



**END CHILD POVERTY IN CANADA**

## **PUTTING PROMISES INTO ACTION**

Brief to the Standing Committee on Finance  
Pre-Budget Consultation

September, 2002

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*“The reduction and elimination of child and family poverty is an essential element in developing an inclusive society which values its citizens and in assuring an improved quality of life for all.*

*Reduced child and family poverty is also central to other explicit priorities including, but by no means limited to, the Skills and Learning Agenda, the emerging Urban Agenda and strategies to fully include immigrants and refugees in our workplaces and communities.”*

**Campaign 2000, June 2002**

*“All levels of government agree on the importance of the earliest years in establishing a strong foundation for later success. We have agreement. We have plenty of models to choose from. Now is the time for bold action.”*

**Coffey-McCain Final Report: Commission on Early Learning and Child Care for the City of Toronto, May 2002**

**Brief to the Parliamentary Standing Committee on Finance**  
**Submitted by Campaign 2000**  
**September 9, 2002**

## **1. Introduction**

Twelve years ago, the House of Commons unanimously resolved to “*seek to achieve the goal of eliminating child poverty among Canadian children by the year 2000*”. Yet child poverty remains a persistent blight. As such, Campaign 2000 fully supports an activist agenda on children, poverty, improving the life chances of First Nations and ensuring a good start in life for all as urged by the Prime Minister. (August 20, 2002. Chicoutimi, Québec). These remarks build on the Throne Speech, in which the Government of Canada committed to the goal that “no child be excluded from opportunity because of the debilitating effects of poverty.” (January 31, 2001).

Substantive action is required in this federal budget to address child and family poverty and meet the government's stated objectives of improving the lives of all children. To move forward on addressing child poverty, Campaign 2000 argues for strategic investment in a 3-pronged policy agenda consisting of increased income supports through a comprehensive child benefit, the creation of affordable housing units, and a national strategy of early childhood care and education and care (ECEC). While this budget must invest in all three of these areas, we argue that particular attention be paid to the federal government firmly establishing itself in the policy area of ECEC.

### **It's Time for Strategic Social Investment in the Children's Agenda**

Government policy has been central to the plummeting fortunes of families during the past decade. Whatever the economic forecast, tax and deficit reductions, not poverty elimination, have dominated government agendas. As the child poverty rate climbed during the last recession, vulnerable children and their families shouldered much of the burden of difficult times.

The federal government, through budgets and policy development, can, and we believe, must play a central role in alleviating poverty and ensuring the health and well being of all children and fostering social inclusion among all groups in Canadian society. The Standing Committee on Social Affairs, Science and Technology summarized this perspective well.

**"As the gap widens between rich and poor, between high earners and average workers, governments will need to work much harder if they wish to fill their traditional role of including the un-included in society." (Final Report on Social Cohesion. June, 1999)**

The next budget provides a key opportunity to build on recent initiatives for vulnerable children have been cautious, modest in scope and not sufficient to reduce child and family poverty. These initiatives, including the National Child Benefit, Aboriginal Headstart, the extension of parental leave benefits and the Early Childhood Development Agreement have begun to make an important contribution to the mix of income assistance and community services. Campaign

2000 recognizes the fiscal pressures upon governments to limit new expenditures. At the same time, we want to highlight the potential social deficit of not investing in our children.

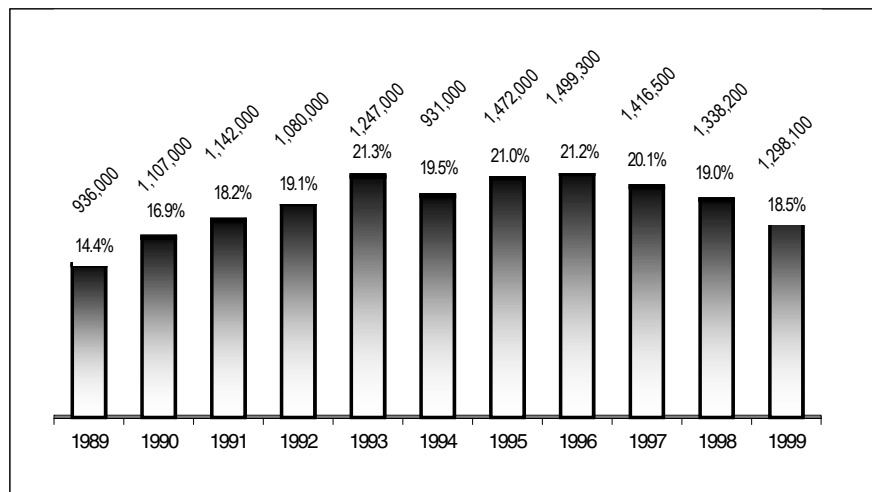
Now is not the time to maintain the status quo. We believe it is the time to think long-term and invest strategically. Canada's children and their families need a holistic, sustained approach to improve the life chances for all children, to prevent families from falling into poverty and to help low income families pull themselves out of poverty.

