

Poverty in the Midst of COVID-19

A report card on child and family
poverty in Ontario in 2020

Ricardo Tranjan and Randy Robinson





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ABOUT THE AUTHORS

Poverty in the Midst of COVID-19 is a production of the Ontario office of the Canadian Centre for Policy Alternatives. Ricardo Tranjan is a political economist and senior researcher with the office; Randy Robinson is CCPA Ontario director.

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Poverty in the Midst of COVID-19

A report card on child and family poverty in Ontario in 2020

Executive Summary

In March 2020, the COVID-19 pandemic forced the shutdown of large sections of the Ontario economy. In a few short months, total economic activity in the province fell by 13%. By May, 1.1 million workers were out of a job. The unemployment rate, which had been 5.5% in February 2020, was 13.2% in May.

Despite this economic shock, the rate of child poverty in Ontario decreased in the first year of the pandemic, primarily due to swift government action. In 2020, more than 7.8 million Ontarians, representing 66% of those aged 15 and over, received some form of COVID-related assistance. By the end of the year, support to individuals in Ontario added up to \$34.9 billion, 99% of which came from the federal government.

Based on Canada's official poverty measure, the Market Basket Measure, child poverty in Ontario was cut in half in 2020; the number of children experiencing poverty fell from 314,000 to 153,000. Based on the Low Income Measure, which measures poverty relative to median incomes, the incidence of child poverty dropped by roughly one-quarter of the 2019 total, falling from 498,600 children to 377,040.

For policy-makers, perhaps the most obvious lesson of the pandemic is that poverty, including child poverty, can be reduced much more quickly than Ontario has done in recent years. Timid policies that unfold incrementally over decades are of no use to children who will be grown up before we finally get around to taking action. Canada and Ontario must do more to accelerate the elimination of child poverty, in keeping with the parliament of Canada's unanimous commitment, in 1989, to do so by the year 2000.

Despite the reduction in the number of children in poverty in 2020, government action still fell short, for a number of reasons:

- Programs like the Canada Emergency Response Benefit (CERB) and one-time top-ups to various income supports were temporary. Food bank usage data, a good proxy for economic hardship, suggests poverty rates rose again in 2021 and 2022. Children and families who got a break from deprivation in 2020 are likely to be struggling again. With the rate of inflation in Ontario at times topping 7% in 2022, food and housing insecurity are becoming ever more widespread.
- Temporary pandemic benefits did nothing to address the systemic issues that result in a higher incidence of poverty among racialized and Indigenous communities; nor did they change the high incidence of poverty among lone-parent families, particularly lone-parent families led by women.
- Children whose families were in receipt of provincial social assistance received little additional support in 2020. For them, the situation went from bad to worse. Ontario Works payments were set at \$733 for single individuals on October 1, 2018 and remain at that level to this day; Ontario Disability Support Program rates for single individuals were

set at \$1,169 on September 1, 2018 and stayed there until September 1, 2022, when they rose by 5% to \$1,227 per month. Meanwhile, the Consumer Price Index for Ontario rose by 14% over the four-year period. Social assistance recipients have seen real cuts to their buying power since 2018.

- Life for many people living on low income was frequently harder in 2020 than it had been in 2019. Many in-kind social supports became unavailable or less accessible as a result of lockdowns and preventive health measures, including drop-in programs, clothing assistance programs, hot meal services, and so on.
- While more than half of minimum-wage workers were laid off during the first months of the pandemic, many continued to work, often at what were called “essential” jobs that carried a higher risk of exposure to the virus. Workers in this group received no help from the province to increase their wages. On the contrary, one of the government’s first acts was to cancel a planned increase in the minimum wage to \$15 an hour that was set to come into effect on January 1, 2019. By the time it did increase it to \$15 an hour, on January 1, 2022, that three-year delay had cost the average minimum-wage worker \$3,170.

The current Ontario government has declined to make poverty reduction a focus of its agenda, yet Ontario remains a rich province in a rich country. By mid-2022, corporate profits amounted to 19.6% of Canada’s economy—a record high. With large increases in revenues related to a sound economy and rising inflation, the provincial government ran a healthy budget surplus in 2021-22 and is likely to do the same again in 2022-23. Canada’s economy is growing faster than in any other G-7 nation.

If there was ever a time to seize the moment and tackle poverty in Ontario, that time is now.

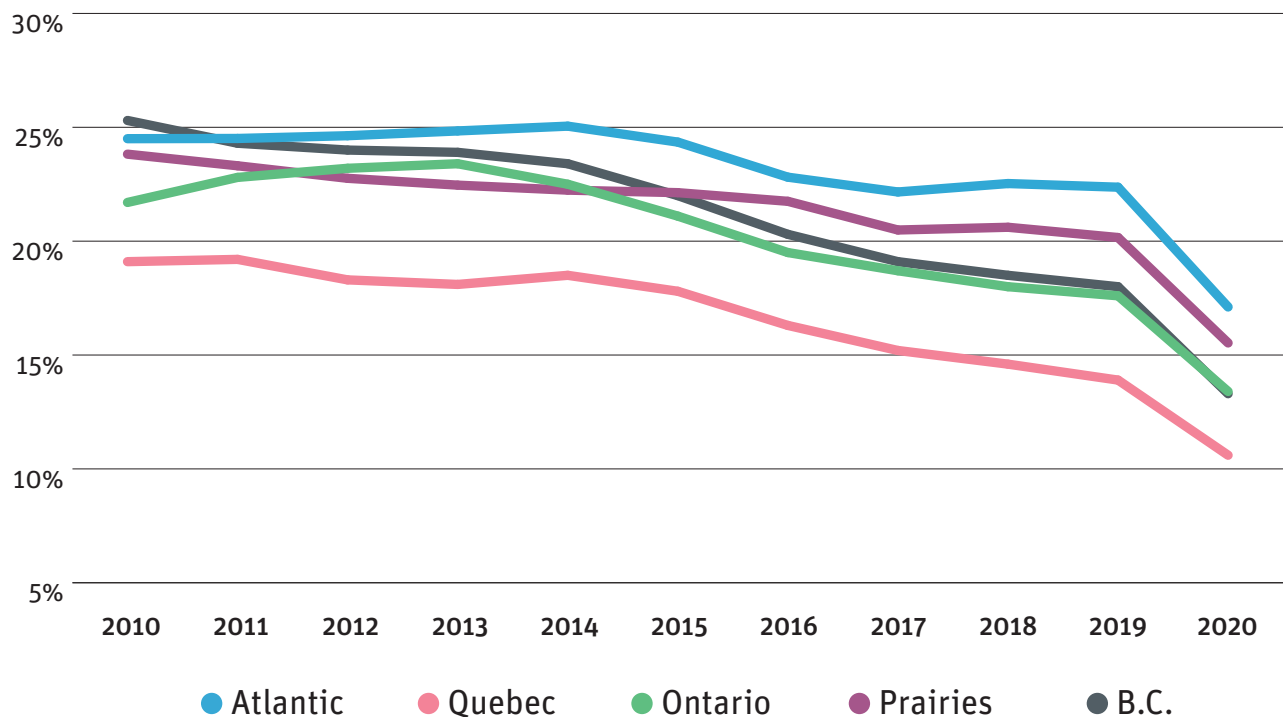
Pandemic income support measures reduced poverty—for some, for a while

In 2020, in the midst of a global pandemic and a deep economic downturn, the rate of child poverty in Ontario fell.

