

For Information

DATE: June 13, 2013

REPORT TITLE: **INCOME DISPARITY IN PEEL**

FROM: Janet Menard, Commissioner of Human Services

OBJECTIVE

To provide an overview of various socio-economic issues related to the growth of income disparity in Peel, and outline initiatives that have been implemented to address these issues.

REPORT HIGHLIGHTS

- The *Toronto Star*, based on University of Toronto research, recently reported that since 1980 Peel has transformed from a middle-class suburb to a suburb with socio-economic disparities on par with many major cities.
- Staff in Peel's Health and Human Services departments have identified a number of questions regarding the research methodology and interpretation of the data. For example, the newspaper notes that recent immigrants have lower incomes and that the influx of immigrants has played a role in the income distribution changes; however, there is no supporting data describing this relationship and no information on other population changes that are potentially associated with the change in income distribution over time.
- Notwithstanding this and other concerns, income disparity and consequent demand for health and human services (such as affordable housing) are not new or unique to the Region.
- Peel Regional Council has supported a range of initiatives to better integrate immigrants, increase the ability of the overall population to participate effectively in society, and promote residents' social mobility.
- Key advocacy and regional/community program initiatives include: the Peel Newcomer Strategy Group (PNSG), the Housing Investment Plan (HIP) and the transformation of early learning and child care services in Peel.

DISCUSSION

1. Background

In April 2013, *The Toronto Star* reported on the growth of income disparity (i.e., the extent to which income is distributed unevenly) in Peel Region. The three-part series was based on research from the University of Toronto and discussions with community leaders and residents, including Janet Menard, Peel's Commissioner of Human Services.

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The University of Toronto research is titled "*Neighbourhood Inequality, Diversity, and Change in the Global Era: Trends, Processes, Consequences, and Policy Options for Canada's Large Metropolitan Areas.*" It is a seven-year project, started in 2012, focusing on inequality trends in six Canadian metropolitan areas, including Toronto. The research agenda includes providing answers to how neighbourhood changes in Canada's large cities affect people's life choices, educational outcomes, employment opportunities, mobility, access to resources, and social attitudes.

Peel Health staff requested a copy of the University of Toronto's research findings related to Peel but have been advised that, beyond the maps identifying income trends in Peel, no other research results are currently available. This makes it difficult to replicate and validate the research findings. Without additional information it is unclear, for example, how income categories were defined and whether they are consistent with definitions used in the Census or the Canadian Community Health Survey. Additional data and research information such as the profile of each of the income groups, as well as key socio-demographic factors (such as education) and policies that affect income changes over time would provide a more comprehensive picture of trends in income distribution in Peel.

The *Toronto Star* articles outlined that Peel, since 1980, has experienced a dramatic transformation from a middle-class suburb to a suburb with socio-economic disparities on par with many major cities. The articles also made reference to a significant increase in the number of low-income neighbourhoods in Peel over the period. A number of reasons such as rise in precarious employment and changing demographics such as population growth fuelled by immigration were identified as the major contributors to these trends. The articles outlined that funding from other orders of government have not kept pace with the escalating and consequent demand for education and community services, thereby resulting in strained services including not enough affordable housing.

These issues are not new to the Region of Peel. The Region's 2005 *Strategic Review of Poverty in Peel* identified that certain members of the population were slipping into poverty, in particular immigrants, minorities, female seniors, and families with young children. These issues are also not unique to Peel in that rising income disparity is a world-wide phenomenon. It is acknowledged, nonetheless, the dynamics of inequality vary among world nations. There is currently no evidence to suggest that rates of income disparity are greater in Peel than elsewhere.

2. Overview of Socio-economic Context: Canada, Ontario and Peel

Peel has a vibrant growing economy supported by various key strategic advantages, including a sophisticated transportation network. This network allows businesses to access large markets in a timely manner, and residents have access to various GTA amenities. These factors have helped make Peel an attractive destination for both residents and businesses and have underpinned sustained growth in Peel over several decades.

According to the 2011 census, Peel's population was 1.3 million persons and represented a growth of 31.1 per cent from 2001. This was the third highest growth in population among GTA municipalities. Immigrants accounted for 50.5 per cent of Peel's total population.

