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The FCM Quality of Life  
Reporting System

# Falling Behind: Our Growing Income Gap



Federation  
of Canadian  
Municipalities



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# EXECUTIVE SUMMARY

*Plato wrote that the maximum extremes of wealth in society should not be higher than four fold, suggesting both an understanding of the concept of inequality as well as an awareness of the implications of disparity within societies.* Current income inequality in Canada's cities greatly exceeds this ideal range. This report will explore the issue of the growing income gap in Canadian cities and the implications of the gap for communities. It will leave the question of the appropriate range of wealth in the 21<sup>st</sup> century to the reader.

The goal of this paper is to gain a better understanding of the factors contributing to, and the effects of, the growing income gap in cities. It builds on the Federation of Canadian Municipalities (FCM) Quality of Life Reporting System that reports on quality of life indicators in urban centres across Canada. The first Quality of Life Report in 1999 reported that the income gap between the wealthiest and poorest citizens was more pronounced in Canada's cities than in the country as a whole. The 2001 Report identified a deepening of this trend. A key finding stated that "the income gap between Canada's wealthiest and poorest urban residents is growing". It noted that while there was a decline in poverty rates between the results of the 1999 and the 2001 reports, the decline did not mitigate the increase in poverty in the first half of the 1990s. It also concluded that the income gap had not narrowed and that poverty and relative disadvantage continued to be concentrated in urban communities.


This study sets out to develop an understanding of the income gap in Canadian cities. It explores the factors contributing to the income gap and the implications of the gap for urban communities, and it begins with a literature review that sets the context for the case studies and highlights implications of income gaps in other cities or jurisdictions. Next, the report looks in more detail at three cities – Calgary, Saskatoon and Toronto – and develops case studies on each that describe the income gap and its implications. Interviews and discussions were conducted in each of the cities to gain insight into stakeholders' awareness and perceptions of the issue as well as their opinions on responses to the problem. Analysis of Statistics Canada taxfiler data for 1995 and 2000 compared the characteristics of the populations of low-income neighbourhoods and high-income neighbourhoods in the three study cities and the results were mapped to determine if income distribution has a spatial dimension.

The three cities in this study are very different. Saskatoon, Calgary, and Toronto are significantly different in their physical size, composition, economy, population size and composition. Therefore, commonalities were initially difficult to identify. However, upon completion of the study, it is clear that the cities share a common challenge in terms of growing income disparities and their impact. This suggests that the income gap and income polarization is greater than an isolated big city problem.

Evidence to date suggests that income polarization and increasing income inequality is growing in Canadian cities. The literature review highlights a range of studies conducted over different time periods and from different data sources and definitions (earnings, income and wealth) with remarkably consistent findings. The 2001 Census releases suggest some income improvement for certain at-risk populations, particularly lone parent families; yet, early data shows increasing inequality and polarization. The taxfiler analysis reinforced these conclusions.

The analysis compared the 1995 and 2000 taxfiler data for 8 million families and 4 million non-families for each of the cities. Statistics Canada's taxfiler data includes characteristics relating to income, sources of income, and the family and age characteristics of those filing income tax returns. The results reveal a number of patterns. The most striking pattern among the cities is the concentration of low- and high-income within the specific low- and high-income neighbourhoods of Saskatoon, followed closely by Toronto. The analysis showed that 47 per cent of taxfilers in lower income neighbourhoods in Saskatoon are of low income, compared to 43 per cent in Toronto and 27 per cent in Calgary. The pattern of concentration also holds within high-income neighbourhoods, where the incidence of low income within the areas is the lowest at 9 per cent in Saskatoon, rising to 10 per cent in Calgary and 11 per cent in Toronto. Overall the lower income and upper income neighbourhoods in Calgary and Toronto reveal a greater mix of family type and income profile within these neighbourhoods than within Saskatoon neighbourhoods. The degree to which this is related to the geography is uncertain, because in Saskatoon all of the neighbourhoods are smaller physically and in population than in the two other cities.

Mapping the lower income and upper income neighbourhoods also illustrates the pattern of concentration. Five of the seven lowest income areas in Saskatoon are contiguous areas southwest of the downtown area. The upper income distribution is slightly less concentrated, being split between three



areas. In Calgary, the lower income neighbourhoods are all in the central city, while high-income neighbourhoods occur in the central city “old money” areas and newer suburban and surrounding rural communities. In Toronto, both the lower and upper income neighbourhoods are more widely distributed. This may just be a function of the much larger urban area. However, it is notable that while a few low-income neighbourhoods are in the central city, they are more common in the outer areas of the city. Upper income neighbourhoods are located in the central city and other distinct suburban communities. Few low-income neighbourhoods occur in the Regions surrounding Toronto (York, Peel, Durham and Halton).

There is little question that the population sub-groups most at risk of living in poverty are lone parent families, children, visible minorities, immigrants and refugees, seniors, and disabled persons. This was reinforced by the findings from each city and findings from other studies referenced in the literature review. The difference between the three cities was in the relative balance of the different sub-populations. Similarly, each city has unique characteristics to attract increasingly high-income earners that would potentially exacerbate the income gap problem.

