

Still Waiting for Recovery

A series of blog posts on the recession's impact

**By Chandra Pasma
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Still Waiting for Recovery: A Look at the Recession's Impact on Unemployment

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The recession of 2008-2009 hit fast and furiously, with a steep decline in Gross Domestic Product and employment. Since then, both indicators have recovered well, leading some to trumpet Canada's quick recovery from the recession. But other indicators, such as social assistance caseloads, have not seen the same strong recovery. And still other indicators, while on their way back to pre-recession levels, still reveal worrisome trends.

We know that the recession significantly increased Canada's poverty levels. But do Canada's poor now risk being permanently left behind? In this series of blog posts, we'll explore the economic indicators, updating the research in CPJ's 2010 report on the recession, *Bearing the Brunt*. Check back over the next few weeks for new blog posts on each indicator!

We begin today by looking at unemployment. The Conservative government was eager to claim victory in the post-recession recovery of employment in both versions of its budget this year. But while technically the number of jobs has passed its pre-recession threshold, unemployment remains higher than in October 2008. A shift has also occurred from full-time jobs to part-time jobs.

Between October 2008 and October 2009, the Canadian economy lost 400,000 jobs. By December 2010, employment had recovered to the point that there were only 59,000 fewer jobs than in October 2008, a decrease of 0.34%. By June, the last month for which data is available, there were 133,000 more jobs than in October 2008.¹ (See Table One for Employment and Unemployment statistics.)

Table One: Employment and Unemployment, October 2008-June 2011

	October 2008	December 2009	December 2010	June 2011	% change Oct-08-Jun-11
Employment	17,204,000	16,847,000	17,145,000	17,337,000	0.77
Full-Time Employment	14,012,000	13,621,000	13,836,000	13,991,000	-0.15
Part-Time Employment	3,192,000	3,227,000	3,310,000	3,346,000	4.82
Unemployment	1,137,000	1,156,000	1,412,000	1,388,000	22.08
Not in Labour Force	8,741,000	9,255,000	9,401,000	8,954,000	2.44

Source: Canadian Economic Observer, Table 5.1-1, "Labour force statistics — Employed," July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t019-eng.htm>. Data is not seasonally adjusted.

But despite the rise in employment, the number of 1,388,000 unemployed Canadians in June 2011 remained far higher than in October 2008 when it was 1,137,000. The gap is narrowing, however. Between October 2008 and October 2009, the number of unemployed increased by 435,900 people (38.34%). By December 2010, the increase over October 2008 was only 275,000 people (24.19%).²

Unemployment has remained high while the number of jobs increased because the working age population has also increased. Unfortunately, nearly all of the individuals who make up the increase in

the working age population since October 2008 are not working. An analysis by Statistics Canada reveals that among the unemployed, there were three categories that account for most of the increase. First, new entrants and re-entrants, people who had either never worked before or who had taken some time off from paid work, accounted for 48.7% of the increase in unemployment between October 2008 and October 2010, rising 33%. Second, permanent layoffs increased 30.1% between October 2008 and 2010, accounting for 28.1% of the increase in unemployment. (Temporary layoffs also increased 14.3%, but since they are a much smaller category to begin with, they did not create a significant increase in the number of unemployed). And finally, the number of Canadians who were unemployed for more than a year increased 74.3%, responsible for 20.5% of the increase in unemployment.³ (See Table Two for Changes in Unemployment by Category of Unemployed).

Table Two: Changes in Unemployment by Category of Unemployed, October 2008-October 2010

	October 2008	October 2010	% Change	Change in Distribution
Quits	120,300	121,300	0.8	0.3
Permanent Layoffs	287,300	373,700	30.1	28.1
New and Re-entrants	453,700	603,500	33	48.7
Long term Unemployed	84,900	148,000	74.3	20.5
Temporary Layoffs	46,200	52,800	14.3	2.1
Future Starts	31,700	32,200	1.6	0.2

Source: Jason Gilmore and Sebastien LaRochelle-Côté, "Inside the Labour Market Downturn," *Perspectives on Labour and Income*, Statistics Canada, February 23, 2011, p 6. Data is not seasonally adjusted.

*The Labour Force Survey does not collect data on the reason for unemployment for those who have been unemployed for a year or more.

Of course, the longer someone has been unemployed, the more likely they are to become discouraged and stop looking for work, which would mean they were no longer counted as unemployed. The number of discouraged job seekers increased 37.8% between October 2008 and October 2010, from 21,700 people to 29,900 people. However, because discouraged searchers are a tiny fraction of the overall non-working population, this did not contribute to a significant increase in the non-labour force population.⁴

Instead, the biggest jump in the non-working population came from students, closely followed by the retired. The student population increased 17.3%, which suggests, according to Jason Gilmore and Sebastien LaRochelle-Côté, "some non-participants may have decided to upgrade their skills rather than enter a weak labour market or chose to remain in school due to the slowdown in hiring." The number of seniors not working also increased 5%, but this was on par with the previous year, suggesting that the increase was due more to demographics than to early retirement because of the recession.⁵ (See Table Three for Changes in the Non-Labour Force Population by Category).

If discouraged searchers, those waiting to hear from potential employers or for a job to start in several weeks, and those who are involuntarily working part-time are included in the calculation, then the unemployment rate (sometimes called "the real unemployment rate") in October 2010 was 10%. This is significantly higher than the real unemployment rate of 8% in October 2008, but still lower than the 12.3% it registered in January 2010.⁶

In addition to the increase in unemployment, the recession has led to an increase in the length of unemployment. In October 2008, 82.1% of the unemployed had been unemployed for 25 weeks or less,

and only 14.9% had been unemployed for 26 weeks or longer. (The length of unemployment for the remaining 3.1% is unknown because Statistics Canada doesn't measure length of unemployment for those about to start a job within the next four weeks). By October 2010, only 74.9% of the unemployed had been out of work for 25 weeks or less, and 22.7% had been out of work for 26 weeks or longer. The number of people out of work for a year or more increased from 79,800 to 156,100, an increase of 95.6%.⁷ The longer Canadians are unemployed, the more likely they are to exhaust their EI benefits and to live off credit and/or social assistance instead.

Table Three: Changes in the Non-Labour Force Working Age Population, October 2008-October 2010

	October 2008	October 2010	% Change	Change in Distribution
Total Not in the Labour Force	8,765,200	9,250,000	5.5	100
Able to Work, Perceived Labour Market Attachment	155,100	181,600	17.1	5.5
Discouraged searchers	21,700	29,900	37.8	1.7
Recently laid off and wanted work	49,300	67,700	37.3	3.8
Marginally attached	84,100	84,000	-0.1	0
Able to Work, No Perceived Labour Market Attachment	7,980,800	8,416,100	5.5	89.8
Students	1,440,300	1,688,900	17.3	51.3
Recently retired	163,000	172,800	6	2
Other, over 65 years of age	3,663,800	3,833,100	4.6	34.9
Other, under 65 years of age	2,713,700	2,721,300	0.3	1.6
Permanently Unable to Work	629,400	652,200	3.6	4.7

Source: Jason Gilmore and Sebastien LaRochelle-Côté, "Inside the Labour Market Downturn," *Perspectives on Labour and Income*, Statistics Canada, February 23, 2011, p 6. Data is not seasonally adjusted.

*Those with perceived labour market attachment include those who are unemployed but not looking for work because they are waiting to hear from a potential employer or because they have decided to take some time off before searching for work.

Job losses by demographic and province

While the recession was sometimes referred to as a "he-cession" because men lost their jobs in such significant numbers, both men and women have since made up their pre-recession employment numbers.⁸ Women's unemployment rate remains slightly higher compared to October 2008 (6% vs. 4.7% for women and 6.3% vs. 5.5% for men), but men's participation in the labour force has fallen since October 2008, while women's has remained the same.⁹ (See Table Four for Employment Changes by Demographic.)

The more important demographic change has been in employment by age. Young people age 15-24 lost a greater proportion of their jobs, dropping 8.66% between October 2008 and October 2009. By June 2011, this deficit had narrowed to 4.87%.¹⁰ Meanwhile, the number of workers age 55 and older has increased by 333,000 since October 2008. According to the Canadian Labour Congress, this means that for the first time in 30 years, the number of older workers is greater than the number of young workers.¹¹ As a result, the youth unemployment rate, at 14.3% in June 2011, remains significantly higher than the rate of 12% in October 2008. Youth participation in the labour force has also dropped, from a 67.7% participation rate in October 2008 to a 64.9% participation rate in June 2011.¹² Part of this decrease in participation is likely accounted for by the increase in the number of students, since the

proportion of Canadians age 15-29 who were in school increased from 44% in October 2008 to 46% in October 2010.¹³

Table Four: Employment Changes by Demographic, October 2008-June 2011

	October 2008	December 2009	December 2010	June 2011	% change Oct-08-Jun-11
Men	9,069,000	8,764,000	9,006,000	9,098,000	0.32
Women	8,136,000	8,083,000	8,139,000	8,239,000	1.27
Age 15-24	2,606,000	2,436,000	2,456,000	2,479,000	-4.87
Age 25 and Up	14,598,000	14,411,000	14,689,000	14,858,000	1.78

Source: Canadian Economic Observer, Table 5.1-1, "Labour force statistics — Employed," July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t019-eng.htm>. Data is not seasonally adjusted.

Job losses and gains were not evenly distributed across the country. All of the provinces lost jobs initially, with Ontario and Alberta losing the most jobs and Saskatchewan and Manitoba losing the least between October 2008 and October 2009. Between October 2008 and October 2010, however, four provinces still had a jobs deficit, while six provinces had gained jobs. Newfoundland and Labrador gained the most at 3.1%, while British Columbia gained the least at 0.6%. Nova Scotia, New Brunswick, Alberta and Ontario were the losers, with the two Maritime provinces having lost a greater proportion of their jobs.¹⁴ (See Table Five for Changes in Employment and Unemployment by Province.)

Table Five: Changes in Employment and Unemployment by Province, October 2008-December 2010

	Change in Number of Jobs, October 2008-October 2010	Unemployment Rate October 2008	Unemployment Rate December 2010
Newfoundland and Labrador	3.1%	13.7	14
Prince Edward Island	2.3%	11.5	11.8
Nova Scotia	-1.7%	7.5	10.4
New Brunswick	-1.8%	8.8	9.4
Quebec	1.5%	7.2	7.5
Ontario	-0.9%	6.5	8.1
Manitoba	2.9%	4.3	5.2
Saskatchewan	0.9%	4	5.5
Alberta	-1.1%	3.7	5.5
British Columbia	0.6%	5.1	7.6

Source: Statistics Canada, Labour Force Survey data in "The Daily," November 5, 2010, <http://www.statcan.gc.ca/daily-quotidien/101105/dq101105a-eng.htm> and January 7, 2011, <http://www.statcan.gc.ca/daily-quotidien/110107/dq110107a-eng.htm>.

¹ Canadian Economic Observer, Table 5.1-1, "Labour force statistics — Employed," July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t019-eng.htm>.

² Ibid.

³ Jason Gilmore and Sebastien LaRoche-Côté, "Inside the Labour Market Downturn," *Perspectives on Labour and Income*, Statistics Canada, February 23, 2011, <http://www.statcan.gc.ca/pub/75-001-x/2011001/pdf/11410-eng.pdf>, p 5-6.

⁴ Ibid., p 9-10.

⁵ Ibid.

⁶ Gilmore and LaRochelle-Côté, "Inside the Labour Market Downturn," p 11.

⁷ Ibid., p 7.

⁸ CEO, Table 5.1-1.

⁹ Statistics Canada, Labour Force Survey data in "The Daily," November 7, 2008 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>.

¹⁰ CEO, Table 5.1-1.

¹¹ Canadian Labour Congress, *Recession Watch Bulletin*, Issue 5, Spring 2011, <http://www.canadianlabour.ca/sites/default/files/pdfs/recession-watch-05-spring-2011-en.pdf>, p 3.

¹² Statistics Canada, Labour Force Survey data in "The Daily," November 7, 2008 and July 8, 2011.

¹³ Gilmore and LaRochelle-Côté, "Inside the Labour Market Downturn," p 7.

¹⁴ Statistics Canada, Labour Force Survey, "The Daily," November 5, 2010, <http://www.statcan.gc.ca/daily-quotidien/101105/dq101105a-eng.htm>.

Still Waiting for Recovery: A Look at the Recession's Impact on Employment

By Chandra Pasma

August 4, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-employment>

While employment has technically “recovered” from the recession, in that there are now as many jobs as there were before the recession, the new jobs are not the same as the old jobs. In particular, the recession accelerated an ongoing trend in Canada towards precarious employment. Prior to the recession, more than 1 in every 3 jobs was precarious or non-standard: part-time, temporary or contract, with low wages and few or no benefits. During the recession, full-time jobs were lost at a much faster rate than part-time jobs. Since job recovery began, part-time jobs have grown at a much faster rate than full-time jobs. The result has been a shift in the proportion of our economy that is full-time.

In October 2008, 81.4% of jobs were full-time. Between October 2008 and December 2009, 391,000 full-time jobs were lost, while 35,000 part-time jobs were gained. By December 2010, the gap in full-time jobs had narrowed to 176,000 but the number of part-time jobs had increased even more, rising 118,000 above its pre-recession level. As a result, by June 2011, the last month for which data is available, the proportion of full-time jobs had decreased to 80.7%.¹ (See Table One for Full-Time and Part-Time Employment Changes.)

Table One: Full-Time and Part-Time Employment Changes, October 2008-June 2011

	Employment	Full-Time Employment	% Full-Time Employment	Part-Time Employment	% Part-Time Employment
October 2008	17,204,000	14,012,000	81.44	3,192,000	18.55
December 2009	16,847,000	13,621,000	80.85	3,227,000	19.15
December 2010	17,145,000	13,836,000	80.70	3,310,000	19.31
June 2011	17,337,000	13,991,000	80.70	3,346,000	19.30

Source: Canadian Economic Observer, Table 5.1-1, “Labour force statistics — Employed,” July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t019-eng.htm>. Data is not seasonally adjusted.

