


# Cities Ending Poverty: Ending Working Poverty

May 5, 2021

***To begin this session, we will  
be moving you into small  
groups for informal networking  
conversations.***

***After 10min, you will  
automatically be moved back  
into the main session.***



# The End of Poverty: Ending Working Poverty

## Workshop speakers:

- John Stapleton with Yvonne Yuan, Open Policy Ontario
- Kumsa Baker, Toronto Community Benefits Network
- Tristan Johnson, City of New Westminster

## Agenda:

- 10min - Small group networking
- 35min - Framing and Panel
- 10min - Q&A
- 15min - Breakout Groups
- 20min - Reconvene and Closing

# ENDING WORKING POVERTY IN CANADA

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Pathways to eliminating the most prevalent form of poverty in Canada

By John Stapleton With Yvonne Yuan

May 2021

With Support from The Tamarack Institute



# UNDERSTANDING WORKING POVERTY

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Working Poverty in Canada

# Number of people in Canada living in poverty

In Canada, 10-11% of the population is living in poverty (2018): 11% = 4.1 million

Of that number:

- 42% are working poor
- 40% receive social assistance.
- 7% are seniors.
- Approximately 7% receive income from programs like Employment Insurance (EI) and the Canada Pension Plan (CPP).
- Approximately 4% live without income (often supported by families)

# Working Poor: Definition

A definition developed by Metcalf Foundation for “working poor” . A member of the working poor is someone who:

- has an after-tax income below the low-income measure (LIM);
- has an annual earnings of at least \$3,000;
- is between the age of 18 and 64;
- is not a student; and
- lives independently.

Under this definition, the working poor account for approximately 42% of the population living in poverty in Canada.

42%

They are the single largest group of people living in poverty.

- Approximately 1.7 million individuals and families;
- Most likely to be in large prosperous cities;
- Working poverty is racialized;
- More are immigrants; and
- Work part-time or part-year.

In global term, it is possible to say that 94.4% of the working age population of Canada are not working poor.

Therefore, 5.6% of the 18 to 65 population are in working poor families.

Eliminating working poverty is challenging but not impossible.

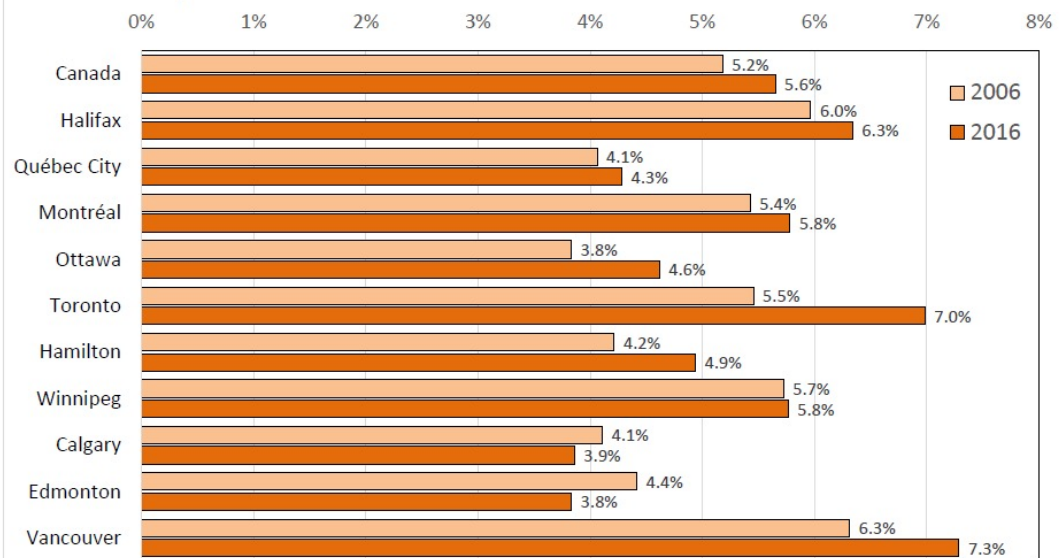
# Working Poor in Canada

Across the country, 5.6% of the working-age population are in working poverty.

Vancouver and Toronto are well above the average, with 7.3% and 7.0% prospectively.

