



# **TORONTO** STAFF REPORT

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August 28, 2006

To: Board of Health  
From: Dr. David McKeown, Medical Officer of Health  
Subject: Impact of Poverty on Children's Current and Future Health

Purpose:

To provide an overview of the impact of poverty on children's current and future health and to identify Toronto Public Health's role in addressing poverty during the early years.

Financial Implications and Impact Statement:

There are no financial implications for Toronto Public Health arising from this report.

Recommendations:

It is recommended that:

- (1) the Board of Health request that the Children's Services Advisory Committee, in consultation with key stakeholders, identify key municipal policy levers and strategies for action to reduce child poverty including exploration of local options to reduce or eliminate the National Child Benefit Supplement claw back;
- (2) the Medical Officer of Health work with key stakeholders including other city divisions, community agencies, and coalitions to ensure that the serious consequences of living in poverty to the current and future health of Toronto children are considered in decision-making regarding programs and services, advocacy, policy, and research;
- (3) the Board of Health advocate to the Ontario Minister of Health and Long-Term Care that the Mandatory Health Programs and Services Guidelines be revised to include specific objectives related to preventing poverty and mitigating the negative health impacts of poverty during childhood;

- (4) the Board of Health advocate to the Federal Minister of Health, Ontario Ministers of Children and Youth Services, Health Promotion, and Health and Long-Term Care and the Public Health Agency of Canada that a strategy be developed to monitor and report on disparities in child health outcomes;
- (5) the Board of Health urge the Canadian Institutes of Health Research (Institute of Human Development, Child and Youth Health) to fund longitudinal research on:
  - (a) pathways through which poverty during childhood exerts its effects on health; and
  - (b) interventions to mitigate the impact of poverty during childhood on health;
- (6) the Board of Health request that the Conference Board of Canada, Caledon Institute, and Canadian Policy Research Networks expand their research to study the health implications of key policies and strategies to prevent poverty during childhood and mitigate its negative effects on health;
- (7) this report be forwarded to the Children's Services Advisory Committee and the Community Services Committee;
- (8) this report be forwarded to the Toronto Best Start Network, Child Health Network, Family Services Association, Children's Aid Society of Toronto, Catholic Children's Aid Society of Toronto, Jewish Child and Family Services of Toronto, Native Child and Family Services of Toronto, United Way of Greater Toronto, provincial Ministries of Children and Youth Services, Health Promotion, and Health and Long-Term Care, Ontario Public Health Association, Canadian Institutes of Health Research (Institute of Human Development, Child and Youth Health), Canadian Institute for Health Information, Canadian Public Health Association, Campaign 2000, Caledon Institute, Conference Board of Canada, Canadian Pediatric Society, Canadian Policy Research Networks and the Public Health Agency of Canada; and
- (9) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Over the past few years, documents released by national and provincial health-related organizations such as the Canadian Population Health Institute (1), Canadian Institute for Health Information (2), Health Council of Canada (3), and the Ontario Public Health Association (4) have expressed concern regarding the impact of poverty on children's health. In 1999, Toronto City Council adopted the Toronto Children's Charter which states that "All Toronto children shall be entitled to a standard of living adequate to ensure healthy physical, intellectual, emotional and social development, well-being, and a good quality of life" (5). In 2005, Toronto City Council passed a motion identifying the alleviation of poverty as a council priority (6).

The TPH Strategic Plan “Toward a Healthy City” has goals related to eliminating health inequalities and implementing strategies to promote the health of children, youth, and families (7). These goals reflect concern regarding the negative impact of poverty on children’s current and future health.

This report describes the prevalence of poverty among families with young children in Toronto, as well as implications for children’s current and future health. The report also discusses various strategies that contribute to reducing poverty among families with young children, and TPH’s current and planned activities to address the impact of poverty on child health.

### Comments:

#### Toronto Children Living in Poverty:

In 2000, 29% (51,000) of Toronto children from birth to age five lived in low income households (households with annual household income that falls below Statistics Canada’s pre-tax Low Income Cut-Offs (LICOs)). The percentage of young children living in low income households was higher for lone parent families (57%), immigrant families (54%), visible minority families (39%) (8), and families headed by parents under the age of 25 (64%) (9). Of the 29% of children from birth to age five living in low income households, 12.8% were living in deep poverty (50.1% or more below the LICO) while an additional 12.9% were living 10.1-50% below the LICO (10).

As of June 2006, 11.75% (20,435) of Toronto children under the age of six were living in families receiving Ontario Works social assistance (11). Families with children on social assistance live well below the LICO. In 2005, a lone parent with one child on Ontario Works had a household income 47% of LICO while a couple with two children on Ontario Works had a household income 41% of LICO (12).

