

# Bearing the Brunt:

## How the 2008-2009 Recession Created Poverty for Canadian Families



**By Chandra Pasma, Citizens for Public Justice  
May 2010**



**CITIZENS *for* PUBLIC JUSTICE**



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Public justice is the *political* dimension of loving one's neighbour, caring for creation and achieving the common good, and is particularly the responsibility of government and citizens.

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**Developed with funding support from World Vision Canada's Canadian programs.** World Vision is a Christian relief, development and advocacy organization dedicated to working with children, families and communities to overcome poverty and injustice. As followers of Jesus, we are motivated by God's love for all people regardless of race, religion, gender or ethnicity.

## **Acknowledgements**

Thanks to those who helped track down local and provincial data, or pointed us to the right people: Mary Boyd in Prince Edward Island, John Hartling of Community Action on Homelessness in Nova Scotia, Sid Frankel and Harvey Stevens in Winnipeg and Donald Benham of Winnipeg Harvest in Manitoba, Jim Mulvale of the University of Regina in Saskatchewan and John Kolkman of the Edmonton Social Planning Council in Alberta.

And thanks to Shellagh Meagher of the Department of Community Services in Nova Scotia; Bob Creed and Claire Kelly of the Department of Community Services, Seniors and Labour in Prince Edward Island; Dave Fisher, Mona Upadhyay, Patty Wynnyk, Michelle Dubik, and Darren Macdonald of Employment and Income Assistance Programs in the Manitoba Department of Family Services and Housing; Doug Scott of the Strategic Policy Branch in the Ministry of Social Services, Saskatchewan; and Jason Campbell at Economic Development and Culture, City of Toronto for providing data on social assistance.

Sheila Regehr of the National Council of Welfare, Harry Kits of World Vision, Karri Munn-Venn of Citizens for Public Justice, and Matt Helleman provided helpful comments on earlier drafts; many thanks for sharing your insights and expertise.

Thanks to Michael Krakowiak of Citizens for Public Justice for technical help.

Any errors and omissions in this report are the responsibility of the author.

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## Executive Summary

Recessions create poverty. The 2008-2009 recession was no different as thousands of Canadian families were pushed into poverty. But while we have to wait until 2011 for most standard measures of poverty, there are a number of key economic indicators that already reveal the trends of increased poverty and economic insecurity throughout the recession. These include employment and unemployment, Employment Insurance (EI), social assistance caseloads, income and cost of living, shelter costs, debt, bankruptcy and food bank use. By comparing these indicators to the baseline of 2007, the last year for which we have poverty data available, as well as understanding how the indicators changed over the course of the recession, we can get a clearer picture of the reality on the ground for low income Canadians.

Evidence from the last two recessions demonstrates that recessions can have a long-term detrimental impact on the poverty rate and the well-being of low income Canadians. Unless we are aware of the 2008-2009 recession's impact, Canadians and our governments cannot take action now to prevent this scenario from repeating itself. Thus, our poverty trend analysis provides an important and timely consideration of the recession's impact.

The 2008-2009 recession created poverty for Canadian families as unemployment and economic insecurity increased, EI and social assistance failed to keep people out of poverty, and precarious work grew as a proportion of employment. At the same time, Canadian families had to contend with a significant increase in the cost of food and rental housing. As a result of this growing insecurity, food bank use skyrocketed, debt loads climbed, and the number of bankruptcies grew considerably.

Based on the relationship between poverty and unemployment, our trend analysis projects that the poverty rate rose to at least 11.7% in 2009, an increase of over 900,000 Canadians compared to 2007. The experience of previous recessions warns that it could take many years for the unemployment rate and the poverty rate to decline to their pre-recession level. This means that despite the preference for cutting government spending to eliminate the deficit, the federal government should not lose sight of the unemployment situation and its impact on Canadians over the next few years.

Canada suffered steep job losses throughout the recession. Those who were already economically vulnerable before the recession began suffered disproportionately from its effects. Those in very low waged jobs, those with the lowest levels of education, recent immigrants, and off-reserve Aboriginals were all more likely to lose their jobs. Parents with small children also suffered high job losses.

The recession also demonstrated the inadequacies of EI. While the rate of EI coverage increased, just over half of unemployed Canadians qualified for EI benefits. Over 770,000 unemployed Canadians did not qualify for EI. Benefits for those who qualified for EI were low, with the average weekly benefit representing a poverty income for households without any other source of income. As many as 500,000 Canadians may have exhausted their benefits in the past few months, as the average length of unemployment increased during the recession. Workers who exhaust their benefits or who do not qualify for benefits at all either need to turn to social assistance or live off of savings or credit.

Social assistance caseloads increased across the country, as social assistance had to fill in the gap created by EI. The rates of increase across the provinces coincide with rates of EI coverage, with those provinces having the lowest rates of EI coverage experiencing the greatest increases in welfare caseloads. This suggests that when it is available, EI does a lot to keep people off of welfare.

Because welfare rates are below the LICO with the exception of lone mothers in Newfoundland and Labrador, this represents a direct increase in the number of Canadians living in poverty.

The full impact of the recession on social assistance caseloads has not yet been felt: 8 provinces experienced their peak caseload of 2009 in December. Of these provinces, 7 have already published an increase for January 2010. Caseloads will likely take multiple years to decline to their pre-recession level.

The recession also changed the structure of employment, as the proportion of precarious work increased. Many full-time jobs were replaced with part-time jobs, and permanent jobs were replaced with temporary jobs. The number of self-employed increased by 3.9%. Precarious work pays less, offers few or no benefits, and is highly unstable.

The cost of living for low income Canadians increased during the recession, as food prices rose significantly higher than the core rate of inflation and higher than the rise in average wages. Food thus became relatively more expensive to income for Canadians. Shelter costs also increased as the average rent for apartments increased by more than the rise of inflation.

Average household debt increased 5.7% over 2008, with the debt-to-income ratio growing to 145%. Consumer bankruptcies, meanwhile, increased 36.4% across Canada between September 2008 and September 2009.

Food bank use experienced the largest increase on record, at 18%. 794,738 Canadians used a food bank in March 2009. This past year has undone the gains of the previous five years, with food bank use approaching its 2004 peak. Given that the declines came over a period of strong economic growth and that unemployment is projected to recover extremely slowly over 2010, it is likely that it will take an even longer time to see the number of food bank users decline to its pre-recession rate.

The recession's impact on Canadian families has also affected children. Our trend analysis projects that the child poverty rate in 2009 has risen to at least 12%. This represents an increase of over 160,000 children compared to 2007.

This projection is supported by the high loss of employment among families with young children. Over 150,000 Canadian families were looking for new work, on EI, or forced to turn to social assistance. Among the provinces with available data, the number of families and children receiving social assistance increased in all but one. Food bank data also shows a 17% increase in the number of children relying on food banks. Half of all food bank users in Canada are families with children.

There are a number of reasons for continuing concern. In 2007, Canada's poverty rate was the lowest it has been in thirty years, yet more than 1 in 11 Canadians lived in poverty. The recession has increased the number of poor Canadians and the outlook for 2010 is very similar to 2009 as unemployment is projected to decline very slowly. Without a poverty elimination strategy we will simply see the poverty rate continue to rise and fall along with the economic cycle.

Canada's experience with previous recessions also demonstrates that recessions exacerbate the income gap between the rich and the poor, as the poor lose relatively more of their income during the recession, and then don't recover at the same rate as the rich between recessions. There is thus significant reason for concern that this recession will have furthered the growing income gap in Canada.

## Key Facts

- The poverty rate likely climbed to 11.7% in 2009, an increase of over 900,000 Canadians from 3 million in 2007.
- The child poverty rate likely increased to 12% in 2009, an increase of 160,000 children compared to 2007. The number of poor children has thus risen from 637,000 children in 2007 to at least 797,000 children in 2009.
- The unemployment rate rose from 6.3% in October 2008 to 8.6% in October 2009.
- 153,600 jobs were lost among parents of small children during the recession.
- The number of regular EI beneficiaries rose to 809,600 in October 2009, compared to 500,340 in October 2008.
- Nearly half of the unemployed did not qualify for EI benefits. In October 2009, 777,400 unemployed Canadians were *not* receiving EI.
- Social assistance caseloads increased in all 10 provinces. Alberta, Ontario and British Columbia all had increases greater than 20% between October 2008 and December 2009.
- 8 provinces experienced their highest social assistance caseload in December 2009. Of these provinces, 7 have already published an increase for January 2010.
- Canada lost 400,000 jobs between October 2008 and October 2009. More full-time jobs (-2.2%) were lost than part-time jobs (-1.6%).
- Average weekly earnings for part-time employees increased by less than the rate of inflation between December 2008 and December 2009 (1.2% vs. 1.3%).
- The number of self-employed Canadians grew 3.9% between October 2008 and October 2009.
- Core inflation was 0.3% for 2009, but food prices increased by 4.9% in 2009.
- Average monthly rent for a two-bedroom apartment increased by 2.3% between October 2008 and October 2009, compared to a 0.1% inflation rate for this period.
- Rental affordability decreased in 11 urban centres in Canada between October 2008 and October 2009.
- Consumer bankruptcies increased 36.4% between the end of the third quarter of 2008 and the end of the third quarter of 2009.
- Food bank use increased by 18% between 2008 and 2009, the highest recorded year-over-year increase.
- 7 provinces saw double digit increases in the number of food bank users in 2009.

## Preface

Standard poverty measures are published with a two to three year lag time. In order to understand the trends of poverty in more timely fashion, Citizens for Public Justice, with the financial support of World Vision, decided to look at key economic indicators that influence the poverty rate and reveal poverty trends and child poverty trends. Our goal is to provide an annual snapshot of poverty and child poverty trends in a comprehensive yet accessible format. In addition to this in-depth research paper, we have created a poverty trends scorecard, a shorter summary document, and brochures highlighting the trends in Montreal, Toronto, Hamilton, Winnipeg and Vancouver.

This paper considers the impact of the 2008-2009 recession on poverty trends. Two notes are necessary before we begin. First, although Canada's recession technically ended in the third quarter of 2009, when Gross Domestic Product (GDP) grew 0.4%, the impact of the recession is still continuing to be felt at every level. GDP growth is still low, and since the beginning of the third quarter of 2009, there have still been months with net job loss rather than job growth. At the household level, there are still more than 1.5 million unemployed Canadians, in addition to the thousands of Canadians who have gone from full-time employment to part-time employment and now have to make ends meet with much lower wages. In a December 2009 poll by Pollara, 78% said they believed Canada was still in a recession.<sup>1</sup> Because of this, the report refers to the whole period beginning October 2008 and ending December 2009 as the recession, rather than differentiating between recession and recovery based on GDP growth.

Second, this report uses a very narrow set of indicators to look at poverty trends, when poverty itself is not very narrow. The most visible aspect of poverty is low income, but poverty is much more than that. It is lack of access to a sustainable livelihood. It includes being forced to make hard choices between basic necessities like food, shelter, clothing, heat and other utilities. It is lack of opportunity and social exclusion. Poverty is also about well-being, including access to health and healthcare, pharmacare, dental care, education, safe and rewarding work, and the opportunity to engage in community life and activities. Poverty is not only felt materially – it impacts every part of a person's life. Poverty makes it difficult for people to live in dignity.

While recognizing that poverty is much more than low income, this report focuses primarily on low income, cost of living and economic insecurity as indicators of poverty. This is mainly due to availability of data, as indicators on health and health care access, education, community engagement and social exclusion take much longer to gather and thus experience a significant lag time. However, because low income and economic insecurity are a primary facet of the experience of poverty, they still provide a good means of understanding basic poverty trends over time.



## Introduction

Recessions create poverty. In the 1981-1983 recession, Canada's poverty rate rose 2.4 percentage points, reaching 14%. In the 1990-1993 recession, the poverty rate rose 4.1 percentage points, reaching 14.1%. It then continued to rise, peaking in 1996 and only declining to its pre-recession rate 14 years after the recession ended.

This recession is no different. In 2008-2009, hundreds of thousands of Canadians lost their jobs. Only half of the unemployed received Employment Insurance (EI) benefits, and benefits were too low to keep people out of poverty. Social assistance caseloads climbed across the country. The proportion of part-time and temporary jobs increased, but part-time wages did not keep pace with inflation. Canadians had to stretch their dollars further to pay for rising food costs and an average increase in rent that was far greater than the rate of inflation. Food bank use skyrocketed, as the average debt load increased and the number of bankruptcies grew.

Most measures of poverty, including the Low Income Cut-Off, the Low Income Measure, and the Market Basket Measure, are published with a two year lag time. But while we will have to wait until 2011 to see what these measures reveal, there are a number of key economic indicators that reveal the trends of increased poverty and economic insecurity throughout the recession. Citizens for Public Justice has researched these key economic indicators in order to understand the recession's impact. By considering employment and unemployment, Employment Insurance, social assistance caseloads, income and cost of living, shelter costs, debt, bankruptcy and food bank use, we can get a picture of poverty trends during the recession.

Evidence from the last two recessions demonstrates that recessions can have a long-term detrimental impact on the poverty rate and the well-being of low income Canadians. Unless we are aware of the 2008-2009 recession's impact, Canadians and our governments cannot take action now to prevent this scenario from repeating itself. Our poverty trend analysis thus provides an important and timely consideration of the past year.

Our poverty trend analysis projects that the poverty rate in Canada has risen from 9.2% in 2007 to 11.7% in 2009, an increase of more than 900,000 Canadians. The unemployment rate rose to 8.6% by October 2009, but the real unemployment rate (including involuntary part-time and discouraged workers) has risen even higher. The experience of previous recessions warns that it could take many years for both the unemployment and the poverty rate to decline to their pre-recession level.

Those who were economically vulnerable before the recession suffered disproportionately from its effects, with those in low wage jobs experiencing the highest job loss.

EI proved to be inadequate to the demands of the recession, as nearly half of unemployed Canadians did not receive benefits, and benefit levels provided a poverty income to households without any other source of income. As many as 500,000 EI recipients have now exhausted their benefits without finding new work.

The shortfall of EI also contributed significantly to a spike in welfare caseloads across the country, as provinces with the lowest EI coverage had the largest caseload increase. The number of families and children on social assistance increased in most provinces.

Those who remained employed throughout the recession were still impacted by it as the recession affected the structure of employment, increasing the proportion of non-standard or precarious work. Full-time jobs were replaced with part-time jobs, while permanent jobs were replaced by temporary jobs. Reductions in hours worked meant that many employees were not taking home more income in 2009 despite a rise in average hourly wages. And all Canadians struggled with a significant rise in food prices, as an increase in average rent squeezed housing affordability downward.

Recessions also exacerbate the income gap, as low income Canadians lose more of their income during recessions, and then don't recover at the same rate as higher income Canadians between recessions. There is therefore significant reason for concern that this recession has increased Canada's already large income gap between rich and poor.

The impact of the recession can be seen in the rise in debt, bankruptcy and food bank use. The largest recorded increase in food bank use occurred in 2009, which demonstrates the growth in economic insecurity across the country. Average household debt increased, while the number of bankruptcies grew 36.4% between September 2008 and September 2009.

While there are fewer economic indicators available for child poverty, our trend analysis projects that child poverty has risen in Canada over the course of the recession, likely increasing to at least 12%. This is an increase of over 160,000 children compared to 2007.

This report begins by considering the state of poverty and child poverty in 2007, the last year for which we have poverty measures available. This provides the baseline for understanding the impact of the recession on poverty.

Then, this report examines seven key areas and what they reveal about poverty and economic insecurity: unemployment, Employment Insurance, social assistance, employment, income, cost of living, and housing. These are all factors that create poverty, as they relate to income and expenses. This is followed by a closer look at two issues that demonstrate the consequences of greater economic insecurity: debt and bankruptcy, and food bank use. While these three indicators don't cause poverty, they reveal its impact. This section concludes with a summary of key trends in poverty and child poverty during the recession.

Next, this report takes a closer look at five cities: Montreal, Toronto, Hamilton, Winnipeg and Vancouver. These are cities where World Vision has programs on child poverty. They are also fairly representative of the impact of the recession on Canada's cities, since they include the three largest cities in Canada, a city in Ontario's industrial heartland, and a large city in one of the smaller provinces.

Finally, this report concludes with a comparison of the 2008-2009 recession with the last two recessions, and considers what lies ahead in 2010.

## 2009 Poverty Trends Scorecard

Indicator	2007	2009	% Change
<b>Poverty rate</b>			
Poverty rate	9.2%	11.7%	+27.2
Child poverty rate	9.5%	12%	+26.3
<b>Unemployment and Employment Insurance</b>			
Unemployment	6%	8.3%	+38.3
Number of EI recipients*	486,200	809,600	+66.5
Number of unemployed <i>not</i> receiving EI*	556,900	777,400	+39.6
Beneficiaries/Unemployed rate for EI*	46.6%	51%	+9.4
<b>Social assistance</b>			
Social assistance caseload	793,346**	883,092***	+11.3
<b>Cost of living</b>			
Annual core inflation	2.2%	0.3%	n/a****
Annual increase in cost of food	2.7%	4.9%	n/a****
Annual increase in cost of rent	2.2%	2.3%	n/a****
<b>Effects of poverty</b>			
Number of bankruptcies	79,796	116,381	+45.8
Number of food bank users	703,051	794,738	+13

\* In October of each year

\*\* Monthly average caseload for fiscal year

\*\*\* In December

\*\*\*\* Annual inflation and change in prices is a percentage change from previous year

# 1. Poverty and Child Poverty in Canada

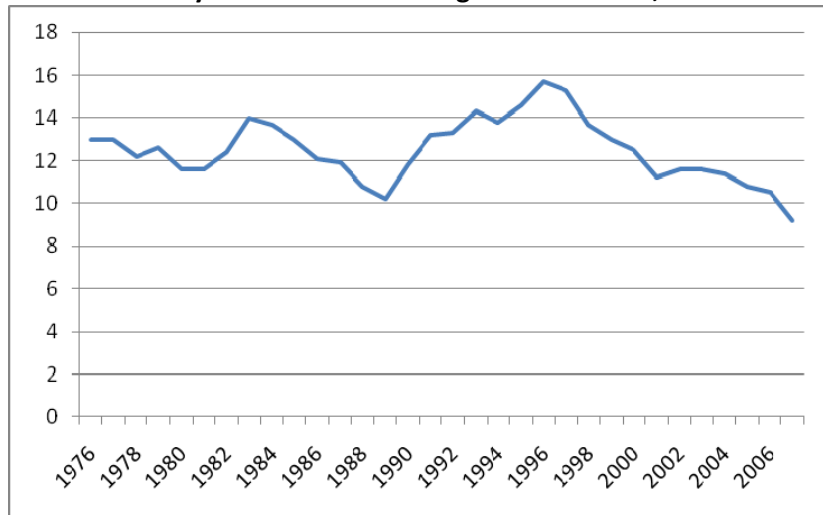
Our baseline for understanding the impact of the recession on poverty is 2007. This is because 2007 is the last year for which we have poverty measures available, as most are published with a two to three year lag time. 2007 was actually an historic year for the poverty rate in Canada, as it reached a 30 year low. However, considering that 2007 was a year of low unemployment and strong economic performance, coming at the end of over a decade of strong economic growth, far too many Canadians still lived in poverty.

## Poverty in 2007

In 2007, more than 1 in 11 Canadians lived in poverty. Canada has no official measure of poverty, but it has a number of commonly used indicators. The most frequently used is the Low Income Cut-Off (LICO), measured by Statistics Canada. The LICO indicates the level at which a family is spending approximately 20 percentage points more of its income on basic necessities than the average family of similar size in a community of similar size. LICO is calculated both before and after-tax; the before-tax LICO generally shows the distribution of market income while the after-tax LICO shows the impact of taxation and redistribution. According to the after-tax LICO, 9.2% of Canadians – approximately 3 million people – lived in poverty in 2007.<sup>2</sup>

This is the lowest level the poverty rate in Canada has reached in over 30 years, and the first time that the poverty rate managed to dip below the 10% level which has seemed to act as a barrier over the past 30 years. In fact, in 2007, the National Council of Welfare noted that the poverty rate remained relatively unchanged over the past twenty-five years except for varying a few points cyclically in either direction along with the unemployment rate.<sup>3</sup> In this sense, 2007 represented a break-through for the poverty rate, albeit a break-through that came after a decade of very strong economic growth, historically high employment rates and near-historically low unemployment rates.

**Chart 1: Poverty Rate in Canada Using After-Tax LICO, 1976-2007**



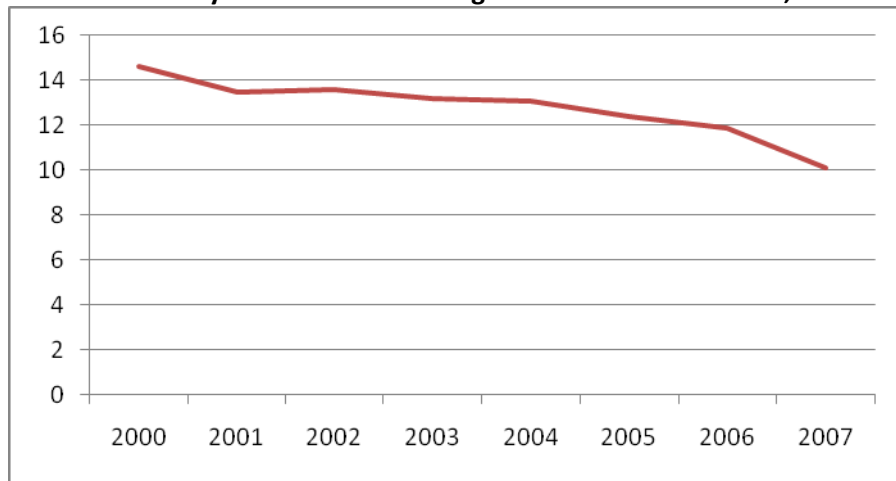
Source: Statistics Canada, "Income Trends in Canada," Table 2020802.

The average poverty gap, or the amount of money required to bring a household's income to the level of the after-tax LICO, was \$6,700 in 2007. The poverty gap declined slightly in 2006 and 2007, after 10 years at or above \$6,900. The poverty gap stayed consistent despite falling poverty rates throughout this

ten-year period, which suggests that while growth in the economy was slowly helping to decrease the poverty rate, neither high employment nor government transfer programs were having any kind of trickle-down effect on those still living in poverty.

Another poverty measure, created and used principally by the Department of Human Resources and Skills Development Canada (HRSDC), is the Market Basket Measure (MBM). The MBM uses a basket of goods (including food, clothing, shelter, and basic goods and services) to measure poverty, allowing it to account for cost of living in different locations. If a family's disposable income is below the level needed to acquire the basket of goods, a family is considered low income. Using the MBM, the poverty rate in Canada was 10.1% in 2007, or 3.3 million Canadians. This is a decline of 1.8 percentage points over 2006, and a decline of 4.5 percentage points over 2000.<sup>4</sup>

**Chart 2: Poverty Rate in Canada Using Market Basket Measure, 2000-2007**



Source: HRSDC, "Low Income in Canada."