Stakeholders in each city shared a common frustration with government policies, programs, fiscal arrangements, and inter-governmental relations. Each city has experienced the impacts of local fiscal restraint and demands for balanced budgets since the early 1990s. They have also experienced the impact of changes to federal and provincial programs. For many, there was little debate on what they wanted from their governments for the future. “Ask people what makes them and their community healthy and they’ll tell you – a good job, a decent education, a clean and safe environment, proper housing, less poverty, a sense of community.”<sup>1</sup> The challenge is to work within the system to encourage the orders of government to do their part and to engage business and community stakeholders.

There was recognition in each of the cities that low-income individuals and families face multiple barriers that make it more difficult to move out of poverty. This reinforces the need for collaboration and partnerships to respond in a more comprehensive way.

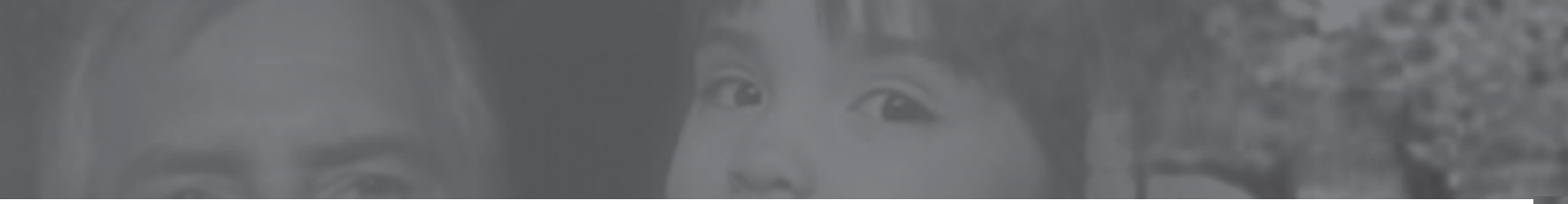
There was also a growing recognition that poverty breeds isolation and exclusion. Many respondents talked about geographic isolation and ghettoization. Others gave examples of how poor people, families, children, and seniors were excluded from participating in the community because of transportation

difficulties, user fees, or other eligibility and access issues. Frequently, low-income groups were described as not having a political voice and being left out.

There is neither a common path nor a formula that leads to increasing income disparities for cities; in fact, the gap seems to have different characteristics in each city. There are some shared elements, like the identification of most disadvantaged groups (Lee 2000), but the composition of those at risk varies from city to city. There is also a growing appreciation that low income is not constant or stable. Research has identified that a group of Canadians cycles in and out of poverty while another group remains in poverty for long periods of time (see Finnie: 2000, Morrissette, Zhang, Drolet: 2000, Hatfield: 1996, Morrisset, Myles and Picot: 1994 and Wolfson: 1986). It has also illustrated that life changes, like becoming a single parent, have a significant impact on the level of family income and on the income gap.

There is evidence that income inequality also affects population subgroups and contributes to a complex situation of inequities within groups. For example, research suggests that the income gap increases within groups as population groups get older. The disparity between the low and high incomes of young adults is much less than the gap between older workers (i.e., 45 – 54 year olds). There is also evidence that there are growing income gaps between recent and longer term immigrants, immigrants from different countries or areas, and among Aboriginal population subgroups.

As decision makers grapple with the core problems including income, housing, and education the challenge facing policy makers is how to respond to the widening income gap in Canadian cities and to deal with the growing implications of the gap. While this represents a complex challenge, there is a growing convergence on common elements of successful responses. The case study findings, reinforced by insights from the literature review, suggest that successful approaches must include the following critical *process elements*: multiple stakeholders representing a range of interests; leadership; locally based solutions; and, the capacity to span institutional boundaries. In addition, the report findings reinforce the importance of the following *system elements* in efforts to address the growing income gap and the implications of the gap: national income policies and programs; other programs and services; community initiatives; information and analysis to promote a common understanding of the issues; and accessible services, programs, and supports.



Evidence suggests that while there are similarities between the three cities, each experiences the income gap differently. Once the overwhelming structural income and housing issues have been addressed, responses to inequities and poverty seem to work best if they are location specific. This is not to suggest that there is no role for federal and provincial governments, but that their role should be to support local responses to specific issues rather than to dictate universal policy and program solutions. A broad federal and provincial policy framework would permit local/municipal responses. Municipal governments have two roles. The first is to ensure a standard and accessible level of municipal services throughout the city. The second is to initiate and support targeted action in specific high-need or at-risk communities. Finally, there is a caution. It is important that there be a balance between universal, standard and accessible programs and policies and the more targeted responses. Both are necessary.

The study highlighted the different understandings and perceptions of income among the stakeholder groups. Nearly everyone in Calgary and Toronto identified homeless people as a visible sign of a growing income gap. In Saskatoon, the low-income Aboriginal population was identified. Beyond those more visible signs of disparity, stakeholder understanding and experience of the gap depended on where they were, or felt they were, in the income scale for their city. It also depended on where they lived and/or worked and whether they saw evidence of the range of income levels or changing income levels in communities. Many stakeholders were both pessimistic about the current situation and short term future and optimistic regarding positive change in the longer term. Few felt there would be positive change in the short term. The range of understanding and experience with the issues reinforces the need for ongoing analysis, research, information and local communication about the issues. It represents an opportunity for each of the cities to promote a common and shared understanding of the issue of the income gap and its implications.