The increase in part-time jobs, while consistent across all demographics, has not impacted them all equally. Young people age 15-24 have seen their proportion of part-time work increase from 44.6% in October 2008 to 46.7% in June 2011. (This data is seasonally adjusted, so the difference is not accounted for by summer vacation.) However, because young people have suffered the heaviest job losses, the actual number of part-time jobs for young people has decreased from 1,163,000 in October 2008 to 1,158,100 in June 2011.

Women have seen the largest increase in part-time work, with the number of jobs rising 91,900 between October 2008 and June 2011, an increase of 6.3%. However, because men’s involvement in part-time work was smaller to begin with, they have seen a greater increase in the proportion of part-time work, a jump of 11.97% or 68,100 jobs.² (See Table Two for Changes in Part-Time Employment by Demographic.)

Table Two: Changes in Part-Time Employment by Demographic, October 2008-June 2011

	Part-Time Rate		Part-Time Jobs		
	October 2008	June 2011	October 2008	June 2011	% Change
Youth	44.6	46.7	1,163,000	1,158,100	-0.42
Men age 25+	7.3	8.1	569,000	637,100	11.97
Women age 25+	21.3	22.2	1,458,900	1,550,800	6.3

Source: Statistics Canada, Labour Force Survey data in "The Daily," November 7, 2008 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>. Data is seasonally adjusted.

Because the job recovery has been driven by part-time work, a larger number of Canadians are now working part-time involuntarily. Between October 2008 and October 2010, the number of employees involuntarily working part-time increased from 4.1% of all paid employees to 4.9% of all paid employees, rising 20% from 700,500 employees to 840,900 employees. If the hours these involuntary part-timers are not working are added to the unemployment rate, then the unemployment rate would have been 9.3% in October 2010.³

In addition to the increase in involuntary unemployment, the shift to more part-time work is a concern because part-time workers earn, on average, lower wages than full-time employees. In June 2011, the average hourly wage for a part-time employee was \$16.33 compared to \$24.09 for a full-time employee.⁴ For someone working 14 hours or less a week (nearly one-third of all part-time employees in October 2009), this works out to a maximum of \$228.62 a week (\$11,888.24 annually), well below the LICO for all regions and a poverty income if there's no other household source of income. For someone working 14-29 hours a week (two-thirds of part-time employees in October 2009), this works out to a maximum of \$473.57 a week (\$24,625.64 annually), below the LICO for a family of 4 in any urban area. In June 2011, the average weekly earnings of part-time employees age 25 and older was \$381.09.

In addition to the shift to a greater proportion of part-time work, the number of hours worked overall is still below the pre-recession rate – 574,218,000 in June 2011 compared to 578,657,000 in October 2008.⁵ This is due largely to the increase in part-time employment compared to full-time employment, but average full-time hours have also declined from 39.5 in October 2008 to 39.3 in June 2011.⁶

The recession also increased the proportion of workers in other unstable job categories. The number of permanent employees dropped by 439,200 (3.41%) between June 2008 (before the recession began) and June 2009 (in the middle of the recession). The gap has since narrowed to 205,400 in June 2011. Within the category of permanent employment, there has also been a shift between full-time work, which dropped by 235,000 between June 2008 and June 2011, and part-time work, which increased by 29,800 between June 2008 and June 2011. However, in June 2009 and June 2010, the number of part-time workers was greater than in June 2011, suggesting that there is a slow shift happening toward permanent part-time jobs becoming permanent full-time jobs.⁷ (See Table Three for Changes in Permanent and Temporary Work.)

Meanwhile, the number of temporary employees increased by 341,200 (16.92%) between June 2008 and June 2011, rising steadily each year. Within temporary employment, however, full-time work has increased at a faster pace than part-time work (17.45% vs. 15.9%).⁸ Temporary employees earned, on average, \$17.70 an hour compared to an average of \$23.66 an hour for permanent employees.⁹

Table Three: Changes in Permanent and Temporary Employment, June 2008, June 2011

	June 2008	June 2009	June 2010	June 2011
Permanent	12,863,300	12,424,100	12,544,500	12,657,900
Permanent Full-Time	11,059,900	10,537,400	10,672,100	10,824,600
Permanent Part-Time	1,803,400	1,886,600	1,872,400	1,833,200
% Permanent	86.45%	85.97%	84.58%	84.30%
Temporary	2,016,300	2,027,900	2,287,000	2,357,500
Temporary Full-Time	1,317,700	1,315,300	1,519,700	1,547,700
Temporary Part-Time	698,600	712,600	767,400	809,700
% Temporary	13.55%	14.03%	15.42%	15.70%

Statistics Canada, "Table 7: Average usual hours and wages of employees by selected characteristics, Canada, unadjusted for seasonality," in *Labour Force Information: June 12-19, 2011; Labour Force Information: June 13-19, 2010; Labour Force Information: June 14-20, 2009; and Labour Force Information: June 15-21, 2008*, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=71-001-X&lang=eng>. Data is not seasonally adjusted.

Self-employment is a category that can sometimes be precarious, and certainly the recession created a growth in self-employment that likely was precarious, since it grew significantly during the first seven months of the recession. This prompted economist Erin Weir to ask "whether more Canadians are becoming self-employed voluntarily or because they cannot find jobs paid by an employer."¹⁰ Between June 2008 and June 2009, self-employment increased to 2,688,000, a rise of 2.9%. As employment has recovered, self-employment has declined to 2,671,000 in June 2011.¹¹

¹ Canadian Economic Observer, Table 5.1-1, "Labour force statistics — Employed," July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t019-eng.htm>.

² Statistics Canada, Labour Force Survey data in "The Daily," November 7, 2008 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>.

³ Jason Gilmore and Sebastien LaRochelle-Côté, "Inside the Labour Market Downturn," *Perspectives on Labour and Income*, Statistics Canada, February 23, 2011, <http://www.statcan.gc.ca/pub/75-001-x/2011001/pdf/11410-eng.pdf>, p 11.

⁴ Statistics Canada, "Average hourly wages of employees by selected characteristics and profession, unadjusted data, by province (monthly) (Canada), Summary Tables, June 2011, <http://www40.statcan.ca/101/cst01/labr69a-eng.htm>.

⁵ CEO, Table 5.1-1, July 2011 and October 2010.

⁶ Statistics Canada, "Table 7: Average usual hours and wages of employees by selected characteristics, Canada, unadjusted for seasonality," in *Labour Force Information: June 12-19, 2011 and Labour Force Information: October 12-18, 2008*, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=71-001-X&lang=eng>.

⁷ Statistics Canada, "Table 7: Average usual hours and wages of employees by selected characteristics, Canada, unadjusted for seasonality," in *Labour Force Information: June 12-19, 2011; Labour Force Information: June 13-19, 2010; Labour Force Information: June 14-20, 2009; and Labour Force Information: June 15-21, 2008*, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=71-001-X&lang=eng>.

⁸ Ibid.

⁹ Statistics Canada, "Average hourly wages of employees."

¹⁰ Erin Weir, "Do-It-Yourself Recovery," *Relentlessly Progressive Economics Blog*, May 8, 2009, <http://www.progressive-economics.ca/2009/05/08/do-it-yourself-recovery/>.

¹¹ Canadian Economic Observer, Table 5.1-1, "Labour force statistics — Employed," July 2011 and July 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t019-eng.htm>.

Still Waiting for Recovery: A Look at the Recession's Impact on Income

By Chandra Pasma

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<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-income>

The recession's impact on income has been mixed. On the one hand, average wages and salaries have increased by more than inflation between June 2008, before the recession began, and June 2011. On the other, it's hard to say how much the increase is due to the disproportionate loss of low paying jobs in the employment losses of early 2009 and the relatively small increase in inflation, compared to an actual increase in workers' take-home pay.

Similarly, a quick rebound in average disposable incomes compared to previous recessions is a good sign, but as the Centre for the Study of Living Standards has noted, loss in income is never evenly shared but is "highly regressive, with lower and middle income households experiencing much larger percentage losses of income than higher income households."¹ Previous recessions have increased the income gap between poor and rich Canadians as the poor lose more of their income than the rich, but fail to recover as well following the recession.

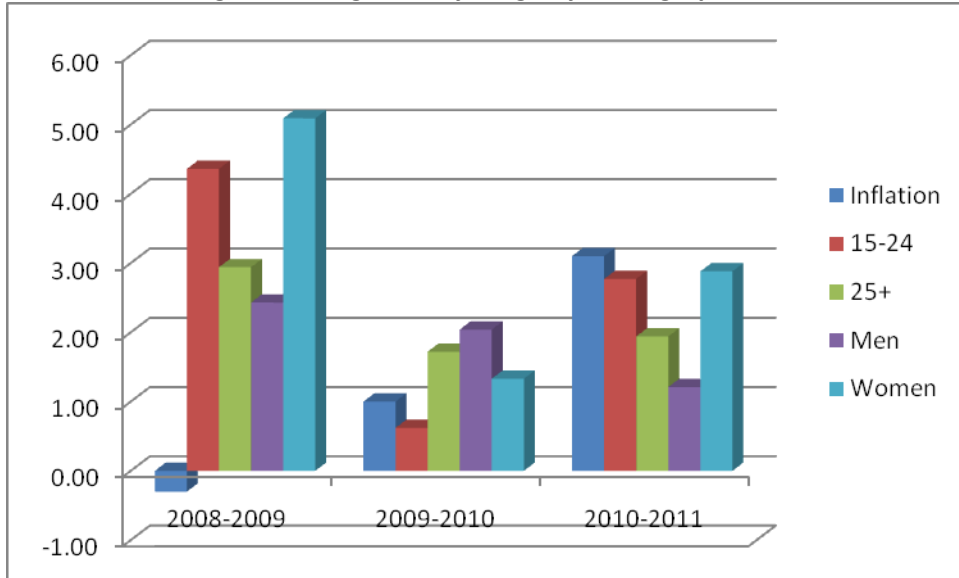
Changes in average income can mask significant disparities in how well households at different income levels are doing, and unfortunately data on incomes by household and income bracket immediately following the recession will not be available for at least another year.

But here's what we do know about incomes during the recession and post-recession recovery: because of the sharp spike in unemployment, aggregate salaries and wages in Canada declined in the last quarter of 2008 and the first half of 2009, even before accounting for inflation.² However, government transfers also kicked into high gear, ensuring that the loss in average disposable income was lower than the loss in wages and salaries. When accounting for inflation, real disposable incomes per household declined 0.5% in 2009, before recovering by the second half of 2010.³

Between June 2008 and June 2009, inflation was negative but average hourly wages for each demographic (young people/older workers, men/women) increased. The following year, average hourly wages increased by more than the rate of inflation for older workers, but not for young workers, age 15-24, who saw only a 0.6% increase. Between June 2010 and June 2011, the increase in average hourly wages for all demographics was below the rate of inflation, meaning the purchasing power of the average worker has actually declined.⁴ (See Chart One for the Change in Average Hourly Wage by Demographic.)

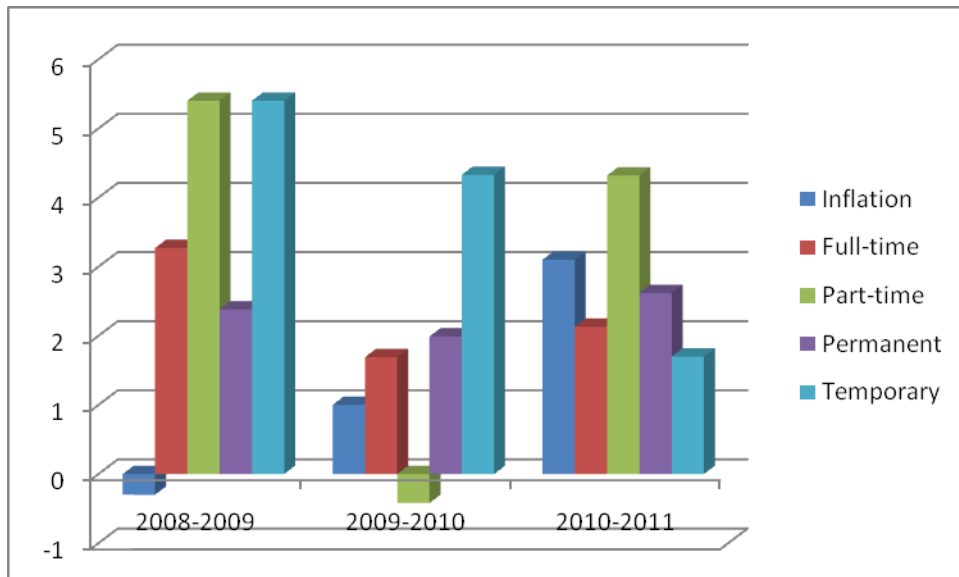
A similar trend can be seen in the weekly earnings of workers when compared by employment status. The increase in weekly earnings was greater than inflation for full-time workers, and both permanent and temporary workers between June 2009 and June 2010, but weekly earnings for part-time workers actually declined, due in part to the fact that average hours declined for part-time workers. Between June 2010 and June 2011, weekly earnings for all employment statuses increased by less than the rate of inflation, with the exception of part-time employees.⁵ (See Chart Two for the Change in Average Weekly Earnings by Employment Status.)

Chart One: Change in Average Hourly Wage by Demographic, June 2008-June 2010



Source: Statistics Canada, "Table 7: Average usual hours and wages of employees by selected characteristics, Canada, unadjusted for seasonality," in *Labour Force Information: June 12-19, 2011; Labour Force Information: June 13-19, 2010; Labour Force Information: June 14-20, 2009; and Labour Force Information: June 15-21, 2008*, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=71-001-X&lang=eng>.