Although the median income for families with children in the lowest income Toronto neighbourhoods rose slightly between 1998 and 2002, neighbourhood income inequality is increasing (13).

#### Health Consequences of Poverty during Childhood:

Children living in low income families or neighbourhoods have worse outcomes on average than other children on a range of key health indicators such as infant mortality, low birth weight (LBW), respiratory conditions, obesity, injuries, and developmental outcomes. This section of the report highlights selected Canadian research regarding these health conditions. American research is utilized to supplement Canadian research when necessary.

##### (a) Infant Mortality

Infant mortality is as an important indicator of a country’s health (14). Infant mortality was 66% higher (6.5 per 1,000) in Canada’s lowest income urban neighbourhoods than in

its highest income urban neighbourhoods (3.9 per 1,000) in 1996. The rate in middle income urban neighbourhoods was 5.1 per 1,000 (15). This pattern has also been observed in Toronto. Toronto's infant mortality rate (1996-1998 combined) was 70% higher in the lowest income neighbourhoods (7.3 per 1,000) compared to the highest income neighbourhoods (4.2 per 1,000). The rate in middle income neighbourhoods was 5.9 per 1,000 (16).

(b) Low Birth Weight

The risk of infant mortality increases with LBW (17, 18). As a group, LBW babies who survive have higher rates of re-hospitalizations, below normal growth, childhood illnesses, neurological problems, developmental problems, and health-related limitations (19). In 1996, the LBW rate was 40% higher (7%) in Canada's lowest income urban neighbourhoods than in the highest income urban neighbourhoods (4.9%). The rate in middle income urban neighbourhoods was 5.8% (15). More recent Toronto data display a similar pattern. Toronto's singleton LBW rate (1999-2001 combined) was 37% higher in the lowest income neighbourhoods (5.6%) than in the highest income neighbourhoods (4.1%). The singleton LBW rate in middle income neighbourhoods was 4.8% (20).

(c) Respiratory Conditions

Respiratory conditions can have short and long term consequences on infants' development and functioning (20). A 1998/99 population level study in Manitoba found that children under the age of one in the province's lowest income urban neighbourhoods had the highest rate of hospitalization for pneumonia, bronchiolitis, bronchitis, and asthma and that hospitalization rates increased as neighbourhood income decreased (21).

(d) Obesity

Children who are overweight or obese when they begin school are more likely to remain overweight or obese during their school years and adulthood and experience health problems such as asthma and type II diabetes (22). Canadian data from the 2000/2001 National Longitudinal Survey of Children and Youth (NLSCY) found that 35% of 5-17 year olds in low socio-economic status (SES) neighbourhoods were overweight compared to 33% in mid-low, 30% in mid-high, and 24% in high SES neighbourhoods (23).

(e) Injuries

Injuries can have an impact on the physical and emotional development of children (24). In Ontario in 2002/03, the rates of injury-related emergency department visits and injury-related hospitalizations among children 0-14 years of age were highest in low income neighbourhoods (25). Differences in rates based on neighbourhood income level have also been found in urban neighbourhoods in Manitoba. From 1994/95-1998/99 (combined) children 0-19 years of age in Manitoba's lowest income urban neighbourhoods were 2.5 times more likely to be hospitalized for injuries than children in the highest income urban neighbourhoods. From 1994-1997 (combined) children 0-19

years of age in Manitoba's lowest income neighbourhoods were 4.5 times more likely to die from injury than those in the highest income urban neighbourhoods (26).

(f) Emotional and Behavioural Problems

In order to be successful in life, children need to develop social skills and learn positive ways to interact with others. Data from the NLSCY (1994/1995) showed that Canadian children in low income families were more likely to have behavioural and emotional problems than other children. Children aged 4-11 years from the lowest income families were more likely to exhibit high levels of indirect aggression (40%) compared to children in the highest income families (25%). Children in the lowest income families were also more likely to exhibit high levels of emotional-disorder anxiety (12% versus 7%) and high hyperactivity scores (20% versus 12%) (27).

(g) Multiple Aspects of Child Health and Development

Data from the NLSCY (1994/1995) revealed that Canadian children aged 4-11 years in the lowest income families were over 2.5 times more likely to have low levels of functional health than children from the highest income families. Functional health is a combined measure of vision, hearing, speech, mobility, dexterity, cognition, emotion, pain and discomfort (27).

