

# Hard Truths Canada's Social Deficit

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SECTION 1

# Hard Truths: By the Numbers...

# The Growing Gap

Wide spread evidence that points to a progressive and relentless erosion of the social fabric of our country.

Not caused by but exacerbated by the current recession

Segments of Canadian society are doing better than ever --- this prosperity for some cloaks the struggle of those living on the margins

The average income of the wealthiest families with children increased more than twice as much (33% over the past 18 years) as family incomes for the poorest tenth of Canada's population (16% from 1989 to 2007)

The slow growth of the average income of all families with children (18% over 18 years) demonstrates why middle- income families express economic insecurity

# Hard Truths: Canada's Kids

About 1 in 10 children (637,000) and their families live in poverty (2007 LICO after tax); that's as large as the population of Winnipeg

This does not demonstrate the shameful situation of First Nations communities where 1 in every 4 children is growing up in poverty

Paid work does not assure a pathway out of poverty; more than 4 in every 10 low-income children have a parent who works full-time throughout the year

# Canada's Kids

Children of recent immigrants, of Aboriginal identity, in racialized families and those with a disability remain much more vulnerable to poverty

Most low- and modest-income families do not have access to affordable housing or high quality Early Childhood Education and Care (ECEC) services

Rising costs of post-secondary education are a formidable barrier to low-income students.

# Canada's Kids

Between 1989 and 2008 the number of children in Canada relying on food banks grew from 151,200 to 260,600.

Children are disproportionately high users of food banks; while those younger than 18 years comprise 22% of our population, they were 37% of food bank users in 2008 (Food Banks Canada, annual Hunger Count Surveys).

## Hard Truths: Gender

Female-led lone parent families carry a disproportionately high burden, with a child poverty rate of 40% (2007 LICO before-tax).

Lone mothers face the challenge of being the sole provider while also having to find adequate child care and secure housing which are often unaffordable.

They also struggle to balance education or training, community service and/or paid work with family responsibilities.



# Hard Truths: Aboriginal Canadians

Almost one in five Aboriginal multi-family households lives in core-housing need (housing that is either unaffordable, substandard, overcrowded or all three), as do almost one in two of Aboriginal lone parents.

There were three times the number of First Nations children in care in 2008 (27,000) than at the height of the residential schools during the 1940s, yet First Nations Child Welfare agencies receive 22% less per capita funding than provincial agencies.

# Aboriginal Canadians

By 2006, the result of steady growth in Canada's urban Aboriginal population more than half (54%) of Aboriginal peoples lived in urban centres.

Yet, funding for the Aboriginal Friendship Centre Program serving 118 off reserve communities with culturally enhanced services has not increased since 1996.



# Hard Truths: Seniors

The relative income of Canada's seniors increased during the 1980's but has stabilized

From 1997 – 2003 average income of senior households increased by 4100k compared to 9000k in non-senior homes

It is becoming clear that inequalities in retirement income will increase into the future

Population estimates indicate that seniors will make up 18% of our population by 2021

More seniors than ever are retiring into poverty –  
Canada has a growing sandwiched generation

# Hard Truths: Literacy

42% of Canadians aged 16 to 65 (48% of all adults) do not have sufficient literacy skills to handle the complex tasks required to live and work in today's society (Statistics Canada & Organisation for Economic Cooperation and Development [OECD], 2005).

Most are likely to settle in a poor neighbourhood that will not have capacity to organize the kind of literacy training that will make the adults job-ready and the children school-ready (Maxwell, J. & Teplova, T. (2007).

# Hard Truths: Homelessness

Barbara Murphy *On The Street: How We Created Homelessness* 2000 spoke to the challenge of counting homelessness

Established a 10:1 ratio for a narrow definition of homelessness, those living in shelters, by this narrow definition:

10,000 in Montreal and Toronto any given night

5000 in Vancouver

1000 – 2000 in Ottawa, Edmonton, Calgary etc

# Digging Deeper

## In Ontario alone:

Waiting List for Social Housing Estimated at  
124,032 (2008)

Shelters any given night in Ontario  
5060 – 6500 (estimate)

Hidden Homeless  
87,000 – 160,000

# And Deeper...Ottawa

From 2004 to 2008 Ottawa has seen a  
30% increase in children living in shelters  
27.1% increase in youth use of shelters  
16.2% increase in families using shelters



# Hard Truths: Social Housing

The federal government's role in housing has been steadily eroding since the 1980s, culminating with a decision in 1993 to cancel all federal spending on new housing supply.