“The richest cities are also the poorest.”

**Percentage of Working Poor Individuals Among the Working-Age Population, Canada and Ten CMAs, 2006 and 2016**



Independent working age population defined as individuals who are between 18 and 64, non-students living alone or as adult couple. Excludes mutually dependent households: adult non-students living with parent(s) and multi-person non-family, non-couple arrangements. Working status refers to persons having job earnings no less than \$3,000. Poor status refers to individuals with census family income below the Low Income Measure (50% of adjusted after-tax median income of all Canadians).

# ENDING WORKING POVERTY EXPLAINED

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Why solving working poverty is important and what benefits it could bring.



## Working Poor in the Poverty pool

The  
working  
poor can  
be in  
deep or  
shallow  
poverty

The working poor population are in both the deep and shallow end of the pool because of the amplitude of their incomes in income levels.

- Shallow: people living on minimum wage working full time make just enough to stay out of the shallow end.
- Deep: Some working poor people can easily slip into deeper poverty due to decreases in hours or work interruption.
- Rates of working poverty differ among different groups including:
  - levels of income,
  - disability,
  - gender,
  - race,
  - education,
  - family composition,
  - occupation,
  - housing.

# Income security: the dilemma of the working poor

- The working poor are in deep and shallow poverty depending on circumstance and they have very little income support.
  - They have the least amount of income support of all people living in poverty.
- Most government programs provide income security to working age people **AFTER** they have worked.
  - CPP, EI, workers compensation, workplace programs, veterans etc. make up 89% of government expenditures for workers.
  - Only 11% of expenditures go to people while they are working in three programs that don't work together.
- With hours worked and job tenure decreasing at the low end of the job market, income supports must work together to have a meaningful impact.

*There is a Canadian expectation that income security should be met through employment earnings for adults 18-65.*

# The benefits of ending working poverty for Canada

- We face worker shortages in the future.
- We will save in health care costs as lower income workers will be more prosperous. E.g., improved nutrition.
- We would unclog the Court system. E.g., evictions reduced.
- More people in working poverty are accounted in the tax system allowing for easier implementation of further income supports.
- Not really a competitive issue - more of an inflation issue – with inflation at all time low
- Employers will have a more reliable workforce.
- Governments will have more tax payers.
- Communities will have stronger members.
- Working poverty would become an oxymoron.

Almost half of Canadian poverty will be eliminated if working poverty is ended.

# PATHWAYS FOR ENDING WORKING POVERTY

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Four Major Pathways

## Pathways for ending working poverty in Canada

We can do it and we all have a role to play.

### For Governments

- Increase minimum wages and living wages to eliminate working poverty
- Increase child benefits to keep workers with children out of poverty
- Reform working income security supplements so that they work together to end working poverty
- Reform Employment Insurance to help end Working poverty
- Disincentivize policies that allow businesses to declassify employees in the low-end gig economy (i.e. incentivize treating all workers as employees)

### For Employers (and governments)

- Promote full time full year work
- Devise better work that attracts better pay
- Recognize the value of essential work & pay for it

### For Community

- Fund poverty reduction work at the community level.
- Fund initiatives to include minorities and people with disabilities to obtain better, more secure work.
- Provide the right supports, services, infrastructure and community benefits
- Plan, educate and train people for the better work of tomorrow

### For people living in poverty

- Learn what gets you into working poverty and how you can get out

# PATHWAYS FOR GOVERNMENTS

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Federal, provincial /Territorial and municipalities