The Quebec Longitudinal Survey of Child Development (1998-2002) found that families with 'a serious lack of money for basic needs' were more likely to report that their toddler had acute health problems (respiratory tract infections, otitis media, gastroenteritis or other infections) in the last three months; at least one asthma episode occurring in the past 12 months; a growth delay; hospitalization within the last 12 months; or a combination of two or more health problems (acute health problems, asthma episode, growth delay) than children from families with 'no lack of money for basic needs' (28).

A Vancouver study found that 38% of kindergarten children living in the lowest income neighbourhoods were vulnerable on at least one dimension of the Early Development Instrument (EDI), which examines physical health and well-being, social competence, emotional maturity, language and cognitive development, and communication skills and general knowledge. Only 6% of children in the highest income neighbourhoods were similarly vulnerable (29). Toronto District School Board 2002-2003 EDI data has shown a relationship between socio-economic status and children's school readiness levels (30).

(h) Effect of Timing, Depth and Duration of Poverty

Canadian research on the effects of timing, depth, and duration of poverty on child health is limited. Analysis of American data from the National Longitudinal Survey of Youth-Child Supplement (1986-1990) found that developmental outcomes varied considerably depending on whether a family was very poor (family income 50% below the poverty line), poor, or slightly above the poverty line. For example, children living in deepest

poverty scored significantly lower on vocabulary tests at ages 3-4 and reading and math tests at ages 5-6 and 7-8 than did children in the group slightly above the poverty line. Having an income 50-100% of the poverty line also affected children's scores but less so than deep poverty. As well, children living in persistent poverty scored significantly lower on these tests than children who had never lived in poverty. Living in transient poverty also affected children's scores on some measures but less so than longer term poverty (31).

Canadian data from the National Longitudinal Survey of Children and Youth also suggests that duration of poverty is associated with child outcomes (32-34). Children who experienced long-term low income or poverty had poorer outcomes on a variety of measures of physical health, behaviour, cognition, socio-emotional development (32) and school success (33). Children 2-7 years of age living in chronic poverty in the Maritimes were 1.5 times more likely to have had a recent asthma attack than children who had not experienced poverty (34).

NLSCY data also suggest that increases in income result in the greatest improvements in outcomes for younger children living in very low income families (32). Further research is required to clarify the possible impacts of depth, persistence, and timing of poverty on Canadian children's developmental outcomes.

(i) The Influence of Poverty and Other Factors on Child Outcomes

Poverty can interact with other risk factors/conditions to increase the likelihood of poor outcomes. NLSCY data has shown that in general, the chances of children developing hyperactivity, conduct disorder, an emotional disorder, relationship problems, or repeating a grade increased as the number of risk factors present within the family increased. These factors included low income, lone parenthood, teenage parenting, maternal depression, low parental education, and family dysfunction (35). As well, research has shown that LBW children from disadvantaged backgrounds are at increased risk of poor development and functioning compared to socially advantaged LBW children (19).

Summary of Impact of Living in Poverty on Children's Health:

The consensus overall is that income matters. Considerable research evidence points to the negative impact of low socioeconomic status on child health and well-being. Deep, persistent deprivation in the earliest years of life appears to be particularly detrimental to child outcomes. Socio-economic status is also associated with a variety of other risk factors and conditions which can interact to have a substantial impact on children's health.

Child Poverty and Adult Health:

There is increasing evidence that children's early experience with poverty affects their health as adults. The British Birth Cohort studies provide compelling evidence that early childhood socio-economic circumstances contribute to later health. Using occupational status as the measure of

wealth, these longitudinal studies found that children born into the lowest socio-economic groups had poorer adult health in diverse areas (36) and died younger in adulthood (37) than children born into the higher socio-economic groups, even if their socio-economic status improved during adulthood.

Two pathways have been proposed for how childhood socio-economic circumstances may influence later adult health. First, there is evidence that childhood socio-economic circumstances influence adult health through having an impact on adult socio-economic circumstances. Second, childhood socio-economic circumstances influence child development and the formation of health-related behaviours which in turn influence adult socio-economic position and health. It is likely that the two pathways overlap (38).

In the first pathway, being born into poverty and remaining in poverty is associated with the highest health risk in areas such as physical disability, clinical depression, and premature death (39). A significant body of research links childhood poverty to adult poverty through its effect on children's school success (40). Young children growing up in low income families are less ready for school than other groups of children (41-42). Low school readiness is, in turn, associated with repeating more grades, disengaging from school, and dropping out before completing high school (43-44). Children growing up in less advantaged circumstances are also more likely to invest in social identities such as early parenthood which can affect their aspirations for achievement (38).