HRSDC measures the depth of poverty using a percent, to account for differences in family size and the cost of the basket. In 2007, the average gap between income and the MBM was 32.6%. This is an increase of 1.2 percentage points over 2006, and an increase of 0.4 percentage points over 2000.<sup>5</sup> The number of Canadians aged 18 to 59 who experienced low income for at least one year between 2002 and 2007 is much higher than the annual poverty rate at 23.4%. This suggests that many people were moving in and out of poverty throughout this period. Still, 6.1% experienced persistent low income over this whole period.<sup>6</sup>

In 2008, a study by the Organisation for Economic Co-operation and Development (OECD) placed Canada 20<sup>th</sup> among the 30 OECD countries for its poverty rate. Using the measure of 50% of median income, Canada had a poverty rate of 12%, well above France's poverty rate of 7% and the United Kingdom's rate of 8%. Canada was also singled out as one of a few countries who have seen a significant rise in income inequality over the past decade.<sup>7</sup>

In fact, Canada has seen a growing income gap between the rich and the poor over the last several decades. For most Canadians, an increase in working hours has not translated into higher incomes. Rather, the majority of Canadian households are working longer hours simply to maintain the standard of living that households had in the 1970s. In 2007 the Canadian Centre for Policy Alternatives reported that, on average, Canadian families with children are putting in 200 hours more each year at work. But

only the top 10% of households have seen a real increase in their incomes. The bottom 40% are working longer but actually earning less than households earned a generation ago.<sup>8</sup>

According to the Vanier Institute of the Family, the after-tax income share of the top income quintile increased from 37.1% in 1990 to 39.7% in 2007. The bottom four income quintiles have all seen their share of after-tax income decrease between 1990 and 2007. The bottom income quintile receives only 7.3% of total after-tax income in Canada.<sup>9</sup>

The working poor make up a significant number of those Canadians living in poverty. For example, in 2007, 60% of two-parent families living in poverty received their principal income from employment and received no social assistance or Employment Insurance payments.<sup>10</sup> Not all jobs in Canada pay a living wage.

The serious nature of poverty in Canada is reflected in hunger and housing insecurity. In just one month of 2007, 703,051 Canadians used a food bank,<sup>11</sup> and more than two-thirds of Canadian food banks had difficulty meeting demand and risked running out of food.<sup>12</sup> Food banks reported that while 50.7% of recipients received their primary income from social assistance, 13.5% of recipients had employment earnings as their primary source of income.

Housing is the single largest expense for low income Canadians, and Canada has seen an increasing housing affordability problem. The United Nations has called Canada's housing and homelessness situation a "national emergency."<sup>13</sup> In 2007, the United Nations Special Rapporteur on Adequate Housing, Miloon Kothari, visited Canada and called on the federal government to create a comprehensive, national housing strategy.<sup>14</sup> A quarter of all Canadian households pay more than 30% of their income on housing, which is considered to be the threshold for affordability. In 2006, nearly 1.5 million households were considered to be in core housing need; that is, they fell below standards set for adequacy, suitability and affordability. This represents nearly 13% of Canadian households.<sup>15</sup>

### **Child poverty in 2007**

While measures of child poverty vary in approach and outcome, there is no doubt that no matter what measure is used Canada's level of child poverty is too high. In particular, Canada performs very poorly compared to other developed countries. In addition, some Canadian children, such as Aboriginal children, racialized children, disabled children and children in single-parent families, are more likely to suffer from poverty than others.

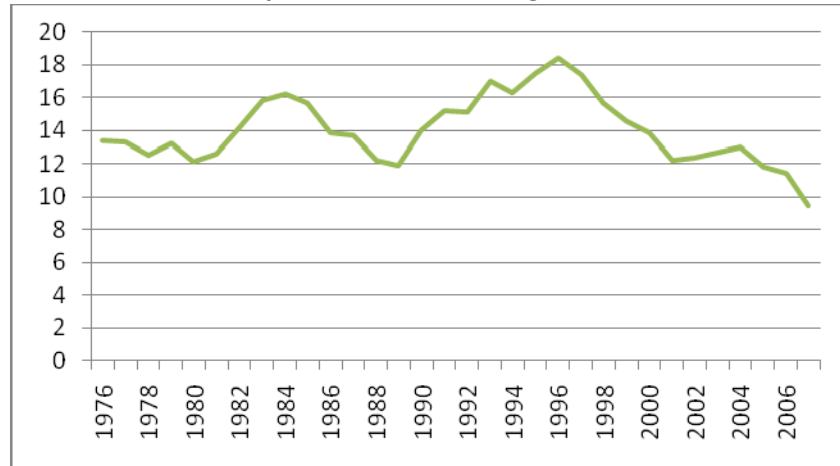
In 2007, the child poverty rate was 9.5% – more than 637,000 children – using the after-tax LICO. This is only a slight decrease from the 11.9% child poverty rate in 1989, when the House of Commons unanimously committed to ending child poverty in Canada by the year 2000. The child poverty rate using the before-tax LICO has decreased even more slightly, from 15.3% in 1989 to 15% in 2007.<sup>16</sup>

Among the provinces, British Columbia and Manitoba had the highest rates of child poverty in 2007, with 13% and 11.1% respectively (after-tax LICO). Quebec at 9.5% and Ontario and New Brunswick each at 9.4% were next. Saskatchewan and Nova Scotia were somewhat lower than the national average at 8.9% and 8.4% respectively. Newfoundland and Labrador (6.5%), Alberta (6.3%), and Prince Edward Island (4.7%) had the lowest rates of child poverty in Canada.<sup>17</sup>

The poverty gap for families with children is very large. In 2007, the average two-parent family living in poverty was \$7,600 a year beneath the after-tax LICO. Female single-parents living in poverty were

\$7,500 below the after-tax LICO.<sup>18</sup> This is an increase in the gap of \$300 for two-parent families and of \$1,000 for female single-parents compared to 2006.<sup>19</sup>

**Chart 3: Child Poverty Rate in Canada Using After-Tax LICO, 1976-2007**



Source: Statistics Canada, "Income Trends in Canada," Table 2020802.

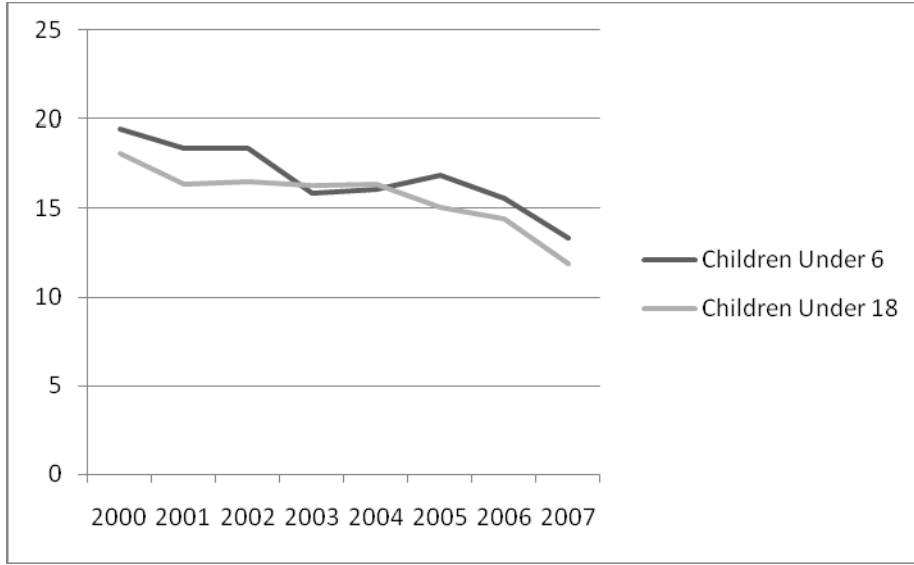
Between 2002 and 2007, 23% of all children lived in poverty for at least one year, a far higher rate than the annual poverty rate, demonstrating that a significant number of Canadian families are touched by poverty at some point. While persistent poverty during this period is lower at 1.4% of children, this still means that 107,000<sup>i</sup> children lived in poverty for this entire six year period. This is a significant portion of their childhoods, and makes it more difficult for them to escape the cycle of poverty as they become adults.<sup>20</sup>

The Market Basket Measure, used by HRSDC, put child poverty in Canada at 11.9% in 2007. For children under 6, the rate was even higher at 13.3%. (See Chart 4). The poverty rate for children was significantly higher than for any other age group, according to the MBM. The key reason, according to HRSDC, is because the MBM accounts for the costs of child care.<sup>21</sup> However, the depth of poverty was lower for children than for the working age population, at 26% compared to 35.2%. This reflects the impact of government transfer programs aimed at families with children, such as the Canada Child Tax Benefit and the Universal Child Care Benefit.<sup>22</sup> Once again, the number of children under the age of 13 who experienced at least one year of low income between 2002 and 2007 was quite high at 27.8%. The persistence of poverty was also quite high, however, with 9.1% of children under 13 experiencing persistent poverty throughout this six-year period.<sup>23</sup>

Using the measure of 50% of median disposable income, the Conference Board of Canada pegged child poverty in Canada at 15.1% in the mid-2000s. By this measure, more than 1 in 7 children live in poverty. When compared with other developed countries, this gave Canada a ranking of 13<sup>th</sup> out of 17 countries. Canada also had the second highest increase in the child poverty rate between the mid-1990s and the mid-2000s among the 14 countries with available historical data, second only to Germany. Canada's child poverty measure increased from 12.8% in the mid-1990s to 15.1% in the mid-2000s.<sup>24</sup>

<sup>i</sup> Statistics Canada recommends caution for this data, due to small sample size.

**Chart 4: Child Poverty Rate in Canada Using Market Basket Measure, 2000-2007**



Source: HRSDC, "Low Income in Canada."

Like poverty generally, child poverty affects certain demographics more than others. In 2007, rates of poverty for children in First Nations communities were much higher than the Canadian average at 1 in 4.<sup>25</sup> Nearly half of off-reserve Aboriginal children under the age of 6 lived in poverty compared to only 18% of non-Aboriginal children (using the before-tax LICO). According to the 2006 census, 48% of recent immigrants under the age of 14 lived in poverty, while 41% of all immigrants under the age of 14 lived in poverty. The child poverty rate for racialized groups was 33%, while children with a disability had a 27% poverty rate.<sup>26</sup>

Children in single-parent families are far more likely to be living in poverty than children in two-parent families. In 2007, 5.1% of two-parent families lived in poverty compared to 23.6% of single-parent families. Nevertheless, because two-parent families are the dominant family type in Canada (2.9 million families in 2007), more poor children are living in a two-parent family than a single parent family.<sup>27</sup> In 2007, 41.3% of children living in poverty lived in a single-parent family, compared to 54.2% of poor children who lived in a two-parent family.<sup>28</sup>

Low wages and working poverty also significantly affect child poverty rates. Campaign 2000 states that since 2000, "4 out of 10 (40%) low income children had at least one parent who worked full-time throughout the year but could not rise out of poverty, up from the less than 1 out of every 3 children during the 1990s."<sup>29</sup> In 2007, 60% of two-parent families living in poverty relied solely on employment earnings. For female single-parents living in poverty, 31% received only employment earnings, with no income from welfare or EI, while 12% received both welfare and employment earnings.<sup>30</sup>

According to Campaign 2000, children under the age of 15 represent half of all Canadians living in core housing need – 750,000 children. The Ottawa Alliance to End Homelessness reported that in Canada's capital, 1,237 children stayed in emergency shelters in 2007, a 6.4% increase over the previous year. The average length of stay for families in an Ottawa shelter was 41.8 days, an increase of nearly 11 days over 2006.<sup>31</sup>



Meanwhile, the growing income gap persistently has an impact on child poverty rates. Campaign 2000 reports that “For every dollar the average family with children in the poorest 10% of the population had, the family in the highest tenth of the population had almost 12 times as much (\$11.84) in 2007.”<sup>32</sup> The average income for low income families with children under 18 in 2007 was \$20,290. When inflation is accounted for, average income for low income families has increased 16% since 1989. Average family income increased slightly more since 1989, rising 18% to \$90,070 in 2007. But the highest income families with children have seen their incomes grow even more than low income families and average family income, rising from \$180,000 in 1989 to \$240,191, an increase of 33%.<sup>33</sup> The impacts of over a decade of strong economic growth have thus not been equitably distributed.

## **2. Poverty Trends During the Recession**

The recession deepened economic insecurity in Canada, pushing more Canadian families into poverty. Unemployment rose as hundreds of thousands of Canadians lost their jobs. Only half of the unemployed received Employment Insurance benefits, and benefit levels were so low that recipients were under the poverty line unless they had another household income. Social assistance was needed to fill the gap left by EI, causing social assistance rates to climb most sharply in provinces with the lowest EI coverage. The number of families and children on social assistance increased in most provinces.

Those in low wage jobs who were most economically vulnerable before the recession began were the most likely to lose their job, but those lucky enough to keep their job or to find a new job were not untouched by the recession as the proportion of non-standard or precarious jobs increased. Many full-time jobs were replaced with part-time jobs, and permanent employees were replaced with temporary employees.

Not only has the recession increased poverty, the experience of past recessions demonstrates that recessions exacerbate the income gap between the rich and poor, as the poor lose relatively more of their income during the recession and then don't recover at the same rate as the rich between recessions. The increase in economic insecurity is thus likely to have a long-term impact on the well-being of Canadian families.

Canadian families are also feeling the pinch from increased costs, as food prices rose considerably and the average rent increased by more than inflation. Even those Canadians who didn't lose income because of the recession therefore need to stretch their dollars further. The consequence can be seen in skyrocketing food bank use and rising debt loads and bankruptcies. Many Canadian families are having a more difficult time making ends meet because of the recession.

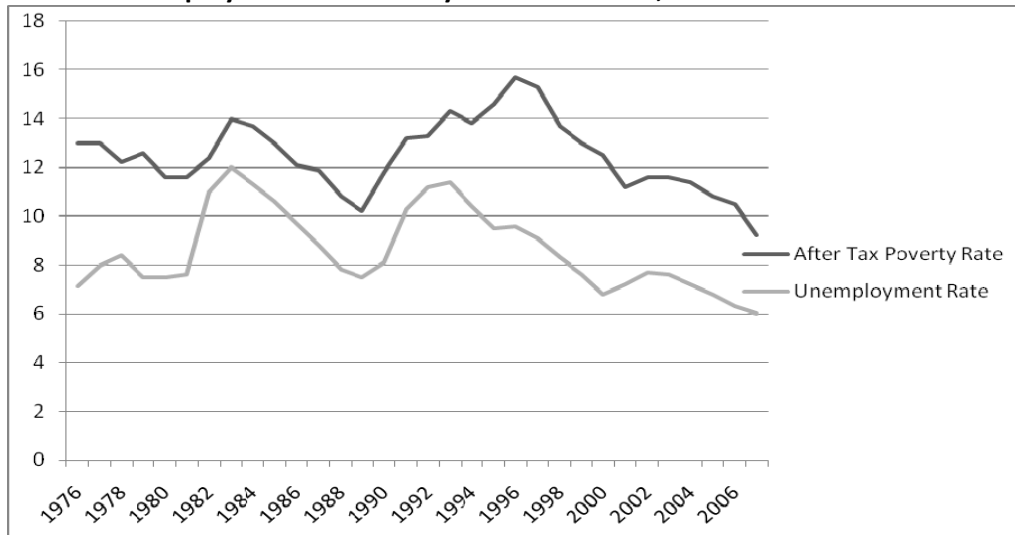
### **Unemployment**

#### **Unemployment and poverty rates**

Unemployment is a good place to start when considering the impact of the recession on poverty, because unemployment rates have correlated well with the poverty rate since about 1980. The exception to this correlation is a three year period from 1993 to 1996. During this period, the poverty rate continued to climb despite the fact that the unemployment rate fell. Jean-François Arsenault and Andrew Sharpe of the Centre for the Study of Living Standards attribute this disparity to the decline of EI coverage over the better part of the decade.<sup>34</sup> Another reason is likely the severe welfare reforms enacted in several provinces during this period, most notably Alberta and Ontario.

However, since the late 1990s, EI rules have remained the same and EI coverage has remained roughly consistent. The relationship between unemployment and the poverty rate has also returned to its previously consistent state, although the lines remain farther apart than they did before the three-year divergence.

**Chart 5: Unemployment and Poverty Rates in Canada, 1976-2007**



Source: Arsenault and Sharpe, "The Economic Crisis."

In 2007, the unemployment rate in Canada was 6%.<sup>35</sup> In 2009, the unemployment rate rose to a high of 8.7% before stabilizing at around 8.5%. (See Table 1 for unemployment during the recession). Because the unemployment rate increased slightly more than 2.5% since 2007, this suggests that the poverty rate will have also climbed at least 2.5% since 2007. This would put the after-tax LICO rate at 11.7%, an increase of over 900,000 Canadians. As unemployment is projected to remain the same or decline very slightly over the course of 2010, we can expect the poverty rate for 2010 to be very similar.

**Table 1: Unemployment Rates by Month**

Month	Unemployment rate (%)
August, 2008	6.2
September, 2008	6.2
October, 2008	6.3
November, 2008	6.4
December, 2008	6.6
January, 2009	7.2
February, 2009	7.7
March, 2009	8.0
April, 2009	8.0
May, 2009	8.4
June, 2009	8.6
July, 2009	8.6
August, 2009	8.7
September, 2009	8.4
October, 2009	8.6
November, 2009	8.5
December, 2009	8.5

Source: Statistics Canada Labour Force Survey.

### Past recessions give reason for caution

There were fears that the 2008-2009 recession was the greatest recession since the Great Depression in the 1930s. One of the reasons for this was the precipitous economic decline that started the recession. While Canada entered the recession relatively late compared to the United States, job losses were steep in the first few months of the recession. In the first five months of this recession, employment fell 2.1%, compared to 0.8% in 1981 and 0.6% in 1990. However, employment also seemed to stabilize much faster in this recession, meaning that overall job losses for the first year are comparable to the first year of the two previous recessions.<sup>36</sup>

*It took almost 8 years after the last recession for unemployment to decline to its pre-recession level, and 14 years for the poverty rate to decline to its pre-*

The 1990-1993 recession provides a cautionary tale, however. In that recession, employment also improved after the first 11 months. But after 6 months of modest growth, employment declined for another 7 months.<sup>37</sup> After the recession ended, it took another two years for employment to begin to recover.<sup>38</sup> So even though we have seen some improvements in employment in the last few months of 2009 and first month of 2010, we should not take it for granted that the employment situation will continue to improve uninterrupted.

It also took almost 8 years after the 1990-1993 recession for unemployment to decline to its pre-recession rate.<sup>39</sup> It took 14 years for the poverty rate to decline to its pre-recession level.<sup>40</sup> This suggests that without a concerted government effort, it could take years for unemployment and poverty in Canada to decline to their 2008 levels. It will take GDP growth of greater than 2% for unemployment to decline

significantly, since labour force growth in Canada is greater than 1% a year and productivity increases are about 1% a year.<sup>41</sup> Thus, we need a significant level of GDP recovery to positively impact unemployment.

### Job loss during the recession

Between October 2008 and October 2009, 400,000 jobs were lost in the Canadian economy. The unemployment rate rose from 6.3% to 8.6% over this period.<sup>42</sup> By December 2009, unemployment had edged down slightly to 8.5%, but there were still 323,000 fewer jobs in Canada than there had been in October 2008.<sup>43</sup> Because of an increase in the labour force, the number of unemployed Canadians increased by 435,900 people between October 2008 and October 2009.<sup>44</sup> However, labour force participation rates also dropped, led principally by the departure of young people from the labour force.

Most of the new jobs created since the recession began have been part-time. If the number of Canadians working part-time involuntarily (because they can't find full-time work) and the number of discouraged workers who have stopped looking for work (and are therefore not counted as part of the labour force) are included, Canada's unemployment rate rose to 12.3% by January, 2010.<sup>45</sup> This is a significant number of Canadians facing economic insecurity due to unemployment or underemployment.

The employment losses have primarily targeted young people and men age 25-54. For men age 15-24, employment declined by 10.8% between October 2008 and October 2009. Women age 15-24 saw a decline of 6.5% in the same period. And employment for men age 25-54 dropped by 3.3%. Because this is the largest employment category, however, men age 25-54 experienced the biggest absolute drop in employment, a loss of 206,000 jobs.<sup>46</sup>

**Table 2: Employment Changes Across Age Groups**

	October 2008	October 2009	Change	
			Numerical	Percentage (%)
<b>Both Sexes</b>	<b>17,194,700</b>	<b>16,794,800</b>	<b>-399,900</b>	<b>-2.3</b>
<b>Men</b>				
15 to 24	1,318,900	1,176,300	-142,600	-10.8
25 to 54	6,244,000	6,038,000	-206,000	-3.3
55 and over	1,496,100	1,525,000	28,900	1.9
<b>Women</b>				
15 to 24	1,281,700	1,199,000	-82,700	-6.5
25 to 54	5,659,900	5,591,000	-68,900	-1.2
55 and over	1,194,200	1,265,500	71,300	6.0

Source: LaRochelle-Côté and Gilmore, "Canada's employment downturn."

Among families, parents of small children were particularly affected as 2.4% of fathers and 2.5% of mothers in two-parent families with at least one child under 18 lost their job within the first 12 months of the recession. This represents a loss of 122,800 jobs. Single mothers also experienced heavy job loss, as 6.8% of single mothers with a child under 18 lost their job, a loss of 30,800 jobs. Single fathers, in contrast, made employment gains of 4.6%. This period also saw a growth in "other economic families" as adult children moved home or adult siblings moved in together to cope with the economic situation.<sup>47</sup> (See Appendix E).

While declines in the manufacturing and construction sector meant that many high-paying jobs were eliminated, those who were most economically vulnerable before the recession began still suffered disproportionately from its effects. The highest job losses by far came to those who were making \$10 an hour or less, at 24.8%. These are the workers least likely to qualify for EI, or likely to qualify for very low benefit levels. Meanwhile, the number of employees making \$30 an hour or more actually grew 5%.<sup>48</sup> Those with high school education or less were the most likely to lose their job (5.2% for men; 3.6% for women). Immigrants who arrived within the past five years had extremely high job loss, at 12.9%. And Aboriginal peoples living off reserve, who had higher unemployment levels already before the recession, saw an employment decline of 4%.<sup>49</sup>

*Those who were most economically vulnerable before the recession began suffered disproportionately from its effects.*

The recession has also led to an increase in the duration of unemployment. Prior to the recession, the average length of unemployment was 15 weeks. In September 2009, the average length of unemployment was 17 weeks.<sup>50</sup> However, this average is affected by the constant influx of the newly unemployed throughout 2009. Perhaps a better marker is the fact that the proportion of the unemployed who had been without work for 26 weeks or more increased from 13.9% in May 2008 to 14.5% by May 2009.<sup>51</sup> By September 2009, 1 in 5 unemployed Canadians had been out of work for 27 weeks or more (275,000 people).<sup>52</sup> The longer Canadians are unemployed, the more likely they are to exhaust their EI benefits. This means they either need to get by with no income (from savings or credit) or apply for welfare (and divest themselves of savings and non-exempt assets).

