Losing Ground:

THE PERSISTENT GROWTH OF FAMILY POVERTY IN CANADA'S LARGEST CITY

United Way
Greater Toronto

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THE PERSISTENT GROWTH OF FAMILY POVERTY IN CANADA'S LARGEST CITY

A Report of United Way of Greater Toronto | November 2007

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"Losing Ground: The Persistent Growth of Family Poverty in Canada's Largest City" tells the startling story of the diminishing capacity of Toronto families, lone-parent families in particular, to meet the high cost of living in Toronto. *Losing Ground* sets out starkly that on every measure, Toronto families fared worse than the nation as a whole. The report clearly demonstrates that Toronto families are not only falling behind the rest of the nation, they are also falling behind the rest of the province and even the rest of the Toronto area – worse in terms of median incomes, percentage of low-income families, and in the number of low-income families. Even more disturbing is that these families face raising their children in the most expensive city in Canada.

In telling this story, it is our hope that we will achieve two goals. First, we hope that this evidence-based report will be a catalyst for action and second, that we can work together—with the community sector and all three orders of government—to overcome the systemic issues of poverty in Canada's largest city.

Although we are heartened by the modest gains that have resulted from recent public policy initiatives that point to fewer people living at the very bottom of the income ladder, we are nonetheless very concerned about the warning signs from other indicators. Growing levels of precarious employment, substantial increases in applications for evictions related to non-payment of rents, rising levels of indebtedness and insolvency – these signs are all deeply troubling. Tenuous financial circumstances of low-income families are pushing more and more families into a cycle of poverty as they turn to a rapidly expanding fringe-lending sector. The growth in widely available, quick-fix, and excessively expensive, financial products are "solutions" that those living in poverty can ill afford.

The numbers throughout the report illustrate the seriousness of the growth in poverty quite plainly. For instance, by 2005, nearly 1 in 5 of Toronto's two-parent families were low-income, compared to approximately 1 in 10 at the national, provincial and rest of Toronto CMA levels. For lone-parent families, incredibly, more than 50 per cent were low-income in 2005.

There are many more unsettling trends identified in the report. *Losing Ground* charts the dramatic gap that is opening up between median incomes of Toronto families relative to other geographical areas, the increasing percentage of low-income families in Toronto (28.8% in 2005 up from 16.3% in 1990) and relative to Canada (19.5% and 16.3% respectively) and the meager incomes on which two-parent and lone-parent families struggle to live. Complicating matters for the vulnerable members of our community is that Torontonians had the lowest levels of access to Employment Insurance in Canada; a key component of the social safety net has been failing the precariously employed people in this city.

The story told by *““Losing Ground: The Persistent Growth of Family Poverty in Canada’s Largest City”* impels us all to action. It is incumbent on all of us, the voluntary sector, as well as all three orders of government, to take our share of responsibility for the complex solutions ahead of us. An important first step will be action arising out of the Government of Ontario’s commitment to develop a poverty reduction strategy that sets clear goals and indicators of success. A successful strategy will be one that addresses the uniqueness of different cities and regions in the province. Accordingly, community leaders, those with the deep knowledge of the nature of challenges of poverty locally, should be brought in to identify the critical elements of a successful poverty reduction strategy. It will be equally important that the poverty reduction strategy develop specific actions to address the significant challenges of the City of Toronto.

Together we should look to the successes of the Province of Quebec and to Ireland for inspiration, and to learn from their practical experience in realizing significant progress in battling the growth of poverty.

Furthermore, it is timely for the Province of Ontario to seize the opportunity to protect consumers from excessive lending rates by regulating the fringe-lending sector.

To ensure that we are better positioned to act sooner in future, we must work together to build a solid foundation of data on which to deepen our capacity to undertake research on how the City of Toronto and its residents are faring.

Lastly, United Way of Greater Toronto is committed to the development of consumer information and problem-solving programs targeted to low-income borrowers in high need communities across the city in order to empower them to make more informed decisions about their credit options.

In sharing this report we welcome and encourage an open and collaborative approach to swiftly addressing one of the key determinants of a great city – the financial health and welfare of its families. In doing so, we can collectively ensure a vibrant future for Toronto, for the Province of Ontario, and for the nation as a whole.

Frances Lankin
President and Chief Executive Officer,
United Way of Greater Toronto

Executive Summary & Recommendations

Introduction

This report provides important new data about family incomes and family poverty in Toronto, Canada's largest city. It is a story of lost ground – of a significant gap, which has opened up between the financial well being of families with children 0-17 in Toronto and their regional, provincial and national counterparts.

It is also a cautionary tale – one that points to warning signs that large numbers of vulnerable households in the Toronto area are falling into serious financial trouble, evidenced by growing applications for eviction, indebtedness, and insolvency numbers.

Most would not have predicted this at the start of the new decade. In 2000, economic indicators pointed to a robust and booming economy, and in many ways that outlook has held. Canada has enjoyed high employment, and strong job growth and corporate profits throughout most of the decade.

But there were countervailing economic forces that made the economic picture less rosy in the City of Toronto. Unemployment numbers were higher in the city in the first five years of the decade, there was overall job loss, and the number of vulnerable workers in precarious forms of employment grew.

Losing Ground documents how Toronto's families fared in this economic environment. It shows that the median income of Toronto families hardly improved at all in the first five years of the decade, and by 2005 was still much lower than it had been in 1990. In other parts of the country there were big gains in the median family income in the first half of this decade. The report also shows that poverty levels continued to climb in the City of Toronto, at the same time as they stabilized and even declined slightly in the rest of the Toronto CMA, the province and country as a whole.

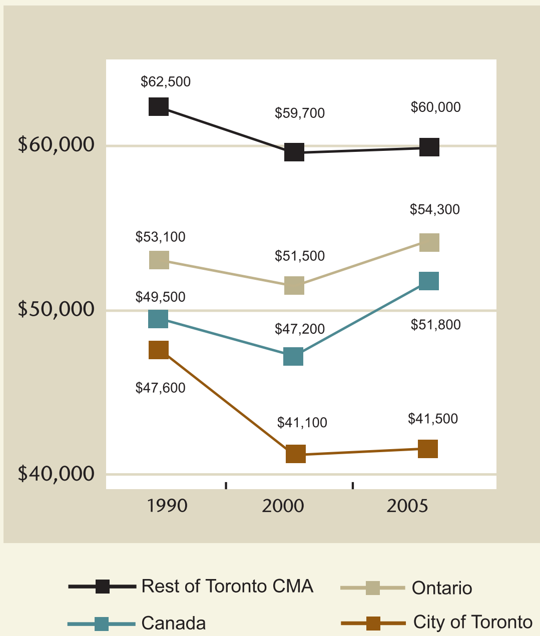
On every dimension of income examined, Toronto families lost ground, falling behind families in the rest of the country: overall family median incomes were lower, as were median incomes for both two-parent and lone-parent families, and overall family poverty rates were higher, as were those of both family types. This new data comes at an important time, as the provincial government sets out to build a poverty reduction strategy for Ontario.

Summary of Key Findings

The median income of Toronto families was static in the 2000-2005 period, and far below families in other areas

- The after-tax median income of City of Toronto families was $41,500 in 2005, just $400 dollars more than in 2000 – a meagre 1.0% increase. It was also $6,100 less than it was in 1990 (in constant 2005 dollars).
- The median income of families at the provincial level increased 5.4%, and at the national level it surged ahead almost 10% in the first five years of the decade.
- By 2005, the median income of City of Toronto families was well below the median in other major urban centres in the country – $21,000 less than the Calgary CMA, for example.

Median Income of All Families, with Children 0-17, By Selected Geographic Areas, 1990, 2000, 2005 (constant 2005 dollars)



The median income of Toronto's two-parent families falling behind

- A large gap has opened up between the median income of Toronto's two-parent families and their counterparts in other areas.
- By 2005, the $53,300 median income of Toronto's two-parent families was $9,400 less than for families in the country as a whole, $12,500 less than the provincial median, and $15,300 less than the median in the rest of the Toronto CMA.

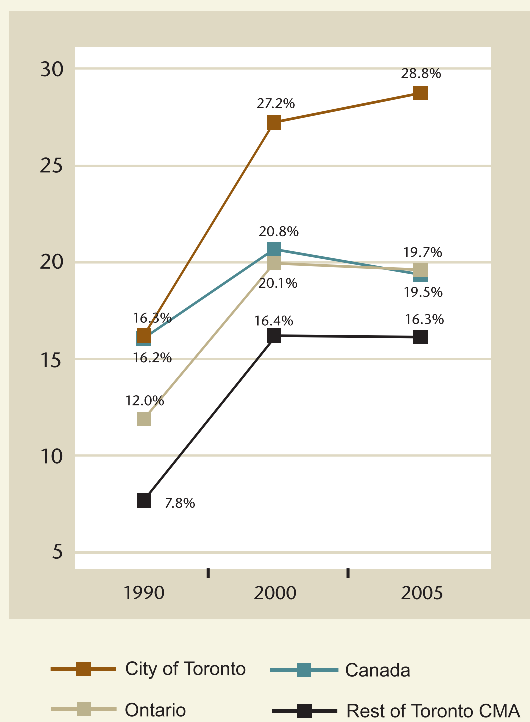
The median income of lone-parent families in a continuous downward path

- The median income of lone-parent families in the City of Toronto continued to fall in the 2000s, after dropping substantially in the 1990s.
- By 2005, the median income of Toronto's lone-parent families was $21,700, which was $1,300 less than it was in 2000, and $4,500 less than it had been fifteen years earlier, in 1990.

Family poverty continues to rise in the City of Toronto

- In 2005, more than 1 out of every 4 City of Toronto families were low-income, up from 1 in 6 fifteen years earlier, in 1990.
- By 2005, there was a significant gap between the 28.8% rate of low-income in the City of Toronto and the 19.7% rate in the country as a whole, 19.5% in the province, and 16.3% rate in the rest of the Toronto CMA.

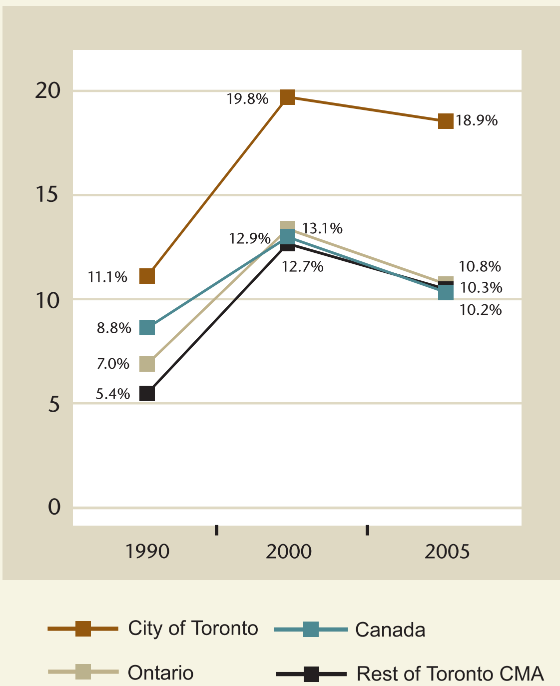
Percentage of Low-Income Families with Children 0-17, (of Total Family Population with Children 0-17), By Selected Geographic Areas, 1990, 2000, 2005



Two-parent family poverty in the City of Toronto much higher than in other areas

- In 2005, nearly 1 in 5 of Toronto's two-parent families were low-income, compared to approximately 1 in 10 at the national, provincial and rest of Toronto CMA levels.

Percentage of Low-Income, Two-Parent Families with Children 0-17 (of Total Two-Parent Family Population with Children 0-17), By Selected Geographic Areas, 1990, 2000, 2005



Lone-parent family poverty in the City of Toronto continues to grow

- In 2005, over 50% of lone-parent families in the City of Toronto were low-income, up from 1 in 3 in 1990.

Warning signs in the rest of Toronto CMA

- The number of low-income families is rising rapidly in the rest of the Toronto CMA, in large part due to the overall growth in the population. But as in the City of Toronto, lone-parent families are making up a larger percentage of the total family population, and a growing percentage of them are low-income.
- The rest of the Toronto CMA is now facing the looming challenge of meeting the social service and infrastructure needs of growing numbers of low-income families.

Warning signs in Toronto of growing financial vulnerability

- There has been an eightfold increase in the number of payday loan and cheque cashing outlets in the City of Toronto, heavily concentrated in the city's low-income neighbourhoods, and which charge the borrower much more than traditional sources of credit.
- Applications for evictions due to non-payment of rent rose 26% between 1999 and 2006 in the Toronto region, indebtedness and debtmanagement caseloads are growing, and insolvencies are increasing at higher rates in the City of Toronto, than in the province or country as a whole.

Recommendations

The persistent rise in poverty in the City of Toronto in the first half of this decade, after the huge increase in the 1990s is disturbing. These trends must be turned around if Toronto is to remain a strong and healthy place for families to live, work and raise their children. For this reason, United Way welcomes the Government of Ontario's commitment to build a poverty reduction strategy for Ontario. In releasing *Losing Ground*, United Way is making a number of recommendations that it believes are critically important for ensuring that the poverty reduction strategy is as effective as possible.

1. Ensuring an integral role for community leaders in the development of a poverty reduction strategy for Ontario

It will be critically important that the development of a poverty reduction strategy be informed by the deep knowledge and expertise that exists within communities, about the special nature and challenges that local poverty is presenting. For this reason, United Way is recommending that:

The provincial government bring together community leaders to participate in the development of a poverty reduction strategy for Ontario.

2. Addressing the unique challenges in the City of Toronto

The data in this report captures the growing income gap between the City of Toronto and other jurisdictions, such as lower family median incomes and higher poverty rates. Other research reports have provided a large body of evidence of the serious social and health consequences that have been accompanying these trends. We have seen how closely gun crime in the city, poor school grades and drop out rates, teen pregnancies and teen births, and low birth weight births corresponds to the neighbourhoods where poverty is highly concentrated. Most recently, we have evidence of soaring diabetes rates in the city's lowest-income neighbourhoods and growing food bank use. United Way is therefore recommending that:

A poverty reduction strategy for Ontario to be developed by the provincial government take account of the unique low-income challenges facing the City of Toronto, and the poor social and health outcomes that are associated with them.

3. Setting clear and achievable targets

Other jurisdictions like the Province of Quebec and Ireland have tackled poverty head on, with impressive results that show poverty reduction can be achieved against planned goals. United Way is therefore recommending that:

The provincial government set clear poverty reduction targets and aggressive timelines for achieving those targets, with specific targets and timelines for the City of Toronto.

4. Ensuring that the strategy is comprehensive and involves all orders of government

The social safety net in our province is flawed and has not been as effective as it needs to be in helping families move out of poverty. The solutions are complex and multifaceted. Because all orders of government share responsibility, United Way is recommending that:

The federal and municipal governments join the Province of Ontario in the development of the strategy, so that all components of the social safety net are examined and financed, including policies and programs that impact housing security, employment security, and child care.

5. Addressing the particular challenges of access to employment insurance and the protection of precarious workers

The growth in precarious employment is one of the significant contributors to income insecurity among Toronto's low-income workforce. Toronto's rock bottom rate of access to Employment Insurance is another. The Task Force on Modernizing Income Security for Working-Age Adults set out clear directions for both reforming Employment Insurance and creating greater protections for workers employed in precarious work. United Way supports the MISWAA conclusions, and is therefore recommending that:

The development of a poverty reduction strategy in Ontario seek to address the significant decline in coverage of the unemployed and the related decline in access to employment supports and training; and that it also seek to strengthen the protection of, and support for, employees in precarious employment.

6. Building a solid foundation of research knowledge about precarious employment and indebtedness

An existing base of Toronto data informs our understanding of how the city and its residents are changing, along many dimensions. This comes from a broad range of sources including the census, Canada Mortgage and Housing Corporation's annual rent surveys, food bank surveys, and labour force surveys. But in some areas, such as precarious work and indebtedness trends, data at the city level is minimal. The structure of work in the Toronto economy has changed dramatically in the past ten to fifteen years, and we need to be able to quantify and track changes in the forms that it is taking among Toronto workers. Similarly, the trend of indebtedness which Statistics Canada reports at a national level, needs to be understood at a city level, especially in light of insolvency rates in Toronto that are outpacing those at other geographic levels. For this reason, United Way is recommending that:

The federal government, through Statistics Canada, work with representatives from the municipal and provincial governments, research and labour organizations to develop strategies for the routine collection of precarious employment and indebtedness data at the city level.