In the second pathway, childhood circumstances influence later adult health through their impact on the physical, emotional, and cognitive development of children and the formation of health-related behaviours, all of which underpin later adult health and success. This process may even start prior to conception (38). For example, children from less advantaged circumstances are more likely to be born with a low birth weight. Low birth weight babies are at increased risk for health conditions in adulthood such as cardiovascular disease, non-insulin dependent diabetes, high blood pressure, obstructive lung disease, high blood cholesterol, and renal damage (45). Children growing up in disadvantaged circumstances are also more likely to experience family-related stresses and challenges which can negatively affect their emotional well-being. They are also at increased risk for developing unhealthy behaviours such as smoking which can impact on adult health (38).

Social circumstances shape health across all socio-economic levels. In other words, each step up the socio-economic ladder brings a parallel improvement in health. Although adult health is shaped by experiences throughout the lifespan, focussing on poor childhood circumstances is particularly important because childhood is a key stage in life for the development of physical and emotional health; cognitive and educational capabilities; and the formation of health behaviours, all of which are the foundation for later development (38).

Strategies to Reduce Poverty during Childhood:

Toronto Public Health commissioned the Family Network of the Canadian Policy Research Networks (CPRN) to conduct a comparative analysis of the policies, policy approaches, and policy alternatives that have been developed to reduce or contribute to the reduction of poverty

experienced by children in Toronto, other Canadian jurisdictions, and selected other countries (see Child Poverty-Policy Analysis-Executive Summary, Attachment 1). The analysis revealed that in order to reduce child poverty, it is necessary to ensure adequate incomes, by both providing income transfers and promoting parental attachment to the labour force in ways that balance work and family life, and provide programs and services that facilitate the inclusion of low income families with children in society. A multi-pronged approach to the reduction of poverty has also been advocated for by a number of non-governmental organizations (46). Key strategies to reduce child poverty are described in this section of the report.

(a) Income Supports

Income transfers are extremely important to the prevention and reduction of poverty for families with children. In 2003, government transfers prevented 213, 200 Ontario children from entering poverty (47). The CPRN comparative analysis revealed that Sweden, France, and the United Kingdom all have substantive family allowance programs that provide additional income to families with children. The comparable program in Canada is the Canada Child Tax Benefit (CCTB) (46). The CCTB is one of the largest government income transfers to families with children and is key to reducing poverty (47). The CCTB consists of the base benefit, which is received by the majority of Canadian families and the National Child Benefit Supplement (NCBS) which is provided to lower income families (48). The Ontario Government currently claws back the NCBS from families on social assistance (47). CPRN stresses that increasing child benefits and stopping the claw back of the NCBS from families on social assistance are necessary to combat child poverty and identifies that a number of non-governmental organizations have also advocated for these measures including a substantial increase in the CCTB (46).

The Ontario government has continued to claw back the NCBS from families on social assistance but has allowed these families to retain the federal increases to the NCBS since 2004 (47). Toronto City Council, at its December 5, 6, and 7, 2005 meeting, adopted a Community Services Committee recommendation to request the Province of Ontario end the claw back of the NCBS (6).

Ensuring adequate incomes also involves raising social assistance rates (46). Families with children on social assistance live well below the Statistics Canada Low Income Cut-Off (LICO). Rate cuts and inflation between 1993 and the present mean that the purchasing power of social assistance incomes has been cut by about 40%. In 2005, a lone parent on Ontario Works with one child, had a household income 47% of LICO while a couple with two children had a household income 41% of LICO (12). There have been reports to City Council since 2000 advocating for increased Ontario Works rates (12, 49). Recently, the Board of Health, at its November 28, 2005 meeting, adopted a Community Services Committee recommendation to request the Premier of Ontario to increase social assistance rates such that the shelter component is 100% of median market rent and the basic needs component is increased by 40% (50). A policy report by Toronto Social Services (2006) entitled "Systems of Survival, Systems of Support-An Action Plan for Social Assistance in the City of Toronto", approved by Toronto City



Council in June 2006, makes a number of recommendations for changes to the existing social assistance system (51).

In Canada, paid maternity and parental leaves are available for parents who are covered by Employment Insurance (EI) (46). Only about 22% of unemployed people in the Greater Toronto Area qualify for EI, thus limiting access to maternal and parental leaves. The Federal Government needs to reform EI to address declining coverage and access to training and employment supports (52).

Another source of income for children is from non-custodial parents. Sweden and France have programs to provide income to lone parent families if non-custodial parents do not meet their financial responsibilities. The government pursues the defaulting parent to seek re-payment. Canada and the provinces have strengthened their enforcement mechanisms but none go as far as providing income to the custodial parent (except Quebec to a limited extent) (46).