Over the last decade, a number of important changes have occurred in Peel's economy. In particular, the composition of Peel's labour market has shown a sustained shift away from the goods-producing sector towards services. A major part of the shift is attributed to a downward trend in manufacturing. In 2001, the manufacturing sector provided employment for 22.0 per cent of Peel's employed labour force, or for 124,800 persons. This increased to

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23.5 per cent, or 147,700 persons, in 2004 before trending down to 13.9 per cent, or 86,600 persons in 2012; see Appendix I. The downward trend in manufacturing employment in Peel coincided with a similar trend in the Ontario and Canadian economies. Over the last 10 years, Ontario has lost over 300,000 manufacturing jobs. The total number of persons employed in the Canadian manufacturing sector declined from 14.9 percent of the employed labour force in 2001 to 10.2 per cent of the employed labour force in 2012.

Since 1981, there has been rise in income disparity in Canada. In 2010, the top one per cent of Canadians, on average, made \$180,000 more than they did in 1982 while, in Canada's largest cities of Toronto, Montreal and Vancouver, the bottom 90 per cent made less in 2010 compared to 1982. This trend in income distribution has also been observed in Peel. Between 1996 and 2006, there has been a 31 per cent decrease in the number of middle-income neighbourhoods (based on census tracts) in Peel. There has also been a corresponding increase in the number of low-income and very low-income neighbourhoods (i.e., from 13 per cent in 1996 to 38 per cent in 2006; see Appendix II for mapping information on average individual income demonstrating this historical trend).

In 1991, 9.8 per cent of Peel's total population had incomes below the Low-Income Cut-Off (LICO, i.e., an income threshold below which a person or family is considered to be living in poverty), compared to 13.4 percent and 16.2 percent for Ontario and Canada populations. In 2006, 14.5 per cent of Peel's population were living in low-income compared to 14.7 per cent and 15.3 per cent for Ontario and Canada respectively. Across Ontario, the percentage of those with incomes below LICO is on the rise.

The rise of income disparity in Peel and elsewhere puts pressure on community health and human services that are critical to community health and well-being. As such, Regional staff have reviewed the issue of income disparity in relation to the Region's role in responding to various associated issues.

3. Regional Issues

Many research reports suggest demographic shifts such as high levels of immigration, technological change, and changes in the tax structure as some of the main drivers of income disparity. This phenomenon has consequences for human and health service programs and outcomes.

i) Affordable Housing

The availability of adequate housing is critical to residents' well-being. Poor housing can contribute to poor health, while poor health can make it more difficult for people to find and maintain good-quality housing and participate in the workforce. Recent studies indicate that housing is associated with individuals' capacity to acquire education that in turn affects their future employment prospects.

As of December 31, 2012, the Centralized Wait List (CWL) for subsidized housing in Peel stood at 12,850 households. Applicants housed chronologically in 2012 waited an average of 8.25 years.

ii) Child Care

Quality early learning and child care contributes positively to a child's development and learning. It also promotes parental career development and employment, as well as providing economic benefits to the community, families and children. In Peel the child care system has traditionally supported 4 and 5 year old children. With their transition to full day kindergarten the challenge is to move infants and toddlers from

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informal to formal care being vacated by school age children. As of December 31, 2012 the child care subsidy wait list was 2,994.

iii) Social Assistance

The ability of Ontario's social assistance system to foster socio-economic prosperity has been a constant challenge. The social assistance system in Peel has been experiencing increased caseloads, low transition rates, recidivism and inadequate quality of life standards for persons receiving social assistance. The annual Ontario Works in Peel caseload has more than doubled since 2002 and continues to rise. The average monthly number of cases in 2012 was 16,530.

iv) Mental Health

Approximately 20 per cent (over 260,000) of Peel residents will experience a serious mental illness or harmful substance use at some time in their lives. Mental health contributes to productivity (for example, as it relates to employment), as well as to individual and family well-being.

The ability of human and health services in Peel to respond to these needs is not equal to the capacity of most other communities. Peel's funding for both children and adult mental health services is significantly below provincial averages.

