



## Poverty at Your Doorstep

Toronto

2013

Toronto, like much of Ontario, was hard hit by the 2008-09 recession. As unemployment climbed, Employment Insurance coverage fell woefully short. Food bank use, social assistance caseloads and consumer bankruptcies all soared, widening the existing gulf between the affluent and the poor. The regional economy has picked up since 2010 and the number of jobs has been growing, but not fast enough to keep pace with population growth.

Three years out, many families continue to struggle, especially those in the new immigrant community. Toronto's poverty rate and unemployment rate remain above the national benchmarks. Rising costs of living, especially for housing, are cutting deeply into family budgets. The growing social assistance caseload is a worrying sign looking forward.

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## Poverty in Toronto

Toronto has struggled with high levels of poverty since the early 1990s. At the height of the last recession in 1995, over one in five Toronto children lived in poverty, while the overall rate for the city was in excess of 16% for several years, according to Statistics Canada's after-tax Low Income Cut-off.

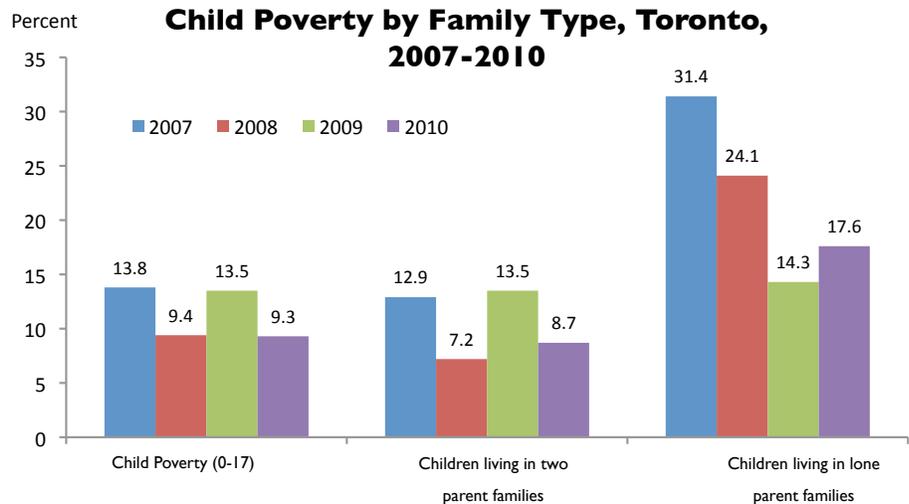
While other Canadian cities experienced a steady decline in poverty through the late 1990s and early 2000s, Toronto's experience was much more erratic, making progress one year, losing ground the next.

With the onset of the recession, the overall poverty rate jumped from 11% in 2008 to 13% in 2009, and then fell back to 11% in 2010.

Toronto's child poverty rose from 9% in 2008 to 14% in 2009, the second highest increase related to the recession, behind Kitchener-Waterloo, and tied with Vancouver. In 2010, the rate of child poverty fell back to 9%, reflecting an improvement in the situation of families with children.

Children of recent immigrants are among the groups with the highest poverty rates in Canada. In 2005, the rate of poverty in Toronto region was 34%, and 39% among those living in the City of Toronto.

By contrast, there has been considerable improvement in the situation of lone-parent families over the past decade. Poverty among



Source: Source: Statistics Canada. Table 202-0802 - Persons in low income families, annual. After-tax Low Income Cut-Off.

children living in lone-parent families fell by over 70% between 1996 and 2009, from 63% to 14%. The rate has since increased to 18% in 2010. Improvements reflect the fact that lone-parent mothers today tend to be older and have higher levels of education and employment than in the past.

## Labour Market Inclusion

Toronto's economy has experienced modest growth since the recession and improved average weekly earnings, but not all residents have benefitted. Unemployment is stuck above 8%, considerably higher than the pre-recession level at 6.5%.