Child poverty in the province had declined, albeit gradually, from 2013 to 2019. While low social assistance rates kept recipient families in deep poverty, a falling unemployment rate, the introduction of the federal Canada Child Benefit in 2016, and a substantial increase in the provincial minimum wage in 2018 all contributed to a decline in the incidence of low income.¹

All of those changes took place in slow motion compared to what happened in 2020. As Figure 1 shows, across the country, the decline in poverty rates in 2020 was much larger than in previous years.

FIGURE 1 Percentage of children 0 to 17 years of age living in low-income families



Source: Statistics Canada, Table 11-10-0018-01.

In March of that year, the COVID-19 pandemic forced the shutdown of large sections of the Ontario economy. In a few short months, total economic activity in the province fell by 13%. Two months into the pandemic, 1.1 million workers were out of a job. The unemployment rate, which had been 5.5% in February 2020, was 13.2% in May.²

Yet despite this economic shock, the rate of child poverty went down in the first year of the pandemic. The primary reason was remarkably swift action by governments.³ In 2020, spending by all levels of government across Canada rose by one-third compared to 2019, almost entirely because of measures designed to respond to the economic and health impacts of COVID-19.^{4,5} Expenditures had varying purposes—to support businesses, individuals, municipalities, health care, and education, for example—but all of them helped put a floor under the economy and aided the recovery.

Thanks to this swift government response, large numbers of children did not have to experience material deprivation on top of other hardships experienced during the pandemic. And tens of thousands of children got a break, however short, from never having enough.

For policy-makers, perhaps the most obvious lesson of the pandemic is that poverty, including child poverty, can be reduced much more quickly than Ontario has done in recent years. Timid policies that unfold incrementally over decades are of no use to children who will be grown up before we finally get around to taking action. This report learns from the pandemic to propose ways to accelerate the elimination of child poverty in Ontario.

Child poverty in Ontario in 2020

Policy experts in Canada use two key measures to track and monitor poverty rates: the Market Basket Measure (MBM) and the Low-Income Measure (LIM).⁶

Under the federal *Poverty Reduction Act*, the MBM is Canada's official poverty measure and defines the poverty line for individuals and families alike. Living above the line means being able to afford a modest, basic standard of living, i.e., adequate food, clothing, shelter, transportation, and other necessities.

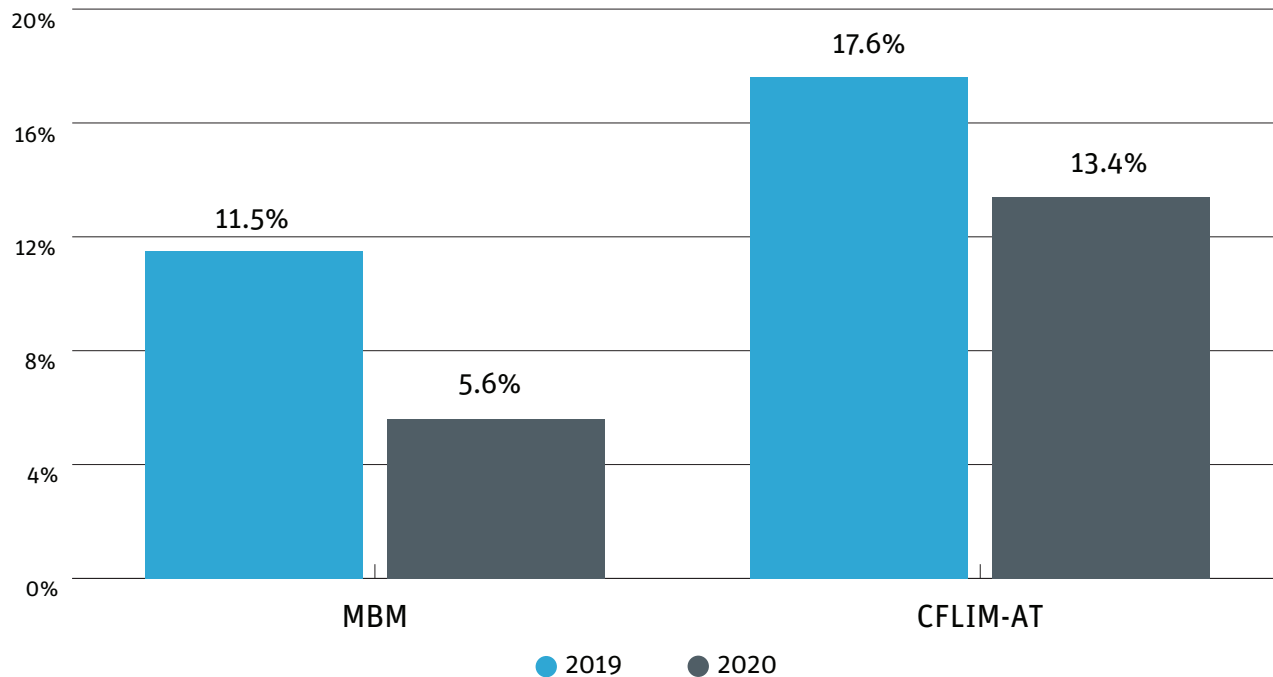
The LIM, by contrast, defines poverty as more than an inability to meet basic needs. Set at 50% of the median income, the LIM threshold is higher than the MBM. According to this measure, individuals and families are living in poverty if their annual income is below 50% of the median income. For example, if half of the population earns less than \$50,000 and half earns more than \$50,000, the LIM is 50% of that, or \$25,000.

While the MBM focuses solely on whether people can survive deprivation, the LIM tells us more about whether people have the resources to participate in society. People who can afford simple meals at home but can't afford to go for coffee and a donut with a friend may be above the poverty line as measured by the MBM but not as measured by the LIM.

LIM statistics are computed from different datasets, including the T1 Family File (T1FF), which is annual tax data, and the census, released every five years. T1FF uses families as the unit of analysis, while the census uses households, which can contain more than one family. The T1FF does not include data on racial identity and includes only limited data on Indigenous identity and immigration status; the census is more comprehensive on these topics. This report uses both the T1FF-based measure (hereafter CFLIM) and the census-based measure (hereafter LIM), depending on the topic or group being examined. We favour after-tax (AT) statistics over before-tax (BT) because they capture the impact of government transfers.

MBM statistics are also computed from two datasets, the annual Canada Income Survey (CIS) and the census. For the purpose of this report, the key difference is that annual CIS data can be compared to CFLIM data in annual analysis. Figure 2 compares MBM (CIS) and CFLIM rates for Ontario in 2019 and 2020.