By 2002, the meager number of social housing units built was 1,500, down from 22,000 in 1988.

Subsequent federal housing announcements have not resulted in the annual addition of 25,000 affordable housing units that are needed by Canadian families

SECTION 2

# **By the Numbers... The Recession in Canada**

# Recession Hits Canada

**December 10, 2008**

"While Canada's economy evolved largely as expected during the summer and early autumn, it is now entering a recession as a result of the weakness in global economic activity," Bank of Canada

Canada's central bank cut its benchmark interest rate more aggressively than most economists expected, bringing it to its lowest level in 50 years and declaring that the Canadian economy was in recession.

# Government Stimulus

## **Budget 2009: Canada's Economic Action Plan**

Canada's Economic Action Plan called for almost \$30 billion in support to the Canadian economy this year. In total, this is equivalent to 1.9 per cent of our total economy (real GDP)

Canada's Economic Action Plan is a balanced stimulus plan that includes massive investments in infrastructure, tax relief and transfers, and other new initiatives/time limited initiatives.

Many of these investments are partnerships with provinces, territories and municipalities. Over the next two years, the total stimulus to the Canadian economy, including stimulus from other levels of government, will surpass \$50 billion — an amount equal to 3.2 per cent of real GDP.

# Canada's Economic Action Plan

Table 1  
Canada's Economic Action Plan

	2009	2010	Total
	(millions of dollars—cash basis)		
<b>Action to Help Canadians and Stimulate Spending</b>	5,880	6,945	12,825
<b>Action to Stimulate Housing Construction</b>	5,365	2,395	7,760
Housing leverage	725	750	1,475
<b>Immediate Action to Build Infrastructure</b>	6,224	5,605	11,829
Infrastructure leverage	4,532	4,365	8,897
<b>Action to Support Businesses and Communities</b>	5,272	2,255	7,527
Sectoral leverage	1,300		1,300
<b>Total federal stimulus</b>	22,742	17,200	39,942
<b>Total stimulus (with leverage)</b>	29,298	22,316	51,613
As a share of GDP (%)			
Total federal stimulus	1.5	1.1	2.5
Total stimulus (with leverage)	1.9	1.4	3.2

Notes: Totals may not add due to rounding. These cost estimates reflect projected cash expenditures over the next two years. The budgetary impact is somewhat smaller because some of these expenditures relate to construction and renovation costs of federal assets (for which only depreciation is recorded on a budgetary basis) and loans to third parties (where there is a budgetary impact only in the event that there is a risk of loss).

# Questions Remain

How much is out the door?

How much has hit the key target areas/groups?

Are these the right initiatives?

What are the longer term effects of today's response?



Section 3

# HOW IS CANADA PERFORMING?

# Canada's Performance

Canada spends less money on benefits for families and the unemployed than other developed countries.

Canada is now 25th out of 30 OECD countries in social spending.

Canada's child poverty rate ranks 13th among 17 peer nations – higher than the average – despite its relative wealth.

Among those peers, Canada experienced the second-highest jump in the child poverty rate between the mid-1990s and the mid-2000s.

# No Longer an International Beacon

Canada ranked last among 25 OECD nations on benchmarks achieved for early childhood education and care services including subsidized and regulated child care services, staff training, child/staff ratios, public expenditures and parental leave.

# Inaction...

In 1998, the UN Committee on Economic, Social and Cultural Rights maintained that Canada's failure to implement policies for the poorest members of the population in the previous 5 years had "exacerbated homelessness among vulnerable groups during a time of strong economic growth and increasing affluence"



# The Reality for Many More Canadians

Over 400,000 full-time jobs lost since October 2008

Unemployment high, forecast to rise above 10% in 2010; levels of poverty will follow (one forecast: 13.2% in 2010)

Proportion of precarious employment and self employment rising

Average wages are falling after hard won gains over the past few years – the result of a decline of wage rates and hours of employment

Households across the country have experienced significant declines in the value of their savings and their homes

# The Compounding Impact of the Recession

By gender – men to date have borne the brunt of job losses (especially those aged 25-55 years)

By age – unemployment among young people has risen quickly (20.9% as of July 2009); at same time, employment levels are rising among those aged 55 years and older

By race and immigration status – already high rates of unemployment and underemployment have grown

By region – central Canada, Alberta and British Columbia have experienced the largest job losses

# Key Questions / Key Challenges

A market failure of this magnitude forces us to question and evaluate the effectiveness the systems in place to secure and promote our well-being – at the level of individual households and broader society

Are families up to the task?

