

This chapter presents a summary of the main findings on urban poverty in Canada. It also discusses future poverty trends, some policy implications of the findings, and ideas for future research and initiatives.

Overview of Findings

- Poverty increased throughout Canada in the early 1990s, but more so in metropolitan areas. Metropolitan populations grew by 6.9 per cent between 1990 and 1995, while poor populations in these areas grew by 33.8 per cent, far outstripping the overall growth. In contrast, areas outside of metropolitan regions grew by 4.7 per cent, and the poor populations in these areas grew by 18.2 per cent.
- Variations in poverty rates were substantial among cities in 1995, and some patterns emerged with respect to the economic regions in which cities were located. Cities in Québec tended to have the highest poverty rates, whereas cities in southern Ontario tended to have the lowest rates. However, cities in the Atlantic provinces, the Prairies and British Columbia had poverty rates that spread across the range of rates. Among cities, Montréal had the highest city poverty rate and Oakville had the lowest.
- Centrally located cities are the traditional economic cores of most CMAs, but they also had the highest rates of poverty. While just over half of metropolitan populations resided in central cities, almost two-thirds of the urban poor lived there. In comparison, suburban or adjacent areas within CMAs tended to have lower poverty rates and the poor were under-represented in those areas. The differences in poverty rates between central cities and adjacent areas within the same CMA were often striking. For example, the poverty rate in the city of Toronto was 27.6 per cent, compared to Oakville's rate of 9.9 per cent – both cities within the same CMA.
- The number of high-poverty neighbourhoods increased between 1980 and 1995. While most CMAs had at least some high-poverty neighbourhoods, three-fifths (60.0 per cent) were located in Montréal and Toronto. As the number of these neighbourhoods grew, high-poverty neighbourhoods covered a larger geographic area and included a larger number of families. As a result, families in these neighbourhoods accounted for a larger proportion of all families – both poor and non-poor – in any given city. Although the geographic concentration of poor families has been acknowledged in many U.S. cities, it was long believed that Canadian cities had eluded this problem. However, this report's research shows that concentrated poverty also exists in Canada.
- Certain population groups were more likely than others to be poor. The average poverty rate among all city residents was 24.5 per cent. In contrast, 62.4 per cent of non-permanent residents (comprised of refugee claimants, foreign students and foreign workers) were living below the poverty line – the highest rate among the groups examined. The next highest poverty rate was among Aboriginal people (55.6 per cent), followed by recent immigrants (52.1 per cent), visible minorities (37.6 per cent), and persons with disabilities (36.1 per cent). As well, poverty rates were relatively high among the young (children and youth) and among elderly women. For households, the average poverty rates among lone-parent families (59.2 per cent) and unattached individuals (45.2 per cent) were also relatively high.
- Education and employment are important factors in the likelihood of being poor, but they are no guarantee against poverty. In general, the chances of living in poverty decreased as education levels, employment activity and occupational skill levels increased. However, for a certain proportion

of the population, high educational achievement, full employment and high skill levels did not buffer individuals and their families from poverty.