7. Regulating the payday lending sector

In the fall of 2006, the federal government introduced a provision to allow provinces to regulate the payday lending industry. Manitoba, Saskatchewan, Nova Scotia, and British Columbia have all proceeded. Quebec already has strict regulations. In Ontario, two private member bills were before the house to regulate the industry in Ontario, but were terminated when the provincial parliament was dissolved in the summer of 2007. Provincial changes to the *Consumer Protection Act* were made in 2007 to improve consumer knowledge of the fees and charges that the sector is applying. But these do not provide the kind of consumer protection that other provinces are putting in place. Therefore, United Way is recommending that:

The Province of Ontario develop rigorous new regulatory measures to protect consumers from usurious rates of interest, set interest rate caps and limits on fees and charges, and prohibit roll-overs and other practices that trap consumers in a debt cycle.

8. Building Consumer Financial Knowledge

There is no doubt that Toronto's low-income families find themselves in such tight financial circumstances that they are forced to take out loans. But the aggressive marketing tactics of lenders and the seemingly easy access and terms are a major concern. Credit Canada, the largest consumer credit counselling organization in Toronto, reports that a great proportion of households that get themselves deeply in debt do not understand, or do not take time to understand the terms they are agreeing to and what it will cost. For this reason, United Way is recommending that:

The United Way of Greater Toronto Board of Directors commit new resources for the development of consumer information and problem solving programs to be delivered by United Way member agencies, targeting low-income borrowers in high need communities across the city.

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Introduction

In 2002, United Way of Greater Toronto released a report, *Decade of Decline*, which tracked the incomes of Torontonians in the turbulent 1990s. This was a decade that began with an economic recession that lasted longer and cut deeper than anyone had predicted. It was also a decade in which Ontario's social safety net was seriously damaged – when a large percentage of workers saw their access to Employment Insurance disappear, families on social assistance suffered huge cuts in their monthly assistance cheques, and programs like the construction of new non-profit housing, which for years had added to the supply of affordable housing as demand grew, were eliminated altogether.

Although the economy rebounded by the middle of the decade, it was clear that not everyone was reaping the benefits. United Way member agencies were among the first to raise the alarm that low-income people in the city were falling further behind, despite the strong economic recovery.

Decade of Decline painted a sobering picture of how much ground had been lost. After years of believing that each successive generation would do better than the previous one, many Torontonians experienced a shock in the 1990s, ending up worse off at the end of the decade than they had been at the beginning. The median income of Torontonians dropped sharply, the number of low-income households soared, and the gap between affluent and less well-off households widened.

As a major funder of community programs that contribute to the health of the city and its citizens, these downward trends in the economic well-being of so many Torontonians are major concerns for United Way of Greater Toronto.

1.0 A need to update our knowledge of income trends

Decade of Decline is now over five years old, and there is a pressing need to update our knowledge about how Torontonians are faring financially. We need this information to inform our own community strategies going forward, and also to enable us to work more effectively with other community leaders to address the systemic issue of poverty in our city.

This report picks up where *Decade of Decline* left off, looking at what happened to the incomes of Toronto families in the first five years of this decade, from 2000 to 2005. Its focus is on the financial vulnerability of families and the challenges that they face raising children in the high-cost Toronto environment. The report asks the basic questions: Has the trend of declining family incomes continued? Have rates of poverty among Toronto's families continued to grow? Is poverty continuing to deepen?

The report considers two other questions: How well are Toronto families who are stuck at the lower end of the income ladder able to cover their basic costs of living? And when incomes do not go far enough, where do people turn? In other words, the report considers not just the trends in income levels, but some of the costs and consequences of low income. It looks to evidence of rising indebtedness and insolvencies in our city, and examines the proliferation of "quick fix" solutions to families' money problems, such as the rapid spread of the fringe lending sector across the city.

A focus on families:
Our investigation is focused on the incomes of families with children 17 years of age and under.

We focused on families for two reasons. The Toronto region is a magnet for families from other parts of the province, the country, and for newcomers from around the world. They come here in the belief that with hard work and sacrifice, they can build a better life for themselves and a strong, secure future for their children. How well they do will not only have an impact on their own life chances and those of their children, but it will also affect the longer-term health and prosperity of the city, and whether Toronto will continue to be a desirable place to work and raise a family.

Our interest in families is also consistent with United Way's focus on neighbourhoods as healthy and inclusive places to live and raise children. And it corresponds with our desire to improve the chances of success for youth growing up in these communities and in families that may not be able to provide the opportunities for them to succeed. Both "building strong neighbourhoods" and "setting youth on pathways to success" are United Way priorities, adopted in 2004.

The source of family income data used in the study is taxfiles, so our analysis is limited to the information provided on tax returns. This means that we were able to analyze the important income differences between two-parent and lone-parent families in the first part of the decade, but not how newcomer families fared. Our understanding of whether the trends of growing newcomer poverty in the 1990s continued into this decade will come from the 2006 census, when it is released in 2008.

A focus on regional differences:
Over the past few years, United Way has turned its attention to understanding the needs of lower-income neighbourhoods in Toronto. Our city is changing rapidly and building this knowledge has helped to inform United Way's investment strategies and its work with other community leaders in strengthening the more challenged neighbourhoods in the city.

In this study, we have taken a broader approach and examined how Toronto's families are faring relative to families in the rest of the Toronto Census Metropolitan Area (CMA), the Province of Ontario, the country as a whole, and where possible, in other urban regions in the country.

We need to understand these differences so that, as funders, we are making adequate investments in the programs and services that will enable Toronto families to keep pace with families in other parts of the country.

1.1. Turning evidence into effective action

A large and convincing body of evidence has been built up over the last decade and a half that shows the persistence of poverty and growing income disparities in our country, as well as the failure of public policy to create an adequate social safety net for those who are struggling financially.

Recently, however, newspaper stories have focused on evidence of declining poverty in the country, leading some commentators to suggest that the problem of poverty has been solved. But national rates smooth out regional variations that exist across Canada and hide the fact that poverty has become a persistent and growing problem in many places, including Toronto.

Our report provides clear evidence of this problem. The data shows that Toronto families are losing ground to their provincial and national counterparts, and that a significant gap has opened up between their financial well being, and that of families in the rest of the Toronto CMA, in the province, and the country as a whole.

For this reason, United Way strongly supports the provincial government's recent commitment to build a poverty reduction strategy for Ontario. In releasing our report at this time, United Way hopes to inform the development of that strategy in two important ways.

i) To ensure that a poverty reduction strategy for Ontario reflects the unique challenges of Toronto:

An Ontario poverty reduction strategy cannot be driven by province-wide poverty numbers alone, because aggregate figures will show that poverty is lower overall than it actually is in particular regions. An effective strategy must tackle full on, both the toughest aspects of poverty, and where it is most concentrated. It must speak to the issues that cut across all our communities such as good jobs, access to affordable housing and child care, and access to good income security programs. At the same time, it must take account of the challenges that are unique to places like Toronto.

Over the last several years we have accumulated a deep understanding of what those challenges look like. The 2007 reports of the Canadian Association of Food Banks and the Daily Bread Food Bank show that the use of food banks is still increasing in the Toronto area, while declining in the province as a whole.[1-2] United Way's 2004 report *Poverty by Postal Code* documented the significant growth in concentrated neighbourhood poverty in our city. Research from other sources has shown how closely gun crime in the city, poor school grades and drop out rates, teen pregnancies and teen births, and low birth-weight births correspond to the neighbourhoods where poverty is highly concentrated.[3-6] Most recently, we have evidence from the Institute for Clinical Evaluative Sciences of soaring diabetes rates in the city's lowest-income neighbourhoods.[7] This is the complex reality of the challenges within Toronto that must be addressed in a poverty reduction strategy.

ii) To bring community leaders together to help build the poverty reduction strategy:

Reducing poverty, and the associated social and health challenges that accompany poverty, will require complex and multi-faceted solutions. But it can be done. Other jurisdictions like the Province of Quebec and Ireland have tackled poverty with impressive results.

The development of a poverty reduction strategy must involve all orders of government, including the federal government, which has primary responsibility for key components of Canada's social safety net through the Canada Social Transfer, taxation policies and the Employment Insurance program.

The strategy must also be informed by the deep knowledge and expertise that exist within the community about the nature of the problems and what it will take to solve them. Community leaders must be brought together – from business, labour, health, education, and from the community-based service sector itself – to contribute to the formation of the strategy. This will help to ensure the creation of an effective and sustainable strategy is built in Ontario, that will lift families across the province out of poverty.

Governments have begun to take some first steps to improve the social safety net, with changes to minimum wage policy, the Ontario Child Benefit, and the proposed Working Income Tax Benefit at the federal level. The Task Force on Modernizing Income Security for Working-Age Adults (MISWAA) played an important, influential role in bringing about these changes. It is this kind of influential role that is aimed for, in United Way's desire to see community leaders given an integral role in the development of the strategy.

The City of Toronto remains a great city in which to live – international quality of life studies continue to rank it near the top among cities around the world.[8]

But most, we think, would agree that our city is changing in ways that pose a threat to its social cohesion and quality of life. An effective poverty reduction strategy for Ontario and for Canada's largest city, Toronto, will enable both to fulfill their promise as great places to live, work and raise a family.

Sources of Data

The income data in the report was obtained from Statistics Canada, and is derived from income tax returns. While the focus of the analysis is on the first five years of this decade, data was analyzed at three points in time – 1990, 2000 and 2005 – in order to understand how income trends in the first five years of this decade compare to the income changes in the 1990s.

All income data has been adjusted to 2005 dollars, and are expressed in after-tax dollars.

The report uses Statistics Canada's Low-Income Measure (LIM) as a measure of "poverty." A definition of the LIM, and examples of the income levels that put families below the LIM "poverty line" are found in part 5 of this report.

Other information in the report relating to the costs and consequences of low income were obtained from a variety of sources, including indebtedness data from Statistics Canada and client data from Credit Canada. Data on the growth of the fringe lending sector was based on a driving inventory of Toronto's commercial streets conducted by United Way in June and July 2007. A series of key informant interviews and consultations with United Way member agencies were also carried out in the summer of 2007 to gain insight into "cost and consequence" issues for low-income families.

PART

A Seemingly Prosperous Start to the New Decade

2.0 Economic indicators strong

When the current decade began, most economic indicators pointed to a robust and booming economy, and in many ways that outlook has held. The national unemployment rate fell to a record-breaking low of 6.3% in 2006, and is still dropping.[9] Household consumer spending was strong in Canada.[10] Canada had the 7th highest employment rate among 30 developed countries.[11] The number of jobs grew in Ontario by 9.9% from 2000 to 2005.[12] In the corporate sector, profits were booming.[13] By most accounts, Canada was thriving.

And in many respects, the Toronto Census Metropolitan Area (CMA)[i] was leading the way, with some of the strongest job growth figures in the country. In the City of Toronto, though, the indicators weren't as positive, with higher unemployment rates and overall job loss.

Table 1. Key Economic Indicators, By Selected Geographic Areas, 2000-2005

Geographic Area	Job Growth	Gross Domestic Product	Population Growth[1]
Canada	9.5%	13.7%	7.3%
Ontario	10.0%	12.8%	8.4%
Rest of Toronto CMA	25.5%	29.8%	10.4%
City of Toronto	-2.6%	0.5%	2.3%

Source: City of Toronto, Labour Force Survey Data Analysis, 2007

[1] *Based on population 18 years and older in 2001 and 2006. Statistics Canada, Censuses of Population, 2001, 2006.*

2.1 Countervailing economic forces tempered gains

Other forces were clearly at play in Toronto that made this general socio-economic picture less rosy. Confident economic trends were counter balanced by unfavourable developments such as the rise in precarious employment and an increase in the number of multiple job holders.

Table 2. Employment Trends, By Selected Geographic Areas, 2000, 2005

Geographic Area	Unemployment Rate[1] (%)		Employment Rate[2] (%)		Participation Rate[3] (%)	
	2000	2005	2000	2005	2000	2005
Canada	6.8%	6.8%	61.3%	62.7%	65.8%	67.2%
Ontario	5.8%	6.6%	63.2%	63.5%	67.0%	68.0%
Rest of Toronto CMA	4.6%	6.1%	69.7%	68.1%	73.1%	72.5%
City of Toronto	6.4%	8.0%	60.6%	60.1%	64.8%	66.3%

Source: City of Toronto, Labour Force Survey Data Analysis, 2007

[1] *Unemployment rates are calculated by dividing the total number of unemployed by the labour force (unemployed/labour force). Labour force is defined as an individual 15 years or older who is working or looking for employment.*

[2] *Employment rates are calculated by dividing the total number of employed by the base population (employed/base population). The base population is defined as individuals 15 years or older.*

[3] *Participation rates are calculated by dividing the total labour force by the base population (labour force/base population).*

[i] **Toronto Census Metropolitan Area (CMA)** The Toronto Census Metropolitan Area includes the City of Toronto, plus 23 surrounding municipalities: Ajax, Aurora, Bradford, Brampton, Caledon, East Gwillimbury, Georgina, Halton Hills, King Township, Markham, Milton, Mississauga, Mono Township, Newmarket, Oakville, Orangeville, Pickering, Richmond Hill, Tecumseth, Uxbridge, West Gwillimbury, Whitchurch-Stouffville and Vaughan. (Source: Statistics Canada)

i) Rising precarious employment:

Precarious employment is insecure temporary employment often characterized by poor job quality, low wages, and no health or pension benefits. Precarious employment is on the rise in the Toronto economy, partly due to the broader economic shift from manufacturing industries to a more service-based economy.

Between 2002 and 2006, Canada has lost nearly 250,000 jobs in the manufacturing sector, over 140,000 of which were in Ontario.[14] The diminishing manufacturing industry meant the loss of high wage permanent jobs with low education requirements. Globalization has increased competition among employers and, as a result, research indicates that it has become common for employers to hire new employees on a temporary basis to minimize labour costs.[15]

Since the 1980s, precarious or "non-standard" work has climbed steadily in Canada. In 2002, an estimated 37% of the Canadian workforce was employed in these types of jobs.[16]

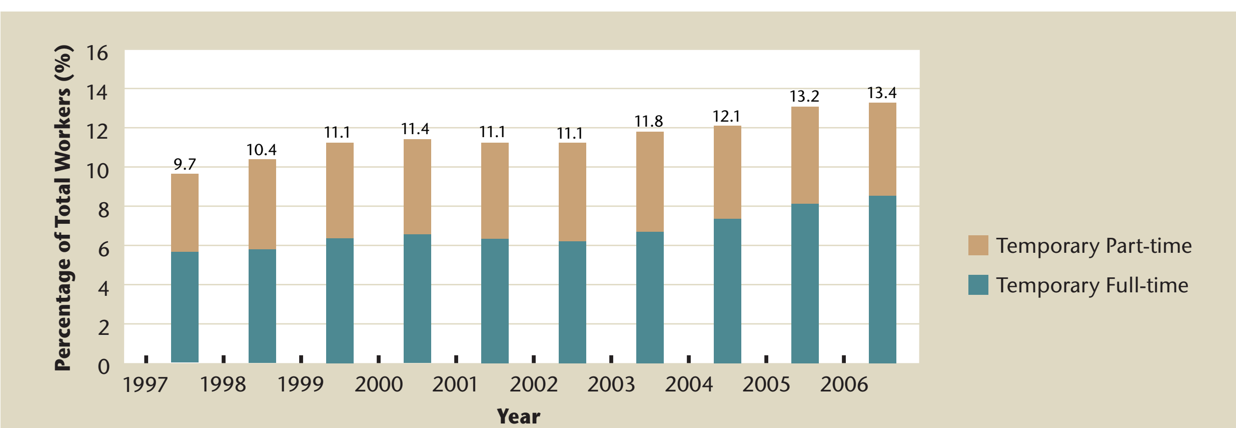
In the City of Toronto, the growth in the number of temporary workers, which make up just one part of the precarious employed workforce, has been significant over the last ten years. Their number rose 68% from 1997 to 2005, to 157,100 temporary workers, accounting for 13.4% of all workers in the City of Toronto by 2006.[17]

Employment standards that regulate wage, workplace safety, and job security have not kept pace with new forms of work, and the result has been an increasingly deregulated labour market.[18] As well, temporary work pays wages that are, on average, 16% lower than permanent work wages.[19]

ii) Working multiple jobs:

Reliance on temporary employment is leading to a parallel increase in multiple job holders, as people take on a number of jobs in order to patch together a "living" wage. In 2005, 22.7% of temporary workers in the City of Toronto indicated they were multiple job holders, which was an 86% rise between 2000 and 2005.[20]

Chart 1. Percentage of Workers in Temporary Employment, City of Toronto, 1997-2006



Source: Statistics Canada, Labour Force Survey, 2007 (Special Tabulations)

2.2 A mixed story on the public policy front

There were some gains on the social policy front in the first part of the decade—some small, others more significant—that attempted to repair weaknesses in the social safety net. But other parts of the social safety net continued to be ineffective in cushioning the effects of poverty and unemployment.

