

Cost of poverty in Toronto pegged at \$5.5 billion a year

Low-income residents pay less tax, are more likely to be unemployed or under-employed and have higher health costs and interactions with the justice system, according to new report.



Mike Creek is a senior manager with Working for Change, a Toronto non-profit that helps people escape poverty. He himself went through the program, after a cancer diagnosis had cost him his job and led to years of poverty and health problems. (ANDREW FRANCIS WALLACE / TORONTO STAR) | ORDER THIS PHOTO



Pauline Bogle credits Homeward Bound, a program that helps homeless single mothers get back on their feet, for giving her the support and educational opportunities she needed to avoid falling into poverty. She now works in banking and owns a condo. (COLE BURSTON FOR THE TORONTO STAR)

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Pauline Bogle credits Homeward Bound, a program that helps homeless single mothers get back on their feet, for giving her the support and educational opportunities she needed to avoid falling into poverty. She now works in banking and owns a condo. (COLE BURSTON FOR THE TORONTO STAR)

By **LAURIE MONSEBRAATEN** Social justice reporter
Mon., Nov. 28, 2016

Poverty in Toronto costs between \$4.4 billion and \$5.5 billion a year, according to a groundbreaking report on what we all pay in added health care, policing and depressed economic productivity for the city's 265,000 families living on low incomes.

“The cost of poverty reflects the massive economic burden that comes with the problems created by poverty,” says the [report by social policy expert John Stapleton](#) and research analysts Alexa Briggs and Celia Lee.

The analysis, the first of its kind for a large Canadian city, comes in the wake of reports that Toronto remains the child poverty capital of Canada and on the eve of the city's 2017 budget launch on Dec. 6.

The numbers “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,” says the report funded by United Way Toronto and York Region.

When a city makes a plan to cut poverty and invests to make it happen, everybody wins, the report argues.

“It is a net positive,” the report says. “Subsidizing transit tickets, while targeted at income inequality, incentivizes transit ridership; this can spin off into traffic management strategies, climate change efforts, and health investments related to emissions and automobile-centred lifestyles.”

But the cost of doing nothing is high, the report says.

Past research shows that compared with those with middle and high incomes, people living in poverty pay less tax, are more likely to be unemployed or under-employed, use more social services, and have higher health costs and more interaction with the justice system.

The report is based on an economic model developed by Nate Laurie in 2008 for the Ontario Association of Food Banks, which pegged the [cost of poverty in Ontario](#) at \$32 billion to \$38 billion a year.

Although data is limited, Stapleton and his researchers were able to quantify the annual impact of poverty on crime in Toronto at \$436 million. And they pegged poverty's cost on health care at \$753.7 million a year.

Economic opportunity was trickier to calculate, so the researchers set a range of between \$2.9 billion and \$4 billion in lost income caused by unemployment or under-employment and between \$322 million and \$345 million in forgone taxes.

The authors say their estimate is more conservative than Laurie's 2008 report, because they were unable to quantify the cost of lower educational outcomes for children living in poverty or the intergenerational cost incurred when children grow up in poverty and are unable to escape.

Although the report outlines the cost to society at large, the burden of poverty falls most heavily on those living on low incomes.

Toronto's Mike Creek has lived on [both sides of the poverty equation](#).

A cancer diagnosis in 1993 cost him a management job in the hotel industry and plunged him into 13 years of poverty and despair.

Today, the senior manager of Working for Change, a Toronto non-profit that helps people escape poverty through advocacy, education and employment training, shakes his head in disbelief.

"The system spent a quarter of a million dollars on cancer treatment to keep me alive only to push me into poverty and ill health all over again," he says.

Creek's downward spiral into homelessness and more than a decade of isolated existence in a gloomy subsidized apartment took a physical and mental toll.

“There were more trips to the hospital and doctor’s visits. At one point I was taking 22 pills a day,” he says in an interview. “I developed two leg ulcers that still have not healed.”

Almost 10 years ago, Creek enrolled in the 12-week advocacy program he now helps to run. It was his pathway to prosperity, but he wishes people didn’t have to fall into poverty in the first place.

“I was on (disability welfare) for all those years when I could have been making an economic and social contribution,” he says in the foreword to Stapleton’s report.

“I have left rent-geared-to-income housing and purchased a new home in Regent Park. My health is better. I use fewer medical services. My share of taxes has increased,” he says.

But the future, even for people who find their way out of poverty, is still bleak, notes Creek, 59, who figures he will need more health care as he ages because of the lasting effect of his years living in poverty.

“While it’s important to move people out of poverty, it’s even more important that we prevent people from falling into those pathways in the first place,” he says.

After her marriage dissolved in 2010, Pauline Bogle and her two boys came home to Toronto from Newfoundland. She had no job, limited housing options and just \$2,000 in her pocket.

She credits [Homeward Bound](#), a program that helps homeless single mothers get back on their feet, for giving her the support and educational opportunities she needed to avoid the poverty sinkhole.

“Our kids were part of a community,” she says of the four-year housing, education and career planning program run by Woodgreen Community Services.

“The kids had camps, daycare, tutoring, after school and Saturday events together. We had a safe place for our kids, super staff, time to

study and access to therapy if needed,” says Bogle, who works in banking and has been able to buy a condo with her earnings.

“My fellow graduates and I are tangible returns on the investment this program made in us,” she says. “We are showing how to break the cycle of poverty ... I own my own condo, I have a great job with a sustainable wage, I pay taxes and look forward to the future.”

