

# POVERTY POLICY

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## INTRODUCTION

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**Poverty is a complex issue. There is no single cause and no one solution. Its successful reduction – and ideally its eradication – require a set of linked interventions undertaken by all orders of government working in collaboration with communities.**

The good news is that governments are finally talking poverty. For years, prosperity and productivity had been the only 'p' words permitted in public discourse.

The bad news is that governments need to talk poverty. Unfortunately, there has been only modest progress against this scourge in recent years. Far too many Canadians still live below Statistics Canada's low-income cut offs – the unofficial but commonly employed baseline for determining levels of low income.

An estimated 3.3 million or 10.5 percent of Canadians were poor in 2006. This national average masks wide disparities in the country.

There has been remarkable progress against poverty among Canada's growing population of seniors, whose risk of poverty fell from 29.0 percent in 1976 to 5.4 percent in 2006. But child poverty has seen much less improvement, at 13.2 percent in 1976 and a still high 11.3 percent at last count. Certain groups – including recent immigrants,

persons with disabilities, Aboriginal Canadians and young single-parent families – face disproportionately high levels of poverty.

Moreover, inequality has widened, with a growing gap between rich and poor [Chief Public Health Officer 2008: 37; Yalnizyan 2007]. Over the past 25 years, the average income of the wealthiest Canadians increased by 16.4 percent, while those in the poorest households dropped by 20.6 percent [Statistics Canada 2008]. Inequality actually would be much worse if governments did not help reduce the problem both through redistributive social programs, and progressive taxes and benefits.<sup>i</sup>

In response to the stubborn challenges of entrenched poverty and growing inequality in the marketplace, several countries – notably Ireland and the UK – have introduced national initiatives on poverty. Selected provinces in Canada have also implemented poverty reduction strategies in recent years. In 2004, Quebec brought in the Government Action Plan to Combat Poverty and Social Exclusion in respect of its Act to Combat Poverty and Social Exclusion. Quebec was the first jurisdiction in the country to embark explicitly upon an official anti-poverty strategy.

In the 2005 Speech from the Throne, the Government of Newfoundland and Labrador declared its commitment to a comprehensive poverty reduction strategy and has been investing since that time in its various components. In December 2007, Nova Scotia passed An Act to Establish a Committee to Develop a Poverty Reduction Strategy and received its report in June 2008. Ontario made a similar announcement in 2007 and is poised to bring in its Poverty Reduction Strategy before the end of 2008. Several other provinces are exploring similar broad-ranging plans – though the economic slowdown in parts of the

country, and especially Ontario, may affect the scope or timing of these efforts. Yet it is in difficult times that poverty reduction strategies are needed more than ever.

Because there is no single measure that fully addresses the problem, a robust poverty strategy involves a combination of safety net elements that help offset the impact of low income and springboard components that create opportunities for success over the longer term. The core elements of a poverty strategy discussed below can be understood as a set of linked strategies – which begin with a safe decent place to call home. A strong poverty strategy must respond to the fundamental need for decent affordable housing. It serves, in turn, as the underpinning for healthy early childhood development to ensure the best possible start in life. Healthy child development provides a solid foundation for learning in the form of *education and literacy*.

These areas, in turn, comprise the building blocks for training and employment. Another crucial element of a poverty strategy is income security – whose components include both income supplementation and income replacement. Disability income is given special consideration because of its complexity and associated links to disability supports. These include mechanical forms of assistance such as wheelchairs, lifts and home adaptations; technical supports such as hearing devices, special computer software and visual aids; and personal supports such as attendant care and interpreter services.

In addition to income, the *creation of assets* is emerging as an important dimension of poverty reduction. Personal wealth is enriched by community wealth as embodied by its *social infrastructure*. This infrastructure plays a key role in place-based interventions, which are making unique and substantial contributions to tackling poverty.

The following measures together comprise the core of a comprehensive poverty reduction strategy:

- Affordable housing which involves the creation

of new units, property retrofit and/or rent supplementation

- Early childhood development initiatives, including sufficient affordable high-quality child care
- Improved high school completion rates and literacy proficiency
- Demand-driven customized training that engages the private sector, training institutions and employment programs, and the removal of employment barriers, particularly for foreign-trained workers
- Improved minimum wages and enhanced supplementation of low earnings through the federal Working Income Tax Benefit and provincial earnings supplements, and of income through federal and provincial/territorial child benefits
- Appropriate replacement of employment earnings through a restored and improved unemployment insurance system
- Adequate income and appropriate supports for persons with disabilities
- Assistance with the creation of assets for low- and modest-income households and support for the social economy
- Strong social infrastructure in the form of community spaces and associated recreation and cultural programs
- Place-based initiatives that fashion integrated and effective responses to tackling poverty through creative combinations of resources and approaches.

It should be noted that while these interventions comprise a comprehensive strategy, certain measures pack an especially powerful punch. An enhanced Canada Child Tax Benefit, in particular, can reduce family poverty dramatically and have an

immediate impact on the well-being of children and the household, more generally. By contrast, while investments in high school completion are essential, their impact will be seen only in future by helping to transform life trajectories.

## AFFORDABLE HOUSING

Any serious poverty strategy literally begins at home – at the core of well-being. Far too many Canadians live in substandard housing that seriously threatens their physical and mental health.

There are several ways to improve the availability of high-quality, affordable housing. The most common approach is to enhance its supply, which usually involves increasing the number of reasonably priced housing units in any given neighbourhood or community.

The supply focus often entails the construction of new housing – generally in the form of apartment units. New construction is the most expensive option and may require a longer time frame to allow the acquisition of land or rezoning of property. It is essential for the federal and provincial/territorial governments to make these investments because of their relatively high cost. The funds can also help lever additional resources by municipal governments, voluntary organizations and private developers in some cities.

A related approach to increasing the supply of affordable housing involves the repair or retrofit of the existing housing stock. The federal Residential Rehabilitation Assistance Program currently supports this type of investment. This option is important both for protecting heritage property and preserving existing neighbourhoods, and for enabling seniors and persons with disabilities to remain in their own homes. It generally does not require land acquisition or rezoning permission because it improves the structures already in place. Some municipalities have introduced emergency repair loans for low-income homeowners.

The shortage of affordable housing can also be tackled through measures that affect the use and cost of land. Municipal governments are primarily responsible for this policy area. Specific actions in

support of affordable housing include the purchase of land explicitly for modestly priced accommodation. Municipalities can change zoning bylaws to set aside, for affordable housing, land designated for other purposes. They can also provide incentives in the form of reduced or waived property taxes for developers involved in affordable housing projects.

The other major route to affordable housing focuses on the demand side of the equation, which refers to the ability to pay the rent. This approach does not seek to change the number of available housing units. It focuses instead on helping households pay for their accommodation.

Typically, this financial assistance involves government payment of a designated amount – or rent supplement – to the owner or renter of the property. Tenants pay part of the market rent and the provincial or municipal government, depending on jurisdiction, contributes the remainder up to a designated maximum. Because the total cost is offset partly by government, landlords are able to charge less to households.

It should be noted that these additional funds in respect of housing affordability can also take the form of income or earnings supplementation – through an enhanced Canada Child Tax Benefit for families with children or more generous Working Income Tax Benefit for all low- and modest-income workers. Income supplementation is discussed below.

To ease problems of affordability, some governments administer rent banks to help low-income households pay for short-term arrears. Ontario, for example, funds a Rent Bank to support these additional payments and helps prevent eviction for low-income tenants. Ontario renters who face possible eviction can apply to their local rent bank for the outstanding rent, which is paid directly to the landlord on behalf of the tenant. Renters may be eligible for financial assistance from a rent bank no more than once every two years, and may receive up to two months' help.