Are public programs / social safety net up to the task?

# Families: Up to the Task?

For too many, the answer is no

Recession taking place against a backdrop of heightened economic insecurity, greater exposure of families to economic / social risk

Spending has outstripped after-tax income over past decade – 24.4% vs 11.6% over the 1990-2006 period; Total household debt has risen even faster – average debt loads now represents 140% of disposable income

Canadian Payroll Association 2009 survey: six out of ten of Canadians surveyed said that they would be in financial trouble if their pay cheque was delayed by one week

# Safety Net: Up to the Task?

Again, the answer is no.

Current recession has revealed shortcomings in:

Income security programs, for example, with regard to access to and level / duration of benefits

Human capital investments (i.e., active labour market policies, early childhood development, immigrant settlement)

Policies / programs providing high quality care and support for children, vulnerable seniors, persons with disabilities

Policies / programs that mitigate inequality and insecurity (i.e., social housing, food security, child welfare)

# Income Security Programs

## Flaws / Tensions in Current Programs:

Failure of systems modeled on life-long industrial jobs to address needs of population engaged in precarious employment, self employment, cyclical employment

Persistent and damaging regional inequities

Comparatively low levels of benefits especially for programs targeting working-age adults

Lack of supports for low income Canadians whether on income assistance or in labour market

Inflexible programs that prohibit mixing employment and benefits

## Income Security Programs (continued)

Emphasis on income targeting, conditionality (i.e., workfare) and policing has reduced scope / effectiveness of supports – reinforced inequalities between insurance and need-tested programs

Emphasis on policies encouraging individual saving at the expense of investment in public infrastructure and benefits targeting lower income Canadians (i.e., RESPs)

Weak regulatory framework for workplace benefits, notably private pension plans

## Hard Truths: EI

Changes to Employment Insurance (EI) have reduced benefit levels to 55% of earnings down from 75%.

Changes to eligibility rules mean that only 40% of unemployed male workers and 32% of unemployed female workers now qualify to receive EI, compared to 90% in the 1990s (Campaign 2000, 2009).

SECTION 4

# **The Impact on our communities**

# Family Violence - Snapshot

According to the Calgary Women's Emergency Shelter, calls to the agency's 24-hour family violence help line in mid-March to Easter jumped 200 percent compared with the same period last year. The previous 30-day period saw a 300 percent rise from the same time in 2008.

A similar situation has been found in other places. Mary Wells, executive director of Catholic Family Services for Durham Region east of Toronto, said referrals for domestic violence were up 24 percent in the last three months of 2008.

# Suicide and Depression

At the Toronto Distress Centre, volunteers are being trained to deal with depressed recession callers. Calls are up 30 per cent since last October when the recession hit, and are climbing every month.

In parts of Ontario where the troubled auto industry is bloating the ranks of the unemployed, suicide rates have spiked. Some community groups have noticed a 25 per cent jump in family violence.

<http://www.cbc.ca/health/story/2009/04/01/depression-recession.html>



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# Crime

Police-reported crime in Canada continued to decline in 2008.

Both the traditional crime rate and the new Crime Severity Index fell 5%, meaning that both the volume of police-reported crime and its severity decreased. Violent crime also dropped, but to a lesser extent.

This was the fifth consecutive annual decline in police-reported crime.

There were about 77,000 fewer reported crimes in 2008, 22,000 fewer break-ins and 20,000 fewer motor vehicle thefts.

How will this data look in three years??

<http://www.statcan.gc.ca/daily-quotidien/090721/dq090721a-eng.htm>

# Shelter Use

According to results from Canada's most recent national victimization survey, approximately 10% of violent crime victims sought assistance from formal agencies with mandates to provide a wide range of support services to victims of crime.

Between April 1, 2007 and March 31, 2008, approximately 101,000 women and children were admitted to 569 various types of shelters in Canada. The number of admissions to shelters has remained relatively stable over the past ten years.