(b) Labour Market Strategies

Labour market strategies promote jobs with adequate wages, good working conditions, benefits, and education and training.

The CPRN comparative analysis revealed that Sweden has been very successful at addressing child poverty. One of the key aspects of their policy approach has been promoting good quality jobs, especially among women and lone mothers, and providing parental leaves, child care, education, and training. Good quality jobs refer to ensuring adequate pay, job-related benefits, and opportunities for promotion (46).

In Canada non-standard work (part-time, temporary, seasonal, or self-employed work) has increased and represents 37% of all jobs (53). These jobs offer little security or protection of rights. Workers in temporary and contract jobs are at greater risk for “unpaid wages, being paid below the legal minimum wage, and unpaid statutory holidays and overtime pay” (54, p.2). A greater proportion of women, immigrants, and visible minorities are employed in these jobs (54). There is a need to change labour regulations to protect vulnerable workers and to improve their rights (46).

The minimum wage is a regulatory tool that can be used to ensure higher incomes (46). The current minimum wage and the increase to \$8.00/hour by 2007 in Ontario will not raise a full-time minimum wage worker to the LICO. A minimum wage of ten dollars an hour is required to enable a full time working adult with no children to reach the LICO. To prevent and reduce low income among families with children, two policy pillars must come together. The minimum wage must be increased to \$10/hour (with inflation indexation), and the Canada Child Tax Benefit must be increased to \$ 4, 900/year. This would enable a single parent working full-time at minimum wage to reach the LICO (47).

Acquiring post-secondary education and training are viewed as important pathways out of poverty. However, increasing tuition costs have posed a major barrier to low income families. Over the last two years, the Ontario government has begun to deal with access issues to further education and training by implementing a tuition freeze until September 2006, re-instituting needs based grants, and improving student financial assistance and apprenticeship support. The tuition freeze needs to be extended and a long-term plan developed to reduce tuition fees in order to increase the affordability of post-secondary education for everyone (47).

In November 2005, two Canada-Ontario Labour Market Agreements were signed: the Canada-Ontario Labour Market Development Agreement (LMDA) and the Canada-Ontario Labour Market Partnership Agreement (LMPA). The LMDA transfers responsibility for the design and delivery of Employment Insurance (EI)-funded programs and services to the Government of Ontario while the LMPA, through increased investments by the federal government, supports a range of labour market programs and services for individuals not eligible for EI (55). Toronto Social Services has addressed labour market issues including skills training and education in its report "Systems of Survival, Systems of Support-An Action Plan for Social Assistance in the City of Toronto" which included a number of recommendations (51).

(c) Other Essential Supports

In addition to increasing income by providing income transfers and promoting parental employment to reduce poverty, it is also important to provide other essential supports, programs and services. Addressing housing is important to any poverty reduction strategy. The CPRN comparative analysis revealed that Sweden and France have continued to include housing as a key component of their strategy to address child poverty (46). As of July 2006, there were 24, 859 households with dependents in Toronto on the waiting list for affordable housing (56). Provincial and federal investment in affordable housing is critical (47). Access to good quality affordable early learning and child care is also an important pathway out of poverty for families (47). Early learning and child care supports child development and enables parents to work and receive education and training (57). As of August 2006, only 7.6% of Toronto children 0-6 years were able to access subsidized child care spaces. There are currently 7,100 children 0-6 years on the waiting list for a child care subsidy (58). It is crucial that the provincial and federal governments continue to invest in expanding high quality affordable child care services (47). Families also need access to recreation programs and health services including access to supplemental health benefits (46).

Toronto Public Health Activities to Address the Impact of Poverty on Child Health:

TPH utilizes a range of strategies to address the impact of poverty on child health. These include: providing a range of public health programs and services; health status assessments; advocacy for healthy public policies; and research.

TPH provides a range of programs and services to support low income families with young children and mitigate the negative effects of poverty on child health. These programs and services are intended to increase children's chances of achieving optimal development and functioning during childhood and into adulthood. Key program activities include: screening and assessment, education and skill building, counselling, service coordination, client advocacy and referral. Some of these programs are universal such as Healthy Babies Healthy Children (Postpartum Component), Preschool Speech and Language and Infant Hearing and Toronto Health Connection. Others are directed to families, children, and neighbourhoods experiencing risk conditions including living in low income circumstances. Examples of these programs and services include Healthy Babies Healthy Children (High Risk Component), Healthiest Babies Possible, the Canada Prenatal Nutrition and Support Program, Support for At-Risk Homeless Pregnant and Parenting Women Project, Peer Nutrition, and dental clinics. Many of these programs also link families with a broad range of services necessary to support health such as income supports, employment resources, housing, child care, and health resources. In addition to direct service delivery, TPH, as a member of the Best Start Network, works to improve outcomes for children living in low income households through co-ordination and integration of services. TPH will continue to work to address access barriers to programs and services.