Another significant component in the demand side of the equation is to assist households with the

purchase of housing. Co-operative ownership is the primary means by which this purchase takes place in communities. Residents do not actually own the property but rather buy shares in the co-operative housing corporation that owns or leases the real estate.

Communities can take several actions in respect of affordable housing. They can join together all the concerned organizations. A concerted approach promotes strategic planning for the entire region – no matter its size – with respect to land use and development, housing investment and municipal bylaws. Communities can also create new or support existing co-operative housing organizations. Finally, they can speak loudly to the need for adequate public investment in this area, especially in light of the looming policy red flag that threatens some important measures.

Various federal funds for affordable housing currently are made available under a set of federal-provincial/territorial accords known as the Affordable Housing Agreements. But Ottawa's funding for the measures that comprise these Agreements – the Affordable Housing Initiative, Homelessness Partnering Strategy and housing renovation programs, such as the Residential Rehabilitation Assistance Program, is set to expire on March 31, 2009.

On September 4, 2008, the federal government announced its intent to allocate funding for housing and homelessness programs at \$387.9 million per year for five years to March 31, 2014. It is essential that Ottawa follow through on this commitment. Ideally, the five-year accords would be part of a longer-term comprehensive strategy on affordable housing developed jointly with provinces and territories, municipalities, and the private and voluntary sectors.

Stable affordable housing is crucial not just for physical health. Decent secure accommodation also contributes to emotional well-being, particularly for children.

#### EARLY CHILDHOOD DEVELOPMENT

Perhaps the most devastating aspect of poverty is

its psychological impact: lack of security, choice and hope for a better future. Children in low-income families have significantly more psychosocial difficulties than other children, including more mental and physical health problems, academic troubles and behavioural issues.

Entrenched parental poverty effectively starts a chain of social risk leading to reduced readiness for and acceptance of school, poor behaviour and attendance, higher risk of unemployment, low-status jobs and perceived social marginality. The school drop-out rate for children living in low-income families is twice as high as for other children and carries lifelong implications for employment and income security. Childhood poverty is associated with lower educational attainment, low earnings in adulthood, a range of psychological problems and greater likelihood of involvement in criminal behaviour.

Clearly, decent wages and adequate income security measures are fundamentals. But an equally important investment involves direct intervention with children and families. Studies of children considered to be at risk because of vulnerable personal circumstances – such as poverty – have found that those with close, affectionate relationships with parents, grandparents and other adults are better able to cope with adversity and the disadvantages of low income [Willms 2002].

A burgeoning body of evidence shows that opportunities for well-being throughout life are created or denied in the critical early years, when child development is forged along physical, emotional, social, linguistic and intellectual dimensions [Canadian Council on Learning 2008b: 36-50; Hertzman 2000]. During this vital period, certain parts of the brain need positive stimulation to develop properly. Children who do not receive the nutrition and stimulation required for good development in the earliest months and years of life may have difficulty overcoming deficits later on [McCain and Mustard 1999].

Early childhood development programs are an important means of mitigating childhood deficits and promoting healthy development. These measures vary widely in nature and scope, and

typically include combinations of health, education and social services in the form of pre- natal care, nutritional supplements for pregnant mothers, home visiting for new parents, Head Start and preschool programs, family resource centres and regulated child care.

Home visiting programs that target young, single poor mothers and enriched preschool programs that focus on their young children have been found to produce developmental and social benefits. Positive parenting practices help build resilience in children and counter the grind of poverty.

But effective early childhood interventions actually must start before birth. One of the most significant prenatal measures involves the prevention of Fetal Alcohol Spectrum Disorder (FASD) – a condition that arises from the consumption of alcohol during pregnancy [Totten 2008]. Children born with FASD typically exhibit some form of cognitive, behavioural or physical impairment. As adults, they comprise a substantial proportion of the prison population.

High-quality child care can compensate, to some extent, for developmental deficits. Quality early childhood interventions have been shown to improve performance in school, lessen the learning risks associated with low income and enhance parents' childrearing and coping skills.

Family supports are also linked with greater success down the road as measured by high school completion and paid employment. These supports are estimated to reduce child abuse by as much as 50 percent and stave off the lifelong consequences of abuse. Similar programs help prevent aggressive behaviour among young children often associated with failure in school, and subsequent delinquency and criminality.

From an economic perspective, high-quality affordable child care enables labour market participation, and education and training. It can make the difference between a below- and above-poverty line income for many single parents and couples. High-quality affordable child care is a good economic investment in light of the many sectors facing severe labour shortages.

There is no question that early childhood development programs require significant public funding in order to ensure the quality of various interventions. September 2000 saw the introduction of the Early Childhood Development Agreement in which the federal government committed \$2.2 billion over five years to the provinces and territories to improve the range of early childhood development measures [Battle and Torjman 2000].

In March 2003, Ottawa and the provinces and territories announced another Agreement on Early Learning and Child Care. Its purpose was to increase the supply of child care and preschool spaces, improve the quality of these services and reduce their cost for low- and modest-income families.

Unfortunately, the significant progress that had been made pursuant to these agreements was derailed by the 2006 federal Budget, which dismantled the newly-created early childhood development system in Canada. Provinces and territories continue to make these critical investments, to the extent that their respective budgets allow.

While the Universal Child Care Benefit (UCCB) was introduced as the flagship of the new federal government's child care policy, it cannot seriously be called a child care plan [Battle 2008]. The UCCB only helps offset costs and provides no direct investment in the supply of child care. Its modest amount – a maximum annual \$1,200 for children aged 5 and under – comes nowhere near covering the cost of high-quality regulated child care in many communities, which runs in the order of several thousand dollars per year.

Moreover, the Universal Child Care Benefit is worth substantially less for most families than the annual \$1,200 because it is subject to federal and provincial/territorial income taxation. Families can use the payment for whatever they wish – child care or anything else. In reality, the UCCB is not a child care program but a badly designed child benefit [Battle 2008].



While the 2006 Budget terminated the Early Learning and Child Care agreements with provinces and territories, it did allocate \$250 million for new child care spaces. The 2007 Budget announced that, beginning in 2008-09, Ottawa would direct \$250 million a year in respect of child care to the provinces and territories through an arrangement known as the Canada Social Transfer.

Communities can press for continued investment in various types of early childhood development programs, and family supports. They can also help create these supports in the form of parenting and literacy centres, home visiting, parent and child playgroups, after-school recreation and homework clubs.

### EDUCATION AND LITERACY

Unfortunately, there are far too many Canadians who do not have even the basics. The 2006 Census reported that 40 percent of Aboriginal Canadians aged 20 to 24 have not completed high school [Richards 2008: 6]. More specifically, close to 60 percent of First Nations on-reserve residents aged 20 to 24 did not complete high school or obtained an alternative diploma or certificate [Mendelson 2008: 1].

Low high school completion rates can have devastating outcomes. Education is the means by which all Canadians, including First Nations communities, improve their social and economic circumstances. Appropriate education in a modern economy involves more than high school graduation. A postsecondary diploma or degree, or a trade certificate, is required.

The federal government is directly responsible for financing primary and secondary education of residents on reserve. It must work with First Nations to resolve the dismally low level of high school completion. One option involves the introduction of a First Nations Education Authority Act to enable the consolidation and construction of a First Nations education system [Mendelson 2008: 12-17].

But even the completion of high school – while one of the most powerful pathways out of poverty – does not necessarily ensure more-than-basic

literacy proficiency. Literacy is the ability to understand and employ printed information in daily activities at home, at work and in the community in order to achieve personal goals and to develop individual knowledge and potential.