Chart Two: Changes in Average Weekly Earnings by Employment Status, June 2008-June 2011



Source: Statistics Canada, "Table 7: Average usual hours and wages of employees by selected characteristics, Canada, unadjusted for seasonality," in *Labour Force Information: June 12-19, 2011; Labour Force Information: June 13-19, 2010; Labour Force Information: June 14-20, 2009; and Labour Force Information: June 15-21, 2008*, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=71-001-X&lang=eng>.

As noted yesterday, the recession has accelerated a trend in Canada towards precarious work, including a shift from full-time work to lesser paying part-time work. Another employment trend that has an impact on income is the shift from jobs in goods-producing industries to the service industry. Between October 2008 and June 2011, the number of jobs in goods-producing industries declined from 4,038,000 to 3,819,000, a 5.43% drop. Meanwhile, the number of service jobs increased from 13,167,000 to 13,518,000, a 2.67% increase.⁶ Service jobs pay far less, on average, than goods producing industries. In April 2011, the last month for which data is available, weekly earnings in goods-producing industries averaged \$1,106, while weekly earnings for service industries averaged \$823.⁷

¹ Arsenault, Jean-Francois and Andrew Sharpe, "The Economic Crisis Through the Lens of Economic Well-Being," Centre for the Study of Living Standards, August 2009, <http://www.csls.ca/reports/csls2009-6.pdf>, p 8.

² Statistics Canada, "Table 5 Sector accounts - Persons and unincorporated businesses," National Income and Expenditure Accounts Data Tables, <http://www.statcan.gc.ca/pub/13-019-x/2011001/t/tab0005-eng.htm>.

³ Roger Sauvé, *The Current State of Canadian Family Finances 2010 Report*, The Vanier Institute of the Family, February 2011, <http://www.vifamily.ca/media/node/783/attachments/familyfinance2010.pdf>, p 18.

⁴ Statistics Canada, "Table 7: Average usual hours and wages of employees by selected characteristics, Canada, unadjusted for seasonality," in *Labour Force Information: June 12-19, 2011; Labour Force Information: June 13-19, 2010; Labour Force Information: June 14-20, 2009; and Labour Force Information: June 15-21, 2008*, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=71-001-X&lang=eng>.

⁵ Ibid.

⁶ Canadian Economic Observer, Table 5.1-2, "Labour force statistics — Employment by industry," July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2011007/t020-eng.htm>.

⁷ Canadian Economic Observer, Table 5.2-3, "Labour income statistics — Weekly earnings," July 2011, <http://www.statcan.gc.ca/pub/11-010-x/2011007/t023-eng.htm>.

Still Waiting for Recovery: A Look at the Recession's Impact on Employment Insurance

By Chandra Pasma

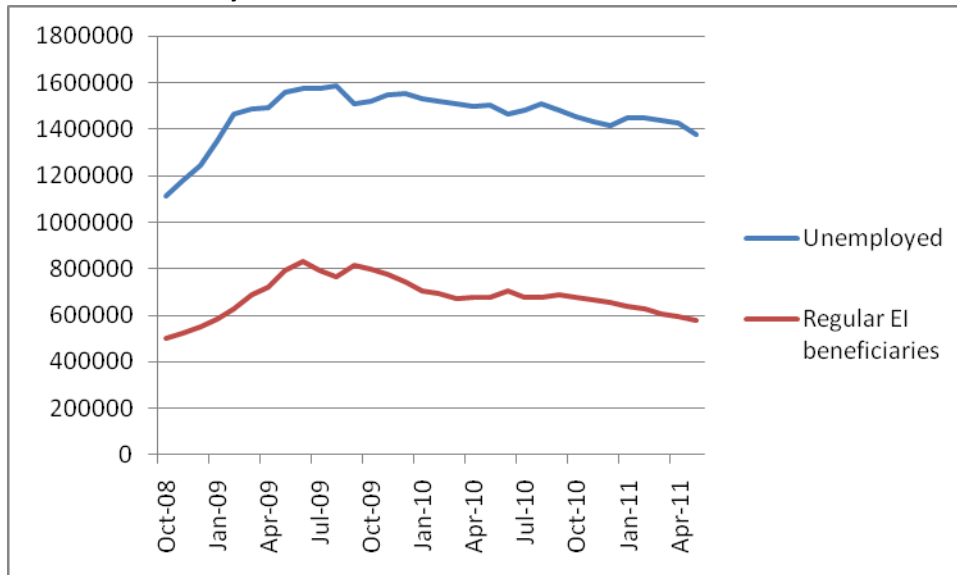
August 8, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-employment-insurance>

When someone loses their job, they need an alternative source of income. Employment Insurance is supposed to be that program for Canadians. Unfortunately, as CPJ's report *Bearing the Brunt* showed, EI was totally inadequate in responding to the recession in 2008-2009 – at the recession's peak, only half of all unemployed Canadians were receiving EI benefits. Since then, things haven't gotten much better.

The number of regular EI beneficiaries rose from a near historic low of 500,340 to a peak of 829,290 in June 2009, a 65.74% increase. Since then, the number of beneficiaries has declined – with a few peaks and valleys – to 577,300 in May 2011, a 30.39% drop. However, the number of unemployed has declined more slowly, with a 12.81% drop between June 2009 and May 2011. (See Chart One for Unemployment and Regular EI Beneficiaries.) As a result, the rate of EI coverage has plummeted from its recession-high of 53.8% in September 2009 to 42% in May 2011, lower than the pre-recession rate of 44.9% in October 2008.¹ (See Chart Two for Beneficiaries/Unemployed Ratio).

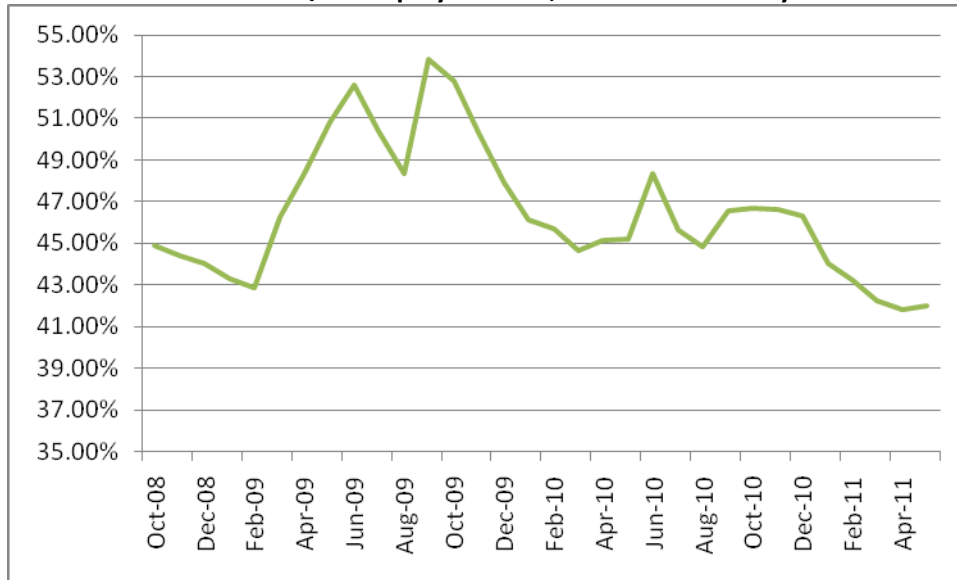
Chart One: Unemployment and Regular Employment Insurance Beneficiaries, October 2008-May 2011



Statistics Canada, CANSIM Tables 276-0001 and 282-0087. Data is seasonally adjusted.

While the number of unemployed has been declining in 2011, the number of unemployed *not* receiving benefits has been increasing, reaching 796,800 in May 2011.² In 2010, 13.1% of the 913,000 unemployed Canadians who had paid EI contributions did not have enough insurable hours to qualify for benefits. 18.3% did not have a “job separation” that qualified them for benefits (ie. they quit or were fired with cause).³

Chart Two: Beneficiaries/Unemployed Ratio, October 2008-May 2011



Statistics Canada, CANSIM Tables 276-0001 and 282-0087. Data is seasonally adjusted.

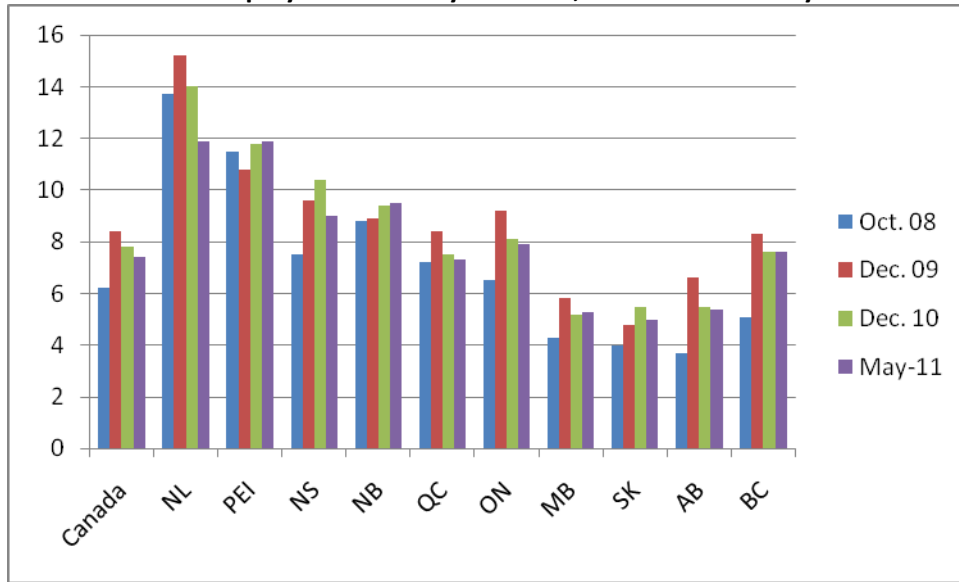
EI has a significant gender gap – more men than women qualify for benefits. Prior to the recession, 46% of unemployed men received benefits compared to only 39% of unemployed women. During the recession, the number of male beneficiaries increased faster than men’s unemployment, while the number of female beneficiaries increased at the same rate as women’s unemployment. However, men’s coverage is falling. In 2010, women’s EI eligibility remained the same as the previous year, but the proportion of unemployed men who had made EI contributions and had a “valid job separation” fell from 87.3% to 83.6%.⁴

Employment Insurance by Province

EI determines both access and length of benefits according to the unemployment rate in 58 regions across the country. While the Variable Entrance Rate changes with the local unemployment rate, it responds so slowly that significant imbalances in EI coverage resulted throughout the recession. The provinces that were hit hardest by unemployment, Alberta, British Columbia and Ontario, also had the lowest EI coverage. Meanwhile, the Atlantic provinces, which had comparatively very few job losses, had the highest rates of EI coverage. (See Chart Three for Unemployment Rate by Province and Chart Four for Beneficiaries/Unemployed Ratios by Province.)

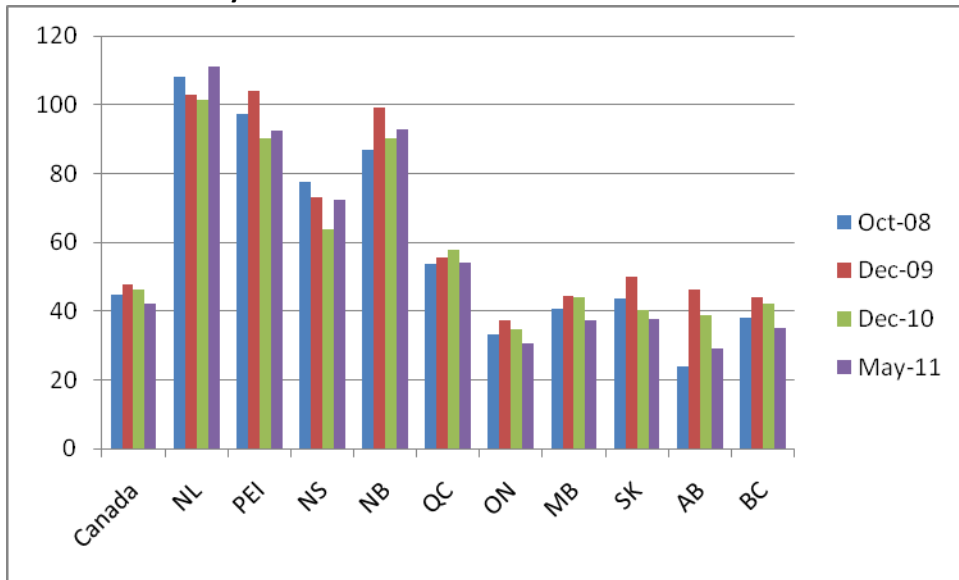
Since the recession ended, Ontario, Alberta and British Columbia have seen a bigger drop-off in EI coverage than they have experienced in unemployment. (See Chart Four for the Change in Unemployment Rate and B/U Ratio for Ontario, Alberta and British Columbia.) The Atlantic provinces, on the other hand, have not seen much of a drop-off in EI coverage.⁵ (See Chart Five for the Change in Unemployment Rate and B/U Ratio for Newfoundland and Labrador, Prince Edward Island, Nova Scotia and New Brunswick.)