- For Peel, in 2008-09, the per capita funding for children services excluding child welfare is \$139.00, compared to the per capita funding for the rest of the province of \$248.30.
- Peel is served by two Local Health Integration Networks (LHIN), the Mississauga-Halton (MH) LHIN and Central West LHIN. For community mental health services, the per capita funding for the province is \$52.00 per resident; for the Central West LHIN, it is \$36.00, and for the MH LHIN, it is \$21.00, the lowest in the province.

v) Integration of Immigrants

Many immigrants to Canada are prevented from participating in Canada's economy in positions commensurate with their international work experience, credentials, or level of competency. The unemployment rate for recent immigrants (i.e., less than five years in Canada) aged 25-54 years with post-secondary education was 10 per cent, compared with 3 per cent for the total population in Peel in 2006.

The need for settlement and integration services is due to high rates of under-employment and poverty among immigrants. This has implications for municipal governments, including Peel, to provide adequate human and health services. Immigrant integration funding into Peel has not kept pace with local demand for services and there is lack of policy coordination among the various orders of government to address relevant issues.

4. Regional (and Community) Initiatives to Address Issues

Poverty can be one of the consequences of income disparity and thus, the Region of Peel is actively involved in a number of strategies and initiatives that address poverty-related issues including income, housing, food security and transportation.

For example, the Peel Poverty Reduction Strategy was launched in October 2012 and is co-chaired by United Way of Peel Region and the Region of Peel. The three-year strategy is comprised of five key issues: affordable and accessible housing, food security, affordable and accessible transportation, income security and economic opportunities. Through

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discussions with partners and based on community input that the costs and availability of transit prevent them from getting to and from employment opportunities, it was determined that affordable and accessible transportation would be addressed first.

The Peel Poverty Reduction Strategy Committee to date has: met with the City of Mississauga and City of Brampton to discuss an affordable transit program; provided ongoing awareness and education of affordability challenges of transportation in Peel through focus groups with students and at the recent Western GTA summit; brought together residents, Peel Health staff and representatives from food organizations to create the food security task force that will focus on a regional food charter and increasing the number of food programs in neighbourhoods.

Peel's Summer Job Challenge provides youth age 16-24 living in low-income neighbourhoods the opportunity to gain summer employment. Since its development in 2010, this program has assisted 211 youth gain work experience.

Canada's labour market has changed with the growth of temporary and part-time wage work, self-employment and other forms of work that are not fully covered by labour laws and policies. To further explore this issue, the Region of Peel has partnered with Ryerson University to support research on precarious employment (i.e., Precarious Employment and Poverty in Southern Ontario (PEPSO)). This research looks at how unstable, poorly-paid employment affects families and communities.

In terms of advocacy, Peel has asked the provincial government to work with the region and community stakeholders to find solutions to address poverty-related issues. The Intergovernmental Relations Advisory Committee (IRAC) continues to prioritize poverty and funding inequities that impact services to those in need. In 2010, IRAC developed and executed the "Peel Asks Why" campaign during the provincial general election. This campaign sought to educate both those seeking elected office and the public about the service gaps in Peel and the overall impact those gaps have on vulnerable populations. In addition, IRAC continues to highlight council-endorsed advocacy positions that seek to improve the poverty situation in Peel, including expanding the Summer Job Challenge initiative.

Given the various consequences of income disparity and poverty, the Region of Peel has been actively trying to improve service outcomes through a number of human and health service initiatives.

i) Affordable Housing

On November 24, 2011, Council approved Peel's Housing Investment Plan (HIP), with \$17.1 million in annual funding. Subsidies approved through the HIP continue to increase access for households to affordable housing. This is demonstrated by the chronological household placement rate of 59 per cent in 2012, as compared to 40 per cent in 2010. In 2012, the HIP contributed to an additional 394 rent-geared-to-income (RGI) placements, increased access to homeownership for over 80 households, and enhanced housing stability for almost 290 households.

The region has advocated to the Province in a number of policy areas, including to: provide a predictable, sustainable, long-term source of funding to meet local housing needs; and implement a low-income housing tax credit program where the government allocates tax credits to developers involved in affordable housing projects.

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INCOME DISPARITY IN PEEL**ii) Child Care**

The transformation of the early learning and child care system in Ontario, combined with increasing financial pressures and growing unmet service system needs, required that the Region of Peel review its role in the early learning and child care system. In early 2012, the region established the Early Learning and Child Care Task Force. As a result, Regional Council approved 21 enhancements to the child care system in Peel, including the withdrawal of direct service delivery at 12 regionally operated Learn.Play.Care. Child Care Centres by September 2014.