Among the women and children admitted over the course of the most recent survey cycle, nearly 9 out of 10 were admitted to transition homes (44%), women's emergency centres (25%) or emergency shelters (19%).

# Mental Health in Canada

One in five Canadians, or approximately 7 million, will experience some form of mental health issue in this year alone.

With the current recession and state of economic instability, that number could be higher.

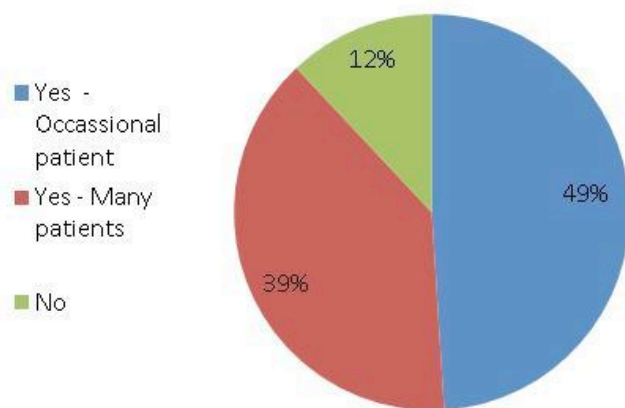
Twenty percent of Canadian will experience some form of mental illness in their lifetime (Health Canada)

The effects of mental illness on the Canadian economy are significant. According the Mental Health Commission of Canada, estimates are that the annual cost of mental illness in Canada is \$33 billion.

# Recession and the Impact on Physicians and Patients

2009 – The Family of College Physicians of Canada

**Have any Patients Presented with Stress Related Problems that you or they feel are Related to Recession?**



April 2009 the College of Family Physicians of Canada, conducted a survey. Physicians were asked if any patients had presented stress related problems that were related to the current economy. Approximately 88% responded yes.

When family physicians were asked if the current recession has impacted their personal practice, 30% reported it had somewhat or substantially impacted their practice.

## Domestic Violence – Snapshot at the Community Level

Calgary Women's Emergency Shelter has seen a tripling of phone calls in February 2009, compared to the previous year (Lisa Falkoswky ED).

Calls to the Calgary's 24 hour family violence help line in mid March to Easter increased 200% compared to the same period last year.

Vancouver Crisis Line – 36% increase in calls during 2009, compared to last year

(Source – Macleans.ca – April 16, 2009)

# Suicide during Recession - Ontario

Toronto Distress Centres reports that calls are up 30% from last October when the recession hit and are increasing every month

Parts of Ontario deeply impacted by the cuts in the auto industry, suicide rates have increased and many community groups have reported a 25% increase in family violence

# Impact on Mental Health - Windsor

New data out of Windsor, show that demand for mental-health services jumped 50 per cent last year. There is also evidence that this increase has continued as the local economy slows - a portent of things to come across the country.

The Windsor Regional Children's Centre has seen referrals jump 50 per cent in 2009, compared to a similar period in 2008, while

The number of young people coming into the walk-in clinic for help has doubled.

# Homelessness – During the Recession – Profile on Ottawa

Alliance to End Homelessness paints a dire picture of homelessness in Ottawa

The alliance's fifth annual report card reveals that the number of men, women, youth and children using homeless shelters in 2008 increased by 15.2 per cent. There were 747 homeless families with 1,179 children (under 16 years old) last year.

Last year, homeless people used shelter beds 386,506 times, compared with 341,212 in 2007.

SECTION 5

**The Way Forward...  
Time for a Rethink**

# New Income Security Architecture

## Key Principles

Works effectively to reduce inequalities, delivering benefits to those who need it most

Recognizes the unique challenges of First Nations peoples, racialized minorities and new immigrants, persons with disabilities

Recognizes centrality of caregiving and family life



# New Income Security Architecture

Need for a new income security architecture that blends public and private income support / insurance programs / private saving provisions over the life cycle:

Ensures equitable access and an adequate standard of living

Facilitates the blending employment and income support

Balances investment in strong public income programs with provisions for private savings

Works effectively with support programs including in-work benefits, active labour market programs, child care, affordable housing

Works within a strong regulatory framework that privileges the economic security of Canadians and facilitates quality employment