Chart Three: Unemployment Rate by Province, October 2008-May 2011



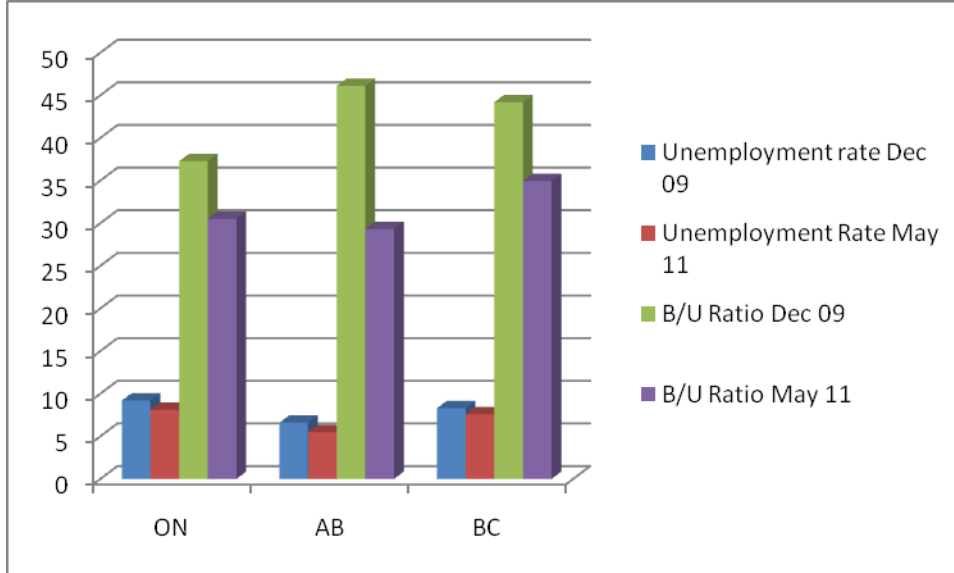
Source: Statistics Canada, Labour Force Survey data in "The Daily," November 7, 2008; January 8, 2010; January 7, 2011 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>. Data is seasonally adjusted.

Chart Four: Beneficiaries/Unemployed Ratio by Province, October 2008-May 2011



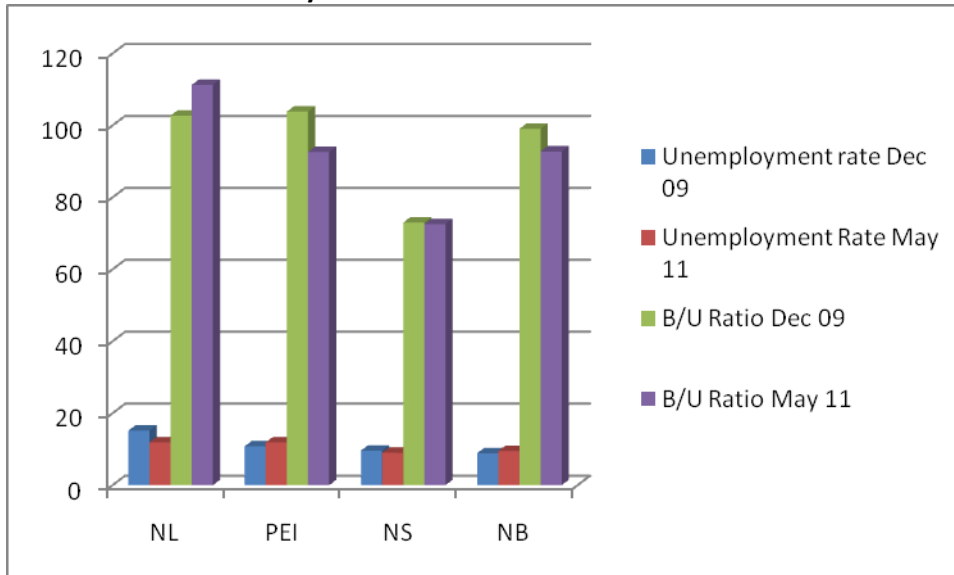
Source: Statistics Canada, CANSIM Tables 276-0001 and 282-0087. Data is seasonally adjusted.

Chart Five: Change in Unemployment Rate and B/U Ratio for Ontario, Alberta and British Columbia, December 2009 and May 2011



Statistics Canada, Labour Force Survey data in “The Daily,” January 8, 2010 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>, and Statistics Canada, CANSIM Tables 276-0001 and 282-0087. Data is seasonally adjusted.

Chart Six: Change in Unemployment Rate and B/U Ratio for Newfoundland and Labrador, Prince Edward Island, Nova Scotia and New Brunswick, December 2009 and May 2011



Statistics Canada, Labour Force Survey data in “The Daily,” January 8, 2010 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>, and Statistics Canada, CANSIM Tables 276-0001 and 282-0087. Data is seasonally adjusted.

Employment Insurance Benefits

The maximum weekly benefit that anyone can receive from EI is \$457 a week. However, many unemployed workers qualify for less. Benefits are set at 50% of insurable earnings, capped at \$457. So

EI beneficiaries who were earning \$914 a week or less (\$47,528 annually) see their income halved, while those who were earning more see their income more than halved.

In October 2008, the average weekly benefit received was \$327.09. By December 2009, the average weekly benefit rose to \$334.30, and by December 2010 it had climbed still further to \$350.93.⁶ The increase was largely due to the loss of well-paid jobs in manufacturing and construction. However, at \$18,248.36 annually (and no one but long-tenure workers 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. At \$23,764 a year, even the maximum allowable benefit is a poverty income for households with more than 3 people in a city greater than 30,000 people and 4 or more people in any urban area.

Exhaustion of Employment Insurance Benefits

Unfortunately, Statistics Canada does not publish data on exhaustion of EI benefits so it is difficult to know precisely how many Canadians ran out of EI benefits without being able to find new work. However, HRSDC's EI Monitoring and Assessment Report 2010 reveals some interesting details that suggest fears of half a million Canadians exhausting their benefits without finding new work were justified.

The federal government's Economic Action Plan offered two extensions to EI benefits: 5 additional weeks of benefits to all EI recipients with an active claim as of March 1, 2009 or new claim up to September 11, 2010 and up to 20 extra weeks of benefits for long-tenured workers unemployed between January 4, 2009 and September 11, 2010. (Both have been extended for workers in "high unemployment regions" through this fall.) Because of this, the average entitlement to regular benefits has jumped considerably, from 31.8 weeks in the 2007-08 fiscal year to 36.5 weeks in 2008-09 and 42.8 weeks in 2009-10. However, despite the increase in entitlement, 27.9% of claimants in 2007-08 and 27% of claimants in 2008-09 still exhausted their benefits.

HRSDC reports that as of March 31, 2010, 613,290 EI recipients whose claim had ended had received the 5 week extension in benefits and 54,900 long-tenured workers whose claim had ended received additional weeks. Of the regular EI recipients who received 5 additional weeks, 76.2% (467,590) received the full five weeks available, indicating that they did not find new work before running out of benefits. Of the long-tenured workers, 76.2% (41,860) received all additional available weeks. In other words, only 158,740 people were prevented from exhausting their benefits due to the Economic Action Plan, while 509,450 people exhausted their EI benefits *after* the EI extension programs were introduced and *before* March 31, 2010.⁷

So estimates by Andrew Jackson and Sylvain Schetagne of the Canadian Labour Congress that as many as 500,000 Canadians would exhaust their benefits in late 2009 and early 2010 appear to have been entirely accurate.⁸ And this does not include those whose claims ended before 2009 or after March 2010.

Those who have exhausted their claim without finding new work will either need to rely on savings and credit or turn to social assistance. In Quebec, which is the only province which releases such statistics, 979 new admissions to social assistance in December 2010 were because of EI benefits ending, 13.3% of all new admissions. This compares to 1,065 in December 2009 (13.9%). Another 1,271 new admissions (17.2%) were the unemployed who did not qualify for EI benefits and 517 new recipients (7%) had applied because their EI benefits were insufficient. In December 2009, 1,315 new recipients did not

qualify for EI and 602 received insufficient benefits. All together, then, nearly 2 in 5 social assistance recipients in Quebec are receiving benefits because of shortcomings in the federal EI program.⁹

¹ Statistics Canada, CANSIM Tables 276-0001 and 282-0087.

² Ibid.

³ Statistics Canada, Employment Insurance Coverage Survey in “The Daily,” June 27, 2011, <http://www.statcan.gc.ca/daily-quotidien/110627/dq110627a-eng.htm>.

⁴ Ibid.

⁵ Statistics Canada, Labour Force Survey data in “The Daily,” January 8, 2010 and July 8, 2011, <http://www.statcan.gc.ca/dai-quo/index-eng.htm>, and Statistics Canada, CANSIM Tables 276-0001 and 282-0087.

⁶ Canadian Economic Observer, Table 5.3-1, “Miscellaneous labour statistics,” July 2011 and October 2010 issues, <http://www.statcan.gc.ca/pub/11-010-x/2010010/t024-eng.htm>.

⁷ Human Resources and Skills Development Canada, “Chapter 5-I-2, Adequacy of Benefits,” *EI Monitoring and Assessment Report 2010*, March 2011, http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2010/Chapter5_1_2.shtml.

⁸ Andrew Jackson and Sylvain Schetagne, “Is EI Working for Canada’s Unemployed? Analyzing the Great Recession,” Alternative Federal Budget Technical Paper, Canadian Centre for Policy Alternatives, January 2010, http://www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/Is_EI_Working_For_Canada_as_Unemployed.pdf, p 5.

⁹ Ministère de l’Emploi et de la Solidarité sociale du Québec, “Rapport statistique sur la clientèle, Décembre 2009,” et “Rapport statistique sur la clientèle, Décembre 2010.”

Still Waiting for Recovery: A Look at the Recession's Impact on Social Assistance

By Chandra Pasma

August 9, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-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. It is, however, in most cases a poverty income. Most provinces also require recipients to divest themselves of savings and assets, and all provinces maintain limits on savings for as long as a person receives assistance. It is therefore very difficult for recipients of social assistance to make their way out of poverty.

During the recession, social assistance caseloads increased in all 10 provinces, with rates of increase ranging from 0.5% in New Brunswick to 42.7% in Alberta. Alberta, Ontario and British Columbia were particularly hard hit, as all had increases above 20%. Since the recession, caseloads in most provinces have continued to increase. In fact, all provinces experienced their peak caseload after the recession had officially ended, and most provinces actually experienced it this year. (See Table One for Change in Social Assistance Caseloads.)

Table One: Change in Social Assistance Caseloads During and After the Recession, 2008-2010

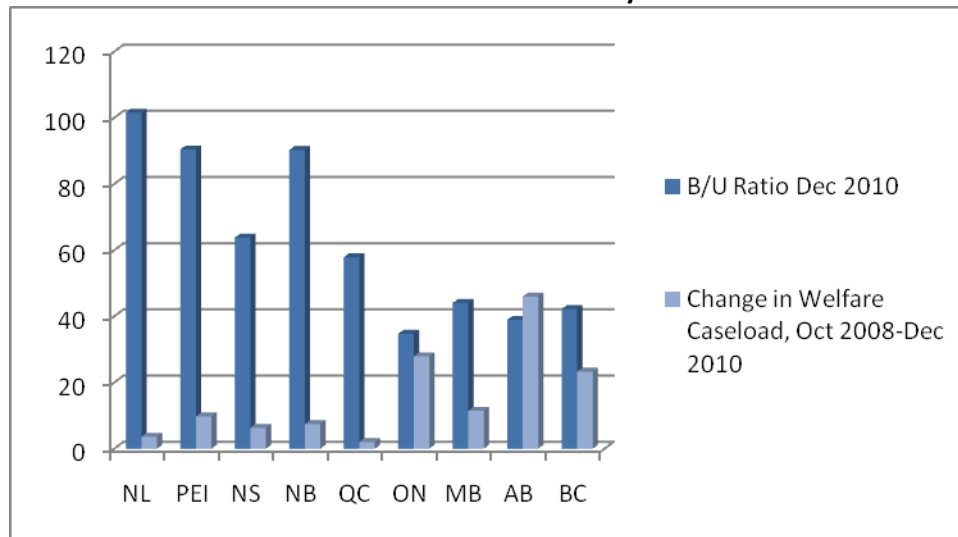
	Caseload Oct 2008	Caseload Dec 2009	% Change Oct 08-Dec 09	Caseload Dec 2010	% Change Oct 08-Dec 10	Peak Month since Oct 08
NL	24,208	24,781	2.4	25,084	3.62	May 2011 25,275
PEI	3,401	3,606	6	3,733	9.76	January 2011 3,757
NS	26,763	27,894	4.2	28,449	6.3	June 2011 29,003
NB	22,879	22,997	0.5	24,581	7.43	July 2011 25,186
QC	326,075	335,070	2.7	332,692	2.03	March 2010 339,516
ON	195,421	240,579	23.1	249,971	27.91	May 2011 260,088
MB	30,766	33,632	9.3	34,292	11.46	May 2011 35,311
AB	26,703	38,230	43.1	39,006	46	April 2010 40,177
BC	108,333	130,341	20.3	133,565	23.29	March 2011 138,304

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

A note about Saskatchewan: I have not been able to get data yet for Saskatchewan, but I will provide an update if/when I do receive that information. I understand that in the future, SK hopes to join those provinces with their data publicly available online.

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 comparatively lower rates of welfare caseload growth. (See Chart One for Beneficiaries/Unemployed Ratio and Change in Welfare Caseloads compared by province.)

Chart One: Beneficiaries/Unemployed Ratio December 2010 and Change in Welfare Caseload October 2008-December 2010 by Province



Source: Statistics Canada, CANSIM Tables 276-0001 and 282-0087 (seasonally adjusted data), and Newfoundland and Labrador Department of Human Resources, Labour and Employment; Prince Edward Island Department of Community Services; Nova Scotia Department of Community Services; New Brunswick Department of Social Development; Ministère de l'Emploi et de la Solidarité sociale du Québec; Ontario Ministry of Community and Social Services; Manitoba Department of Family Services and Housing; Alberta Office of Statistics and Information; and British Columbia Ministry of Housing and Social Development.