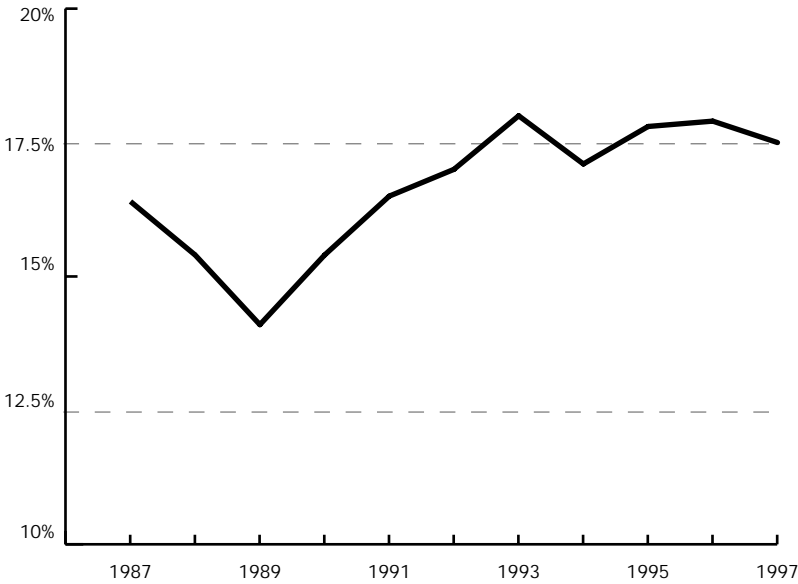
- Poverty rates of certain population groups varied considerably among the cities, so that individuals or families with similar circumstances faced different risks of being poor. For example, youth in Québec were over four times more likely to be poor than were youth in Burlington. Lone-parent families in Cape Breton were more than twice as likely to be poor than were lone-parent families in Vaughan. Furthermore, some people with low-poverty characteristics had higher poverty rates in some cities than did people with high-poverty characteristics. For example, someone in Montréal with a post-secondary certificate was more likely to be poor than someone without a high school certificate in most cities.
- Variations among city poverty rates are influenced to some extent by differences in city population compositions. The standardization exercise in *Chapter 5* assigned uniform population shares of selected groups to each city and observed the impact that this had on the relative rank of cities by their poverty rates. Overall, standardizing population shares by annual employment activity, household type, immigrant status and visible minority status produced the most changes in cities' ranking. Cities with population shares widely different from the average experienced the most change in rank as a result of the exercise. However, no one group is responsible for poverty in any area, because some level of poverty is present among all groups.
- The above findings suggest that urban central and suburban differences in poverty rates are related to differences in their populations. For example, middle- and higher-income families raising children more frequently live in single detached homes in suburban areas, leaving higher proportions of other household types more prone to poverty in central cities. Also, the central-city concentration of support services used by poor households may influence where they live.
- The targeted poverty reduction exercise in *Chapter 5* showed the impact of reducing poverty among selected high-poverty groups on city poverty rates. On average, city poverty rates would fall the most if the poverty rate among unattached individuals, persons with less than a high school certificate, persons with no annual employment, and visible minority persons were reduced by 25 per cent. City poverty rates would also decline, but not by as much, if poverty rates among children, youth, lone-parent families, recent immigrants, Aboriginal persons, persons with disabilities and low-skilled workers were reduced 25 per cent.
- To some extent, variations in city poverty rates are reflected in average incomes of families. Although the average income of working-age families was \$60,400, it ranged from \$42,300 in Cape Breton to \$96,200 in Oakville – more than double the income from top to bottom. Earnings and government transfers to families also varied widely among the cities, suggesting that families in different cities receive different mixes of income from the labour market and government programs.

- The income quintile analysis – an income comparison technique that does not use the LICO – showed vast differences in incomes by city. The analysis presented the shares of households in quintiles that were based on common “national urban” cut-offs. As with poverty rates, the analysis reflected a wide range of income levels among cities. Some cities – such as Trois-Rivières, Montréal and Sherbrooke – had large proportions of households in the lowest income group, and others – such as Vaughan, Oakville and Burlington – had small proportions in this quintile.
- The average income of poor families with working-age members was \$14,500, only one-quarter the average income of all working-age families. This was largely due to huge differences in earnings: the average earnings of poor families totaled only 12.9 per cent of the amount all families had in earnings.
- The average poverty gap among working-age poor families was \$12,200. The gap varied considerably by city, reflecting differing degrees of poverty. The size of the poverty gap did not correspond with city poverty rates.