Although the report doesn’t estimate the cost of implementing a comprehensive poverty reduction strategy, it notes that the costs associated with getting started “dwarf” the cost of doing little or nothing.

“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,” Stapleton says “Because reducing poverty is a long-term endeavour, it is all the more critical to start now.”

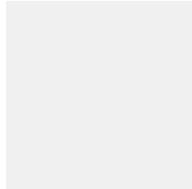
[TO Prosperity](#), the city’s 20-year poverty reduction strategy, approved last year, coincides with efforts at both the federal and provincial level to address the problem, the report says.

The city has made a start by committing more than \$6.8 million in the 2016 budget to new initiatives in the anti-poverty plan. But \$75 million in new funding was needed last year to make real headway on child care, affordable housing, and access to transit, anti-poverty activists said.

They hope Stapleton’s report will encourage city council to step up efforts this year.

“For Toronto to succeed, we can’t afford to leave so many in poverty,” says Sean Meagher of Social Planning Toronto. “Housing, transit and services are smart investments that make the city more prosperous. Service cuts and slashing budgets are a false economy that cost us more in the end.”

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Nov 29 (IBNS): According to a new report “The cost of Poverty” released by a group of social policy experts under the leadership of John Stapleton, shows that poverty in Toronto amounts to an estimated \$4.5 billion to \$5.5 billion a year.

"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.

The report further explains, "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."

The report highlights that people living under the poverty lines pay less in taxes and are mostly either unemployed or underpaid, contrarily take hold of more government services, have high health care costs and also due to their involvement in criminal activities end up paying high in judicial costs too.

Furthermore, the report also points out that their children would also probably live in a poverty environment, leading to underdeveloped and improper state of mind.

The report claims, "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."

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

Experts say this is the first time a financial estimate report has been clubbed for a Canadian city.

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

The authors of the report explains the total costs on the city's expense towards poverty arrived after a summation on the total expenditure spent on crime, public health, hospital days, lost income, forgone taxes.

It also refers to the study that mentioned Toronto to continue as a child poverty place of Canada, along with a report published by the Ontario Association of Food Banks, which says 335,000 people in Ontario used a food bank every month in 2016.

However, the experts in the report believe, "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."

(Reporting by Debarati Mukherjee)

Sections Sections

City council must fully implement anti-poverty plan: Editorial

A new study from the United Way shows it costs \$4.4 billion to \$5.5 billion to ignore poverty in Toronto. City council has a plan, TO Prosperity, in place to combat it. It should fully fund the plan this year if for no other reason than to save money.



Mike Creek, director of strategic initiatives at Working for Change, has been on the receiving end and the giving end of anti-poverty strategies. He's proof they work. (ANDREW FRANCIS WALLACE / TORONTO STAR) | ORDER THIS PHOTO
Mon., Nov. 28, 2016

As Toronto city council considers how much it will invest in the city's woefully underfunded anti-poverty strategy, it should bear in mind that poverty is not only a moral issue, but also an economic one.

Quantifying the actual cost of poverty to Toronto — and thus the financial benefits of eradicating it — is challenging, experts admit. But a new estimate based on a groundbreaking study by the United Way Toronto and York Region gives new ammunition for anti-poverty activists that should prove difficult for city politicians to duck.

The bottom line: Poverty costs Toronto an astonishing **\$4.4 billion to \$5.5 billion a year**. That includes costs such as increased health care, policing and depressed economic productivity for the city's 265,000 low-income families. And it doesn't even factor in other costs more difficult to quantify, such as lower educational opportunities for poor children. In other words, the cost of poverty is even higher than the study suggests.

The report's release on Monday couldn't be timelier. As part of the budget process that begins Dec. 6, councillors will consider how much they should devote to Year 2 of the city's 20-year anti-poverty plan, TO Prosperity.

In last year's budget, council committed just over \$6.8 million to new initiatives in the anti-poverty plan, far short of the \$75 million that anti-poverty activists argued was necessary to make real progress.

Missing from last year's plan, for example, were new child-care subsidies, expansion of after-school programs, and a freeze on TTC fares for adults while the city develops a subsidy system. The study is a powerful rebuke to those who argue we can't afford these and other important initiatives; the truth is we can't afford the poverty their absence perpetuates.

Provincial and federal governments no doubt share significant blame for Toronto's failure on poverty. Higher levels of government must start paying their fair share for anti-poverty measures such as affordable housing and child care.

As pointed out in this space last week, child poverty in Canada has increased to 18.3 per cent from the 15.8 per cent it was at when the House of Commons voted unanimously to end it in 1989. It's a national problem, felt with particular acuity in Toronto where some 29 per cent of children — almost 149,000 — live below the poverty line.

In a country — and a city — as wealthy as ours, such numbers are disgraceful. Toronto has an admirable plan to do its part to tackle the problem. To fully fund it would be a wise investment in every sense.



Everyone is better-off when no one lives in poverty, says a new report

Poverty is Expensive

By Vanmala Subramaniam on Nov 28, 2016

What is the price of poverty? A **new report** funded by United Way and Open Policy Ontario looks at exactly that—how much poverty is costing Torontonians. Data from the report pegs the overall cost of poverty in Toronto between \$4.4 and \$5.5 billion per year. We're essentially incurring billions in indirect costs because the socio-economic strata of this city is downright uneven.