Social Assistance by Province

Newfoundland and Labrador

- Newfoundland and Labrador had an increase of 573 cases, or 2.4% of their caseload, during the recession. Between October 2008 and December 2010, the caseload increased 3.62% to 25,084 cases.
- As of June 2011, the number of cases has declined slightly to 25,005.
- The peak caseload of 25,275, reached in May 2011, was the highest caseload since July 2007.
- The number of recipients increased 0.74% between October 2008 and December 2010, peaking at 40,058 in May 2010.

- The average monthly caseload in 2010 was 25,050, 2.17% higher than the average monthly caseload of 24,517 in 2008.¹

Prince Edward Island

- Prince Edward Island had an increase of 205 cases, or 6% of their caseload, during the recession. Between October 2008 and December 2010, the caseload increased 9.76% to 3,733.
- As of April 2011, the number of cases had declined slightly to 3,715.
- The peak caseload of 3,757, reached in January 2011, was the highest caseload since March 2006.
- The average monthly caseload in 2010 was 3,638, 5.88% higher than the average monthly caseload of 3,436 in 2008.²

Nova Scotia

- Nova Scotia had an increase of 1,131 cases, or 4.2% of their caseload, during the recession. Between October 2008 and December 2010, the caseload increased 6.3% to 28,449 cases.
- As of June 2011, the number of cases has increased even further to 29,003.
- The peak caseload of 29,003, reached in June 2011, was the highest caseload since May 2007.
- The number of recipients increased 4.18% between October 2008 and December 2010, peaking at 44,546 in June 2011.
- The average monthly caseload in 2010 was 28,315, 3.25% higher than the average monthly caseload of 27,423 in 2008.³

New Brunswick

- New Brunswick had an increase of 98 cases, or 0.5% of their caseload, during the recession. Between October 2008 and December 2010, the caseload increased 7.43% to 24,581 cases.
- As of July 2011, the number of cases had increased even further to 25,186.
- The peak caseload of 25,186, reached in July 2011, was the highest caseload since May 2006.
- The number of recipients increased 4.57% between October 2008 and December 2010, peaking at 41,197 in April 2011.
- The average monthly caseload in 2010 was 24,275, 4.22% higher than the average monthly caseload of 23,292 in 2008.⁴

Quebec

- Quebec had an increase of 8,995 cases, or 2.7% of their caseload, during the recession. Between October 2008 and December 2010, the caseload increased 2.03% to 332,692 cases.
- As of April 2011, the number of cases had increased slightly to 335,835.
- The peak caseload of 339,516, reached in March 2010, was the highest caseload since May 2007.
- The number of recipients increased 1.09% between October 2008 and December 2010, peaking at 491,588 in March 2010.
- The average monthly caseload in 2010 was 335,493, 1.41% higher than the average monthly caseload of 330,828 in 2008.⁵

Ontario

- Ontario had an increase of 45,158 cases, or 23.1% of its caseload, during the recession. Between October 2008 and December 2010, the caseload increased 27.91% to 249,971 cases.
- As of May, the number of cases had increased even further to 260,088.

- The peak caseload of 260,088, reached in May 2011, was the highest since September 1999.
- The number of recipients increased 22.89% between October 2008 and December 2010, peaking at 469,202 in May 2011.
- The average monthly caseload in 2010 was 248,537, 25.81% higher than the average monthly caseload of 197,547 in 2008.
- The number of Ontario Disability Support Program cases, which are not included in counts of Ontario Works, increased 12.52% between October 2008 and December 2010 to 279,111 cases.⁶

Manitoba

- Manitoba had an increase of 2,866 cases, or 9.3% of its caseload, during the recession. Between October 2008 and December 2010, the caseload increased 11.46% to 34,292 cases.
- As of May, the number of cases had increased even further to 35,311, the peak caseload since October 2008.
- The average monthly caseload in 2010 was 33,841.⁷

Alberta

- Alberta had an increase of 11,527 cases, or 43.1% of its caseload, during the recession. Between October 2008 and December 2010, the caseload increased 46% to 39,006 cases.
- As of June 2011, the number of cases had declined slightly to 38,016.
- The peak caseload of 40,177, reached in April 2010, was the highest caseload in over 13 years.
- The average monthly caseload in 2010 was 39,564.⁸

British Columbia

- British Columbia had an increase of 22,008 cases, or 20.3% of its caseload, during the recession. Between October 2008 and December 2010, the caseload increased 23.29% to 133,565.
- As of May, the number of cases had increased even further to 137,386.
- The peak caseload of 138,304, reached in March 2011, was the highest since 2002.
- The number of recipients increased 23.98% between October 2008 and December 2010, peaking at 184,742 in March 2011.
- The average monthly caseload in 2010 was 132,828, 23.91% higher than the average monthly caseload of 107,194 in 2008.⁹

¹ Data on NL comes from Newfoundland and Labrador Department of Human Resources, Labour and Employment, "Income Support Cases and Recipients (Number) Newfoundland and Labrador 1992-2011," http://www.stats.gov.nl.ca/Statistics/social/PDF/Income_Support.pdf.

² Data for PEI comes from Prince Edward Island's Department of Community Services, Seniors and Labour, Social Programs.

³ Data for NS comes from Nova Scotia's Department of Community Services, Income Assistance.

⁴ Data for NB comes from New Brunswick Department of Social Development, "Average Monthly Caseload and Recipients 2009-2010," "Average Monthly Caseload and Recipients 2010-2011," and "Average Monthly Caseload and Recipients 2011-12," available at http://www2.gnb.ca/content/gnb/en/departments/social_development/statistics/social_assistance_caseload_and_recipients.html.

⁵ Data for QC comes from Ministère de l'Emploi et de la Solidarité sociale du Québec, "Rapport statistique sur la clientèle, Avril 2011," available at <http://www.mess.gouv.qc.ca/statistiques/prestataires-assistance-emploi/index.asp>.

⁶ Data for ON comes from Ontario Ministry of Community and Social Services, "Ontario Social Assistance Monthly Statistical Report, Ontario Works," and "Ontario Social Assistance Monthly Statistical Report, Ontario Disability

Support Program,” available at http://www.mcsc.gov.on.ca/en/mcsc/programs/social/reports/ow_quarterly.aspx and http://www.mcsc.gov.on.ca/en/mcsc/programs/social/reports/odsp_quarterly.aspx.

⁷ Data for MB comes from Manitoba’s Department of Family Services and Housing, Employment and Income Assistance Programs.

⁸ Data for AB comes from the Alberta Office of Statistics and Information.

⁹ Data for BC comes from British Columbia Ministry of Housing and Social Development, “BC Employment and Assistance Summary Report, June 2011,” <http://www.eia.gov.bc.ca/research/11/07-jun2011.pdf>.

Still Waiting for Recovery: A Look at the Recession's Impact on Cost of Living

By Chandra Pasma

August 10, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-cost-living>

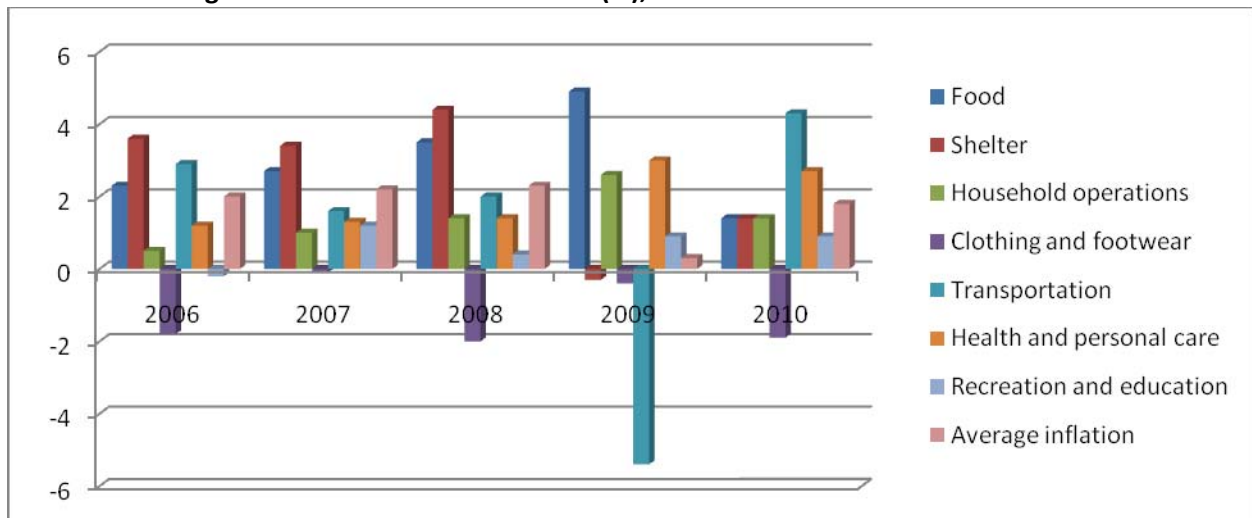
During the recession, inflation was very low (in fact there were some fears of deflation), with an average inflation rate of 0.3% in 2009. However, food prices rose by more than the rate of inflation and more than the rise in average income, making food more expensive relative to income.

Since the recession ended, inflation has picked up again, with an average inflation rate of 1.8% in 2010. Much of the increase was due to energy costs, as without energy the inflation rate would have been 1.3%. Food and shelter were below the average rate, increasing by 1.4% each in 2010. However, transportation costs increased by 4.3%.¹

On the provincial level, energy costs have been largely responsible for the increase in inflation as well, with all 10 provinces registering a greater increase in energy costs than their provincial average inflation. Quebec, Alberta and British Columbia still witnessed an increase in food prices greater than average inflation, and Newfoundland and Labrador had a jump in shelter costs that exceeded the average inflation.² Newfoundland and Labrador's increased shelter costs are attributable to rented accommodations (3.5%) and the costs of water, fuel and electricity (6%).³

2009 and 2010 have been unusual years for inflation patterns, compared to the years prior to the recession, as Chart One shows graphically. There has been no clear trend for cost increases and decreases in these two years.

Chart One: Changes in the Consumer Price Index (%), 2006-2010



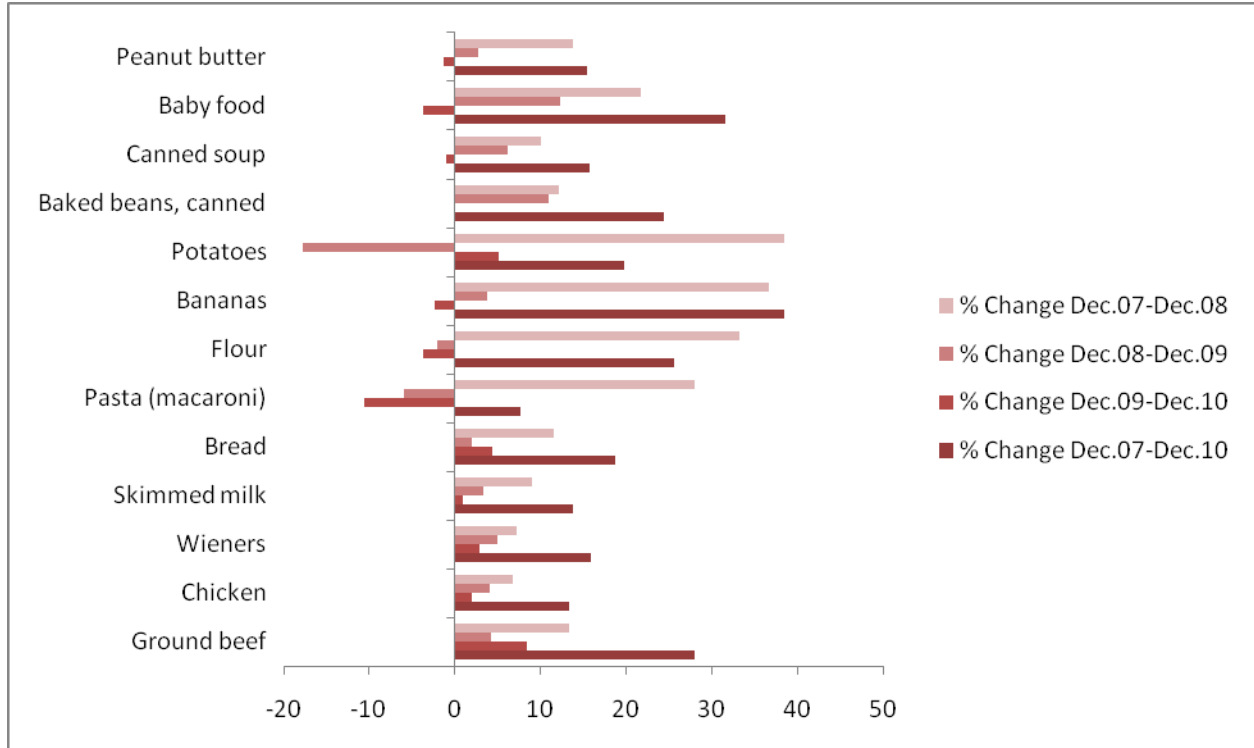
Source: Statistics Canada, "Consumer Price Index, by province,"

<http://www40.statcan.ca/l01/cst01/econ09a-eng.htm>.

The fact that food prices rose by less than average inflation this year has helped slightly with a problem of food affordability. In the last five years, food prices have risen by more than average inflation every year except 2010. When looking at the cost of 13 items that might be considered basic to a low income diet, 12 of the items have risen more than 10% between December 2007 and December 2010 (compared to average inflation of 4.48% between 2007 and 2010), with ground beef, flour, bananas,

baked beans and baby food actually increasing more than 20%. The growth has slowed considerably in 2010, however, with 6 items actually declining in price in 2010. Nevertheless, ground beef and potatoes still increased by more than 5%.⁴ (See Chart Two for Change in Price for Basic Food Items.)