An astonishing 48 percent of adult Canadians aged 16 and over are estimated to be below the international literacy standard for coping in a modern society. By 2031, 47 percent of adults aged 16 and over – more than 15 million Canadians – will still have literacy skills that fall below the accepted level [Canadian Council on Learning 2008a: 25]. The overall proportion of adults with low literacy proficiency is expected to remain virtually unchanged over the coming decades – though there is considerable variation among provinces/territories and specific population groups [Canadian Council on Learning 2008a].

Low literacy has a significant negative economic and social impact upon both individual Canadians and the larger society. Differences in literacy skills are associated with large disparities in employability, wage rates and reliance on income programs, such as social assistance. Not surprisingly, adults with higher literacy skills have longer employment histories and more opportunities. They experience fewer bouts of unemployment, earn more and rely less on income security programs.

The problem is particularly acute in the so-called knowledge economy, which has raised the bar in terms of educational requirements. Basic readiness involves more formal schooling and mastery of numeracy, computer and communications skills. Far too many workers are excluded from the labour market because they cannot meet these higher skill requirements. Employers now seek workers with a more sophisticated array of capabilities that include decision-making, teamwork, problem-solving, entrepreneurship, leadership, information technology skills, the ability to communicate effectively and a desire to learn [Canadian Council on Learning 2008b: 10].

Low literacy has also been linked to health problems including greater risk of illness, longer recovery and higher treatment costs. Individuals with low literacy skills tend to be ill more often and

experience more workplace illnesses and accidents. Poor literacy proficiency is related to lower community engagement and civic participation.

As far as the larger economy is concerned, literacy and gross domestic product (GDP) are closely linked. The greater the proportion of adults with high prose skills, the higher the GDP per capita. Countries with wider economic inequality also have wider literacy inequality [Pont and Werquin 2000].

Clearly, it is in the public interest to raise literacy proficiency – not just for individuals but for the entire economy. Promising practices include the customization of the program to the learner's needs. Because the face of literacy differs by population group and region, there is no one-size-fits-all solution to enhancing literacy and numeracy skills. Unique interventions are required for different groups [Canadian Council on Learning 2008a].

Literacy programs aimed at potential workers should focus on work-related vocabulary linked to job applications; payroll forms; transportation schedules; maps, tables and charts; newspapers; and other work-related materials. Partnerships involving both management and labour associations tend to be most appropriate for facilitating service delivery to this group [Canadian Council on Learning 2008: 67-68].

Family literacy targets parents as the means of improving the reading and writing skills of all family members. Reading to children is one of the most effective routes to raising their literacy levels. Improving the literacy proficiency of parents is therefore a crucial lever – for both parents and children. Family literacy programs enable parents to play an active role in their child's learning by enhancing their ability to read to their children, assist with homework and become more engaged with the school. Promoting learning activities at home helps ensure that children acquire the reading, comprehension, writing and math skills that prepare them for productive lives.

Parenting and literacy programs based in schools, local libraries and community centres combine two crucial interventions – reading skills and parenting

supports – that are close to home. Convenience is an important success factor. The shorter the commuting distance to the literacy program, the more likely participants are to remain in a program.

In addition to improving skills, literacy interventions must take into account the range of required supports as participants work to improve their literacy skills. Both financial assistance and child care have proven effective in increasing retention in literacy programs [Canadian Council on Learning 2008a: 49-51].

### TRAINING

For many Canadians, even high school completion does not guarantee a decent job. Some individuals face barriers to employment, whether these result from racial discrimination, severe and prolonged disability or substance abuse. Others encounter obstacles related to non- recognition of credentials acquired in other countries or lack of access to affordable, quality child care.

Even in the absence of these barriers, it can be difficult for prospective workers to find employment. There are challenges embedded in the labour market itself. Recent years of labour market restructuring and rapid technological change have had a profound impact upon work. Labour market restructuring has taken many forms, including the outsourcing of manufacturing and services to cheaper labour out of the country.

All too often, however, the pool of available skills in a given region does not keep pace with its changing economic base. Many communities lack ongoing upgrading and training to ensure that its skill set matches new demands.

A significant proportion of jobless workers have limited or no access to retraining supported through Employment Insurance (described below) because they have not worked sufficient hours to qualify for the employment benefits associated with this income support. Only four in ten unemployed workers are eligible for this program on a national basis [Battle, Mendelson and Torjman 2006b].

A related barrier involves the difficulty of accessing

work-related training. Larger companies offer training more frequently than medium- and smaller firms. But with the majority of new jobs created by small enterprises, fewer employees will have opportunities for workplace training in future.

Communities need to make provision for ongoing upgrading, particularly for workers employed in small firms. There is a significant gap between changing educational and skill requirements, and opportunities for the renewal of human capital. The training offerings now in place have not yet been designed – at least on a broad scale – to match the learning pace that the current economy demands.

Another problem arises from the fact that communities typically lack information about the skills that might be required down the road. Employment data generally provide an historic rather than a predictive perspective. The numbers look at the shape of the labour market over the past few years [Torjman 2002a].

But retrospective figures tell little about how the market might evolve. It is difficult to prepare for tomorrow when the available information is rooted in the past. An equally tough challenge arises from trying to apply national numbers to the local level. There are technical problems involved in disaggregating national data to provinces and territories, let alone to regions and cities.

One solution that has been found to be particularly effective in the rapidly changing knowledge economy is known as ‘customized training’ [Torjman 1999]. At the core of the approach is the identification of current and prospective job opportunities in various sectors of the local economy and for specific employers.

Typically, a designated organization conducts a methodical, in-depth exploration of the labour market. It then determines the skill requirements related to local employment opportunities. The designated organization also assesses the skills, knowledge and abilities of the individuals currently unemployed or underemployed. Participants in customized training programs tend to be social assistance recipients, although the approach need

not be limited to this population.

The participants who have received market-relevant training are then matched with appropriate job opportunities. Local employers who have been engaged in the process generally use the designated organization as their hiring window because prospective employees have been pre-screened for their suitability to the work.

Communities make an essential contribution to the customized training process. They identify current and emerging labour market needs, convene appropriate parties, devise relevant training, find suitable participants and help them link to available employment opportunities.

Despite high overall levels of education and skill, many new Canadians in particular face barriers to work because their knowledge and experience acquired offshore are not recognized in this country. In this case, the solution lies not necessarily in learning new skills but in recognizing or upgrading the credentials they already have.

One policy response is to focus on the credentialing process employed by professional associations. The Government of Ontario announced in December 2006 the Fair Access to Regulated Professions Act, which obliges the 34 regulated professions to assess as quickly as possible educational credentials and professional experience gained in other countries. Ontario is the first province to legally require professions to speed up the certification and licensing of internationally trained specialists.

In addition to recognizing offshore credentials, significant progress can be made through improved matching between prospective workers and employers. The Toronto Region Immigrant Employment Council, for example, promotes the appropriate inclusion of immigrants in the labour market. It represents an exemplary model of the role that communities can play in tackling this problem [Alboim and McIsaac 2007].

The Council is a multi-stakeholder collaboration composed of members representing employers, occupational regulatory bodies, postsecondary



educational institutions, assessment service providers, community organizations and the federal, provincial and local governments. The program creates partnerships with employers to help skilled immigrants find jobs, internships or appropriate mentors [Alboim and McIsaac 2007].

A related initiative called Career Bridge encourages employers to offer Canadian work experience to immigrants. It acts as a link between industry and immigrants by creating paid internships ranging from four to ten months. This effort helps overcome the barriers that prospective employees face because they now have Canadian work experience.

### INCOME SUPPLEMENTATION

While education and market-relevant training are key pathways to economic success, they cannot guarantee a life free from poverty. In fact, thousands of women and men work full time for wages so low that they end up below the poverty line. Others have only casual or contractual employment, piecing together two or even more jobs to earn a meagre income [Battle and Torjman 2008].