The gains:

There was a modest 3% rise in social assistance rates in 2004, having been frozen for the previous nine years, following the 21.5% cuts in 1995.

In 2004, the Province of Ontario increased the minimum wage to $7.15 per hour from its previous level of $6.85, where it had remained static, losing ground to inflation every year since 1995. This was followed by another small increase in 2005, bringing it to $7.45 per hour.

In child care, the adoption of the federal/provincial Multilateral Framework on Early Learning and Child Care in 2003, and the implementation of the Best Start Plan in 2005, brought new funding to the sector, preventing the forecasted loss of child care spaces, and providing funds for additional new spaces.

Introduced in the late 1990s, the National Child Benefit Supplement has been a considerable gain, providing additional funds to low-income families. The clawback from social assistance recipients has been controversial, however, and is currently under review by the provincial government.

The setbacks:

One of the biggest disappointments in this decade was the failure to establish a comprehensive non-profit housing strategy. Although the Canada-Ontario Affordable Housing Program, which was first launched in 2001, was a first step, the federal contribution was not matched by provincial dollars, as intended. Nor has the initiative created many new housing units, and what has been built is not truly affordable for very low-income Torontonians.

Another major disappointment was the fact that Employment Insurance, which should be the first safety net for unemployed workers, remained inaccessible to most unemployed Torontonians. In 2004, only 27% of Toronto's unemployed workers were able to obtain EI, one of the lowest rates of access in the country.[21] This disproportionately affects Toronto's precarious workers and immigrants who do not have long work histories in Canada.[22]

Both the Toronto City Summit Alliance and the MISWAA Task Force have voiced strong concern about the serious implications that low Employment Insurance coverage has for the city's ability to manage the next economic downturn. This led MISWAA, in its 2006 report, *Time for a Fair Deal*, to call for reforms to Employment Insurance that address low coverage, as well as the related decline in access to employment benefits and training.[23]

The next economic recession will inevitably increase the demand for welfare and social housing. But the city is already overburdened by the increased responsibility for social housing and welfare costs, which were downloaded from the province in 1998. So the prospect of an economic downturn remains one of the most serious threats to the health of the city.

PART

Rising Numbers of Financially Vulnerable Families

In the sections that follow, we examine how families fared in the first half of the decade. But to begin this discussion, we need to understand how Toronto's family population is changing, both in terms of numbers and family type.

3.0 Growth in number of families slowing in the City of Toronto

With the release of the 2006 Census, researchers will be able to develop a comprehensive picture of family formation in the City of Toronto. In the interim, our data, which is drawn from the tax files of families with children 17 years of age and under, gives us an early look at those trends and enables us to also examine how their incomes changed over the first five years of this decade.

In 2005, there were 322,320 family taxfilers with children 17 years of age and under, living in the City of Toronto. This was a modest increase of 3.3% from five years earlier, although larger than in the country as a whole, which experienced only a 1.2% increase in the number of families during that time.

In the rest of the Toronto CMA, the number of families increased at a much brisker, 20.6% rate of growth, as new subdivisions continued to be built in the surrounding regions of Peel, York, Halton, and parts of Durham, bringing thousands of new families into the area.

These numbers reflect a significant overall growth in the Toronto CMA, which has made it one of the fastest growing urban areas in the country, if not North America.[24]

3.1 Lone-parent families accounted for all the growth in the City of Toronto

Within these trends are important differences in the type of families that are bringing about the change. In the City of Toronto, lone-parent families accounted for all of the growth in the number of families with children 17 years of age and under in the first five years of this decade, increasing by 13.8%. This is a worrisome trend, given their greater financial challenges in raising a family in a high-cost city like Toronto. In contrast, the number of two-parent family taxfilers actually declined slightly (-0.7%) over this time period.

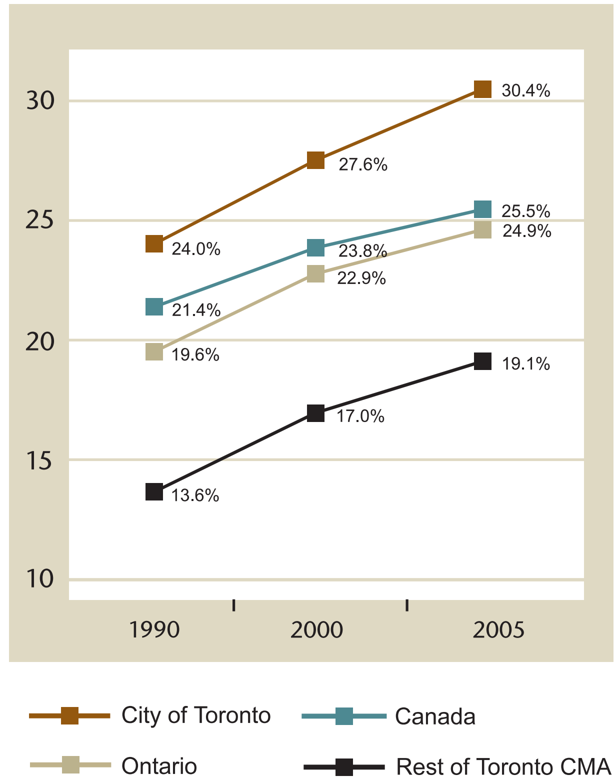
By 2005, 30% of all families with children 17 years of age and under in the City of Toronto were headed by a lone-parent.

In 2005, there were 97,850 lone-parent families in the City of Toronto. Because their growth continued to outpace the overall increase in the family population, they are making up a larger share of Toronto's family population.

By 2005, 30.4% of all families with children 17 years of age and under in the city were headed by a lone-parent, up from 27.6% five years earlier, and 24% in 1990.

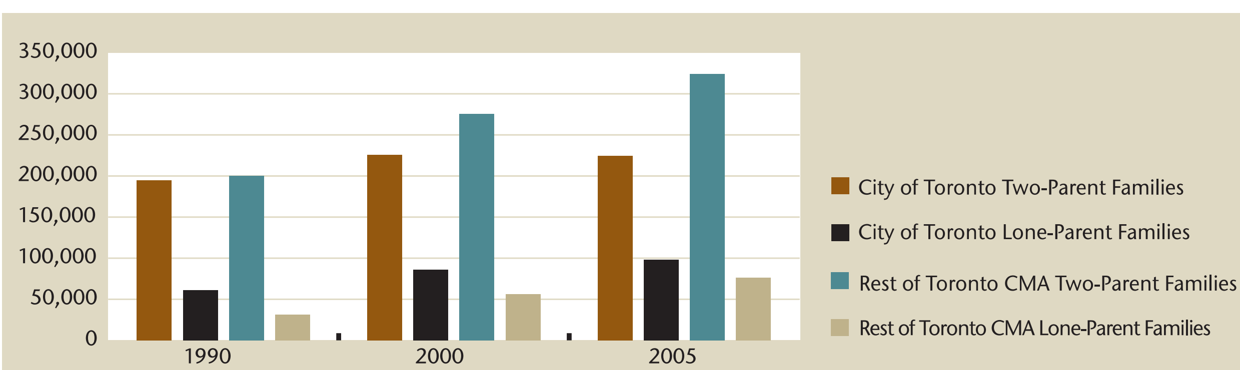
The trend at the national and provincial levels and in the rest of the Toronto CMA was in a similar direction, but less extreme, with Toronto's lone-parent family population accounting for a greater proportion of the total family population than in each of these other geographic areas. By 2005, nearly 1 in 3 families were headed by a lone-parent in the City of Toronto, compared to approximately 1 in 5 in the rest of the Toronto CMA.

Chart 2. Percentage of Lone-Parent Families with Children 0-17 (Of Total Family Population with Children 0-17) **By Selected Geographic Areas, 1990, 2000, 2005**



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

Chart 3. Number of Two-Parent & Lone-Parent Families, with Children 0-17, City of Toronto & Rest of Toronto CMA, 1990, 2000, 2005



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

PART

Median Income Static for Some, Dropping for Others

4.0 Rationale for using the median

To begin our discussion of income trends in the 2000s, we start with a brief note about why we used the "median" income[i] to track change. After all, a far more common and easily understood measure of central tendency is the "mean" or the "average." We all think about averages in our daily lives as the way of understanding how well we and our families measure up relative to others. In school, we know how well our children are performing in relation to class grade point averages; our family physicians tell us how "normally" our children are developing against height and weight growth averages; struggling families keep a sharp eye on the trends in average cost of housing as they contemplate home ownership; and car owners anxiously watch the soaring gasoline prices and worry about how this will impact their transportation budget.

But when it comes to incomes, the "average" can skew the picture of how well families are faring. This is because at the upper end of the income ladder, take-home pay just keeps getting bigger and bigger, pulling up the "average" income to levels far above what the vast majority of Torontonians enjoy, or to which they can relate. This is especially the case in an urban area like Toronto, which is home to some of the wealthiest households in the country.

In statistical parlance, these extreme scores are known as "outliers" – the ones that cause the average to be inflated, and often misleading.

But it is more than the extreme few who cause the average income to be skewed. Statistics Canada, in its recent report on high-income Canadians, reports that only the top 10% of income earners gained a greater share of the income pie between 1992 and 2004 with the top 5% gaining nearly 25%.[25] Every other income grouping, from the bottom 5% to the 85-90% group, had less of the income pie in 2004, than in 1992. In addition, the report notes that "not only has the share of income accruing to the top 5% of individuals grown (in the country), but so too has the number of high-income earners." [26]

The median income, which is the measure we have used here, is a better indicator of how typical Torontonians are faring, because it simply finds the middle of the income distribution of all Toronto families – half are below, half above. The trend change in the income mid-point can then be used to examine income disparities in important ways.

4.1 Little improvement in the median income in the first half of the decade

After the huge drop in the median income of Toronto families in the 1990s, the economic recovery in the last half of the decade held out promise that things were getting better. Our data show that there was little improvement, in real terms, however. Although median incomes did rise in absolute terms, most of the gain was eliminated after adjusting for inflation.

[i] **Median Income:** Median income is that of a family in the middle of the income distribution, meaning that half of all families have more income, and half have less. Total income is income from all sources, after taxes and transfers. In order to track changes in income, incomes were adjusted for inflation, based on 2005 dollars. Hence the changes in income discussed throughout the report are changes in real (inflation-adjusted) incomes.

Table 3. Percentage Change in Median Income of All Families, with Children 0-17, By Selected Geographic Areas, 1990-2000, 2000-2005 (constant 2005 dollars)

Geographic Area	Median Income 1990	Median Income 2000	Median Income 2005	Percentage Change 1999-2000	Percentage Change 2000-2005
Canada	$ 49,500	$ 47,200	$ 51,800	-4.6%	9.7%
Ontario	$ 53,100	$ 51,500	$ 54,300	-3.0%	5.4%
Rest of Toronto CMA	$ 62,500	$ 59,700	$ 60,000	-4.5%	0.5%
City of Toronto	$ 47,600	$ 41,100	$ 41,500	-13.7%	1.0%

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

By 2005, the after-tax median income of families living in the City of Toronto stood at $41,500, just $400 dollars higher than in 2000, and a whopping $6,100 less than it had been fifteen years earlier, in 1990 (adjusted to 2005 dollars). This $400 increase represents a tiny 1.0% improvement.

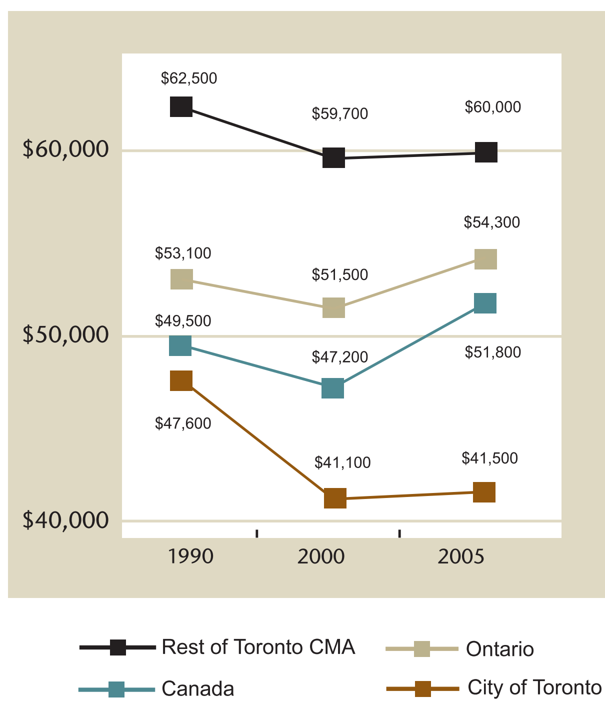
In the rest of the Toronto CMA there was an even smaller 0.5% rise in median income, although in actual dollars, the $60,000 median income of families in the rest of the CMA meant that they were faring much better than their City of Toronto counterparts.

4.2 Toronto families falling further behind families in other parts of the country

The story was very different in the rest of the province, and in the country as a whole. In Ontario, the median income of families rose by 5.4% and nationally, it surged ahead by almost 10%.

We need only to look to the booming economies in western Canada to find the drivers for much of this national improvement. By 2005, the after-tax median incomes of families in the Calgary, Ottawa, Edmonton, Regina, Halifax and Saskatoon census metropolitan areas (CMAs) were all higher than the Toronto CMA. Only Winnipeg, Montreal, and Vancouver CMAs had lower median incomes, yet still higher than the median income of families in the City of Toronto. The biggest variance was between Calgary and Toronto, where the median income of Calgary families was more than $11,000 higher in 2005 than the family median income in the Toronto CMA, and $21,000 higher than in the City of Toronto. And given the continued growth in the western economies since 2005 compared to the sputtering GTA economy, which TD Economics documented in its July 2007 report card on the GTA,[27] we can expect that Toronto has lost further ground.

Chart 4. Median Income of All Families, with Children 0-17, By Selected Geographic Areas, 1990, 2000, 2005 (constant 2005 dollars)



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

Table 4. Median Income of All Families, with Children 0-17, By Major Census Metropolitan Areas (CMA), 2005

Census Metropolitan Area	Median Income
Calgary CMA	$62,500
Ottawa-Gatineau CMA	$62,400
Edmonton CMA	$60,000
Regina CMA	$54,600
Halifax CMA	$52,400
Saskatoon CMA	$51,700
Toronto CMA	$51,300
Winnipeg CMA	$50,300
Montreal CMA	$50,300
Vancouver CMA	$48,800
City of Toronto	$41,500

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

The difficulty that newcomers face establishing a solid economic foothold may account for the fact that 3 of the 4 CMAs with the lowest median income are the main destination points of newcomers to Canada. Their struggle has been well documented in numerous research studies over the last ten years, including evidence of higher rates of poverty among today's recent immigrants and longer periods of time to catch up to average wages of Canadian-born workers.[28-30]

The median income of Toronto families has fallen well behind other large and mid-sized urban regions in the country.

