

Community Dispatch

An InfoFax of Community Development Halton

September, 2007

Vol. 12, No. 1

COMMUNITY DISPATCH – POVERTY REDUCTION STRATEGY

In 1989, the House of Commons unanimously passed a resolution to eliminate child poverty in Canada by the year 2000. Since that time, Community Development Halton as a local partner of Campaign 2000 has carefully monitored poverty in our communities.

The House of Commons resolution was not accompanied by specific goals and timetables to achieve its objectives. Our Halton Food Bank Study (1999), Report Cards on Child Poverty in Halton (2000 and 2005), the Hidden Faces of Poverty study (2001), Inclusive Cities Canada initiative (2005) and Social Profile of Burlington (2006) have all shown the persistence of poverty in Halton. Canada-wide, the most recent poverty measures were taken in 2005, and indicate that, despite a 27% increase in real per capita wealth in Canada over the preceding decade, the poverty rate is the same as in 1989, when the House of Commons expressed its resolution to end child poverty in Canada.

On Tuesday of this week, Campaign 2000 released a report by Professor Marvyn Novick, a leader of social policy change in Canada. Entitled “Summoned to Stewardship: Make Poverty Reduction a Collective Legacy,” this poverty reduction strategy brings forward recommendations for joint commitment by federal and provincial governments to specific targets and timelines to seriously address poverty, particularly child poverty, in Canada. It also noted with disturbing clarity that Ontario has become the “child poverty centre of Canada.”

The following day, the Social Planning Network of Ontario (SPNO), in which Community Development Halton is an active partner, announced its support for the poverty reduction

strategy and a campaign to make poverty reduction a priority issue for government and communities across Ontario. This Community Dispatch provides a synopsis of the major recommendations from “Summoned to Stewardship: Make Poverty Reduction a Collective Legacy” and what communities can do to work toward the elimination of poverty. The report is available at www.cdhalton.ca.

Our work, and that of colleagues around the world, has established that poverty reduction is a key element of social cohesion and inclusion, and to the building of strong, stable societies. We urge the residents of Halton to give serious consideration to the recommendations contained in “Summoned to Stewardship” and to its call for concrete targets and timelines for poverty reduction, and to support the SPNO campaign.

Marvyn Novick will be in Halton as the keynote speaker at a Community Forum, Leaving Our Social Footprint; Poverty Reduction Strategy, Thursday, September 27 at 7:00 p.m. in the Campbellville Room at 860 Harrington Court, Burlington. I invite you to join us.

Joey Edwardh, Executive Director

COMMITTING TO POVERTY REDUCTION

When the political will exists countries can reduce poverty levels.

International statistics indicate that poverty is not a matter of immutable economic laws, but rather a matter of policy. In Canada, the poverty rate sat at 11.7% in both 1989 and 2005. However, even during periods of recession and rising unemployment, the Scandinavian countries of Denmark, Sweden, Norway and Finland have low

child poverty rates of below 5% and are among the most competitive countries in the world.

SETTING TARGETS AND TIMELINES

There is abundant research on the destructive effects of poverty yet government actions in Canada to address child poverty have been erratic, with moments of bold sentiment followed by periods of limited initiative.

Experience in other jurisdictions indicates that targets and timelines for poverty reduction, which have been absent in Canada since the 1989 House of Commons resolution, lead to concrete results. For example, in 1999, the United Kingdom committed to a 25% reduction in child poverty by 2004, 50% by 2010 and the lowest levels of child poverty in the OECD by 2020. The UK achieved nearly 86% of its 2004 goal, an impressive achievement that lifted 600,000 children out of poverty. It is currently working toward achieving its goals for 2010 and beyond.