*One in four workers makes just \$10 an hour or less and close to half (44 percent) of low-income households include at least one working adult. They are known as the 'working poor'*

It is a wonder that so many low-income Canadians work when some of them actually might fare better on welfare, which provides income benefits for spouses and vital services such as supplementary health care, subsidized housing and disability supports. To make matters worse, the working poor must pay income and payroll taxes, and cover the cost of employment expenses such as clothing, child care and transportation.

A major challenge for both employers and governments is to find ways to make work pay for the working poor. An essential first step is for the federal and provincial governments to increase their minimum wages, which currently pay below

poverty level incomes [Battle 2003].

Communities can take related action by calling on governments in their respective jurisdictions to index their minimum wages each year to inflation – as is done by most social programs and the federal income tax system. Only Yukon and Alberta adjust their minimum wages to inflation and wages, respectively. Saskatchewan plans to link its minimum wage to Statistics Canada's low-income cut-off and index it to inflation in 2010 [Battle and Torjman 2008].

Communities can also play a critical role in wage adequacy by encouraging local governments to adopt a living wage policy for both their own employees and those of their suppliers, and by convincing employers to pay higher wages than the legislated bare minimum. Employers actually benefit from paying living wages through reduced employee turnover and improved morale.

Another way for governments to help the working poor is to top up their low earnings. Quebec, New Brunswick and Saskatchewan currently offer earnings supplements. In its 2007 Budget, the federal government introduced its own earnings supplementation program known as the Working Income Tax Benefit (WITB).

The WITB has two key objectives. The first is to reduce disincentives to work for social assistance recipients stuck behind the 'welfare wall' by improving their earnings. The second is to enhance incentives to employment among the working poor, some of whom eventually will be able to climb the wage ladder and escape poverty [Battle and Torjman 2008].

While promising in theory, the Working Income Tax Benefit in its initial form is geared mainly to the goal of helping recipients get over the welfare wall. It provides only limited assistance to the working poor who are not on welfare.

In 2008, the Working Income Supplement for single recipients pays an annual maximum \$510 – barely enough to offset the rising cost of transportation and home heating fuel. Eligibility for WITB ends at

\$13,081 in net income, and the maximum payment of \$510 goes only to those between \$5,550 and \$9,681 – low earnings indeed [Battle and Torjman 2008].

Single workers employed full time at the minimum wage do not qualify for any assistance. The \$8.75 minimum wage in Ontario, for example, amounts to about \$18,000 for full-time all-year work. Yet for single workers, the WITB ends at net income of \$13,081 – \$4,919 below full-time minimum wage income.

The Working Income Tax Benefit is somewhat less stingy for families. Single parents and couples earning between \$8,095 and \$14,776 receive the maximum \$1,019. Payments drop until eligibility ends at net family income of \$21,569.

An immediate policy change would be to enhance the WITB so that it fulfills its stated purpose of helping make work pay. As a target, the maximum payment for single workers could double over time from \$510 to \$1,020 and from \$1,019 to \$2,038 for single parents and couples.

Another important shift would change the design to ensure that more workers qualify for the program and that those eligible get more. The income level at which benefits become payable could be reduced to include more workers at the lower end of the income scale.

Another way of bolstering low income is to help workers keep more money in their pockets by reducing the income tax they pay on their earnings. This goal can be achieved by raising the taxpaying threshold – i.e., the income level at which taxation begins. The problem from a policy perspective is that this approach is costly because it raises the taxpaying threshold for all taxpayers and not just those at the lower end of the income scale. It therefore comes with a much bigger price tag than the WITB, which directs its assistance toward workers who would benefit most from this financial aid.

There is a second significant lever for bolstering low income. The Canada Child Tax Benefit (CCTB) is the

most substantial income supplementation program in the country. It is also the single most important lever in reducing both the poverty rate and gap – its prevalence and depth, respectively.

The Canada Child Tax Benefit is an income supplementation program – not just an earnings supplement. It pays the same amount to all families with the same income, regardless of source, the jurisdiction in which they live or their type of family. It is portable in that it provides a stable and assured supplement to income no matter where families live or work. In fact, many recipient families do not have earnings and may be receiving Employment Insurance, social assistance or other disability income [Battle 2008].

The Canada Child Tax Benefit delivers benefits to the large majority of families across the country. The program is progressive in that its benefits decline as incomes increase. It pays an annual maximum \$3,271 for the first child, \$3,041 for the second child and \$3,046 for the third and each additional child. These amounts have risen substantially since the introduction of the CCTB in 1998 [Battle 2008].

In 2003, the Canada Child Tax Benefit added a Child Disability Benefit payable to low- and modest-income families with children with disabilities. It is worth a maximum \$2,000 over and above regular child benefits.

However, there is still more to do to assist families. One option is to raise the Canada Child Tax Benefit to a maximum annual \$5,000 per child. This enrichment would help offset high food and fuel costs, and thereby ease the weight of poverty.

Under the current system of federal child benefits, the low-income rate for families with children is 9.3 percent. An increase to the \$5,000 level would reduce that figure to 8.3 percent. The average depth of poverty, \$10,159 in the absence of federal child benefits, is \$7,546 under the current system and would be \$7,153 under the proposed option [Battle 2008].

The recommended increase to the CCTB would

boost child benefits not only for low- income families. It also would provide a sizeable rise in child benefits for the modest- and middle-income majority of families.

A sole focus upon the lowest-income families would end up widening the gap between poor households and families with incomes above the poverty line but below average incomes. These households also struggle with constrained budgets and could use additional cash. If increases to the Canada Child Tax Benefit were limited to low-income families, families that manage to move from a low income to a modest income would suffer a sharp reduction in their child benefits that could leave them little better off – if not worse off – than when they were below the poverty line [Battle 2008].

The Canada Child Tax Benefit is actually the federal component of a larger National Child Benefit reform that involves the provinces and territories. Under the National Child Benefit agreement, federal increases to the CCTB effectively removed from provincial and territorial social assistance the amount paid in respect of children. Resulting provincial and territorial savings were directed to other programs and services that benefit low-income families with children. The reinvestments included child benefits and earned income supplements, child care subsidies, early childhood services, child-at-risk services and supplementary health benefits.

### INCOME REPLACEMENT

There is a second set of income security programs that serve not to bolster income but rather to replace it. Some Canadians are eligible for income replacement because they have retired from work and qualify for pensions that take the place of their earnings from paid employment. Old Age Security, the Guaranteed Income Supplement and the Allowance comprise the major building blocks of the public pension system. Workers who have contributed over the course of their careers to the Canada or Quebec Pension Plan are eligible for additional benefits under this program.

Other workers may qualify for income replacement because they are unemployed. Canadians who have

lost their jobs due to plant closures, economic downturns or seasonal employment may be eligible for replacement income, known as Employment Insurance (EI). Still others apply for replacement income – in the form of social assistance or some type of disability payment if they are unable to work.

Workers who become unemployed through no fault of their own are eligible, in theory, for Employment Insurance. The program provides temporary financial assistance for the unemployed while they look for work or upgrade their skills. EI pays benefits for a certain period of weeks up to a designated maximum, depending on the region in which the worker lives and its current rate of unemployment.

Canadians who are sick, pregnant or caring for a newborn or adopted child, as well as those who care for a family member who is seriously ill with a significant risk of death, may also be eligible for benefits from Employment Insurance. The notion of insurance means that contributors to a plan should qualify for benefits if the risk against which they have protected themselves (i.e., unemployment) actually occurs. Unfortunately, the theory does not match the practice.