## Job loss by province

Job losses were not evenly distributed across the country. Some provinces were relatively spared, while others suffered significant losses. Ontario lost the greatest number of jobs with 205,900 jobs lost, a decline of 3.1%. However, Alberta lost a greater proportion of its jobs at 3.3%. British Columbia had the third highest decline at 2.2%. Manitoba and Saskatchewan, meanwhile, lost hardly any jobs with a drop of 0.3%. The four Atlantic provinces also saw relatively low declines with a job loss of 0.8%. Quebec lost 62,100 jobs, but proportionally this was a lower decline than the Canadian average.<sup>53</sup>

**Table 3: Employment Changes Across Regions**

	October 2008	October 2009	Change	
			Numerical	Percentage (%)
<b>Canada</b>	<b>17,194,700</b>	<b>16,794,800</b>	<b>-399,900</b>	<b>-2.3</b>
Atlantic	1,114,700	1,105,900	-8,800	-0.8
Quebec	3,890,200	3,828,100	-62,100	-1.6
Ontario	6,719,000	6,513,100	-205,900	-3.1
Manitoba and Saskatchewan	1,126,600	1,123,200	-3,400	-0.3
Alberta	2,035,200	1,967,200	-68,000	-3.3
British Columbia	2,309,000	2,257,200	-51,800	-2.2

Source: LaRochelle-Côté and Gilmore, "Canada's employment downturn."

## Employment Insurance

Once someone has lost their job, they need an alternative source of income, unless they have enough savings or credit to get by until they can find another job. In the last two recessions, more than 75% of Canada's unemployed were able to qualify for Unemployment Insurance.<sup>54</sup> But this recession has been another tale. Before the recession, less than half of Canada's unemployed qualified for EI (43.4%). Because of rising unemployment rates, the coverage rate rose to 51% by October 2009.<sup>55</sup> However, this means that nearly half of all unemployed Canadians did not qualify for EI during the recession. For those who did qualify for EI, the level of support the program offered had changed significantly. In 1990, the maximum weekly benefit workers could qualify for was \$570 (2009\$). In 2009, the maximum weekly benefit was \$447.<sup>56</sup>

*Nearly half of all unemployed Canadians did not qualify for EI during the recession.*

In October 2008, the number of EI beneficiaries was at a near historic low, with 500,340 regular beneficiaries (excluding those receiving sickness or parental benefits). This low was due both to the historically low unemployment rate and the low rate of EI coverage across Canada. By October 2009, the number of EI beneficiaries had risen to 809,600, an increase of 61%.<sup>57</sup> The number of beneficiaries peaked in June 2009, at 829,300.<sup>58</sup> The number of EI recipients increased faster than the rise of unemployment, thereby increasing the coverage rate to 51%.<sup>59</sup>

However, the number of unemployed *not* receiving benefits also increased, from 650,760 in October 2008 to 777,400 in October 2009, an increase of 19.5%.<sup>60</sup> The number of unemployed not receiving benefits peaked in May, at over 800,000 Canadians.<sup>61</sup> Of the unemployed who did not qualify for benefits, 10% did not qualify because they did not have enough hours accumulated.<sup>62</sup>

EI determines both access and length of benefits according to the unemployment rate in 58 regions across the country. As the unemployment rate rises, the threshold of hours for receiving benefits is lowered, meaning more of the unemployed will receive benefits. Andrew Jackson and Sylvain Schetagne calculate that 40 of the 58 regions saw a drop in the entrance requirements by mid-way through 2009.<sup>63</sup> However, this drop was relatively slow in coming, given that the steepest job declines came in the last few months of 2008 and the first few months of 2009. Workers who would have qualified later in the year were thus refused benefits if they applied in late 2008 or early 2009. Workers who qualified for a few weeks of benefits also would have been eligible for more if they had lost their job later in the year.

### **Employment Insurance by province**

The Variable Entrance Rate also creates quite a significant distinction in how unemployed workers are treated across the country. In a high unemployment area, an unemployed worker who accumulates 420 hours can receive 50 weeks of benefits. In low unemployment areas, an unemployed worker needs at least 700 hours to receive 19 weeks of benefits.<sup>64</sup> In this recession, unemployment increased more rapidly in traditionally low unemployment regions than in traditionally high unemployment regions, creating a considerable distortion in EI coverage.

We can see this distortion by looking at coverage on a provincial level. Alberta, British Columbia, and Ontario suffered the greatest job losses in the recession (see Chart 6 for Unemployment Rate by Province). These provinces also had the lowest rate of EI coverage prior to the recession (see Chart 7 for Beneficiaries/Unemployed Rate). In Alberta, less than 1 out of every 4 unemployed workers qualified for EI prior to the recession. In Ontario and British Columbia, the number was closer to 1 out of every 3. Rising unemployment did lead to an increase in EI coverage for these 3 provinces, but with less than half of the unemployed covered, they are still 3 of the bottom 4 provinces for EI coverage. Meanwhile, the Atlantic provinces, which saw very low employment declines, had their EI coverage increase to a range of nearly 75% in Nova Scotia to over 100% coverage in New Brunswick.<sup>ii</sup>

EI also has a significant gender gap. Before the recession, 46% of unemployed men received benefits, compared to 39% of unemployed women.<sup>65</sup> During the recession, the number of male beneficiaries increased faster than men's unemployment, with the number of male beneficiaries age 25 and up increasing 64.2% compared to a 50.5% increase in the number of unemployed men in this age group. The number of female beneficiaries increased at the same rate as women's unemployment. Jackson and Schetagne suggest that this difference arises because more of the unemployed men had previously been employed in stable jobs.<sup>66</sup>

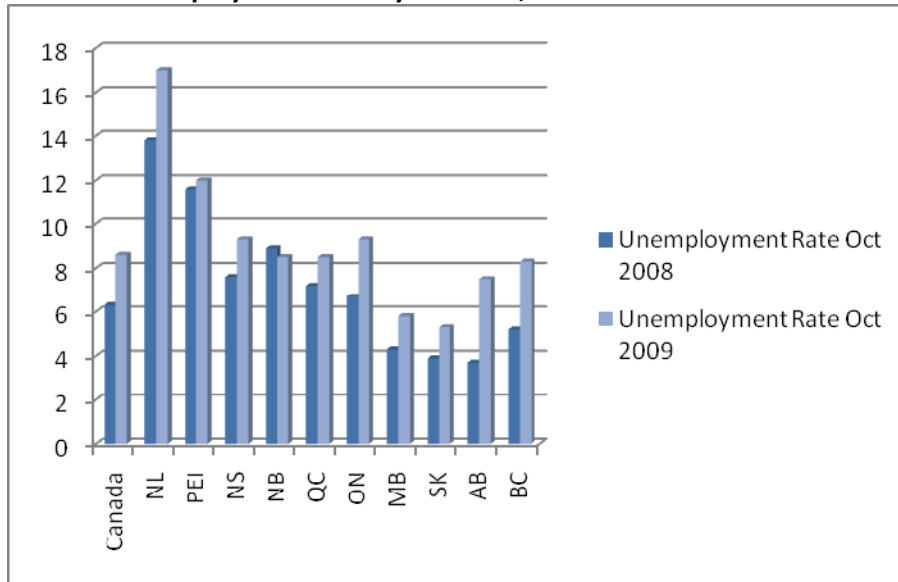
*This recession saw a considerable distortion in EI coverage, as unemployment increased more rapidly in traditionally low unemployment regions with lower EI coverage.*

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<sup>ii</sup> Coverage can exceed 100% because recipients are allowed some earnings while on EI. An unemployed worker can therefore find temporary work and still retain their EI claim.

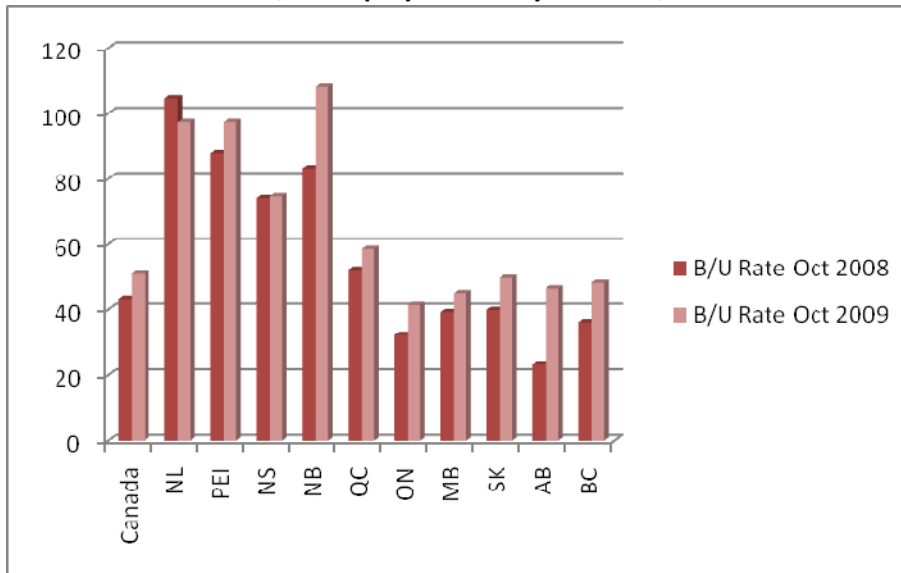


**Chart 6: Unemployment Rate by Province, 2008-2009**



Source: Statistics Canada Labour Force Survey.

**Chart 7: Beneficiaries/Unemployed Rate by Province, 2008-2009**



Source: Jackson and Schetagne, "Is EI Working for Canada's Unemployed?"

**Employment Insurance benefits**

The maximum weekly benefit that anyone can receive from EI is \$447 a week. However, many unemployed workers qualify for less. Benefits are set at 50% of insurable earnings, capped at \$447. So EI beneficiaries who were previously earning \$894 a week or less (\$46,488 a year) see their income halved. Beneficiaries who were previously earning \$895 a week or more see their income more than halved.

Before the recession began, the average weekly benefit received in October 2008 was \$323.63. This rose slightly by October 2009 to \$343.80, due to the increase in the long-term employed who were laid off because of declines in the manufacturing and construction industries.<sup>67</sup> However, at \$16,829 annually



(and no one but long-tenure workers laid off after January 2009 actually qualifies for 52 weeks of benefits), the average benefits received from EI are a poverty income for most demographics, unless they have another household source of income (see Appendix C for LICOs). Average benefit levels are roughly similar to earnings from a full-time job at minimum wage.<sup>68</sup> The maximum benefit level, at \$23,344 annually, is also below the LICO for 3 person families in cities over 100,000 and 4 person families in any urban area.

*The average benefits from EI are a poverty income for most families.*

The instability of the recession has also wreaked havoc on people's access to benefits. Workers who agreed to work reduced hours before being laid off in hopes of saving their job saw their weekly benefits reduced relative to what they would have qualified for if they had been laid off immediately because their earnings were reduced. Similarly, workers who accepted a part-time job or temporary lower paid work before or during a claim received lower benefit levels.<sup>69</sup>

### **Exhaustion of Employment Insurance benefits**

Many workers feel they have no choice but to accept part-time or temporary work because they have exhausted their EI benefits. Statistics Canada does not publish data on EI exhaustion, so it is difficult to know how many unemployed Canadians exhausted their benefits during the recession or are about to exhaust their benefits now. In 2006-2007, the most recent year for which data is available, the average claimant was eligible for 31 weeks of benefits. The average claim length was only 18.7 weeks, suggesting that most claimants found new work before exhausting their benefits. However, 27.9% of claimants still exhausted their benefits.<sup>70</sup> Based on this data and projecting from what we know about unemployment in 2009, Jackson and Schetagne calculate that we could see as many as 500,000 exhausted claims in late 2009 and early 2010.<sup>71</sup> This estimate is supported by the fact that in September 2009, 275,000 workers had been unemployed for 27 weeks or more suggesting that some of them are likely to run out of benefits very soon if they haven't already.<sup>72</sup>

Labour force data also provides evidence that some of the unemployed are exhausting their claims. In August 2009, there were 19,000 fewer Canadians receiving EI benefits compared to the previous month. However, Erin Weir notes that while total employment increased that month by 27,000, the labour force expanded by 49,000. So the number of people looking for immediate work that month would have been 68,000. It is therefore unlikely that all of the unemployed who stopped receiving benefits found new work in August.<sup>73</sup>

*As many as 500,000 Canadians exhausted their EI benefits without finding new work. They need to rely on savings and credit or turn to social assistance.*

Those who have exhausted their claim without finding new work will either need to rely on savings and credit or will have to turn to social assistance. In fact, in Quebec, which is the only province which releases such statistics, 2,299 new applications for social assistance were made in November and December 2009 because EI benefits had ended without finding new work.

In the same two months, Quebec saw 1,268 applications for social assistance due to insufficient EI benefits while 2,757 applications were made by people who had lost their job recently but didn't qualify for EI. Altogether, applications from people not receiving EI, no longer receiving EI or with EI benefit levels too low to live off of represented 8,551 recipients of social assistance, of which 1,672 were children.<sup>74</sup>

## **Making Ends Meet on Employment Insurance**

Kate and her daughters Taylor and Jordan live in Vancouver. Kate lost her job in January, 2009. Because the Vancouver economy has been struggling throughout the recession, Kate has not been able to find new work.

Fortunately, because she had worked full-time since Jordan started kindergarten two years ago, she had enough hours to qualify for EI benefits. She even qualified for the maximum of 41 weeks. Kate's former retail sector job paid \$540 a week, or \$28,080 a year, a modest but decent income. But now her weekly EI benefit is only \$270 a week. Because it runs out after 41 weeks, Kate will actually be on her own for the last two months of the year.

Kate also receives \$650 a month in child benefits, the BC Earned Income Supplement, and the GST and BC climate action credits. This brings her total monthly income to \$1,730 for the months that she receives EI. Kate's income for the whole year, \$19,950, is \$7,894 below the after-tax LICO.

The average rent for a two-bedroom apartment in Vancouver is \$1,169 a month. This would take up 67.5% of Kate's monthly income, leaving her \$561 a month to spend on food, clothing, utilities, transportation and other necessities for her family. This means that Kate would have to spend well below the \$522.86 a month on food that the Dieticians of Canada calculate that it would cost for a nutritious food box for her family.

In comparison, if Kate lived in Montreal, she would qualify for 45 weeks of benefits, almost an extra month. Child benefits (federal and provincial) plus the GST credit would give Kate an additional \$883 a month, bringing her total monthly income to \$1,963 for the months that she receives EI. Kate's income for the whole year would be \$22,746, \$5,098 below the after-tax LICO.

The average rent for a two-bedroom apartment in Montreal is \$669 a month. Rent would take up 34% of Kate's monthly income, leaving her \$1,294 a month to spend on other basic necessities. If Kate matched the 2008 Quebec average for household spending on food (\$630 a month), this would take up nearly half of her remaining income.

Across the country, many Canadians like Kate are struggling to make ends meet on EI benefits that are simply not high enough to keep them and their families out of poverty.

## Social Assistance

Social assistance or welfare is the bottom layer of the Canadian social safety net, intended to catch those who have no other source of income or means of livelihood. Those Canadians without work, EI, or other source of income must turn to social assistance for aid. However, not everyone qualifies for social assistance. Each province sets rules regarding the level of assets and savings that recipients of welfare may have and still be eligible for assistance. In most provinces, this excludes fixed assets such as principal residence, household effects, and vehicles below a certain value. Any non-exempt assets must be sold and the income used before assistance can be received.<sup>75</sup> Similarly, all provinces have a limit on the amount of cash in hand and in bank accounts, as well as investments such as stocks, bonds and securities, that a household can have. These limits are set according to family size and whether or not a person is considered employable. These limits range from \$0 for single people and two-parent applicants in Manitoba to \$4000 for a two-parent family in Saskatchewan.<sup>76</sup> The \$0 limit in Manitoba means that people literally need to spend their last dollar before they are eligible for assistance.

These limits are maintained for as long as a person receives assistance, although some provinces set different limits for applicants and recipients. On top of that, all other sources of income – such as EI benefits, pensions, student assistance, child benefits and employment earnings – are assessed. Some of them are considered exempt (such as Canada Child Tax Benefits) while others (such as EI or pensions) are considered non-exempt and will be deducted dollar for dollar from a household's benefits. Most provinces do allow a partial exemption of employment earnings, to encourage employment and support efforts to return to the labour force.<sup>77</sup>

Welfare also has other requirements for eligibility which vary according to province. In most provinces, people who are categorized as “expected to work” must search for work. People with disabilities, parents of very small children, and people with multiple persistent barriers to work are generally exempted from this responsibility. Household status is monitored, as changes in household composition such as living with a roommate or a partner will change eligibility and allowances. In some provinces, single-parents are required to seek child support from the other parent as a condition of assistance.<sup>78</sup>

Welfare rates are set by regulation and are not calculated according to the cost of living. Rather, levels of assistance are set according to family structure, employability, and number of children in the household. The National Council of Welfare (NCW), in its annual survey of welfare incomes, found that welfare incomes across the country were below the after-tax LICO in 2008, with the exception of lone-parents in Newfoundland and Labrador whose income was 101% of the after-tax LICO.<sup>79</sup> In the 2007 Welfare Incomes Report, 24 out of 41 scenarios studied by the NCW were less than 2/3 of the after-tax LICOs. The income of families with children was higher than the average, with most coming between 66 to 78% of the after-tax LICO. The lowest welfare income of a single-parent family in 2007 was Alberta at 63% of the LICO. British Columbia and Alberta were tied for the lowest welfare income of a two-parent family in 2007 at 60% of the LICO. The highest welfare income for a two-parent family was 81% of the LICO in Prince Edward Island.<sup>80</sup>

Recipients of social assistance thus live below the poverty line, with few or no assets or savings to help them make their way out of poverty. Welfare caseloads are therefore an important key to understanding poverty rates in Canada.

*Recipients of social assistance live below the poverty line, with few or no assets or savings to help them make their way out of poverty.*

### Social assistance and the recession

During the recession, social assistance caseloads increased across Canada in all 10 provinces. Rates of increase ranged from 0.5% in New Brunswick to 42.7% in Alberta. (See Table 4). Alberta, Ontario and British Columbia were particularly hard hit, as all had increases above 20%. For those provinces that provide data by category, caseloads for those in the “expected to work” category increased across the board, ranging from 2.8% in New Brunswick to 66.8% in British Columbia.

The data also shows that the summit has not yet been reached. 8 of the provinces experienced their peak caseload of 2009 in December. 7 of these provinces (Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Ontario, Saskatchewan, Alberta, and British Columbia) currently have data available for January 2010, and all 7 show an increase in January over December. It may take awhile yet for welfare caseloads to hit their peak – particularly if the poverty rate declines at the same slow rate it did after the previous recession.

**Table 4: Change in Social Assistance Caseloads During the Recession**

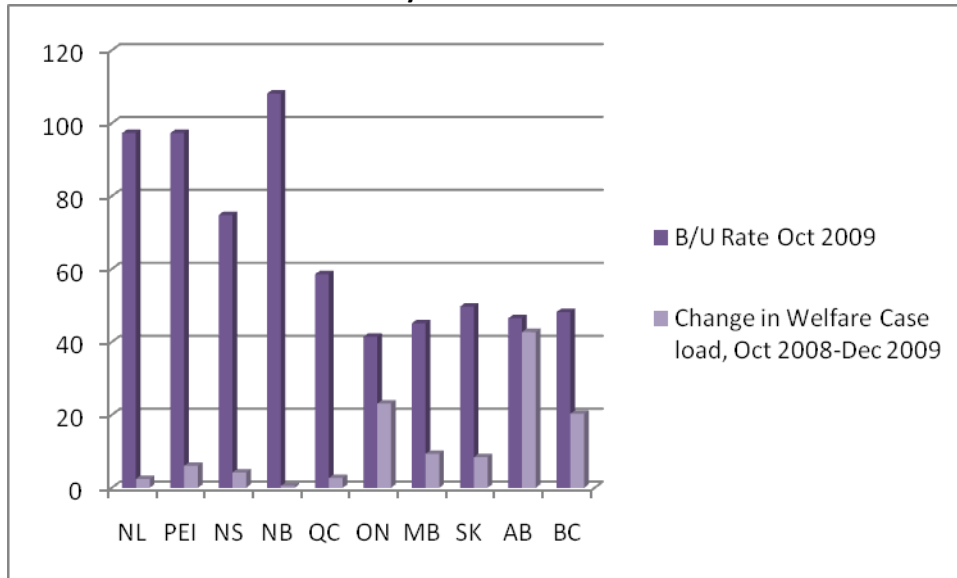
	<b>Caseload Oct 2008</b>	<b>Caseload Dec 2009</b>	<b>% Change</b>	<b>Peak Month in 2009</b>
<b>Newfoundland and Labrador</b>	24,208	24,781	2.4	December 24,781
<b>Prince Edward Island</b>	3,401	3,606	6	December 3,606
<b>Nova Scotia</b>	26,763	27,894	4.2	December 27,894
<b>New Brunswick</b>	22,879	22,997	0.5	May 23,358
<b>Quebec</b>	326,075	335,070	2.7	March 335,284
<b>Ontario</b>	195,421	240,579	23.1	December 240,579
<b>Manitoba</b>	30,766	33,632	9.3	December 33,632
<b>Saskatchewan</b>	23,941	25,962	8.4	December 25,962
<b>Alberta</b>	n/a	38,230	42.7	December 38,230
<b>British Columbia</b>	108,333	130,341	20.3	December 130,341

Note: Alberta does not publish monthly data but does provide data on the increase over October 2008, as well as the peak month during the recession.

Source: Newfoundland and Labrador Dept. of Human Resources, Labour and Employment; Prince Edward Island Dept. of Community Services; Nova Scotia Dept. of Community Services; New Brunswick Dept. of Social Development; Ministère de l’Emploi et de la Solidarité sociale du Québec; Ontario Ministry of Community and Social Services; Manitoba Dept. of Family Services and Housing; Saskatchewan Ministry of Social Services; Alberta Office of Statistics and Information; and British Columbia Ministry of Housing and Social Development.

The different caseload increases across the provinces reveal the close relationship between EI and social assistance. Those provinces with the lowest rates of EI coverage experienced by far the most significant increases in social assistance caseloads. Those provinces with the highest rates of EI coverage experienced very low rates of welfare caseload growth.

**Chart 8: Beneficiaries/Unemployed Rate, October 2009, and Change in Welfare Caseload, October 2008-December 2009 by Province**



Source: Jackson and Schetagne, “Is EI Working for Canada’s Unemployed?”; Newfoundland and Labrador Dept. of Human Resources, Labour and Employment; Prince Edward Island Dept. of Community Services; Nova Scotia Dept. of Community Services; New Brunswick Dept. of Social Development; Ministère de l’Emploi et de la Solidarité sociale du Québec; Ontario Ministry of Community and Social Services; Saskatchewan Ministry of Social Services; Alberta Office of Statistics and Information; and British Columbia Ministry of Housing and Social Development.