## **2. Oh Canada: child poverty is among the highest and most persistent in the world**

The most recent UNICEF report ranks Canada as 17<sup>th</sup> highest of 23 industrialized countries in the proportion of children living in poverty (UNICEF. Innocenti Report Card. Issue No. 1. June 2000). In 1989 when the resolution was passed, 1 child out of every 7, lived in poverty in Canada. Most recent statistics show that almost 1 in 5 children, or 18.5% of all children, still lives in poverty in 1999.

The 1999 child poverty rate is only down from 19% in the previous year, and is a cause for serious concern because job growth is having far less impact on child and family poverty than most realize. If an economic slowdown occurs, it is highly likely that child poverty rates will ratchet up again.

### **CHILD POVERTY RATE IN CANADA 1989-1999**



Source: Campaign 2000's *Putting Promises Into Action: A Report on a Decade of Child and Family Poverty in Canada*, May 2002. 1989-1995 Data Prepared by Canadian Council on Social Development using Statistics Canada's Survey of Consumer Finances, microdata files; 1996-1999 Data Prepared by CCSD, using Statistics Canada's Survey of Labour and Income Dynamics, 1999.

### **More working families in poverty**

While good jobs are key to an anti-poverty strategy, economic growth in recent years has not yet produced a level of sufficient good jobs for families. Significant changes to the labour market include the growth of jobs in the small business sector and self-employment, as well as the move to non-standardized forms of employment. Full-time jobs increased 13% between 1990 and 2000

while part-time employment grew 21%. While permanent jobs during the recovery years of 1997 through 2000 grew 8%, temporary employment increased by 21%.

The 1,298,000 children living in poverty include many children whose parents are in the labour force full-time but find their families still struggling to provide adequate food, clothing, shelter and the goods and services needed to participate in community life. Among working poor families, child poverty increased 57% during the 1990s. Specifically, more than 579,000 children live in families in which the parents are employed, yet they still were poor.

### Two Canadas: Growing Inequality

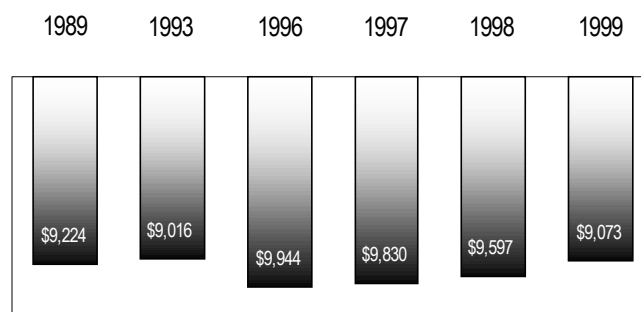
Between 1984 and 1999 economic inequality between the wealthiest and poorest groups grew. Canada now has 500,000 millionaire households. The richest 10% of households saw their net worth grow by 35%. Their median net worth is now \$872,000. Meanwhile, the situation for the poorest 10% of households went from bad to much worse. In 1984 they had a negative net worth—that is, they owed more than they owned—and by 1999 that situation had worsened by 216%. (*The Dreams and the Reality: Assets, Debts and Net Worth of Canadian Households*. Vanier Institute of the Family September. 2002).

The growing gap between rich and poor families is contributing to the breakdown in social cohesion and paints an ugly picture of two Canadas: one in which children are raised in environments of luxurious advantage and privilege; and another where children are raised in environments of want, despair and exclusion from ordinary educational, cultural and recreational opportunities.

