Incomes and Poverty in Hamilton

Nearly 90,000 Hamiltonians were living in poverty in 2005 – enough people to stand and link arms on the Skyway Bridge’s entire span across Hamilton Harbour more than ten times.

With the ever worsening economic news in 2009, now more than ever, incomes and the risk of poverty are personal concerns for hundreds of thousands of Hamiltonians.

This report considers the distribution of incomes in the City of Hamilton, and the level of poverty based on the most commonly reported measure, Statistics Canada’s Low Income Cut-Off (LICO). As a second measure of poverty, the report considers the benefit rates provided to individuals and families on Ontario Works (OW), Ontario’s primary income security program. As this report will show, households on social assistance are not even able to access the basic necessities of life. Those among the lowest income groups understand the daily trade-offs and compromises required to live within their means, involving decisions like paying the rent or hydro, instead of buying food.

One of the goals of the Social Planning and Research Council (SPRC) is to improve the quality of life for the citizens of Hamilton through strengthening the community’s understanding of social problems. We hope that this report will help to educate the public and stimulate discussion about what it means to be “poor”, and what impacts this might have in the future. We also hope that this report will help to inform local decision makers on developing strategies aimed at poverty reduction and elimination in our community.

A full version of this report, including more detailed data and maps, is available at: www.sprc.hamilton.on.ca/Poverty/Poverty.php

**WHAT ARE THE IMPACTS OF THE CURRENT RECESSION?**

The most recent Employment Insurance and Ontario Works caseload data show that the economic recession that started in the last few months is already having effects in Hamilton. (This data does not yet include the effects that will be seen from the recently announced shut-down of the local US Steel plant). From previous recessions, we know that it is the poorest people in a community who suffer the biggest brunt of economic downturns. The working poor have little or no savings to help them bridge their income between jobs. Their jobs are among the most precarious, suffering the first layoffs with little notice and no severance pay. For those on Ontario Works, the hope of leaving social assistance gets dimmer as the competition for low-wage jobs increases during a recession.

**INCOMES IN HAMILTON**

Chart 1 shows very different economic circumstances for unattached individuals (living alone or with roommates) versus families. Almost 40% of unattached individuals (25,315 persons) earned less than $20,000 in 2005. At the other end of the income ladder, only 12% (or 3,076) of singles had incomes $60,000 or over. In contrast, only 14% of families (or 19,460) were living on less than $30,000 in 2005. It should be noted that many of the families in the lowest income groups are lone parent families.

**SOCIAL ASSISTANCE AND POVERTY**

Historically, social assistance benefit rates have provided emergency incomes far below the poverty line. The primary social assistance program in Ontario, Ontario Works (OW), was implemented in 1995, with an immediate 22% cut to the already low benefit rates. In November 2007, rates were increased by the provincial government for the first time, but only by 2%. This did not recover all the purchasing power lost due to inflation over the last decade. Regular small increases to social assistance payments are now scheduled to be implemented annually. This may help social assistance recipients from falling even further behind inflation over the last decade. Regular small increases to social assistance payments are now scheduled to be implemented annually. This may help social assistance recipients from falling even further behind inflation over the last decade.

**Monthly income security benefit rates and tax credits provided these households. For a single male, the remainder after these basic expenses is actually negative (-$76). A female lone-parent with one child has a positive remainder of $267, while a couple with two children has $288 remaining. For a family of four, this represents only $2.37 per day per family member. This is clearly not enough to cover even a handful of the other basic necessities not covered in this table such as heat and hydro, clothing, bus tickets, school supplies, telephone, laundry, personal hygiene items, etc.**

Given the inadequacy of current benefit rates, most households on OW are dependent on local food banks to survive. In addition, given that the average rental unit in Hamilton is beyond their means, these households are often forced into unsuitable or unsafe housing.

Children are the largest group of Ontario Works beneficiaries, as illustrated in Chart 5. In 2007, there were 8,255 children receiving Ontario Works benefits, representing 37% of all recipients. This means that about 7% of all children in Hamilton are OW beneficiaries.

WHAT IF INFLATION DOES NOT INCREASE DRASTICALLY?

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Chart 2 shows historical trends in median income for both men and women in the Hamilton Census Metropolitan Area (which includes Burlington and Grimsby). This data illustrates that the gap between men and women’s income narrowed from the late 1970s into the 1990s, but that there has been no progress since then. Another trend that can be seen is the impact of recessions on incomes. The recession in the early 1980s produced a sharp decline in men’s incomes from which they quickly rebounded to their pre-recession incomes. In contrast, women’s incomes were not as clearly reduced by this recession. In the early 1990s recession, both women and men’s incomes declined, but only women’s incomes later rebounded to previous levels. Men’s incomes, on the other hand, continued to decline significantly over the next few years and did not stabilize until about 1996-1997, and never returned to pre-recession levels. This is in large part a reflection of the de-industrialization of Hamilton’s economy during this period. The types of jobs lost from the manufacturing sector were mainly held by men. After the recession of the 1990s, employment rates for both men and women improved, but the nature of work, especially for men, has changed dramatically. Many of those kids off from industrial jobs were never able to find well-paying, stable employment again as the labour market has shifted to more temporary, precarious, low-paying service sector jobs.