As noted above, welfare incomes across the country are consistently below the poverty line. This means that the increase in social assistance caseloads across the country directly represents an increase in the number of Canadians living under the poverty line. It is not a 1:1 increase, however, as some of the households who turned to social assistance would have been living in poverty already before applying for social assistance, whether they depended on EI benefits or on employment income. For example, in December 2008, 71% of new applicants for income assistance in Toronto had previously been on social assistance, suggesting that the employment they had found when they left social assistance was precarious.<sup>81</sup>

The number of children receiving social assistance increased in all provinces which release data on recipients, while the number of families increased in most provinces which release data. The number of children receiving welfare increased by only 7 in New Brunswick, while British Columbia had the highest rate of increase at 25.2%. Similarly, the number of families receiving social assistance declined very slightly in New Brunswick, while British Columbia saw the highest rates of increase at 60.1% of two-parent families and 18.5% of single-parent families.

*The number of children and families receiving social assistance increased in most provinces.*

Between 2007 (the last year for which we have poverty data available) and 2009, the change in welfare caseloads was quite mixed. 5 provinces saw a decrease compared to 2007, and 5 provinces saw an increase. Of these provinces, Ontario, Alberta and British Columbia, who had the biggest employment losses during the recession, had the most significant increases. Welfare caseloads rose 20% in Ontario, 23% in British Columbia, and 40.4% in Alberta.

### **Social assistance by province**

Across Canada, provinces experienced quite different rates of increase in their welfare caseload during the recession. Because provinces release different kinds of statistics on their social assistance caseloads and social assistance recipients, it is not possible to compare across the data for all indicators. Here are the highlights from the provinces:

#### *Newfoundland and Labrador*

- Newfoundland and Labrador saw an increase of 573 cases, or 2.4% of their caseload over the course of the recession, reaching 24,781 Income Support cases in December 2009. The number of recipients<sup>iii</sup> increased over this period up to 39,433.<sup>82</sup>
- In January 2010, the number of cases increased to 24,984, an increase of 203 over December.
- This is the first increase in Income Support caseloads since 2003. Thus the monthly average for Income Support cases in 2009 is still significantly lower than the monthly averages of most of the preceding decade.
- In 2007, the average monthly caseload was 25,337. In 2009, the average monthly caseload was 24,336, a decrease of 3.9%.

#### *Prince Edward Island*

- In December 2009, Prince Edward Island had 3,606 cases, an increase of 205 cases or 6% over October 2008.<sup>83</sup>
- In January 2010, there were 3,660 cases of social assistance with 5,758 recipients (47 were children). Two-parent families comprised 190 cases, while 682 single-parent families received social assistance.
- Prince Edward Island saw several years of declining caseloads from a peak in 2004-2005. December 2009 had the highest caseload since June 2006.
- Prince Edward Island also provides distinct yearly counts – including the number of all individuals who accessed social assistance at least once during the fiscal year. The 2008-2009 distinct count is higher than the count for the 2009-2010 fiscal year-to-date. While there are still two months to be reported in the 2009-2010 fiscal year, this may suggest that fewer individuals are accessing social assistance this year, but that they are staying on social assistance for longer periods than they would have the previous year.
- In fiscal year 2007-2008, the average monthly caseload was 3,431. In the 2009-2010 fiscal year-to-date, the average monthly caseload is 3,548, a 3.4% increase.

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<sup>iii</sup> For each province, the number of cases represents the number of households or family units receiving social assistance. The number of recipients includes the total number of people within each household or family unit receiving social assistance.

### *Nova Scotia*

- Nova Scotia saw an increase of 1,131 cases of Income Assistance, or 4.2% of their caseload, between October 2008 and December 2009. The number of cases peaked in December 2009 at 27,894. The number of recipients increased 4% to 43,625.<sup>84</sup>
- The number of cases increased further in January 2010, reaching 28,069. This is the highest number of cases since March 2008.
- Nova Scotia previously had five years of declining caseloads, after peaking in 2003-2004. The yearly average for 2009-2010 is thus lower than most of the preceding five years.
- In December 2009, 12,578 children received Income Assistance, 29% of all recipients.
- In the 2007-2008 fiscal year, the average caseload was 28,482. In the 2009-2010 fiscal year-to-date, the average caseload is 27,620, a decrease of 3%.

### *New Brunswick*

- In December 2009, there were 22,977 cases of social assistance, an increase of 98 cases or 0.5% of the caseload over October 2008. The number of recipients actually decreased by 156 to 38,476.<sup>85</sup>
- However, by January 2010, the number of cases had increased to 23,350 and the number of recipients to 39,015. The number of cases in February is projected to rise to 23,687 and the number of recipients to rise to 39,468. The impacts of the recession are thus still being felt in New Brunswick. This increase may also represent a number of New Brunswickers beginning to exhaust their EI benefits without finding new work.
- This is the first increase in the social assistance caseload in several years. Because of this, the average number of cases monthly is comparable to the 2006-2007 fiscal year.
- Those “expected to work” make up 75% of New Brunswick’s social assistance caseload. The number of cases in these categories (Interim and Transitional Assistance) increased from 16,934 in October 2008 to 17,414 in January 2010, an increase of 2.8%.
- The number of families receiving social assistance declined from 7,395 in October 2008 to 7,236 in December 2009. The number of children receiving social assistance increased over this period, from 117 in October 2008 to 124 in December 2009.
- In the 2007-2008 fiscal year, the average monthly caseload was 23,807. In the 2009-2010 fiscal year-to-date, the average monthly caseload is 23,221, a decrease of 2.5%.

### *Quebec*

- Quebec saw an increase of 2.7% in cases of Last Resort Financial Assistance over the course of the recession, reaching 335,070 cases in December 2009. The number of recipients increased 2.3% to 485,114. This included 113,697 children.<sup>86</sup>
- The number of cases rose to 339,083 by February 2010, 3,799 cases higher than the 2009 peak reached in March, meaning that the ultimate peak caused by the recession has not yet been reached.
- This is the first increase in the social assistance caseload over the past 4 years. Thus, despite the increase, the total number of cases is still below the August 2006 caseload of 337,772. However, the projected number of cases for February 2010 is expected to rise past the August 2006 level.
- The number of children receiving Last Resort Financial Assistance increased by 1,053 or 0.9% between October 2008 and December 2009.
- In December 2009, 63,779 of the cases receiving Last Resort Financial Assistance were families with children, an increase of 260 families, or 0.4% over October 2008. Of these, 42,964 were single-parent families.

- In December 2009, 205,824 cases were categorized as “expected to work” or temporarily excused from work, an increase of 4.5% over October 2008. In December 2009, the average benefit received by these households was \$645.43.
- In fiscal year 2007-2008, the average number of cases of Last Resort Financial Assistance was 334,934. In the 2009-2010 fiscal year-to-date, the average number of cases is 334,565, a decrease of 0.1%.

#### *Ontario*

- The Ontario Works (OW) caseload increased by 45,158 cases or 23.1% during the course of the recession, reaching 240,579 cases by December 2009. The number of recipients increased by 19% to 440,722.<sup>87</sup>
- The Ontario Disability Support Program caseload increased by 6.8% to 264,862. The number of beneficiaries increased by 7.3% to 367,623.
- While the OW caseload reached its 2009 peak in December, it experienced the greatest increases between December 2008 and March 2009, averaging just over 3% a month.
- In January 2010, the OW caseload increased to 246,748 cases, an increase of nearly 10,000 recipients. This is an increase of more than 150,000 cases since January 2008.
- When comparing the caseload for September of each year, the OW caseload increased 2.2% in 2008, but decreased 3% in 2007. The September 2009 OW caseload (206,609) is the highest caseload in Ontario since September 1999, when the caseload was 261,954.
- In December 2009, 73,841 single-parent families received OW. This is an increase of 5,894 or 8.7% over October 2008. Single families make up 30.7% of OW cases.
- OW statistics do not distinguish between couples with and without children. However, based on the number of beneficiaries in this category, there were approximately 43,606 children and dependent adults in two-parent families receiving OW in December 2009. This is an increase of 10,044 dependents over October 2008, or 29.9%. Couples and their families make up 11.1% of OW cases.
- In fiscal year 2007-2008, the average monthly caseload for Ontario Works was 194,919. In the 2009-2010 fiscal year-to-date, the average monthly caseload is 233,952, an increase of 20%.

#### *Manitoba*

- In December 2009, there were 33,632 cases of Employment and Income Assistance in Manitoba. This is an increase of 2,866 cases or 9.3% over October 2008.<sup>88</sup>
- The monthly average for the 2009-2010 fiscal year-to-date is 32,972 cases a month. The monthly average for fiscal year 2008-2009 was 31,137 cases. This is an increase of 5.9%.
- The monthly average for the fiscal year 2007-2008 was 30,943. Fiscal year 2009-2010 represents a 6.5% increase over 2007-2008.

#### *Saskatchewan*

- Saskatchewan saw an increase of 2,021 social assistance cases or 8.4% between October 2008 and December 2009, reaching 23,941 cases.<sup>89</sup>
- The number of cases increased again in January 2010, to 26,295. This is the highest number of cases since August 2007.
- The yearly average caseload had decreased for five straight fiscal years before fiscal year 2009-2010. The average caseload for the 2009-2010 fiscal year-to-date is 25,661. This is the highest yearly average since 2007-2008.



- The average monthly caseload in fiscal year 2007-2008 was 25,963. The average caseload in 2009-2010 is a decrease of 1.2% over 2007-2008.

#### *Alberta*

- The number of Income Support Assistance cases increased 42.7% from October 2008 to December 2009, reaching 38,230.<sup>90</sup>
- In January 2010, the number of cases increased even further to 39,315. This is the highest number of Income Support Assistance cases in Alberta since April 1997.
- Based on the number of cases in October of each year, Alberta has seen a yearly increase in Income Support Assistance cases for the past three years, rising 2.5% in 2007 and 9.3% in 2008. Prior to this, the number of cases had declined for three straight years.
- In December 2009, 62.7% of cases were “expected to work.” 12.8% of those expected to work were working, 46.7% were not, and 40.5% were temporarily unavailable for work.
- In an average month between December 2008 and December 2009, 39.9% of Income Support Assistance cases were families with children, with 33.3% being single-parent families.
- Between October 2007 and October 2009, the caseload increased 40.4%.

#### *British Columbia*

- In December 2009, there were 130,341 cases of British Columbia Employment and Assistance (BCEA), an increase of 20.3% over October 2008. The number of recipients was 174,830, an increase of 24,966 people or 16.6% compared to October 2008.<sup>91</sup>
- In January 2010, the number of cases increased to 132,304. This is the highest the caseload has been since 2002.
- The monthly average for 2009 was 123,135, an increase of 14.9% compared to 2008. This is the highest annual average since 2002. The annual average increased in both 2007 and 2008. Prior to that, the annual average had decreased for 12 straight years.
- The number of children receiving BCEA increased 25.2% during the recession, reaching 36,396 in December 2009.
- The number of cases “expected to work” increased from 22,337 in October 2008 to 37,252 in December 2009, an increase of 66.8%. The number of recipients in this category increased 64.6% to 54,374. Families with children represented 7,188 (19%) of these cases, or 21,274 (39.1%) of the recipients.
- Based on yearly averages, the number of two-parent families receiving Temporary Assistance (expected to work, temporarily excused and multiple persistent barriers) increased 60.1% over 2008 to 1,870. The number of single-parent families receiving Temporary Assistance increased 18.5% over 2008 to 12,338.
- Based on yearly averages, the number of two-parent families receiving Disability Assistance increased 7.9% over 2008 to 1,428. The number of single-parent families receiving Disability Assistance increased 5.4% over 2008 to 4,532.
- The average monthly caseload in 2007 was 100,090. In 2009, the average monthly caseload was 123,135, an increase of 23%.

## **Under the Poverty Line: Living on Social Assistance**

Ed and Rebecca live with their two children, Emma (7) and Aidan (2), in Winnipeg, Manitoba. Rebecca is a full-time caregiver for Aidan. Ed worked several contract jobs over the past few years. When the recession began, Ed was laid off, but didn't have enough hours to qualify for EI. So Ed and Rebecca were forced to turn to social assistance.

Because they were classified as "expected to work," Ed and Rebecca had to spend all of their cash and savings before they received Employment and Income Assistance. They then qualified for a basic benefit of \$628.40 a month, plus \$471 to pay for rent and utilities. The average rent for a two-bedroom apartment in Winnipeg is \$801 a month, so paying the rent cut into their basic benefit quite a bit, leaving them \$298 to spend on other necessities.

Ed and Rebecca also receive \$691 a month in other benefits, including the Canada Child Tax Benefit and National Child Benefit Supplement, the Universal Child Care Benefit, and the GST credit. This bumps their monthly income up to \$1,796 a month. At \$21,561 a year, Ed and Rebecca are now living at less than two-thirds of the after-tax LICO for Winnipeg.

They do receive drug and dental benefits, but they will lose these benefits if Ed finds another contract. They have no assets to help them make the jump from social assistance to work. During the tight months, they need to use a food bank to make ends meet.

In comparison, if Ed and Rebecca lived in Hamilton, Ontario, they would receive a basic needs allowance of \$438 a month and a shelter allowance of \$674 a month from Ontario Works. They would receive an additional \$894.24 monthly from child benefits and the GST credit. This would give them an annual income of \$24,075, still more than \$10,000 below the after-tax LICO.

Rent for the average two-bedroom apartment in Hamilton is \$831, which would consume 41% of their monthly income. They would be allowed to maintain assets of \$2,194, a small nest egg to help them get through emergencies. They would receive drug and dental benefits while on Ontario Works, with the possibility of still getting some help with costs if Ed found a job that kept their income very low.

Like many Canadian families, Ed and Rebecca are living well below the poverty line while receiving social assistance. It is a safety net that keeps them from hitting rock bottom, but it doesn't hold them very far off the ground.

## Employment

While those who lost their job or couldn't find work during the recession were certainly hit the hardest by it, those with employment were by no means untouched. The recession accelerated an on-going trend in Canada toward more precarious employment. Prior to the recession, more than 1 in every 3 jobs was considered to be precarious or non-standard: part-time, temporary or contract, with low wages and few or no benefits. This proportion has undoubtedly grown since the recession began. During the recession, the economy shed full-time jobs at a much faster rate than part-time jobs. Between October 2008 and October 2009, 2.2% of full-time jobs (307,400 jobs) were lost compared to 1.6% of part-time jobs (53,800).<sup>92</sup>

Initially, nearly all of the jobs created during the recession were part-time. Between October 2008 and August 2009, full-time jobs decreased by 486,000 while part-time jobs increased by 99,000 jobs.<sup>93</sup> After that, the situation evened out somewhat as 21,000 part-time jobs were lost overall and 131,000 full-time jobs gained overall between September 2009 and January 2010. All 43,000 jobs created in January 2010 were part-time, however.<sup>94</sup>

In October 2009, the number of part-time workers working 14 hours or less was 1,051,300. The number of part-time workers working 15 to 29 hours was 2,170,400.<sup>95</sup> Not only do part-timers work fewer hours than full-time employees, they also earn lower wages. In November 2009, the average hourly wage for a part-time employee was \$15.72.<sup>96</sup> For someone working 14 hours or less a week, this works out to a maximum of \$220.08 a week (\$11,444.16 annually), well below the LICO for all demographics and a poverty income if there's no other household source of income. For someone working 29 hours a week or less, this works out to a maximum of \$455.88 a week (\$23,705.76 annually), below the LICO for a family of 4 in any urban area. In November 2009, the average weekly wages for part-time employees 25 and older were \$357.05.<sup>97</sup> Part-time jobs also generally offer few or no benefits.

*The recession accelerated a trend toward precarious employment as part-time jobs replaced full-time jobs and temporary jobs replaced permanent jobs. These jobs have lower wages and few or no benefits.*

The number of hours worked declined faster than employment between October 2008 and October 2009. This is the combined result of job losses, work sharing and reductions in hours to save jobs. As of August 2009, 160,000 workers were on work sharing agreements, allowing them to make up some of the difference in their income due to reduced hours with EI benefits.<sup>98</sup> The number of employees working 40 hours a week declined 4.6% while the number of employees working more than 40 hours a week declined 4.5%. In contrast, the number of employees working between 30 and 34 hours rose 8.2%.<sup>99</sup>

The recession also increased the proportion of workers in other unstable job categories. The number of permanent employees decreased by 3.8% between October 2008 and October 2009. In contrast, the number of temporary employees grew during this period by 0.7%. The number of Canadians who were self-employed grew significantly during the recession, increasing 3.9% between October 2008 and October 2009. Most of the growth in self-employment occurred during the first 7 months of the recession, leading economist Erin Weir to question whether the growth was occurring as a result of choice or as a necessity due to the lack of job options.<sup>100</sup>

The number of workers with 1 year of tenure or less in their current job declined 662,700 or 17.8% between October 2008 and October 2009. This decrease is due both to job loss among workers with short tenure and the low rate of hiring during the recession. The number of workers with 1-5 years of tenure in their current job increased 4.2%, while the number of workers with more than 5 years of tenure remained relatively stable.<sup>101</sup>

### **Wages and the recession**

The number of employees earning \$30 or more per hour grew during the recession, with the number of those earning \$40 an hour or more growing significantly at 12.9%. The number of employees earning \$10 or less per hour (minimum wage or slightly above) declined 24.8% as they suffered heavy job losses. The number of employees earning between \$10 and \$20 an hour declined slightly more than 2%.<sup>102</sup>

In large part because of the decline in lower paid employment, average hourly wages have increased during the recession. Between November 2008 and November 2009, the average hourly wage increased 2.3% from \$21.82 an hour to \$22.32. This covers quite a wide range of wages, however. Full-time wages increased from \$23.34 an hour to \$23.87 (2.3%). Part-time wages increased from \$15.24 an hour to \$15.72 (3.1%). Wages for permanent jobs increased from \$22.41 an hour to \$22.89 (2.1%). Wages for temporary jobs increased from \$17.36 an hour to \$18.28 (5.3%).<sup>103</sup>

However, the decline in average working hours over the last year means that workers aren't necessarily taking home more pay. Part-time hours declined from 17.1 to 16.9 hours a week (1.2%) between October 2008 and December 2009, while full-time hours declined from 39.5 to 39.2 hours a week (0.8%) between October 2008 and December 2009. As a result, average weekly earnings of part-time workers increased only 1.2% over this period, compared to 3% for full-time workers.<sup>104</sup> The increase in part-time earnings is just slightly below the rate of inflation between December 2008 and December 2009, which was 1.3%.<sup>105</sup>

### **The Working Poor Need a Living Wage**

Rajat and Lalita live in Toronto with their children Tanak and Ayanna. Since Rajat and Lalita came to Canada 6 years ago, they have both been working minimum wage jobs. Once the children were born, they needed to juggle their shifts so that one of them could be home with the children at all times since they cannot afford child care, so Lalita has been working part-time.

After Ontario increased its minimum wage in March 2009, Rajat was making \$380 a week and Lalita was making \$190. Their annual employment income, at \$29,235, is approximately \$5,000 below the after-tax LICO.

Rajat and Lalita receive \$524.83 a month in child benefits and GST credit. But they also have to pay federal tax, Canada Pension Plan and EI premiums on their employment income, docking them \$2,075 a year. Their annual income as a result is \$33,458, \$1,280 below the after-tax LICO for a family of 4 in Toronto.

Rent for the average two-bedroom apartment in Toronto is \$1,096, which would consume 39% of their monthly income, leaving them \$1,692 a month to spend on other necessities such as food, clothing, utilities and transportation. If they were to spend what the average Canadian household spends per week on food, \$608 would go towards groceries, leaving \$1,084 for all other expenditures.

Because they are working minimum wage jobs, Rajit and Lalita do not get drug or dental benefits from work. This leaves them extremely vulnerable to any emergencies or illness.

Across the country, many Canadians like Rajat and Lalita are living in poverty despite working full-time. Work does not always pay a living wage, leaving too many families struggling on their own. Work should pay enough to allow families to live in dignity and to make choices that will promote their well-being.

## **Income**

We know from job loss numbers that the recession had a significant impact on the income of Canadians. The Vanier Institute of the Family reports that by mid-summer 2009, aggregate wages and salaries (the total of all wages and salaries in Canada) had decreased by 1% relative to the previous year. This came after annual increases in both 2007 and 2008. In October 2008, when the recession began, aggregate wages and salaries were 5% higher than the previous year.<sup>106</sup>

Similarly, the Centre for the Study of Living Standards noted a decline in nominal personal income and nominal disposable income between the last quarter of 2008 and first quarter of 2009. Income from wages and salaries declined 0.7%, but this was partially offset by a 1.6% increase in government transfers resulting in an overall decline of only 0.6% in both nominal personal income and disposable income.<sup>107</sup> However, the Centre also warns that declines in nominal personal income are never shared evenly, with some households doing as well or better than before and other households losing their entire income: “[I]n general the asymmetry in loss of income is highly regressive, with lower and middle income households experiencing much larger percentage losses of income than higher income households.”<sup>108</sup>

### **Recessions and the income gap**

Recessions are experienced quite differently by households with different levels of income. In the 1981-1983 recession, the bottom income decile saw their market income drop 60%. In the 1990-1993 recession, their market income dropped 86%. Meanwhile, the top income decile had their market income increase 2% in the 1981-1983 recession, while it decreased only 9% in the 1990-1993 recession.<sup>109</sup>

**Table 5: Market Incomes During Recessions and Recoveries by Income Decile**

	Recessions				Recoveries			
	1981-1984		1989-1993		1984-1989		1994-1998	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>Decile 1</b>	-2,928	-60	-3,230	-86	1,803	93	584	79
<b>Decile 2</b>	-6,443	-30	-8,608	-45	4,147	28	1,935	16
<b>Decile 3</b>	-5,497	-17	-8,308	-21	4,364	17	1,378	5
<b>Decile 4</b>	-4,278	-11	-7,565	-16	4,762	13	1,695	5
<b>Decile 5</b>	-3,587	-8	-6,867	-14	4,902	11	2,563	6
<b>Decile 6</b>	-3,114	-6	-5,897	-11	5,435	11	3,562	7
<b>Decile 7</b>	-3,178	-5	-4,729	-7	6,237	11	4,471	7
<b>Decile 8</b>	-3,000	-4	-4,669	-6	7,942	12	5,236	7
<b>Decile 9</b>	-2,736	-3	-4,925	-5	9,274	11	6,897	8
<b>Decile 10</b>	2,092	2	-13,287	-9	19,643	16	17,158	13

Source: Curry-Stevens, "When Economic Growth Doesn't Trickle Down."

The drop during recessions exacerbates the income gap in Canada, since the poor do not recover at the same rate as wealthier households. After dropping \$2,928 (1997\$) in the 1980-1983 recession, the lowest income decile saw their market income increase only \$1,803 between 1984 and 1989. In the 1990-1993 recession, their market income dropped \$3,230, but it increased only \$584 between 1994 and 1998. Meanwhile, the market income of the highest income decile increased \$2,092 during the 1980-1983 recession, and then increased another \$19,643 during the recovery period. In the 1990-1993 recession, their market income decreased by \$13,287, then increased \$17,158 between 1994 and 1998. The poor lose far more of their income during a recession, but they do not make up for it during times of economic growth.<sup>110</sup>

*Recessions deepen the income gap between the rich and the poor.*

There is significant reason for concern, therefore, that the 2008-2009 recession will continue this trend, furthering the income gap between the rich and the poor in Canada.