The findings of this study can apply to other cities in Canada. This report, along with other research focused on Canadian cities, has highlighted the common challenge of the growing income gap cities face. This is despite the very real differences between the study cities in terms of their size, location, and population composition. The findings also build on the conclusions reached in earlier FCM Quality of Life work that there is a growing income gap in Canadian cities. The evidence presented to support this conclusion is both quantitative and anecdotal and comes from a wide range of sources. A wider range of stakeholders is recognizing growing income disparities and their impact on cities; debate on the issue is no longer confined to researchers and academics.

# INTRODUCTION

*Over the past few years there has been an increasing amount of attention on the income gap between the rich and poor in Canada and the shrinking of the middle class in Canada's cities. As cities grow and evolve, so too do their populations.* Urban populations grew in size by nearly 7 per cent from 1990-1996 and the number of low-income individuals living in cities increased by 33.8 per cent.<sup>2</sup> Lee (2000) estimated that 63.2 per cent of the overall population of Canada lived in Census Metropolitan Areas (CMAs) and that 69.3 per cent of the low-income population lived in the CMAs.<sup>3</sup> This percentage is much higher than the corresponding 18.2 per cent growth of low-income people in rural communities. It is common to see homeless people sleeping over heating grates, unemployed people begging, regular food bank donation drives, and school breakfast programs. These are visible indications of one of the most significant problems facing Canada today – deep, continuing poverty and growing inequities. But there are many more signs of the growing problem.

Low income below a certain income or subsistence level is generally regarded as being below the poverty line. There are different ways to measure low income and poverty and a new measure, the 'market basket' measure, is being introduced in Canada. Low income is broader than these income measures, because, in addition to the material deprivation, low income effectively restricts the capacity of its members to participate in community life. While rates of low income are declining, they are still higher than they were in 1989. There are many people in this category who are on the margins of society and excluded. Evidence tells us that the exclusion of people from participating in communities combined with increasing inequities can lead to some serious outcomes and the concentration of these high levels of poverty and increasing income inequities in our urban communities presents a serious challenge.

This study builds on the FCM Quality of Life Reporting System. This program reports on quality of life indicators in urban centres across Canada. The first Quality of Life Report in 1999 showed that the income gap between the wealthiest and poorest citizens was more pronounced in Canada's cities than in the country as a whole. The 2001 Report identified a deepening of this trend. It noted that while there was a decline in poverty rates between the results of the 1999 and the 2001 reports, the decline did not mitigate the increase in poverty in the first half of the 1990s. It also concluded that the income gap had not narrowed and that poverty and relative disadvantage continued to be concentrated in urban communities.

Reports by other organizations and researchers confirm these findings and warn of the implications of the continuation of the trend. This study sets out to develop an understanding of the income gap in Canadian cities. It explores the factors contributing to the income gap and its implications for urban communities. It looks in more detail at three cities – Calgary, Saskatoon and Toronto – and develops case studies on each that describe the income gap and the implications of the gap. Interviews and discussions were conducted in each of the cities to gain insight into stakeholders' awareness and perceptions of the issue, as well as their opinions on what can be done about it. Analysis of taxfiler data for 1995 and 2000 compared the characteristics of the populations of low-income neighbourhoods and high-income neighbourhoods in the three study cities and the results were mapped. Themes, common trends and implications for the future were identified based on the research and analysis. In its conclusion, this study offers some directions for reducing and/or mitigating the effects of the income gap in the three study cities as well as in other Canadian urban communities.

# METHODOLOGY AND APPROACH

*The purpose of this paper is to provide additional analysis of one of the key findings in the Quality of Life in Canadian Communities 2001 Report produced by the Federation of Canadian*

*Municipalities.* The key finding stated “the income gap between Canada’s wealthiest and poorest urban residents is growing”. The focus of this paper is to better understand the factors contributing to, and the effects of, the growing income gap in cities.

This paper begins with a literature review of research and studies focusing on income and income inequality. It includes an overview of literature addressing the implications of poverty and growing inequality and highlights some more recent material that considers the impact on cities and the quality of life in cities. The main section of the paper focuses on the three case study cities: Calgary, Saskatoon and Toronto. It is based on three units of work – site visits, report and documentation review, and data analysis.

Site visits were made to each city and interviews were held with between 15 to 20 key stakeholders including representatives from the business, community, the voluntary sector, and from government policy and service delivery. Stakeholders provided a range of perspectives and input into the study. The stakeholders interviewed varied slightly between the three cities. Each city visit also included at least one discussion group with city staff and one to three focus group discussions with city residents. Of the data collection activities, the focus group work was the least successful. It was difficult both to organize the meetings and to attract residents to them. The site visits took place in Calgary in November, 2002, and in Saskatoon in December, 2002. In Toronto, stakeholder interviews were held between the end of January and March, 2003.