Future Poverty Trends

The level of poverty in urban Canada constitutes a serious problem, and it deepened between 1990 and 1995, particularly for some of the most vulnerable groups in the population. Given these disturbing trends, what may lie ahead? Will urban poverty rates continue to increase? Figure 6.1 shows poverty rates from 1987 to 1997 for all of Canada. It shows that the poverty rate has been relatively constant since 1993.¹ At the time of

FIGURE 6.1
POVERTY RATE FOR ALL PERSONS, CANADA, 1987-1997



Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's Survey of Consumer Finances, 1987 to 1997.

writing, more recent poverty data on Canadian cities from the Census was not available.

Although predicting the direction of urban poverty rates is not straightforward, utilizing other related data can help provide a reasonable basis for speculation. The labour market has been healthier in the later 1990s than it was in the early part of the decade. From 1995 to 1998, the average CMA unemployment rate declined from 9.2 per cent to 7.7 per cent – a decline of 16.3 per cent. As well, the proportion of the CMA population aged 15 and older with full-time jobs increased slightly (2.3 per cent). To the extent that these indicators reflect the health of the labour market, the general job situation in metropolitan areas appears to be improving. However, it should also be noted that neither of these labour market indicators had reached 1990 levels by 1998.

Despite an improved overall labour market, indicators suggest that the changes have been uneven. As Figure 6.2 shows, the percentage change in unemployment rates has declined since 1995 in most CMAs, and quite considerably in the major Prairie CMAs. In contrast, unemployment rates in Sudbury, Trois-Rivières, Thunder Bay and Windsor have risen.²

Figure 6.3 shows the percentage change in the proportion of full-time workers in CMAs over the same period. Similar to changes in unemployment, this figure indicates that the economic recovery since 1995 has been patchy. Some metropolitan areas have experienced considerable growth in the proportion of full-time jobs, whereas others have experienced a decline.

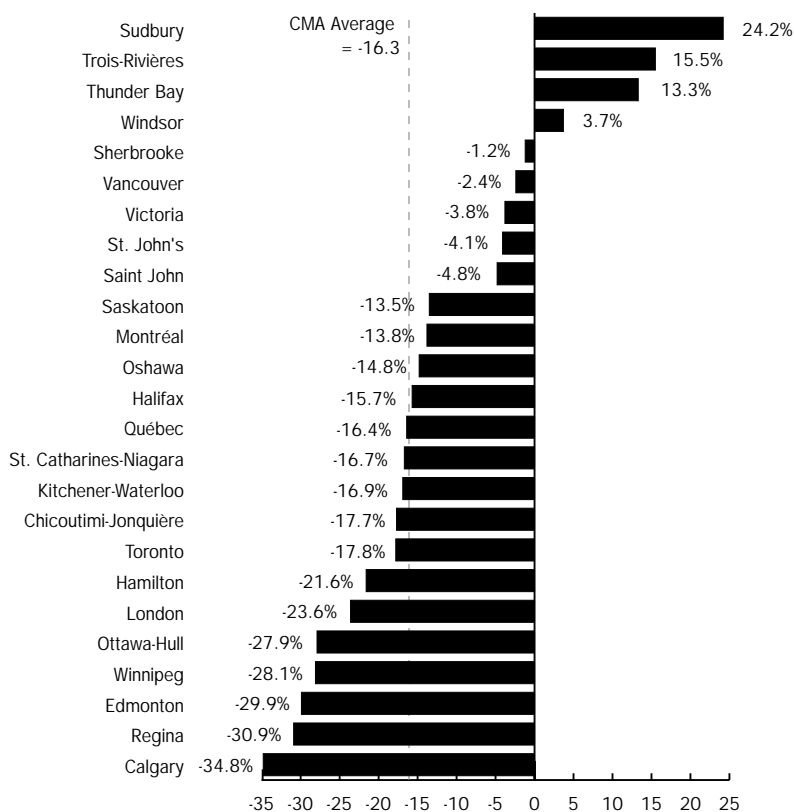
Given the importance of earnings, salaries and self-employment income for working-age families, the health of the local labour market is important

to the income levels of local residents. Consequently, changes in full-time employment levels between 1995 and 1998 can be an important predictor of poverty rates. These improvements in local labour markets may have pushed many metropolitan poverty rates downward. However, this is probably not the case in all CMAs, as the indicators suggest that the labour market has worsened in some communities.

