extensive media coverage through Hamilton Spectator's Code Red series outlining health, social and human impact of inequality within neighbourhoods
- \$2 million earmarked for Hamilton neighbourhood strategy with development of resident-led neighbourhood plans
- Affordable transit pass for low income earners
- New community economic development focus by City's Economic Development Dept.
- Launch of Hamilton 'Living Wage' campaign and extensive local employer engagement
- Universal student nutrition program embraced by community to ensure 'no child leaves school hungry' and investments by Hamilton City Council
- \$8 million invested by City of Hamilton to protect critical programs for social assistance recipients
- Extensive local community networks and partnerships to address affordable housing, women's homelessness, precarious employment and early childhood development

Recommendations for consideration

A First Step must be a National Poverty Strategy:

The Hamilton Roundtable for Poverty Reduction believes the creation of a National Poverty Strategy is essential for reducing inequality and building Canada's future prosperity.

With nearly 89,000 Hamiltonians and three and a half million Canadians living below the low income cutoff, our federal government should commit to a comprehensive and measurable poverty reduction strategy.

Over the past few years, most provincial governments have moved towards the creation of poverty reduction strategies by adopting specific policy goals, establishing financial commitments and setting out benchmarks for implementing change to reduce poverty in their jurisdictions. In Newfoundland, New Brunswick, Quebec and Manitoba governments have focused on poverty reduction initiatives to break the intergenerational cycle of poverty. The Ontario Legislature passed Bill 152 in 2009 – the Poverty Reduction Act, supported by all Parties. The Act requires the current and successive governments to draft poverty reduction strategies with specific goals every five years, report annually on their progress, and ensure that individuals living in poverty are involved in the consultation process.

Importantly, each poverty reduction initiative recognizes the importance of breaking down the systemic (or bureaucratic) barriers that exist within or between governments by developing a coordinated approach to dealing with poverty. Successful poverty reduction strategies must engage both community and government and strive towards a widespread commitment from residents.

Many families are trapped in poverty because of policy and systemic failures. Reducing poverty means removing barriers that keep families from achieving self-sufficiency.

An analysis of the economic impact of poverty by the Ontario Association of Food Banks (and edited by Don Drummond) shows "poverty costs the residents of Ontario a staggering \$32 billion to \$38 billion a year -- the equivalent of 5.5% to 6.6% of provincial GDP". The report's conclusions: poverty is too expensive and society can no longer afford the costs, so action must be taken.

The report highlights costs of poverty such as increased health-care needs and increased interactions with the justice system. Also itemized were the costs to taxpayers in lost educational opportunities that lead to decreased productivity. Governments at various levels, lose billions in potential tax revenues down the road because they are not willing to invest in people upfront.

Community Success: The City of Hamilton's Neighbourhood Development Strategy

The City of Hamilton's Neighbourhood Development Strategy is focused on helping neighbourhoods to be great places to live, work, play and learn. To do that, the City of Hamilton is working with the Hamilton Community Foundation, neighbourhood groups, other partners and residents to implement action plans to build healthier communities. The core elements of this work are:

- 1. Enhancing Community Development Work**
Through a partnership with the Hamilton Community Foundation and Hamilton Best Start, five community development workers will work together to support residents in 11 Hamilton neighbourhoods.
 - 2. Developing Resident-led Neighbourhood Plans**
The City of Hamilton will facilitate neighbourhood planning processes that focus on where residents and key stakeholders feel action is necessary. Staff from across various departments of the City of Hamilton will help residents build effective solutions.
 - 3. Increasing Investments in Neighbourhoods**
Once neighbourhood plans are developed, new investments will be required to address the improvement that residents have identified. Hamilton City Council has earmarked \$2 million in neighbourhood funding to help leverage additional investments from private, public and philanthropic sources.
 - 4. Building New Partnerships to Support Healthy Neighbourhoods**
Working with businesses, Provincial and Federal governments and non-profit organizations, work will begin to better align existing resources and find new investments that can support neighbourhoods.
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All successful poverty reduction agendas have indicated that focused government and community leadership is essential towards meeting success.

The Hamilton Roundtable for Poverty Reduction would respectfully urge the Federal Government to enact the following components of a National Poverty Strategy:

- An inter-departmental secretariat on poverty reduction
- A national arms-length panel on poverty reduction
- Measurable indicators and timelines to reduce poverty
- Investment of resources into communities

Prosperity Priorities moving ahead:

The federal government has an important and pro-active role to play in collaborating with communities to make strategic investments to reduce income inequality. Investing in poverty reduction will have the dual result of providing an immediate and significant impact for Canadian families and encourage the expansion of the economy at the municipal and community level.

Previous reports from the Senate Subcommittee on Cities (December, 2009) and the Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (November, 2010) have previously outlined recommendations on reducing Canada's growing inequality gap – we urge those recommendations be reconsidered and implemented.

Many of the investments identified require an integrated policy and program delivery approach which can be moved forward through the leadership of the Government of Canada in partnership with all levels of government or alone.

For example, Canada Learning Bonds are an extraordinary resource to assist families plan for their future and enable children to attend post-secondary institutions- yet 81% of eligible families do not apply for the entitlement, simply because many are not aware of its existence. The Government of Canada could move immediately to ensure that all families who are eligible automatically receive Canada Learning Bonds when they file taxes.

Other solutions may be community-based: Through the leadership of Vibrant Communities Canada, the 'Cities Reducing Poverty' initiative seeks to reduce the human, social and economic costs of poverty. The mission is to connect 100 Canadian cities with multi-sector roundtables to reduce poverty for one million Canadians.

Communities on their own cannot solve poverty or reduce income inequality in Canada. We need the leadership and investment of our federal and provincial partners, combined with municipalities and citizens to successfully change the lives of Canadian children, youth and their families who live in poverty. Action is needed now.

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