FIGURE 2 Percentage of children 0 to 17 years of age living in low-income families, Ontario



Source: Statistics Canada, Table: 11-10-0135-01; Table: 11-10-0018-01.

Child poverty in Ontario was cut in half in 2020 if the MBM is the measure, falling from 314,000 children to 153,000. If the measure is the CFLIM-AT, the incidence of poverty dropped by roughly one-quarter of the 2019 total, falling from 498,600 children to 377,040. In both cases, the drop is significant but likely temporary, for reasons examined below.

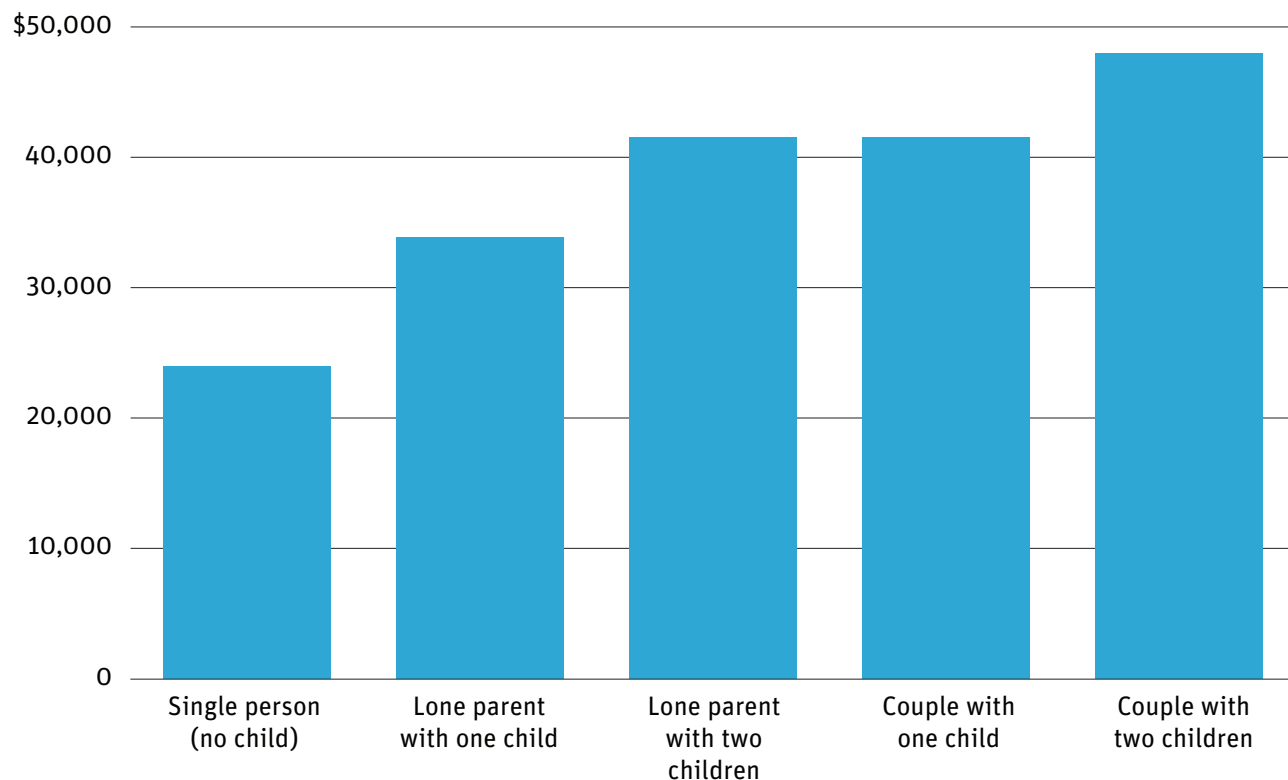
Poverty by family size and type

All poverty measures take family size into account, recognizing that larger families have higher expenses, but also recognizing that sharing a household is less costly than living alone. For example, the cost of rent, utilities, and transportation are higher, on a per-person basis, for people living alone and in lone-parent families. Couple families also have more earning power and can share child care responsibilities. In contrast, single parents typically

have lower income and may be forced to choose between employment and child care, as not all employment pays well enough to cover child care costs.

Figure 3 shows the CFLIM-AT threshold by family type in Ontario in 2020. For a single person with no child, the poverty line is an annual income of \$23,976; for a lone parent with one child, \$33,907; for a lone parent with two children or a couple with one child, \$41,528; and for a couple with two children, \$47,952.

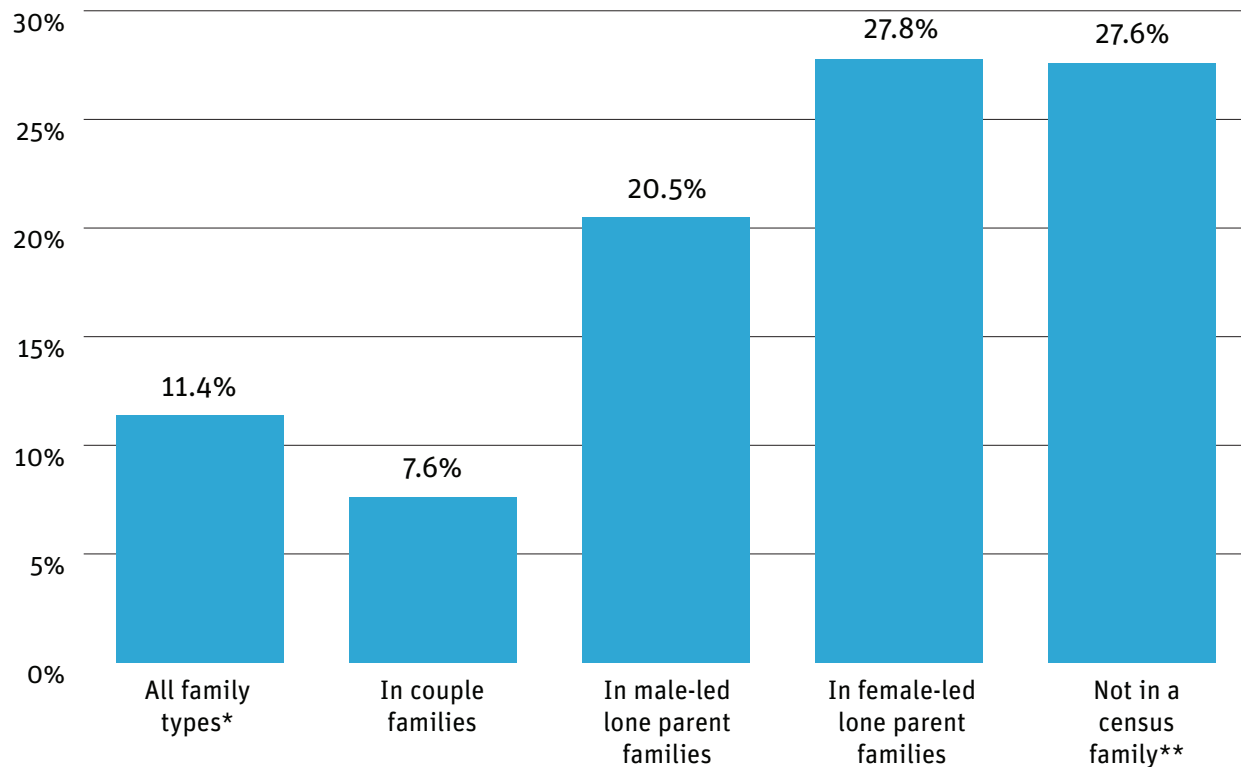
FIGURE 3 CFLIM-AT thresholds (\$) by family type, Ontario 2020



Source: Technical Reference Guide for the Annual Income Estimates, T1 Family File, Final Estimates, 2020.