During the course of the stakeholder interviews, reports and documents were referenced or provided as evidence of the gap or of the implications of the gap. These documents were useful in helping to describe the situation in each city. Limited efforts were made beyond this to collect additional city-specific analysis.

Timing had a significant impact on the data component of the study. The full results of the 2001 Census were not available in time for this study and it was agreed that there was little value in revisiting the 1996 data. After some discussion, it was decided to use income taxfiler data from Statistics Canada for

1995 and 2000 because they corresponded with the income data in the 1996 and 2001 Censuses. The purpose of the taxfiler data analysis was to compare the characteristics of the populations of low-income neighbourhoods and high-income neighbourhoods in the three study cities.

Statistics Canada taxfiler data provides information on about 8 million families and about 4 million non-family persons 15 years and older who filed a tax return. Currently available Census data represents the 8 million families, but does not include non-family persons. As a result, the data is not directly comparable. Many, but not all, of the 4 million non-family persons included in the taxfiler data are single people with low incomes and elderly single people (who may rely on pension income). This group has a low median income and brings down the overall taxfiler median income. Within the non-family persons group, there are also a number of employed single people of moderate to high income, but the characteristics of the overall group are dominated by the lower income component. The median taxfiler income appears significantly lower than the Census individual earnings or income medians; this relates to the method of data collection and how it is subsequently categorized. One of the tables in the individual city analysis lists different calculations of median and average income from the various sources. It includes taxfiler analysis as well as information from the most recent Statistics Canada Census releases. It is important to note the distinction between the two sets of data and the impact on the calculation of the medians.

Statistics Canada’s taxfiler data provides data regarding a number of characteristics relating to income, sources of income, and the family and age characteristics of those filing income tax returns.

The data for Saskatoon and Calgary was provided by Letter Carrier Walks (LCW), which are small areas generally containing in the range of 500 to 2,000 people and typically just over 1,000 people. In Saskatoon, the LCW level data was regrouped to correspond to the City of Saskatoon’s defined neighbourhood areas. Likewise in Calgary, the LCW level data was grouped into aggregations of the City’s neighbourhood planning areas. In Toronto, the data was based on Forward Sortation Areas (FSA, corresponding to the first three characters of the postal code), which in urban areas have between 10,000 and 60,000 people but are typically in the 20,000 to 30,000 population range.

Tracking the change in characteristics over time has been limited by the availability of data. The LCW small geographic area data was available only for the 2000 tax year and is the basis of much of the analysis. Only FSA geography was available for earlier years, so the detailed characteristics could not be analysed and compared over the two time periods at the neighbourhood level in Saskatoon and Calgary. For the 1995 – 2000 time period comparisons, FSA only has been used. In Saskatoon, particularly, this level of geography is too large to meaningfully compare neighbourhoods, but it does provide some indication of changing patterns.

Statistics Canada suppresses taxfiler data in areas with a small number of people within a given category in order to protect confidentiality. For the LCW data and in the smaller rural postal areas, much of the detailed data (for example, by age and sex or low-income households within predominantly wealthy areas) has been suppressed. In the discussion of the findings, data was used which was not subject to suppression. In reviewing the Appendix material the reader will note where data has been suppressed and where, for example, numbers of male and females in a given category will add to less than total because of the suppression. There is information of interest within the detailed statistics in the Appendix, but the reader is cautioned against drawing conclusions about areas where there is significant data suppression.

The geography used for the analysis is unique to each City. The purpose of the lower levels of geography is to be able to define communities or neighbourhoods with common characteristics. The balance is between defining enough of the areas so that the neighbourhoods can be divided into deciles or quintiles of taxfilers, while still maintaining statistical integrity at the lower levels. With too few areas, the information is lost by averaging characteristics over highly variable areas. With too many areas, adjusting the available postal geographies to defined communities reduces the data integrity.

Finally, this report uses the Low-Income Measure (LIM) for the taxfiler data analysis. Low-income measures are relative measures of low income. LIM's are a fixed percentage (50 per cent) of adjusted median family income where *adjusted* indicates consideration of family needs. The family size adjustment used in calculating the LIM reflects the precept that family needs increase with family size. A family is considered to be low income when its family income is below the LIM for its family type and size. The 2000 before tax LIM for a non-family person is \$13,350 and the 2000 LIM for a lone parent family with two children under 15 years is \$22,695.

The report also refers to the Low-Income Cut Off (LICO) measure of low income in other sections of the report. This measure was established using data from the Survey of Household Spending conducted by Statistics Canada. Statistics Canada monitors the percentage of an average family's income spent on food, shelter, and clothing. An additional 20 per cent is then added to the figure. If a family's expenditures are more than 70 per cent of the measure for essential items, that family is considered to be a low-income family. If an income is above the LICO, it is above the poverty line; if it is below, it is below the poverty line.