Roughly 235,000 families in Toronto live below the poverty line, **according to Statistics Canada data obtained by Open Policy Ontario**. They represent the poorest 20 percent of Toronto residents, earning an average \$12,400 a year in after-tax income. The report is based on the underlying assumption that increasing the incomes of the bottom 20 percent of Toronto residents will result in less use of the health care system, less involvement in the justice system, and higher employment levels—all factors that lead to fewer costs for the private sector and taxpayers.

“People who are actually living in poverty are more likely to be unemployed, have higher healthcare costs, and are more prone to run-ins with the law,” says Metcalf Innovation Fellow and co-author of the report, John Stapleton.

This is how much poverty costs Toronto

CRIME	\$436 MILLION
PUBLIC HEALTH	\$730 MILLION
HOSPITAL DAYS	\$23.7 MILLION
INCOME	\$2.9 - \$4 BILLION
TAXES FORGONE	\$322 - \$345 MILLION
TOTAL COST OF POVERTY IN TORONTO	\$4.4 - \$5.5 BILLION

The conventional correlation between poor health and poverty is that the former can lead to the latter. But according to the report, this relationship is much stronger in the reverse direction. Lower incomes are actually associated with much higher use of healthcare services. In fact, data in the report tells us that raising the incomes of the poorest 20 percent of Torontonians so that they can graduate to the category of the poorest 40 percent, can see days in hospital reduced by as much as 20,470—a savings of \$23.7 million to our economy.

The same is true of the impact of poverty on the justice system. The report correlates crime and poverty through the relationship they both have with low literacy. School performance is affected by poverty, and the worse off you do in school, the harder it is to gain employment and be economically sustainable, increasing your chances of having a run-in with the law and remaining in poverty. Crime costs Canada approximately \$99.6 billion, and it costs Toronto

\$10.9 billion. A total of \$436 million in crime-related costs in Toronto are attributed to poverty, says the report.

Stapleton has spent years understanding social assistance policy, and what it takes to create a more equitable society. He points out that Toronto's poverty costs stand out compared to the rest of Canada. "Toronto is a rich city, and it is therefore also a poor city. You have very high-paying jobs in this city—doctors, lawyers, investment bankers—you're going to have an equally large amount of people to pour their coffee and walk their dogs."

Toronto's economic indicators stand out. It is Canada's most populated and richest city, comprising 11 percent of Canada's GDP. A **recent study** from the University of Toronto's Martin Prosperity Institute showed that the earnings gap between billionaires in the Greater Toronto Area and the rest of us common folk is the fourth largest in North America—behind only Mexico City, Seattle, and Dallas. This same study cited Toronto as being the 19th most unequal city in the world, with Mumbai, a city that demolishes slums to make way for luxury condos, leading the pack, a city that **demolishes slums to make way for luxury condos**.

Stapleton says that this high cost of poverty is a conundrum that many large cities have, but must take concrete steps to deal with. "We need a different kind of economy," he says. "An economy that calls for full employment. An economy that does not accept low employment, where there's no such thing as the working poor, and where the bottom 20 percent have a real chance of getting out of this poverty cycle."

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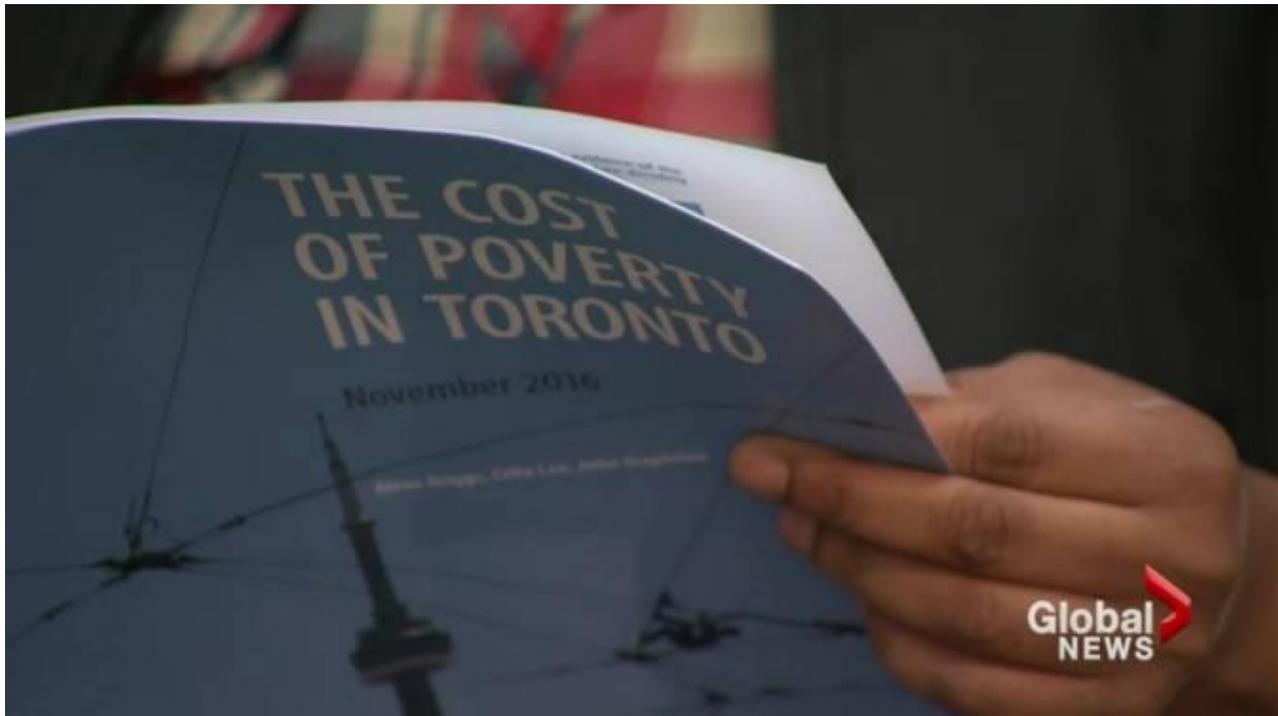
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November 28, 2016 8:56 am
Updated: November 28, 2016 7:52 pm