Figure 4 shows the variation of LIM-AT rates by family type. The incidence of poverty is lowest in couple families, with 8% of children in couple families living with incomes below the threshold. In single-parent families, 21% of children in male-led and 28% of children in female-led families lived below the threshold.

FIGURE 4 Percentage of children 0 to 17 years of age in low-income families, by family type, Ontario 2020



Source: Statistics Canada, census 2020; custom table. * This table use census data, and “all family types” excludes “not in a census family,” which is why the rate differs from the CFLIM-AT rate on Figure 2. ** “Not in a census family” includes children living alone or in households without a parent or grandparent.

The incidence of poverty in lone-parent families is, clearly, higher than it is in couple families. However, other factors besides household type and size play a role in placing households in poverty. In 2020, 143,000 children lived in lone-parent families in Ontario. Of these, 86% lived in female-led lone-parent families and only 14% lived with their father or male legal guardian. Children in female-led lone-parent families were considerably more likely to live in poverty than those in male-led lone-parent families. These findings

suggest that archaic social norms and policies that make women responsible for child rearing while penalizing them for not being in a relationship still have a visible and unfair impact today.

Racialized and Indigenous children are more impacted

While the incidence of low income varies with economic ups and downs, labour market trends, and changes to income support programs, systemic discrimination consistently puts some population groups at higher risk of experiencing poverty. Canada has a long and ongoing history of colonialism, racism against Black and other racialized groups, and discrimination against women, 2SLGBTQ+ and gender-diverse groups. Immigration policies have also played a role in making it harder for some population groups to participate fully in society. These harmful processes and practices have many outcomes. One of them is the disproportionate share of Indigenous, Black, racialized, and immigrant children growing up in households with incomes below the low-income line.

TABLE 1 Percentage of children 0 to 17 years of age living in low-income households

Not a visible minority	9.3
Provincial average (all children)	11.5
Visible minority*	13.7
Indigenous identity (living off reserve)	17.6
Black	18.8
Immigrant**	19.2
Indigenous identity (living on reserve)***	38.3

* Does not include people who identify as Black, reported separately. ** Includes all arrival years, though most families with children arrived after 2011. *** Low-income statistics for on-reserve populations need careful interpretation: see www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2019001-eng.htm for details.

Source: Statistics Canada, 2021 census; custom tabulations.

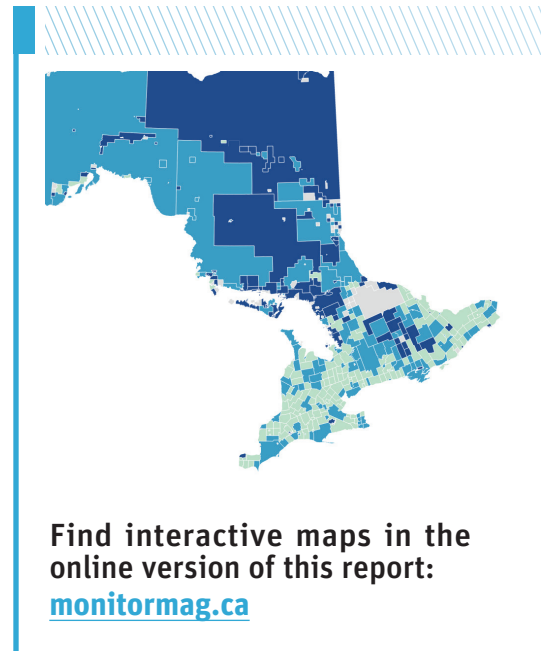
Children living with adults who have disabilities or diverse gender identities are also likely to experience poverty at disproportionately high rates because of the barriers these adults face in the labour market and other realms of society. This data remains hard to access and its absence is a major limitation of this report.

The policy proposals listed later in this report would benefit all children in low-income households. But for many children, inclusion requires more. It requires the genuine recognition of their identities, histories, and cultural experiences as being of equal worth. It requires a society that looks at them and sees only one thing: a child full of potential.

Child poverty is everywhere, but in some areas more than others

This report includes three interactive maps. One shows child poverty rates in all municipalities in Ontario based on the CFLIM-AT. The other two provide breakdowns, by three-digit postal code, for the two largest cities in the province, Toronto and Ottawa.

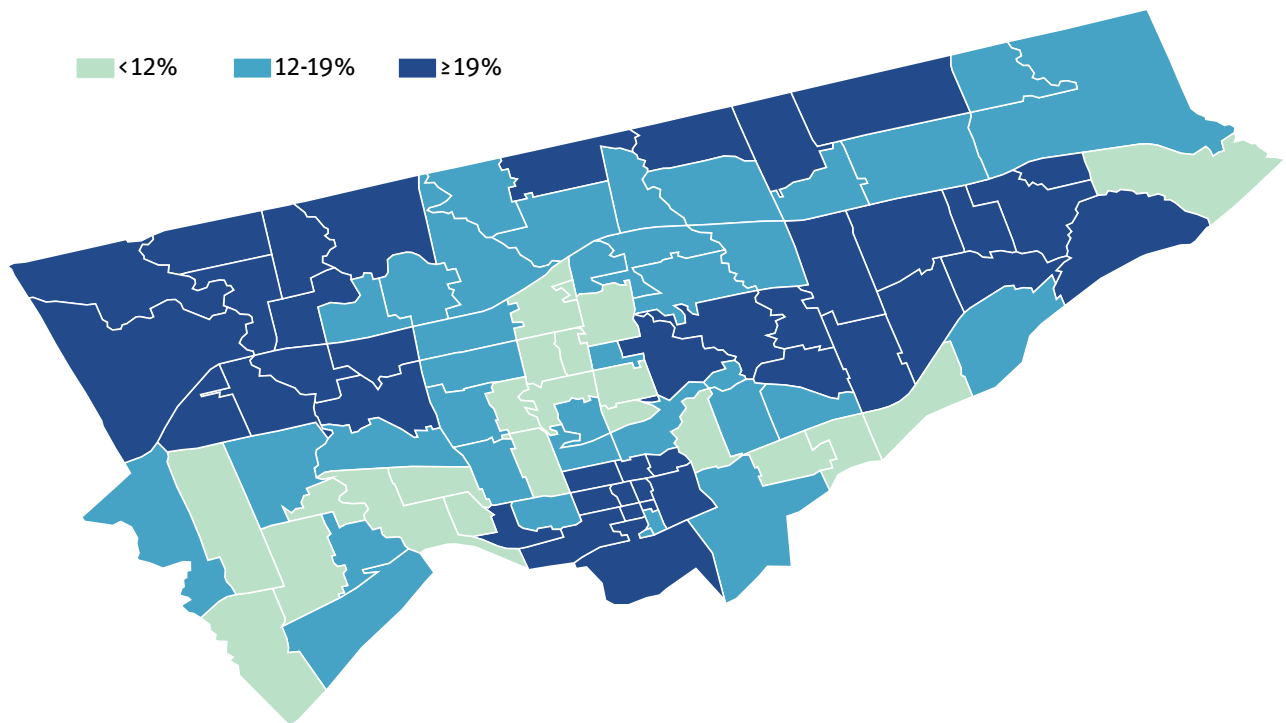
The first map ([available online](#)) shows that child poverty rates in communities in northern Ontario with substantial First Nation populations, like Fort Hope (42%) and Webequie (39%), are more than three times the average for the province (12%). The same is true for First Nation communities in the south, like the Sarnia 45 Reserve (46%) and Six Nations of the Grand River (32%). Other areas with higher-than-average rates include Sudbury (22%), Cornwall (22%), Windsor (21%), Toronto (17%), Peterborough (16%), London (17%), Cobourg (14%), and Hamilton (14%). Ottawa (12%) matches the provincial average.



