

Poverty is costing Toronto billions a year, report says

'Spending on poverty reduction is a good economic investment,' report concludes

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A new report that looks at the 'price of inaction' says poverty is costing Toronto an estimated \$4.5 billion to \$5.5 billion a year. (Michael Charles Cole/CBC)

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Poverty is costing Toronto an estimated \$4.5 billion to \$5.5 billion a year, according to a new report released Monday.

The Cost of Poverty in Toronto, a report by social policy expert John Stapleton and research consultants Alexa Briggs and Celia Lee, says the numbers reflect the cost of lost opportunity. The report itself examines what the authors call the price of inaction.

"These numbers estimate what poverty costs Toronto in the justice system, the health system, and tax revenues, both now and in future generations," the report says.

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"They tell us that inaction comes at a cost. They tell us that spending on poverty reduction is a good economic investment, in the long run."

It notes that people living in poverty pay less in taxes, are more likely to be unemployed or underemployed, consume more services, have higher health costs, incur costs related to the justice system and are more likely to have children who will live in poverty as adults.



The report says: "Everyone in a society is better off economically when no one lives in poverty." (Nathan Denette/Canadian Press)

"There is no definitive measure of the full economic impact of poverty. However, there is a body of work in Canada that provides estimates of the cost of poverty in the key areas of health and justice," the report says.

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"These estimates also measure in dollars the lost economic opportunity for current and future generations who live in poverty."

The financial estimate is said to be the first of its kind for a Canadian city.

"Poverty places costs on Toronto's economy, on all levels of government, and on society in general," the report reads. "Everyone in a society is better off economically when no one lives in poverty."

The report's authors say they arrived at the \$4.5 billion to \$5.5 billion figure by adding individual items that include:

- cost of crime at \$436 million;
- cost of public health at \$730 million;
- hospital days at \$23.7 million;
- lost income at \$2.9 billion to \$4 billion;
- foregone taxes at \$322 million to \$345 million.

The report follows a study that says Toronto continues to be the child poverty of Canada and a report by the Ontario Association of Food Banks, released on Monday, that says 335,000 people in Ontario used a food bank every month in 2016.

'Critical to start now,' report says

A year ago, the city adopted TO Prosperity, a poverty reduction strategy. Its plan is to: address immediate needs of Toronto residents; create "pathways to prosperity"; and create systematic change.

"The conclusions are clear: investing in poverty prevention would be less costly in the long run than spending to marginally mitigate ongoing poverty in perpetuity. And because reducing poverty is a long-term endeavour, it is all the more critical to start now," the report concludes.

The United Way of Toronto and York Region and Open Policy Ontario provided funding that supported the research for the report.

Sounds of the Season is CBC Toronto's annual charity drive. Please visit our website for details on the Dec. 2 event and how you can support local food banks.

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