Poverty costs Toronto more than \$4.4B annually: report



By [David Shum](#) Web Producer Global News



WATCH ABOVE: The cost of poverty in Toronto is up to \$5 billion, according to a new report released on Monday by non-profit group Social Planning Toronto. Marianne Dimain has the story.

- A A +

Listen

A [new report](#) released on Monday by non-profit group [Social Planning Toronto](#) concludes that poverty costs the city between \$4.4 and \$5.5 billion a year.

The numbers, based on estimates as “there is no definitive measure of the full economic impact of poverty,” combines what poverty costs Toronto in the justice system, the health system and tax revenues.

“With this report, Toronto leads the way in estimating the cost of poverty for a Canadian city,” the report said. “This estimate is largely comparable, with the exception of intergenerational costs, with estimates of the cost of poverty in Ontario at \$32 to \$38 billion and for Canada at \$72 to \$85 billion.”

READ MORE: [City of Toronto committees asking mayor to rethink 2.6 per cent budget cuts](#)

The estimated poverty costs come as Toronto deals with a 2.6 per cent budget cut for all city departments.

The report shows \$730 million is lost annually in health costs due to poverty and \$436 million from crime.

“Everyone in a society is better off economically when no one lives in poverty. The effects of a poverty reduction strategy will occur over time, and returns on our investments may take time to come to fruition. That underlines the importance of starting now,” the report stated.

A study earlier this month found that Toronto holds the unenviable spot of having the highest percentage of children living in low-income families among major cities in Canada.

READ MORE: [Toronto maintains status as ‘child poverty capital’ of Canada: study](#)

A 2016 Toronto Vital Signs Report released this year, which offers a snapshot of key quality of life trends in the city, also painted a bleak picture for child poverty by labeling it a “hidden epidemic.”

Canadian studies estimate that 20 to 25 per cent of children who grow up in poverty and are likely to remain poor.

There are about 144,000 children in Toronto living in poverty and that means between 28,800 and 36,000 children will likely not escape it as adults, the report said.

TOTAL COSTS OF POVERTY

Table 5 summarizes the estimated cost of poverty in Toronto, based on the limited analysis of this report. Depending on how it is calculated, the cost is between \$4.4 and \$5.5 billion.

Table 5: Total Cost of Poverty in Toronto	
Crime	<i>\$436 million</i>
Health	
<i>Public Health</i>	<i>\$730 million</i>
<i>Hospital Days</i>	<i>\$23.7 million</i>
Opportunity	
<i>Income</i>	<i>\$2.9 - \$4 billion</i>
<i>Taxes forgone</i>	<i>\$322 - \$345 million</i>
Total cost of poverty in Toronto	\$4.4 – \$5.5 billion

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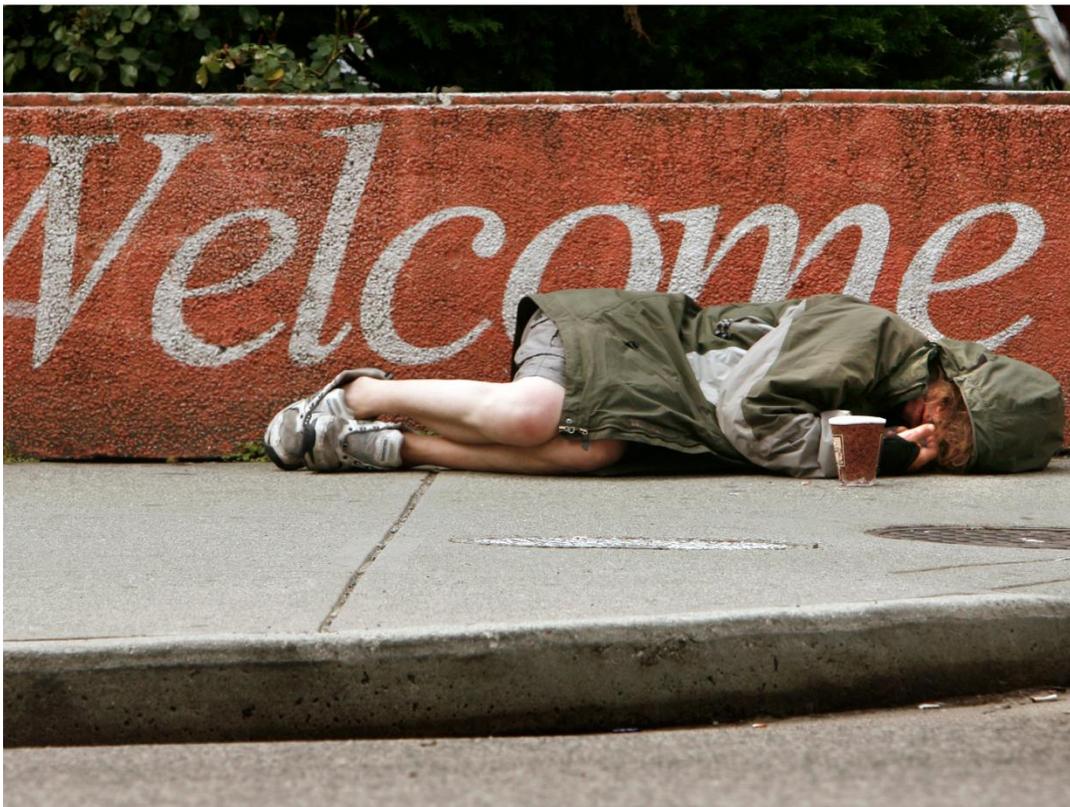
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Canadians can't afford poverty