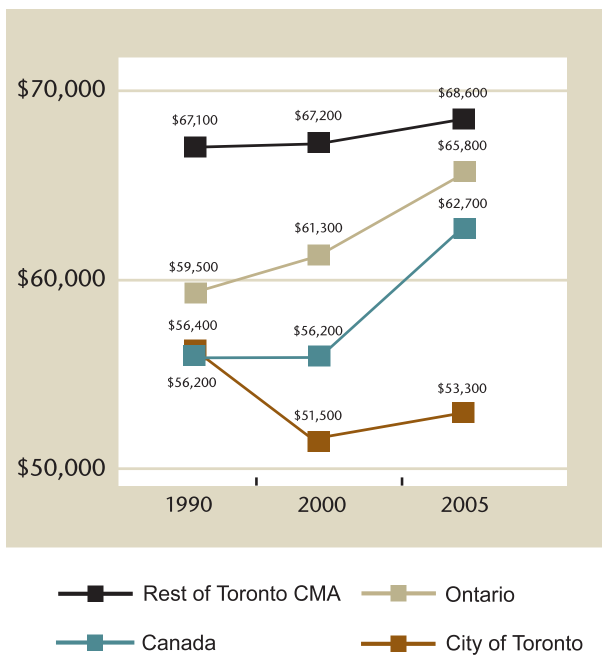
4.3 Two-parent families doing better than lone-parent families

There was an important difference in how the City of Toronto's two-parent families fared compared to lone-parent families, and to two-parent families in the rest of the Toronto CMA, the province and the country.

The median income of two-parent families in the City of Toronto increased slightly in the first five years of the decade from $51,500 to $53,300 – a 3.5% rise. This is likely because in most of these families there are increasingly two income earners. Census data tells us that at the start of the decade, for example, both parents had paid employment in 76% of all two-parent families, up from 71% in the mid-1990s.[31]

We shouldn't be too encouraged by these numbers, however, as the median income of Toronto's two-parent families was still $3,100 lower in 2005, in real dollar terms, than it had been fifteen years earlier, dropping from $56,400 in 1990 to $53,300 in 2005.

Chart 5. Median Income of Two-Parent Families, with Children 0-17, By Selected Geographic Areas, 1990, 2000, 2005 **(constant 2005 dollars)**



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

In the rest of the Toronto CMA, two-parent families did better. Their after-tax median income was significantly higher than Toronto families in 2005 at $68,600, and it was also higher than it had been 15 years earlier, although only very slightly, rising from $67,100 to $68,600.

At the national and provincial levels, two-parent families did not experience the sharp decline in median income in the 1990s that occurred in the City of Toronto. As well, the median income of two-parent families outside of Toronto has surged ahead in the first half of this decade, leaving City of Toronto families far behind. By 2005, the $53,300 median income of Toronto families was $9,400 less than in the country as a whole, $12,500 less than the provincial median, and $15,300 less than the median in the rest of the Toronto CMA.

4.4 The median income of lone-parent families continues to fall

If there was modest growth in the median income of Toronto's two-parent families in the first five years of this decade, there was no similar good news for lone-parent families – their income path has been in a consistently downward direction for a decade and a half, dropping sharply in the 1990s and continuing to slide in the first five years of this decade. This trend occurred in both the City of Toronto and in the rest of the Toronto CMA.

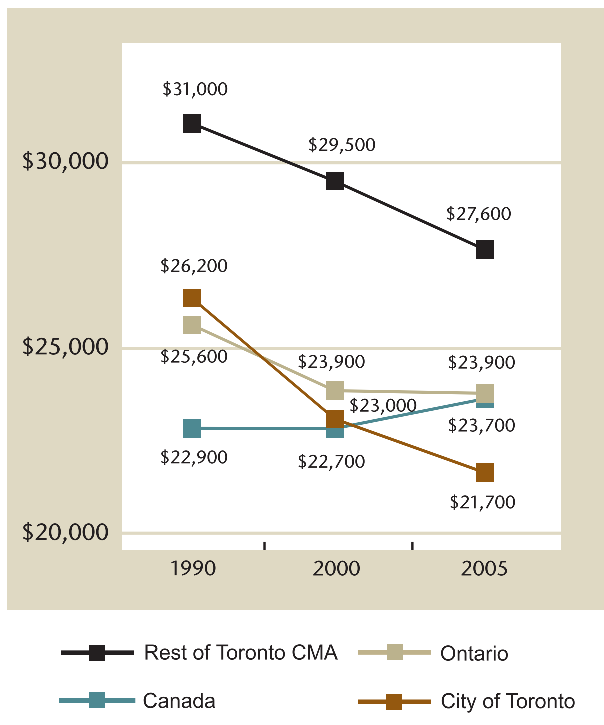
In the city, the median income of lone-parent families took another 5.7% decline from 2000 to 2005, after dropping 12.2% in the preceding decade. By 2005, the $21,700 median income of lone-parent families was less than half of the two-parent level, and $4,500 less than it had been fifteen years earlier, in 1990.

The median income of lone-parent families in Toronto continued to fall in the 2000s, after dropping substantially in the 1990s.

At the national level, the median income of lone-parents improved slightly in the first five years of this decade, and at the provincial level, it remained static.

By 2005, the median income of Toronto's lone-parent families was lower than the national and provincial numbers, and significantly below the median income of lone-parent families in the rest of the Toronto CMA – the difference amounting to almost $6,000 less, annually.

Chart 6. Median Income of Lone-Parent Families, with Children 0-17, By Selected Geographic Areas, 1990, 2000, 2005 (constant 2005 dollars)



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

PART

The Number of Low-Income Families Still Rising

5.0 Defining poverty

Canada does not have an official "poverty line," so there is much debate in the country about how poverty should be defined and measured. The most commonly used measure is Statistics Canada's Low-Income Cut Off (LICO), which is calculated in census years for a range of geographic areas, and between census years for provincial and census metropolitan areas. The LICO takes into account the cost of living for different sized families, living in different sized geographic areas, and although Statistics Canada does not claim that it is a measure of poverty, it is widely used as such by researchers across Canada.

Statistics Canada calculates another indicator – the Low-Income Measure (LIM), which is a purely relative measure of "poverty", and which is calculated each year from taxfiler information. The LIM is equal to one-half of the median income of Canadian families, adjusted for family size and composition (see page 27 for further details). Statistics Canada advises that the LIM produces a slightly more conservative estimate of "poverty" in a large urban area like Toronto, compared to the LICO, because of Toronto's higher cost of living. This means that fewer households will be counted as being in "poverty" using the LIM. The after-tax LIM is the measure of "poverty or low-income" used in this report.

The main goal of our analysis is to understand the directionality of change in low-income, and how the trends differs across geographic areas: in other words, whether family low-income rates in the City of Toronto improved, were equal to, or declined, relative to other areas. To do this, the percentage of families below the national LIM threshold was calculated for each of the four geographic areas of interest in the study — Canada, the Province of Ontario, the City of Toronto, and the rest of the Toronto CMA — at each data point (1990, 2000, and 2005), adjusted to 2005 dollars.

In reporting the results in this section, we have used the terms low-income and "poverty" interchangeably. But, the most important point to understand about the LIM thresholds is the extent to which they truly represents an income level at which families are unable to make ends meet. What does it actually mean in dollar terms to be a "low-income" family, as defined by the LIM? It means that in 2005 a lone-parent family with two children was trying to survive on an after-tax income below $23,375; that a two-parent family with two children under the age of 17 was trying to get by on an income of $27,500 or less. Other examples are shown in the table on page 27. The extent to which these income levels fail to cover the real cost of living and raising a family in the high cost Toronto environment is the subject of Part 6 of this report.

This study uses the "census family" as the family unit of analysis, which includes just parent(s) and their child(ren) 0-17 years (see definition on page 27).

5.1 Number of low-income families continues to grow

The growth in the number of low-income families in the City of Toronto in the 1990s was alarming, soaring from 41,670 at the start of the 1990s to 84,750 by the decade's end. The factors that contributed to this change are well known – the deep recession in

In 2005, more than 1 out of every 4 City of Toronto families were low-income, up from 1 in 6 fifteen years earlier, in 1990.

Table 5. Percentage Change in Number of All Low-Income Families, with Children 0-17, By Selected Geographic Areas, 1990-2000, 2000-2005

Geographic Area	Number of Low-Income Families			Percentage change in number of low-income families 1990-2000	Percentage change in number of low-income families 2000-2005
	1990	2000	2005		
Canada	600,120	831,140	788,770	38.5%	**-5.1%**
Ontario	158,240	312,190	322,130	97.3%	**3.2%**
Rest of Toronto CMA	18,010	54,510	65,260	202.7%	**19.7%**
City of Toronto	41,670	84,750	92,930	103.4%	**9.7%**

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

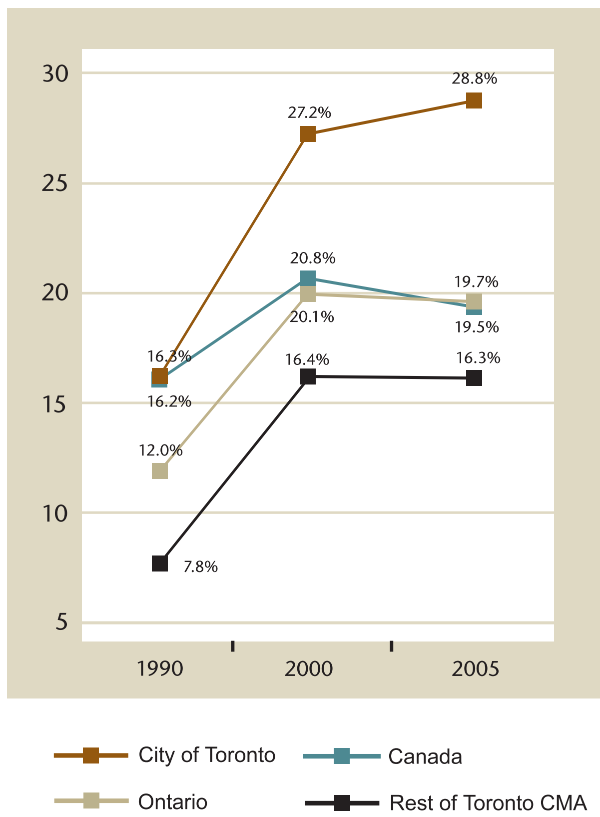
While Toronto's family poverty rate continued to rise in the 2000s, it stabilized in the rest of the Toronto CMA and at the provincial and national levels.

the early 1990s, corporate downsizing, the rise in precarious employment, decreased access to Employment Insurance, reduced welfare payments, and the barriers that skilled immigrants faced finding work for which they were qualified.

Unfortunately, poverty levels in our city have continued to grow in the first half of this decade. The only good news is that the rate of increase has slowed.

By 2005, there were 92,930 low-income families in the City of Toronto, as measured by the LIM. This was an increase of nearly 10% over the first five years of the decade – a rate that exceeded the overall 3.3% growth in the number of Toronto families. The province experienced a much smaller 3.2% increase, and in the country as a whole, the number of low-income families actually declined by 5.1%.

Chart 7: Percentage of Low-Income Families, with Children 0-17 (Of Total Family Population with Children 0-17), By Selected Geographic Areas, 1990, 2000, 2005



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

Low-Income Measure (LIM)
Low-income is defined as having an income of less than half the median income of a family of the same size and age composition for all of Canada. A purely relative measure of "poverty", the LIM is also a more conservative measure than the better-known Low-Income Cut-Off (LICO). In other words, the LIM measure will typically calculate fewer numbers living in "poverty or low-income" compared to the LICO. For illustration, the 2005 after-tax LIM line for the following sized families are shown below:

Lone-parent family		Two-parent family	
1 child	$19,250	1 child	$23,375
2 children (under 16 years)	$23,375	2 children (under 16 years)	$27,500
2 children (over 16 years)	$24,750	2 children (over 16 years)	$30,250

Census Family
The Census Family is defined as a married couple and the children of either or both spouses; a couple living common law and the children, if any, of either or both parents; or a lone-parent of any marital status with at least one child living in the same dwelling as that child or children. All members of a particular census family live in the same dwelling. A couple may be same or opposite sex. Children may be children by birth, marriage, or adoption. (Source: Statistics Canada)

The rest of the Toronto CMA had the highest rate of growth over the 2000 to 2005 period, at 19.7%. Still, the number of low-income families in the City of Toronto was significantly higher in 2005 – 92,930 in the city compared to 65,260 in the rest of the CMA.

Because the number of low-income families in the City of Toronto is growing at a faster rate, they are making up a larger share of the total family population, now accounting for 28.8% of all Toronto families – up from 16.3% in 1990. In 1990, less than 1 in 6 City of Toronto families were low income; by 2005, the ratio was more than 1 in 4.

Only the City of Toronto experienced this kind of increase in the rate of poverty in the first five years of this decade. In the rest of the Toronto CMA, the province and the country, poverty rates declined, albeit very slightly.

One trend that is striking is the different trajectories that the family poverty rate in the City of Toronto and the country as a whole have taken since 1990. In 1990, their family poverty rates were nearly the same (16.3% and 16.2% respectively). Both rates increased substantially in the 1990s, but while the national poverty rate declined in the 2000s, the City of Toronto rate continued to climb. The difference is now substantial – a 19.5% family poverty rate in the country as a whole in 2005, compared to 28.8% in the City of Toronto.

Table 6. Percentage Change in Number of Low-Income, Two-Parent Families, with Children 0-17, By Selected Geographic Areas, 1990-2000, 2000-2005

Geographic Area	Number of Low-Income Two-Parent Families			Percentage of All Low-Income Two-Parent Families[1] 2005	Percentage Change in Number of Low-Income Two-Parent Families 1990-2000	Percentage Change in Number of Low-Income Two-Parent Families 2000-2005
	1990	2000	2005			
Canada	256,700	391,410	307,940	10.2%	52.5%	-21.3%
Ontario	74,230	157,210	132,950	10.8%	111.8%	-15.4%
Rest of Toronto CMA	10,790	35,020	33,520	10.3%	224.6%	-4.3%
City of Toronto	21,510	44,800	42,440	18.9%	108.3%	-5.3%

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

[1] *Figures reflect the number of low-income, two-parent families as a percentage of all two-parent families*

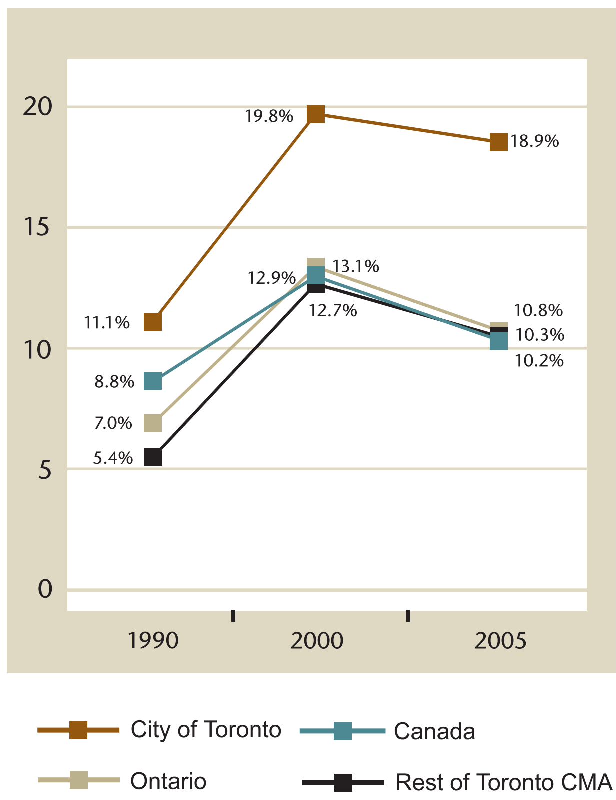
5.2 Two-parent family poverty rate declined, but high relative to other areas

Although there was overall growth in the poverty rate in the first half of the decade, it was lone-parent family poverty that drove this trend. Toronto's two-parent families actually made some headway moving up the income ladder, although only slightly.

By 2005, there were 5.3% fewer low-income, two-parent families in the City of Toronto, than at the outset of the decade and 4.3% fewer in the rest of the Toronto CMA. But across Ontario and in the country as a whole there was a much larger decline in the numbers: 15.4% less in Ontario, and 21.3% fewer in the country as a whole.

In 2005, nearly 1 in 5 of Toronto's two-parent families were low-income, compared to approximately 1 in 10 at the national, provincial and rest of Toronto CMA levels.

Chart 8: Percentage of Low-Income, Two-Parent Families,with Children 0-17 (Of All Two-Parent Families,with Children 0-17), By Selected Geographic Areas, 1990, 2000, 2005



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

So, although two-parent families gained ground everywhere, there was far less gain in the Toronto area.

When we consider the rate of poverty among two-parent families, however, we see a striking difference between the City of Toronto and all three of these other geographic areas. Although the two-parent poverty rate climbed at all geographic levels in the 1990s, by the end of the decade, the national, provincial, and rest of Toronto CMA rate was approximately the same, at 13% – significantly below the 19.8% rate in the City of Toronto. Then, in the 2000s, the national, provincial, and rest of Toronto CMA rates all declined by similar amounts, so by 2005 all three had poverty rates hovering around 10.5%.