Unfortunately, indicators such as unemployment rates and shares of full-time employment do not reveal much about the quality of the employment created. For example, early 1990s job growth at the low end of the occupational spectrum may mean that many of the new jobs being created are not particularly well-paid opportunities. Consequently, the ranks of the working poor may be increasing.

The health of the local labour market is not the only indicator of poverty in a community. Another important factor is the role of public income security programs available to poor families and individuals. On this front, the tightening of eligibility rules for social assistance and Employment Insurance programs has resulted in fewer government transfers to economically vulnerable citizens. Between 1989 and 1997, the proportion of the unemployed in Canada who received EI benefits declined from 83 per cent to 43 per cent.³ As well, welfare benefits have been reduced and eligibility rules tightened in many provinces under the rationale of fiscally conservative agendas, and federal social transfers to the provinces under the CHST have declined. In Ontario alone, the number of social assistance recipients decreased by 19 per cent between 1995 and 1998.⁴ Although it is not yet clear where these former social assistance recipients have gone,

FIGURE 6.2
PER CENT CHANGE IN UNEMPLOYMENT RATES, BY CMA, 1995-1998



Note: Data on the CA of Cape Breton are not available.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's *Labour Force Survey*, 1995 to 1998.

many may still be in financial need. Overall, the full effects of cuts to social assistance and EI programs have yet to be seen. Because these programs provide important income supplements to economically vulnerable families and individuals, the cuts may cancel out the positive impact on poverty rates exerted by an improving labour market.

Poverty data on the communities examined in this report was not readily available at the time of writing, but results of the 2001 Census will show trends in poverty rates since 1995. However, the indicators examined in this section suggest that any improvements in the situation of low-income

households will not be uniform across cities.

Implications of Findings

The findings in this report suggest implications for the future study of poverty, as well as for policy responses to deal with poverty.

Responses to poverty are appropriate in every community examined. While the issue may have a larger profile in some cities compared to others, these findings show that no community is immune to poverty. Any level of poverty has implications for the level of social cohesion and social inclusion in the communities and in the country as a whole.

This does not mean that people are generally unaware of poverty in their communities. Media bring attention to the issue with local stories and statistics. All levels of government operate programs that can work against poverty. In many communities, anti-poverty organizations and social planning groups raise awareness of the issue and bring people together to discuss it. However, high poverty rates in many places indicate that more anti-poverty activity is needed.

Any response to poverty in Canada should recognize its spatial component. Considerable differences in poverty rates signify that the prosperity and opportunity that many Canadians enjoy are not being shared equally by citizens within communities and among communities. Furthermore, concentrations of poverty in Canadian neighbourhoods may lead to the isolation of residents from employment networks, as is evident in some inner cities in the United States.

To some extent, inequities among communities are addressed by the federal government. Equalization Transfers redistribute income from the "have" provinces to the "have-not" provinces, and Employment Insurance benefits are higher for persons living in areas of high unemployment.

The spatial patterns of metropolitan poverty also suggest that it is a regional issue. Concentrations of poverty may mean that poor people are migrating from other parts of a region or from other areas into the central areas. As well, the service needs of low-income persons are often higher in central areas. As such, the responsibility to address poverty should be shared among actors throughout the region, which may involve some form of cost sharing of services.