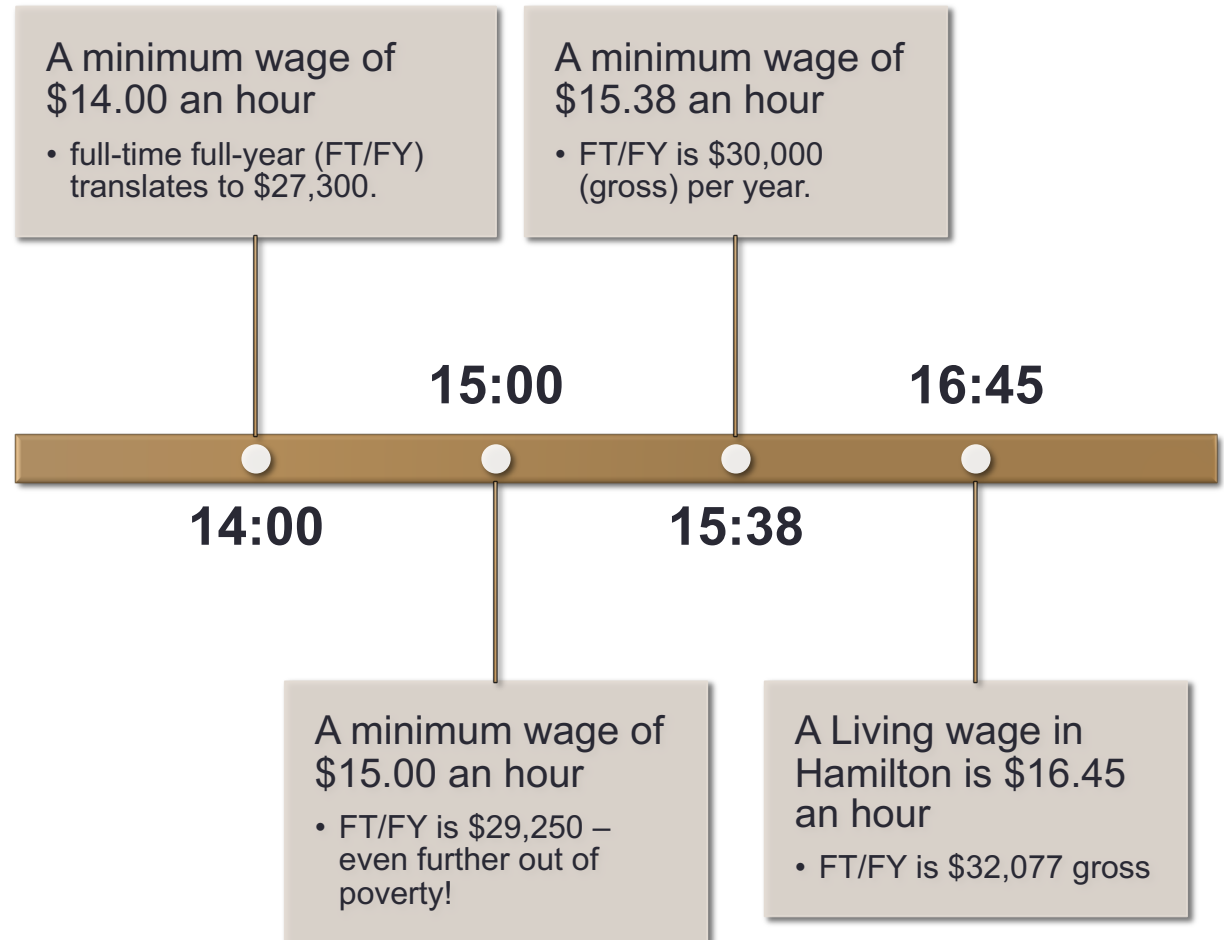
Increase minimum wages/living wages to eliminate working poverty

We need a Minimum wage of at least \$15.00 across Canada

No one working at minimum wage Full Time /Full Year lives in poverty.

The single poverty line is about \$24,000 (MBM or LIM) a year.

The Challenge: Creating more Full time and full year jobs



## Reform working income security supplements so that they join forces to end working poverty

### Before the pandemic Employment insurance was

- **Unresponsive** – fewer than 35% of unemployed eligible.
- **Asymmetrical** – benefits are varied across Canada based on local unemployment, not being unemployed.
- **Unfair** – its eligibility requirements forced people to pay in who got nothing out.
- **Out of date** – did not recognize precarious work, the gig economy; forced self-employment and contracting