In the City of Toronto, the poverty rate of two-parent families, while also declining, was much higher in 2005, at 18.9%.

The result is that by 2005, almost 1 out of every 5 two-parent families in the city were in poverty, compared to approximately 1 in 10 in the rest of the Toronto CMA, the province, and the country as a whole.

In 2005, slightly more than half of all lone-parent families in the City of Toronto were low-income, compared to 1 in 3 in 1990.

5.3 Lone-parent family poverty rate on a consistently upwards trajectory

If the rate of poverty among Toronto's two-parent families eased sightly, this was not the case for lone-parent families.

The number of low-income lone-parent families increased 26.4% in the City of Toronto between 2000 and 2005. In the province the numbers increased 22.1%, and in the country as a whole, 9.3%. In the rest of the Toronto CMA, the increase was higher, at 62.9%, although the city's 50,480 low-income, lone-parent families in 2005 still significantly outnumbered the 31,740 in the rest of the CMA.

Table 7. Percentage Change in Number of Low-Income, Lone-Parent Families, with Children 0-17, By Selected Geographic Areas, 1990-2000, 2000-2005

Geographic Area	Number of Low-Income, Lone-Parent Families			Percentage of All Low-Income, Lone-Parent Families[1] 2005	Percentage Change in Number of Low-Income, Lone-Parent Families 1990-2000	Percentage Change in Number of Low-Income, Lone-Parent Families 2000-2005
	1990	2000	2005			
Canada	343,420	439,730	480,830	46.7%	**28.0%**	**9.3%**
Ontario	84,010	154,980	189,180	46.5%	**84.5%**	**22.1%**
Rest of Toronto CMA	7,220	19,490	31,740	41.5%	**169.9%**	**62.9%**
City of Toronto	20,160	39,940	50,480	51.6%	**98.1%**	**26.4%**

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).
1 Figures reflect the number of low-income, lone-parent families as a percentage of all lone-parent families

When we look at the rate of poverty among lone-parent families, we see that at the national level there has been far less change between 1990 and 2005, compared to Ontario and the Toronto region. In 1990, 43.4% of Canadian lone-parent families were low-income. This climbed slightly to 46.3% in 2000, then stayed at essentially the same level to 2005.

By contrast, the lone-parent family poverty rate climbed steeply in Ontario and in the Toronto area in the 1990s, and continued to climb over the first five years of this decade. But greater growth occurred in the City of Toronto, where by 2005, more than 50% of lone-parent families were low income – up from 1 in 3 fifteen years earlier.

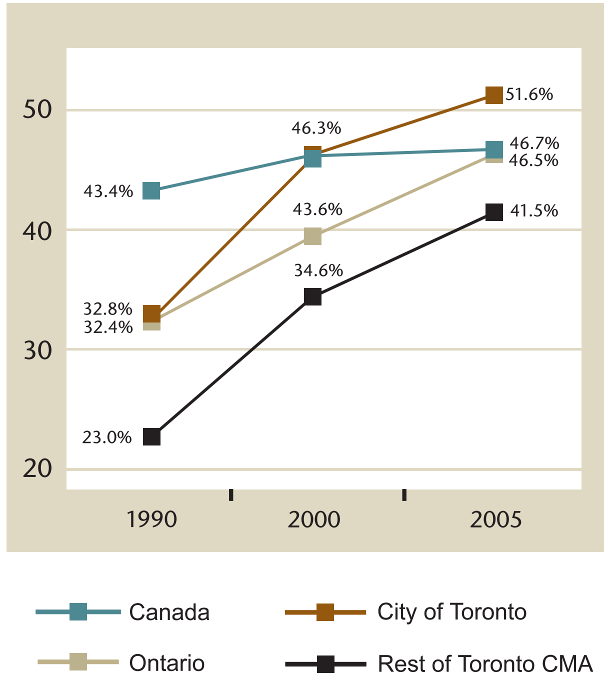
5.4 The depth of poverty

In *Decade of Decline*, United Way documented deepening poverty among Toronto households, showing that in the 1990s, not only did poverty rates soar, but the "poor got poorer."

A re-examination of the depth of poverty in this study showed a reversal of the trend in the 2000s. In the City of Toronto, the number of families at the very lowest rung of the income ladder, defined as 75% or more below the LIM, declined 21.2% between 2000 and 2005, from 28,040 low-income families to 22,100. However, this was coupled with an increase in the number of families in the next lowest income category, defined as 50% - 74.9% below the LIM.

The early 2000s saw a growing number of low-income families rise from deepest poverty to a marginally higher income level.

Chart 9: Percentage of Low-Income, Lone-Parent Families, with Children 0-17 (Of All Lone-Parent Families, with Children 0-17), By Selected Geographic Areas, 1990, 2000, 2005



Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

A similar trend occurred in the rest of the Toronto CMA. There, the numbers at the very bottom income rung declined 31.8%, while the numbers in the income rung immediately above it increased 86.2%.

To put this in perspective, we consider what this means for a two-parent family with two children. The LIM threshold for this family type and size was $27,500 in 2005. Families who were 75% or more below the LIM had incomes of $6,875 or less; those at the 50% - 74.9% below the LIM level, had incomes between $6,876 and $13,750.

What we may be seeing in the decrease in the number of families at the deepest level of poverty

Table 8. Percentage Change in Number of Low-income Families with Children 0-17 in "Deep Poverty", City of Toronto, Rest of Toronto CMA, 2000-2005

Geographic Area		Number of low-income families in deep poverty		Percentage Change in Number of Low-Income Families 2000-2005
		2000	2005	
City of Toronto	50% - 74.9% Below LIM	8,960	13,840	54.5%
	75%+ below lim	28,040	22,100	-21.2%
Rest of Toronto CMA	50% - 74.9% Below LIM	5,520	10,280	86.2%
	75%+ below lim	26,050	17,770	-31.8%

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

is the positive impact of the National Child Benefit Supplement, which put more money in the pockets of working families, and the marginal increases in the minimum wage in 2004 and 2005, and the 2004 increase in social assistance rates.

This change illustrates that small policy measures are having an impact on deepest poverty. They show that we are on the right track, and that through a combination of policy initiatives that address other parts of the social safety net, ranging from the barriers that limit access to Employment Insurance to the lack of dental and vision care for low-income workers, we can reduce poverty even more substantially.

5.5 Sources of income

When we look at where low-income families are getting their income, we see the impact of the rise in precarious, low-wage employment, as well as the inadequacy of the social safety net to help low-income families through hard times.

Our analysis begins with two-parent families, as their circumstances differ from lone-parent families. The data shows that there were high employment levels among these families – it is just that their jobs didn't pay them much.

In 2005, 76% of all low-income, two-parent families in the City of Toronto had employment income, but this work generated, on average, just $10,726 over the entire year. In the rest of the CMA, the percentage employed was even higher (80%), netting a slightly higher average annual income from employment of $11,624.

Self-employment was also high among low-income, two-parent families. In Toronto, one-quarter of these family taxfilers relied on income from some form of self-employment, as did one-third in the rest of the CMA. But it generated little revenue – just $5,693 for Toronto families, and $6,372 for their regional counterparts, on average.

When we consider the entire population of families in Toronto, we see a somewhat lower percentage of self-employment (20%) though it generated substantially more income – on average, $38,614.

In 2007, the Workers' Action Centre, in its report *Working on the Edge*[32] pointed to employer classification of some forms of temporary employment as self-employment as a troubling dimension of the growth in precarious employment, leaving workers without the protection of Ontario's Employment Standards legislation. Our 2005 income data cannot tell us about the nature of the self-employment, but the fact that such a large proportion of low-income, two-parent families are relying on it as an income source raises questions about how much of this self-employment is the result of the trend documented in *Working on the Edge*.

Lone-parent families relied less on employment income and more on government transfers, particularly social

In 2005, only 10% of all low-income families received Employment Insurance.

assistance. One important difference across the region was that Toronto low-income lone-parent families were much more likely to be relying on social assistance (37%) than their regional counterparts (21%). As well, they were somewhat less likely to have employment income (36% compared to 40%).

There is one finding that is striking across all family groups – whether the total low-income family population is considered, whether they lived in the

Table 9. Selected Income Sources By Family Type, City of Toronto, Rest of Toronto CMA, 2005

	Employment Income[1]		Self-Employment[2]		Employment Insurance		Social Assistance	
	Per cent Receiving (%)	Average Amount ($)	Per cent Receiving (%)	Average Amount ($)	Per cent Receiving (%)	Average Amount ($)	Per cent Receiving (%)	Average Amount ($)
City of Toronto								
Low-income lone-parent families	36%	$6,780	6%	$1,297	8%	$5,405	37%	$8,544
Low-income two-parent families	76%	$10,726	26%	$5,693	14%	$6,148	18%	$10,248
All low-income families	54%	$9,297	15%	$4,787	10%	$5,851	29%	$9,044
All families[3]	85%	$79,578	20%	$38,614	18%	$6,765	12%	$9,151
Rest of Toronto CMA								
Low-income lone-parent families	40%	$7,520	7%	$4,302	8%	$5,509	21%	$7,319
Low-income two-parent families	80%	$11,624	32%	$6,372	12%	$6,279	7%	$8,914
All low-income families	61%	$10,302	20%	$6,013	10%	$5,972	14%	$7,725
All families	93%	$86,271	23%	$24,661	19%	$7,131	4%	$7,874

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

[1] Employment income includes wages, salaries, commissions from employment, training allowances, tips and gratuities, self-employment income, and Indian Employment Income.

[2] Self-employment is defined as net income from business, professional, commission, farming and fishing.

[3] Includes all two-parent and lone-parent, low-income and non, low-income families with children 0-17.

City of Toronto or the rest of the Toronto CMA, or whether they were low-income, lone-parent or two-parent families. This is the fact that few are receiving Employment Insurance (EI). Just 10% of all low-income families drew EI benefits. The corresponding figure for low-income, lone-parent families was 8% in both the city and the rest of the CMA; 14% for low-income, two-parent families in the city, and 12% in the rest of the CMA.

Other data sources show us that Toronto has one of the lowest rates of access to EI in the country. In 2001, just 22% of unemployed workers in the Toronto CMA received EI, compared to 44% in St. John's, 36% in Montreal and St Catharine's, 32% in Windsor, 31% in Sudbury and Halifax, 30% in Winnipeg, 27% in Vancouver, and 26% in Calgary and Edmonton.[33]

As well, the Toronto CMA experienced a 58% decline in the number of EI beneficiaries between 1990 and 2001 – the largest decrease of any other major urban area in the country.[34]

The disparity in Toronto's numbers is attributed to a number of factors. Fewer people qualify for EI in Toronto because eligibility requirements are more restrictive in regions with high employment levels. Also, a higher portion of the Toronto workforce may be ineligible, such as many of those who work part-time, are self-employed, or who do contract work. Toronto also has high concentrations of workers such as youth and newcomers, who tend to have looser ties to the labour market, and therefore not enough qualifying hours.

So, clearly, EI has not been functioning as the income safety net that it should for low-income workers across the country, but especially for those in the Toronto area.

5.6 Transition in the rest of the Toronto CMA

To this point in the report, we have focused on the City of Toronto and how its families are faring relative to others.

In this section, we turn our attention to the rest of the Toronto CMA because the data points to significant changes taking place in the suburbs immediately surrounding the City of Toronto.

What we see is the rapid growth in the number of vulnerable, low-income families across the rest of the Toronto CMA.

The number of lone-parent families in the rest of the Toronto CMA was almost two and a half times greater in 2005 than what it had been in 1990, rising from 31,400 in 1990 to 56,340 in 2000 to 76,410 in 2005.

The number of low-income families was three and a half times greater, growing from 18,010 in 1990 to 54,510 in 2000 to 65,260 in 2005.

There was more than a fourfold increase over the 1990-2005 period in the number of low-income lone-parent families, rising from 7,220 in 1990 to 19,490 in 2000 to 31,740 in 2005.

To a large extent, the growing numbers simply reflect the fact that the rest of the Toronto CMA is experiencing huge overall population growth; as the population grows, so too do the number of lone-parent and low-income families.

But in some cases, rates are also climbing. Lone-parent families are now making up a larger proportion of the total family population in the rest of the Toronto CMA, as are low-income lone-parent families of the overall lone-parent family population.

Table 10. Key Trends of Families with Children 0-17, in the Rest of the Toronto CMA, 1990-2005, 2000-2005

Trend area	1990	2000	2005	Percentage change 1990-05	Percentage change 2000-05
Number of lone-parent families	31,400	56,340	76,410	143.3%	35.6%
Number of low-income families Poverty rate of all families	18,010 7.8%	54,510 16.4%	65,260 16.3%	262.4%	19.7%
Number of low-income two-parent families Poverty rate of two-parent families	10,790 5.4%	35,020 12.7%	33,520 10.3%	210.7%	-4.3%
Number of low-income lone-parent families Poverty rate of lone-parent families	7,220 23.0%	19,490 34.6%	31,740 41.5%	339.6%	62.9%

Source: Statistics Canada, Small Area and Administrative Data Division, 2005, Annual Estimates for Families and Individuals (Special Tabulations).

These changes will almost certainly have huge implications for the social service and infrastructure needs in the 905 region.

The pressure is already being felt. In September 2007 the Strong Communities Coalition—an alliance of United Ways in the GTA[i] and the GTA/905 Healthcare Alliance—released a report on service funding gaps between the GTA/905 and the rest of Ontario. The report concludes that there is a sizable gap in both health and social services annual operating funding between the GTA/905 and the rest of Ontario and that the gaps are getting wider as population growth continues to outstrip provincial funding.[35]

The situation facing the GTA/905 area today is reminiscent of the challenges that emerged more than twenty-five years ago in the post-war suburbs in the former cities of Scarborough, North York and Etobicoke, in what is now part of the City of Toronto. At that time, community organizations had begun to feel the pressure of increased demand for services as the number of lower income households increased. This trend was captured at that time in the Social Planning Council of Metropolitan Toronto's 1979 and 1981 reports on *Metro's Suburbs in Transition.* [36-37]

Governments of the day did not adequately respond to the emerging needs in Toronto's inner suburbs and they were allowed to grow without adequate investment in social programming and infrastructure.

By this decade, the challenges in many of Toronto's inner suburban neighbourhoods had become serious. The Strong Neighbourhoods Task Force, formed in 2004, was a direct response to these challenges, and its role was to build an action plan for strengthening these high-need, underserved neighbourhoods.

This is the challenge that now faces the "outer suburbs" in the rest of the Toronto CMA – making sure that the investment in social programming and infrastructure matches the needs of a growing population of higher-need, low-income families.

[i] *Includes United Ways of Oakville, Peel, York, Oshawa, Whitby, Clarington, Brock and Scugog and Ajax-Pickering-Uxbridge.*

PART

The Costs of Poverty

6.0 What does low income buy a family?

The Mercer annual *Cost of Living Survey* of 143 major cities around the world measures the comparative cost of over 200 items in each location, including housing, transportation, food, clothing, household goods, and entertainment. In 2006, Toronto was ranked as the most expensive city in Canada, just slightly ahead of Vancouver.[38]

How does a low-income family make ends meet in such a high-cost environment? The short answer is, they don't — at least not on their incomes alone.

To illustrate this point, we have created monthly balance sheets for a low-income, two-parent family with two children, and a low-income, lone-parent family with two children.

The annual income of the two-parent family is $27,500 (labelled Family A). The lone-parent family's annual income is $23,375 (labelled Family B). These incomes are the upper threshold for these family types and sizes, calculated by the LIM. It equates to an after-tax, monthly income of $2,292 for the two-parent family, and $1,948 for the lone-parent family. All of the two-parent families and lone-parent families with two children, defined as being low-income in this study, have incomes at or below these amounts.

The balance sheets represent "best case" scenarios. Unless these families have access to income supports such as social assistance, a housing subsidy, or a child care subsidy, the bottom line will be worse than is shown.

6.1 Basic needs use up all of the families' financial resources, and more

Our balance sheets include only the basic necessities of daily living – food, clothing, housing, transportation, and household and personal items. The estimated amount of money that these families require to cover these basic needs is derived from a range of standard measures, including average Toronto rents from Canada Mortgage and Housing Corporation's annual rent survey, and food costs from Toronto Public Health's annual nutritious food basket survey. Further details about our data sources and the assumptions used for each of the estimated costs can be found in Appendix A.