Initially it had been hoped to include an overview of relevant federal, provincial, and municipal programs as part of the study. This is a significant undertaking and it was not possible to provide the level of detail required to adequately explain the many and various programs. Instead, the study findings reference specific programs or policies that were identified by stakeholders or in supporting documentation and were seen as contributing to or significantly affecting the income gap.

The findings are organized as follows. There is a section that provides an overview of the case studies – the situation in each city. It summarizes the data findings and the messages from the stakeholder interviews and focus groups and any additional documentation review. It describes how each city has responded to the income gap and the stakeholder perceptions of responsibility for action as well as the implications of growing poverty and income disparity. The following section, called Key Findings, highlights the key findings of the study – it compares the three cities and identifies common and contrasting issues and responses. The summary also identifies experiences from other cities in Canada.

The conclusions are based on the study findings and on the learnings from the literature review.

The study was guided by the Manager of Economic and Social Policy at FCM and by a Project Advisory Committee, a sub group of the Quality of Life Committee. The Project Advisory Committee included representatives from each of the three study cities as well as participants from other cities (Vancouver, Edmonton, Halton and Peel). The consultants met with the Advisory Committee by conference calls at various points in the process.

# LITERATURE REVIEW

*This paper is about the growing income gap in Canadian cities, particularly Toronto, Calgary, and Saskatoon. It begins with a review of research and studies that have been carried out on this topic to identify the results that can be applied to this paper.*

The literature review approaches the growing income gap issue from two perspectives. First, it provides a general understanding of income distribution, including income distribution trends in Canada and Canadian cities, as well as some foresight into the future. It includes concepts like inequalities and polarization of income as well as poverty and wealth. Because the study focuses on income gaps in cities, there is a need to consider the spatial distribution of income – how is income distributed through the population and through the neighbourhoods and communities? There is also a need to consider the distribution of income among different groups in cities. A number of population subgroups – for example, lone parent families, immigrants and refugees, Aboriginal people and young adults – have been identified as particularly affected by changing income distribution patterns.

Second, it offers an understanding of the implications of income distribution trends on people, communities and our cities. This is a growing area of attention. Much has been written on the health and social impact of low income and income gaps on individuals. Significant work has been done on the neighbourhood and broader city perspective, usually taking a social capital or social inclusion perspective.

## **Urban Poverty, Inequality, and Polarization**

Canada's urban centres have experienced significant growth and change over the past 40 years. Economic restructuring, urban redevelopment, and rapid expansion have affected the social, economic, and physical composition of our cities. For at least the past 10 years, Canada's cities have been strongly advocating for increased recognition of the vital role they play in the national economy and in contributing to the well-being and success of the country. At the same time, cities have been warning of the impact of deteriorating infrastructure, lack of financial capacity to fund urban services, and questions regarding their continued capacity to generate wealth. Many also warn about the increasing poverty and income disparities evident in their cities. They talk of the growing gap between the rich and poor citizens and the impact these inequalities are having on urban quality of life.

A number of studies of Canadian cities have concluded that poverty has increased since the 1970s and that it has become more concentrated. Research has also concluded that, while Canadian cities may be experiencing higher levels and concentration of poverty, they are not approaching the levels of concentration and deprivation of some American cities. Many warn, however, that there is little to celebrate in Canada's recent past. Our income distribution record is poor, prompting the Canadian Council on Social Development to call the period from 1989 to 1999 the 'lost decade' because of the increase in income inequality and the lack of progress on social issues.

It is important to begin with a clarification of the terms polarization and inequality. Polarization is defined (Wolfson 1997) as an income distribution that is more spread out from the middle, with fewer individuals or families with middle level incomes and more at either end of the income range. Inequality is an indicator of distribution, in this case of the distribution of income over the population. It describes the gap or difference between high- and low-income levels.

There is increasing interest in both polarization and income inequality and in examining the relationship between equality and growth. For a number of years, research has shown how income polarization and inequality has an impact on individual physical and mental health, social outcomes, and broad economic performance.

Over the past 15 years or so, there has been growing understanding of the unique urban attributes of poverty. One of the early national studies on the subject included the Cities of Vancouver, Edmonton, Toronto, Halifax, Regina, Saint John, and Winnipeg. In this study, Broadway (1992) identified the disproportionately high concentration of poor households in the inner city or central city areas of these cities.

In 1997, MacLachlan and Sawada published a study involving 22 Census Metropolitan Areas (CMAs) in Canada. They concluded that from 1970 to 1990, there was an increasing trend of inequality as well as evidence of polarization of household incomes. Despite this trend, they concluded that no CMA in Canada exhibited sufficient concentration to be defined as 'polarized'. They also found that the percentage of average income households was declining in the average income CMAs, contributing to the observation that the middle class was declining.

In a comprehensive study, Lee (2000) found that the growth of the poor population in Canada's CMAs has been significantly greater than in non-CMAs (33.8 per cent compared to 18.2 per cent), highlighting the spatial component of low income. He identified that urban poverty was increasingly concentrated in six groups: single parent families, Aboriginal people, recent immigrants, visible minorities, elderly women, and the disabled.