In particular, young people and new immigrants to Toronto are struggling to establish and maintain a foothold in

Toronto's labour market. In June 2012, 19.8% of young adults aged 15 to 24 were unemployed, six percentage points above the national average, while there was a three point gap between the unemployment rate of immigrants and those born in Canada (9.0% vs. 5.9%).

At the same time, the employment rate fell by over two percentage points between 2007 and 2009, from 64% to 62%. There was effectively no change between 2010 and 2011. So while the number of jobs in Toronto has been increasing, it hasn't been growing fast enough to keep pace with the growing numbers of those searching for work.

The drop in the employment rate represents a shortfall of 112,000 jobs in Toronto.



**Between 1980 and 2005, Toronto's poorest neighbourhoods suffered a 6% decline in income, while its wealthiest neighbourhoods saw their incomes grow by 63%.**

The number of full-time, full-year earners has also been on the decline. After increases in 2007 and 2008, the number fell by almost 10% during the recession and again by 5% in 2010. As a share of all employment, full-time, full-year jobs have fallen from over 60% in the mid-1990s to 40% in 2010.

### Income and Earnings

The economic recession triggered a drop in market incomes of working-age families in Toronto. Between 2008 and 2009, median income from earnings and investments fell from \$75,800 to \$72,300. In 2010, incomes bounced back to \$75,100, placing Toronto in the middle of the income range of large Canadian cities, roughly \$10,000 above the national benchmark of \$64,900.

After-tax incomes largely followed the same pattern as market incomes. The median after-tax income of two-parent families was \$84,000, while the income of lone-parent families was half of that at \$40,800.

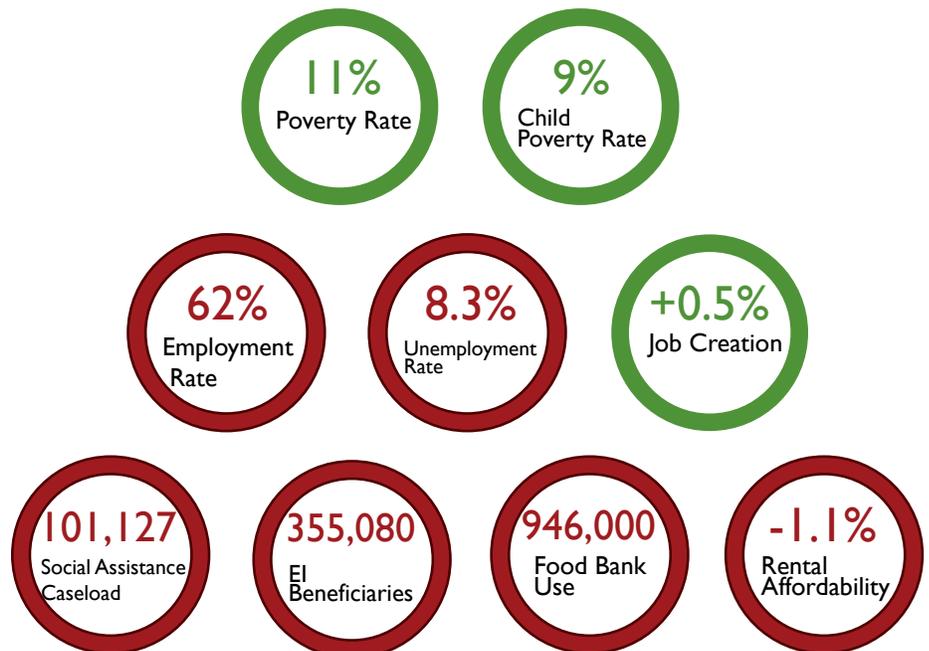
### The Growing Gap

According to Toronto Community Foundation, Toronto is Canada's least equitable metropolitan region. Since early 1980's, the earnings and income gap between the wealthiest group of residents and those with low or modest incomes has been growing, continuing through the 2008-09 recession.

A considerable gap has emerged between high-income and low-income

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neighbourhoods. Between 1980 and 2005, Toronto's poorest neighbourhoods suffered a 6% decline in income, while its wealthiest neighbourhoods saw their incomes grow by 63%. As a result, the number of very wealthy communities – and very poor communities – have been growing at the expense of middle-income neighbourhoods.

