

CITY BUDGET MATTERS 101

POVERTY REDUCTION

Each year, the City of Toronto establishes the [City Budget](#), which is a financial plan for how our local government earns and spends money. The budget defines how much money goes toward local services such as public transit, childcare, social services, and social housing. Through the budget process, the City makes funding decisions that determine how they will deliver on their strategies and previous commitments, including those regarding poverty reduction.

WHAT IS POVERTY AND WHY DOES IT MATTER?

Poverty is about having limited income and resources to meet basic needs and fully participate in society. In Toronto, many people struggle to make ends meet. They lack essential items such as nutritious food, safe and suitable housing, affordable transportation, and medical supplies and dental care.

Poverty rates in Toronto are extremely high: One in four children and one in five adults in Toronto experience poverty. Toronto's [poverty rate](#) is the highest in the GTHA, and higher than provincial and national levels. The rate of poverty among Indigenous people in Toronto is even more startling — almost [90 per cent experience poverty](#) every day.

Poverty is more than low income: While poverty is typically associated with lack of income and basic necessities, it affects many different dimensions of a person's life. For example, people who must balance multiple jobs have limited time to participate in their community. [Research](#) has also linked poverty to reduced health and well-being.

Poverty is systemic: Poverty is not the result of individual failings; rather, its root causes are embedded in the systems and institutions of our society. Over time, processes such as colonization, systemic racism, and gender discrimination have unfairly distributed access to education, safe housing, jobs, and other opportunities, thus limiting prosperity for many people.

Poverty has unequal impacts: Because poverty is systemic, some groups are at higher risk. Indigenous families, newcomers, immigrants, non-white Torontonians, and people with disabilities experience higher rates of poverty than the overall population.

WHAT IS THE PROBLEM?



Toronto is an increasingly unaffordable place to live.

The high costs of vital community services such as housing, public transit, and childcare make it difficult for many residents to enjoy a comfortable and financially secure life. [From 2009 to 2015](#) the cost of childcare climbed by 30%, public transit by 36%, and rents by 13%.



Social assistance rates keep people in poverty.

Ontario's two main programs that provide financial assistance to people who cannot work or cannot find work, the Ontario Disability Support Program and Ontario Works, should guarantee a basic standard of living. Regrettably, benefit rates have been stagnant for decades, and recipients [experience deeper poverty now](#) than a generation ago.



Employment is not a guarantee against poverty.

Employment is often viewed as the silver bullet for poverty. However, the [rise in precarious work](#), low wages, and lack of health and other benefits means that employment alone is not a pathway out of poverty.



COVID-19 has magnified poverty and inequality.

The same [inequalities](#) that produce poverty have meant that COVID-19 is not equally experienced. [Low-income households and racialized populations](#) are more likely to be exposed to COVID-19. Accurate data sets are not available for the urban Indigenous population because of limited race-based data collection, but we know from trusted community-serving agencies that COVID's impact is markedly higher for Indigenous communities.

Making Transit More Fair: Improving the City's Transit Discount Program

In March 2018, the City launched the [Fair Pass Transit Discount Program](#), a key initiative of its Poverty Reduction Strategy.

The Fair Pass program provides a 33% discount on an adult single ride and a 21% discount on an adult monthly pass. Currently, only social assistance recipients and qualified residents who receive the childcare fee subsidy

are eligible. Although the City rolled out a [new online/phone application process](#) in December, some access barriers, such as requiring a Presto card, need to be addressed.

While COVID-19 has significantly decreased transit use in Toronto, low-income residents continue to be more reliant on public transit. [Since January 2020](#), non-Fair Pass ridership has declined by 61% while Fair Pass ridership has declined by 37%. Many low-income residents are

essential workers and cannot work from home or do not have access to a vehicle.

At a time when low-income residents are relying significantly on public transit and facing personal economic pressures, the City must improve its Fair Pass program by:

- providing deeper discounts,
- expediting the rollout to all low-income residents, and
- making the application process easier and more accessible.

MOVING FORWARD: WHAT CAN BE DONE?

Building a better city requires multiple approaches that consider the perspectives and experiences of those in need. Our local, provincial, and federal governments have different, but interrelated, roles to play. Our governments can:

- Develop immediate actions that address the underlying causes of poverty and alleviate the symptoms of poverty. The plans exist. The tangible actions are needed now.
- Ensure that essential services such as childcare, transit, and housing are within reach for residents of all income levels, particularly those with low income.
- Provide increased and stable multi-year funding to social services agencies that serve those most affected by poverty.
- Increase social assistance benefit rates and provide more work incentives.
- Review income security programs to examine gaps and explore new options to reduce poverty.
- Provide decent, [living wage](#) jobs in local communities.
- Ensure that pandemic recovery raises the floor for those disproportionately impacted by [creating policy solutions](#) that consider the voices and experiences of those struggling the most.
- Measure impacts of, deliver on, and expand previous poverty reduction commitments:



[TO Prosperity: Toronto Poverty Reduction Strategy](#) is the City's 20-year plan to improve the stability of and access to housing, services, transit, food, jobs, and incomes;



[Building a Strong Foundation for Success: Reducing Poverty in Ontario \(2020–2025\)](#), released in December 2020, focuses on moving Ontarians off social assistance; and



[Opportunity for All — Canada's First Poverty Reduction Strategy](#), released in 2018, pledged to reduce poverty across Canada by 20% by 2020 and 50% by 2030.

Long-term support for T'Karonto Indigenous Prosperity Plan

Historical traumas such as [cultural genocide](#) and the [mechanics of colonization](#) continue to impact Indigenous populations today — resulting, for example, in the disturbingly high rate of poverty among Indigenous people living in Toronto and the unique barriers they face in accessing employment, social supports, housing, health-care, and education. These chal-

lenges require solutions that are specifically targeted to, and led by, the Indigenous community.

Recognizing this, the City of Toronto engaged the [Toronto Aboriginal Support Services Council](#) (TASSC) to work in partnership with other Indigenous sector leaders to develop an action-based Indigenous poverty reduction response.

The first phase of the Indigenous Prosperity Plan will involve in-depth community consul-

tations to inform key actions, determine investments required, and establish guiding principles for systemic change. Community voices will be at the forefront of how the plan emerges, and how it will be implemented.

Throughout and beyond the 2021 budget process, the City must guarantee ongoing financial, policy, and other supports to ensure this plan is successful. This is key to building a more inclusive and prosperous city for Indigenous people.

CALL TO ACTION

As the City embarks on the municipal budget process, it has an obligation to make good on its promises to reduce poverty and lay the foundations for an equitable pandemic recovery. Given the unprecedented hardships and financial pressures generated by COVID-19, the City must look for new and creative ways to do this, including leveraging resources at the federal and provincial levels.

STAY INFORMED AND HAVE YOUR SAY IN THE 2021 CITY BUDGET

The decisions made during the City Budget process determine the type of city we have. The Budget process kicks off on January 14, 2021, and concludes with the final City Council vote on February 18–19. Here are some ways you can learn more or share your input about the 2021 City Budget:

- Follow our [City Budget Watch blog](#).
- [Watch](#) Council and Budget Committee meetings ([meeting dates](#)).
- Make a deputation (a five-minute speech) to the Budget Committee.
- Send written comments to the Budget Committee (email buc@toronto.ca or mail Toronto City Hall, 100 Queen St. W., 10th floor, West Tower, Toronto, ON M5H 2N2).
- Write a letter to [your local City Councillor](#).
- Read the other backgrounders in our [City Budget Matters 101 series](#).