Chart Two: Change in Price for Basic Food Items, December 2007-December 2010



Source: Statistics Canada, "Table 14: Average retail prices, monthly, Canada," *The Consumer Price Index December 2010*, <http://www.statcan.gc.ca/pub/62-001-x/2010012/t046-eng.htm>.

¹ Statistics Canada, "Consumer Price Index, by province," <http://www40.statcan.ca/l01/cst01/econ09a-eng.htm>.

² Ibid.

³ Statistics Canada, "Consumer Price Index, shelter, by province," <http://www40.statcan.ca/l01/cst01/econ157b-eng.htm>.

⁴ Statistics Canada, "Table 14: Average retail prices, monthly, Canada," *The Consumer Price Index December 2010*, <http://www.statcan.gc.ca/pub/62-001-x/2010012/t046-eng.htm>.

Still Waiting for Recovery: A Look at the Recession's Impact on Housing

By Chandra Pasma

August 11, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-housing>

Housing is the biggest expense for low income Canadians who have been facing an increasing affordability squeeze over the past decade. 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, 40.3% of all renter households in Canada spent 30% or more of their income on shelter.

The rental vacancy rate has been under 3% in Canada 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.

During the recession, vacancy rates rose from 2.2% in October 2008 to 2.8% in October 2009 in 35 major Canadian centres, an increase which the CMHC attributed to the significant drop in youth employment which forced many young people to remain with their parents.¹ Following the recession, the vacancy rate dropped to 2.6% in October 2010. According to the CMHC, the increase in demand was driven primarily by immigrants but low youth employment still had a depressing effect on demand for rental housing.² Across the provinces, vacancy rates increased in New Brunswick, Quebec and Saskatchewan and dropped in Prince Edward Island, Nova Scotia, Ontario, Manitoba, Alberta, and British Columbia in 2010. For the second year in a row, the vacancy rate was highest in Windsor, ON (10.9%). The lowest vacancy rate in 2010 was in Winnipeg (0.8%). (See Table One for Vacancy Rates and Average Rents by Province.)

Across Canada, average monthly rent increased 2.9% for two-bedroom apartments in existing structures between 2009 and October 2010 (CMHC does not include rental apartments that were constructed or newly rented during the past year in this calculation). This compares to an increase of 2.3% the previous year. Inflation rose 2.4% between October 2009 and October 2010, meaning rental accommodation became more expensive relative to income during this period.³ The largest rental increase came in St. John's (8.9%), Regina (6.3%) and Winnipeg (4.5%).

The highest average monthly rents for a two-bedroom apartment were in Vancouver (\$1,195), Toronto (\$1,123) and Calgary (\$1,069). Calgary's rent actually decreased between 2009 and 2010, while Vancouver's increased 2.2% and Toronto's increased 2.5%. For both Vancouver and Toronto, the increase was lower than the rise in the Consumer Price Index.⁴ The lowest average monthly rent in 2010 was in Trois Rivières, QC at \$533 a month.

During the recession, all the provinces experienced an increase in average monthly rent greater than the provincial rate of inflation, with the exception of Alberta which actually saw a decline in average monthly rent (which CMHC attributed to the very significant increase in the vacancy rate, which rose from 2.5% in October 2008 to 5.5% in October 2009). In 2010, rent in Alberta declined even further despite the fact that the vacancy rate decreased as well. All other provinces except Ontario once again saw an increase in average monthly rent that was greater than the provincial rate of inflation. Newfoundland and Labrador experienced the most drastic increase in average monthly rents, with the 7.2% increase more than doubling the rate of inflation over the same period.

Table One: Vacancy Rates and Average Rents by Province, October 2009-October 2010

	Vacancy Rates (%) October 2009	Vacancy Rates (%) October 2010	Average Rent 2-Bedroom* \$ October 2009	Average Rent 2-Bedroom* October 2010	% Change of Average Rent 2-Bedroom** Oct08-Oct09	% Change of Average Rent 2-Bedroom** Oct09-Oct10
Newfoundland and Labrador	1	1	634	668	4.8	7.2
Prince Edward Island	3.1	2.2	688	719	4.7	2.5
Nova Scotia	3.1	2.9	838	851	2.8	3.0
New Brunswick	3.8	4.5	656	668	3.0	2.2
Quebec	2.4	2.7	640	666	2.8	2.9
Ontario	3.5	2.9	955	980	2.0	1.9
Manitoba	1.1	0.9	788	815	4.1	4.3
Saskatchewan	1.9	2.5	833	872	8.7	5.4
Alberta	5.5	4.6	1,044	1,036	-1.9	-0.9
British Columbia	2.8	2.7	1,001	1,019	2.8	2.6

*New and existing structures.

**Existing structures only.

Source: Canadian Mortgage and Housing Corporation, *Rental Market Report: Canada Highlights*, Fall 2010, http://www.cmhc-schl.gc.ca/odpub/esub/64667/64667_2010_B02.pdf?fr=1313074409781.

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. Because of the three year moving average, the two most recent years are estimates. For this reason, the numbers here for 2008 and 2009 are not the same as the ones in *Bearing the Brunt*. However, the recent estimates do give an idea of the affordability trends.

A factor of 100 indicates that 30% of median income is necessary to pay the median rent. A number higher than 100 is more affordable, and a number lower than 100 is less affordable. As a number increases, affordability is increasing. During the recession, affordability decreased in 6 urban centres, increased in 14 and remained the same in 3. Following the recession, affordability decreased in 14 urban centres, increased in 6 and remained the same in 3. Of these 23 major urban centres, 12 have an affordability indicator of 101 or less, indicating that the median income earner is paying about 30% of their income or more for a two-bedroom apartment. (See Table Two for Affordability Indicators by CMA).

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.⁵ In Toronto, food bank users spend 68% of their income on rent and utilities.⁶

Table Two: Affordability Indicator for Rental Housing by Census Metropolitan Area, 2008-2010

Census Metropolitan Area	2008	2009	2010	% Change 2008-2009	% Change 2009-2010
Calgary	112	120	132	7.14	10
Edmonton	116	118	129	1.72	9.32
Halifax	113	111	108	-1.77	-2.7
Hamilton	112	110	115	-1.79	4.55
Kitchener	117	119	116	1.71	-2.52
London	110	104	97	-5.45	-6.73
Montreal	137	136	130	0.73	-4.41
Oshawa	94	89	84	-5.32	-5.62
Ottawa	107	114	110	6.54	-3.51
Gatineau	128	131	131	2.34	-
Québec	129	129	133	-	3.1
Regina	110	110	91	-	-17.27
Saguenay	144	157	152	9.03	-3.18
Saskatoon	98	100	99	2.04	-1
Sherbrooke	134	136	136	1.49	-
St. Catherines-Niagara	100	104	101	4	-2.88
Sudbury	93	99	100	6.45	1.01
Thunder Bay	94	87	82	-7.45	-5.75
Toronto	92	95	95	3.26	-
Vancouver	96	96	93	-	-3.13
Victoria	101	90	85	-10.89	-5.56
Windsor	92	97	99	5.43	2.06
Winnipeg	101	105	101	3.96	-3.81

Source: Canadian Mortgage and Housing Corporation, *Rental Market Report: Canada Highlights*, Fall 2010, http://www.cmhc-schl.gc.ca/odpub/esub/64667/64667_2010_B02.pdf?fr=1313074409781.

Social Housing and Homelessness

The recession significantly increased the number of Canadians on waiting lists for social housing. In Ontario, the number of households on municipal waiting lists increased 4.2% between January 2008 and January 2009 and 9.6% between January 2009 and January 2010, reaching 141,635.⁷ In 2011, the waiting lists have increased even further to 152,077 households, an increase of 7.4%. All told, there has been a 17.7% increase since 2009. More households are in need of affordable housing but do not apply for social housing because they are discouraged by the very long wait times.⁸

Data on homelessness shows no clear pattern during the recession and following. Ottawa's Alliance to End Homelessness reports a declining number of individuals using shelters in the nation's capital but longer stays each year between 2008 and 2010.⁹ In Halifax, both the number of individuals using shelters and the length of their stay increased between 2008 and 2009.¹⁰ In Moncton, the number of individuals and the number of times shelter beds have been used have declined between 2008 and 2010, but there has been a slight increase in length of stay between 2009 and 2010.¹¹ It's difficult to say therefore what the impact of the recession has been on homelessness, although Nick Falvo has demonstrated that in previous recessions it took 2-4 years for the real impact of the recession to be seen on homelessness.¹²

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- ¹ Canada Mortgage and Housing Corporation, *Rental Market Report: Canada Highlights*, Fall 2009.
- ² Unless otherwise noted, data for this section comes from Canada Mortgage and Housing Corporation, *Rental Market Report: Canada Highlights*, Fall 2010, http://www.cmhc-schl.gc.ca/odpub/esub/64667/64667_2010_B02.pdf?fr=1313074409781
- ³ Statistics Canada, "Table 2: Consumer Price Index by province, and for Whitehorse, Yellowknife and Iqaluit," in *The Daily*, Tuesday November 3, 2010, <http://www.statcan.gc.ca/daily-quotidien/101123/dq101123a-eng.htm>.
- ⁴ Statistics Canada, "Table 11 The Consumer Price Index and selected sub-groups, by urban centre not seasonally adjusted," *The Consumer Price Index, October 2010*, <http://www.statcan.gc.ca/pub/62-001-x/2010010/t044-eng.htm>.
- ⁵ Food Banks Canada, *Hunger Count 2010*, 2010, http://www.foodbankscanada.ca/documents/HungerCount2010_web.pdf, p 8.
- ⁶ Daily Bread Food Bank, *Fighting Hunger: Who's Hungry, 2010 Profile of Hunger in the GTA*, <http://www.dailybread.ca/wp-content/uploads/2010/12/DBFB-0015-10WhosHungryReportFinalweb.pdf>, p 22.
- ⁷ Ontario Non-Profit Housing Association, *Waiting Lists Survey 2010*, May 2010, http://www.onpha.on.ca/AM/Template.cfm?Section=Waiting_Lists_2010&Template=/CM/ContentDisplay.cfm&ContentID=7546.
- ⁸ Ontario Non-Profit Housing Association, *Waiting Lists Survey 2011*, May 2011, http://www.onpha.on.ca/AM/Template.cfm?Section=Waiting_Lists_2011&Template=/CM/ContentDisplay.cfm&ContentID=10475.
- ⁹ Ottawa Alliance to End Homelessness, *Report Card on Ending Homelessness in Ottawa, Jan-Dec 2009*, <http://www.endhomelessnessottawa.ca/documents/ReportCardinEndingHomelessnessinOttawa2009.pdf>, and *Report Card on Ending Homelessness in Ottawa Jan to Dec 2010*, <http://www.endhomelessnessottawa.ca/homelessness/documents/ReportCardEndingHomelessnessOttawaJan-Dec2010.pdf>.
- ¹⁰ Community Action on Homelessness, *Halifax Report Card on Homelessness 2010*, http://www.cahhalifax.org/ReportCard/2010_Report_Card.pdf.
- ¹¹ Greater Moncton Homelessness Steering Committee, *Experiencing Homelessness: The Fourth Report Card on Homelessness in Greater Moncton, 2011*, http://monctonhomelessness.org/documents/3rd%20moncton%20rc_2nd%20provincial%20rc.pdf.
- ¹² Nick Falvo, *The Calm Before the Storm: The Great Recession's Impact on Homelessness*, Paper Presented to the 44th Annual Conference of the Canadian Economics Association, May 28-30, 2010, Quebec City, Canada, http://www3.carleton.ca/3ci/3ci_files/Documents/Falvo_CEA_26may2010.pdf.

Still Waiting for Recovery: A Look at the Recession's Impact on Debt and Bankruptcy

By Chandra Pasma

August 12, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-debt-and-bankruptcy>

As Canadians struggle with unemployment, inadequate Employment Insurance and social assistance, and involuntary part-time or precarious work, it is no wonder that more Canadians are struggling with debt. The low interest rates of the Bank of Canada throughout the recession and following have also contributed to growth in consumer credit that the Bank warns may be unsustainable once interest rates inevitably rise.¹ According to the Vanier Institute of the Family, the average debt per household set a record in 2010, reaching \$100,879 in the third quarter of 2010 and bringing the debt-to-disposable-income ratio to 150%. Average debt per household was 1.2% greater in the third quarter of 2010 compared to 2009. Average consumer credit per household reached \$36,346 in the third quarter of 2010, while average mortgage debt reached \$63,126.²

Low income families are least likely to be homeowners, and are therefore less likely to have mortgage debt which accounts for the greatest proportion of household debt. However, low income Canadians still carry a significant proportion of debt. In 2009, the average debt for Ontario food bank users was \$7,981, although the debt-to-income ratio was much lower than the national average at 50%.³ 77% of food bank users in the Greater Toronto Area went into debt to pay for basic needs such as food, rent or clothing.⁴ In 2010, 59% of Toronto-area food bank users reported that they needed to borrow money from family or friends in order to pay their bills, while 28% had to use a credit card or line of credit.⁵

The stress of the recession on debt loads is evident in statistics on mortgage arrears, credit card delinquency and bankruptcies and insolvencies. During the recession, the number of mortgages that were at least three months in arrears increased 52.4%, from 11,459 in October 2008 to 17,459 in October 2009. Since then, the number has declined slightly, although as of May 2011, the last month for which data is available, the number of mortgages in arrears was still 49.4% higher than before the recession began. In fact, the peak month since the recession began came in January 2011, when the number of mortgages in arrears reached 18,417.⁶ (See Table One for Mortgages in Arrears.)