The results are stark, needing little explanation: the low-income, two-parent family cannot pay for even the most basic costs of living, ending up in a deficit position. The lone-parent family is also in a deficit situation, faring only somewhat better.

The reality though, is that every family has many more expenses beyond these basics that are necessary for its health and well-being.

Table 11. Monthly Balance Sheet By Low-Income Family Type, City of Toronto, 2005

BASIC NEEDS		
	Family A 2 Adults, 2 Children (ages 3, 13)	Family B 1 Adult, 2 Children (ages 3, 13)
Income		
Earnings	$2,292	$1,948
Expenses – Basic Needs[1]		
Housing	$1,265	$1,060
Food	$505	$356
Transportation	$281	$182
Clothing	$251	$158
Household and Personal Care	$396	$265
Basic Needs Sub-total	**$2,698**	**$2,021**
Income Minus Expenses	**-$406**	**-$73**

[1] *Housing expenses taken from Canada Mortgage and Housing Corporation, 2006; Food expenses taken from Toronto Public Health, 2005; Transportation taken from Toronto Transit Commission, 2005 rates; Clothing and Household and Personal Care expenses taken from Statistics Canada, Survey of Household Spending, 2005.*

6.2 Other "necessities" make the real cost of raising a family in Toronto much higher

As any parent knows, trying to hold down a job, keeping your car running, finding affordable day care, providing your children with appropriate school supplies and resources, and staying healthy yourself are the day-to-day realities of living and raising a family. Where does the money come from, when all your disposable income is going to pay for basic needs?

How do you pay for your own or your children's dental checkups? tooth fillings? prescription drugs? new glasses? cold medicine?

How do you pay for the high cost of child care, while you wait for your name to come to the top of the child care subsidy waiting list?

Where is the money to be found for that unexpected car breakdown?

How does the family cover the cost of textbooks and school supplies? incidental school expenses like field trips, school photos? extra-curricular activities for children and youth? sports equipment? a computer, printer and internet access that your teenager now needs to complete school assignments? Although we have a strong public education system, these extra school expenses add up over the year, and are necessary if the student is to be fully engaged in school activities.

Then there is the cost of a telephone in the home, furniture, banking fees and interest charges, and the occasional, necessary babysitting cost.

Accurately estimating the real cost of raising a family in a high-cost urban area like Toronto is a major research undertaking in itself, and beyond the scope of this report. But just a cursory count of some of the additional costs that a family would incur over a year would easily add several hundred more dollars to the monthly expenditures of a family.

The real cost of living in an expensive city like Toronto means that most families with an income less than the median will be challenged to make ends meet.

6.3 Building a "nest egg" for the future

Few would argue that the key to a healthy society is a strong middle class. Making it into the middle class is the aspiration of most families – of some day owning a home, and of building up savings that will provide for their security when they retire and that will also pay for a post-secondary education that will secure a bright future for their children. The budget realities of these families illustrate the huge challenge they face in realizing this dream.

Our balance sheet scenarios show that families cannot cover even their basic needs or the other necessary costs of raising a family, let alone setting money aside for the future. These scenarios illustrate how absolutely essential the social safety net is for low-income families to survive in a city like Toronto – to have a housing subsidy, for example, to offset the high cost of rental accommodation, or a child care subsidy to offset extremely expensive, full-cost day care.

Without an adequate social safety net to help lift low-income families out of poverty, families may begin to accumulate debt, and this raises the prospect of a deepening cycle of inter-generational poverty in our city.

PART

The Lure of Quick Fix Money Solutions

The May 31, 2004 issue of *Business Week* magazine – a publication normally targeted to the upper echelon of the financial world – looked instead at the plight of America's working poor. It concluded that the combination of low wages and the soaring cost of living in American cities has left the working poor in a "netherland of maximum insecurity."[39]

We think that "maximum insecurity" aptly describes the situations that cash-strapped, low-income Torontonians must also face, on an almost daily basis. The important questions that we explore in this section of the report are: When incomes do not go far enough – and we have seen that they do not – where do people turn? And in the following section of the report, we consider the consequences of the solutions that they choose to help them out of their financial difficulties.

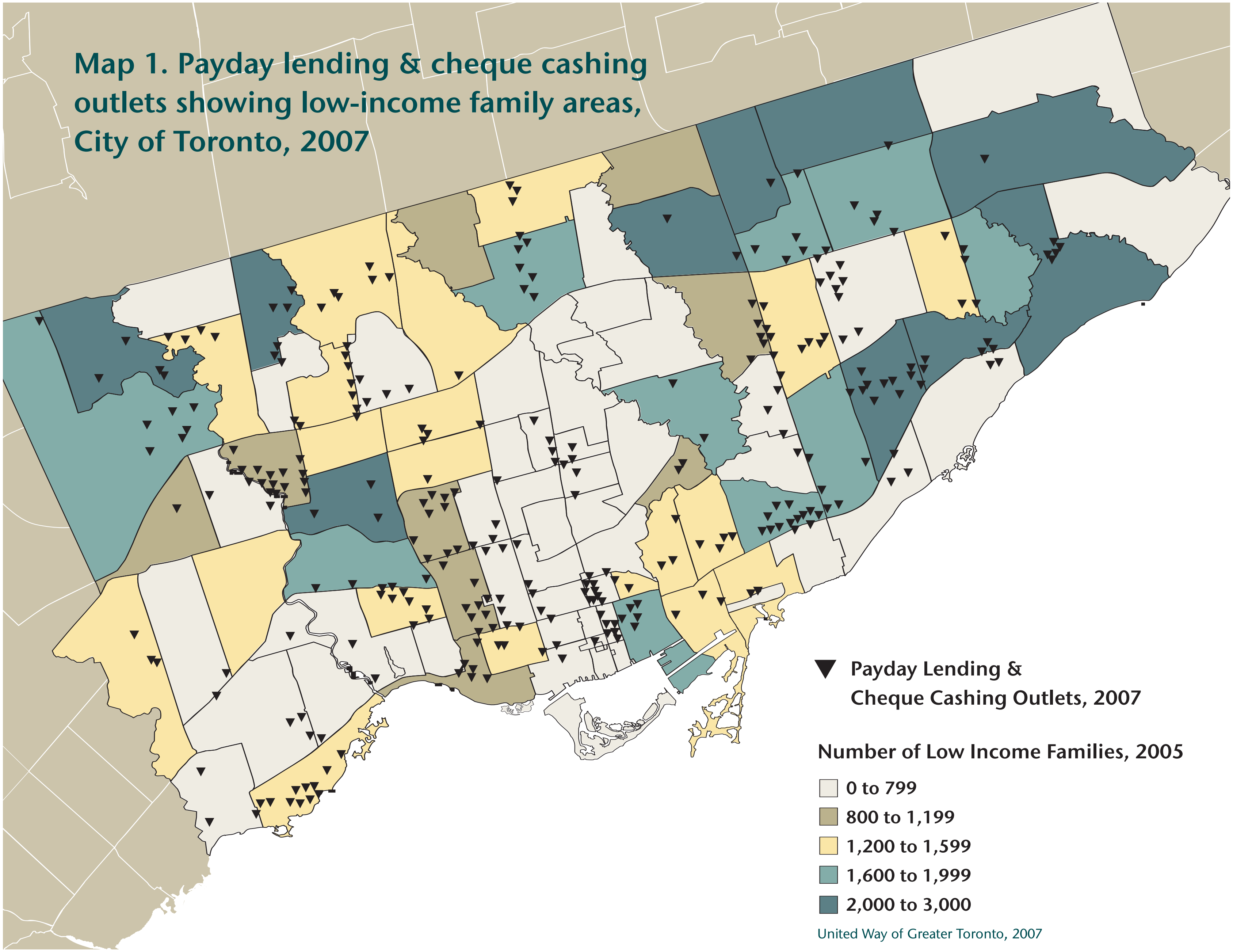
Families have a range of traditional credit options available to them – lines of credit, overdraft provisions on their bank accounts, major credit cards, retails store charge cards, and gasoline station cards. Statistics Canada's 2005 Survey of Financial Security shows that these remain the major sources of unsecured credit for Canadians.[40]

But if a family has exhausted these options, or if it has had trouble paying bills before, chances are they will have already established a poor credit rating and these options are no longer available. In Toronto, a relatively new market segment has emerged to fill this gap in access to credit.

7.0 The rapidly spreading fringe lending sector

Take a ride through any of Toronto's lower-income neighbourhoods or along the city's major transportation routes and you will see businesses lining up to "solve" people's financial woes. From the one-storey and two-storey plazas that line the inner-suburban, commercial streets, their signs trumpet *"It's pay day", "Everyday is payday", "Rapid cash", "Instant cash", Hassle free cash", "No waiting", "Instant income tax refunds" "Nobody gets you money faster", "Cash express."* Their shops are tucked in between the variety and convenience store outlets, rent-to-own businesses, and the dollar stores of most every plaza. Look up to the second storey of a typical plaza and oftentimes you will see an instant tax refund outlet offering quick cash refunds.

This is what has become known as the fringe lending sector – payday lending and cheque cashing outlets, instant cash tax refund outlets, rent-to-own retailers, credit repair and credit builder businesses, and pawnshops.


Map 1. Payday lending & cheque cashing outlets showing low-income family areas, City of Toronto, 2007
Payday Lending & Cheque Cashing Outlets, 2007
Number of Low Income Families, 2005
0 to 799
800 to 1,199
1,200 to 1,599
1,600 to 1,999
2,000 to 3,000
United Way of Greater Toronto, 2007

The largest component of this sector are the payday lending[i] and cheque cashing[ii] outlets. They emerged on the scene in the late 1980s but, as an unregulated business sector, their numbers have been hard to pin down. A Yellow Pages audit showed that by 1995, 7 payday lending and cheque cashing businesses were operating in the city, with 39 locations. By 2000, the number had grown to 53 locations; by 2005, to 60 locations, and by 2006/07, a combined internet and Yellow Pages search revealed 222 locations. But in many neighbourhoods these businesses are small, independently-owned enterprises that rely on local, walk-in customers, so they do not have Yellow Page or internet listings. The same is true of the instant tax outlets.

In order to know how large the fringe lending sector has actually become in the City of Toronto, United Way conducted a driving audit of the city's commercial streets in the summer of 2007, creating an inventory of the businesses currently in operation. We found that the expansion of this sector over the last few years has been nothing short of explosive.

The 2007 driving audit identified 317 payday lending and cheque cashing outlets in operation, and, as we expected, they are heavily concentrated in the city's lowest-income neighbourhoods. They are also found in large numbers along the subway and major bus routes. These 317 outlets represent an eightfold increase in the 12 years since 1995.

There has been an eightfold increase in the number of payday lending and cheque cashing outlets since the early 1990s, and they are heavily targeted in Toronto's low-income neighbourhoods.

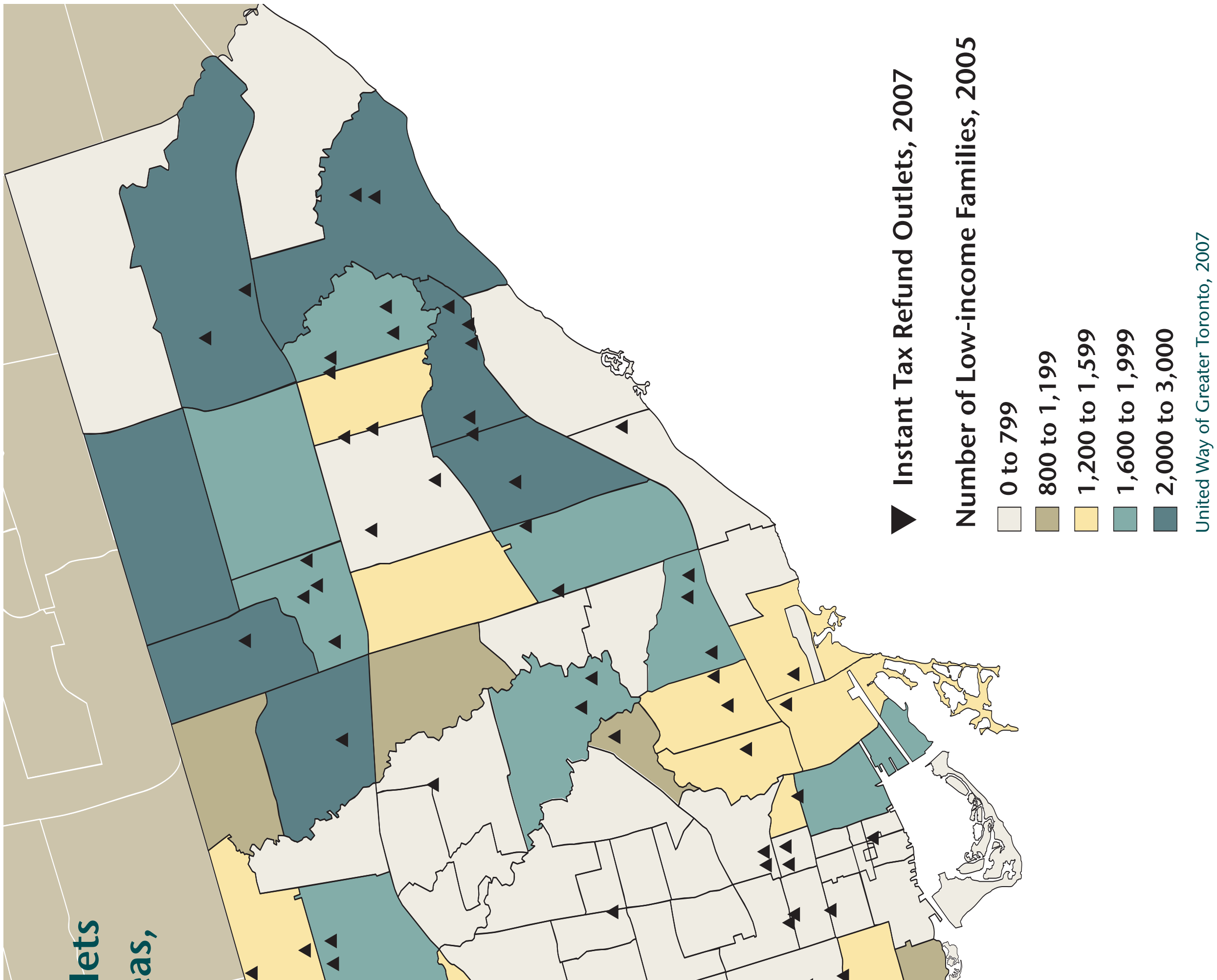
Map 1, shows their distribution and their heavy concentration in low-income neighbourhoods. A large percentage of the plazas in the city's lowest-income neighbourhoods have at least one outlet, but there are locations where as many as three different payday lending and cheque cashing outlets are operating within a single plaza. Due to dense clustering in some areas, the symbols on map 1 had to be offset from their actual location in order to be visible to the eye.

Another "quick cash" remedy for low-income households is instant tax refund outlets.[iii] Map 2 shows their location, and like the payday lending and cheque cashing outlets, their numbers have risen rapidly, and they are also heavily concentrated in low-income neighbourhoods. A Yellow Page audit found just a few of these businesses in 1995, but our 2007 audit identified 54 businesses offering this service in 113 locations.

i A payday loan is an advancement of money in exchange for a post-dated cheque, a pre-authorized debit, or a future payment of a similar nature but not for any guarantee, suretyship, overdraft protection or security on property and not through a margin loan, pawnbroking, a line of credit, or a credit card (Taken from Bill C-26, Federal legislation).

ii Cheque cashing services cash third-party cheques immediately with adequate personal identification and for a fee, usually a per cheque fee and a percentage of the face value of the cheque.