Unemployment Insurance was introduced in 1940 as partial replacement of earnings for workers experiencing temporary and unpredictable unemployment. The program was expanded over the years to include more workers and recognition of special circumstances, such as regions of high unemployment.

In 1996, Ottawa changed the program name to Employment Insurance and brought in other features to set it on a more active footing. The reform tightened up three major levers related to eligibility criteria, benefit levels and the maximum duration of benefits [Battle, Mendelson and Torjman 2006].

The Employment Insurance Act introduced a new provision that bases eligibility on number of hours rather than number of weeks worked. The stated purpose of the change was to allow greater flexibility in the program and to enable part-time

workers to qualify for EI benefits.

At the same time, the Act substantially increased the number of hours required to qualify. Workers must now put in from 420 to 700 hours (or the equivalent of 12 to 20 weeks), depending on the unemployment rate in their respective region. Amendments announced in the February 2000 federal Budget mean that applicants for sickness, maternity or parental benefits need only 600 hours of work to qualify.

New entrants to the labour market and those who have been out for some years must establish a reasonable attachment to the workforce before they are considered eligible for Employment Insurance. Newcomers or those reentering the labour market must work a minimum 910 hours before qualifying for the program.

Taken together, the 1996 changes had the effect of cutting back on the number of beneficiaries and associated expenditure under the program.

*Only an estimated 44.3 percent of Canadians who are unemployed now qualify for benefits under this so-called 'social insurance.'*

The problem is especially acute in regions of the country deemed to have low unemployment. In Alberta, for example, only 28.4 percent of unemployed workers qualify for Employment Insurance. In the Greater Toronto Area, only an estimated 22 percent of the unemployed receive Employment Insurance benefits [Senate Canada 2008: 8].

In some cases, employees have paid the required premiums but have not worked sufficient hours to qualify. Others are first-time workers. Still others have left their places of employment for reasons considered not justified under the program. EI tends to exclude the long-term unemployed, recent immigrants, the underemployed, new workers, part-time workers (including persons with disabilities and Canadians working part time due to family care responsibilities) and workers in precarious jobs. In short, most low-wage workers

are excluded from EI.

Another problem is that workers deemed ineligible for Employment Insurance have limited access to the employment and training measures provided by the program. Yet they are the very people who would benefit from such assistance because it would help them find alternative employment. Fortunately, the federal and provincial/territorial governments have negotiated agreements to provide employment and training programs to unemployed workers who do not qualify for EI.

It is ironic that the Employment Insurance Fund, which acts as a repository for the payroll contributions from employers and employees, is awash in cash. The 2008 federal Budget announced the creation of a new Crown corporation, the Canada Employment Insurance Financing Board, to set appropriate premium rates and direct future EI surpluses. However, the Board will not be responsible for policy measures that affect eligibility or the level and duration of benefits.

The first step in any policy reform is to restore Employment Insurance, which has shrunk dramatically in coverage over the years and is riddled with inequities. Several possible interventions would have the effect of reinstating EI to its original intent – income replacement for all unemployed workers.

Options for reform include reducing the number of hours required to qualify for the program. Employment Insurance could be strengthened to provide better income support for employees who are temporarily and infrequently unemployed. The wage replacement ratio could be raised to 70 to 75 percent, having dropped to just 55 percent of average insurable earnings. The level of maximum insurable earnings should be restored and indexed to the change in average wages [Battle, Mendelson and Torjman 2006].

Canadians who are unemployed over a longer period or without significant attachment to the labour market may be eligible for earnings replacement in the form of social assistance (also known as 'welfare'). Alternatively, they may qualify

for some form of disability income, described below.

Welfare pays a monthly benefit that varies by family size. Its simple description belies its complexity. Welfare is a secretive system with complex rules governing eligibility, definitions of employability, amount and type of benefits, monitoring of clients and reporting requirements. Its myriad regulations often make the program punitive and inconsistent in its treatment of recipients [Battle, Mendelson and Torjman 2006].

At the same time, there are few built-in protections and a flawed appeal system. The rules are so convoluted that the files of virtually any household may contain ‘errors.’ Recipients live in constant fear of sudden and arbitrary decisions affecting their ability to feed their families.

Immediate reforms include adjustments to the asset exemption limits so that applicants do not have to live in dire poverty before applying for financial assistance. Recipients could be allowed to keep more of their income if they manage to save or benefit from a government program that helps them build assets. Earnings exemption rules could also be amended. Relaxation of these stringent limits would permit recipients to keep more of their hard-earned dollars if they are able to find some work.

But modest improvements to both Employment Insurance and welfare do not address, at the end of the day, the fundamental problems in both programs. As twin pillars of the income replacement system, Employment Insurance and social assistance simply do not mesh.

One possible option is to reconfigure these two building blocks into a new architecture. There are several ways to effect this restructuring. A new income security system for working-age adults that responds to the needs and demands of a modern economy could be developed that would involve three major components [Battle, Mendelson and Torjman 2006].

Tier 1 would consist of two unemployment assistance programs providing time-limited income

support for working-age adults who are temporarily unemployed but are actively seeking work and in financial need. A new Temporary Income Program (TIP) would pay income-tested benefits to unemployed Canadians who do not qualify for Employment Insurance. TIP could have a flat-rate benefit structure with eligibility determined through a straightforward income test. This temporary benefit would not be accompanied by employment services, as most temporarily unemployed Canadians are able to find jobs quickly without assistance.

Tier 1 would also include a strengthened Employment Insurance program that would continue to provide wage replacement for unemployed Canadians with a strong attachment to the labour force. The regional preferences rules (varying the qualifying hours and duration of benefits according to unemployment regions) could be removed from EI and, if governments thought it necessary, built instead into the TI program. It should also be possible to strengthen EI’s earnings-replacement ratio from its current 55 percent to 70 or 75 percent of average weekly earnings.

Tier 2 would involve a robust Employment Skills and Learning Strategy comprising a set of employment preparation measures, such as short-term counseling and customized training. This Employment Preparation tier would serve working-age adults who are likely to be unemployed for a longer period and are in financial need. Recipients would be financially supported to allow them to pursue employment preparation. The benefit structure could be much simpler than welfare and wage-like, with biweekly, flat-rate payments and Canada/Quebec Pension Plan contributions to link recipients to the public pension system.

Some people, however, cannot reasonably be expected to earn adequate income from employment. Tier 3 in the new income security system would pay a basic income to these individuals. The primary beneficiaries of this new program would include persons with disabilities – whose needs are discussed more fully below.

## DISABILITY INCOME



An estimated half million Canadians with disabilities rely on provincial and territorial welfare programs for their income, due largely to the fact that persons with disabilities have significantly lower and more sporadic participation in the labour force. They are less likely to work than Canadians without disabilities and, when they do work, less likely to have a full-time year-round job.

Among the working age population (15-64), 36.5 percent of men with disabilities did not work in 2000 – almost three times the 12.8 percent figure for men without disabilities. Close to half (46.7 percent) of women with disabilities did not work – double the 22.5 percent figure for women without disabilities. Only 34.9 percent of men with disabilities had full-time, all-year employment compared with 53.2 percent of men without disabilities. The comparable figures for women are 23.2 percent for those with disabilities and 37.4 percent of those without disabilities [Canadian Council on Social Development 2005: 6].

Weaker attachment to the labour force and subsequent reliance on welfare leaves many persons with disabilities living in deep poverty. The problem is compounded by the reality that most persons with severe disabilities incur additional costs related to their disability. These may be direct expenses in the form of aids or equipment and household or vehicle modification. There may also be indirect costs such as wear and tear on clothing, travel to accessible shopping or additional babysitting costs for a child with a severe disability.

At least three major steps can be taken to tackle this employment problem and help reduce the high incidence of poverty experienced by persons with disabilities.