The 2005 UNICEF *Report Card on Child Poverty in Rich Countries* urges “all OECD countries to establish credible targets and timelines for the progressive reduction of child poverty. For most of those countries, a realistic target would be to bring child poverty rates below 10 per cent. For the six nations that have already achieved this, the next aim might be to emulate the Nordic countries in bringing child poverty below 5 per cent.” The poverty reduction strategy proposed in *Summoned to Stewardship* and supported by the Social Planning Network of Ontario, is calling upon provinces and the federal government to adopt targets and timetables for Canada similar to the UK approach:

- **A minimum 25% reduction in the child poverty rate by the year 2012**
- **A minimum 50% reduction in the child poverty rate by the year 2017**

The report notes that “meeting the 2012 targets will establish the credibility of Canada wide commitments to poverty reduction. We should create tight targets for 2012, rather than an extended shopping list.”

It further notes that “poverty reduction in Canada must be a joint commitment of both provinces and the federal government.” The province of Quebec and that of Newfoundland and Labrador (which in 2000 had the highest provincial rate of child poverty) have made poverty reduction explicit provincial priorities. Each of these provinces has registered a 40% decline in poverty rates over 5 years, with Newfoundland and Labrador this year strengthening its commitment with a resolution that it become the province with the lowest poverty in Canada over the next ten years.

The specific recommendations of the strategy rest on four cornerstone principles of poverty reduction:

1. Sustaining Employment

The principle of sustaining employment relates to an assurance that any parent or adult working full-time, full-year for 30 hours or more per week (1500 hours per year) can have a living standard out of poverty.

Minimum Wage

Living wage campaigns across Canada advance the figure of \$10 per hour (in 2007 dollars) as providing an income that meets the poverty line (\$15,000 per year). Ontario’s minimum wage is scheduled to rise to \$ 10.25 in 2010. However, the poverty reduction strategy of *Summoned to Stewardship* notes that a minimum wage that remains fixed in time will not continue to meet poverty reduction goals, and that the Ontario minimum wage will have to reach \$ 11.25 an hour in 2012 to have the same value as \$ 10 in 2007.

Child Benefit of \$5,100 a year (2007 dollars) for each child in low income families reconciling or incorporating federal and provincial child benefit measures, and that this can be achieved in the first five-year period to 2012.

Work tax credits of \$ 2,400 a year to protect the net incomes of those earning a higher minimum wage by offsetting increased income tax and social insurance premiums. *Summoned to Stewardship* notes that tax credits must take place together with raises in the minimum wage;

otherwise they become subsidies to employers paying poverty wages. For example, in the UK, “tax credits are part of a poverty reduction strategy that has seen minimum wages grow by nearly 50% since 1999 to over \$ 11.75 (Canadian) in 2007 [third highest in the OECD].”

2. Basic Income System for Persons with Disabilities

Summoned to Stewardship recommends that “the time has come to assure persons with disabilities of a guaranteed income system equivalent in adequacy and design to that afforded seniors.”

3. Transitional Support With Decency And Dignity

In *Summoned to Stewardship*, author Marvyn Novick notes that “the historic tendency to divide people in poverty into ‘deserving’ and ‘undeserving’ is still with us,” but that “it is accepted that people employed full time should have higher incomes than people who are unavailable for employment.” Therefore *Summoned to Stewardship* proposes “just income differentials” of 20% between these two groups. Therefore, “the five year goal to 2012 would be to raise assured full year, full time employment incomes to 100% of the poverty benchmark. This would mean that family incomes on social assistance could be raised to 80% of the poverty benchmark. If by 2017 assured incomes from full year, full time employment were at 120% of the poverty benchmark, then families on social assistance would be assured a living standard out of poverty. This should be the ten year goal of a poverty reduction strategy.”

4. Principle Of Available And Affordable Essential Resources

Four areas of complementary support must accompany a poverty reduction strategy.

- i) *Restoring Access to Employment Insurance (EI) eligibility and protection*
- ii) *Continued access to prescription drug and dental benefits for all workers.*
- iii) *Affordable and social housing programs to prevent the high costs of housing from draining the food budgets of low income families.*

iv) *A human development approach to poverty reduction, which includes universal access to opportunities for high quality learning and care for all children during the early years.*

ACHIEVING THE TARGETS

Summoned to Stewardship suggests that two areas should be explored in the area of public finance as pertains to poverty reduction.