### Poverty too deep to meet most basic needs

Despite the growing economy and increases to the Canada Child Tax Benefit, low income families struggle on incomes that average more than \$9,000 below the Low Income Cut-Off (LICO). Women raising children on their own are most likely to be poor.

**Depth of Poverty In Canada 1989-1999**  
(in constant 1999 dollars)



Source: 1989-1995 Data Prepared by Canadian Council on Social Development using Statistics Canada's Survey of Consumer Finances, microdata files; 1996-1999 Data Prepared by CCSD, using Statistics Canada's Survey of Labour and Income Dynamics.

The depth of poverty, which is the amount of money families need just to reach LICO, has gone down only minimally. Poverty is so deep that many low income families are having difficulty meeting their most basic needs for food, shelter and clothing. Food banks report no reduction in

the number of families requiring assistance and warn of a growing severity in child hunger. Families are also the fastest growing population requiring emergency shelters for the homeless.

Many families, particularly those headed by lone parents, lack key supports such as child care and training which are required to enter the labour force. Often they must rely on provincial social assistance. Social assistance rates across Canada have been reduced, on average, 12% in recent years. While social assistance is a provincial responsibility, many families must rely on it because of reduced access to federal Employment Insurance and limited child benefits.

### **3. Social Investment: A Comprehensive, Multi-Year Approach**

Campaign 2000 remains committed to its proposals, developed in preparation for the federal budget in 2000, that the federal government commit to “grow” social investments in children and their families by at least \$16 billion over the next five years, or an average of \$3 billion each year. These benchmarks for a multi-year social investment plan, including a mix of tax credits and program spending, are still relevant and form the basis of our current recommendations.

This social investment plan must recognize that children and their families require a mix of income security measures, community services, housing and labour market initiatives to enhance their state of well-being. The core objectives of the plan are to:

- ◆ make significant progress in reducing the overall depth and levels of child poverty in Canada, to include major improvements in the living standards of all poor families including families on social assistance;
- ◆ end family and adult homelessness across Canada;
- ◆ endow every child at birth with the conditions for healthy development and assure every child of equal opportunities for early learning and quality care during the critical early years, and sustain these conditions throughout the subsequent periods of childhood/youth;
- ◆ recognize and value the social contributions of parents to Canadian life through financial support for extended leave options when children are young, and through improved financial support to the living standards of all modest and middle-income families with children;
- ◆ assure all children of low or modest income background that academic achievement at school can lead to post secondary studies that are affordable and accessible;
- ◆ engage civic communities in mobilizing local resources to enhance supports and opportunities for all children and their families;

**Campaign 2000 proposes that the priority areas for social investment in the 2002 budget are:**

- **Income security through an enhanced Child Tax Benefit;**
- **Early childhood education and care services; and**
- **Affordable housing including social housing units.**

#### **The Need for a Comprehensive Child Benefit System**

If Canada is to make significant progress in reducing the overall depth and levels of child poverty in Canada, and achieve major improvements in the living standards of all poor families,

including families on social assistance, then a multi-year plan of social investment is needed in addition to strategies to improve the supply of decent jobs. The announced increases to the Canada Child Tax Benefit (CCTB) in the 2000 federal budget and the Economic Statement (October 2000) complete the "down payment" on an income security program for families as was announced in the 1997 federal budget. The current plan is to increase the CCTB to \$2.7 billion (estimate) by 2004, thereby increasing the maximum benefit for a family's first child to \$2,514.