In December 2012, the Ministry of Education (MEDU) announced Ontario's new child care funding formula and framework. The Region of Peel's 2013 allocation represents a 53 per cent increase (after capping) of \$28.5 million, thereby providing significant support for families with children in Peel.

Successful transformation of the child care system is dependent on foundational supports that include funding for system stabilization, addressing historical investment inequities and human resource planning. To date, the following outcomes have been realized:

- An increase in the number of children receiving fee subsidy support. 1,400 full time equivalent spaces can be sustained for an entire year with the new provincial funding. This number will grow to 2,400 children benefitting from the increased funding by the end of 2013.
- Elimination of Child Care Fee Subsidy Wait List has been achieved as of June 25, 2013 ahead of the original objective of December 31, 2013. New requests for subsidies are being placed on a real-time basis and marketing will occur to attract infants and toddlers to the formal system. The new provincial population based funding formula is designed to be responsive to future growth but will be subject to capping.
- Enhanced Supports for Children with Special needs - 70 additional children served in 2012 and 137 more will be served in 2013. Staff have also worked to leverage the collective resources of special needs services and build capacity of child care agencies and centres.

iii) Social Assistance

The objectives of the Social Assistance Review (SAR) in Ontario align well with past and current Region of Peel positions related to social assistance and income security. Regional Council has recommended improvements to these systems including:

- Establish a mechanism to allow for regular increases to the minimum wage; reform Employment Insurance (EI) by moving towards a system of uniform eligibility; and introduce a Working Income Tax Benefit.
- Transform the social assistance system into a labour market adjustment and income support program for working adults.
- Provide access to training and skills programs for individuals not eligible for social assistance or EI.

In October 2012, Commissioners Francis Lankin and Munir Sheikh delivered their vision to the Government of Ontario on how to reform the social assistance system. With reference to the Commission for the Review of Social Assistance final report, the 2013 budget outlined a number of initial measures to help persons receiving social assistance improve their financial security and better connect to jobs. Key measures include:

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- A one per cent increase in social assistance rates for persons receiving Ontario Works (OW) and Ontario Disability Support Program (ODSP) and a \$14.00 per month top-up for single OW adults without children.
- A \$200.00 per month earning exemption before reduction to social assistance benefits is applied.
- Increasing asset limits to \$2,500 from \$606.00 for single adults receiving OW and to \$5,000 from \$1,043 for couples receiving OW. These new asset limits reflect half and two-thirds of the levels recommended by the commission in its final report to the province.

iv) Mental Health

The Region of Peel does not have a mandate to fund or deliver mental health services. However, in addition to its work to address youth violence prevention, the region delivers several prevention programs that assess and refer clients to a range of community-based mental health and addictions programs. Regional programs such as Families First and Healthy Babies, Healthy Children delivered by Peel Public Health, can act as an entry point to community-based health and social services.

Moreover, the Region of Peel has recognized the provincial government's commitment to transform Ontario's mental health system and its efforts to allocate child and youth mental health funding based on population. This includes a May 2012 announcement of \$1.36 million in new provincial funding for Peel children with mental health challenges. However, the region has also identified the need for a Provincial Strategy to address the health system capacity issues facing high-growth communities.

v) Integration of Immigrants

The Region of Peel has supported a number of initiatives to better integrate newcomers in society. These initiatives include the Peel Newcomer Strategy Group (PNSG) that was launched in 2008 by the United Way of Peel and the Region of Peel. PNSG's mission is to build on a coordinated strategy aimed at successfully integrating newcomers into the economy and community.

Peel's Immigration Web Portal, developed by the Region of Peel through extensive community consultation, provides newcomers with information on labour market trends, local employment-related opportunities, and tips for successful integration into the community and economy. Since its launch, there have been well over 230,000 visits to the portal. The Region of Peel is also actively working through the Toronto Region Immigrant Employment Council (TRIEC) on solutions to the credentials and Canadian work experience barriers realised by newcomers.

In terms of research, Peel's 2010 Immigration Labour Market survey is helping to inform various immigrant employment initiatives including PNSG's aforementioned strategy.