Like Vancouver, neighbourhoods that have experienced the greatest economic losses are home to a disproportionate share of new immigrants and visible minority families.

### Social Assistance and Employment Insurance

As a result of the recession, increasing numbers of individuals and families have turned to the Ontario Works and Ontario Disability Support Program for support. Between October 2008 and December 2009, the total number of cases rose by 19% to a monthly total of 91,544.

In the face of stubbornly high unemployment, the number of households relying on social assistance continued to rise through 2010 and 2011, reaching 101,127 in December

2011. According to City of Toronto figures, one in ten Torontonians (9.5%) now relies on social assistance for income support.

The number of Employment Insurance recipients began to fall in 2011, after three years of successive increases. Given the increase in the social assistance caseload, however, this result may not accurately reflect real improvement, as those who exhaust EI may be turning to social assistance for support.

## Making Ends Meet

In 2011, Toronto was named Canada's most expensive city in the Mercer Cost of Living Survey. The prohibitive cost of purchasing a home or renting accommodation was one of the key reasons.

Rental affordability in Toronto was poor before the recession and has seen little improvement since, as cost of living increases continue to exceed income growth among Toronto renters. In April 2012, the average rent for a two-bedroom apartment was \$1,164, up from \$1,124 in April 2011, an increase of 3%.

Toronto food banks experienced a significant rise in clients following the recession. The number of people using food banks jumped between 2008 and 2010, from 744,232 to 997,000. In 2011, the number of clients eased, and then increased again in 2012 to 946,000. Current numbers are still 18% above food bank use before the recession.

## Sources

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- » Hulchanski, David (2010), The Three Cities within Toronto: Income Polarization among Toronto's Neighbourhoods, 1970-2005.
- » Social Planning Toronto (2009), Toronto's Social Landscape 10-year Trends, 1996-2006
- » Statistics Canada, CANSIM Tables 111-0020, 202-0203, 202-0605, 202-0407, 202-0802, 282-0110, 282-0116, 326-0021.
- » Toronto Community Foundation (2012), Vital Signs 2012.
- » Toronto (City of) (2012), 2011 Results: Toronto Management Information Dashboard.

For more information, see the national Poverty Trends Scorecard—Canada 2012 at [www.cpj.ca](http://www.cpj.ca). Check out Poverty at Your Doorstep reports for other Canadian cities at [www.worldvision.ca/canadianprograms](http://www.worldvision.ca/canadianprograms).

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## Partners in Action City Hope

City Hope is a nonprofit working exclusively in St. Jamestown, the largest high rise community in Canada, and identified as one of Toronto's priority neighbourhoods for poverty reduction.

Farah\* is newcomer to Canada who recently settled in St. Jamestown with her husband and 12 year old son. Not long after arriving she welcomed another young refugee woman from Afghanistan into her apartment.

Farah's limited fluency in English has been her biggest challenge to active participation in Canadian society. Her husband works long hours to support the family, and Farah is also very invested in ensuring her son succeeds in school.

Through City Hope's weekly ESL Café in her neighbourhood, Farah has improved her English and made many new friends. The Café program also offers programming for youth and children which enables Farah to attend often. Feeling part of this new community has enabled her to feel less isolated and more hopeful about her family's future in Canada.

City Hope provides settlement services and programs for children, youth and families in one of the most culturally diverse communities of Toronto. It is their desire to see real and lasting improvements to the quality of life for newcomer parents and their children living in St. Jamestown.

\*not her real name

[www.cityhope.ca](http://www.cityhope.ca)

## World Vision Canada

For more information about our programs and what you can do to close the poverty gap here at home, please see [www.worldvision.ca/canadianprograms](http://www.worldvision.ca/canadianprograms) or get in touch: [canadianprograms@worldvision.ca](mailto:canadianprograms@worldvision.ca), 1-800-268-5863, ext 2759.