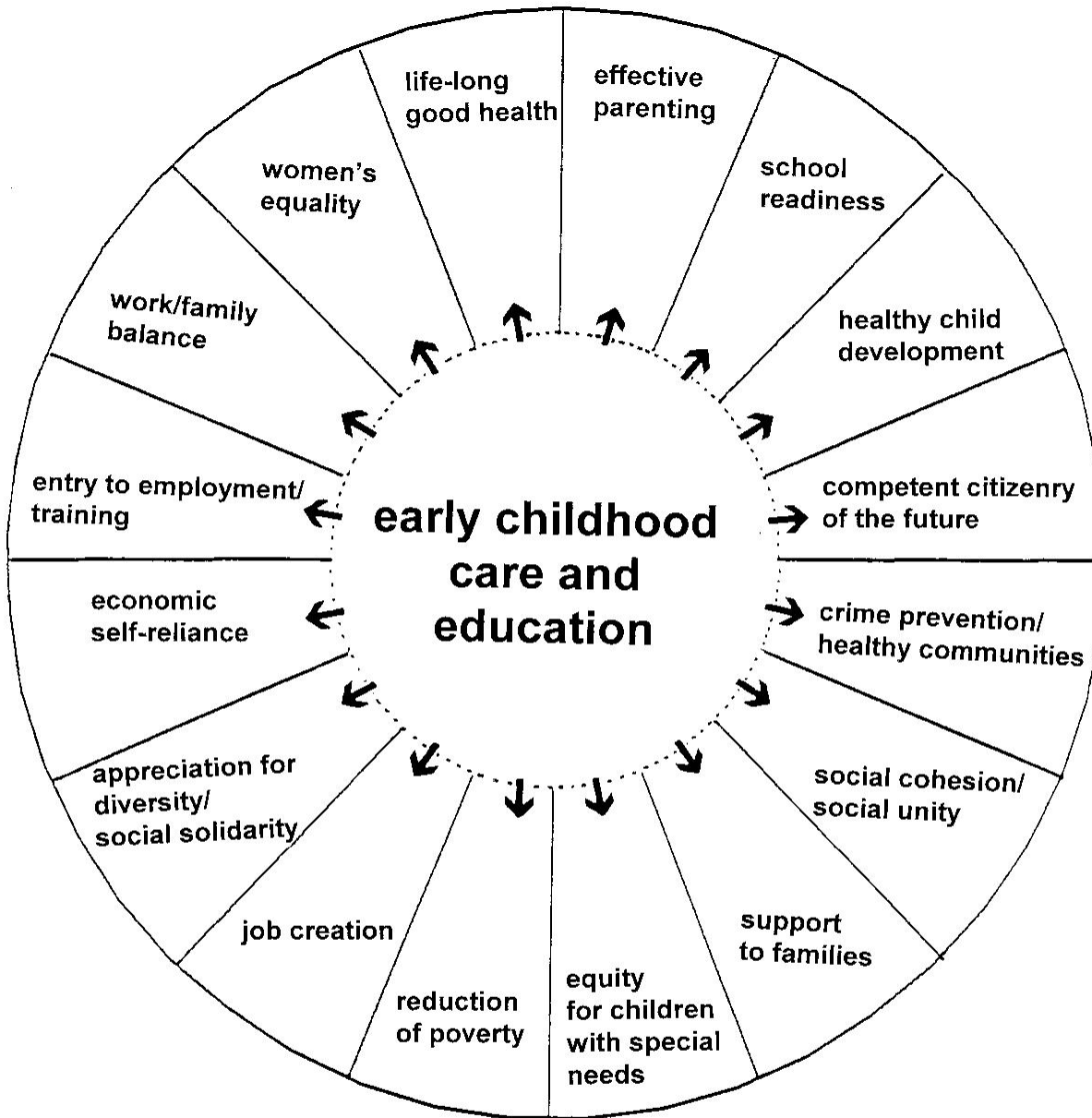
Campaign 2000 believes that now is the time to develop a new, comprehensive child benefit system with the capacity to reduce child and family poverty significantly and to recognize the special costs of raising children for modest and middle income families.

**Campaign 2000 is proposing that the existing CCTB be consolidated into a single program that provides a maximum benefit of \$4,200 per child to families in poverty, thereby significantly raising their living standard. This multi-year initiative requires clear targets and timetables for implementation.** The proposed Comprehensive Child Benefit System which would vastly improve child benefits for modest income families struggling on limited budgets, and would better contribute to the costs of raising children for middle income families. This benefit would, in effect, accomplish a tax reduction for many families while establishing the base of an effective social security system for families.