Table One: Mortgages in Arrears (at Least 3 Months) by Province, 2008-2011

	October 2008	October 2009	October 2010	May 2011	% Change 08-09	% Change 09-10
Canada	11,459	17,459	17,431	17,121	52.36	-0.16
Atlantic provinces	1,205	1,561	1,415	1,420	29.54	-9.35
Quebec	1,549	2,350	2,336	2,379	51.71	-0.6
Ontario	5,550	7,372	6,287	5,708	32.83	-14.72
Manitoba	218	282	321	307	29.36	13.83
Saskatchewan	202	279	322	362	38.12	15.41
Alberta	1,654	3,379	4,036	4,123	104.29	19.44
British Columbia	1,081	2,236	2,714	2,822	106.85	21.38

Source: Canadian Bankers Association, *Number of Residential Mortgages in Arrears*, July 2011, http://www.cba.ca/contents/files/statistics/stat_mortgage_db050_en.pdf.

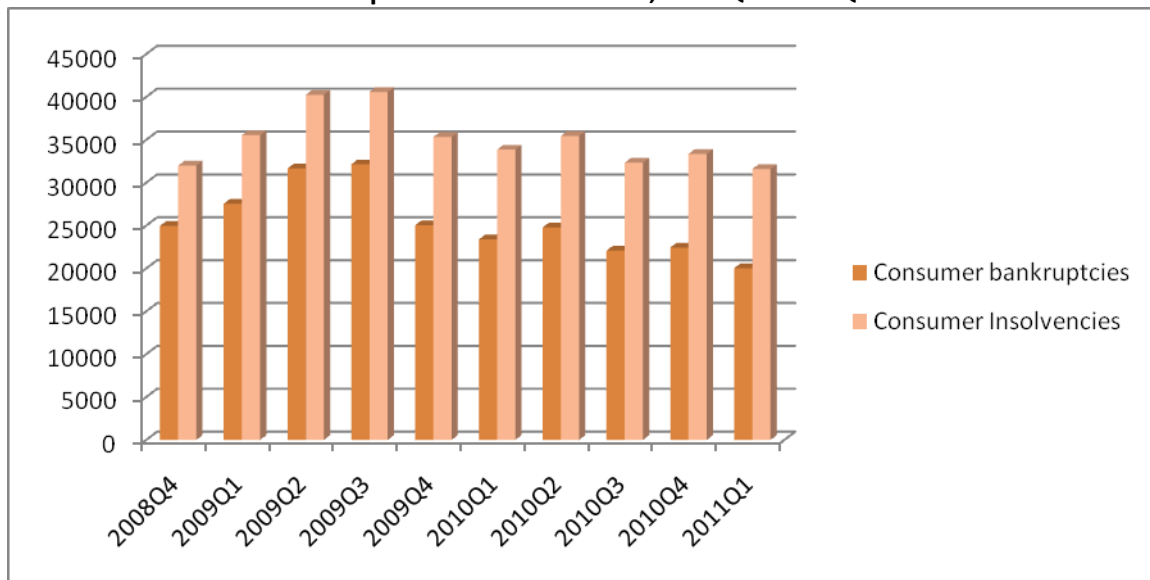
Across the provinces, Alberta and British Columbia have seen particularly sharp increases in mortgages in arrears, with the number of mortgages rising more than 100% between October 2008 and October

2009. While most other provinces saw a decrease in 2010 and 2011, Alberta and British Columbia, along with Saskatchewan, have continued to experience an increase. Both provinces have experienced their peak month since the recession began in 2011, with Alberta topping out at 4,240 in January (a 156% increase over October 2008) and British Columbia topping out at 2,932 in February (a 171% increase over October 2008).⁷

Meanwhile the credit card delinquency rate (defined as payments more than 90 days late) increased from 0.98% in October 2008 to 1.31% in October 2009 before dropping to 1.16 in October 2010. However, the rate has since increased again to 1.21 in January 2011. The rate peaked at 1.34% in January 2010.⁸

The number of bankruptcies and consumer proposals also increased during the recession. In the third quarter of 2009, bankruptcies were 41.1% higher than in the same period the previous year, while consumer proposals – alternative payment arrangements to meet debt obligations – were up 36.7%.⁹ In the year following the recession, bankruptcies declined 31.3% while consumer proposals increased 21.33%.¹⁰ Consumer bankruptcies peaked in the third quarter of 2009 before falling unsteadily since then. (See Chart One for Consumer Bankruptcies and Insolvencies.)

Chart One: Consumer Bankruptcies and Insolvencies, 2008Q3-2011-Q1.



Source: Office of the Superintendent of Bankruptcy Canada, *Insolvency Statistics*, <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02290.html#quarterly2011>.

In 2010, there were 135,008 consumer insolvencies in Canada, 16,704 (11%) fewer than in 2009.¹¹ This follows a 31% increase from 2008 to 2009 and a 14% increase between 2007 and 2008.

On the provincial level, all the provinces have followed the national pattern of rising from 2008 to 2009 and then declining into 2010 and 2011 except for Prince Edward Island, which witnessed an initial decline in 2010 and then an increase into 2011. The number of consumer insolvencies in PEI reached 179 in the first quarter of 2011, 27.9% higher than in the fourth quarter of 2008.¹²

¹ Roger Sauvé, *The Current State of Canadian Family Finances 2010 Report*, The Vanier Institute of the Family, February 2011, <http://www.vifamily.ca/media/node/783/attachments/familyfinance2010.pdf>, p 23.

² Ibid., pp 23,39.

³ Ontario Association of Food Banks, *Ontario Hunger Report 2009: Living with Hunger*, December 2009, <http://www.oafb.ca/assets/pdfs/OHR2009Red.pdf>, p. 15.

⁴ Daily Bread Food Bank, *Fighting Hunger: Who's Hungry 2009, Profile of Hunger in the GTA*, 2009, http://hungrycity.ca/pdfs/DBFB-0008-09_WhosHungryReport_FIN.pdf, p. 15.

⁵ Daily Bread Food Bank, *Fighting Hunger: Who's Hungry, 2010 Profile of Hunger in the GTA*, <http://www.dailybread.ca/wp-content/uploads/2010/12/DBFB-0015-10WhosHungryReportFinalweb.pdf>, p 26.

⁶ Canadian Bankers Association, *Number of Residential Mortgages in Arrears*, July 2011, http://www.cba.ca/contents/files/statistics/stat_mortgage_db050_en.pdf.

⁷ Ibid.

⁸ Canadian Bankers Association, *Credit Card Delinquency and Loss Statistics – VISA and Mastercard*, June 2011, http://www.cba.ca/contents/files/statistics/stat_creditcarddelinquency_en.pdf.

⁹ Office of the Superintendent of Bankruptcy Canada, *Insolvency Statistics in Canada – Third Quarter of 2009*, <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02303.html>.

¹⁰ Office of the Superintendent of Bankruptcy Canada, *Insolvency Statistics in Canada – Third Quarter of 2010*, <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02512.html>.

¹¹ Office of the Superintendent of Bankruptcy Canada, *Insolvency Statistics in Canada – Fourth Quarter of 2010*, <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02556.html>.

¹² Office of the Superintendent of Bankruptcy Canada, *Insolvency Statistics in Canada–First Quarter of 2011*, <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02622.html> and *Insolvency Statistics in Canada – Fourth Quarter of 2009*, <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02357.html>.

Still Waiting for Recovery: A Look at the Recession's Impact on Food Bank Use

By Chandra Pasma

August 15, 2011

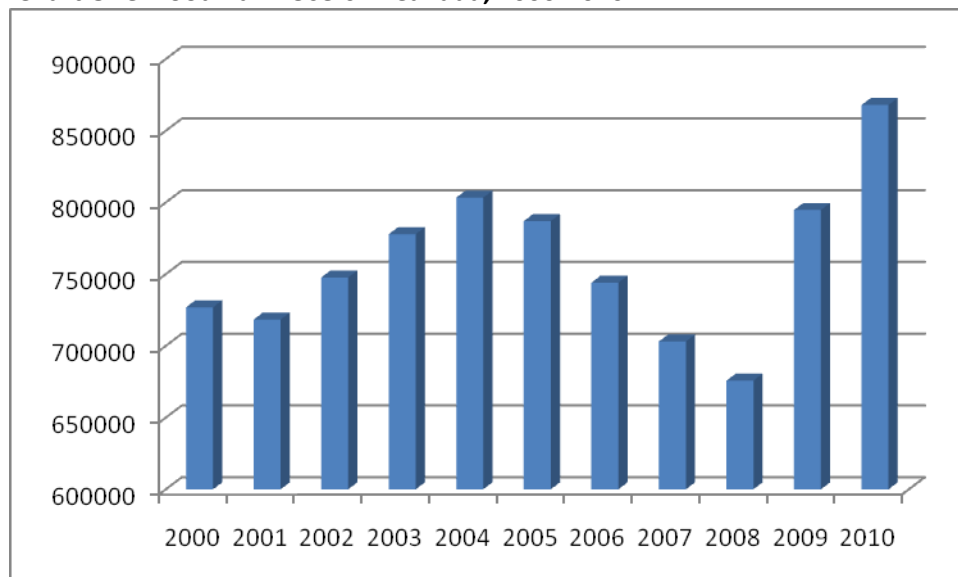
<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery-look-recessions-impact-food-bank-use>

Perhaps no other indicator better shows the growth in poverty and insecurity created by the recession than food bank use. The recession caused a record spike in food bank use, which rose 18% between 2008 and 2009. Following the recession, food bank use increased another 9%, reaching a record high of 867,948 people in March 2010. Between 2008 and 2010, food bank use increased 28%.¹ (See Chart One for Food Bank Users in Canada.)

In both 2009 and 2010, the number of first-time food bank users was approximately 80,150 people, 9.2% of all users in 2010. In Manitoba, 16% of all individuals receiving assistance were first-time food bank users.

After the last recession ended in 1993, the number of food bank users continued to climb until 2004, due to significant cuts to welfare benefits. The number of food bank users then declined steadily until 2008. In two years, all of the gains have been undone as a new record for food bank users was set in 2010. Given that unemployment is declining slowly, it is likely that it will be several years at least before we see the number of food bank users decline significantly.

Chart One: Food Bank Users in Canada, 2000-2010



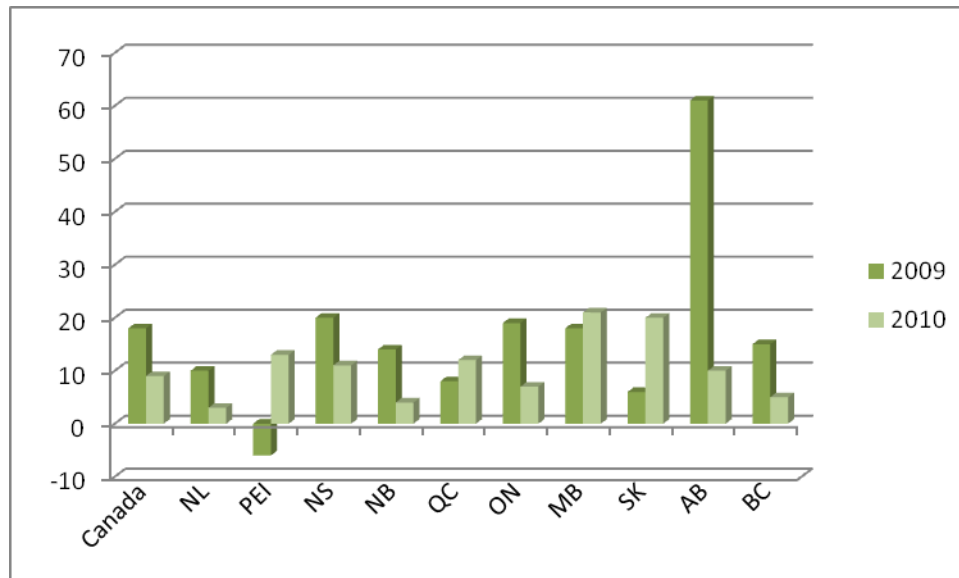
Source: Food Banks Canada, *Hunger Count 2010*, 2010,
http://www.foodbankscanada.ca/documents/HungerCount2010_web.pdf.

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 2010 could be as high as 4.3 million.

All 10 provinces experienced an increase in food bank users between 2009 and 2010, with 6 provinces witnessing a double-digit increase. This compares to 9 provinces with an increase in 2009. However the pattern of increases was quite different from 2009. In 2009, Alberta, Nova Scotia and Ontario topped

the list. In 2010, Manitoba had the highest increase at 21%, followed by Saskatchewan at 20% and Prince Edward Island (which had seen a decline in 2009) at 13%. Of the five provinces with a greatest increase in 2010, all have seen a net growth of jobs between October 2008 and October 2010 with the exception of Nova Scotia. Meanwhile, Ontario, New Brunswick and Alberta all lost jobs between October 2008 and October 2010, but were still in the bottom half of provinces by size of increase. (See Chart Two for Increases in the Number of Food Bank Users by Province.)

Chart Two: Increases in the Number of Food Bank Users by Province (%) 2008-2010



Source: Food Banks Canada, *Hunger Count 2010, 2010*, http://www.foodbankscanada.ca/documents/HungerCount2010_web.pdf.

The continual increase in food bank users is beginning to place a strain on food banks. In 2010, 50% of food banks were forced to reduce the amount of food per household, compared to 15% of food banks in 2008. 12% of food banks had to turn away some people in need of assistance, compared to 2% in 2008. 35% of food banks ran out of food at some point in 2010, compared to 13% in 2009 and 7% in 2008. One in three food banks made a media appeal for increased donations in 2010.