Another study conducted by Myles, Picot, and Pyper (2000) looked at the level and change in neighbourhood inequality in Canada's CMAs from 1980 to 1995. Their report focused on the eight largest metropolitan areas because the authors found that neighbourhood segregation tended to emerge in larger cities where there was a potential to create homogeneous 'niche' neighbourhoods.

While their findings varied by urban area, in general, they concluded that larger cities had higher neighbourhood inequality. They found that income inequality in Toronto, Montreal, Vancouver and Ottawa-Hull CMAs was largely as a result of a widening of income inequality among families. In addition, economic segregation was increasing in five of the eight cities in the study group and in four of the five – Edmonton, Calgary, Quebec and Winnipeg – it was a significant factor in the widening disparities between Census tracts. The study found that income increased in higher income areas and decreased in average- and low-income Census tracts. Similarly, employment was increasingly concentrated in upper income areas and unemployment was concentrated in lower income Census tracts.

Ley and Smith (2000) looked at Toronto, Montreal and Vancouver. They used four indicators of deprivation associated with poverty and analysed Census tracts in each of these cities. They found two Census tracts, one each in Toronto and Montreal, that showed problem ratings on all four of their deprivation indicators. Both of these Census tracts had high concentrations of social housing. Six Toronto and five Montreal Census tracts had high ratings on three of the four indicators. Vancouver joined Toronto and Montreal in having Census tracts showing negative results for two of the four indicators.

Perhaps more importantly, they found that the ratings changed over time. Some of the Census tracts that were identified as poorest in 1971 had moved out of this category by 1991. Areas experiencing multiple deprivations (more than one indicator) also moved in and out of this category over the twenty-year study period. The authors found that certain factors contributed to this movement. The first was gentrification

and urban redevelopment in the inner city of Toronto and Montreal; the second was the wider dispersion of social housing developments in each city; and the third was the dynamic nature of the residential housing markets.

A number of other studies have compared the Canadian urban situation with American cities. These studies concluded that income inequalities are less pronounced in Canada than in the US (Mercer and England, 2000). Reitz and Lum (2001)<sup>4</sup> compared levels of poverty and crime between cities in each country. They found that while Canadian cities have less poverty and show lower levels of crime, recent changes to Canada's social, education, health, and other safety net programs may lead to a greater degree of convergence between the two countries in the future.

The conclusions from this work suggest that that increasing numbers of people living in Canadian cities are living in low income and that there is an increasing concentration of disadvantaged people in certain urban areas. While these areas can be identified, they change over time and most do not display strong evidence of multiple deprivation.

Analysis of wealth, rather than income, suggests a similar trend of increasing inequality. Morissette, Zhang and Drolet (2002) concluded that wealth inequality increased in Canada between 1984 and 1999. Median wealth fell in the bottom three deciles of the wealth distribution and it rose by 25 per cent in the top three deciles. Families in the top ten per cent increased their share of total net worth over the fifteen-year period. The authors found that the growth in the wealth gap was due to factors such as inheritances, investments, and number of years worked rather than diverging income levels. The Centre for Social Justice reported that the highest 20 per cent of families had increased their wealth by 39 per cent from 1984-1999 while the lowest 20 per cent had had no increase. The top 10 per cent of families had 53 per cent of the wealth.<sup>5</sup> The lowest 50 per cent had less than 6 per cent of the wealth.<sup>6</sup>

### **Other Evidence of Concentration of Poverty**

A number of studies have identified the increasing vulnerability of certain sub groups of the population to poverty in Canadian cities. As noted above, Lee (2000) concluded that lone parent families, Aboriginal people, recent immigrants, visible minorities, persons with disabilities, and single unattached individuals (including the elderly) were more vulnerable to poverty than other groups of the population. Kazemipur and Halli (2000) described this vulnerability as a new wave of poverty that

included different types of people than in the past. They found that female-headed lone parent families with children, women, unattached individuals, common-law families, young adults, and the elderly were over-represented among the poor.

Wolfson (1986) found that declining fertility rates and rising divorce rates, and the related increase in lone parent households, enhanced inequality between 1965 and 1983. Picot (1995) found that inequalities within population groups were important in explaining increasing inequities in incomes. Families whose major wage earners were between 20 and 26 years old experienced a large decline in median family income between 1973 and 1991 followed by those between 27 to 35 years old. Morrisette, Myles, and Picot (1994) found that inequality in weekly earnings increased over the 1980s. Declining hourly wages for young workers, increased polarization of weekly hours worked, and part time work contributed to this growing inequality. Hatfield (1996) also found that inequities in family market income increased substantially over the 1984 to 1993 period and that the younger families, headed by persons under 35 years old, lost the most.

Finnie (2000) looked at the relationship between changes in family status and income. He found that certain events, rather than personal or situational attributes, were associated with entry or re-entry into poverty or low rates of exit from poverty. Becoming a single parent and leaving home were strongly associated with entry into low-income while becoming attached was strongly associated with leaving low-income, for both unattached individuals and lone parents. There was an increasingly greater likelihood of remaining poor as the time spent in poverty increases. Similarly, there was a greater likelihood of staying out of poverty as the time out of low income increased. Past records of moving into or out of low income were seen as very powerful predictors of the probability of entering poverty.