### Cost of Living

The Bank of Canada kept interest rates very low throughout the course of the recession, triggering fears that inflation could result. According to the Consumer Price Index, this was not the case, as core inflation for 2009 was 0.3%.<sup>111</sup> However, this is not the whole story. Over the course of 2009, food prices increased by more than the rate of core inflation and more than the rise in average income. Food thus became more expensive relative to income for Canadians.

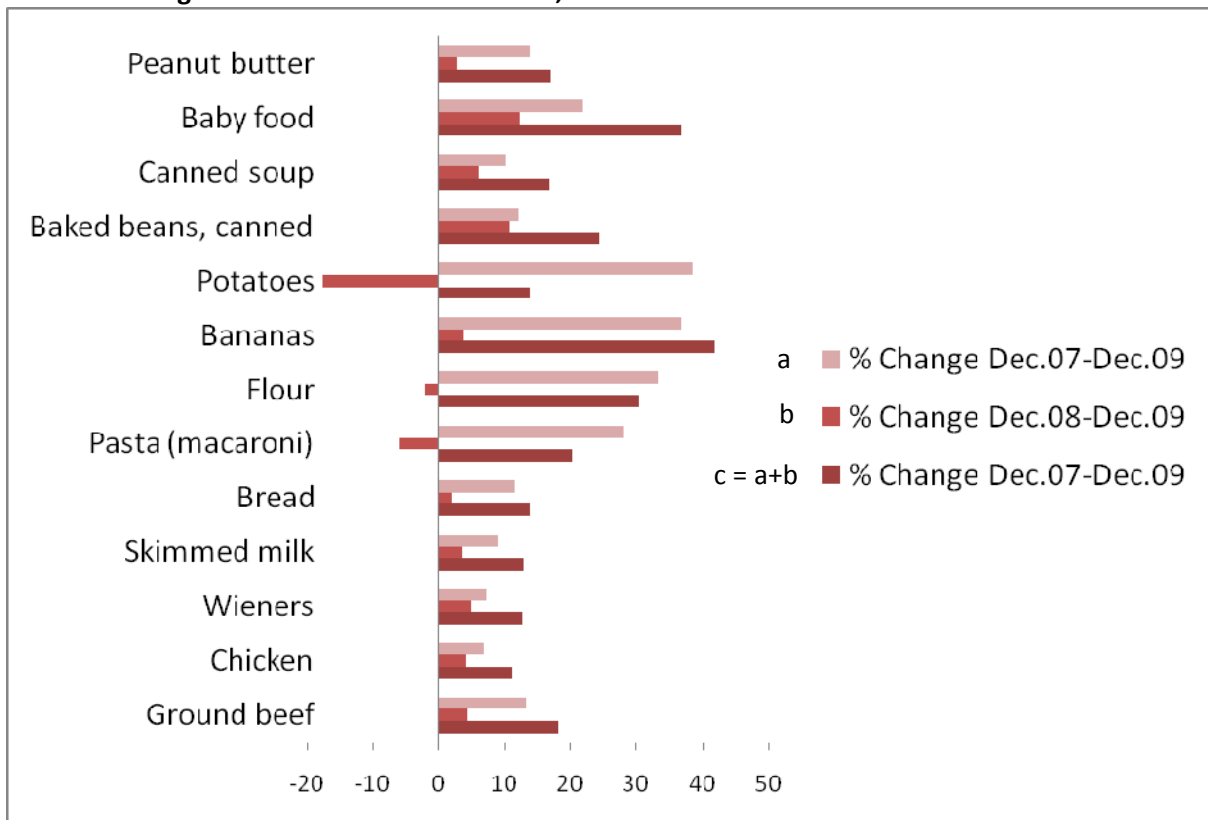
Across Canada, food prices increased by 4.9%, the biggest increase in the last five years. Six provinces – Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan – experienced an increase in food prices greater than 5%. All of the provinces saw an increase in food prices greater than their provincial rate of core inflation.<sup>112</sup>

When considering four staple food categories – meat, dairy, fruits and vegetables – only New Brunswick saw some price increases lower than the rate of inflation, for meat and dairy products. Six provinces had the price of vegetables jump more than 10%. All ten provinces had at least one item whose cost increased by 5% or more: fruit and vegetables in Newfoundland and Labrador; dairy, fruit and vegetables in Prince Edward Island; fruit and vegetables in Nova Scotia; fruit and vegetables in New Brunswick; fruit and vegetables in Quebec; vegetables in Ontario; fruit and vegetables in British Columbia; and all 4 staples in Manitoba, Saskatchewan and Alberta.<sup>113</sup> The Ontario Association of Food Banks estimates that as a result of rising food costs, a typical family of 3 in Ontario would need to spend \$432.64 more on groceries in 2009 than in 2008.<sup>114</sup>

*Food became more expensive relative to income over the past year.*

The impact can be seen on the cost of individual food items. Of 13 items that might be considered basic to a low income diet, 4 items increased more than 5% between December 2008 and December 2009. Between December 2007 and December 2009, the cost of all 13 items increased more than 10%, with flour, bananas, baked beans and baby food actually increasing more than 20%.<sup>115</sup>

**Chart 9: Change in Price for Basic Food Items, December 2007-December 2009**



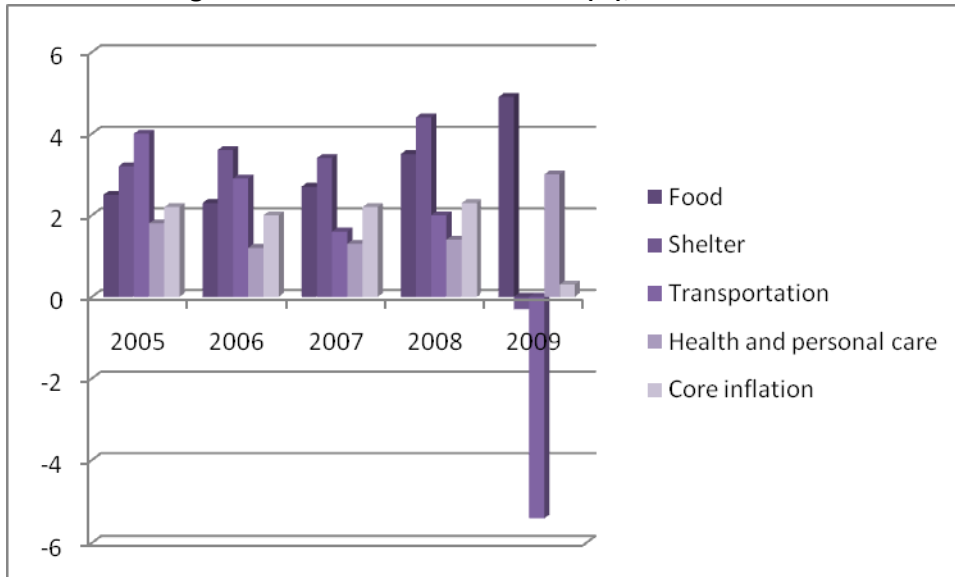
Source: Statistics Canada, “Food and other selected items, average retail prices.”

Nutritious food is even harder for Canadians to afford. A report in April pegged the price of a nutritious box of food for a family of 4 in Nova Scotia at \$670 a month.<sup>116</sup> In British Columbia, the monthly cost of a good food box for a family of 4 was \$872, with the cost in Vancouver going as high as \$919 a month. *The Cost of Eating in BC* calculates that a family of 4 on social assistance would require 49% of their income

to buy the food box. For a family of 4 with one earner in a low wage job, the basket would take 34% of their income, and for a family of 4 with one earner making the median wage, the basket would equal 19% of income.<sup>117</sup> In Ottawa, ON, the cost of a nutritious food box for a family of 4 was \$735 a month in 2009.<sup>118</sup> This cost would equal 40% of the income of a family on social assistance and 32% of the family income if one parent worked at minimum wage.<sup>119</sup>

Food is not the only cost of living to have increased by more than core inflation. Household operations, furnishings and equipment; health and personal care; and recreation, education and reading costs all increased by more than the rate of core inflation. Clothing and footwear, transportation and shelter costs all declined in 2009.<sup>120</sup> As Chart 10 shows, 2009 was a very unusual year in terms of inflation.

**Chart 10: Changes in the Consumer Price Index (%), 2005-2009**



Source: Statistics Canada, “Consumer Price Index, by province.”

The decline in shelter costs is attributable to a decline in water, fuel and electricity costs, rather than a decline in the cost of accommodation (the cost of rented accommodation increased 1.6% while the cost of owned accommodation rose 1%). However, 4 provinces saw an increase in shelter costs: Quebec, Ontario, Manitoba and Saskatchewan. Of these provinces, only Saskatchewan experienced an increase in water, fuel and electricity costs. The other three provinces had an increase in shelter costs significant enough to offset the decline in water, fuel and electricity costs.<sup>121</sup>

## Housing

Housing is the biggest expense for low income Canadians. As of the 2006 census, 31.2% of Canadian households were renters. However, this is not evenly distributed by income quintile – only 38.4% of households in the lowest income quintile own their own home. 57.1% of households in the second lowest income quintile own their own home.<sup>122</sup> Median annual shelter costs for renters in 2006 were \$8,057 (2008\$).<sup>123</sup>

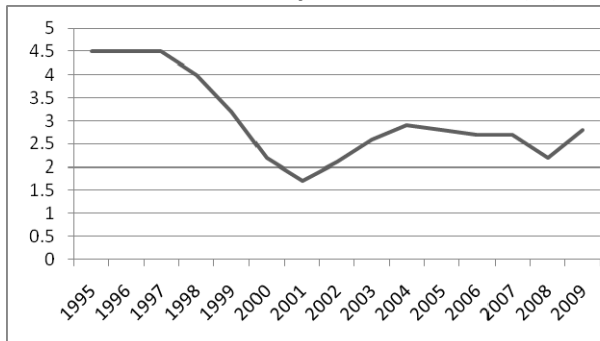
Rental housing costs have been increasing faster than the rate of inflation over the past several years. Between 2006 and 2009, rent increased almost 10% nationally.<sup>124</sup> Because the incomes of lower income households have remained relatively stagnant, this has led to a housing affordability squeeze. The



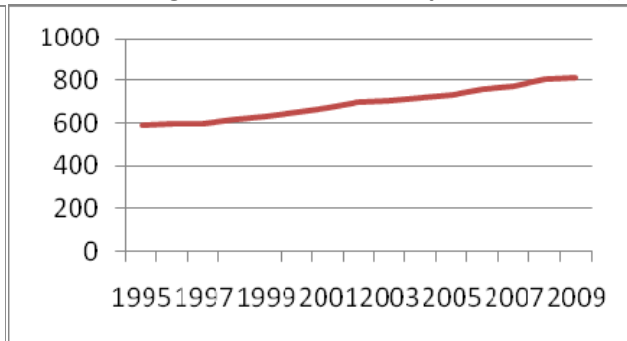
Canada Mortgage and Housing Corporation (CMHC) considers housing to be affordable if a household is spending less than 30% of its gross income on housing. In 2006, approximately 3 million households – nearly 25% of Canadian households – spent 30% or more of their income on shelter. However, this number does not distinguish between those who choose to spend more than 30% on shelter (for a bigger mortgage, for instance) and those who do so because they have no other option. Just over half of these households were renters; 40.3% of all renter households in Canada spent 30% or more of their income on shelter. 45.3% of single-parent, female-headed households spent 30% or more of their income on shelter.<sup>125</sup>

Canada’s rental market has also become increasingly narrow over the past several years, with vacancy rates under 3% since 2000. This leaves renters with fewer options, forcing many to pay higher rents than what they can necessarily afford. However, even when vacancy rates rise, rent does not necessarily decrease, as the vacancy rate may still be low enough that it puts no pressure on landlords to make housing more affordable.

**Chart 11: Rental Vacancy Rate, 1995-2009 (%)**



**Chart 12: Average Rent 2-Bedroom Apt, 1995-2009 (\$)**



\* Note: 1995-2007 are based on annual averages; 2008 and 2009 use rental vacancy rate in October. Source: HRSDC, “Indicators of Well-Being in Canada,” and CMHC “Rental Market Report: Canada Highlights.”

Source: CMHC, “Canadian Housing Observer.”

Between October 2008 and October 2009, the average rental apartment vacancy rate in 35 major Canadian centres rose from 2.2% to 2.8%. CMHC attributes this growth to the significant drop in youth employment, which resulted in many young people staying with their parents, and the attraction of home ownership due to the low rate of interest for mortgages. Rental construction and competition from the condo market also played a role.<sup>126</sup> Across the country, vacancy rates increased in 8 provinces (the exceptions were Newfoundland and Labrador and Nova Scotia). Vacancy rates were the highest in Windsor, ON (13%) and the lowest in Regina, SK and Quebec, QC (0.6%).

Across Canada, average monthly rent increased 2.3% for two-bedroom apartments in existing structures between October 2008 and October 2009 (CMHC does not include rental apartments that were constructed or newly rented during the past year in this calculation). In comparison, inflation over this period was 0.1%, according to the Consumer Price Index.<sup>127</sup> The largest rent increase came, not surprisingly, in Regina, which had a 10.2% increase in average rent. Saskatoon, SK came next at 8.3%, then Victoria, BC at 5% and St. John’s, NL at 4.9%. The highest average monthly rent for a two-bedroom apartment was Vancouver, at \$1,169. Calgary and Toronto were not far

*Across Canada, average monthly rents increased by far more than inflation.*

behind, at \$1,099 and \$1,096 respectively. The lowest average monthly rent could be found in Saguenay, QC, at \$518 a month.

5 provinces saw an increase in average rent of 3% or greater: Newfoundland and Labrador, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan. Only Alberta saw a decrease in average rent, at -1.9%. CMHC attributes this to the high vacancy rate in Alberta, which increased from 2.5% in October 2008 to 5.5% in October 2009.<sup>128</sup>

**Table 6: Vacancy Rates and Average Rents by Province, October 2008-October 2009**

	Vacancy Rates (%) October 2008	Vacancy Rates (%) October 2009	Average Rent 2-Bedroom* \$ October 2008	Average Rent 2-Bedroom* \$ October 2009	% Change of Average Rent 2-Bedroom** Oct07-Oct 08	% Change of Average Rent 2-Bedroom** Oct08-Oct 09
<b>Newfoundland and Labrador</b>	1.1	1	596	634	3.7	4.8
<b>Prince Edward Island</b>	2.6	3.1	660	688	3.1	4.7
<b>Nova Scotia</b>	3.5	3.1	795	838	2	2.8
<b>New Brunswick</b>	3.6	3.8	635	656	2.6	3
<b>Quebec</b>	2.2	2.4	628	640	2.1	2.8
<b>Ontario</b>	2.7	3.5	948	955	1.9	2
<b>Manitoba</b>	0.9	1.1	748	788	3.5	4.1
<b>Saskatchewan</b>	1.2	1.9	766	833	15.7	8.7
<b>Alberta</b>	2.5	5.5	1,077	1,044	7.1	-1.9
<b>British Columbia</b>	1	2.8	969	1,001	5.3	2.8

\* New and existing structures

\*\*Existing structures only

Source: CMHC, Rental Market Reports.

The CMHC also publishes a local rental affordability indicator, which compares “a three year moving average of median income of renter households to the median rent for a two-bedroom apartment in the community in which they live.”<sup>129</sup> A factor of 100 indicates that 30% of median income is necessary to pay the median rent. A number higher than 100 shows that less than 30% of median income is going towards rent, and a number lower than 100 means that more than 30% of median income is necessary to pay rent. Between October 2008 and October 2009, affordability decreased in 11 urban centres across Canada, increased in 8, and remained unchanged in 4. Of these 23 centres, 7 centres have an affordability rate of less than 100 and 3 centres have an affordability rate of 100 or 101, meaning that for 10 centres the median income earner is paying about 30% of their income or more on a two-bedroom apartment. (See Table 7 for Affordability Indicators by CMA).

*Low income renters feel the affordability gap the most, since the higher the rent, the less money there is to pay for food and other necessities.*

The impact of the affordability gap is felt most by low income renters. The higher the rent, the less money there is to pay for other necessities, such as food, clothing and childcare. Nearly 60% of food bank users across the country depend on rental accommodation at the market rate for housing.<sup>130</sup> Ontario food bank users spend on average 65% of their income on shelter and utilities.<sup>131</sup> In Toronto, that amount is 76%.<sup>132</sup> Unsurprisingly then, the Ontario Association of Food Banks reports that 36.5% of food bank users were a month or more late in paying rent at least once in the past year, more than 50% were a month or more late in paying a utility bill in the past year, and 1 in 4 food bank users was unable to adequately heat their home.<sup>133</sup>

**Table 7: Affordability Indicator for Rental Housing by CMA**

Census Metropolitan Area	2008	2009	% change
Calgary	106	118	10.6%
Edmonton	111	112	0.9%
Halifax	112	109	-2.7%
Hamilton	107	101	-5.5%
Kitchener	121	121	-
London	123	126	2.4%
Montreal	138	142	2.89%
Oshawa	100	98	-2%
Ottawa	104	103	-0.9%
Gatineau	129	127	-1.5%
Quebec	124	121	-2.4%
Regina	111	106	-4.5%
Saguenay	140	152	8.7%
Saskatoon	100	101	1%
Sherbrooke	143	151	5.3%
St. Catharines-Niagara	106	108	1.9%
Sudbury	88	88	-
Thunder Bay	94	87	-7.3%
Toronto	90	91	1.1%
Vancouver	99	98	-1%
Victoria	103	95	-7.5%
Windsor	89	89	-
Winnipeg	101	100	-1%

Source: CMHC, "Rental Market Report Highlights: Canada."

### **Social housing and homelessness**

While numbers on social and non-profit housing in 2009 are not available yet, a report from June 2009 states that Service Managers for Ontario Non-Profit Housing observed a trend of increasing numbers on waiting lists for affordable housing after the start of the recession. At the beginning of 2009, there were 129,253 households on municipal waiting lists for housing support. This is an increase of 5,221 households, or 4.2%, over January 2008. The report notes that many more households in Ontario are in need of affordable housing, but are discouraged from applying by the very long waiting lists. According to the 2006 census, 261,225 Ontario households were paying 50% or more of their income on rent, which would make them eligible for assistance. Only half that many have applied. Because of the

recession, the Ontario Non-Profit Housing Association expects waiting list numbers to continue to climb in the next few years. 38.6% of households on the list presently are families.<sup>134</sup>

Data on homelessness in 2009 is also not yet available. However, Calgary's Vital Signs Report Card states that the shelter utilization rate in Calgary increased from 85% in June 2008 to 88% in May 2009, despite an increase of 300 in the number of beds available.<sup>135</sup> The Ottawa Mission reports that total numbers of people staying in their shelter decreased slightly in 2009 compared to 2008, but that more people are staying at the shelter on a nightly basis because average stays are becoming longer. In 2009, 1,627 people used the shelter compared to 1,667 in 2008, but the average number of persons per night increased from 208 to 214.<sup>136</sup>

## Debt and Bankruptcy

Given the combined impact of unemployment and income loss, stagnant wages, and increased cost of living for basic necessities like food and shelter, it is no wonder that more Canadians are struggling with debt. According to the Vanier Institute of the Family, the debt-to-income ratio reached a record high of 145% in 2009.<sup>137</sup> Average debt per household grew to \$96,100 in the third quarter of 2009, a growth of 5.7% over 2008.<sup>138</sup> Average consumer credit per household grew 7.5% over this period, hitting \$27,250 in the third quarter of 2009. Average mortgage debt grew 6%, reaching \$59,920 in the third quarter of 2009.<sup>139</sup>

Low income families do not hold all or even most of this debt, of course. However, low income families still carry a significant proportion of debt. A 1999 survey of financial security found that 1 in 4 households in the lowest three income deciles – all below the LICO – had credit card debt, and 1 in 6 households had other debts.<sup>140</sup> The rate has probably increased since then due to easy access to credit cards and the growth in payday loan institutions over the past decade. In 2009, 36.2% of Ontario food bank users received a high interest loan from a payday institution, pawn shop or unlicensed individual such as a loan shark.<sup>141</sup>

*The growth in consumer insolvencies is evidence of the significant increase in economic insecurity during the recession. It also shows the impact of job losses and the increase in precarious employment.*

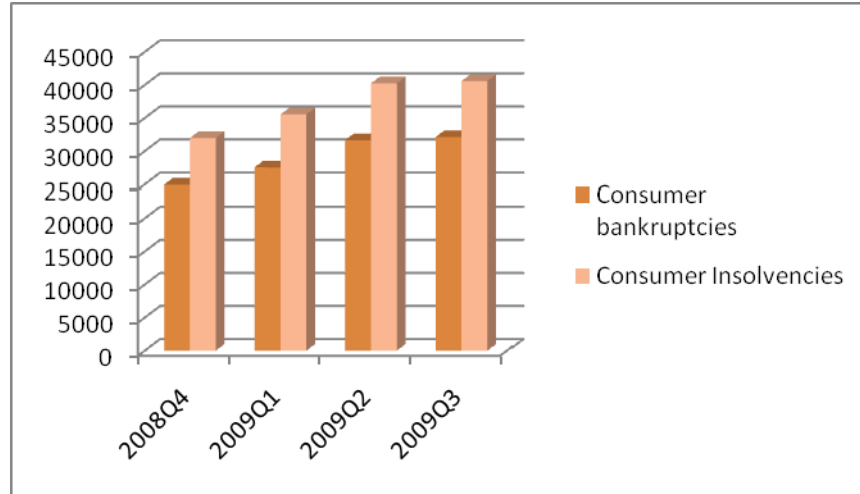
The average debt for Ontario food bank users in 2009 is \$7,981, although the debt-to-income ratio is much lower than the national average at 50%.<sup>142</sup> 77% of food bank users in the Greater Toronto Area went into debt to pay for basic needs such as food, rent or clothing, while 22% of them went into debt for health-related costs.<sup>143</sup>

The number of bankruptcies increased significantly during the course of the recession. At the end of the third quarter of 2009, consumer bankruptcies were up 36.4% across Canada compared to the same time the previous year. Consumer proposals – alternative payment arrangements to meet debt obligations – increased 36.2% over the same period.<sup>144</sup> The biggest increase came in the second quarter when consumer bankruptcies increased 14.9%.<sup>145</sup> (See Chart 12).

Consumer insolvency rates (bankruptcies plus proposals) have risen steadily in Canada since the 1980s, however that growth had slowed and stabilized somewhat since 2003, with a decline from 2005 to 2006. Between 2007 and 2008, the rate of consumer insolvencies rose

14%, an increase of approximately 14,000 cases.<sup>146</sup> In 2009, there were 151,712 consumer insolvencies in Canada, 35,923 cases higher than in 2008.<sup>147</sup>

**Chart 13: Consumer Bankruptcies and Insolvencies, 2008Q3-2009Q3**



Source: Office of the Superintendent of Bankruptcy Canada, “Insolvency Statistics in Canada.”

Approximately 80% of consumer insolvencies in Canada are no-income, no-asset debtors. This means that they have no assets to liquidate (exemptions vary by province) and their income is below the thresholds set by the Office of the Superintendent of Bankruptcy (OSB) for surplus income. The OSB’s standards are set using the LICO, which means that these debtors have incomes at or below the LICO.<sup>148</sup> This does not mean that 80% of Canadians who go bankrupt are persistently low income, however. Among the leading causes of bankruptcy in Canada are job loss or income loss, divorce, and health problems, suggesting that sudden loss of income often leads to bankruptcy.