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A homeless woman lies on a sidewalk in downtown Vancouver, British Columbia. Andy Clark/Reuters

What is the price of poverty?

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We're essentially incurring billions in indirect costs because the socio-economic strata of this city is downright uneven.

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They represent the poorest 20 percent of Toronto residents, earning an average \$12,400 a year in after-tax income.

The report is based on the underlying assumption that increasing the incomes of the bottom 20 percent of Toronto residents will result in less use of the health care system, less involvement in the justice system, and higher employment levels—all factors that lead to fewer costs for the private sector and taxpayers.

“People who are actually living in poverty are more likely to be unemployed, have higher healthcare costs, and are more prone to run-ins with the law,” says Metcalf Innovation Fellow and co-author of the report, John Stapleton.

The conventional correlation between poor health and poverty is that the former can lead to the latter. But according to the report, this relationship is much stronger in the reverse direction. Lower incomes are actually associated with much higher use of healthcare services. In fact, data in the report tells us that raising the incomes of the poorest 20 percent of Torontonians so that they can graduate to the category of the poorest 40 percent, can see days in hospital reduced by as much as 20,470—a savings of \$23.7 million to our economy.



A homeless walks outside the a subway station in Montreal, Canada. Luca Bruno/AP Photo

The same is true of the impact of poverty on the justice system. The report correlates crime and poverty through the relationship they both have with low literacy. School performance is affected by poverty, and the worse off you do in school, the harder it is to gain employment and be economically sustainable, increasing your chances of having a run-in with the law and remaining in poverty. Crime costs Canada approximately \$99.6 billion, and it costs Toronto \$10.9 billion. A total of \$436 million in crime-related costs in Toronto are attributed to poverty, says the report.

Stapleton has spent years understanding social assistance policy, and what it takes to create a more equitable society. He points out that Toronto's poverty costs stand out compared to the rest of Canada. "Toronto is a rich city, and it is therefore also a poor city. You have very

high-paying jobs in this city—doctors, lawyers, investment bankers—you’re going to have an equally large amount of people to pour their coffee and walk their dogs.”

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“We need a different kind of economy,” he says. “An economy that calls for full employment. An economy that does not accept low employment, where there’s no such thing as the working poor, and where the bottom 20 percent have a real chance of getting out of this poverty cycle.”

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Poverty is costing Toronto billions a year, report says

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

[CBC News](#) Posted: Nov 28, 2016 10:04 AM ET Last Updated: Nov 28, 2016 11:20 AM ET



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.

The cost of poverty affects us all

But the biggest barrier to ending poverty is the political orthodoxy we have lived by for the past 40 years: that good government is small government, that social programs must shrink, and that taxes are evil. It is over this period we have seen the most dramatic rise in poverty rates and income inequality.



Flowers rest on the Toronto Homeless Memorial at the Church of the Holy Trinity in downtown Toronto in February. "A society with no poverty would be healthier, happier, and easier to live in," writes Gary Bloch. "We would also likely save money in the long run." (TORONTO STAR FILE PHOTO)

By **GARY BLOCH**

Tues., Dec. 6, 2016

As a family doctor who works largely with people living on low incomes, poverty is at the root of many of the illnesses I treat. And, a dozen or so years into my career, my workload shows no sign of easing up. A short-sighted perspective would say: "good for me."

The *Cost of Poverty in Toronto* report released Nov. 28 turns this thinking on its head. This report calculates that poverty costs Toronto alone \$5 billion a year. I am not an economist, but the share of this cost that falls on me and my family is huge.

In my life, the report's findings play out daily: last week I saw a patient who had spent more than 10 years living in a ravine. He had been to hospital multiple times during that decade, with heart attacks, skin infections, and serious depression. If he had been

housed, with enough income to support himself at even the most basic standard of living, allowing him to eat properly, live with less stress, engage with community supports and primary health care, the tens of thousands of health dollars spent on him may well have been avoided.

A colleague of mine was teaching a group of medical students recently, and they asked a patient why he was in hospital with an injured leg. He answered, “Because I have no money.” He said he came to hospital with issues that could be addressed in the community because there is no one to help him and he can’t afford to care for himself at home. Those students and their teacher spent the next two hours trying to understand how this was possible.

We also see the effects of poverty at home: the discomfort of living next to people who are struggling to survive, with the resulting anger and irritation this causes on both sides. Our children coming home from school talking about their friends who have to ask for help to go on a field trip or who hide their inadequate lunches out of shame.