While there is variability within every community, the larger the population, the less useful averages are in telling the full story. For this reason, the second and third maps zoom in on the province's two large cities. Toronto's map shows a clear pattern: high child poverty rates in the downtown core, and immediately east of it, including postal codes M5G (32%), M5C (30%), and M5B (26%); lower than average rates in areas close to but outside of the downtown core, especially to the north of it, including postal codes M4S (9%), M5P (10%), and M6C (10%); and higher rates as we move toward the edges of the city, including M6M (21%) and M3N (26%) in the west, and M1K (22%) and M1G (22%) in the east. The socioeconomic patterns and dynamics uncovered in the landmark report *Poverty by Postal Code* seem to hold steady.⁷

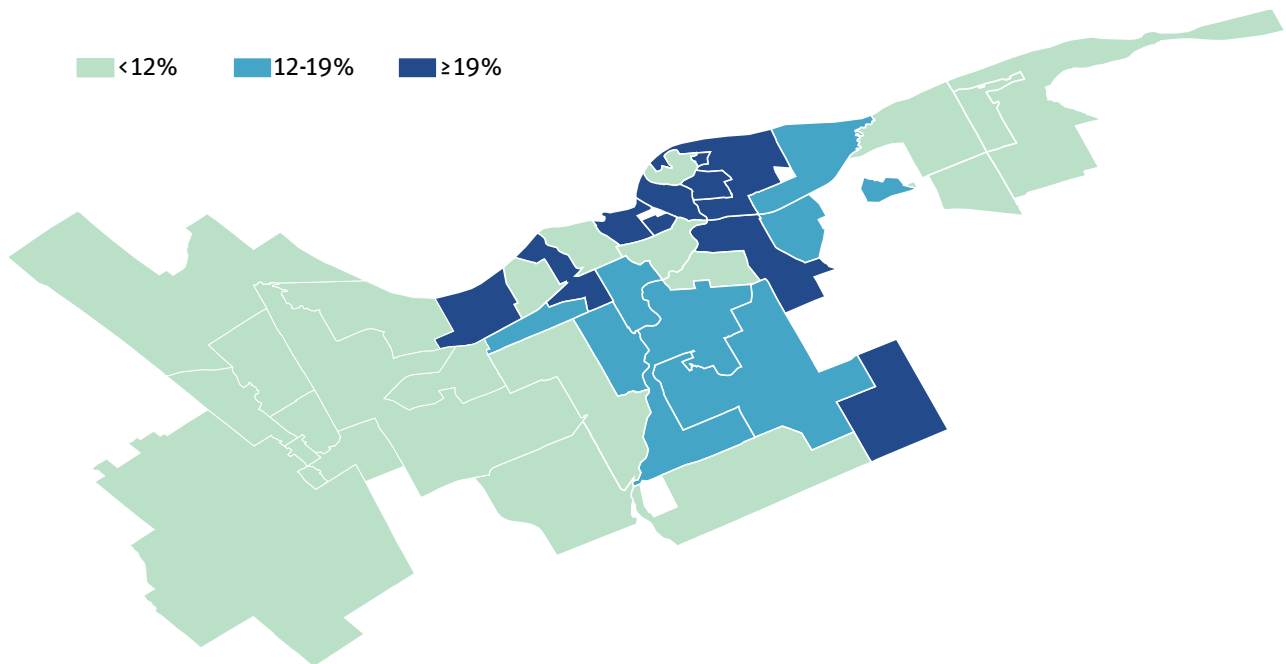
As in Toronto, child poverty in Ottawa is more concentrated in certain areas. Many of the postal codes west of the downtown core have rates below the

FIGURE 5 Share of children 0 to 17 years of age living in poverty, by postal code, Toronto, 2020



12% provincial average. In a few areas in and east of downtown, more than one in five children live in poverty, including K1N (29%) and K1L (28%), with high rates stretching to the southeastern part of the city in the postal area K1G (21%). As with Toronto, these patterns are not new and systemic discrimination plays a role in perpetuating them. K1L includes parts of Vanier, where the Indigenous population is twice as large as the Ottawa average; the south of the city includes Heron Gates, where racialized and immigrant tenants have been fighting for the right to remain housed.⁸

FIGURE 6 Share of children 0 to 17 years of age living in poverty, by postal code, Ottawa, 2020



Child poverty is found everywhere in Ontario. The incidence of poverty is higher than average in Northern and Indigenous communities, and in some neighbourhoods in large urban centres, but no area in the province is spared. While much emphasis is put on the role of local governments in alleviating the impacts of poverty through shelters and other emergency services, long-term solutions rest with the provincial and federal governments.

Why poverty fell: income supports for some, but not others

Without government intervention, the economic damage of the pandemic would have been worse. The drop in economic activity in 2020 would have been around 13.2% instead of 5.4%; the average unemployment rate would have been 11% instead of 7.8%.⁹ Loss of employment income would have brought total household incomes down if income supports hadn't kicked in. Child poverty rates would have been tragically worse, too.

Fortunately, that is not what happened. Government interventions softened the blow of the shutdown and provided millions of people and families the support they needed to weather the storm.