Still, a 1997 profile of Canadian debtors found that around 40% of those applying for bankruptcy protection had incomes less than half of the median income in the year before applying for bankruptcy. This proportion remained roughly similar to a 1977 survey, suggesting that Canadians seeking bankruptcy are consistently poorer than the general population.<sup>149</sup> The 1997 survey also found that only 12% of people applying for bankruptcy protection had not worked in the past year, suggesting that a key problem is the precariousness of work.<sup>150</sup>

The growth in consumer bankruptcies and proposals is evidence of the significant increase in economic insecurity over the course of the recession. It also demonstrates the impact of the spike in job losses and the increase in precarious and non-standard work over the past year.

## Food Bank Use

One of the most visible impacts of the recession has been on food bank use: the number of food bank users jumped 18% between 2008 and 2009, the largest increase on record. In March 2009, 794,738 Canadians used a food bank compared to 675,735 people in March 2008.<sup>151</sup> Perhaps most tellingly, the number of food bank users who had never used a food bank before was 9.1%. The number of food bank

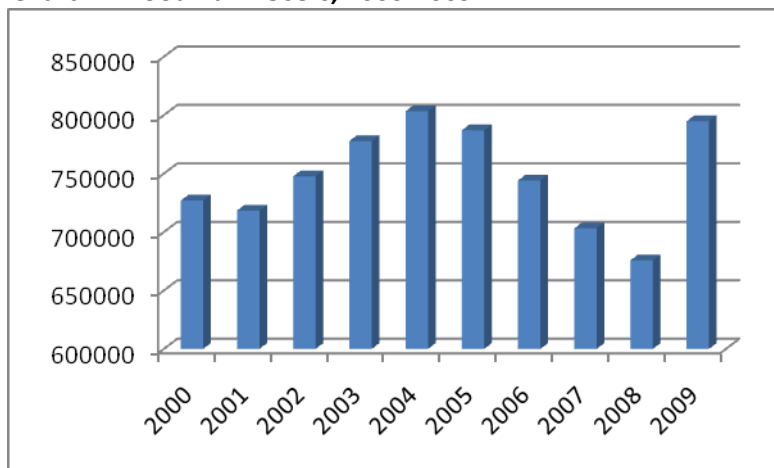
*Because unemployment is projected to decline slowly, it will likely be several years before we see a significant decline in the number of food bank users.*

users in 2009 is close to the record number set in 2004 of 803,335. As the impact of the recession continues to be felt, the number of food bank users could reach that peak again in coming years.

After the last recession ended in 1993, the number of food bank users continued to climb until 2004. A recent report by the Canadian Centre for Policy Alternatives attributes this constant growth to the severe reforms to welfare access and significant cuts to welfare benefits that took place during the mid-1990s and early 2000s.<sup>152</sup> After reaching its peak in 2004, the number of food bank users declined steadily between 2004 and 2008. Nearly

all of those gains have now been undone. Given that employment is projected to improve slowly and unemployment to decline even more slowly, it is likely that it will be several years before we see the number of food bank users decline significantly.

**Chart 14: Food Bank Users, 2000-2009**



Source: Food Banks Canada, HungerCounts 2000-2009.

Food bank use does not account for all food insecurity in Canada, as estimates propose that the food insecurity rate is 4 to 5 times the rate of food bank use. This suggests that the number of Canadians experiencing food insecurity in 2009 could be as high as 3.9 million. In 2005, 22% of those in the lowest income decile reported experiencing food insecurity. More than half of people receiving social assistance experienced food insecurity at 59%, while only 5% of those who depend primarily on employment earnings were food insecure. However, because the total number of people on welfare is much smaller, people on social assistance represent only 14% of the food insecure population, compared to 63% whose major source of income is employment.<sup>153</sup>

### **Food bank use by province**

7 provinces saw double digit increases in the number of food bank users. Alberta topped the list, with an increase of 61%. Nova Scotia was second with 20%, and Ontario third at 19%. Alberta, Ontario and British Columbia, the provinces that lost the most jobs during the recession, were among the top five provinces for year-over-year increases in food bank users. But surprisingly, Nova Scotia and Manitoba – both of whom experienced relatively small increases in unemployment – still had very considerable

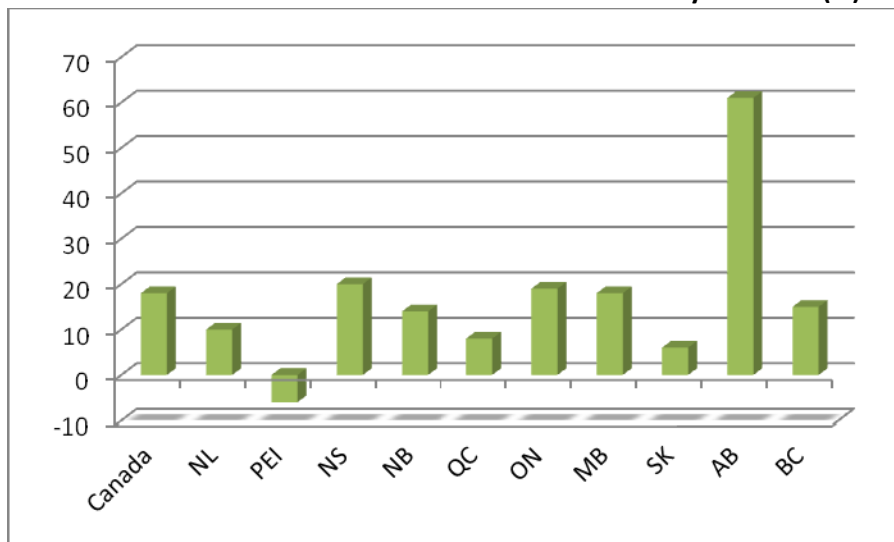


increases in the number of food bank users. Only Prince Edward Island saw a decline in the number of users.

Despite the decline of food bank use in March, food banks in Prince Edward Island have observed significant increases after March, in part because they are assisting more people who have returned from Western Canada after losing their job.

Quebec, meanwhile, noted that the need for food increased more than the use of food banks, because Quebec’s food banks were only able to meet one-third of requests in 2009. In Ontario, 38% of food banks did not have enough food to meet the needs of their clients. Across Canada, 36% of food banks had to give out less food per client than usual this year because of the high demand. And the number of food banks that ran out of food in March nearly doubled, from 7% in March 2008 to 13% in March 2009.

**Chart 15: Increase in the Number of Food Bank Users by Province (%)**



Source: Food Banks Canada, “HungerCount 2009.”

Alberta experienced a higher than average number of first time users, with 16% of clients being first time food bank users. The number of clients receiving EI benefits also increased from 2.7% in 2008 to 4.9% in 2009 in Alberta. Prince Edward Island, Newfoundland and Labrador and New Brunswick, which have the highest rates of EI coverage, had the highest number of users who were receiving EI as their principal source of income, at 19%, 14% and 9% respectively.

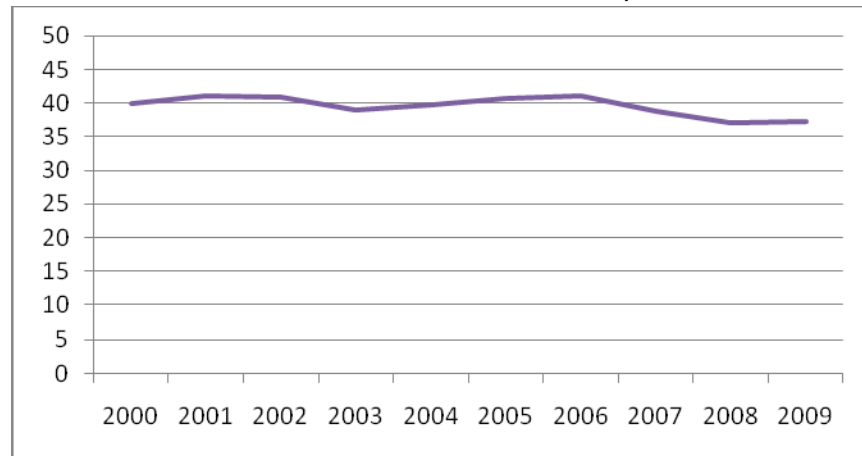
**The demographic profile of food bank users**

A significant proportion of food bank users are children, at 37.2%. This proportion is roughly consistent with the past two years, although due to the overall increase in the number of food bank users, the number of children who depend on food banks has increased significantly. In March 2009, 293,677 children received food from a food bank. The number of children using a food bank varies by province, ranging from 31% in British Columbia to 49% in Manitoba.

Approximately half of food bank users are families with children. In 2009, 25% of food bank users were single-parent families, while 23.8% were two-parent families. The profile of family types has remained relatively unchanged over the past few years, although the proportion of single, unattached people has

edged up slightly while the proportion of single-parents has edged down slightly. Of course, the overall number in each category increased between 2008 and 2009.

**Chart 16: Children as a Percent of Food Bank Users, 2000-2009**

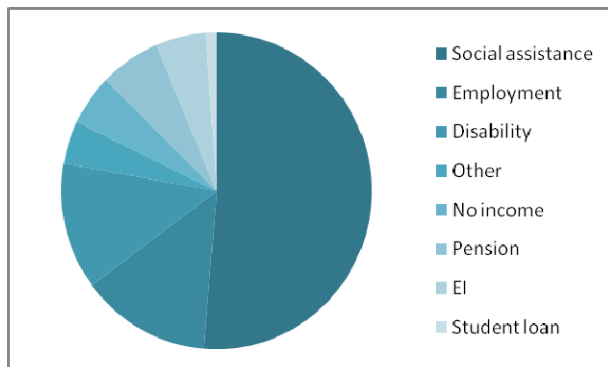


Source: Food Banks Canada, HungerCounts 2000-2009.

The proportion of food bank users who depend on employment as their main source of income decreased slightly this year, from 14.5% in 2008 to 13.6% in 2009. However, 2008 was higher than the past five years, so this year represented a return to the norm. The number of working poor is much higher in Alberta than elsewhere in the country, with 27% of food bank users relying principally on employment income. At a national level, the proportion of food bank users receiving EI benefits increased from 4.8% in 2008 to 5.3% in 2009.

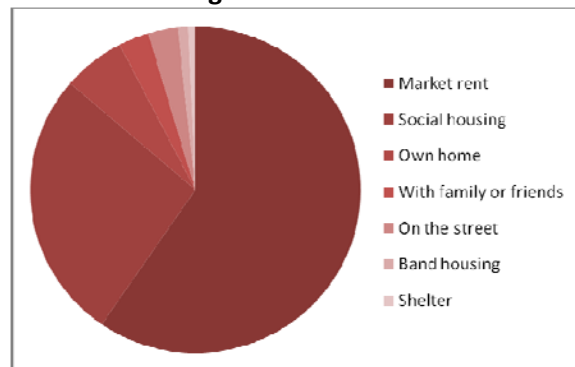
Fully half of food bank users (51.5%) receive social assistance. This is a slight increase over 2008, when the proportion was 50.8%. A smaller proportion, 13%, receives disability assistance, and 6.3% rely on pensions. A small but significant number of food bank users, 5%, have no major source of income.

**Chart 17: Sources of Income for Food Bank Users**



Source: Food Banks Canada, "HungerCount 2009."

**Chart 18: Housing Situation of Food Bank Users**



Source: Food Banks Canada, "HungerCount 2009."

Most food bank users are renters, at 86.3%. Just over a quarter (26.7%) live in social housing, while 59.6% pay market rent. This proportion has increased over the past two years, with 55.4% paying market rent in 2007 and 57.9% paying market rent in 2008. Conversely, this year has seen a decrease in the proportion of people who are homeless, with 1% using shelters and 0.7% on the street, compared to 3.4% in shelters and 1.6% on the street in 2008. There was also an increase in the proportion of clients



living in band housing in 2009, since the number of Aboriginals using food banks increased in 2009 (12% of food bank users in 2009 were Aboriginal).

While food banks are able to alleviate some of the need, in 33.4% of the households that rely on food banks in Ontario, at least one member regularly misses three or meals per week due to lack of money. This demonstrates how deep the poverty gap is for these families.<sup>154</sup>

## Poverty Trends During the Recession

The 2008-2009 recession created poverty for Canadian families as hundreds of thousands of Canadians lost their jobs and struggled to make ends meet on inadequate EI benefits and low social assistance rates. The recession also increased the number of Canadians in precarious work, with low wages, part-time hours and no benefits. While more Canadians were receiving a lower income, all Canadians had to stretch their incomes farther as the cost of food and rental housing increased. The increase in the number of families experiencing economic insecurity is reflected in the significant rise in food bank use and climbing debt loads and bankruptcies.

Based on the relationship between poverty and unemployment, our trend analysis projects that the poverty rate rose at least as high as 11.7% in 2009, an increase of over 900,000 Canadians. The experience of previous recessions warns that it could take many years for the unemployment rate and the poverty rate to decline to their pre-recession level. This means that despite the preference for cutting government spending to eliminate the deficit, the federal government should not lose sight of the unemployment situation and its impact on Canadians over the next few years.

Canada suffered steep job losses throughout the recession, increasing the number of unemployed Canadians by 435,900 between October 2008 and October 2009. The unemployment rate rose to 8.6% over this period. However, if the number of Canadians working part-time involuntarily and the number of discouraged workers who have stopped looking for work are included, then Canada's real unemployment rate rose to 12.3% by January 2010. This is a significant number of Canadians facing economic insecurity due to unemployment or underemployment.

*Despite the preference for cutting government spending to eliminate the deficit, the federal government should not lose sight of the unemployment situation and its impact on Canadians over the next few years.*

Those who were already economically vulnerable before the recession began suffered disproportionately from its effects. Those in very low waged jobs – \$10 an hour or less – experienced the greatest job losses, at 24.8%. Those with the lowest levels of education – high school or less – were also the most likely to lose their jobs. Recent immigrants had extremely high levels of job loss, at 12.9%. Off-reserve Aboriginals, who already had higher unemployment levels than other Canadians before the recession, were also more likely to lose their job.

Job losses were not evenly shared among the provinces, with Ontario, Alberta and British Columbia recording heavy losses, while Manitoba and Saskatchewan were relatively untouched. The Atlantic provinces also had fairly low rates of job loss, while Quebec was somewhat under the national average.

The recession also demonstrated the inadequacies of the Employment Insurance system. While the rate of EI coverage increased, just over half of unemployed Canadians qualified for EI benefits. 777,400 unemployed Canadians did *not* qualify for EI benefits in October 2009.

Benefits for those lucky enough to qualify for EI were low, with the average weekly benefit representing a poverty income for households without any other source of income. Even the maximum available weekly benefit is a poverty income for some families.

As many as 500,000 Canadians may have exhausted their benefits in the past few months, as the average length of unemployment has increased during the recession. Workers who exhaust their benefits or who do not qualify for benefits at all either need to turn to social assistance or live off of savings or credit.

Social assistance caseloads increased across the country. Because welfare rates are below the LICO with the exception of lone mothers in Newfoundland and Labrador, this represents a direct increase in the number of Canadians living in poverty. It is not a 1:1 increase, however, as some of the new cases were likely engaged in precarious work and living in poverty already before turning to social assistance.

Alberta experienced the highest rate of increase in social assistance caseloads at 42.7%. Ontario was next at 23.3%, followed by British Columbia at 20.3%. The Atlantic provinces had very low rates of increase, while Quebec was comparatively low at 2.7%. Manitoba and Saskatchewan had fairly high increases given their relatively stable employment situation, at 9.3% and 8.4% respectively.

*When it is available, EI helps to keep people off of welfare. Even though benefits are low, EI is preferable to welfare since it is less stigmatizing and less controlling of people's lives than welfare.*

The rates of increase across the provinces coincide with rates of EI coverage, with those provinces having the lowest rates of EI coverage experiencing the greatest increases in welfare caseloads. This suggests that when it is available, EI does a lot to keep people off of welfare. Even though EI benefits are low, EI is still preferable to welfare since it is far less stigmatizing and less controlling of people's lives than welfare. This also demonstrates once again that EI is simply inadequate to deal with the realities of unemployment across Canada.

The full impact of the recession on social assistance caseloads has not yet been felt. 8 provinces experienced their peak caseload of 2009 in December. 7 of these 8 have already published an increase for January 2010. Caseloads could continue to increase throughout 2010, and will likely take multiple years to decline to their pre-recession level.

Those who were able to retain employment during the recession were not untouched, as the structure of employment was impacted. The proportion of non-standard or precarious work increased, as the economy lost more full-time jobs than part-time jobs, and many full-time jobs were replaced with part-time jobs once employment began to recover slightly. The number of permanent jobs also decreased while temporary work increased, and the number of self-employed increased by 3.9%. This kind of precarious work pays less, offers few or no benefits, and is highly unstable.

Average hourly wages increased across the board during the recession, but the reduction in working hours means that workers haven't necessarily been taking home more pay. The increase in average part-time earnings is below the rate of inflation.

Canada's experience with previous recessions demonstrates that recessions exacerbate the income gap between the rich and the poor, as the poor lose relatively more of their income during the recession, and then don't recover at the same rate as the rich between recessions. There is thus significant reason for concern that this recession will have furthered the growing income gap in Canada.

The cost of living for low income Canadians increased during the recession, as food prices rose significantly higher than the core rate of inflation and higher than the rise in average wages. Food thus became relatively more expensive to income for Canadians. Of 13 staples for a low income diet, 4 items increased more than 5% between December 2008 and December 2009. All 13 items increased more than 10% between December 2007 and December 2009, with 4 items actually rising more than 20%.

Shelter costs also increased as the average rent for apartments increased by more than the rise of inflation. 5 provinces saw an increase of 3% or greater in average rent. Only Alberta saw a decrease in average rent. Affordability declined in 11 of 23 major urban centres in 2009, with 8 centres experiencing an increase in affordability and 4 remaining the same. 7 cities have an affordability rate of less than 100, meaning the median rent is more than 30% of median income for renters.

The consequences of economic insecurity can be seen in rising debt loads, growth in bankruptcies, and skyrocketing food bank use. Average household debt increased 5.7% over 2008, with the debt-to-income ratio growing to 145%. While low income Canadians may have less than their share of the average debt, they still experience significant debt loads. Average debt for Ontario food bank users in 2009 was \$7,981, with most households going into debt for the sake of buying basic necessities. Consumer bankruptcies, meanwhile, increased 36.4% across Canada between September 2008 and September 2009.

Food bank use experienced the largest increase on record, at 18%. 794,738 Canadians used a food bank in March 2009. The number of food bank users who had never used a food bank before was 9.1%. This past year has undone the gains of the previous five years, with food bank use approaching its 2004 peak. Given that the declines came over a period of strong economic growth and that unemployment is projected to recover extremely slowly over 2010, it is likely that it will take a long time to see the number of food bank users decline to its pre-recession rate.

7 provinces saw a double digit increase in the number of food bank users. Only Prince Edward Island saw a decline, but it also reported a significant increase post-March 2009.

The need for food is even greater than the use of food banks. Quebec reported that it was only able to meet one-third of the demand in 2009, while many other food banks reported that they had trouble meeting demand or needed to give out less food per client in order to accommodate demand. Estimates are that food bank users are approximately one-fifth of the food insecure population in Canada; if so, the number of food insecure Canadians may be as high as 3.9 million.

*The number of food insecure Canadians may be as high as 3.9 million.*

## **Child poverty**

The recession's impact on Canadian families has also affected children. Families with young children experienced significant job losses, and the number of children receiving social assistance has increased in many provinces. Over 40,000 more children used a food bank in 2009 than in 2008.

The child poverty rate has been consistently higher than the general poverty rate over the past 30 years, but the gap between the two rates has varied. Even within the past 10 years, there has not been a consistent relationship between the child poverty rate and the poverty rate (see Appendix A). However, based on the 2007 gap between the poverty and child poverty rates (9.2% vs. 9.5%), it seems likely that the child poverty rate in 2009 is at least 12%, if the general poverty rate has risen to 11.7%. This would represent an increase of over 160,000 children compared to 2007.

This projection is supported by the high loss of employment among families with young children as 2.4% of fathers and 2.5% of mothers in two-parent families with at least one child under 18 lost their job during the recession – a total of 122,800 jobs lost. An even higher proportion of single mothers with a child under 18, 6.8%, lost their job, equalling 30,800 jobs lost. Over 150,000 Canadian families were thus looking for new work, on EI, or forced to turn to social assistance. We also know that while only half of the unemployed received EI benefits, fewer women than men qualified, suggesting that many single mothers may not have qualified for EI.

Among the provinces with available data, the number of children receiving social assistance increased in every province while the number of families receiving social assistance increased in all but one. New Brunswick is the exception, which saw a 2.1% decrease in the number of families. However, the number of children in New Brunswick increased by 7 children, or 6%. Quebec experienced a very modest increase in both families (0.4%) and children (0.9%). Ontario had a more considerable increase, with the number of single-parent families on Ontario Works rising 8.7%. The number of dependents in two-parent families rose 29.9%, although this does not distinguish between children and adult dependents. British Columbia saw the highest increases, with a 60.1% increase in the number of two-parent families, an 18.5% increase in the number of single-parent families, and a 25.2% increase in the number of children.

Food bank data also shows an increase in the number of children in economically insecure families. The number of children relying on food banks increased from approximately 250,970 in 2008 to 293,677 in March 2009, an increase of 17%. Half of all food bank users in Canada are families with children.

Based on job loss, social assistance increases and food bank use, it seems likely that an increase of 160,000 children living in poverty during the recession has occurred.

### 3. Poverty Trends in Five Cities

The impacts of the recession were not evenly distributed among Canada's provinces, and thus they were not evenly distributed among Canadian cities either. This section considers the recession's impact on poverty in five Canadian cities: Montreal, Toronto, Hamilton, Winnipeg and Vancouver. These are cities where World Vision has programs on child poverty. They are also fairly representative of the impact of the recession on Canadian cities, since they include the three largest cities in Canada, a city in Ontario's industrial heartland, and a large city in one of the smaller provinces.

The cities reflect the experience of their province, with Vancouver, Toronto and Hamilton being the hardest hit, and Winnipeg and Montreal being impacted relatively lightly. However, economic insecurity increased in all five cities and the poverty rate has likely increased in all five as well. The poverty rate was highest in Montreal and Vancouver prior to the recession, but the poverty rate likely increased the most in Vancouver, Hamilton and Toronto.

#### Montreal

Montreal had the weakest economy going into the recession, with the highest unemployment rate, the highest poverty rate, and the second highest child poverty rate. While the impact of the recession on Montreal was probably the lightest among the five cities, it nevertheless left the Montreal economy in even worse shape than before it began.