### **Resolving the Troublesome Paradox of Early Childhood Education and Care (ECEC) in Canada**

In all of Canada save Quebec, the most glaring missing link from the mix of income assistance and community services for families is affordable, reliable, high quality early childhood education and care services. A troublesome paradox now exists. There is increasing evidence-based research that demonstrates the value of ECEC for all children and the particular benefits for children in low income families. Yet, unlike most continental European countries that have fully developed systems of ECEC services, Canada has no national strategy for achieving ECEC. Many reports during the past twenty-five years have recommended strategies to provide ECEC. Most recently, The Prime Minister's Caucus Task Force on Urban Issues recommended that "the Government of Canada continue to work with all orders of government and childcare agencies to ensure that all children have access to quality childcare and early education, and reaffirm our commitment to eliminating child poverty." (Interim Report. April, 2002)

ECEC is central to many important agendas as the following diagram illustrates (see next page):



## Early Childhood Care and Education: At the Centre

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## **Why We Need to Invest in ECEC Now**

The development of ECEC services for children in Canada is essential to reducing child and family poverty in Canada. If the encouraging statements from the Prime Minister are to become real solutions, then the agenda must include serious commitment to and leadership in ECEC as well as substantial funding from the federal government. The National Council of Welfare expressed it well: "Many social programs support families, but child care is the backbone of them all." (National Council of Welfare. *Preschool Children: Promises to Keep*. Spring 1999. p. 89)

### **Not enough ECEC services**

Currently, ECEC remains a residual service in most of Canada. that is available to very few children. There are only regulated ECEC spaces for 1 in 10 children under 12 years in Canada . There are long waiting lists for services in many communities. In other communities, services for infants, children with special needs and families needing care during irregular hours are still not available.

### **ECEC Services not Affordable**

It is particularly alarming that low income families have less access to affordable ECEC services in recent years as a result of reduced funding and tightening of eligibility for child care subsidies. In Ontario alone, in the three largest cities, families of at least 16,000 eligible children are waiting for a child care subsidy.

As well, in many communities across Canada, the subsidy does not cover the cost of care and low income parents increasingly must pay user fees that are beyond their budgets. In at least two provinces, families with incomes that are sufficiently low to qualify for a full child care subsidy must find between \$1,500-2,500 per year out of their already meagre incomes to pay for ECEC. This is clearly beyond the budget of many low and modest income families.

### **ECEC clearly benefits children, particularly low income children**

Recent research of ECEC services in the U.S. links high-quality child care to children's achievement of higher cognitive and social skills that help them be prepared for kindergarten and to succeed in school. The researchers found that the children who attended high-quality programs as 3 and 4 year olds have benefited from their child care experiences in kindergarten and in many cases, through the second grade. Those children whose family backgrounds make them at-risk for school failure gained the most from positive child care experiences and were more negatively affected by poor program practices and environments.

### **ECEC makes good economic sense; there's a 2 to 1 benefit for every dollar invested**

There is also increasing support of, and call for ECEC among a wide range of publics including key business leaders and economists.

- Charles Coffey, Executive-Vice President of the RBC Financial Group made a key link between ECEC and human capital. "Building a better Toronto depends, to a significant

extent, upon strong families and strong communities. . . . excellent early learning and child care services are ultimately linked to economic innovation, a skilled workforce and ethnic/socio-economic harmony - factors that contribute to a vibrant and liveable city." (Remarks at Family Service Assn. Of Toronto's Janice Gross Stein Lecture. Toronto. June 4, 2002)

- Tomas Courchene of Queen's University commented "Access to childcare/daycare should become the right of every child by virtue of Canadian citizenship, and not restricted by either income, class or whether both spouses are gainfully employed." (Thomas Courchene. *State of Minds: Toward a Human Capital Future for Canadians*. Institute for Research on Public Policy, 2001. p. 167)
- *The Benefits and Costs of Good Child Care*, by U. of Toronto economists Gordon Cleveland and Michael Krashinsky, concludes that for every dollar invested in high quality child care, there is a two dollar benefit to children, parents and society. The study calculated the costs and benefits of providing publicly funded ECEC for all children 2-5 years of age - those whose mothers are in the paid labour force, as well as those whose mothers are not. Public benefits include future effects of economic productivity, lower costs of social assistance and increased labour force participation of lone mothers.

### **Communities want ECEC Services and are ready to be partners in delivery**

Parents in communities across Canada have watched the progress of Québec's comprehensive ECEC system and are calling for improvements and increases in ECEC services. In Manitoba, over 24,000 individuals and groups expressed support for a comprehensive system of ECEC services for all children. Manitoba has developed a five year plan, has continued to increase its investments in ECEC, and is actively seeking support from the Government of Canada to achieve its goals.