Data source: Survey of Labour and Income Dynamics, Statistics Canada

POVERTY IN HAMILTON

The poverty rate, as measured by the before-tax LICO, has declined in the City of Hamilton (formerly Hamilton-Wentworth Region) going from 21.5% of the population in 1995 to 16.1% in 2005. While this is certainly good news for our city, our analysis shows that not all groups have had the same improvement in poverty levels.

Table 1. Poverty rates (LICO before tax), City of Hamilton (formerly Hamilton-Wentworth region), 1995-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people</th>
<th>Percentage of the population who live on incomes below the poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>101,190</td>
<td>22.9%</td>
</tr>
<tr>
<td>2000</td>
<td>98,652</td>
<td>19.3%</td>
</tr>
<tr>
<td>2005</td>
<td>89,676</td>
<td>18.1%</td>
</tr>
</tbody>
</table>

As recently reported in the SRPR’s Community Profiles report, the rates of poverty are quite different across the city’s six geographical communities. Most communities experienced a decrease in their poverty rate since 1995. Chart 3 shows that the biggest decrease has been in the former City of Hamilton, going from 28% to 23%. In contrast, Dundas saw almost no change in its poverty rate and Ancaster saw an increase, with the number of persons in poverty almost doubling.

Map 1: Poverty rates in the City of Hamilton, by neighbourhoods, 2005

Data source: 2006 Census of Canada, Statistics Canada

Examing poverty rates at the neighbourhood level (Map 1), there continues to be an uneven distribution of poverty rates across the city, many downtown neighbourhoods have especially high poverty rates, as well as some neighbourhoods further east near the Red Hill Valley Expressway. There are also pockets of above average poverty rates near downtown Dundas, in many areas on the Mountain, in the parts of Ancaster below the escarpment, and in East lower Stoney Creek near Glover Road. (More detailed maps of general poverty rates and child poverty rates with streets labels are available in the full report at www.sprc.hamilton.on.ca/trends/Poverty.php).

The rates of poverty among different groups vary significantly (see Chart 4). An analysis of both the rates of poverty for various groups and the number of individuals living on incomes below the poverty line between 2000 and 2005 shows that seniors had the most significant decrease in poverty, going from 24% to 17% (a decrease of more than 4,600 people). Seniors are now for the first time bringing the average poverty rate in Hamilton down instead of up. In contrast, there was a small increase in the poverty rate for children in the 2000-2005 period. While the poverty rate for visible minorities decreased, the rapidly growing size of this group meant that there was nonetheless a large increase in the number of individuals from visible minority groups living in poverty.

Chart 3. Poverty rates (LICO before tax), Communities within the City of Hamilton, 1995-2005

Data source: 2001 and 2006 Census of Canada, Statistics Canada

Chart 4. Poverty rates (LICO before tax) for selected groups, City of Hamilton, 2005

Data source: 2006 Census of Canada, Statistics Canada

1 Available at www.sprc.hamilton.on.ca/Reports.php?profiles


Since the release of the first Incomes and Poverty Report in 2004, there has been a growing awareness of poverty as a central issue for Hamilton to address. There have been many successes such as the "Stop the Clawback" campaign and the "at risk" poverty reduction postcard campaign. Let two of the myriad of examples of community advocacy on this front. Numerous social service agencies and grass-roots groups have continued their vital work to help those facing poverty in their daily lives. Another major step has been the creation of the Hamilton Roundtable for Poverty Reduction bringing together business, education, health and social leaders to join forces to tackle poverty in Hamilton.

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<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
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<tbody>
<tr>
<td>1976</td>
<td>50,000</td>
<td>35,000</td>
</tr>
<tr>
<td>1980</td>
<td>45,000</td>
<td>30,000</td>
</tr>
<tr>
<td>1985</td>
<td>40,000</td>
<td>25,000</td>
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<tr>
<td>1990</td>
<td>35,000</td>
<td>20,000</td>
</tr>
<tr>
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<td>30,000</td>
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<tr>
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<td>25,000</td>
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1 Available at www.sprcrhamilton.on.ca/Reports.php?file=3

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Map produced by the Community Mapping Service of the Social Planning and Research Council of Hamilton, February 2009
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