The first involves a work-related strategy, which would include several actions to bolster employment. An awareness campaign would be a good start – particularly with testimonials by employers who have had positive experiences in hiring employees with disabilities. Employer questions can also be directly addressed. Some are concerned, for example, about additional insurance costs while others worry that work may not be

completed on time.

A related step involves information around accommodation, which refers to selected measures that help individuals function to their best ability. A person with a visual impairment may need a wider computer screen. Someone with multiple sclerosis may require handrails to assist their balance. Individuals with cancer may need a flexible schedule for medical treatments. An employee with a mental disability may require extra supervision for the job or a particular task. An individual with a hearing impairment may need a telephone typewriter device or a personal note taker at meetings.

It is important to note that the 2007 federal Budget announced an Enabling Accessibility Fund of \$45 million over three years, which is intended to promote accommodation. While the Fund is an important start, it is limited by the fact that it focuses primarily on physical disabilities and provides no assistance to persons with mental disabilities. The Canada Mental Health Commission, announced in the 2007 federal Budget, should address this issue as it explores the range of challenges facing those with mental health problems.

As a result of wide-ranging employment barriers, persons with disabilities often have no choice but to rely on various income security programs for most or all of their income. The problem is that the current disability income system is an inadequate and complicated patch- work [Torjman 1993]. Its complexities arise from several factors.

The first is rooted in definition. While the term ‘disability’ is used as an overarching umbrella, it actually varies significantly in the type and severity of conditions it covers. Diverse programs have been set up to serve distinct needs. Canadians who have become disabled as a result of a work-related injury or accident receive different types and levels of assistance than persons born with a disabling condition.

While there are several different programs, the Canada/Quebec Pension Plan disability benefit and social assistance are the two income security

anchors for persons with disabilities. The Canada/Quebec Pension Plan disability benefit pays a monthly benefit to workers who have made sufficient contributions to the Plan and are no longer able to work because of severe and prolonged disability [Torjman 2002b]. Clearly, this benefit requires active labour market participation in the first place in order to derive any financial support.

*Social assistance is the income program of last resort. Applicants may or may not have any paid work experience. They may be eligible if they qualify on the basis of certain rules and if their income and assets fall below specified levels. Persons with disabilities comprise, on average, close to half of the social assistance caseload throughout the country.*

Welfare benefits fall below poverty levels, virtually ensuring a life of low income for persons with disabilities. Strict asset rules prevent them from receiving additional cash or gifts to make their lives even slightly more bearable. (It should be noted that the Registered Disability Savings Plan, described below, is a significant new measure whose purpose is to ensure a good life – or at least a slightly better life – for persons with disabilities.)

Equally important is the fact that social assistance was never intended to provide lifetime income. Its original and continuing purpose is to serve as a benefit of last resort in the absence of other sources of income and until the gap can be filled in some other way – typically through employment.

As noted, some people cannot reasonably be expected to earn sufficient or any income from paid work. One possible alternative to welfare for persons with disabilities is an income-tested basic program that would provide adequate long-term financial support with no time limits [Battle, Mendelson and Torjman 2006].<sup>ii</sup>

An income-tested program means that payments vary by level of income. Lower household income generates higher benefits while payments decline as incomes rise. Canadian governments operate a

number of income-tested programs, such as the Guaranteed Income Supplement for low-income seniors, Canada Child Tax Benefit, Working Income Tax Credit, refundable GST credit, and a variety of child benefits and other refundable tax credits provided by provincial and territorial governments.

The proposed new measure would be financed and operated by the federal government and modeled on the Guaranteed Income Supplement. Benefit levels could equal the combined Old Age Security (OAS) and Guaranteed Income Supplement (GIS) payments, which are widely regarded as having eliminated the deepest poverty among the elderly. In 2008, seniors with no other income receive an annual maximum \$13,731 from OAS and GIS. The proposed new disability income program would pay the same maximum amount. As in OAS and GIS, benefits would be adjusted quarterly in line with the Consumer Price Index.

Eligibility for the proposed new benefit would be on the basis of a modified test currently used for two other federal measures – the disability tax credit and Canada Pension Plan disability benefit. Income level would be the sole eligibility criterion for the payment.

Because most social assistance recipients with severe disabilities would move off welfare and onto the proposed new federal program, the disability income proposal described here would result in substantial savings for provinces and territories. On a national basis, close to half (45.5 percent) of Canada's welfare caseload consists of recipients with disabilities. Under the terms of a negotiated accord, provinces and territories could use these savings to invest in a comprehensive system of disability supports, including assistance for independent living, employment and community participation.

Even in the absence of comprehensive reform, provinces and territories can take immediate steps to improve the availability of disability supports [Torjman 2007a]. Possible reforms include improved access, such as a standard method for providing information about disability supports. More consistent eligibility criteria could involve a

single-entry point to the system and navigational assistance to help make the appropriate links. More effective delivery would consolidate several similar programs, such as those providing available technical aids and vocational rehabilitation. A supportive context involves improved accessibility of spaces and programs.

Perhaps the most significant reform would involve the removal of disability supports from social assistance. Greater availability of these supports to the broader population would reduce a major disincentive to participation in the labour market and the broader society.

### ASSETS

A growing body of literature and practice is emerging around asset-based policy as an important weapon in the poverty reduction arsenal. Asset-based policy helps households acquire and maintain assets, which can take the form of personal savings, business creation or home ownership. Specific measures include individual development accounts, community loans for microenterprise, learning bonds and co-operative housing.

There is substantial evidence that assets make a real difference to well-being, given the positive correlation between assets and increases to income over the long term [Robson and Nares 2006]. Accumulating assets afford a sense of psychological security not experienced by most families living in poverty. There can be little hope when there is no clear exit from a bleak and limited future. Assets help reduce financial strain and enhance economic security.

Ownership confers a sense of choice and security; it helps create a personal safety net in the event of emergency or as leverage for raising funds for other assets, such as work tools and equipment, business or residence. Assets enable households to make choices and take risks that they otherwise could not do. Small amounts of cash, for example, may allow them to move to a different city or region with more employment opportunities.

Similarly, households may be able to use their

assets to enroll in a training program in order to embark on a career or to change employment pathways later in life. They may be in a position to purchase tools or equipment which allow them to market their skills. They may be able to set up a business that could lead to financial independence and ideally out of poverty.

Of the range of possible assets, home ownership is particularly significant. The stability derived through ownership has been found to play a role in healthy child development and the emotional well-being of all household members [Rohe and Stegman 1994a; 1994b]. Home ownership also contributes to the welfare of neighbourhoods through property maintenance and concern for the health and safety of the community [Rohe and Stewart 1996].

But there are other forms of assets as well. In recent years, several measures have been tested by community groups and frequently introduced by governments to help households accumulate savings for designated purposes. One approach tried successfully throughout the country is known as individual development accounts [Robson and Nares 2006].

While the specifics of the initiative vary by community, the underlying theme is consistent. A separate account is established for this purpose. The voluntary organization or government department sponsoring the project commits to matching the private savings of participating households according to a set formula. A 1:3 ratio, for example, means that every dollar saved by households generates three dollars in matched contributions. Maximum amounts, typically in the range of \$5,000, are set for each account. Savings may be used only for designated purposes related to self-sufficiency through education, skills training or self-employment [Robson and Nares 2006; Leckie, Dowie and C. Gyorfi-Dyke 2008].

Another measure, the Canada Learning Bond, was introduced by the federal government in 2004 to help low- and modest-income families start saving early for their child's education after high school. The Canada Learning Bond pays \$500 at birth and \$100 each subsequent year – to a cumulative total

\$2,000 – for each child in families that receive the National Child Benefit Supplement (NCBS). The NCBS is the portion of the Canada Child Tax Benefit targeted to low- and modest-income families with net incomes less than \$37,178.