To continue to avoid dealing with this situation is not only immoral, it makes no sense. This report highlights the negative side of continued poverty: poor health and lost productivity. But to read the report from another angle, it tells me that a society with no poverty would be healthier, happier, and easier to live in. We would also likely save money in the long run.

How do we get there? We know what needs to be done. There has been an endless stream of reports and commissions looking at how to address poverty. We have Toronto and Ontario poverty reduction strategies and are waiting for a federal version. We know we must address a lack of affordable housing or child care, inadequate social assistance rates, and the rise of precarious work. We are pretty sure climate change is making the situation worse.

But the biggest barrier to ending poverty is the political orthodoxy we have lived by for the past 40 or more years, grounded in austerity: that good government is small government, that social programs must shrink, and that taxes are evil. It is over this period that we have seen the most dramatic rise in poverty rates and income inequality, with a concentration of wealth in the top 1 per cent. It’s time for a rethink.

I’d be more than happy to pay more taxes if I knew that money would help my community to be healthier and happier. I feel good and hopeful when provincial and federal leaders talk about initiatives that will make life easier for those who are most vulnerable, and I am more than happy to put my money where my mouth is.

We need action now. The cost of poverty will only continue to go up if we do not start to see real action from government. Some hard choices will have to be made, but this report shows us that if we continue to make decisions without thought of our long-term well-being, we will pay.

I challenge us all to put me out of business. I would be very happy to know the flow of patients to my door had dried up because we decided to put our resources where they have the most positive impact: into truly ending poverty, in Toronto and beyond.

***Gary Bloch** is a family physician in Toronto, an assistant professor with the University of Toronto, and an expert adviser with EvidenceNetwork.ca.*

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The Cost of Poverty in Toronto

[Alexa Briggs](#); [Celia Lee](#); [John Stapleton](#)

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This report estimates the price of inaction. Regardless of the strategy used to address poverty, it asks, “What does it cost us to allow poverty to persist in Toronto?” It estimates how much more we may be spending in the health care and justice systems simply because poverty exists, and how much we lose in tax revenue, simply because poverty exists.

This preliminary analysis conservatively estimates that the overall cost of poverty in Toronto ranges from \$4.4 to \$5.5 billion per year. This estimate is largely comparable, with the exception of intergenerational costs, with estimates of the cost of poverty in Ontario at \$32 to \$38 billion and for Canada at \$72 to \$85 billion.

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. These estimates also measure in dollars the lost economic opportunity for current and future generations who live in poverty. Until now, these estimates have been national and provincial. With this report, Toronto leads the way in estimating the cost of poverty for a Canadian city.

It would be far too simple to say that a large investment in eradicating poverty would result in saving governments and taxpayers five or six billion dollars a year. Nevertheless, this exercise provides an estimate of the scale of lost opportunity – the opportunity to spend limited funds differently, with more productive results.

Success metrics in poverty reduction tend to focus on social returns, to the exclusion of monetary ones. It is true that dollar impacts are challenging and sometimes unpopular to quantify. Yet when return on investment is unaccounted for in dollar values, decision - makers are left with only one side of the balance sheet to consider. Spending on poverty reduction is viewed as a “sunk” cost.

Social and economic returns are both critical. City halls, provincial legislatures, and Canada’s parliament are guided by both their social purpose and their budgets. How we measure outcomes shapes budgetary allocations. While fiscal return is not the primary indicator of success in poverty reduction, it is useful to have a notion of potential gains when determining what we can afford to spend.