In 2020, more than 7.8 million Ontarians, representing 66% of those aged 15 and over, received some form of COVID-related assistance. By the end of the year, support to individuals in Ontario added up to \$34.9 billion, 99% of which came from the federal government.¹⁰

Federal action: the Canada Emergency Response Benefit picked up the slack when market incomes fell

The Canada Emergency Response Benefit (CERB) was the most significant pandemic-related support in 2020. It provided \$500 a week to recipients who had earned at least \$5,000 in 2019, even if they were unemployed when the pandemic began. In normal times, most low-wage workers have limited access to Employment Insurance (EI) benefits due to the program's restrictive rules,¹¹ but during the pandemic, they were able to access CERB. For those who would have qualified for EI, CERB payments were, in many cases, more adequate than their EI payments would have been. Having a social safety net that works meant many working families avoided deprivation during the crisis.

While 35.8% of the Ontario workforce received CERB in 2020,¹² it had the most visible impact on low-income workers, who experienced the steepest drop in market income (wages and other work-related income). Table 2 shows that while the average drop in market income for all Ontario workers was 0.2%, workers in the two lowest-earning deciles saw average drops of 24% and 17%, respectively. A large share of these workers lived in low income in 2019, or not far above the low-income line, depending on household composition

and other factors. For them, a financial blow of that magnitude would have meant serious hardship, but given their earnings for 2020, they were eligible for CERB in 2020, and that made all the difference.

In addition to temporarily reducing the number of people in low-income, the CERB and other pandemic benefits prevented economic inequality from getting worse and narrowed income gaps along racial and gender lines. Given the over-representation of racialized and Indigenous workers in lower-paid jobs and harder-hit industries, these workers were more likely to receive CERB than non-racialized, non-Indigenous workers. Likewise, women were more likely to access support than men.¹³

Temporary changes aside, pandemic benefits did not address the systemic issues discussed above.

TABLE 2 Average market income and % change, 2019 and 2020, by income decile, (2020 constant \$)

	2019 (pre-pandemic)	2020 (first pandemic year)	% change
Lowest decile	1,700	1,300	-24%
Second decile	14,300	11,900	-17%
Third decile	26,000	23,500	-10%
Fourth decile	36,800	34,300	-7%
Fifth decile	47,100	44,800	-5%
Sixth decile	56,600	55,200	-2%
Seventh decile	67,800	67,600	0%
Eighth decile	82,000	82,000	0%
Ninth decile	101,900	102,100	0%
Highest decile	171,200	181,000	6%

Source: Statistics Canada, 2021 census; custom tabulations.

Provincial inaction: for families on social assistance and minimum-wage workers who kept working, life went from bad to worse

While CERB was a lifeline, many Ontarians living in low income did not receive it. Like EI, Ontario’s social and disability assistance programs were broken before the pandemic. Unlike EI, which was temporarily replaced by CERB, Ontario social assistance programs continued to provide inadequate supports during a global health crisis. An arbitrary division of labour between federal and provincial governments decided the fate of hundreds of thousands of children in Ontario: families eligible for federal supports had a chance to avoid deprivation, while those who depended on provincial programs saw life go from bad to worse.

Table 3 illustrates these discrepancies. Average government transfers increased by 51% in 2020, with the average family receiving an additional \$5,967 compared to 2019.

TABLE 3 Changes in average government transfers to Ontario families from 2019 to 2020

	Change in average amount per recipient family between 2019 and 2020
Total government transfers	\$5,967
Other government transfers	\$4,939
Goods and Services Tax (GST) Credit and Harmonized Sales Tax (HST) Credit	\$460
Old Age Security (OAS) and net federal supplements	\$708
Workers' Compensation Benefits	\$592
Federal Child Benefits	\$204
Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) benefits	\$247
Social Assistance Benefits	\$128
Provincial Refundable Tax Credits and Family Benefits	-\$15
Employment Insurance (EI) benefits*	-\$522
Highest decile	6%
All deciles	-0.2%

Source: Statistics Canada, Table 11-10-0014-01; authors’ calculations; *EI saw a decline because the program was discontinued for most of 2020.

The largest increase was in the category “other governments transfers,” which includes CERB and other pandemic-related measures. Close to the bottom of the list, “social assistance benefits” rose by 1.4%, with the average family receiving an additional \$128. Social assistance recipients also received some benefit top-ups (e.g., federal child benefits). While helpful, these one-off supports did not have a prolonged impact on household financial security.

There were also individuals who continued to work at low-wage jobs throughout 2020. Depending on one’s household circumstances, it is possible in Ontario to work full-time and live below the poverty line. COVID-19 did not change that. While more than half of minimum-wage workers were laid off during the first months of the pandemic,¹⁴ many continued to work, often at what were called “essential” jobs that carried a higher risk of exposure to the virus. Workers in this group received no help from the province to increase their wages.

Deepening poverty

The upshot of these discrepancies in pandemic-related supports is that the incidence of low income decreased, but those who experienced poverty were not any better off than before. They were likely worse off.

The LIM measures the number of people below the low-income line, but it doesn’t tell us how far below the line people have fallen; it could be \$500 or \$15,000. Statistics Canada has another measure that estimates the size of the gap, called the income gap ratio, also referred to as “depth of poverty.” For example, if the low-income threshold for a single individual is \$25,000, the income gap ratio is 10% for someone with an income of \$22,500 and 40% for someone with an income of \$15,000.

The average income gap ratio for census families in Ontario dropped from 36% in 2019 to 35% in 2020. While these figures suggest life for people living in low income was just as hard after the pandemic as it was before, in reality, it was harder. Many in-kind social supports became unavailable or less accessible during lockdowns and due to preventive health measures, including drop-in programs, clothing assistance programs, hot meal services, and so on. Since social assistance benefits are hard to access and inadequate for those who do access them, low-income families rely on these supports to meet their basic needs. The Ontario government knew this but decided not to act. It decided

not to provide necessary supports to poor families and their children during a global health crisis.

The continued neglect of social assistance recipients and their children

The Ontario government provides social assistance to people through two main programs. In 2020, Ontario Works (OW) provided \$733 a month to single individuals deemed employable; the Ontario Disability Support Program (ODSP) provided \$1,169 dollars a month to single individuals deemed unable to work. For both programs, households with children have access to higher benefits. For example, a lone parent with one child in receipt of OW received \$1,122 monthly; a lone parent with one child on ODSP received \$1,718. Social assistance payments to parents then, as today, were supplemented by the federal Canada Child Benefit, the smaller Ontario Child Benefit from the province, the federal GST credit, and the provincial Ontario Trillium Benefit.

In 2020, the federal government provided a one-time top-up payment to the Canada Child Benefit and a one-time increase to the GST credit, amounting to an increase of \$1,033 to a lone parent with one child and \$1,486 to a couple with two children.

The Ontario government offered individuals and families on social assistance a \$100 or \$200 emergency benefit, respectively, during the first months of the pandemic. Social assistance recipients had to apply to receive this benefit, and fewer than 50% did so.¹⁵ Low take-up rates are often associated with lack of knowledge about benefits and fear of punitive consequences, like losing other benefits or being asked to pay the money back later on. Clearly, if the province had intended to assist everyone, it would have simply added the payment as a top-up to monthly benefits.