Addressing health disparities is a key goal of TPH's strategic plan. Assessing health trends and needs enables TPH to identify current and emerging health issues and inform decision making regarding priorities. TPH monitors a number of indicators of child health including the rate of poverty experienced by Toronto families with young children. There is however, a lack of national, provincial, and local data on disparities related to child health outcomes. TPH is currently working with the Canadian Population Health Initiative of the Canadian Institute for Health Information and the Urban Public Health Network to develop a series of reports examining poverty and health in urban centres in Canada. As well, TPH is developing a set of key indicators to help monitor health disparities in Toronto. A select number of indicators of child health will be considered for both of these initiatives based on existing data. TPH will continue to advocate for the establishment of mechanisms to monitor and report on disparities in child health outcomes at the local, provincial, and federal levels.

TPH also collaborates with key community partners, coalitions, and networks to advocate for health and social policies to address material and social inequalities (e.g. poverty, food insecurity) which influence health. TPH programs are directed by the Ontario Ministry of Health and Long-Term Care Mandatory Health Programs and Services Guidelines (MHPSG). Currently, a number of areas have been identified as contributing to the promotion of healthy pregnancies in the Reproductive Health Program and to the achievement of child developmental milestones within the Child Health Program; however, poverty has not been explicitly named as a factor (59). TPH will advocate for the inclusion of specific objectives related to preventing poverty and mitigating the negative health impacts of poverty on children in the MHPSG. TPH will continue to support the work of Campaign 2000 through membership on its Ontario Steering Committee. In future, TPH will support Campaign 2000 in the development of its Report Card on Child Poverty in Toronto. Through participation in these initiatives, TPH will emphasize the need to advocate for programs and policies, particularly for those families with young children disproportionately affected by poverty. There is a need for TPH to strengthen its policy advocacy efforts regarding the reduction of poverty during childhood. TPH will: participate in

the identification of key municipal policy levers to reduce poverty during childhood; increase key stakeholder awareness of the impact of poverty on children's current and future health; and expand its advocacy efforts to reduce poverty during childhood and/or mitigate its negative health effects.

TPH will continue to collaborate with researchers, as appropriate, and monitor research findings from the NLSCY to increase understanding of the relationship between income and child health outcomes. TPH will also monitor the literature for effective interventions to prevent and/or mitigate the impact of poverty on child health outcomes.

Conclusions:

Young children growing up in poverty have worse health and developmental outcomes, on average, than other children. Children living in poverty are often exposed to risk factors/conditions that increase the likelihood of poor health. Children's early experience with poverty affects their health not only when they are young, but also later in their lives as adults. Children who experience deep and persistent poverty in the earliest years of their lives are most at risk. Although these children are most at risk, health improves with each step up the socio-economic ladder. A strategy to improve children's health in Toronto should aim to raise all children's health to the levels enjoyed by the highest socio-economic groups living here.

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List of Attachments:

Attachment 1: Canadian Policy Research Networks (2003). Child Poverty Policy  
Analysis-Executive Summary

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Attachment 1



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# **Child Poverty – Policy Analysis**

By

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CPRN Project F-99

Prepared for Toronto Public Health

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## Executive Summary

Toronto Public Health commissioned the Family Network of CPRN to provide an analysis and recommendations of the policies, policy approaches, and policy alternatives that have been developed to prevent or reduce child poverty in Toronto, other Canadian jurisdictions, and in selected other countries.

This report:

- Provides an inventory of existing policies that have the stated goal of child poverty reduction or that could contribute to child poverty reduction.
- Situates these policies in a comparative context by identifying and conducting an analysis of the policy approaches that reduce child poverty. The other countries selected are Sweden, France and the United Kingdom, while the other provinces are British Columbia and Quebec and the other cities are Montreal and Vancouver.
- Identifies and analyzes the policy alternatives proposed by non-governmental stakeholders to reduce child poverty or contribute to the reduction of child poverty.
- Provides several appendices with detailed information about policies and programs in all of the jurisdictions compared.

The report ends with a suggested advocacy agenda and an action plan for Toronto Public Health.