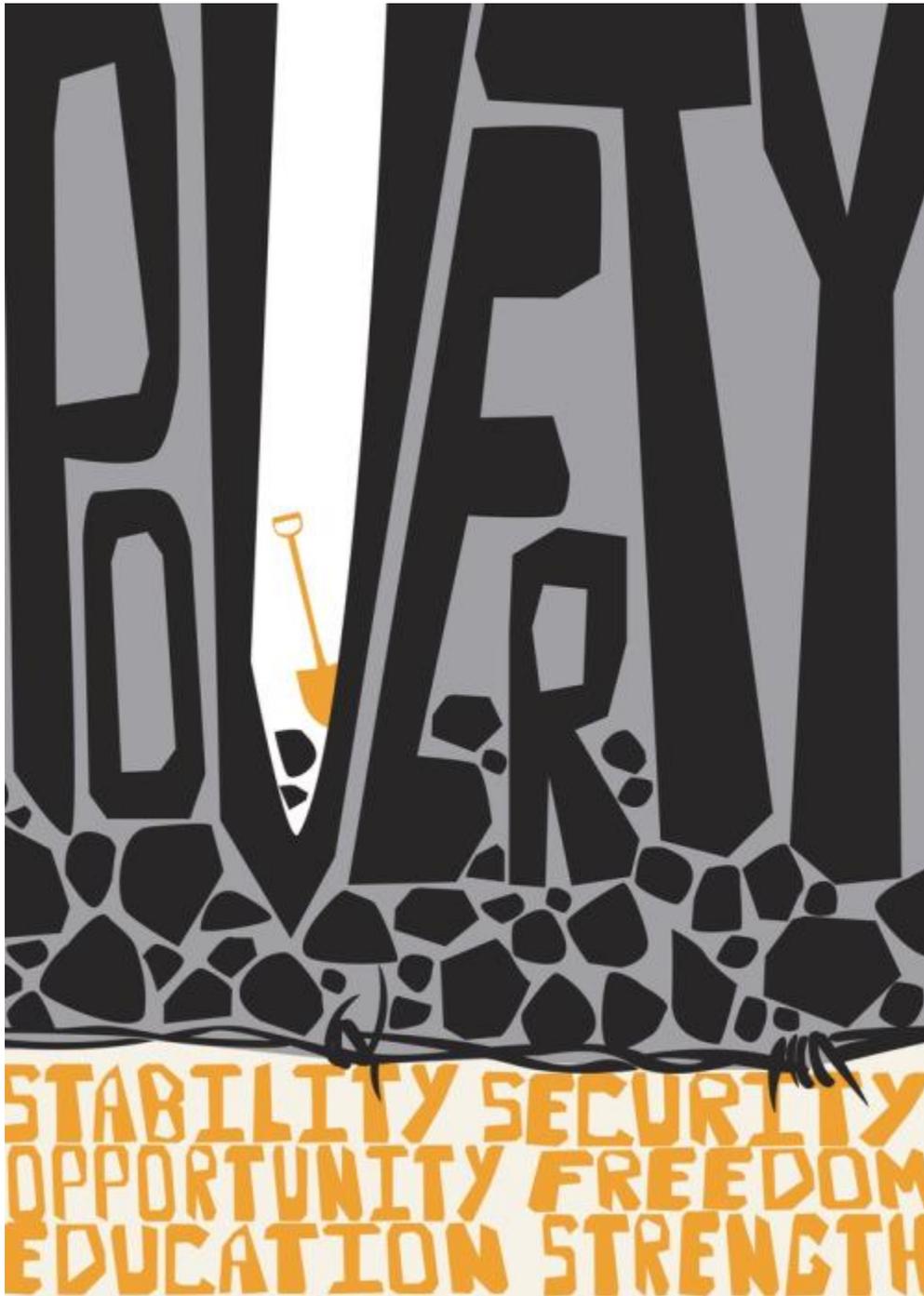
This report replicates methodology developed by others and is not intended to be comprehensive. As the methodology is refined and these analyses become more prevalent, we hope to see more data available with which to calculate economic costs, giving us a greater ability to quantify the economic impacts of poverty.

ORGANIZATION: Open Policy Ontario

PUBLICATION DATE: 2016

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The Cost of Poverty in Toronto



“Poverty in Toronto costs between \$4.4 billion and \$5.5 billion a year, according to a groundbreaking report on what we all pay in added health care, policing and depressed economic productivity for the city’s 265,000 families living on low incomes.”

“The cost of poverty reflects the massive economic burden that comes with the problems created by poverty,’ says the report by social policy expert John Stapleton and research analysts Alexa Briggs and Celia Lee. The analysis, the first of its kind for a large Canadian city, comes in the wake of reports that Toronto remains the child poverty capital of Canada and on the eve of the city’s 2017 budget launch on Dec. 6.”

“When a city makes a plan to cut poverty and invests to make it happen, everybody wins ... ‘It is a net positive,’ the report says. ‘Subsidizing transit tickets, while targeted at income inequality, incentivizes transit ridership; this can spin off into traffic management strategies, climate change efforts, and health investments related to emissions and automobile-centred lifestyles.’”

“But the cost of doing nothing is high, the report says. Past research shows that compared with those with middle and high incomes, people living in poverty pay less tax, are more likely to be unemployed or under-employed, use more social services, and have higher health costs and more interaction with the justice system.”

[The Toronto Star, November 28, 2016](#): “Cost of poverty in Toronto pegged at \$5.5 billion a year,” by Laurie Monsebraaten

[Open Policy Ontario, November 2016](#): “The Cost of Poverty in Toronto,” by John Stapleton, Alexa Briggs, and Celia Lee (20 pages, PDF)

[CBC News, November 28, 2016](#): “Poverty is costing Toronto billions a year, report says”

[The Toronto Star, November 28, 2016](#): “City council must fully implement anti-poverty plan: Editorial”

“Slightly fewer people used food banks in the province this year, but help with rent and electricity would bring down that number even more, according to the Ontario Association of Food Banks. The organization published its annual report Monday. The report says 335,000 people in Ontario used a food bank every month in 2016. That’s down six per cent from last year but it’s still a number the group calls ‘staggering.’”

“The report notes that any rise in the cost of living can be a challenge for low-income people. It cites electricity bills as a big problem, with hydro rates double what they were 10 years ago.”

[CBC News, November 28, 2016](#): “Number of food bank users down in Ontario but still 335,000 a month: report,” by Lorenda Reddekopp

[Ontario Association of Food Banks, November 2016](#): “Hunger report 2016” (17 pages, PDF)

[The Toronto Star, November 28, 2016](#): “Ontario food bank users are struggling with rising hydro rates, group says,” by Allison Jones