The City of Toronto is anxious to move forward on its Action Plan for Children that includes enhanced and expanded ECEC services but is hindered by lack of provincial cooperation and funding for ECEC. In the Final Report of the Commission on Early Learning and Child Care, Charles Coffey and the Hon. Margaret Norrie McCain recommend that the federal government give notice that the next phase of the Early Childhood Development Initiative require participating provinces to spend in all target areas, including ECEC services. The Commission also recommended consideration of a child care partnership, similar to the housing initiative (Supportive Communities Partnership Initiative) that may permit direct funding agreements with municipalities in provinces where a comprehensive approach to spending ECDI has not occurred.

**Campaign 2000 recommends that the Government of Canada develop a strategy to implement universally accessible, affordable ECEC services across Canada and make available up to \$1 billion in the next budget to implement this strategy in conjunction with provinces/territories and/or municipalities, other orders of government, and communities that wish to move forward on this issue.**

### **Federal partnership on affordable housing needs a push and expansion**

In 2001-2002, the Government of Canada took an important step in developing its capital grants initiative (*The Initiative*) in partnership with the provinces and territories. After a decade of

neglect, this pro-active decision by the federal government was a welcome one. Access to affordable housing is a growing problem, particularly for families in urban areas. The average rent for a two bedroom apartment in Toronto, for example, is about \$11,000 a year. That constitutes nearly all of the income available to a typical low-income family in that city. As virtually no affordable housing is being created, many families live in insecure, inadequate housing. Canada's children require secure housing that situates them in a community, increases their chances of success at school and provides a base for their parents' participation in the workforce, training or education.

Since 1996, an average of only 8,800 rental units have been built in Canada--most with rents that are not affordable to the average Canadian household. At the same time vacancy rates were dramatically low at 1.1% in October 2001. (CMHC. November 2001)

*The Initiative* is a four-year program cost-shared with provinces and territories. It includes federal contributions of \$680 million confirmed in the 2001 federal budget. (Approx: \$170 million annually.) Matching contributions from provinces, territories, municipalities and private and non-profit partners could help create 25,000-30,000 new units of affordable housing over the five year period 2002-2006.

**Campaign 2000 supports the recommendations of our partner organization, the Canadian Housing and Renewal Association (CHRA) which represents a wide range of stakeholders in the housing sector.** CHRA's Brief to the Standing Committee on Finance recommends that the Government of Canada:

1. Extend the affordability period of the capital grants program from 10 years to at least 20 years and preferably 35;
2. Encourage and support the systemic targeting of high-risk populations;
3. Support a *local capacity-building agreement* under discussion between CMHC and CHRA to work with municipalities and not-for-profit organizations to enhance their capacities to both develop and manage affordable housing;
4. Where a province/territory has failed, by January 1, 2003, to enter into an agreement under the capital grants program, the Government of Canada should undertake the program unilaterally with participating municipalities and not-for-profit organizations on its own or through the auspices of the CHRA;
5. Continue CMHC's RRAP program beyond 2003; and
6. Expand the capital grants program with additional funding to support a level of affordable housing development of 25,000 units annually. This will mean increasing the annual federal budget for the program to at least \$625,000,000.

**Campaign 2000 wants to underscore recommendation #2. We want the federal government to ensure that *The Initiative* targets families-in-need strategically. Currently, different provincial/territorial interpretations of "need" mean that the program is unable to target low income families throughout Canada. We join CHRA in urging the federal**

government to introduce clear criteria for targeting the definition of "need" so that Canadians in greatest need can benefit from *The Initiative*.

#### **4. Summary**

**Campaign 2000, a cross-Canada coalition of more than 85 diverse partners, proposes that these recommendations for social investment become priorities of the 2002 federal budget. We propose a comprehensive approach to family policy that includes an enhanced child benefit system, quality and affordable early childhood education and care services, and stable, affordable housing that meets the needs of low and modest income families.**

These social investments will assist in providing an economic and social environment where many more Canadians can enjoy a higher quality of life and standard of living. These investments are essential to enabling children in Canada to get the best start in life and to have an equal opportunity to succeed. A comprehensive plan of social investments for children will promote an inclusive society and contribute to an enriched economic and social environment for all.

**We urge you to fulfill your commitments to children in Canada and put promises into action as you prepare the upcoming federal budget. The well-being of children today will lead to stronger communities and a stronger Canada tomorrow.**

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