Finnie identified a significant increase in the rate of entering poverty for lone parents between 1992-1996. Rates of entry rose from 8.2 per cent (1992-1993) to 12.5 per cent (1994-1995).<sup>7</sup> He noted that this probably reflected two factors – the degree to which lone parents were disconnected from the labour force, and the decreases in transfers, social assistance payments and EI over this period. Exit rates from poverty declined with the number of children in the lone parent household.

Similarly, Zyblock (1996) found that the shift towards greater numbers of lone parent families from 1981 to 1993 accounted for about 40 per cent of the increase in inequality

in household income over the period. He reported that most of the inequality in family market incomes in any of the years he studied resulted from inequality occurring within the population subgroups. In particular, he stated that the largest contributor to the increase in inequality is the group of 35 – 44 year old successful, high-income families, not the young, low-income families.

Zyblock (November 1996) found that polarization was primarily a male phenomenon up to the mid 1980s at which point income polarization was evident for women (this finding is similar to other studies-Morrisette (1993), Teach and Slotsve (1993)). He noted that polarization stopped rising in the early 1990s. Inequality continued to rise over the study period 1981 to 1993, and he concluded that it was largely driven by the earnings increases of the richest 30 per cent of the population.

Significant work has been done to document the incidence and scope of child poverty in Canada. The Canadian Council on Social Development reported (Jackson 2001) that one child in every ten was poor for five or six years of the period from 1993 – 1998. One child in three had at least one year of poverty in this time period. The analysis showed that about half the children in low-income households were part of the long-term poor, the other half were children in working poor families who regularly cycled in and out of low income. The two key sources of poverty reduction for families with children were changes in income transfers from government and trends in the labour market. The National Child Benefit and an improving job market helped reduce the child poverty rate and the depth of child poverty for working families with children. It had little effect on non-working families. Their research also suggested that provincial policies had a significant impact on the incidence and the depth of child poverty. Jackson identified Saskatchewan as achieving relatively good performance in reducing the incidence and depth of child poverty because of their investments in children outside the social assistance system. The province provides a provincial income supplement and health benefits for low-income working families.

Immigrants and refugees are other groups that experience earnings inequities. They are over-represented in the lowest income quintile and are under-represented in the highest income quintile (Kunz, Milan and Schetagne (2000)). Yalnizyan (2000) found that the gap between racialized groups and other Canadians grew over the 25 years ending in the late 1990s. The result has been the socio-economic exclusion of racialized groups. Others have called the trend, the racialization or ethnicization of poverty.<sup>8</sup>

Pendakur and Pendakur (1998) looked at earning differentials between whites and visible minorities and earning differentials within the visible minority group for both men and women. They calculated an earnings gap for both Canadian-born visible minority men of 8 per cent and immigrant visible minority men of 16 per cent when compared with Canadian-born white men. Immigrant white men face a much smaller gap of 2 per cent. Gaps for immigrant white and visible minority women were smaller than those of the men. The authors found wide variations in earnings between the different male ethnic groups but substantial heterogeneity within the groups. They also found that the income gaps varied significantly across Montreal, Toronto, and Vancouver and reached as high as 20 per cent in Montreal.

Galabuzi (2001) looked specifically at Canada's urban centres and concluded from the data that racialized groups would soon form economically disadvantaged majorities in some Canadian cities. She warned of the racialization of poverty and the high-income gap between racial minorities and white workers. This income gap reduced to single digits only for racialized and non-racialized union workers. Otherwise it was quite significant – in 1998, it was 26 per cent (average income) before tax and 20 per cent after tax. These figures were increases on the 1996 data. Ornstein (2001) reported to the City of Toronto that racialized groups were three times more likely to live in poverty and two times more likely to be unemployed than other groups in Toronto.

Toronto receives about 40 per cent of all new immigrants, Vancouver receives 18 per cent, Calgary about 16 per cent, and Saskatoon receives 5.2 per cent. These authors' conclusions are worrisome given the increasingly urban settlement patterns of new immigrants and refugees.

The Pendakur and Pendakur (1998) study also looked at Aboriginal minorities. The earnings gap was 13 per cent for Aboriginal men when compared to white men and 7 per cent for Aboriginal women compared to white women. Like immigrants and refugees, Aboriginal people are over-represented in the lowest income groups and under-represented in the highest. A number of earlier studies had reached the same conclusion that there was a significant wage gap between Aboriginal workers and Canadian workers.<sup>9</sup> Like the immigrant and refugee population, it was also found that there was great variation in the distribution of wages among Aboriginal workers and that this variation was greater than among Canadian workers as a whole. Aboriginal workers earn lower wages and experience a more unequal wage distribution.