### Thru COVID we learned that:

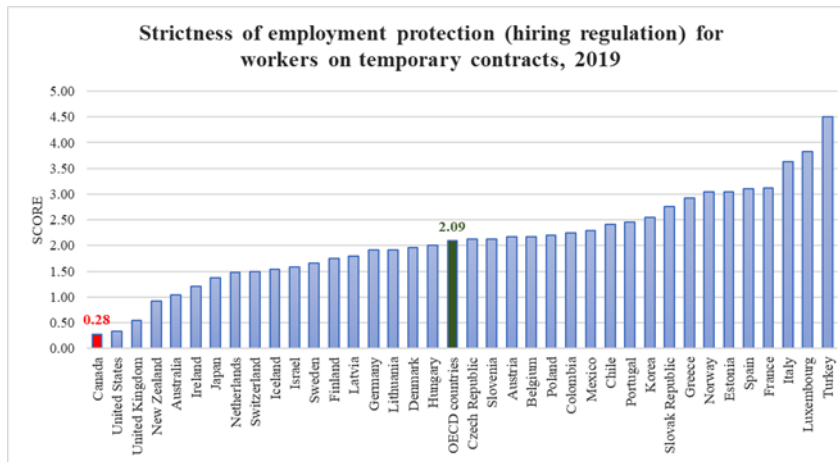
- EI could not:
  - respond quickly on its own;
  - meet peoples needs;
- We needed a whole suite of pandemic benefits to meet the needs of Canadians.
- We need fundamental reform to EI for Canada's future.

### Going forward we need Employment Insurance to:

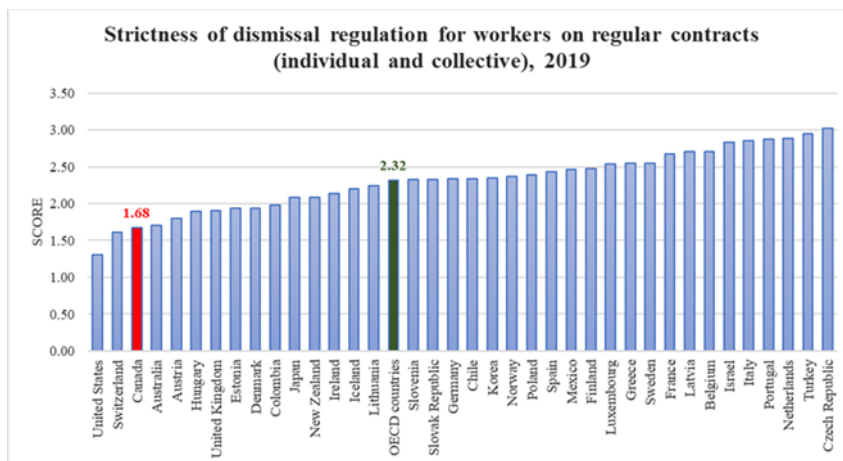
- Respond to real unemployment by dramatically lowering entrance requirements for EI.
- Treat Canadian workers equally by abolishing the variable entrance requirements.
- Pay people ensures benefits when they pay into it.
- Recognize that the world of work has changed.



Disincentivize policies that allow businesses to declassify employees in the low-end gig economy (i.e. incentivize treating all workers as employees)



Among 37 OECD member countries, Canada is at the bottom of the list with arguably the weakest strictness on hiring and dismissal regulations (OECD Employment Outlook 2020). In other words, Canada is the country where it is the easiest to 'fire' a worker.



Workers in Canada, either on temporary or regular contracts, receive way less protection than workers in other OECD countries.

# PATHWAYS FOR EMPLOYERS

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Full-time better work and recognition of essential work