The demographic profile of food bank users

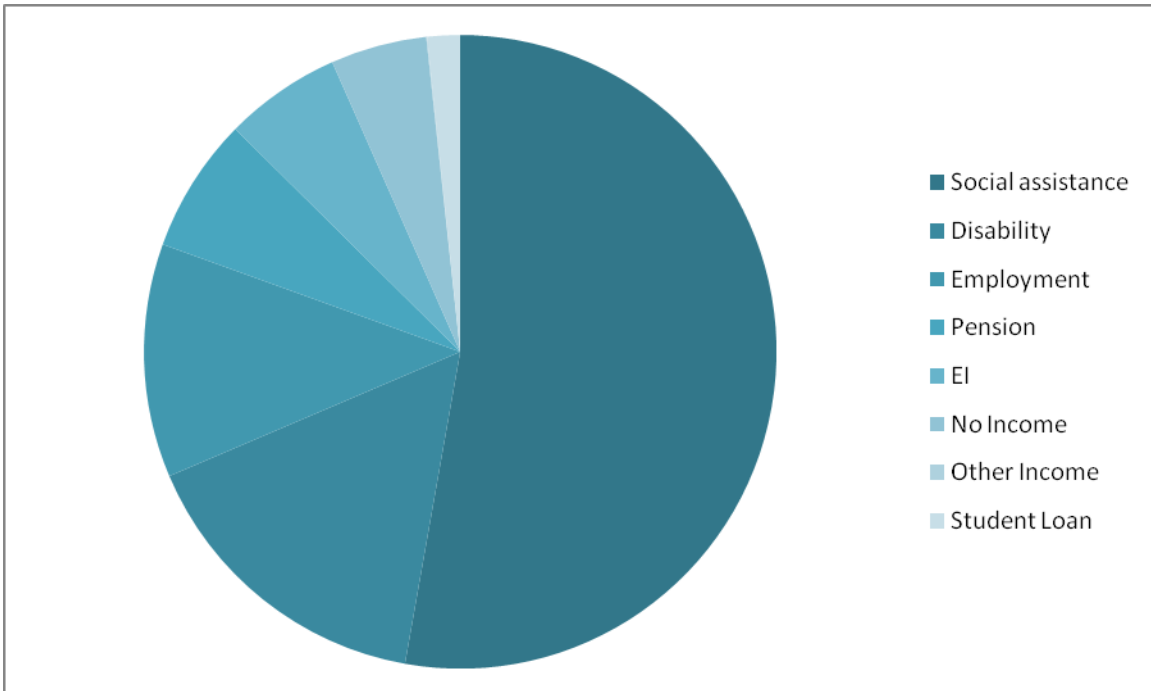
A significant proportion (38%) of food bank users are children. The proportion of children relying on a food bank ranges from a low of 29.7% in British Columbia to a high of 50.5% in Manitoba. 23.4% of households using food banks are two-parent families, while 27.5% are single-parent families. The highest proportion of households are individuals at 37.8%. The number of seniors using food banks increased significantly in 2010, rising from 5.5% of adults in 2008 to 7.2% of adults in 2010.

Fully half (50.5%) of food bank users receive social assistance, although this ranges from a high of 71% in Newfoundland and Labrador to a low of 37% in Prince Edward Island. The next largest income source is disability assistance, which ranges from a high of 23% in Ontario to a low of 3% in Saskatchewan. 5.7% of food bank users rely on Employment Insurance, ranging from a high of 24% in Prince Edward Island to a low of 4% in Saskatchewan and Ontario. More than 1 in 10 food bank users (11.4%) are employed, with a high of 20% in Prince Edward Island (replacing Alberta at the top of the list with 27% in 2009) and

a low of 9% in Quebec. A small but significant proportion of food bank users (4.7%) receive no income at all. (See Chart Three for Sources of Income for Food Bank Users.)

Since 2009, the number of food bank users relying on employment income has declined significantly from 13.6% to 11.4%. This is the second decline in a row. The proportion of food bank users relying on disability supports and EI has increased, while the proportion of food bank users receiving social assistance declined very slightly.

Chart Three: Sources of Income for Food Bank Users 2010



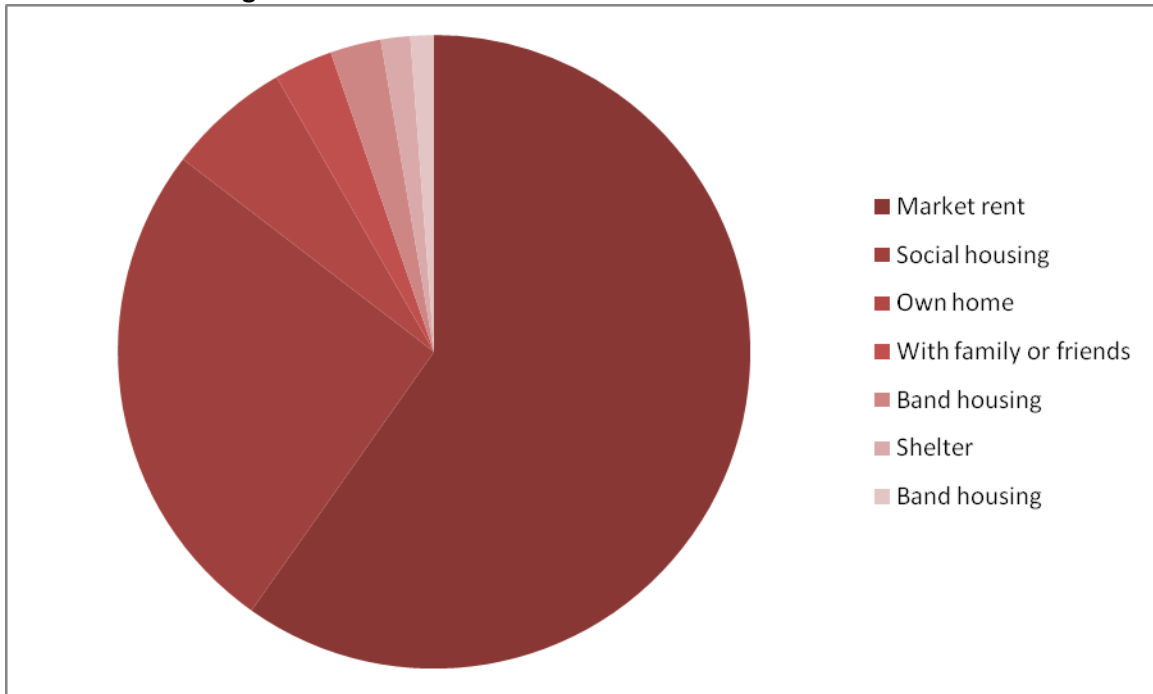
Source: Food Banks Canada, *Hunger Count 2010*, 2010, http://www.foodbankscanada.ca/documents/HungerCount2010_web.pdf.

Most food bank users are renters at 85.4% (a slight decline from 86.3% in 2009). Just over a quarter (25.6%) live in social housing and 59.8% paying market rent. The number of food bank users paying market rent has increased steadily over the past few years from 55.4% in 2007. The number of food bank users who are homeless or in shelters increased to 2.7% in 2010, although this is still significantly lower than 5% in 2008. The number of individuals living in band housing has increased substantially in 2010, due to the fact that the number of Aboriginal Canadians using food banks also increased. (See Chart Four for the Housing Situation of Food Bank Users.)

While food banks are able to alleviate some of the need, there are still Canadians who go hungry. In 2010, 48% of food bank users in the Greater Toronto Area went an entire day without eating at least once, with more than half missing meals for an entire day at least once a month.²

The Daily Bread Food Bank in Toronto reported a slight decline in 2011, with 1,082,000 client visits between April 2010 and March 2011, compared to 1,187,000 between April 2009 and March 2010 (-8.8%). This is still 5% higher than in 2008, however, reflecting the likelihood that it will be sometime before food bank use in Canada declines to its pre-recession rate.³

Chart Four: Housing Situation of Food Bank Users 2010



Source: Food Banks Canada, *Hunger Count 2010*, 2010,
http://www.foodbankscanada.ca/documents/HungerCount2010_web.pdf.

¹ Unless otherwise noted, data comes from Food Banks Canada, *Hunger Count 2010*, 2010,
http://www.foodbankscanada.ca/documents/HungerCount2010_web.pdf.

² Daily Bread Food Bank, *Fighting Hunger: Who's Hungry, 2010 Profile of Hunger in the GTA*,
<http://www.dailybread.ca/wp-content/uploads/2010/12/DBFB-0015-10WhosHungryReportFinalweb.pdf>, p 14.

³ Daily Bread Food Bank, *Hunger Snapshot: Fighting Hunger, 2011 Profile of Hunger in the GTA*,
<http://www.dailybread.ca/wp-content/uploads/2011/06/HungerSnapshot-Web.pdf>.

Still Waiting for Recovery

By Chandra Pasma

August 17, 2011

<http://www.cpj.ca/en/blog/chandra/still-waiting-recovery>

The recession of 2008-2009 hit fast and furiously, with a steep decline in Gross Domestic Product and employment. Since then, both indicators have recovered well, leading some to trumpet Canada's quick recovery from the recession. But other indicators, such as social assistance caseloads, have not seen the same strong recovery. And still other indicators, while on their way back to pre-recession levels, still reveal worrisome trends.

We know that the recession significantly increased Canada's poverty levels. But do Canada's poor now risk being permanently left behind? Our survey of the economic indicators over the past several weeks suggests that the answer is yes.

In fact, Canada is seeing two recovery stories. For those on the lucky side, recovery has meant maintaining employment or finding a new job, and a continued increase in average income greater than the increase in cost of living. For those on the unlucky side, however, recovery is either precarious or non-existent. They are still unemployed or precariously employed, with low wages, inadequate Employment Insurance or social assistance benefits, faced with rising costs for housing, and more likely to be forced to turn to food banks for support.

While the economy has regained the number of jobs lost during the recession, a worrisome shift has taken place from full-time jobs to part-time jobs and from permanent jobs to temporary jobs, increasing the number of Canadians who are precariously employed. Part-time and temporary jobs are both lower-waged on average than full-time and permanent jobs. More Canadians are now involuntarily working part-time than before the recession, finding it difficult to make ends meet on part-time wages. There has also been a shift from jobs in high paying goods industries to jobs in the low paying service industry.

Unemployment remains high, with 1,388,000 Canadians unable to find work in June. The number of discouraged seekers who have stopped looking for work and are no longer counted as unemployed increased 37.8% between October 2008 and October 2010. The number of students also increased 17.3% as people chose to go back to school or stay in school to avoid an unfriendly hiring climate. Young people have been particularly impacted by unemployment, with the youth unemployment rate at 14% in June 2011. However, this is also lower than might be expected, as youth participation in the labour force dropped nearly 3 percentage points over that same period.

The average wages and salaries of Canadians have increased by more than the rate of inflation in the past three years, but at least part of the rising average is due to the loss of low paying jobs. Canadians are also working fewer total hours than they were when the recession began in 2008. In fact, weekly earnings for all demographics except part-time workers increased by less than the rate of inflation between 2010 and 2011. The trends for average income also hide the reality that income losses and gains are not distributed evenly. Evidence from previous recessions reveals that the poor lose more of their income during a recession than the rich, but fail to recover as well as the rich when the recession ends.

Those who lose their jobs need to turn to Employment Insurance, but EI has turned out to be completely inadequate. While at the peak of the recession just over half of the unemployed were receiving benefits, the coverage rate has now declined to 42% of unemployed Canadians in May 2011, *below* the pre-recession rate. The number of unemployed Canadians *not* receiving EI has been rising in 2011, despite the fact that unemployment has been falling. Over 500,000 Canadians also exhausted their benefits in 2009 and 2010 without finding new work.

EI also has significant regional disparities, as Ontario, Alberta and British Columbia, the provinces which experienced the greatest job losses during the recession, had the lowest rates of EI coverage during the recession and have subsequently seen a greater fall in EI coverage than in unemployment. The Atlantic provinces, meanwhile, had very high rates of EI coverage despite low increases in unemployment, and have seen very little change in EI coverage following the recession.

As a result of EI's inadequacies, social assistance caseloads have increased dramatically across the country. In Alberta (46%), Ontario (27.91%) and BC (23.29%), the increases since 2008 have been particularly high, but all 10 provinces have experienced an increase. Quebec is the lone province to have seen a decline in welfare caseloads between 2009 and 2010. The recession's full impact may not have been experienced yet, as 7 out of 9 provinces with available data witnessed their peak caseload since October 2008 in 2011.

Meanwhile, Canadians who are struggling to make ends meet on the poverty income of EI or social assistance benefits or on the wages of a part-time job have been confronted with rising energy costs and average rents that have increased by more than the rate of inflation.

The increasing strain of precarious or poverty incomes on Canadian households can be seen in rising debt levels and mortgage arrears. The average debt load per household in Canada reached record levels in 2010, rising above \$100,000 per household and equaling 150% of disposable income. The number of mortgages that are in arrears by 3 months or more increased by more than 52% during the recession, and is still 49% higher than before the recession began. The number of bankruptcies has fallen in 2010 and into 2011, but the number of consumer proposals – alternative arrangements to pay debt – increased 21% between the third quarter of 2009 and the third quarter of 2010.

Perhaps the best indicator of the ongoing economic strain felt by those Canadians who are being left behind is food bank use, which reached record levels in 2010. The number of food bank users increased 28% between 2008 and 2010, completely wiping out the gains of the previous five years.

Without intentional action on the part of Canadian governments, these Canadians who are on the unlucky side of the economic picture will not experience the benefits of recovery. We know that the recession significantly increased poverty in Canada, which had been at a record low in 2007. Since the recession the situation has not gotten any better for poor Canadians. We need deliberate action to reduce poverty and unemployment in Canada. Without a poverty elimination 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.

The good news is that action on poverty will bring economic growth. The Department of Finance estimates that a \$1 billion investment in low income Canadians will create a \$1.7 billion boost to GDP. This is greater than the return on almost any other investment. We can't afford to leave any Canadians behind if we want a good news recovery story for Canada.