Another asset-based measure was announced in the 2007 federal Budget to enhance the quality of life for persons with severe disabilities. The measure originally had been proposed by PLAN, the Planned Lifetime Advocacy Network. Registered Disability Savings Plans are a form of tax-assisted savings to help families save for their members or relatives with severe disabilities. To be eligible, the intended beneficiary must qualify for the federal disability tax credit.

Registered Disability Savings Plans allow for \$200,000 in lifetime contributions, although there is no limit on the amount that can be held in the trust from growth. The federal government offers matched contributions of 100 percent, 200 percent or 300 percent, depending on income, up to \$3,500 annually. It also makes available an annual Disability Savings Bond of \$1,000 for low-income families.

While asset-based measures make an important contribution to reducing poverty, they should be understood as a supplement to – not a substitute for – income supplementation and replacement programs, which must be solid and substantial in order to make a serious dent in poverty.

Governments play three major roles in relation to asset-based measures. Governments create the legislative framework that sets them in place. They contribute financially to asset-based measures in the form of matched funds, grants or bonds. They can exempt the value of these assets in the determination of initial and continued eligibility for welfare or other programs, such as the Canada Child Tax Benefit. Because asset-based measures are intended to improve quality of life, counting them as income with subsequent disqualification from other benefits negates their very purpose.

Communities can continue to support these measures, as they have done over the years, by promoting their development and making essential

investments. They also act as watchdogs to ensure that governments do not take steps which reduce the value of these measures.

Another form of asset-based intervention involves direct investment in the social economy – a term used primarily in Quebec to refer to the entrepreneurial, not-for-profit sector. Its work is based on democratic values and seeks to enhance the social, economic and environmental conditions of communities, often with a focus on their disadvantaged members.

In the rest of Canada, the notion of the social economy is most closely associated with community economic development – a unique form of practice that seeks to bridge economic and social well-being. Community economic development comprises a wide range of activities. It can involve community-based businesses or co-operatives that serve the needs of their members/ owners. The co-operative model is a unique form of organization, which is jointly owned and democratically controlled by the people who benefit from it.

It is difficult, however, to set up these forms of microenterprise in the absence of capital investment – an asset well beyond the reach of most low-income Canadians. Appropriate policies include supportive legal frameworks and special measures that enable community economic development. Five major networks involved in this field recently issued a set of recommendations calling for federal policy and programs that would ensure a greater role for nonprofit organizations, social enterprises and co-operatives in economic development [CCEDNet 2008].

In the area of co-operative enterprises, for example, governments can fund local service organizations to start new co-ops in low-income communities. Governments can support the creation of training and internship around business start-up and management, especially in towns and regions where residents are leaving because of lack of jobs. Governments can also provide seed funding that enables access to capital for community-based businesses.

Finally, the emerging communities agenda in the country recognizes and harnesses local assets through place-based interventions [Torjman 2007b]. Social infrastructure is one of the most significant community assets.

### SOCIAL INFRASTRUCTURE

An essential component of a robust poverty reduction strategy is a focus on place – not just the four walls and roof where families live, but the broader community that includes the amenities which contribute to a good-quality life. The importance of these amenities derives from research into resilience that has documented the role of non-income resources in helping families cope with the stress of life below the poverty line and protecting children from its risks. Studies on population health have also found links between community design and amenities, and health and social well-being [Canadian Institute for Health Information 2006].

Wide-ranging evidence on vulnerable children points to the role of the social environment – including the family, school and neighbourhood – in mediating the impact of low income. This work speaks to the need for a shift in thinking from childhood vulnerability as a problem that stems from poverty and single parenting alone to a condition rooted in the environments in which children are raised [Willms 2002]. Strong neighbourhoods are created through safe community spaces and activities that encourage positive participation. These safe spaces comprise essential social infrastructure, which is as important as physical infrastructure – i.e., local hardware in the form of roads, sewers, water systems and other elements that form its physical plant.

Schools are a leading example of community spaces that serve important social needs – in addition, of course, to their primary educational role. They provide a locale for before- and after-school child care and early learning services. They are convenient centres for organizing continuing education, cultural and recreational activities. They act as places for residents to meet and discuss common concerns, such as community health or safety, or for parents to learn language skills or

improve their literacy proficiency.

While schools are well situated to act as hubs, other neighbourhood spaces can also be used for this purpose. Early childhood resource centres clearly play that role, for example, in several First Nations communities in British Columbia [Ball 2004]. Other components of social infrastructure include community centres, libraries, parks and playgrounds.

In addition to providing the physical spaces that can be used for social purposes, this form of infrastructure includes programs that contribute to positive well-being. There are strong links between participation in recreation and cultural activities, and good physical health, mental health and social well-being.

Recreation, sports, and arts and cultural programs help build self-esteem for children and young people. These activities have been found to reduce negative social behaviour in youth and are particularly effective in reducing crime among young offenders, thereby lowering the cost of social services and the juvenile justice system.

There are several policy areas that help build strong social infrastructure. The current federal preference for targeted tax cuts, such as the children's fitness tax credit that took effect in 2007, do not provide the investment needed for the retrofit and repair of existing arenas and facilities, many of which were built in the 1960s and 1970s. There is a massive billion-dollar infrastructure deficit in Canada which requires an infusion of funds.

While general tax cuts increase disposable income (primarily for middle- and higher- income families), these measures cannot substitute for investment in both the capital and operating components of a widely available program or service. In the case of physical fitness, for example, families cannot possibly build and maintain through their individual contributions the essential infrastructure such as parks, trails, fields, arenas, rinks and pools, and the training and payment of qualified staff.

Local governments do not have the fiscal capacity to do all that is expected. They rely primarily on



regressive property taxes as their major source of revenue and lack the stable financial base to match their range of responsibilities. They often must supplement property taxes with user fees, which make it difficult or impossible for many families to participate in recreational programs. Add to this fiscal mismatch the huge infrastructure deficit (an estimated \$5 billion in Ontario alone) arising from the need to repair aging arenas, swimming pools and community centres.

One recent positive development was the introduction of the federal infrastructure plan, called Building Canada, worth \$33-billion from 2007-2014 on projects across the country. Most recently, Ottawa signed a deal with Ontario to spend \$9.3-billion over seven years on public transit, roads and bridges.

Ontario, in turn, introduced the Infrastructure Financing Act to help municipalities repair aging hardware in the province. Local governments will receive another \$150 million to build roads, repair sewers and improve other public infrastructure – which tops up an existing \$300 million infrastructure fund announced in 2007 [Gillespie 2008].

But while these funds are important, they are not necessarily intended for social infrastructure. They likely will end up as physical hardware in the form of roads and sewers. There is no guarantee that they will be directed toward building and restoring community centres, libraries, arenas and other places used for social purposes. The only good news is that the additional monies could free up some municipal dollars for investment in social infrastructure.

Another policy response intervention focuses upon local recreation policy. Municipalities can make their facilities and programs available at little or no cost to the public or can offer subsidies to families. Although many municipalities currently provide the latter form of financial assistance, the eligibility criteria can be restrictive or demanding. In some communities, applicants must pay their doctors to complete a medical form to qualify for a subsidy sometimes worth only about \$50 – not to mention

inappropriate use of the health care system.

Program fees are only one obstacle. Sometimes transportation and child care systems do not match the recreational programming. Communities can play a significant role by helping join up all the disparate pieces – recreation programs, subsidies, transportation and child care – that operate in isolation from each other.