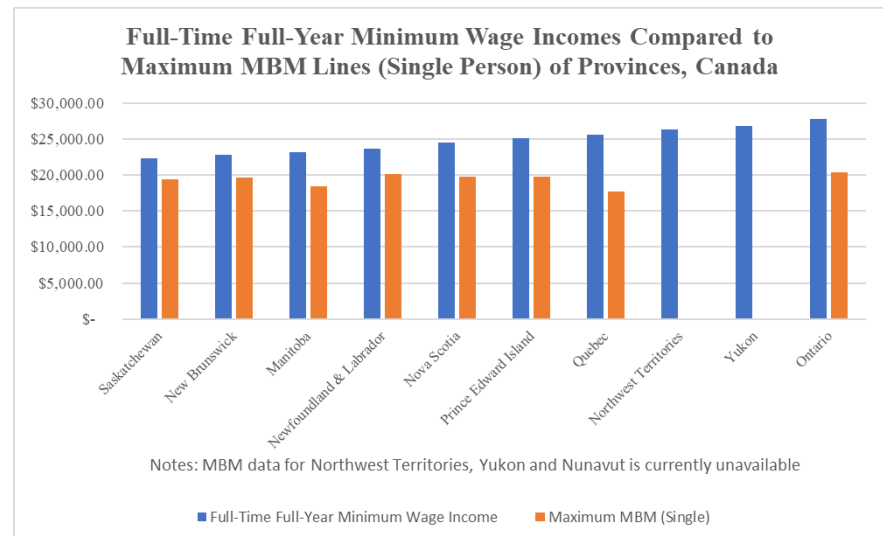
# Promote full time full year work

- We know that full time full year work gets people out of working poverty even at the minimum wage.
- But we have so much temporary and part time work that working poverty is still Canada's most prevalent form of poverty.
- It's not government's job to keep costs of private goods and services low

“We ask that employers refrain from exploiting the gig economy and promote full-time full-year work”

- The bar chart shows that full-time minimum wage income is above the poverty line.

<i>Tenure and hours of work</i>	
<b>Full- time –Full year and out of poverty</b>	Full time – part year and still in poverty
Part- time – Full year and still in poverty	<b>Part time part year and still in poverty</b>



# PATHWAYS FOR COMMUNITY

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The right support, services, infrastructure, community benefits – planning, educating and training for tomorrow

Provide the right supports, services, infrastructure and community benefits

*As we train the future labour force and public facing service-delivery providers, educators and social service providers can do more.*

Supports and services range from medical to legal - from housing to home supports and as noted above most provinces have about 40 programs, some income tested, some co-pay and others deeply subsidized.

Some are statutory, some are rationed and some have adjudicated and prioritized wait lists.

All are important but they are mostly organized around political decisions on their design and need or according to budgets.

Few take decent work into account and they both could and should.

# Fund poverty reduction work at the city level.

## Community work needs funding

- Following the release of TogetherBC in 2019, Tamarack 'Cities Reducing Poverty' was asked to provide recommendations to the B.C. Government around funding local poverty reduction work.
- Fourteen CRP members in B.C. were funded through the program's first round.
- Second and third round of funding should begin as soon as possible.

## Launch a local campaign to end working poverty

- Launch a local living wage campaign and connect to provincial networks
  - e.g. BC's Living Wage for Families, Living Wage Alberta, or the Ontario Living Wage Network
- Recruit, certify and recognize local employers as Living Wage employers
- Join and support local, provincial and territorial decent work initiatives

# Support initiatives to include minorities and people with disabilities to obtain better, more secure work.

## Cities Reducing Poverty

- Continue Tamarack's Cities Reducing Poverty initiatives to further increase and develop:
  - Canada-wide disability incomes;
  - Canada-wide payments in government cash transfers to low and moderate-income families;
  - Pay for low-wage workers to earn higher living wages.
  - Positive behaviour changes in employers towards creating culturally safe and productive workspaces; and
  - Connections to work for youth struggling to attain employment.

## Example: Winnipeg Poverty Reduction Council (WPRC)

Guided by the Truth and Reconciliation Commission's 92nd Call to Action, in 2015, the WPRC decided to focus on bridging relationships between non-profit community job-trainers and businesses, to increase employment opportunities for Indigenous job-seekers within Winnipeg's corporate sector.

They have prioritized:

- 1 . Educating corporate management about Indigenous history and its legacy
- 2. Supporting corporate management to educate their workforces about Indigenous history and its legacy, and to develop anti-racism and cultural safety practices
- 3 . Facilitating new connections between employers and Indigenous job seekers

# LOOKING FORWARD

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Federal Policy Goals and a Policy Dilemma



# Federal policy goals & a policy dilemma

## The working poor?

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2020: reduce poverty by 20%

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2030: reduce poverty by 50%

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The 2020 goal has largely been achieved by moving some seniors and children above the poverty line

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The 2030 goal will be harder to reach as some people will need to be lifted out of the middle of the pool

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The policy dilemma is that even if successful, all remaining people in poverty will be in the deep end of the pool

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Four in five people in the deep end are on social assistance



# QUESTIONS?

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Thank you