Montreal experienced an increase in unemployment similar to the national average, rising from 7.4% in October 2008 to 9% in December 2009.<sup>155</sup> Between October 2008 and October 2009, Montreal saw a 48.2% increase in the number of EI recipients, rising from 40,250 to 59,660.<sup>156</sup> The Beneficiaries/Unemployed rate stayed very low, however. In August 2009, the B/U rate was 36.9%.<sup>157</sup>

The number of unemployed increased from 95,400 in January 2009 to 113,100 by December 2009, peaking at 126,100 in July. The number of employed dropped from 944,800 in January 2009 to 916,400 by December 2009, a decrease of 3%. The number of full-time employees dropped 7,600, while the number of part-time employees declined 20,700. The number of full-time employees declined significantly in the first half of 2009, however, and then recovered from there. The number of part-time employees, meanwhile, remained roughly steady for the first half of the year before declining in the second half.<sup>158</sup>

Surprisingly, despite the low rate of EI coverage, social assistance cases in Greater Montreal<sup>iv</sup> increased at a lower rate than the provincial average. Between October 2008 and December 2009, there was an increase of 2,343 cases (2.1%) of Last Resort Financial Assistance, bringing the total caseload to 111,712. The number of recipients increased 1.8% over this period, to 175,701. The number of children declined by 7, however, to 49,306.<sup>159</sup>

*While Montreal had the lightest impact from the recession, its economy was the weakest before the recession began.*

<sup>iv</sup> The City of Montreal and its suburbs.



Based on August of each year, the 2009 social assistance caseload increased by 2.3% over 2008. The 2008 caseload had declined from the previous year, however, so the increase between 2007 and 2009 is smaller, at 1.9%.<sup>160</sup>

Montreal’s vacancy rate remained basically stable, increasing from 2.4% in October 2008 to 2.5% in October 2009.<sup>161</sup> Average rent for all apartment types rose 2.7%,<sup>162</sup> much higher than the rate of inflation, which was 0.8% in 2009.<sup>163</sup> Montreal’s affordability indicator rose slightly, from 138 to 142.<sup>164</sup> Montreal is one of the most affordable cities in Canada for rental housing.

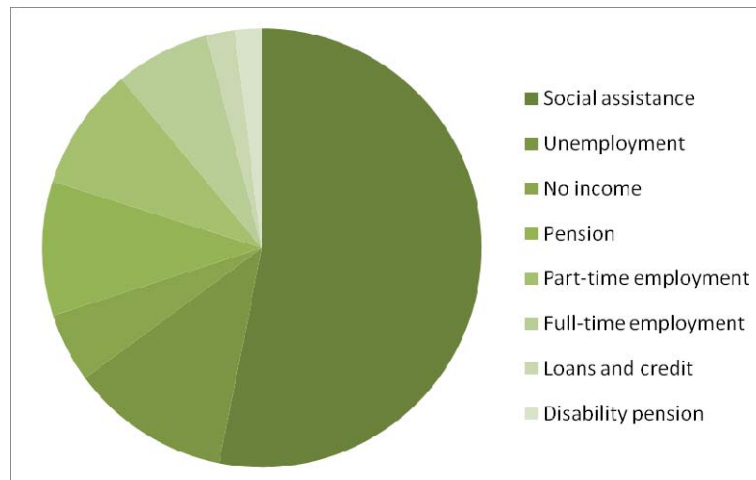
Consumer insolvencies increased by 25.9% in Montreal between the end of the third quarter of 2008 and the end of the third quarter of 2009. Bankruptcies increased 27.6% over this period. This is considerably lower than the national average, but it is a much larger rise than the increase between 2007 and 2008 which was 15.4% for consumer insolvencies and 13.2% for consumer bankruptcies.<sup>165</sup>

Food bank use increased significantly in Montreal, with the number of households receiving food from a Montreal food bank increasing 16.9% between March 2008 and March 2009. The number of people receiving food in March 2009 reached 52,569. Food banks received a total of 672,977 visits in March 2009, with 41.5% of clients coming 1 time, 21.8% of clients coming 2 times, 15.9% of clients coming 3 times and 20.8% coming 4 times or more. The number of people coming 4 times or more increased 21.7% compared to March 2008.<sup>166</sup>

Children were 34.3% of recipients, as 16,459 children received direct assistance, a 56% increase over 2008. Another 1,470 children received assistance from supporting organizations. Additionally, 108,185 meals were served to children under 12, and 77,994 meals were served to kids from 13-17.

Two-parent families made up 22.5% of food bank clients, with nearly 200 fewer two-parent families using a food bank in 2009 compared to 2008. Single-parent families represented 27.2% of food bank clients, with an increase of 1,400 families over 2008.

**Chart 19: Sources of Income for Food Bank Users in Montreal**



Source: Moisson Montréal, “Bilan-Faim 2009.”

More than half of food bank users received social assistance, as 51% of clients, or 18,345 people reported social assistance as their source of income. This was an increase of 2,099 people (12.9%)

compared to March 2008. The number of unemployed increased by 80% to 3,775, making up 11.3% of food bank users. The number of people with some employment income increased to 15.4% of food bank users from 10% in March 2008. Slightly less than half of food bank users who were employed worked full-time as 2,235 food bank clients had full-time employment, while 2,903 had part-time employment. Meanwhile, 9.5% of food bank users relied on pensions, while 1.9% received a disability pension. Clients depending on loans and credit decreased from 810 to 667 in March 2009, making up 2% of food bank users. People reporting other sources of income also declined 44.1% to 1,635.

Among the five cities considered by this report, Montreal appears to have had the smallest impact from the recession. However, because Montreal's economic situation was one of the weakest to start with – especially because of high unemployment – Montreal is still not in a great position coming out of this recession. At 9%, it has the highest unemployment rate of all five cities. Montreal also had the highest pre-recession poverty rate, at 14.3% in 2007 (after-tax LICO). Montreal's child poverty rate was second highest at 13.8%.<sup>v167</sup>

The increase in unemployment, which mirrors the average increase across Canada, suggests that Montreal's poverty rate has likely risen since 2007. The increase in social assistance caseloads is comparatively low however, the lowest of the five cities and lower than Quebec's provincial average. So the poverty rate may have risen only slightly. The number of children receiving social assistance actually declined in 2009, which may indicate that the child poverty rate has not increased. However, the double digit increase in food bank use demonstrates that many families are still suffering from economic insecurity in Montreal.

## Toronto

Toronto, like much of Ontario, was hit hard by the recession. Like Montreal, Toronto's unemployment rate was high prior to the recession, although its poverty and child poverty rates were right in the middle for the five cities. Toronto was thus not starting from a strong economic position, and it had to contend with the lowest rates of EI coverage.

Unemployment increased from 7.5% in October 2008 to 8.9% in December 2009 in the city of Toronto, peaking at 12.6% in July. In the Toronto Census Metropolitan Area (CMA), which includes many of the municipalities of the Greater Toronto Area (GTA), the unemployment rate increased from 6.3% in October 2008 to 8.4% in December 2009, peaking at 11.28% in July.<sup>168</sup>

In October 2009, the number of Torontonians receiving EI benefits had increased 77.6% over October 2008, with 82,410 recipients of regular benefits.<sup>169</sup> Like many other urban centres in Canada, the B/U rate is very low in Toronto. Before the current Variable Entrance Requirements were set in 1996, nearly half of Toronto's unemployed received EI benefits. Prior to the recession, this was down to 23%. During the recession, this rate increased slightly, reaching 31.9% in August 2009.<sup>170</sup>

*Toronto had the lowest EI coverage of the five cities and the highest increase in welfare cases.*

The number of unemployed in the City of Toronto increased from 108,410 in October 2008 to 130,000 in December 2009, peaking in June at 167,900. Employment in the city declined from 1,344,840 in October 2008 to 1,329,160 in December 2009, a loss of 15,680 jobs. Part-

<sup>v</sup> Statistics Canada recommends caution for this data.

time employment declined from 231,950 to 229,790 over this period, while full-time employment declined from 1,112,890 to 1,099,370.

Over the course of the recession, the number of unemployed in Toronto CMA increased from 198,450 to 266,530 in December 2009. Employment in Toronto CMA decreased by 22,510 jobs, from 2,936,290 in October 2008 to 2,913,780 in December 2009. Part-time employment declined from 491,100 to 489,900, while full-time employment declined from 2,445,200 to 2,423,870.

The number of Ontario Works cases in Toronto jumped by 19% over the course of the recession. In October 2008, there were 76,876 OW cases in the City of Toronto. By December 2009, there were 91,544 cases, an increase of 14,668. The number of recipients rose by 17% over this period, to 156,581. The peak month in 2009 was September, when there were 94,466 cases. September was the highest caseload Toronto had seen since October 1996.

The recession had a negative impact on wages in Toronto, with the average wage per hour declining from \$23.04 in October 2008 to \$22.79 in December 2009 and the median wage per hour declining from \$19.83 in October 2008 to \$19.28 in December 2009. Toronto CMA fared much better, with the average wage per hour increasing ever so slightly from \$23.15 an hour in October 2008 to \$23.30 an hour in December 2009 and the median wage per hour staying the same at \$20.

Consumer insolvencies in Toronto increased by 38.3% between the end of the third quarter of 2008 and the end of the third quarter of 2009. The number of consumer bankruptcies increased by 34.5% over this same period. Consumer insolvencies are thus on par with the national average in Toronto.<sup>171</sup>

The vacancy rate for rental apartments in the GTA rose from 2.1% in October 2008 to 3.1% in October 2009. Despite the significant increase in vacancy, average rent rose over this period by 2.1%.<sup>172</sup> Inflation for Toronto in 2009 was 0.4%.<sup>173</sup> Affordability increased very slightly in Toronto, from 90 to 91.<sup>174</sup> However, this means that the median rent for a two-bedroom apartment is still well over 30% of the median income earner's income in Toronto. In Toronto, food bank users spend 76% of their income on shelter, including utilities.<sup>175</sup> Toronto is the least affordable of the five cities considered in this report, and one of the least affordable cities in Canada.

The number of food bank users increased 9% between 2008 and 2009. Between April 2008 and March 2009, 1,030,568 clients used a food bank in the GTA, up from 952,883 between April 2007 and March 2008. The recession had a significant impact: in the first three months of 2009, the number of visits to food banks were up 17% compared to the same period the previous year.<sup>176</sup>

A fairly high proportion, 37% of clients, had been coming to a food bank for six months or less. Of these, 35% were coming because they had lost their job (17% of those who lost their job received EI benefits), 11% came because they were living on savings, and 6% came because of reduced hours at work.

The proportion of food bank users in the GTA who are children has remained roughly steady since 2007 at 35%. Families with children make up 42% of food bank clients: 18% are single-parent families, 21% are two-parent families, and 3% are extended families with children. The median monthly income for a couple with children using the food bank is \$1,400 (\$16,800 annually). This amount is lower than the LICO for a single person in Toronto. The median monthly income for a single-parent using the food bank is \$1,100 (\$13,200 annually).



Because the poverty gap of Toronto food bank users is so great, 42% of adult food bank users in the GTA report that they go hungry at least once a week, despite receiving food from a food bank. Children are also forced to miss meals with 17% of children going hungry at least once a week. Nearly half of food bank clients (46%) report having gone an entire day without eating in the past year, with 51% of these saying it is almost a monthly occurrence.

**Table 8: Sources of Income for Toronto Food Bank Users with Children, 2009 (as a % of users)**

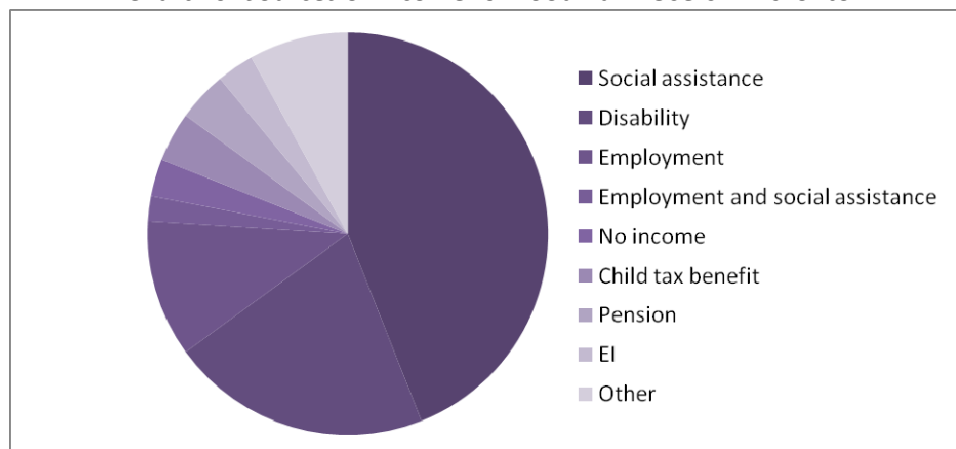
Main Sources of Income	Single Parent	Couple with Children	Extended Family with Children
<b>Ontario Works</b>	47	45	32
<b>ODSP</b>	14	9	15
<b>Employment</b>	11	19	17
<b>OW and employment</b>	1	2	8
<b>Other</b>	9	8	14
<b>Pension</b>	2	1	3
<b>Child Tax Benefit</b>	12	8	5
<b>EI</b>	3	5	5
<b>No income</b>	1	2	0

Source: Daily Bread Food Bank, "Fighting Hunger: Who's Hungry 2009."

Social assistance recipients make up the majority of Toronto food bank clients: 44% receive their primary source of income from Ontario Works, while 21% receive disability supports, including ODSP. A fairly high proportion, 11%, is employed, and 2% receive income from both employment and Ontario Works. The Canada Child Tax Benefit is reported as a source of income by 4%, while another 4% rely on pensions. 2009 saw a significant increase in EI recipients with 3% of food bank clients on EI; in 2008 the number was statistically insignificant. Another 3% have no income, and 8% have other sources of income.

While 11% of food bank clients depend on employment as their major source of income, 30% of households who use a food bank in the GTA have at least one person working. These clients average 20 hours per week, with an average wage of \$10.90. Most of them (82%) have no drug or dental benefits from work.

**Chart 20: Sources of Income for Food Bank Users in Toronto**



Source: Daily Bread Food Bank, "Fighting Hunger: Who's Hungry 2009."

In 2007, the poverty rate for Toronto CMA was 11.2%. The child poverty rate was 13.7%.<sup>vi177</sup> The City of Toronto has much higher poverty rates than its surrounding municipalities: in 2005, the child poverty rate was 25% for the City of Toronto<sup>178</sup> compared to 17.4% for the Toronto CMA as a whole.<sup>vii179</sup>

The recession's impact has likely increased Toronto's poverty rates even further. Toronto received the lowest EI coverage of the five cities, which explains why its social assistance caseload jumped so high, at 19%. The recession also increased the proportion of precarious work in Toronto, with a much more significant decline in full-time work than part-time work. This will only exacerbate Toronto's low EI coverage moving forward. The decline in average wages also coincided with a decrease in rental housing affordability, making it harder for low income earners to get by in Toronto.

Over a million people in the GTA used a food bank between April 2008 and March 2009. This is an astonishing number, and demonstrates the depth of economic insecurity in Canada's largest city. Children account for 35% of food bank clients, or approximately 360,000 food bank users.

## **Hamilton**

Prior to the recession, Hamilton had the lowest poverty and child poverty rates among the five cities. Hamilton was hit hard by the recession, however, witnessing a considerable spike in unemployment, social assistance cases and food bank use. The recession has left a significant impact on Hamilton's economy.

Hamilton is part of Southern Ontario's industrial heartland, and along with much of Ontario experienced a major increase in unemployment. The unemployment rate increased from 5.7% in October 2008 to 8.5% in December 2009, a larger jump than Toronto.<sup>180</sup> The number of EI beneficiaries increased by 107.1% between October 2008 and October 2009, with 9,980 recipients in October 2009.<sup>181</sup> The Beneficiaries/Unemployed ratio was slightly higher than for next door Toronto, at 36.4%.<sup>182</sup>

The number of unemployed in Hamilton increased from 22,900 in October 2008 to 34,800 in December 2009. However, employment also increased over this period, from 375,700 to 375,900 because the labour force increased by 3% during this time.<sup>183</sup>

Hamilton experienced a 27% increase in social assistance caseloads over the course of the recession, by far the highest among the five cities in this report. In October 2008, there were 10,127 Ontario Works cases in Hamilton. By December 2009, there were 12,943, an increase of 2,816 cases. The average monthly caseload in 2009, at 12,224, is significantly higher than 2008 at 10,035 and 25% higher than in 2007 at 9,752.<sup>184</sup>

The vacancy rate for rental apartments rose to 4% in October 2009 from 3.2% in October 2008. Despite the rise in vacancies, average rent still increased 1.4%.<sup>185</sup> Affordability in Hamilton dropped from 107 to 101. The CMHC attributes this fall to the rise in rent, since the decline in median income was impacted by the number of higher income households buying homes.<sup>186</sup>

The number of consumer insolvencies in Hamilton increased by 39.7% between the end of the third quarter of 2008 and the end of the third quarter of 2009. Consumer bankruptcies increased by 38.1%

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<sup>vi</sup> Statistics Canada recommends caution for this data.

<sup>vii</sup> Statistics Canada recommends caution for this data.

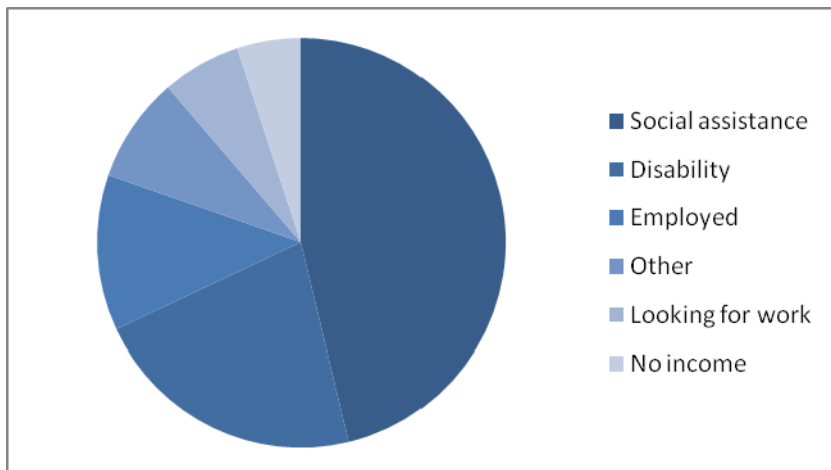
over this period. Both are higher than the national average, and significantly higher than the increase of previous years.<sup>187</sup>

Hamilton saw a 26% increase in the number of food bank users in 2009, the largest increase ever recorded in Hamilton. In March 2009, 19,602 people used a Hamilton food bank compared to 15,511 people in March 2008. This included 8,313 children – a 33% increase over 2008. The number of households receiving food increased from 6,324 in 2008 to 7,685 in 2009.<sup>188</sup>

*In 2009, the number of food bank users increased 26%, the largest increase ever recorded in Hamilton.*

Just under half (47%) of food bank clients in Hamilton are families with children. Of these, 27% are single-parent families, a significant decrease from 2006 when single-parents represented 32% of food bank clients. This decrease may be the result of Hamilton’s decision to return part of the National Child Benefit Supplement clawed back by the province to social assistance recipients as part of the city’s Poverty Roundtable initiative.<sup>189</sup> The proportion of two-parent families has stayed consistent over the past few years at 20%.

**Chart 21: Sources of Income for Food Bank Users in Hamilton**



Source: Hamilton Food Share. “Hamilton Hunger Count 2009.”

Ontario Works recipients make up 45.8% of food bank users, while 21.6% receive disability assistance. The working poor represented 12.2% of food bank clients. The number of people looking for work who relied on a food bank increased from 2.9% in 2008 to 6.2% in 2009. The number of people without any income also increased, from 4% to 5%. The number of food bank users reporting other sources of income was 8.3%.

Prior to the recession, Hamilton had the lowest poverty rate and child poverty rate among the five cities in this report. In 2007, the poverty rate in Hamilton was 6.9%.<sup>viii</sup> The child poverty rate was 4.3%.<sup>ix</sup><sup>190</sup> The large jump in unemployment and social assistance cases suggests that the poverty rate has risen considerably since 2007. This is supported by the fact that Hamilton experienced the largest increase in social assistance cases and the largest increase in food bank use of the five cities.

<sup>viii</sup> Statistics Canada recommends caution for this data.

<sup>ix</sup> Statistics Canada recommends caution for this data.

The significant increase in the number of children using food banks indicates that the child poverty rate for Hamilton has also likely risen since 2007.

## Winnipeg

Much like Montreal, the impact of the recession on Winnipeg was comparatively light. Unlike Montreal, Winnipeg had a fairly strong economy going into the recession, and the economy has stayed relatively strong. However, Winnipeg still experienced a significant increase in social assistance cases, suggesting that many families were still being affected by economic insecurity in Winnipeg. Already before the recession, Winnipeg had a relatively high poverty rate despite its strong economy, suggesting that the benefits of a strong economy were not being equitably distributed. The recession may have exacerbated this trend.

Unemployment in Winnipeg increased from 4.6% in October 2008 to 5.7% in December 2009, the lowest increase among the five cities in this report.<sup>191</sup> The number of EI beneficiaries in Winnipeg jumped by 83.8% between October 2008 and October 2009, climbing to 6,010.<sup>192</sup> The Beneficiaries/Unemployed rate rose comparatively high for a major city, at 39.6% in August 2009.<sup>193</sup>

The number of unemployed in Winnipeg increased from 19,000 in October 2008 to 23,700 in December 2009. Because the labour force increased by 1.7% during this period, the number of employed also increased, from 392,800 in October 2008 to 395,100 in December 2009.<sup>194</sup>

*December 2009 had the highest welfare caseload Winnipeg has seen in the last five years.*

The social assistance caseload rose significantly in Winnipeg. In December 2009, there were 22,828 cases of Employment and Income Assistance in Winnipeg, an increase of 1,947 cases or 9% over October 2008. December also had the highest caseload of any month in the last five years.<sup>195</sup>

The apartment rental vacancy rate remained stable during the recession, going from 1% in October 2008 to 1.1% in October 2009.<sup>196</sup> During this same period, average rent increased 3.9% – a significantly higher jump than inflation, which was 0.5% in 2009.<sup>197</sup> Affordability declined from 101 to 100, due to both an increase in rent and a decline in the median income

of renter households.<sup>198</sup>

Consumer insolvencies rose 25% in Winnipeg between the end of the third quarter of 2008 and the end of the third quarter of 2009. Consumer bankruptcies rose 28% over the same period. This is considerably lower than the national average, but between 2007 and 2008, Winnipeg actually witnessed a decline in insolvencies and bankruptcies, so this still constitutes a significant change from the previous year.<sup>199</sup>

Winnipeg Harvest, which distributes food across the province as well as in Winnipeg, saw an 18% increase in demand between 2008 and 2009.<sup>200</sup> The number of school-age children using the food bank rose 24%, while the number of people receiving EI benefits climbed 83% over the same period.<sup>201</sup>

Winnipeg had a relatively high poverty rate prior to the recession. In 2007, the poverty rate in Winnipeg was 11.2%. The child poverty rate was 12.7%.<sup>202</sup> While the impact of the recession on Winnipeg may

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<sup>x</sup> Statistics Canada recommends caution for this data.

not have been as deep as for Toronto or Hamilton, the 9% increase in social assistance caseloads nonetheless suggests that the poverty rate has risen in Winnipeg. The 25% increase in consumer insolvencies after a decline in 2008 certainly provides evidence that Winnipeg is experiencing an increase in economic insecurity. Winnipeg also saw a significant jump in shelter costs and a low rate of affordability, suggesting that many low income Winnipeggers are feeling the pinch of the recession.