Peel Public Health has also done a significant amount of research in support of immigrant integration. For example, *Destination Peel: Immigrant and Ethno-cultural Health, 2012* explores the relationships among immigrant status, ethnicity, and health. This report supports this department's strategic priority of "Serving an Ethno-culturally Diverse Community."

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INCOME DISPARITY IN PEEL**5. Future Prospects**

The implementation of various key initiatives will further strengthen the region's capacity to address social and economic vulnerabilities. These initiatives include:

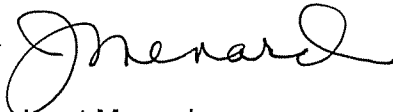
- The full implementation of PNSG's strategic action plan;
- The province's commitment to consult with the community and municipalities on social assistance system reform;
- Increased Regional and provincial investment in early learning and child care;
- The Long-term Affordable Housing Strategy (LTAHS) (and Peel's draft local plan); and
- The Peel Poverty Reduction Strategy.

Region of Peel Council, through the work of the Intergovernmental Relations Advisory Committee (IRAC), remains active and engaged on many of the issues captured in this report. Regional staff will continue to identify opportunities and initiative tactics that highlight solutions that help address poverty and income challenges being experienced by Peel residents.


CONCLUSION

Peel has a vibrant and growing economy supported by strong population growth and its linkages to the GTA and US economies. However, based on a range of local and global factors, Peel, like the rest of Ontario and Canada, has experienced a rise in income disparity. Regional Council has supported a number of independent and collaborative initiatives to help mitigate the impact of this disparity, thereby improving socio-economic outcomes in the community.

It will require greater collaboration among senior orders of government and the continued support for key strategic initiatives such as PNSG and LTAHS to improve socio-economic mobility outcomes in Peel.



Janet Menard
Commissioner of Human Services

Approved for Submission:


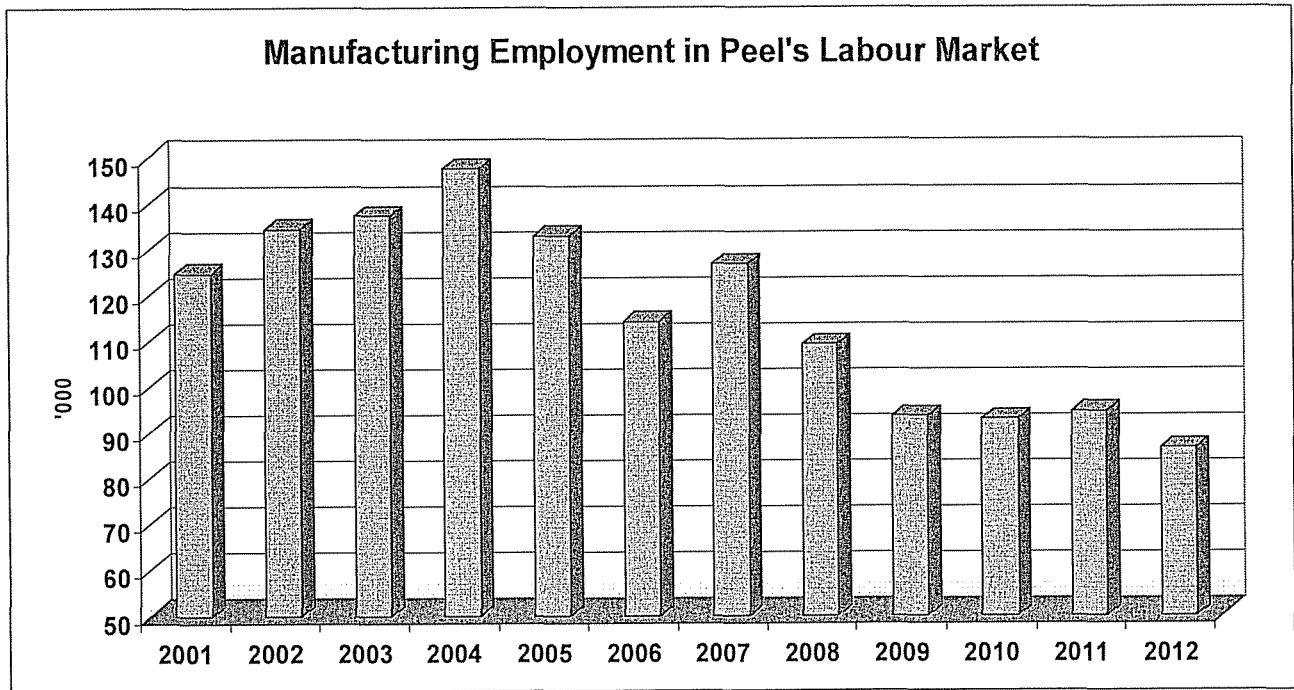
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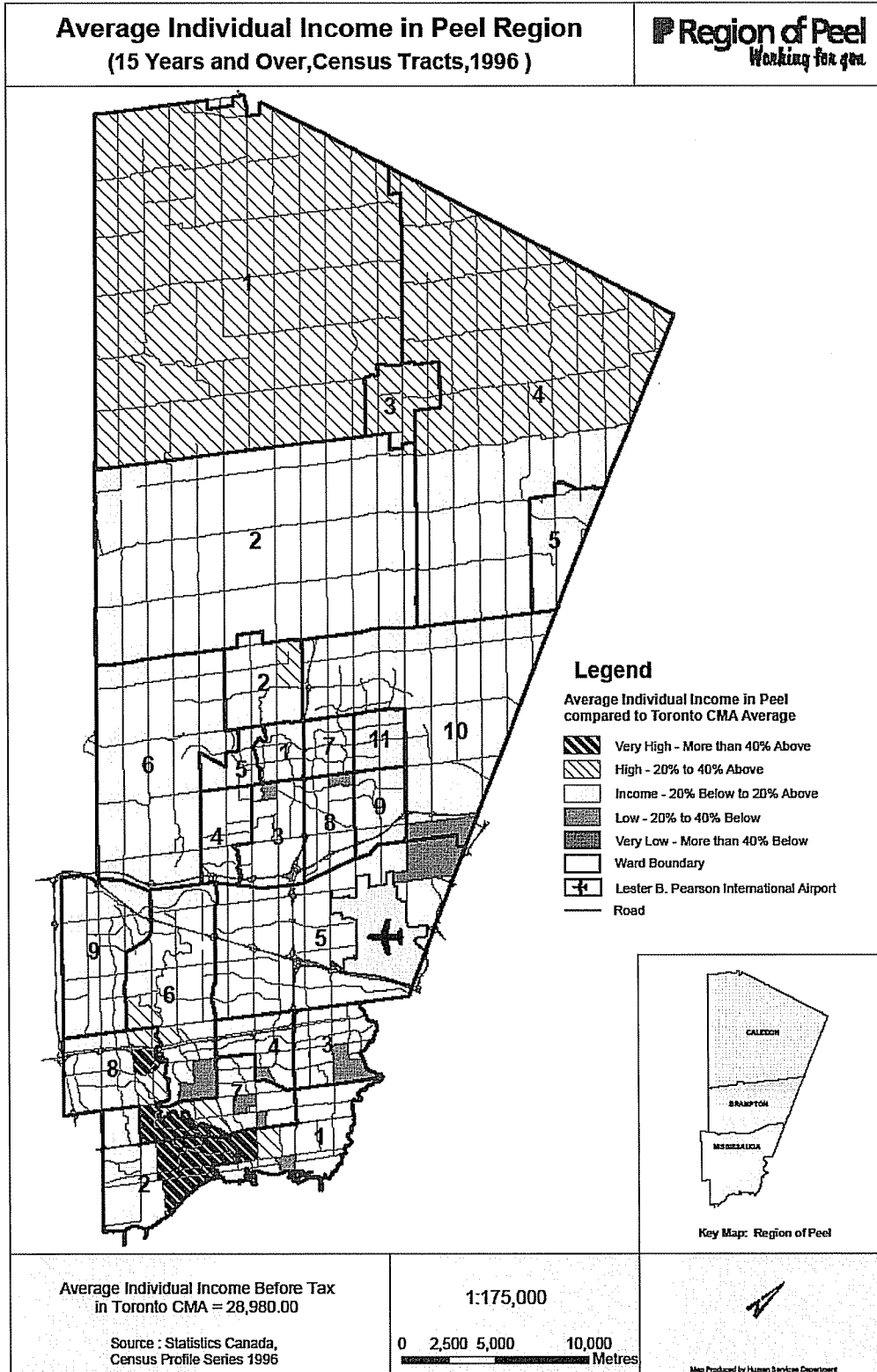
c. Legislative Services