Child poverty can be significantly reduced by government actions. In addition, in Europe and among experts, there is a growing consensus that it is necessary to go beyond income-poverty (that is, the amount of income a family has) to also combat any factors leading to exclusion from participation in mainstream society. With the two goals of ensuring adequate income and the social inclusion of all children, governments have adopted two basic ways to fight child poverty. One is to *ensure* incomes are high enough by transferring income if necessary, while the other is indirect, focused on *enabling* parents to maintain their relationship to the labour force.

Based on our assumption that the diagnosis of child poverty influences the ways that governments fight against child poverty, we examine in Section 2 the diagnosis of the reasons for child poverty and the policy goals as well as strategies for reducing it. We start with Sweden, France, and the United Kingdom. We then move to two comparisons within Canada, one at the provincial level (British Columbia, Ontario and, Quebec) and another at the municipal level (Vancouver, Montreal, and Toronto).

### Highlights from the Comparisons

Sweden is the champion in the fight against child poverty. Despite an initial poverty rate, based on market incomes close to Canada (approximately one in four children are poor), after taxes and transfers, three percent of children were classified as poor (a rate substantially lower than Canada's). There is consensus among experts that the basis for this success is policy interventions designed to meet three goals. One focuses on promoting employment, especially

for women and including, therefore, those heading lone-parent families. A second is to recognize the higher costs that families with children face by paying a relatively generous child benefit as well as providing child care services and housing allowances. Third, several Swedish policies seek to shrink income inequalities. Swedish efforts to reduce child poverty are essentially overall measures fostering and supporting employment first. These include training, child care and parental leaves. Then, of central importance are housing policies, which guarantee affordable housing as well as necessary services such as heat, water and electricity.

Family allowances also can be used to reduce child poverty. In France, universal allowances (for parents of more than one child) as well as tax deductions have been in place since 1946 and additional ones, based on income-testing, have been added since then. The cumulative effects of such benefits are to push 68 percent of children over the poverty line, compared to 59 percent of people less than 65 who are pushed out of poverty by government transfers. But while French policy succeeds in reducing child poverty, the final rate is still higher than that of Sweden and several other countries. France's policy mix is less effective than Sweden's for two basic reasons. First, it focuses less on quality employment, thereby leaving the working poor and especially women heading lone-parent families to struggle with a labour market structured in ways that disadvantage women. Second, the absence of reliable and affordable child care for children under three makes it difficult for many families to earn adequate income.

In the United Kingdom, the diagnosis, as in many other countries, is the need for adult employment. As Tony Blair put it in his well-known speech on child poverty: "we are creating an active welfare state focused on giving people the opportunities they need to support themselves, principally through work." Policy changes and programs include the introduction of a national minimum wage for the first time in the United Kingdom, increases in child benefits and the introduction of child tax credits, help (but not compulsion) to lone parents to find work, in-work benefits to make work pay and major injections of child care funding. While the income situation of many families has improved, they are often working in low-paid positions and depend on in-work benefits and child credits to stay out of poverty. Therefore, the United Kingdom remains a country in which child poverty reduction depends most on encouraging parents into work, and supplementing low-paid work. Its child benefit package is relatively generous, but its rate of child poverty is also still high.

The Government of Canada's efforts to reduce child poverty is driven by its analysis of the reasons for child poverty, that is, insufficient employment income earned by parents. Therefore, it has been willing to put new funds into programs that raise the family income (the Canada Child Tax Benefit – CCTB) and other kinds of interventions that support parental employment, such as leaves and some child care funding.

"Canada's" approach to reducing child poverty is essentially the combined effects of federal and provincial actions. The three provincial governments examined here (British Columbia, Ontario and Quebec) share with the Government of Canada both the goal of reducing child poverty for parents with earned income, and the diagnosis that the reasons for poverty are the lack of parental income. Therefore, they have been intervening in ways that reinforce that message. The instruments to fight poverty in the three provinces include child allowances and in-work benefits.

British Columbia and Quebec, but not Ontario, supplement the federal government's payments under the National Child Benefit (NCB). All three provinces have created in-work benefits, as well as directing other benefits to families with earned income. Ontario's benefit is more limited, being paid only to families with preschool children, although it is more generous in the amount provided. For the three provinces, the policy focus is not on poor children whose parents receive social assistance; it is on in-work benefits and therefore helping families with earned income. And yet, the minimum wages they legislate are hardly sufficient to ensure adequate income to families, who thereby risk remaining among the working poor.