At the outset of the pandemic, social assistance recipients who were entitled to CERB faced a tough choice: continue to live in deep poverty or apply to the federal program and risk losing their benefits. In the end, those who received CERB had a large share of it deducted from social assistance payments.

Social assistance recipients in Ontario were left in deep poverty in 2020, far below the poverty line, even as calculated by the Market Basket Measure.¹⁶

In 2020, social assistance recipients who earned money from working could earn up to \$200 without having their benefits reduced. Every dollar earned above that level brought a 50-cent reduction in social assistance payments, however, effectively cutting the recipient's pay rate from working in half. In normal times, a small percentage of recipients are able to boost their income in this way; even fewer did so during the pandemic, when unemployment reached historic highs.¹⁷

Individuals in receipt of social assistance are eligible for a small number of federal and provincial benefits and tax credits that increase their income, specifically the federal GST credit, the federal Climate Action Incentive, and the provincial Trillium Benefit. Families in receipt of social assistance receive these benefits but also the Canada Child Benefit and the smaller Ontario Child Benefit. Taken together, these payments can make up more than half of family income. Despite increases to these payments over time, however, total inflation-adjusted income of social assistance recipients in Ontario remain well below the levels achieved 30 years ago.¹⁸

Ostensibly part of the provincial anti-poverty strategy, social assistance rates are doing nothing to reduce the number of people and families in low income, nor to increase their income, especially given the impact of inflation. If provincial policy is truly aimed at supporting recipients to achieve “employment and independence,”¹⁹ it must take into account the degree to which low social assistance rates are an obstacle to both. Daily experience of housing instability, lack of child care, food insecurity, and social isolation—all related to lack of income—hardly sets the stage for success.²⁰

It's 2023, and governments are already forgetting what all of us learned

The central lesson of the pandemic is a very simple one: if the goal of social policy is to reduce poverty, there is no faster way to do it than by directly increasing the income of those living in low income.

Sadly, in 2023, all of the pandemic benefits that made a difference to poverty levels are now terminated. The Canada Emergency Response Benefit and the Canada Emergency Student Benefit ended in 2020. The Canada Recovery Benefit ended in 2021. The Canada Lockdown Benefit, the Canada Recovery Sickness Benefit, and the Canada Recovery Caregiving Benefit ended in May of 2022. Temporary changes to EI ended in September 2022.

In addition to terminating these benefits and not fixing Canada's safety net, the Canada Revenue Agency is now trying to recover payments that went to people who may have received duplicate CERB instalments or fell a bit short of the eligibility guidelines. The same treatment has not been given to employers who benefited from billions in wage subsidies.²¹

Food bank usage data, a good proxy for economic hardship, suggests poverty rates rose again in 2021 and 2022.²² Children and families who got a break from deprivation in 2020 are likely to be struggling again. With the rate of inflation in Ontario at times topping 7% in 2022,²³ food and housing insecurity are becoming ever more widespread.

Both the federal and provincial governments have pivoted away from supporting Canadians through the pandemic and have now turned their attention to addressing inflation. From the point of view of low-income Ontarians, both levels of government have come up short.

Moving on: the federal Affordability Plan

The Government of Canada began implementing a number of measures in 2022 as part of an “Affordability Plan” designed to cushion Canadians from the impact of rising inflation.²⁴ Some of these measures are specifically designed to support low-income people:

- The government is doubling the GST/HST credit for six months, beginning in late 2022, to provide up to \$234 to single low-income Canadians without children and up to \$467 for low-income couples with two children.
- The Canada Workers Benefit, which provides up to \$1,395 for individuals and up to \$2,403 for working families in low income, will be expanded to allow more people to receive it.
- The new Canada Dental Benefit will provide up to \$1,300 per child over two years to uninsured families earning less than \$90,000 to pay for dental care.
- Individuals who rent and earn less than \$20,000 and tenant families earning less than \$35,000 in the 2021 tax year will now be eligible for a \$500 one-time top-up to the Canada Housing Benefit.

These measures, while important, represent a small fraction of the spending on income supports that took place in 2020 and brought poverty rates down, and Finance Minister Chrystia Freeland has signalled no enthusiasm for more spending of this kind. If a recession happens, as expected in 2023, low-income Ontarians who lose their job will not have the CERB—or anything like it—to fall back on.

Ontario's failure to address poverty

Since its initial election in 2018, the current Ontario government has declined to make poverty reduction a focus of its agenda.

One of the government's first acts was to cancel a planned increase in the minimum wage to \$15 an hour that was set to come into effect on January 1, 2019. By the time it did increase it to \$15 an hour, on January 1, 2022, that three-year delay had cost the average minimum-wage worker \$3,170.²⁵

Ontario Works payments were set at \$733 for single individuals on October 1, 2018 and remain at that level to this day; Ontario Disability Support Program rates for single individuals were set at \$1,169 on September 1, 2018 and stayed there until September 1, 2022, when they rose by 5% to \$1,227 per month.

Meanwhile, the Consumer Price Index for Ontario rose by 14% over that period.²⁶ All social assistance recipients have seen real cuts to their buying power since 2018.

A much-touted change in the government's policy on ODSP was its decision, announced in its November 2022 budget update, to allow ODSP recipients to earn up to \$1,000 per month (up from \$200 a month) without a reduction in benefits. This move, while positive, will also likely be ineffective, because the principal reason why ODSP recipients need the benefit is that their disability interferes with their ability to work enough hours to make a living: "This change only benefits those who can work, and does nothing for the vast majority who cannot work," noted Maddy Dever, director of policy at the Ontario Disability Coalition.²⁷

Rather than increasing rates to above-poverty-line levels, the government is instead moving quickly to change how social assistance is managed. Under the provincial "recovery and renewal" plan, oversight of OW and ODSP is being outsourced to for-profit corporations and other organizations with the specific goal of reducing reliance on social assistance. "While the aim of OW has always been to discourage welfare reliance," writes social policy researcher Christopher Webb, "the current reforms introduce financial incentives to this process, with private companies benefitting from each client moved off benefits."²⁸

A focus on reducing benefits is the wrong approach. A focus on reducing poverty is what is needed.

A better way forward

There are few things more central to well-being than having the money to afford a safe place to sleep, good food to eat, and the resources to participate in the life of one's community. Making sure Ontarians have that money should be a central policy goal for all levels of government.

Last year, we called our report *Poverty in the Midst of Plenty* because even though at last count 587,000 Ontarians were using food banks,²⁹ Ontario remains a rich province in a rich country. By mid-2022, corporate profits amounted to 19.6% of Canada's economy—a record high.³⁰ With large increases in revenues related to a sound economy and rising inflation, the Ontario government ran a healthy budget surplus in 2021-22 and is likely to do the same again in 2022-23.³¹ Canada's economy is growing faster than in any other G-7 nation.³²

If there was ever a time to seize the moment and tackle poverty in Ontario, that time is now.