- That federal savings from lower public debt charges from now to 2012 be directed towards investments in poverty reduction and other national priorities, noting that “public debt charges are projected to decline from 2.3% of GDP in 2007-08 to 1.9% of GDP in 2011-12 (Canada. Department of Finance). This will provide the federal government with savings of \$7 billion in 2011-12 for priority public investments.”
- That Parliament consider the adoption of a sunset clause for all general tax cuts implemented by the federal government since 2000 and that each general tax cut require review and renewal or revision by 2010. *Summoned to Stewardship* notes that “the time has come for public justification of tax cuts through evaluation and evidence, as is routinely expected with public spending.”

THE 2012 TARGETS

In Canada, the examples of Quebec and Newfoundland and Labrador provide evidence of the promise of poverty reduction strategies with specific targets and timelines. Ontario has already introduced a multi-year phase-in of minimum wage increases and a provincial child benefit for low income families.

Achieving the goals by 2012 would require the following commitments from the federal government:

- Increase the National Child Benefit Supplement (NCBS) to create a full child benefit of \$5,100 (2007 dollars). Campaign 2000 has estimated that instituting a \$ 5,100 child benefit per child in low income families would alone decrease child poverty by 31-37%. Cost: \$ 5 billion
- Increase federal work tax credits to \$2,400 a year. Cost: \$ 2.5 billion

- Establish a federal minimum wage of \$10 an hour (2007 dollars)
- Restoration of Employment Insurance eligibility and support at poverty prevention levels

Ontario would be expected to contribute in the following areas:

- Index the minimum wage to a poverty reduction standard of \$10 an hour (2007 dollars)
- Invest Ontario revenue in affordable housing initiatives
- Invest Ontario revenue in extended drug and dental coverage
- Invest Ontario revenue in early learning and child care

The “just differential” target in Ontario, as across Canada, would be to reduce the depth of poverty for families with children on social assistance to at least 80% of the poverty benchmark. To achieve this would require the following Ontario initiatives:

- Families to receive full National Child Benefit Supplement (NCBS) without clawbacks and rate reductions
- Fully indexed social assistance rates starting in 2008
- Annual increases to social assistance rates of 3% above inflation also starting in 2008

THE 2017 TARGETS

Marvyn Novick, author of *Summoned to Stewardship*, writes that “the struggle for poverty reduction to 2017 will require the adoption of good job strategies, better access of workers to collective representation and protection, more socially cohesive distributions of incomes, and

restored fiscal capacities for public investment in essential common goods.” He concludes:

The new international evidence is that strong economies are best generated and sustained in socially just societies. Productivity and care are not rival paths, but core foundations in societies of shared prosperity and well-being.

WHAT COMMUNITIES CAN DO

The Social Planning Network of Ontario (SPNO) has developed several suggestions for what communities can do to promote the targets, timelines and strategies contained in the poverty reduction strategy outlined in *Summoned to Stewardship*:

- 1. Inform all candidates for provincial and federal office in their area that they expect “poverty reduction” to be cited as one of three or four priorities in their campaign literature and free time political broadcasts. This message can also be conveyed to provincial and federal party leaders.**
- 2. Develop and support local initiatives that support poverty reduction in areas such as affordable housing, good jobs, local mobility, extended health support, family nutrition, early development and youth mentoring. Several such initiatives are underway in Halton.**
- 3. Conduct discussions or public education events with key sectors on why poverty reduction is important to the quality of life and economic well being of the entire community.**



Produced by Community Development Halton
 860 Harrington Court
 Burlington, Ontario L7N 3N4
 (905) 632-1975, (905) 878-0955; Fax: (905) 632-0778;
 E-mail: office@cdhalton.ca
 Web site: www.cdhalton.ca
 www.volunteerhalton.ca



A United Way Agency