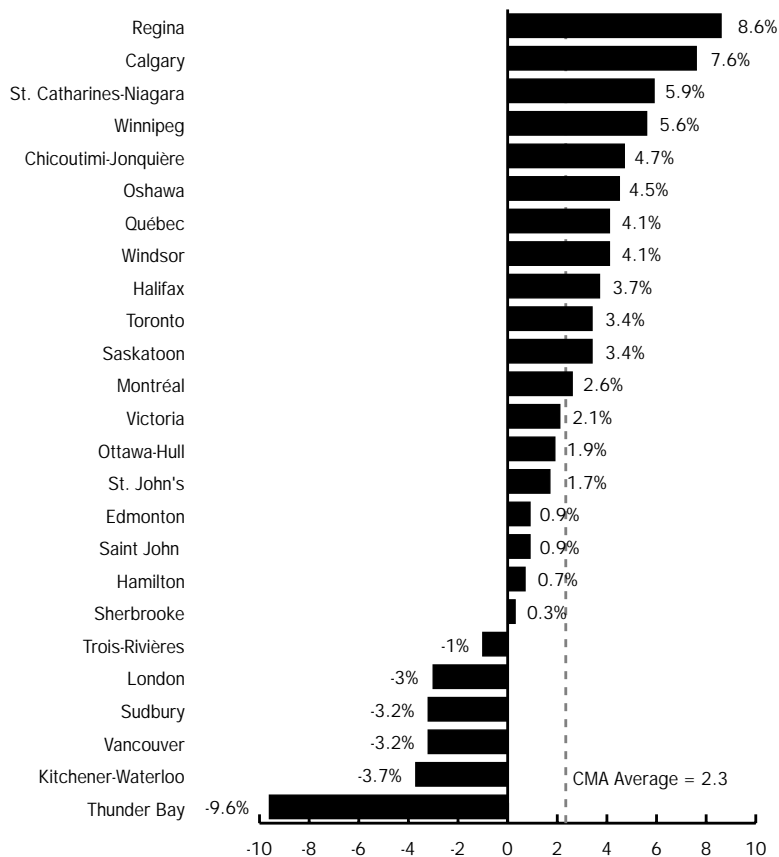
Certain groups are at much greater risk of living in poverty than are other groups. Extreme poverty rates among Aboriginal people, recent immigrants and non-permanent residents, visible minorities, persons with disabilities, lone-parent families and unattached individuals are evident in most communities. This suggests that there are real barriers preventing these groups from acquiring adequate incomes. Because these groups are faced with employment disadvantages unlike those faced by other people in Canada, improvements in the labour market alone are not the sole solution to their structural poverty.

All levels of government have developed programs and policies that can benefit members of certain groups which are particularly at risk of poverty. Examples include employment equity policies, skills training programs, education grants, employment programs, and other initiatives. While these groups would probably be worse off without these initiatives, high levels of poverty suggest that they are still not on an equal economic footing with other Canadians.

The presence of certain groups is not the sole reason for high poverty rates. Chapter 5 showed

that poverty rates differ among cities, in part, because of differences in the composition of the cities' populations. In fact, some cities that had relatively high proportions of groups which are vulnerable to poverty would see their poverty rates decline if they had average proportions of those groups. These groups include unattached individuals, persons with no annual employment, those with less than a high school certificate, and visible minority groups. However, population characteristics only explain part of poverty rate variations. Poverty is present among all groups, so no one group is responsible for its presence in any community.

FIGURE 6.3
PER CENT CHANGE IN SHARE OF FULL-TIME JOBS IN POPULATION
AGED 15 AND OLDER, BY CMA, 1995-1998



Note: Data on the CA of Cape Breton are not available.
Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's Labour Force Survey, 1995 to 1998.

A community's human capital, indicated by its average levels of education and occupational skills, is linked to the poverty rate of that community. As shown in Chapter 3, poverty declines as levels of education and skills rise. As such, programs that effectively facilitate the development of these human capital assets can boost incomes and lower poverty rates. Post-secondary educational institutions play a large role in raising human capital, as do the variety of government- and community-sponsored training programs. However, the links between poverty and human capital are not always direct, as was evident in the sizeable proportions of highly educated persons and highly skilled workers who were poor in 1995.

Support services can also make a huge difference in poor peoples' lives, and services can facilitate their personal development. For example, child-care services may make it possible for a single mother to return to school and to eventually find a well-paying job. School lunch programs may help children succeed

Chapter 6: Summary and Conclusion

in their classes without the distraction of hunger. These types of services can help prevent long-term poverty among certain groups.