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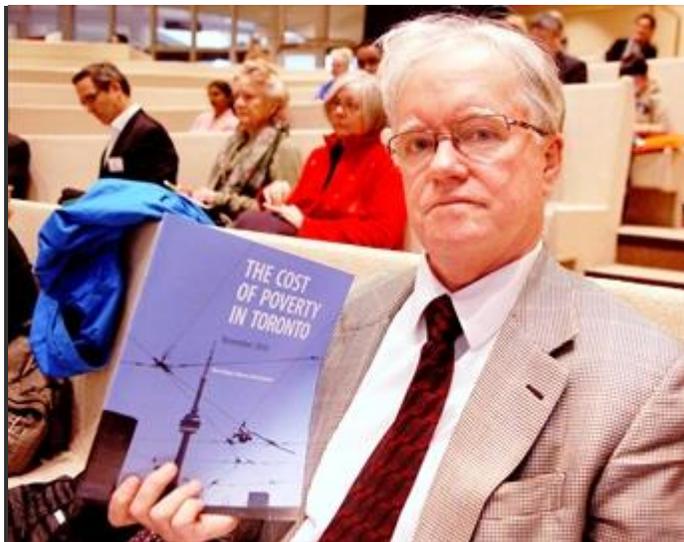
Cost of poverty in Toronto pegged at \$5.5 billion a year, By Laurie Monsebraaten, November 28, 2016, **Toronto Star**:
“Poverty in Toronto costs between \$4.4 billion and \$5.5 billion a year, according to a groundbreaking report on what we all pay in added health care, policing and depressed economic productivity for the city’s 265,000 families living on low incomes...”

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Residents speak out on 2017 city budget at Scarborough Civic Centre



Budget sub-committee meeting

Andrew Palamarchuk/Metroland

John Stapleton, the co-author of a report on poverty in Toronto, appears before the city budget sub-committee during a public consultation meeting held Thursday, Jan. 5 at the Scarborough Civic Centre.

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Scarborough Mirror
By [Andrew Palamarchuk](#)

Poverty reduction, student nutrition programs and public transit were among the issues heard at the Scarborough Civic Centre during a public deputation meeting on the city's 2017 capital and operating budgets.

On Thursday, Jan. 5, dozens voiced their views to members of the budget committee, which needs to find \$91 million to balance the budget.

John Stapleton, who co-authored a poverty report in November, urged councillors to invest in reducing poverty.

"The city also has a role in creating a living wage that would take people out of poverty and turn them into taxpayers," he told the meeting. "Rather than trying to save 2.6 per cent off the city's budget through cuts, the city's government could more usefully apply itself to reducing the city's own share of the cost of poverty, and in time, eventually save the same amount and perhaps a bit more."

Stapleton noted the "fiscal drag of the cost of poverty" stands at about \$5 billion out of the \$184 billion economy Toronto represents.

"That is an unnecessary fiscal drag of just over 2.7 per cent caused by the cost of poverty alone."

Though it's not up to city government to create full employment, said Stapleton, the city does have an important role "to create the policies that foster full employment."

Sherry Pearson, co-ordinator of the student nutrition program at St. Agatha Catholic School, spoke of the merits of the morning meal program.

"Benefits such as satisfying hunger — which allows a child to focus more on his or her school work — educating them simply through example on healthier food choices and providing food in the morning to those who, for one reason or another, don't get enough, or in some cases, any food at all."

Pearson said her greatest challenge is "acquiring more funding in order to maintain this invaluable program."

Coun. Gary Crawford, chair of the budget committee, said in an interview that an increase in funding to student nutrition programs across the city isn't in the budget at this point. "If we can't balance the budget through other means, some of those important programs could be in jeopardy," he said — adding, though, the mayor won't be supporting cuts to programs that impacts the city's poverty reduction strategy.

Crawford noted the board of health brought forward a \$2.2 million proposal to expand the student nutrition program. "We would have to look at how we get that into the budget if that's a priority of the budget committee," he said.

Gillian Sumi received applause after describing the challenges of using public transit while in a wheelchair. She said that ramps are too small and she can't navigate easily on narrow TTC buses. When the buses are very crowded, Sumi said, she can't even get on, forcing her to travel during nonpeak hours. She said she uses transit buses because Wheel-Trans requires riders to book trips at least one day in advance.

Sumi said the TTC is experiencing a \$77 million budget shortfall and urged councillors not to support cuts to bus routes.

"Council has not applied the revenue tools needed to build the transit our city desperately needs. Road tolls alone will not do," she said. "Ask drivers to pay their fair share by introducing the vehicle registration tax and/or other taxes."

Anna Kim, who works with Scarborough newcomers and community groups, said there are concerns around transit, housing and employment resources.

"Toronto is an extraordinarily wealthy city. We have a vast amount of resources, so I think there is no shortage in ability to actually fund what we need," she told Metroland Media Toronto prior to the meeting. "Newcomers need a lot of resources that can be provided through the city and by community groups ... Toronto is a big city, and I get the challenge for city council, but it does need to be responsive to its constituents."

Scarborough resident Lydia Munro, who also came to observe the meeting, said she can't afford any more taxes. "They should find efficiencies," she said.

Children's Aid Society community worker Michael Polanyi, who wore and distributed T-shirts that read "City Council: Keep your promise. Fund Toronto's poverty plan," said he's concerned about potential cuts to programs and services.

"There's a huge need in this city for affordable housing, affordable transit, and the concern is that this budget is not moving us forward," he said prior to the meeting. "We're encouraging residents to think about how these potential cuts would impact their lives and to speak out and participate in the democratic process."

Crawford said the city is facing a "serious fiscal challenge this particular budget year."

"We are going to have to make some difficult decisions," he said. "We're going to be working incredibly hard in every way to find efficiencies, to find different ways of doing things, so we will not be impacting the most vulnerable in this city."

Andrew Palamarchuk is a crime reporter with Metroland Media Toronto. He can be reached at apalamarchuk@insidetoronto.com. Follow InsideToronto on [Twitter](#) and [Facebook](#).