In *Poverty in the Midst of Plenty*, we made 17 recommendations aimed at doing exactly that (see Appendix). Each of those recommendations, covering a range of topics, from employment standards to housing to reconciliation with Canada's Indigenous Peoples, remains valid and is worth implementing today.

We know Canada is capable of building an effective social safety net and providing children and their families with the economic security they need. The pandemic has shown that governments can do big things much more quickly than we ever thought—if they decide to.

Appendix

Recommendations for the elimination of child and family poverty in Ontario from *Poverty in the Midst of Plenty*, CCPA Ontario's 2021 report:

- 1:** Increase the minimum wage and end sub-minimum wage rates for students, farm workers and others.
- 2:** Close the gender pay gap.
- 3:** Implement employment equity in Ontario.
- 4:** Improve basic employment standards and labour rights.
- 5:** Create a forward-looking good jobs strategy.
- 6:** Dramatically increase social assistance rates for individuals and families.
- 7:** End all clawbacks of social assistance payments up to the Low-Income Measure (After Tax).
- 8:** Get on with the work of reconciliation.
- 9:** Build more non-market housing.
- 10:** Fix housing.
- 11:** Control rents.
- 12:** Make affordable child care happen now.
- 13:** Fully fund education and recreation programs for children and teenagers.
- 14:** Make post-secondary education and training free.
- 15:** Recognize the profound individual and social benefits of reducing poverty.
- 16:** Use the tax system to redistribute income.
- 17:** Pick up the pace.

Notes

- 1** For an analysis of child and family poverty in Ontario between 2013 to 2019, see Randy Robinson, Ricardo Tranjan, Tania Oliveira, *Poverty in the Midst of Plenty: A report card on child and family poverty in Ontario*, Canadian Centre for Policy Alternatives, 2021, <https://policyalternatives.ca/publications/reports/poverty-midst-plenty>.
- 2** Statistics Canada Table 14-10-0287-01, “Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months,” 2022, www.statcan.gc.ca.
- 3** Statistics Canada, “Census in Brief: Disaggregated trends in poverty from the 2021 Census of Population,” The Daily, November 9, 2022, www150.statcan.gc.ca/n1/dai-quo.
- 4** Statistics Canada, “Expenses of government classified by function, 2020,” The Daily, November 26, 2021, www150.statcan.gc.ca/n1/dai-quo.
- 5** The Financial Accountability Office (FAO) estimated total spending on pandemic measures by the federal and provincial governments in Ontario to be \$3.5 billion for the 2019-20 fiscal year and \$123.2 billion for the 2020-21 fiscal year. Government pandemic spending from April 1, 2020 to March 31, 2021 amounted to 14% of Ontario Gross Domestic Product. Financial Accountability Office of Ontario, *Federal and Provincial COVID-19 Response Measures: 2021 Update*, 2021, www.fao-on.org/en/Publications; Ontario Ministry of Finance, “Ontario Economic Accounts,” Data Tables, www.ontario.ca/page/ontario-economic-accounts; authors’ calculations.
- 6** The Low-Income Cut-Off (LICO) was also used for many years, but it has largely fallen out of use due to its out-of-date household expense profile.
- 7** United Way of Greater Toronto and The Canadian Council of Social Development, *Poverty by Postal Code: The Geography of Neighbourhood Poverty, City of Toronto*, 1981-2001, 2004.
- 8** Tammany Mast and Josh Hawley, “A Framework for Destruction: Hazelview and the city’s plan to demolish 559 more homes in Heron Gate Village,” *The Leveller*, December 20, 2021, www.leveller.ca/2021.
- 9** International Monetary Fund, Canada: Staff Report for the 2021 Article IV consultation, IMF Country Report No. 21/54, February 25, 2021, www.imf.org.

- 10** In Ontario, federal measures included an increase to the Canada Child Benefit, which averaged \$513 for 1.4 million recipients; an increase in the federal GST credit, which provided an average \$437 to nearly 4.2 million recipients; and enhanced payments to seniors, which provided an average income boost of \$362 to more than 2.1 million people. Source: Statistics Canada, Table 98-10-0093-01 “Distribution of COVID-19 reliefs to Canadians: Canada, provinces and territories, census divisions and census subdivisions” 2022, www150.statcan.gc.ca.
- 11** Ricardo Tranjan, *Towards an Inclusive Economy: Syncing EI to the Reality of Low-Wage Work*, Canada Centre for Policy Alternatives, 2019, www.policyalternatives.ca/publications/reports.
- 12** René Morissette, Martin Turcotte, André Bernard and Eric Olson, “Workers receiving payments from the Canada Emergency Response Benefit program in 2020,”
- 13** Morissette et al., *Workers receiving payments* 7-8.
- 14** David Macdonald, “The unequal burden of COVID-19 joblessness,” *The Monitor*, May 8, 2020, www.monitormag.ca.
- 15** Jennefer Laidley and Mohy Tabbara, *Welfare in Canada*, Maytree, 2022, www.maytree.com.
- 16** Laidley and Tabbara, *Welfare in Canada*, 124.
- 17** In 2019, 11.6% of Ontario Works recipients had employment income in 2019; that number was 7.6% in 2020. City of Toronto, “2022 Budget Notes, Toronto Employment & Social Services,” 2021, 4, www.toronto.ca/budget.
- 18** Laidley and Tabbara, *Welfare in Canada*; authors’ calculations.
- 19** Minister of Children, Community and Social Services, *Poverty Reduction Strategy (2021 Annual Report)*, March 30, 2022, www.ontario.ca.
- 20** For a detailed and in-depth study of life on social assistance, see Dean Herd, Yuna Kim and Christine Carrasco, *Canada’s Forgotten Poor? Putting Singles Living in Deep Poverty on the Policy Radar*, September 15, 2020, irpp.org/research.
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- 23** Statistics Canada, Table 18-10-0004-01 “Consumer Price Index, not seasonally adjusted,” 2022, www150.statcan.gc.ca.

- 24** Government of Canada, Affordability Plan, 2022, www.canada.ca/en/department-finance.
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- 26** Statistics Canada, *Consumer Price Index*.
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- 28** Christopher Webb, “Centralize, digitize, privatize: unpacking Ontario’s welfare reforms,” The Monitor, May 10, 2022, www.monitormag.ca.
- 29** Feed Ontario, *Hunger Report 2022: The Deepening Cracks in Ontario’s Economic Foundation*, 2022, www.feedontario.ca.
- 30** David Macdonald, “Truth bomb: Corporate sector winning the economic recovery lottery; workers falling behind,” The Monitor, June 15, 2022, www.monitormag.ca; figures have been updated using 2022 Q2 data.
- 31** Sheila Block, “Queen’s Park is richer than it admits,” The Monitor, November 15, 2022, www.monitormag.ca.
- 32** Department of Finance Canada, Fall Economic Statement 2022, November 3, 2022, www.budget.canada.ca.