On the matter of social housing, only Quebec and British Columbia have retained active social housing portfolios. Ontario, since 1995, has been trying to encourage the private sector to be more active, while transferring the administrative responsibility for social housing to the municipalities. For the most part, however, funding in these provinces goes to the renovation of existing dwellings, rather than to the supply of new housing stock. In addition, both Quebec and Ontario have programs for low-income families to support home purchases and rentals. Both provide Shelter Allowances, although British Columbia's was recently cut back.

Among Canadian provinces, Ontario is the only province that continues to allow a significant decision-making role in social services to municipalities. No other provincial government assigns its municipalities as much responsibility for both delivery and funding, which helps to account for the more fragmented attention to child poverty in the other two large Canadian cities studied.

When the City of Vancouver acts in the area of policies for families and children, the interventions overwhelmingly involve child care, child development, or housing. In the case of child care as well as child development, there is a good deal of attention to low-income families and children, but they are not the particular focus. Moreover, even these policy areas – while of major concern to the city – fall within provincial jurisdiction.

Montreal is similar. The city is active in three significant ways that have consequences for levels of child poverty. They are its long-standing approach to urban and community development, housing, and the new commitment to a city-wide family policy. In Quebec, the policy focus is on families rather than children, however.

Of the three cities examined here, the City of Toronto is certainly the one that has devoted the most attention to children and child poverty, treating children's policy separately – although not in isolation – from other areas of social policy. Toronto's diagnosis of child poverty is that it is a problem that exists as a constellation of issues, including adequate social assistance, decent and affordable housing, affordable and accessible child care, good jobs, adequate minimum wage, access to health care, a good school system, and so on. Child poverty is not, in other words, a problem separated from the general economic and social policy landscape. The approach adopted by the city has two primary foci. They are child care and housing, with the latter including a good deal of attention to homelessness.

The last section of the report lists the recommendations culled from an examination of the policy documents of the key non-governmental organizations working to address the child poverty issue. In general, advocacy groups recognize that there is no single solution so they call for a mix of initiatives. Their key recommendations for reducing child poverty are:

### ***Reducing Income-poverty***

1. Increase the amount of the Canada Child Tax Benefit (CCTB);
2. End the clawback of the National Child Benefit Supplement from families on social assistance;
3. Increase social assistance payments and extend benefits available to social assistance clients;
4. Increase the minimum wage;
5. Increase the basic tax exemption for low-income working families; and
6. Improve parental leave provisions in Employment Insurance.

### ***Fostering Social Inclusion and Participation While Reducing Income-poverty***

1. Invest in quality early childhood education and child care services that are universal, inclusive and accessible;
2. Raise the number of new and refurbished affordable housing units;
3. Work with communities to remove barriers to employment;
4. Promote social inclusion; and
5. Improve governance via community building and partnerships.

It also presents an advocacy agenda, divided into three steps of an action plan, which Toronto Public Health might pursue to advance its agenda of reducing and eliminating child poverty.

### **An Advocacy Agenda and Action Plan**

As we note throughout this paper, experts and advocates understand the need to have a *good policy mix*, as well as sufficient spending. The top item on the policy agenda of all governments and groups concerned with reducing child poverty is *ensuring adequate income*. Fighting child poverty, therefore, involves raising family incomes.

Based on these lessons, and in line with its mission to ensure the conditions “where all people enjoy the highest achievable level of health,” Toronto Public Health should continue to support partners and allies calling for higher child benefits and other measures to ensure adequate income, as well as efforts to ensure inclusion and solidarity within Toronto and around the world. It can make the “public health case,” by contributing in particular its social knowledge about the importance of adequate income for children’s health and well-being, and therefore the need to reduce poverty.

**Based on the lessons of this research report and in line with its mission, *Toronto Public Health* might advocate:**

- a significant increase in the Canada Child Tax Benefit and NCB supplement;
- an end to the clawback of the NCB supplement from social assistance recipients in Ontario;
- programs to cover maintenance payments when non-custodial parents default;
- guaranteed access to supplemental health benefits for all children, and in particular for those making a transition into work from welfare, or those in precarious employment without private supplementary benefits. No parent should be forced to choose to stay on social assistance simply so as to ensure her child's medical needs and costs will be met;
- extend access to maternity and parental leaves for more employed parents;
- access for all children to high quality early childhood education and care programs;
- access to services in neighbourhoods, such as health services, good schooling, recreation and leisure, and so on.
- push for an increase in the minimum wage;
- change labour regulations to protect vulnerable workers and improve their rights, ensuring them quality jobs;
- ensure a sufficient supply of affordable housing.
- that international agreements, such as those for trade, include safeguards for social programs and respect for global conventions and treaties that protect human rights and social development.