Another policy response that supports social infrastructure is to enable the use of schools for a wide range of after-hours activity. In November 2006, for example, the Government of Ontario announced a plan to invest \$20 million a year for the Community Use of Schools Initiative. This initial amount has been increased to \$40 million a year. Program funding will continue to rise over the next four years, and is slated to reach \$66 million by 2011-12.

The annual funding will help school boards reduce or eliminate the fees that community groups must pay for the after-hour use of schools. Other jurisdictions can encourage similar forms of support and accessibility of public space. Some communities are also making creative use of private space for public purposes, such as neighbourhood dinners, continuing education classes or support groups.

Finally, local governments can pay more attention to community design which has a significant impact, not surprisingly, on physical health and social well-being. Local councils should focus as much attention on public places for citizens as they do on strip malls for business. Communities can help in this process, for example, through design charettes that give expression to their concerns. Residents in Saint John, for example, were involved in a five-day planning exercise to help formulate a social housing plan for the city [Makhoul and Leviten-Reid 2006b].

Ontario is also poised to announce measures to ease the burden on municipal financing arising from the provincial downloading of social assistance and social service costs that took effect in the late 1990s. The measures will help municipalities redirect their financing to important areas of social infrastructure.

## PLACE-BASED INTERVENTIONS

A robust poverty strategy should set out policy measures in the core areas identified above. But it also must include place-based interventions, which provide a unique and powerful route through which to tackle complex problems, such as poverty. Community interventions act as supplement and complement to a solid set of public policies focused on poverty.

As noted, the quality of the place itself is crucial. It is in communities (i.e., in place) that the social infrastructure earlier described is created. It includes high-quality child care, parks and playgrounds, and cultural programs. Social infrastructure such as community centres, schools and libraries also serve as safe spaces for residents to come together to discuss concerns, make decisions, learn new skills and provide informal support. The engagement of citizens in solving problems is a core element of place-based approaches to poverty reduction.

In fact, the communities agenda is concerned largely with new forms of decision-making taking root across the country. Local governance bodies – or decision-making tables – are being created to help set a guiding vision for the community effort and its associated strategic plan. These tables usually are composed of diverse sectors, including business, government, voluntary organizations and people living in poverty. Together, they contribute a wealth of ideas, resources and practical solutions.

One key role of these local tables is to figure out how to integrate the multiple pieces that typically are set up to tackle a complex problem like poverty. While there is significant activity under way in most communities to meet social and economic needs, the interventions currently in place work like independent parts of a machine with few links to each other. They act as discrete entities with their own missions, values, mandate, objectives and funds [Torjman 2007b; Torjman and Leviten-Reid 2003].

What is needed instead are joined-up systems that include, for example, services for families with young children in which a range of interventions –

such as developmental assessment and remediation, play groups, parenting skills and family literacy programs – are delivered in a seamless way. Some communities are creating ‘wraparound’ approaches in which a set of integrated services is provided around the needs of families seeking supports for their relatives with disabilities.

Another core task of these decision-making tables is to identify ways to create new interventions through joining up, into an integrated package, components from different fields. A training initiative, for example, can link to prospective employers and ensure the availability of affordable child care and transportation for those involved in the program.

Local decision-making tables are also working on policy interventions. Participants appreciate that individual struggles often represent the tip of a big iceberg. Private troubles frequently reflect much broader public issues. In recognition of this larger picture, place-based interventions are seeking changes to relevant policies that affect a broader group.

Some communities are pressing for minimum wage increases in response to the fact that many workers employed full time still live in poverty. Several local efforts are encouraging employers to pay living wages that move beyond the bare minimum, in recognition of the fact that many employees are not able to feed their families on their wages [Makhoul and Leviten-Reid 2006a].

Other place-based initiatives are trying to help low-income households gain access to the benefits to which they are entitled. Waterloo Region worked actively, for example, to ensure that eligible low-income seniors received the Guaranteed Income Supplement [Makhoul 2005b]. Many were unaware of their entitlement and required assistance completing the required forms. An Edmonton community initiative set up Make Tax Time Pay to enable low-income households to obtain various benefits delivered through the income tax system. Many families were losing hundreds and even thousands of dollars in benefits because they were not filing the necessary tax returns [Makhoul 2006].

Still other initiatives are turning their attention to various policy measures that help reduce essential costs. Comprehensive community work in Saint John, for example, managed to convince the public energy utility to hold back on home heating fuel increases in selected low-income neighbourhoods [Makhoul and Leviten-Reid 2006b]. Place-based efforts in Calgary have attained lower transit fares for low-income riders [Makhoul and Leviten-Reid 2006a].

*While place-based initiatives vary widely throughout the country, they all share a common need. Community efforts require an enabling environment if they are to work effectively [Torjman 2007b].*

The policies and practices of governments and other funders often create barriers that make it difficult for local governance bodies to carry out their work. Comprehensive community initiatives typically face extensive reporting requirements and administrative burdens. They end up spending inordinate time and energy on accountability and less on their primary objective – in this case, poverty reduction.

Governments and other funders can enable place-based interventions by providing direct assistance to local decision-making tables. Funding typically goes to programs and services but rarely is made available to support the challenging work involved in convening key parties to develop common priorities and carry out the identified actions.

One way to assist this work is for governments – at the federal or provincial/territorial levels – to create a Community Fund. It would disperse multi-year funding to help communities set up and operate their respective decision-making tables for several years with, of course, built-in monitoring and review processes. The Fund could be administered by an arm's-length body to minimize the influence of political decisions – though government representatives could sit on a selection committee or advisory panel.

Place-based interventions also need to monitor and

assess their work over a longer period. Few have the time or expertise required for this purpose. Support for evaluative work would help communities determine whether their interventions are having an impact, and if and where they need to shift their focus and resources in order to be more effective.

Governments and other funders can also enable place-based interventions by modifying their own practices. They can support broad initiatives rather than one-off projects only – though it is still crucial to fund single agencies like homemaker services and child welfare agencies that carry out important work.

Governments and other funders can adopt a longer-term time frame within which to develop and carry out a place-based initiative. They can consolidate their reporting and evaluation requirements. They can reduce the paper work required in respect of a given effort.

Place-based efforts across the board would benefit from support for strategic learning. There are excellent proven models for tackling literacy, creating affordable housing and using community resources as a hub for comprehensive approaches. Yet there are scarce resources for building upon and transferring the approaches already known to be effective.

This form of strategic learning involves more than just a mail-out of web-based descriptions. Rather, it is a careful and deliberate technical application of successful interventions. Progress against this seemingly intransigent problem would be more powerful if there were widespread application of the successful interventions already making a real difference for families living in poverty.

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## SUMMARY

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Any serious poverty strategy must be composed of a set of core public policies related to affordable housing, early childhood development, education and training, income security, asset creation and social infrastructure.

But any comprehensive poverty strategy must also recognize and should provide support for the wide range of efforts in communities that are making critical contributions through their collaborative efforts, innovative interventions and policy impact. At the end of the day, a robust poverty strategy combines public policy and place-based interventions to create a powerful combination of government and community in the fight against poverty.

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## ENDNOTES

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<sup>i</sup> In 2006, families in the highest income bracket had 46.5 percent of family market income – from wages and salaries, self-employment, private pensions and other private sources, almost 16 times greater than the 2.9 percent share of families in the lowest bracket. But once government programs and income taxes are taken into account, the share of after-tax income falls to 39.6 percent for families in the top group while it increases to 7.3 percent for those in the lowest-income bracket, reducing the gap between high- and low-income families to 5.4 times.

<sup>ii</sup> It should be noted that there are several proposals currently being put forward by various groups for some form of guaranteed income that effectively would do away with an eligibility test based on definition. Income level would be the sole eligibility criterion for the payment. Guaranteed income is the subject of a forthcoming paper by the Caledon Institute.