Local economies are linked to local poverty rates. The relationship between annual employment activity and poverty demonstrates that lack of employment is associated with higher poverty. Each city has a unique economy and its performance has implications for the local labour market. In some cities, relatively high poverty rates suggest that the local economy does not provide sufficient employment for many area residents. This may be the case in more geographically isolated areas, such as Sudbury or Sherbrooke. Relatively high poverty rates in other cities within fairly prosperous regions suggest substantial concentrations of poverty. For example, the cities of Vancouver and Toronto have much higher poverty rates than other communities in their respective regions. As such, good jobs do not appear to be equally accessible to all area residents. If Canadians value differentiated communities that contribute to the country's economy and sense of history, policies must find ways for local residents of these areas to survive and prosper.

The implementation of economic development programs is one lever used by government to increase the local supply of jobs, often in partnership with area businesses. Usually working at the local or regional level, economic development officers facilitate business development and attract companies to their communities. As well, federal programs such as the Canada Jobs Fund are designed to provide business development capital in areas of high unemployment. Community economic development initiatives are

also run by local organizations in many cities. Despite these programs, however, unemployment rates indicate that these efforts cannot fully address the lack of jobs in many communities.

Governments, the private sector, community groups and citizens must work together to address poverty. Governments have traditionally been viewed as having the primary responsibility to respond to poverty in Canada. However, both the private sector – as the main engine of job creation – and community groups – as providers of support services and advocates – also have important roles to play. For example, each of these sectors is involved in activities to address poverty.

- ➔ Governments play a large role in narrowing the income gaps among Canadians by redistributing income. Federal and provincial governments redistribute income through the personal income tax system, and through such programs as the National Child Benefit and Child Tax Benefit.
- ➔ Income security programs help buffer the effects of low earnings, although they are not able to shield many households from poverty. For the unemployed who qualify, Employment Insurance benefits provide some income to ease the loss of earnings. Social assistance programs supplement the income of low-income residents, but only as a last resort. Old Age Security, the Canada and Quebec Pension Plans, and the Spouse's Allowance all supplement the incomes of elderly Canadians.
- ➔ The provision of services such as health care are based on need,

regardless of income. These services are funded through general federal and provincial coffers and are not dependent on personal income levels. As such, low-income Canadians are taxed less for these services, but have equal access to them.

- ➔ Private enterprises have one of the largest roles to play in reducing poverty because they are the prime creators of employment in the country. A few points difference in the unemployment rate can translate into hundreds, or thousands, of jobs. Of course, not all these jobs are available to low-income Canadians, and not all these jobs pay well enough to raise the incomes of poor people above the poverty line.
- ➔ Community organizations and concerned citizens are active in communities across the country raising awareness about the problem of poverty and providing support services to those in need. Of course, their capacity to carry out these functions is often limited by a lack of resources.

These are separate initiatives, but what is really required is a coordinated response to high poverty levels. In some locations, there are active partnerships among governments, the private sector and community groups developing. Between governments, the National Child Benefit is one example of federal and provincial governments cooperating to address child poverty. The United Way/Centraide movement combines the resources of the private sector and community groups to raise necessary funds for community support services.

Nonetheless, it is obvious from the evidence in this report that more needs to be done in order to reduce poverty. All sectors must work together to create opportunities for low-income Canadians and to successfully buffer them from market failures. Effective solutions to poverty are possible if these sectors can agree on common goals and can work together.

Future Research and Initiatives

In addition to considerable variations among city poverty rates, variations among rates for persons with similar characteristics in different cities were also substantial. This raises some key questions that are not answered in this report. For example, for two people in different cities who had no annual employment, why is it that one was considerably more likely to be poor than the other? As well, many believe that lone-parent families faced similar problems gaining an adequate income no matter where they lived. If so, why are these families far more likely to live below the poverty line in some cities than in others? These questions cannot be answered as easily with an analysis of population compositions. Variations in poverty rates among groups in different cities suggest an interesting topic for future research.

