

THE PROSPERITY GAP – IDEA STARTERS

LEVELING THE PLAYING FIELD

ACCELERATING ECONOMIC MOBILITY FOR THOSE BEING LEFT BEHIND

THE CONTEXT

The Toronto region is the economic centre of the country, representing 1/5 of Canada's GDP and 38% of Canada's business headquarters. It is also the region with the greatest economic inequality in Canada, and the gap between "rich" and "poor" is widening at a record pace. The systemic and long-term effects of inequity have many consequences and for growth to be sustained and inclusive, its benefits must reach all people.ⁱ

How can we work across sectors to raise the economic floor and shrink the region's growing equity gap?

WHY IT MATTERS

A prosperous GTHA is one where everyone can access the benefits of economic growth and where there is expanded opportunity for all (especially for those facing the greatest barriers to advancing their well-being). However, all too often our economic systems and processes help those who are already benefitting most from these systems. By providing more opportunities for more people, we can better level the playing field and strengthen economic participation for all.

WHAT WE KNOW

Canada is facing a cost-of-living crisis.

- Over one-third (35%) of Canadians say it's been difficult for their household to meet its financial needs in the previous 12 months and 26% of Canadians said they would be unable to cover an unexpected household expense of \$500.ⁱⁱ According to the most recent census, Toronto has the greatest income inequality in the country.ⁱⁱⁱ The GTHA also has the lowest median household income in Ontario (Toronto – \$84,000, Hamilton – \$86,000, Ontario – \$91,000).^{iv}

The gap between "haves" and "have nots" is growing at the fastest rate on record.

- The wealthiest 20% of Canadian households account for more than 2/3s of all net worth while the poorest 40% account for less than 3%. The gap between the wealthiest and poorest increased by 1.1% in the first quarter of 2023, the fastest increase on record dating back to 2010.^{iv}
- As the cost of living has increased, wages have not gone up proportionately – 64% of workers had wage increases that were less than the 3.4% average inflation over the past two years.^{vi}
- On average, the GTHA has higher low-income rates than other metro areas in Canada, with Toronto being the highest. Toronto – 13.2%, Hamilton – 10.7%, Ontario 10.1%, Canada – 11.1%.^{vii}

Inflation and high-interest rates are taking their toll on the economy and families.

- Nearly 3 in 4 Canadians say rising prices are affecting their ability to meet day-to-day expenses, while 3 in 10 Canadians are very concerned about whether they can afford housing or rent. Rising food prices and higher transportation and housing costs are key issue areas.^{viii}

The ripple effects of COVID-19 continue to impact the economic health of our region.

- The pandemic triggered a sudden shift to remote work, which has become permanent in some sectors. It also shone a spotlight on work itself – many essential work roles not only pay less but are unsuitable for remote work, while knowledge-based workers can often work remotely, further exacerbating divisions and emphasizing how work remains highly unequal, intersectional and gendered.^{ix}

The digital divide continues to worsen.

- 98% of Toronto households have home internet access, but 38% of households report download speeds below the Canadian Radio-television and Telecommunications Commission (CRTC)'s national target of 50 megabits per second (Mbps).
- 34% of Toronto households are worried about paying their home internet bills over the next few months, with rates of worry greatest among low-income, newcomer, single parent, Latin American, South Asian, Black, and Southeast Asian residents.^x

The GIG economy provides opportunities for those most likely to face economic insecurity but also emphasizes inequity and economic precarity.

- Gig workers are primarily independent contractors, which limits their contact with colleagues, making it hard to establish a community and discouraging collective action. There is also often limited or no access to benefits, savings plans, vacation pay and stability through gig work.^{xi}

SPOTLIGHTING ACTIONS & SUCCESSES

Ontario Living Wage Network – Scaling the Number of Living Wage Employers

A person’s wage directly impacts their ability to participate in and benefit from our economy. The Ontario Living Wage Network is a network of employers, employees, non-profits, researchers and proponents of decent work standards for all workers who publish annual living wages for the province and certify employers who have committed to paying a living wage to all employees. There are approximately 600 living wage employers in Ontario, of which 250 operate in the Golden Horseshoe.

Reducing the Cost of Living – Spotlighting the \$10-a-Day Childcare Program

Unaffordable and inaccessible childcare has often been cited as a barrier to economic mobility, particularly for mothers and immediate caregivers. In 2017, the federal government announced the Canada-wide Early Learning and Child Care program to provide families with access to high-quality, affordable, flexible, and inclusive early learning and childcare no matter where they live. Since launch, 13 provinces and territories have signed on, up to 40,000 more affordable childcare spaces across the country have been created, and nearly half of all provinces and territories have \$10-a-day on average (or less!) regulated childcare with all others having reduced parent fees by 50% or more for regulated childcare.

KEY TERMS

Living Wage:

The hourly wage a worker needs to earn to cover their basic expenses and participate in their community. (Note: This is not the minimum wage, which is the legislated minimum all employers must pay and is set by the provincial government.)^{xii}

Guaranteed Basic Income (GBI):

A payment to eligible parties that ensures a minimum income level, regardless of employment status. Ontario tested a GBI pilot in 2017/18.

Digital Divide:

The separation between people who do or do not have access to the internet at home.^{xiii}

Gig Economy:

Refers to the “informal paid work” enabled by online platforms and spurred by rapidly evolving economic conditions. This is often contrasted to highly structured, formal work arrangements.^{xiv}

NOTE: This document is intended to provide general background and spotlight actions and innovations in the space. It is not intended to be a complete or definitive set of facts about the topic. Wherever possible, sources have been cited. We apologize for any errors or omissions.

REFERENCES

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