## Vancouver

Of the five cities considered in this report, Vancouver was undoubtedly hit the hardest by the recession. Vancouver also had by far the strongest economy at the start of the recession so the state of the economy at the end of the recession is not as bad as Montreal or Toronto. Even before the recession began, Vancouver had very high rates of poverty, however. Vancouver had the highest rate of child poverty and the second highest rate of child poverty. There is no doubt that the recession has increased poverty even further in Vancouver.

Vancouver experienced the greatest increase in unemployment, with the unemployment rate rising from 4.3% in October 2008 to 7.8% in December 2009.<sup>203</sup> Between October 2008 and October 2009, Vancouver saw a 124.8% rise in the number of EI recipients, rising from 13,790 to 31,000.<sup>204</sup> EI coverage was higher than Toronto, but on par with Montreal with a Beneficiaries/Unemployed rate of 36.9% in August 2009.<sup>205</sup>

*The number of unemployed in Vancouver rose 87% during the recession.*

The number of unemployed in Vancouver rose from 55,600 in October 2008 to 104,100 in December 2009. Employment declined over this period from 1,243,400 to 1,236,700, a loss of 6,700 jobs.<sup>206</sup> Although Vancouver experienced an 87% increase in the number of unemployed, its numbers were still relatively low compared to Toronto and Montreal because Vancouver's economy before the recession was so hot.

Because of the spike in unemployment, the number of social assistance cases rose significantly. In December 2009, there were 58,850 cases, a 15.3% increase over October 2008.<sup>207</sup> This is the highest number of welfare cases Vancouver has seen in five years. 1.8% of the population of Vancouver was receiving Basic Income Assistance (includes temporary assistance, excludes continuous assistance and disability) in December 2009. This includes 2% of the population of children under 19.<sup>208</sup>

The vacancy rate for rental apartments for Vancouver CMA rose from 0.5% in October 2008 to 2.1% in October 2009. CMHC attributes this increase to rising unemployment. Rent rose even faster, rising 2.9%,<sup>209</sup> which is well above the rate of inflation of 0.1% for 2009. The increase is smaller than the 2008 rent increase, which was 4.3%.<sup>210</sup> However, rising rents have squeezed affordability in Vancouver, which declined from 99 to 98 over this period.<sup>211</sup>

Consumer insolvencies in Vancouver increased a whopping 51% between the end of the third quarter of 2008 and the end of the third quarter of 2009. Consumer bankruptcies increased even more over this period at 51.8%. This rate of increase is well over the national average. However, the total number of bankruptcies in the first three quarters of 2009 (3,675) is much smaller still than Montreal (13,305) and Toronto (12,076) and likely reflects Vancouver's stronger economic position before the recession began.<sup>212</sup>

Neither Food Banks BC nor the Greater Vancouver Food Bank Society publishes statistics on food bank use in Vancouver. However, there is some evidence of an increase in the use of food banks during the recession. In October 2009, the Greater Vancouver Food Bank Society reported that lineups at food depots and partnering agencies had increased by 10% over the previous year. Food stock at the warehouse had decreased by 10,000 lbs over the same time last year.<sup>213</sup> The Harvest Project, a food bank in North Vancouver, also reported that in all of 2008, they had 3,900 client appointments. Before the end of December 2009, they had already had 6,300 appointments in 2009. The number of hampers distributed by the Harvest Project climbed from 5,000 in 2008 to 8,300 in 2009.<sup>214</sup>

Although Vancouver had the strongest economy prior to the recession, the benefits were not evenly distributed. Despite its booming economy, Vancouver had the highest child poverty rate and the second highest poverty rate of the five cities in this report. In 2007, the poverty rate in Vancouver was 13.1%. The child poverty rate was 17.6%.<sup>xi215</sup>

Given the significant spike in unemployment in Vancouver, it is likely that both the poverty rate and the child poverty rate have risen significantly. This is supported by the 15.3% increase in social assistance cases, the second highest increase among the five cities. Vancouver also had the highest increase in EI recipients, at 124.8%. Rising rent and declining affordability suggest that many in Vancouver are finding it harder to get by even if they maintained their income throughout the recession. The impact of increased economic security can be seen in the jump in food bank use and the extremely high increase in bankruptcies. There is no doubt that the recession has not been kind to Vancouver's low income citizens.

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<sup>xi</sup> Statistics Canada recommends caution for this data.

## Conclusion

The 2008-2009 recession created poverty and increased economic insecurity for Canadian families. Unemployment rose significantly, but only half of the unemployed received EI benefits. Social assistance caseloads climbed across the country. The proportion of part-time and temporary jobs increased, but part-time wages did not keep pace with inflation. Low income Canadians and those who lost their incomes because of the recession had to stretch their dollars further to pay for rising food costs and rent. Food bank use skyrocketed, as the average debt load increased and the number of bankruptcies grew. What is the prognosis for Canada's economy now?

Experience from past recessions provides several important insights. First, while it appears that employment has already begun to recover, an early recovery may not retain its promise. In the last recession, employment improved after 11 months, but declined for another 7 months after a mere 6 months of modest growth. So we should be cautious in assuming that our employment situation will improve uninterrupted from this point on.

Second, it can take a very long time for some indicators to return to "normal." After the previous recession, it took almost 8 years for unemployment to decline to its pre-recession level. It took 14 years for the poverty rate to decline to its pre-recession level. This suggests that without concerted government action, it could be many years before we see these indicators reach their 2007-2008 level. If unemployment and poverty go unaddressed, many of the Canadians affected by the recession will suffer from economic insecurity and poverty for years to come.

Finally, we also know that recessions increase the income gap. The poor lose a greater proportion of the income than the rich during recessions, but they do not recover at the same rate following recessions. Canada's growing income gap was a significant concern already prior to the recession. The recession has probably increased the urgency of the problem and suggests that something must be done to reverse the trend.

However, there was one important difference between this recession and past recessions: Employment Insurance provided much less of a safety net in this recession compared to past recessions. In the last two recessions, more than 75% of Canada's unemployed received unemployment benefits. In this recession, only 51% of unemployed Canadians received EI. Benefits received were also significantly lower. In 1990, the maximum weekly benefit was \$570 (2009\$). In 2009, the maximum weekly benefit was \$447. This means that for EI recipients without another household source of income, EI was a poverty income.

Social assistance ended up filling in the gap created by EI. Provinces with the lowest rates of EI coverage had the highest increases in social assistance caseloads, while the provinces with very high rates of EI coverage had relatively low increases in social assistance caseloads. While EI is inadequate, it is preferable to social assistance since it is less stigmatizing and less controlling of people's lives. The increase in social assistance cases has also presented a significant financial cost to provinces and municipalities across Canada.

In 2007, Canada's poverty rate was the lowest it has been in 30 years, yet more than 1 in 11 Canadians lived in poverty. Now the recession has increased the number of poor Canadians. This suggests that a poverty elimination strategy remains a priority for Canada. Without such a strategy, we will simply see the poverty rate continue to rise and fall along with the economic cycle, without making any progress

towards eliminating poverty. Far too many Canadians were poor in economic good times, and even more are vulnerable to poverty when the economy suffers. It will take direct and targeted action to permanently reduce Canada's poverty rates.

The outlook for 2010 is very similar to 2009. While GDP has begun to grow again, unemployment is projected to decline very slowly over the course of 2010, suggesting that the poverty rate will likely stay the same. More Canadians will be exhausting their EI benefits and may have to turn to social assistance. January's caseloads already show that welfare caseloads have not yet peaked, and the number of EI exhaustees may drive caseloads even higher. Food bank use is also likely to remain very high and to decline very slowly. The recession's impact will thus linger on in 2010.



## Methodology

Because standard poverty measures such as the Low Income Cut-Off, the Low Income Measure and the Market Basket Measure are published with a two to three year lag time, it is difficult to have a timely understanding of poverty trends as they develop. Instead, information is always a few years old. World Vision Canada and Citizens for Public Justice decided to look at key economic indicators that influence the poverty rate and reveal poverty and child poverty trends in a more immediate fashion. Our goal is to provide an annual snapshot of poverty and child poverty trends in a comprehensive yet accessible format.

To provide an understanding of poverty trends, we looked at ten indicators that reveal different facets of poverty: income, cost of living, and the visible effects of economic insecurity. These indicators were compared both to the baseline of 2007, the last year for which we have poverty data available, and over the time period of the recession. This comparison reveals trends for each of the indicators, and in particular what the impact of the recession was on the indicator.

### Indicators:

#### *Income*

Economic indicators of income include unemployment, Employment Insurance, social assistance, employment and salaries and wages. Comparing the unemployment and poverty rates over time reveals a close correlation between poverty and unemployment, so the change in unemployment from the baseline is used to project the change in the poverty rate. The breakdown in who became unemployed and the length of unemployment also reveals who is most likely to suffer from poverty.

Trends in Employment Insurance coverage, social assistance caseloads, and salaries and wages reveal changes in the number of Canadians who are low income, as these are the major sources of income for Canadians. People receiving social assistance are living in poverty, as welfare rates are below the poverty line with the exception of lone mothers in Newfoundland and Labrador. EI benefits are also a poverty income unless a household has another source of income. Social assistance statistics for some provinces also reveal the demographics of beneficiaries, revealing the change in number of families and number of children receiving social assistance.

Changes in the structure of employment, including full-time versus part-time work and permanent versus temporary work also helps to elucidate the income situation of Canadians as part-time work and temporary jobs pay lower wages and fewer benefits on average than full-time or permanent work.

#### *Cost of Living*

Someone's income is only part of the equation, since the cost of basic necessities also changes from year to year, making income more or less adequate for meeting basic needs. Examining changes in the annual cost of living, such as the cost of food, household operations, health and personal care, transportation and recreation costs reveals the impact on low income Canadians' budgets. Shelter costs are examined by means of the trend in average rent, since most low income Canadians live in rental accommodation.

#### *Effects of Economic Security*

Where the indicators above are actually causes of poverty, these indicators reveal the consequences of changes in the poverty rate. Changes in debt load reveal the extent to which personal finances are being stretched by the changing economic situation. A majority of Canadians declaring bankruptcy or pursuing consumer proposals have incomes below the poverty line. Changes in bankruptcy rates therefore

provide evidence of changing levels of economic insecurity. And when low income Canadians don't have enough to make ends meet, they need to turn to food banks to get by. Food bank use is therefore a strong indicator of economic insecurity.

**Child poverty:**

To project the change in child poverty rates, we used the relationship between the child poverty rate and the poverty rate in 2007, predicting that the gap between the two would have remained at least that large, if not larger in 2009. This was supported by the evidence from the key indicators listed above, and in particular their impact on families with small children.

**Appendix A:  
Poverty and Child Poverty Rates in Canada, 1976-2007  
(After-Tax Low Income Cut-Off)**

<b>Year</b>	<b>Low Income After-Tax Rate</b>	
	<b>All Persons</b>	<b>Children (under 18)</b>
<b>1976</b>	13.0	13.4
<b>1977</b>	13.0	13.3
<b>1978</b>	12.2	12.5
<b>1979</b>	12.6	13.2
<b>1980</b>	11.6	12.1
<b>1981</b>	11.6	12.6
<b>1982</b>	12.4	14.2
<b>1983</b>	14.0	15.8
<b>1984</b>	13.7	16.2
<b>1985</b>	13.0	15.7
<b>1986</b>	12.1	13.9
<b>1987</b>	11.9	13.7
<b>1988</b>	10.8	12.2
<b>1989</b>	10.2	11.9
<b>1990</b>	11.8	14.0
<b>1991</b>	13.2	15.2
<b>1992</b>	13.3	15.1
<b>1993</b>	14.1	17.0
<b>1994</b>	14.0	16.3
<b>1995</b>	14.5	17.5
<b>1996</b>	15.2	18.4
<b>1997</b>	15.0	17.4
<b>1998</b>	13.7	15.7
<b>1999</b>	13.0	14.6
<b>2000</b>	12.5	13.9
<b>2001</b>	11.2	12.2
<b>2002</b>	11.6	12.4
<b>2003</b>	11.6	12.7
<b>2004</b>	11.4	13.0
<b>2005</b>	10.8	11.8
<b>2006</b>	10.5	11.4
<b>2007</b>	9.2	9.5

Source: Statistics Canada, "Income Trends in Canada 1976-2007," Table 2020802.

**Appendix B:  
Poverty Rate by Province, 2007  
(After-Tax Low Income Cut-Off)**

	<b>Poverty Rate % 2007</b>	<b>Child Poverty Rate % 2007</b>
<b>Newfoundland and Labrador</b>	6.5	6.5
<b>Prince Edward Island</b>	5	4.7
<b>Nova Scotia</b>	8.2	8.4
<b>New Brunswick</b>	8.2	9.4
<b>Quebec</b>	10.7	9.5
<b>Ontario</b>	8.8	9.4
<b>Manitoba</b>	9.8	11.1
<b>Saskatchewan</b>	7.3	8.9
<b>Alberta</b>	6.1	6.3
<b>British Columbia</b>	11.1	13

Source: Statistics Canada, "Income Trends in Canada 1976-2007," Table 2020802.

**Appendix C:  
Low Income Cut-Offs (1992 Base) After-Tax, 2007-2008 (\$)**

Size of Family Unit	Community Size									
	Rural Areas		Urban Areas							
			Less than 30,000 <sup>xii</sup>		30,000 to 99,999		100,000 to 499,999		500,000 and over	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
<b>1 person</b>	11,745	12,019	13,441	13,754	14,994	15,344	15,184	15,538	17,954	18,373
<b>2 persons</b>	14,295	14,628	16,360	16,741	18,250	18,676	18,480	18,911	21,851	22,361
<b>3 persons</b>	17,800	18,215	20,370	20,845	22,725	23,255	23,011	23,548	27,210	27,844
<b>4 persons</b>	22,206	22,724	25,414	26,007	28,352	29,013	28,709	29,378	33,946	34,738
<b>5 persons</b>	25,287	25,876	28,940	29,614	32,285	33,037	32,691	33,453	38,655	39,556
<b>6 persons</b>	28,044	28,698	32,095	32,843	35,805	36,640	36,255	37,100	42,869	43,869
<b>7 or more persons</b>	30,801	31,519	35,250	36,072	39,324	40,241	39,819	40,747	47,084	48,181

Source: Statistics Canada, "Low income cut-offs for 2008 and low income measures for 2007."

<sup>xii</sup> Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

**Appendix D:  
Unemployment and Employment Insurance by Province**

	Unemployment Rate Oct 2008 %	Unemployment Rate Oct 2009 %	B/U Rate Oct 2008 %	B/U Rate Oct 2009 %	Change in EI Coverage by CMA (# of CMAs)				
					-21.6%– 18.8%	18.9%– 37.5%	38%– 64.3%	65.2%– 113.6%	115.3%– 516.7%
<b>Canada</b>	6.3	8.6	43.4	51					
<b>Newfoundland and Labrador</b>	13.8	17	104.6	97.3	2	2	1	0	0
<b>Prince Edward Island</b>	11.6	12	87.7	97.3	1	1	0	0	0
<b>Nova Scotia</b>	7.6	9.3	87.7	97.3	1	2	2	0	0
<b>New Brunswick</b>	8.9	9.3	83.2	108.1	2*	1	3	0	0
<b>Quebec</b>	7.2	8.5	52.3	58.6	19*	12	1	1	0
<b>Ontario</b>	6.7	9.3	32.3	41.4	3	7	12	14	3
<b>Manitoba</b>	4.3	5.8	39.2	45.1	2	0	1	1	0
<b>Saskatchewan</b>	3.9	5.3	39.9	49.7	0	1	1	2	4
<b>Alberta</b>	3.7	7.5	23.4	46.5	0	0	0	0	12
<b>British Columbia</b>	5.2	8.3	36.2	48.2	0	0	8	8	9

\* Campbellton, NB, Campbellton, QC, Magog, QC, and Val-d'Or QC all experienced a decrease in EI recipients.

Sources: Statistics Canada Labour Force Survey; Jackson and Schetagne, "Is EI Working for Canada's Unemployed?"; Statistics Canada, "Percentage Change in Number of People Receiving Employment Insurance Regular Benefits, October 2008 to October 2009, by Census Metropolitan Areas and Census Agglomerations."

**Appendix E:  
Employment Changes by Economic Family Type**

	October 2008	October 2009	Change	
			Numerical	Percentage (%)
<b>Total</b>	17,270,700	16,909,000	-361,300	-2.1
<b>Unattached individuals</b>	2,802,700	2,761,900	-40,800	-1.5
<b>Husband-wife family</b>				
Youngest child age 18 to 24	5,841,700	5,632,400	-209,300	-3.6
Father	2,751,100	2,685,600	-65,500	-2.4
Mother	2,306,700	2,249,400	-57,300	-2.5
Other family member	784,000	697,500	-86,500	-11.0
<b>Common-law family</b>				
Youngest child age 18 to 24	1,683,100	1,618,600	-64,500	-3.8
Father	269,500	252,400	-17,100	-6.3
Mother	248,000	239,200	-8,800	-3.5
Other family member	1,165,500	1,126,900	-38,600	-3.3
<b>Single-parent family</b>				
Youngest child age 18 to 24	757,700	722,700	-35,000	-4.6
Father	120,800	126,300	5,500	4.6
Mother	453,400	422,600	-30,800	-6.8
Other family member	183,500	173,800	-9,700	-5.3
<b>Other family types</b>				
Youngest child age 18 to 24	362,000	358,000	-4,000	-1.1
Father	45,700	49,900	4,200	9.2
Mother	119,300	128,600	9,300	7.8
Other family member	196,900	179,500	-17,400	-8.8
<b>Other economic families</b>				
Husband-wife family with youngest child age 25 and over	646,000	613,200	-32,800	-5.1
Husband-wife family with no own children	4,131,100	4,066,100	-65,000	-1.6
Other economic families	1,046,400	1,136,500	90,100	8.6

Source: LaRoche-Côté and Gilmore, "Canada's Employment Downturn."

**Appendix F:  
Employment Changes by Characteristics of Main Job**

	October 2008	October 2009	Change	
			Numerical	Percentage (%)
<b>Total</b>	17,270,700	16,909,400	-361,300	-2.1
<b>Part-time workers</b>	3,275,500	3,221,700	-53,800	-1.6
01 to 14 hours	1,069,100	1,051,300	-17,800	-1.7
15 to 29 hours	2,206,400	2,170,400	-36,000	-1.6
<b>Full-time workers</b>	13,995,200	13,687,800	-307,400	-2.2
30 to 34 hours	1,173,900	1,269,700	95,800	8.2
35 to 39 hours	3,666,500	3,680,400	13,900	0.4
40 hours	6,557,800	6,257,600	-300,200	-4.6
Over 40 hours	2,597,000	2,480,100	-116,900	-4.5
<b>Current job tenure</b>				
1 year or less	3,723,400	3,060,700	-662,700	-17.8
More than 1 to 5 years	5,447,300	5,674,600	227,300	4.2
More than 5 years	8,099,900	8,174,200	74,300	0.9
<b>Permanent job*</b>	12,808,500	12,318,900	-489,600	-3.8
<b>Temporary job*</b>	1,806,800	1,820,000	13,200	0.7
<b>Union coverage*</b>	4,549,700	4,471,300	-78,400	-1.7
<b>No union coverage*</b>	10,065,500	9,667,600	-397,900	-4.0
<b>Hourly wages*</b>				
Less than \$10.00	1,671,700	1,256,800	-414,900	-24.8
\$10.00 to \$19.99	6,027,400	5,895,400	-132,000	-2.2
\$20.00 to \$29.99	3,896,900	3,816,000	-80,900	-2.1
\$30.00 to \$39.99	1,921,900	1,931,700	9,800	0.5
\$40.00 and over	1,097,300	1,239,100	141,800	12.9

\* Paid employees only.

Source: LaRochelle-Côté and Gilmore, "Canada's Employment Downturn."



## **Appendix G**

### **About Citizens for Public Justice and World Vision**

**Citizens for Public Justice** promotes public justice in Canada by shaping key public policy debates through research and analysis, publishing and public dialogue. CPJ encourages citizens, leaders in society and governments to support policies and practices which reflect God's call for love, justice and stewardship.

Public justice is the *political* dimension of loving one's neighbour, caring for creation and achieving the common good, and is particularly the responsibility of government and citizens.

CPJ's public justice framework recognizes that all people are created by God to live in dignity, with rights and responsibilities. From this perspective, poverty is a significant injustice because it undermines human dignity, limiting people's ability to live out God's calling and fully participate in their community. Public justice entails the responsibility of everyone to do something about poverty, including government. The government has a moral obligation to leadership, which must include enacting structural policies that ensure all people have the means to exercise a sustainable livelihood that provides a livable income.

CPJ believes that everyone should have access to an adequate income and the resources necessary for well-being, even when they are not able to secure all they need through paid work. Everyone should also have the opportunity for meaningful participation in the life of their community, including collective decision making.

Fundamentally, CPJ believes that our economy should be an economy of care, which means that real people should be at the heart of economics, rather than the pursuit of economic growth. CPJ advocates for policies that integrate economic, social and environmental decision-making for the well-being of all.

CPJ is a co-founder of *Dignity for All: The Campaign for a Poverty-Free Canada*. This campaign is founded on the beliefs that freedom from poverty is a human right, that everyone is entitled to social and economic security, and that everyone has a right to live life with dignity. The Dignity for All campaign calls for vigorous and sustained action by the federal government to combat the structural causes of poverty in Canada. In particular, the Dignity for All campaign is seeking a federal plan for poverty elimination that complements provincial and territorial plans; a federal anti-poverty Act that ensures enduring federal commitment and accountability for results; and sufficient federal investment in social security for all Canadians.

**World Vision** is a Christian relief, development and advocacy organization dedicated to working with children, families and communities to overcome poverty and injustice. As followers of Jesus, we are motivated by God's love for all people regardless of race, religion, gender or ethnicity.

World Vision Canada has been addressing child poverty since 1979. These programs have met the specific needs of the urban poor, Aboriginal children and new Immigrants. It is our desire to see Canadian children live life to their fullest potential. We know there are many hindrances that stifle the potential of children to see their dreams realized. World Vision Canada believes it is at its best when we are working with community partners who seek transformation in the lives of children and youth within their community.

## Partners to End Child Poverty

In 2005, World Vision Canada launched a new initiative called Partners to End Child Poverty (PECP). PECP seeks to accomplish five strategic objectives:

1. **Equip** the leadership teams of community-based organizations to grow their capacity in programming, financial and human resources, and the systems required to fulfill the organization's shared mandate in the community.
2. **Build** sustainable strategies and networks with neighbourhoods, community-based organizations, and churches to end child poverty in Canada.
3. **Fund** innovative approaches that cultivate resiliency in children, youth, families and the communities in which they live.
4. **Research** the root causes and present dynamics of Canadian child poverty to identify strategic responses.
5. **Advocate** for the peace and well-being of children living in poverty.

Currently World Vision Canadian Programs is partnering with nearly 70 partners across Canada to restore peace and well-being in the lives of children, families and communities.

## End Notes

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