APPENDIX I

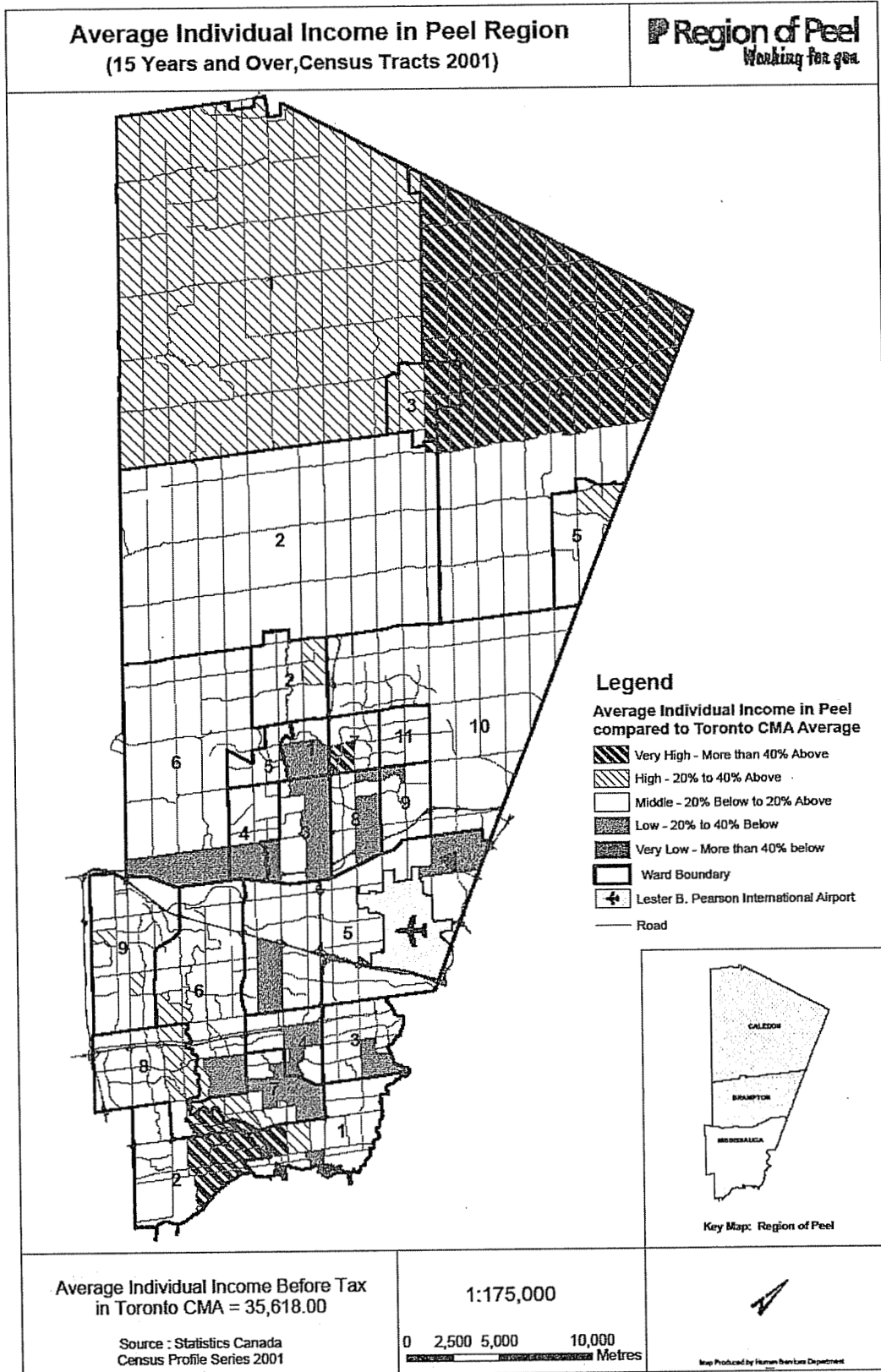


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APPENDIX II



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