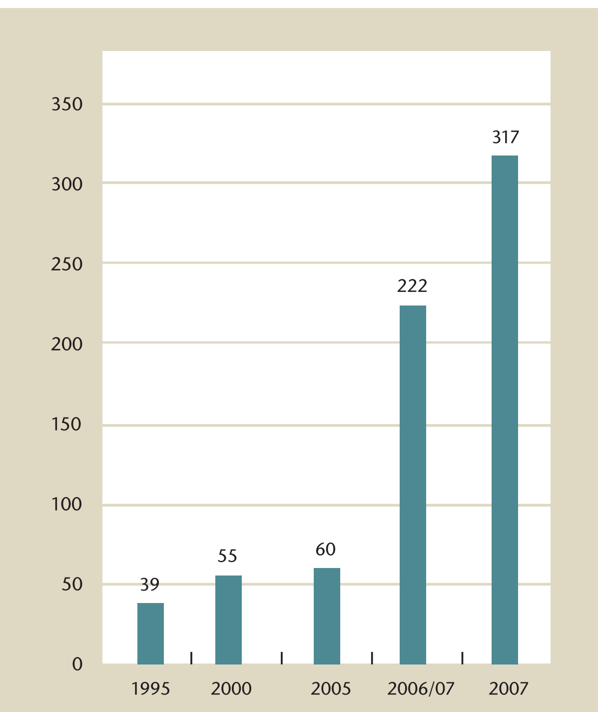
iii Instant tax refund outlets are taxfiling businesses that provide a portion of the income tax refund for which a client is eligible. The Canada Revenue Agency performs spot inspections to ensure that businesses are acting within the Tax Rebate Discounting Act. A separate fee for preparation of the tax return is prohibited. Clients must be given a copy of the final assessment (and the difference, if any), and charges are limited to 15% on the first $300 and 5% on any amount over that (Taken from Canada Revenue Agency, 2007).



Map 2. Instant Tax Refund Outlets showing low-income family areas, City of Toronto, 2007

These 113 outlets are "stand alone" businesses that typically provide other bookkeeping and accounting services. Some are seasonal, offering tax advanced refunds during income tax season; others operate the instant tax refund service year round. Some payday lending outlets now also provide instant income tax refunds, but because this service is not always included in their external advertising, it was not possible to get an accurate count of how many actually do. As a result, they are not included among the 113 on Map 2.

Chart 10: Number of Payday Lending & Cheque Cashing Outlets, City of Toronto, 1995-2007



Source: 1995, 2000, & 2005 based on Yellow Page Audit; 2006/07 based on combined Yellow Page audit and internet search; 2007 based on a driving audit of Toronto's commercial streets.

United Way also attempted to gauge the increase in the rent-to-own furniture and electronics stores, but with less success, as the financing terms of these businesses are not always posted on store-front window signage, and franchises may be co-located within larger retailers. In consultation with United Way member agencies in the summer of 2007, we learned that low-income households use these stores in large numbers because of the seemingly easy monthly payment terms but, based on client reports, end up paying far more than the value of the purchases in interest.

Pawn shops are one of the few fringe financiers that are regulated in Ontario, however, the legislation is considered significantly outdated, offers limited consumer protection, and is of limited help to police in dealing with stolen goods transactions. In the United States, pawn shops are big players in the fringe lending sector of inner-city, low-income neighbourhoods. In Toronto, they seem to be less important, at least in the city's low-income, inner-suburban neighbourhoods, and their numbers have actually declined, from 26 in 2000 to 23 in 2006.

Credit repair and credit rebuilding companies[i] were also identified by United Way member agencies as being a more hidden part of the fringe financing sector, with schemes that offer clients with no or bad credit histories a way to improve their credit rating. One example cited was a scheme to rebuild a good credit rating by having clients participate in a regular buying club, where they make monthly purchases, on credit, of products supplied by the credit repair company, which

[i] Credit repair is a process of disputing or correcting discrepancies shown on credit bureau reports in order to obtain the highest and most accurate credit rating for consumers. Credit rebuilding is a process undertaken to establish or re-establish a consumer credit and payment history (Ministry of Government Services, 2007).

it then reported to a credit bureau. Member agencies reported that these companies have aggressive targeting strategies in newcomer communities.

Ontario's Consumer Protection Branch warns that desperate people are often disillusioned when a credit repairer promises to fix their credit; these businesses often only add to the debt by requiring payment for accomplishing almost nothing.[41]

7.1 What are the costs of borrowing in the fringe lending sector?

Borrowing in the fringe lending sector costs consumers more. The higher cost of borrowing from payday lenders results from a combination of interest and various fees including administration, processing, and broker's or collection fees. The Financial Consumer Agency of Canada estimates that it costs a customer $50 to take out a 14-day $300 dollar loan—the equivalent of a 435% annual rate of interest—and far higher than the costs of other short-term borrowing such as a cash advance on a credit card ($4.13 or 36%), overdraft protection ($2.42 or 21%), or a line of credit ($1.15 or 10%).[42]

Even more concerning to industry watchers are the fees and rollover charges that can pull borrowers into a "debt spiral." An Ernst & Young study of the industry estimated that first-time borrowers ultimately take out an average of 15 loans.[43] The industry itself claims that the majority of profits come from repeat borrowers who are unable to pay off the loan on time, and who then incur additional fees and interest charges.[44]

Cheque cashing services typically cost about 3% of the face value of the cheque plus a processing fee – much more than to cash a cheque from a traditional bank. In addition, the Financial Consumer Agency of Canada found that more than one in four people who cashed federal government cheques at a storefront service say that they have been charged this fee. Had they cashed the government cheque at a chartered bank there would have been no fee, as federal regulation prohibits such charges by banks.[45]

Instant tax outlets also charge a set fee. This fee is regulated by federal statute and has a maximum level of $45 for the first $300 of refund and an additional $5 for every $100 after that. These fees are not trivial for families without sufficient income and mounting bills.

7.2 Who uses fringe financing services and why?

In the country as a whole, the use of payday lending and cheque cashing outlets is still relatively small, with traditional sources, like bank credit cards, retail store cards and bank lines of credit remaining the primary source of credit for most. The Financial Consumer Agency of Canada, a federally appointed body, conducted a survey of consumers' financial awareness in 2005 and found that just 7% of Canadians reported having used a storefront cheque cashing service and 2% had used a payday lender.[46] But with the rapid expansion and concentration of these businesses in Toronto's low-income communities, we must assume that the usage in these areas is now far greater.

Most of our understanding of who is using the payday lending and cheque cashing service in Canada comes from three sources: research conducted by the Association of Community Organizations for Reform Now (ACORN), a 2006 study conducted by the Financial Consumer Agency of Canada, and a Statistics Canada survey of payday loan users, released in April 2007.

The data point to two primary user groups – young, single men, and young families with children. In the Statistics Canada study, the latter were more than three times as likely to be using payday loans than families without children.[47]

Users tend to have little cash in their bank accounts, are behind in bill or loan payments, have no credit card, and almost half have no one to turn to in the face of financial difficulties.[48] Low-income families are twice as likely as higher-income families to use payday lenders. They also tend to be employed, since proof of a regular source of income, such as consecutive pay cheque stubs, is a prerequisite for obtaining a payday loan, as is a chequing account in a regular bank from which pre-authorized payments can be made.[49]

Users cite easy access as the main reason for using payday lending and cheque cashing storefront operations, as well as longer hours, convenient locations, and a "non-judgmental" atmosphere. A major reason for using the cheque cashing outlets is the fact that there are no hold periods on the funds – something that is critically important to families who have an immediate need for cash.[50] United Way member agencies report that many of these businesses also take great care to hire staff who speak the language spoken in the local community to increase their appeal to local residents.[51]

7.3 The consequences: Families least able to afford it, pay more

The fringe lending sector has obviously found a lucrative market niche, with annual profits in Canada estimated at over $1 billion in 2004 for the payday lending segment alone.[52] This amount is considered to be quite conservative since we don't know the actual number and scope of these businesses operating in the country. And it is an amount that is largely coming out of the pockets of our lowest-income households.

With so many families living on the edge in our city, with expenses that far outstrip their incomes, these kinds of loans represent a real threat to the longer-term solvency of the family. The problem is that they cost much more than traditional credit, stripping families of what little financial assets they have.

Long before the sub-prime lending crisis made major headlines in the U.S. and around the world in the summer of 2007, the impact of the fringe lending sector on low-income households was receiving a great deal of attention in the U.S. and Great Britain. It led the New Economics Foundation in Great Britain to write in its 2002 report, *Profiting from Poverty*, that "this is an industry that feeds off poverty and financial exclusion... (with the result that)... those least able to afford credit end up paying the most for it". It warned that "while it is allowed to operate unchecked, attempts to revive the fortunes of impoverished communities will face an uphill struggle...(because)... what the taxpayer is providing, through welfare and regeneration budgets, the lender is taking away – with interest".[53]

Our purpose here is not to vilify the fringe lending sector. Clearly, these businesses have found a market niche that fills a need for convenient, quick and easy credit, the demand for which, at least in terms of payday loans and cheque cashing, may well extend to a broader cross-section of the population.

Our concern is that the desperation of poverty and the lack of choice is driving people to these businesses, costing them more than what better-off families have to spend to get credit. And when families are trapped in a cycle of debt, they are less able to provide the kinds of opportunities for their children that will help them get a good start in life.

PART

The Consequences of Poverty: Evictions, Indebtedness & Insolvency

Given the high cost of living in Toronto, the growing number of low-income families, and the high cost of credit, it should come as no surprise to anyone, that families are running into serious financial difficulties. In this section of the report we point to evidence of this in the areas of housing and indebtedness.

8.0 Rising housing evictions

We begin with housing. Housing is an indisputable basic need, and between 1995 and 2005 the average cost of rental housing in the City of Toronto continued to increase.[54] By the end of 2005, the average cost of a two-bedroom apartment in the city was $1,060, and for a three-bedroom, $1,265.

Housing evictions is one of the consequences of the financial squeeze in which families find themselves. Data shows that between 1999 and 2006 there was a 26% increase in the number of applications for eviction for non-payment of rent in the Toronto area.[55]

Further, the City of Toronto reports that eviction is the second major reason, after domestic violence, for families seeking emergency shelter in the city.[56]

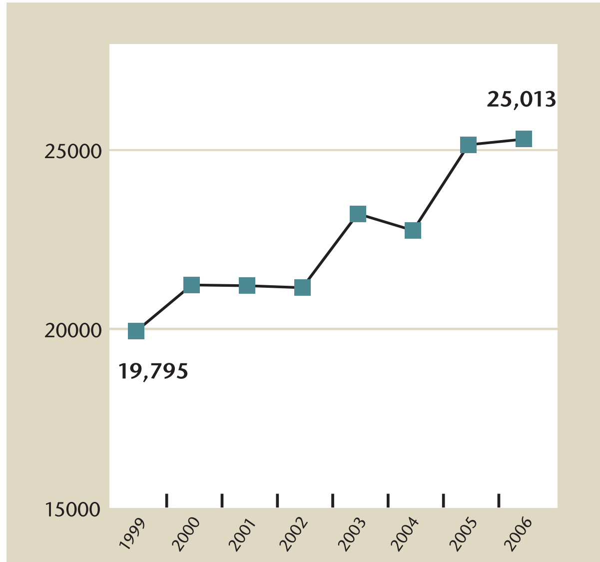
8.1 Rising indebtedness & consumer insolvencies

Families are also getting themselves deeply in debt.

Indebtedness trends:

The Statistics Canada 2005 Survey of Financial Security told us a great deal about both the wealth and indebtedness of Canadian families. It showed that their wealth increased substantially between 1999 and 2005 (we know that many are prospering), but also that they carried much higher debt loads. In 2005, debt levels were 1.5 times what they were in 1999 (adjusted to 2005 dollars).[57] After mortgages, lines of credit were the second largest contributor to the increase in debt load, surging from $5,800 to $9,000 over the 1999-2005 year period.[58]

Chart 11: Number of Applications for Evictions for Non-Payment of Rent, Toronto Area[1], 1999-2006



Source: Ontario Rental Housing Tribunal, 1999-2006, Workload reports.
1 As defined by Ontario Rental Housing Tribunal.

Credit card debt increased 13%. For families whose major income earner was under 35, the median amount of credit card debt was $1,700 in 2005, and $5,000 for lines of credit.[59]

Almost 30% of all families had no pension assets, the majority of which were low-income, younger families.[60]

The recent report of the Certified General Accountants Association of Canada (CGA-Canada), *Where Does the Money Go: The Increasing Reliance on Household Debt in Canada*, tells us much more about the Canadian households that are getting into the most financial difficulty. In the report, Bank of Canada analysis shows that low-income households, rather than households with higher incomes, are devoting a large fraction of their income to debt payments.[61]

The CGA-Canada report further notes that those with the least amount of net worth have been able to increase their access to credit at a much steeper pace than that of other families. The number of low net-worth families increased their access to lines of credit by 202% between 1999 and 2005, in contrast to the 77% increase experienced by the total of all families at all wealth levels.[62]

The CGA-Canada report makes it clear that this nominal level of debt in and of itself is not what makes the financial situation of a family fragile. Rather, it is the household's vulnerability to adverse economic developments, such as instability in the job market and interest rate hikes. The report points to people holding contract and seasonal jobs, multiple job holders, and the self-employed as those most vulnerable to these changes.[63] These are the same vulnerable groups that are represented by the growing number of precarious workers in the City of Toronto, and that will bear the brunt of the next, inevitable economic downturn.

Consumer insolvency trends:

Given the major differences in income trends across the country that we noted in Part 5 of the report, we expected that indebtedness levels would also vary geographically. We looked to insolvency data for trends at the regional and city levels.

What the data shows is that rates of insolvencies are rising, and that they are increasing disproportionately in the Toronto area.[64]

In the 1990s, insolvencies rose over 100% in the country as a whole and nearly 75% in the Province of Ontario. Yet, in spite of the growth in low-income in the Toronto region in the 1990s, insolvencies increased at a much smaller 50% rate in the City of Toronto, and 41% in the Toronto CMA.[65]

But in the first half of this decade, the trend has reversed. In just five years, there has been a 52.3% rise in consumer insolvencies in the City of Toronto and a 57.0% rise in the Toronto CMA, compared to much lower rates of increase in the Province of Ontario (39.5%) and the country as a whole (16.8%).[66]

Everywhere, the rate of increase in insolvencies is outpacing the rate of growth in the adult population, but this is especially so in the City of Toronto, where the adult population increased just 2.3% in the first

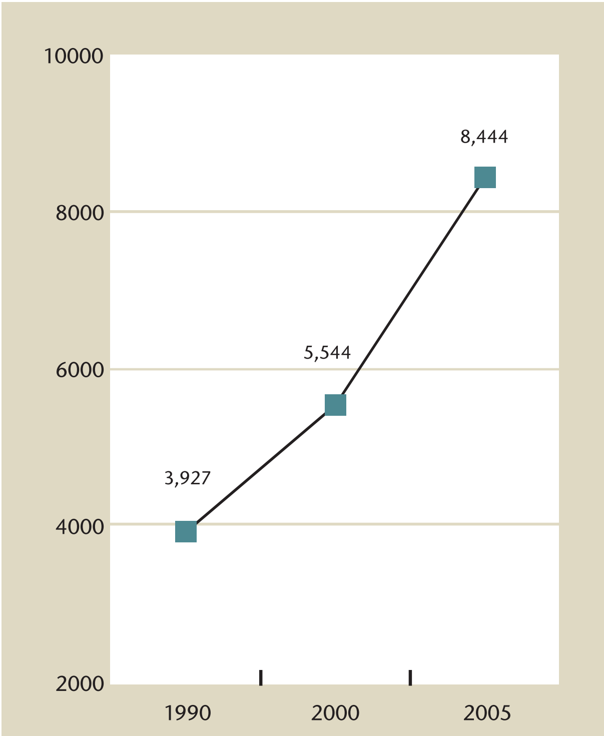
Table 12: Percentage Change in Number of Insolvencies By Selected Geographic areas, 1990-2000, 2000-2005

	Number of insolvencies			Percentage change in number of insolvencies	Growth in adult population (18+)	Percentage change in number of insolvencies
Geographic Area	1990	2000	2005	1990-2000	2000-2005[1]	2000-2005
Canada	43,324	87,855	102,604	102.8%	7.3%	16.8%
Ontario	16,708	29,151	40,654	74.5%	8.4%	39.5%
Toronto CMA	6,488	9,540	14,978	47.0%	10.4%	57.0%
City of Toronto	3,927	5,544	8,444	41.2%	2.3%	52.3%

Source: Statistics Canada, Office of the Superintendent of Bankruptcy, 2007.