Another possible area of future research would be to explore further the relationship between local economies and poverty rates. This report has demonstrated links between poverty rates and the proportion of the community with full-time, full-year employment and of high-skilled occupations. However, these labour force indicators represent only part of local-level economies, and more elements could be explored. A detailed study of work volume, wages, industries, occupations and poverty

levels in each community would help shed light on the working-poor. In addition, a detailed analysis of poor people in each city who are not working would identify groups that, for some reason or other, are not participating in the labour force.

One goal of this report has been to foster a better understanding of urban poverty, and to stimulate the search for effective solutions. The fact that poverty rates are remarkably different among cities suggests that we can learn from cities with relatively low poverty rates. If we can gain a better understanding of why those cities have low rates, it may be possible to create similar conditions in other cities in order to facilitate a reduction in their poverty rates.

In some areas, networks to explore this issue are already in place. Many municipal and regional governments in some provinces meet regularly to discuss social issues in their areas. For example, the Ontario Municipal Social Services Association meets regularly to discuss common areas of interest. As well, the Inter-City Forum on Social Policy, a group of senior bureaucrats and politicians from Alberta municipalities, meet to discuss services and policy issues at the municipal level.

Some non-profit networks are also well organized to discuss poverty and lobby for solutions to it. For example, Campaign 2000 represents a host of organizations across the country which are raising awareness of child poverty in Canada. The network releases annual national and regional report cards on child poverty in Canada. Another example is the Capital Urban Poverty Project in the Victoria area, where local academics, municipal representatives and community-based organizations come together to raise awareness about

poverty in the area and search for solutions to it. These types of associations exist all over the country in different provinces and areas, and they often act as excellent forums in which to share ideas and discuss effective local policy initiatives.

Of course, all these initiatives use data to measure the extent of poverty in their communities, and the Urban Poverty Project – which has made this report possible – has been a means to facilitate the access to such data. Future initiatives to increase the accessibility of local-level data are key to further enhance the ability of associations to understand and address poverty and other issues of concern. As well, a follow-up to this report using 2001 Census data would certainly be useful to better understand the nature of poverty in the later half of the 1990s.

Finally, as discussed in the previous section of this chapter, a coordinated response to poverty is required to effectively address the issue. Governments, the private sector and community groups must all make efforts to work together to create opportunities for low-income Canadians and buffer them against market failures.

Poverty is not simply a problem for people who have fallen on hard times. Its scope is much wider than that, and it should be a concern to all Canadians. Poverty rates are indicators of the health of citizens and the state of institutions. As well, poverty rates are predictors of things to come – poverty has detrimental impacts on the long-term health of children. Unhealthy children will, in time, affect the health of the nation. Current poverty rates show that governments and other sectors still have much work to do to address the issue of poverty in urban Canada.

Endnotes

- ¹ Direct comparisons between Census data and data from the Survey of Consumer Finances (SCF) should be made with caution. Income data from the Census are based on information on 20 per cent of Canadian households, whereas income data from the SCF are based on a sample of approximately 35,500 cases. Because these surveys use different methodologies to collect the data, they yield slightly different results. As well, data from these surveys are often presented in different ways (for example, differences in geography and definitions of family type are common).
- ² Readers should note that the negative value of this indicator signals that the labour market has improved over the time period.
- ³ Human Resources Development Canada. *1997 Employment Insurance Monitoring and Assessment Report*. Ottawa: Ministry of Public Works and Government Services Canada, 1997.
- ⁴ Prepared by the Canadian Council on Social Development using data from Human Resources Development Canada, Social Program Information and Analysis Division, Social Policy Directorate. In 1995, there were 1,344,600 recipients in Ontario. By 1998, there were 1,091,300 recipients – a difference of 19 per cent.