[1] *Based on population 18 years and older in 2001 and 2006. Statistics Canada, Censuses of Population, 2001 and 2006.*

Chart 12: Number of Consumer Insolvencies[1], City of Toronto, 1990, 2000, 2005



Source: Statistics Canada, Office of the Superintendent of Bankruptcy, 2007

[1] If a person is unable to meet his/her debt obligations, he/she is said to be "insolvent." Consumer insolvency refers to both bankruptcy and proposal. Bankruptcy is where assets of an individual or company are liquidated and the proceeds are given to people who are owed money. (Some assets are exempt from liquidation, depending on the province.) Proposal is where an offer is made to people who are owed money in an effort to settle the debt. Taken from: Office of the Superintendent of Bankruptcy http://strategis.ic.gc.ca/epic/site/bsf-osb.nsf/en/home.

five years of the decade, while the rate of insolvencies climbed 52.3%.[67]

These figures include all insolvents; single people, families with children and without, and divorced and widowed individuals. The problem of insolvency cuts across all these groups in our city, and the rate of insolvency among families with children is approximately the same as the proportion that families represent of all households in the city.

The vast majority of insolvent families were two-parent families. Overall, 80% of families with dependents 17 years of age or under who became insolvent in 2005 had annual incomes below $30,000.[68]

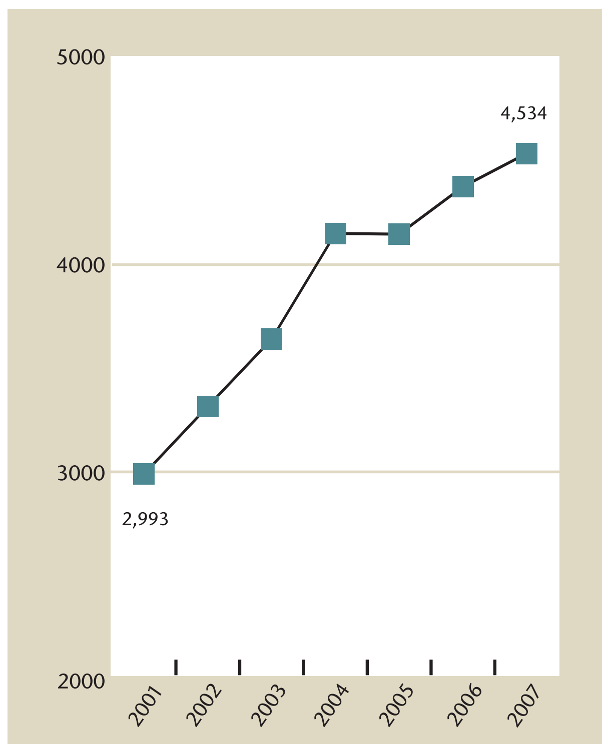
Rising debt management caseloads:

Growth in the demand for credit counselling provide another indicator that the financial problems of Torontonians are worsening.

Credit Canada is a non-profit credit counselling organization, that helps individuals and families overcome serious debt problems. It provides education and credit counselling services, operating 12 offices throughout the Greater Toronto Area.

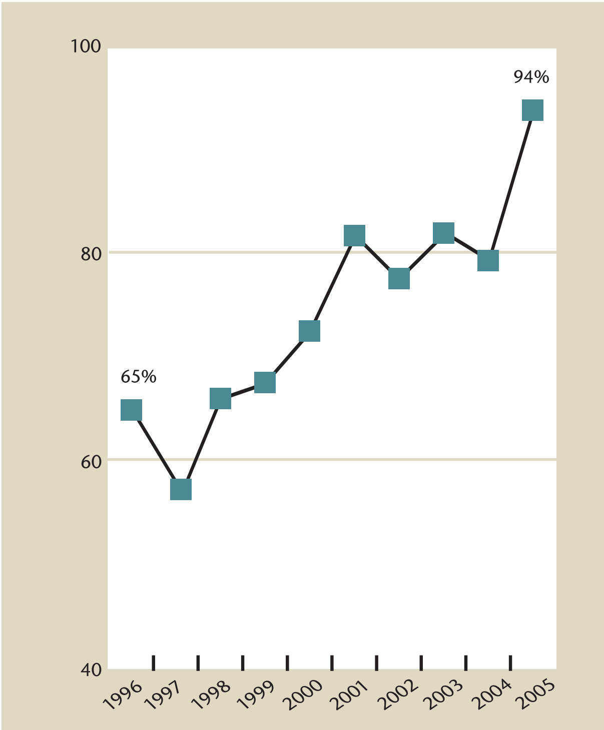
Two trends in Credit Canada's caseload tell an important story. The first is the rapid rise in the number of debt management clients. Between 2001 and 2006, the number of clients in this program increased more than 50%, from 2,993 in 2001 to 4,534 in 2007.[69]

Chart 13: Monthly Average Number of Credit Canada Clients in Debt Management Programs, City of Toronto, 2001-2007



Source: Credit Canada, 2007

Chart 14: Average Debt as a Percent of Gross Annual Income of Debt Management Clients, City of Toronto, 1996-2005



Source: Credit Canada, 2007

A second trend is in the average debt load that clients are carrying, as a percent of their annual incomes. This has also grown substantially, from 65% in 1996 to 94% in 2005. This is unsecured debt, and does not include mortgage debt.

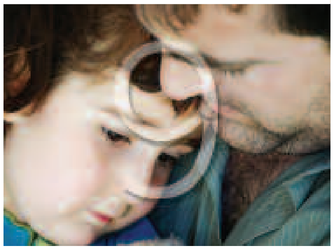
One might conclude that households are getting into debt because they have absolutely no choice – because bills have to be paid, at the risk of being evicted or losing one's car. But our key informant interviewees in this study indicated that it is more complicated than this. Debt is certainly acquired out of need, but they have found that borrowers often don't realize the kinds of terms that they are agreeing to when they take out loans, or what it will cost them in the end. In their view, increasing consumer financial literacy was a critically important part of the solution to growing indebtedness.

8.2 A need for deeper understanding of the financial consequences of poverty

This study has shown that the vulnerability of Toronto families is growing. When you consider the growth in precarious employment in the Toronto area, employment wages that don't pay a living wage, and Toronto's high cost of living, and then combine that with evidence of growing poverty and median incomes stuck at 15-year old levels, (and even lower for lone-parent families), there can be no doubt that Toronto's low-income families are caught in a desperate financial squeeze.

But there is little detailed information beyond the high level, national trends of growing indebtedness, insolvencies, and debt management caseloads that is available for the City of Toronto area. The evidence that serious financial difficulties have grown disproportionately over the past five to ten years in the Toronto area makes the case for further data gathering to help us understand these trends.

PART



Summary & Recommendations

9.0 Summary

The new decade started out with strong signs that the economy was thriving. And many areas of the country have prospered in the decade. But as we have shown throughout this report, families in the City of Toronto have not fared nearly so well as their counterparts in the rest of the Toronto CMA, or in the province and in the country as a whole. By the middle of this decade, their median income was significantly lower, and their rate of poverty higher. And we have seen that the impact of having low-income and living in one of the country's most expensive cities is taking a toll. Applications for evictions for non-payment of rent are on the rise, as are indebtedness, insolvency, and debt management caseloads. What's more, low-income neighbourhoods have become the target market of the rapidly expanding fringe lending sector in Toronto.

At the beginning of the report we highlighted public policy changes that were made in the years between 2000 and 2005 that produced some marginal improvements for low-income families in Toronto. We also noted that key components of the social safety net, such as Employment Insurance and affordable housing are not meeting the needs of the city's low-income population.

Since 2005, there has been some progress. Incremental changes to the minimum wage were made, bringing it to $8 per hour in 2007, with a commitment by the provincial government to increase it to $10 by 2010.

Social assistance rates rose marginally, with a 3% increase in 2005, 2% in 2006, and another planned increase of 2% in December 2007.

The Ontario Child Benefit, announced in the March 2007 Ontario Budget, pledged $2.1 billion over the first five years to help low-income families support their children.

The Working Income Tax Benefit, announced in the federal budget in March 2007, is a refundable credit that will be available to low-income wage earners. The details of how this will actually be applied are currently being worked out.

These are all positive changes that will help to improve the situations of low-income families. But more is needed – a fact that was recognized by the Ontario government when it made a commitment in the fall of 2007 to build a poverty reduction strategy for Ontario.

The importance of that commitment cannot be overstated. Poverty reduction is about all of us. It is about ensuring the future health and prosperity of our towns and cities. It is about giving families the resources that they need to build a bright future for their children. It is about enabling the full potential of our labour force. And the "cost of poverty" is about more than the budgets of low-income families. It is also about the higher costs for services and health care which will be paid down the road, and lost productivity, if the barriers to securing stable jobs are not removed.

For these reasons, United Way strongly supports the provincial government's plan to tackle poverty. In doing so, United Way is recommending a series of actions that it believes are critically important to creating a truly effective poverty reduction strategy for Ontario.

9.1 Recommendations

1. Ensuring an integral role for community leaders in the development of a poverty reduction strategy for Ontario

It will be critically important that the development of a poverty reduction strategy be informed by the deep knowledge and expertise that exists within communities, about the special nature and challenges that local poverty is presenting. For this reason, United Way is recommending that:

The provincial government bring together community leaders to participate in the development of a poverty reduction strategy for Ontario.

2. Addressing the unique challenges in the City of Toronto

The data in this report captures the growing income gap between the City of Toronto and other jurisdictions, such as lower family median incomes and higher poverty rates. Other research reports have provided a large body of evidence of the serious social and health consequences that have been accompanying these trends. We have seen how closely gun crime in the city, poor school grades and drop out rates, teen pregnancies and teen births, and low birth weight births corresponds to the neighbourhoods where poverty is highly concentrated. Most recently, we have evidence of soaring diabetes rates in the city's lowest-income neighbourhoods and growing food bank use. United Way is therefore recommending that:

A poverty reduction strategy for Ontario to be developed by the provincial government take account of the unique low-income challenges facing the City of Toronto, and the poor social and health outcomes that are associated with them.

3. Setting clear and achievable targets

Other jurisdictions like the Province of Quebec and Ireland have tackled poverty head on, with impressive results that show poverty reduction can be achieved against planned goals. United Way is therefore recommending that:

The provincial government set clear poverty reduction targets and aggressive timelines for achieving those targets, with specific targets and timelines for the City of Toronto.

4. Ensuring that the strategy is comprehensive and involves all orders of government

The social safety net in our province is flawed and has not been as effective as it needs to be in helping families move out of poverty. The solutions are complex and multifaceted. Because all orders of government share responsibility, United Way is recommending that:

The federal and municipal governments join the Province of Ontario in the development of the strategy, so that all components of the social safety net are examined and financed, including policies and programs that impact housing security, employment security, and child care.

5. Addressing the particular challenges of access to employment insurance and the protection of precarious workers

The growth in precarious employment is one of the significant contributors to income insecurity among Toronto's low-income workforce. Toronto's rock bottom rate of access to Employment Insurance is another. The Task Force on Modernizing Income Security for Working-Age Adults set out clear directions for both reforming Employment Insurance and creating greater protections for workers employed in precarious work. United Way supports the MISWAA conclusions, and is therefore recommending that:

The development of a poverty reduction strategy in Ontario seek to address the significant decline in coverage of the unemployed and the related decline in access to employment supports and training; and that it also seek to strengthen the protection of, and support for, employees in precarious employment.

6. Building a solid foundation of research knowledge about precarious employment and indebtedness

An existing base of Toronto data informs our understanding of how the city and its residents are changing, along many dimensions. This comes from a broad range of sources including the census, Canada Mortgage and Housing Corporation's annual rent surveys, food bank surveys, and labour force surveys. But in some areas, such as precarious work and indebtedness trends, data at the city level is minimal. The structure of work in the Toronto economy has changed dramatically in the past ten to fifteen years, and we need to be able to quantify and track changes in the forms that it is taking among Toronto workers. Similarly, the trend of indebtedness which Statistics Canada reports at a national level, needs to be understood at a city level, especially in light of insolvency rates in Toronto that are outpacing those at other geographic levels. For this reason, United Way is recommending that:

The federal government, through Statistics Canada, work with representatives from the municipal and provincial governments, research and labour organizations to develop strategies for the routine collection of precarious employment and indebtedness data at the city level.

7. Regulating the payday lending sector

In the fall of 2006, the federal government introduced a provision to allow provinces to regulate the payday lending industry. Manitoba, Saskatchewan, Nova Scotia, and British Columbia have all proceeded. Quebec already has strict regulations. In Ontario, two private member bills were before the house to regulate the industry in Ontario, but were terminated when the provincial parliament was dissolved in the summer of 2007. Provincial changes to the *Consumer Protection Act* were made in 2007 to improve consumer knowledge of the fees and charges that the sector is applying. But these do not provide the kind of consumer protection that other provinces are putting in place. Therefore, United Way is recommending that:

The Province of Ontario develop rigorous new regulatory measures to protect consumers from usurious rates of interest, set interest rate caps and limits on fees and charges, and prohibit roll-overs and other practices that trap consumers in a debt cycle.

8. Building Consumer Financial Knowledge

There is no doubt that Toronto's low-income families find themselves in such tight financial circumstances that they are forced to take out loans. But the aggressive marketing tactics of lenders and the seemingly easy access and terms are a major concern. Credit Canada, the largest consumer credit counselling organization in Toronto, reports that a great proportion of households that get themselves deeply in debt do not understand, or do not take time to understand the terms they are agreeing to and what it will cost. For this reason, United Way is recommending that:

The United Way of Greater Toronto Board of Directors commit new resources for the development of consumer information and problem solving programs to be delivered by United Way member agencies, targeting low-income borrowers in high need communities across the city.

Appendix A

Monthly Balance Sheet for Low-income Families in the City of Toronto, 2005

BASIC NEEDS		
	Family A 2 Adults, 2 Children (ages 3, 13)	Family B 1 Adult, 2 Children (ages 3, 13)
Income		
Earnings[i]	$2,292	$1,948
Expenses – Basic Needs[ii]		
Housing[iii]	$1,265[iv]	$1,060[v]
Food[vi]	$505[vii]	$356[viii]
Transportation[ix]	$281[x]	$182[xi]
Clothing[xii]	$251[xiii]	$158[xiv]
Household and Personal Care[xv]	$396[xvi]	$265[xvii]
Basic Needs Sub-total	**$2,698**	**$2,021**
Income Minus Expenses	**-$406**	**-$73**

i Earnings based on 2005 after-tax low-income measures (LIM) of all Canadian families adjusted by family type and family size.

ii Basic needs expenses for clothing, and household and personal care were taken from Statistics Canada surveys that yield annual average expenditures per household type in Canada.

iii Source: Canada Mortgage and Housing Corporation (CMHC). 2006. New Surveys and New Reports. Toronto: CMHC.

iv Housing for Family A - Average rent for a private three or more bedroom apartment in the City of Toronto in 2005 and assumes inclusion of electricity and heating.

v Housing for Family B - Average rent for a private two-bedroom apartment in the City of Toronto in 2005 and assumes inclusion of electricity and heating.

vi Source: Toronto Public Health. 2005. The Cost of the Nutritious Food Basket in Toronto. Taken from: www.toronto.ca/health/pdf/nutritious_food_basket_2005.pdf on Sept 24, 2007.

vii Food for Family A - Nutritious food basket in Ontario for a family comprised of a man 25-49, woman 25-49, child 2-3 and boy 13-15.

viii Food for Family B - Nutritious food basket in Ontario for a family comprised of a woman 25-49, child 2-3 and boy 13-15.

ix Source: Toronto Transit Commission, 2005 Fares.

x Transportation expenses for Family A includes two adult monthly passes ($98.75 each) and one student monthly pass ($83.25).

xi Transportation expenses for Family B includes one adult monthly pass ($98.75) and one student monthly pass ($83.25).

xii Source: Statistics Canada. 2005. Survey of Household Spending. Ottawa: Statistics Canada.

xiii Clothing expenses for Family A adapted as 80% of the annual average clothing expenditure per two-parent family in Canada.

xiv Clothing expenses for Family B adapted as 80% of the annual average clothing expenditure per lone-parent family in Canada.

xv Household and Personal Care refers to items such as toiletries, paper towels, napkins, cleaning supplies, and personal care products. Statistics Canada. 2005. Survey of Household Spending. Ottawa: Statistics Canada.

xvi Household and Personal Care expenses for Family A adapted as 80% of the annual average clothing expenditure per two-parent family in Canada.

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