The Canadian Council on Social Development produced an analysis of income trends in Canada between 1989 and 1999. They called it, *A Good Year Tops Off a Lost Decade*. They recognized that 1999 was a strong year of economic recovery but that the decade had been one characterized by increasing child poverty, income inequality, and ongoing rates of poverty that exceeded the 1989 rate. In 1999, the top 20 per cent of families in Canada had \$12.50 of earnings and investments for every \$1 of earnings and investments among the bottom 20 per cent of the population.<sup>10</sup> The depth of poverty, the gap between the poverty line (LICOs), and the average income of families or persons below that line grew in the ten years between 1989 and 1999. This was particularly true for unattached individuals and non-elderly married couples (based on pre-tax income). The after-tax depth of poverty fell for lone parent families, perhaps reflecting the addition of new government transfer programs, but it grew for all other groups.

Wolfson and Murphy (1998) compared income inequality in Canada and the US over a twenty-year period. They distinguished between inequality and polarization and found that polarization did not always increase when income inequality did. On average, workers in the US made more money than Canadian workers, although about half of the Canadian families had disposable incomes that gave them higher purchasing power than their American counterparts. Wolfson and Murphy's findings showed that between 1985 and 1995 inequality and polarization of family disposable income fell in Canada while it rose in the US. This finding is in contrast to other largely pre-tax/pre-transfer income studies and may reflect the moderating impact of the Canadian income tax, payroll taxes, and government transfers on incomes at both ends of the income scale.

### **Impact of Transfers?**

Other research has highlighted the importance of government transfers in reducing inequality. Families in the bottom income quintile receive the largest share of total government transfers. In 1998, they received 29.8 per cent of total transfers compared to the 11.9 per cent received by families in the highest quintile.

Since the 1970s, there has been a marked rise in inequality in the distribution of earnings among Canadian households. Wolfson and Murphy (1998), Beach and Slotsve (1996), Picot and Myles (1996), and Dunn (2002) recognized the impact of rising government transfers (from the rich to the poor) in offsetting the rising earnings inequality. The 1980s was characterized by increasing employment earnings inequality among workers but transfers reduced the after tax inequalities. Myles,

Picot and Pyper (2000) found that rising income inequality was not offset by rising transfers in the 1990s. Hence, neighbourhood inequality in Canada's largest CMAs grew. In general over this period most, but not all, of the increase in inequality was offset by rising transfers and taxes.

Myles, Picot, and Pyper (2000) calculated the value of transfers and taxes in reducing inequality. Transfers were found to offset about 12 per cent of the increase in neighbourhood inequality in Toronto over the 1980 – 1995 period. In other cities, the transfer offset was lower. One would anticipate that this figure would decrease in many cities coincident with the significant reductions in social assistance levels in the mid-1990s. Ontario's social assistance rate, for example, was cut by 21.6 per cent in 1995.

### **Social Capital, Poverty and Rising Inequality**

Income inequality and polarization is only a part of the urban poverty picture. Services, supports, community cohesion and inclusion should also be considered. An editorial in the Spring 2001 issue of ISUMA Magazine described social capital as a key concept in the growing recognition of the interconnections between social and economic outcomes. There is growing evidence that social capital has important implications for prosperity, health, and happiness in our communities. Social capital is defined as relationships, networks, and norms that facilitate collective action. It is described in terms of investments and assets and the benefits or returns that come to individuals and to society from those investments.<sup>11</sup> It is related to social cohesion and can produce or be a consequence of social cohesion.

Woolcock (2001) suggests that social capital includes notions of bonding, bridging, and linking. Bonding refers to relations among family members, close friends, and neighbours. Bridging implies connections between people and groups. Linking is more of a vertical dimension and includes the capacity to leverage resources, ideas, and information from formal institutions beyond the community, or 'scaling up'. Formal institutions are important to setting the context for the development of social capital.

Because social capital cannot be quickly created or destroyed, it has introduced a longer term perspective into policy making. It has also led to the consideration of a wider range of policy options by focusing on horizontal as well as vertical relationships and on sharing information and values. It requires the coordination of different stakeholders and institutions.


Social cohesion emphasizes processes and outcomes as well as the structural capacity of a society to provide conditions that support the development of relationships, networks, and norms. Wilkinson (1996) and Lynch and Kaplan (1997) describe social cohesion as the social nature of public life, dominated by involvement in the social, ethical, and human life of the society. They argue that societies with a high degree of income inequality are also ones with low social cohesion.

Social inclusion and exclusion are also used to describe the level of participation and connection to the community or society. They have economic, political, and social dimensions. For example, social exclusion includes lack of access to basic resources, including income and other supports and services, as well as marginalization and disconnection from family, friends, and community. Social exclusion also relates to lack of participation or exercise of citizenship rights. It is argued that social inclusion should be a fundamental right, part of citizenship, because it is important to the achievement of other social goals like social stability, cohesion, economic development, and general prosperity.

The Laidlaw Foundation describes social inclusion as the capacity and willingness of our society to keep all groups within reach of what we expect as a society.<sup>12</sup> This includes the commitment and investments necessary to ensure that people can be close to our common aspirations: life and wealth. They state that social inclusion depends on five factors: place, space and proximity; values recognition and solidarity; human development; voice, participation and empowerment; and economic inclusion and economic security.

The Laidlaw Foundation and the Federation of Canadian Municipalities held ten roundtables across Canada in 2002 to talk to Canadians about exclusion and inclusion.<sup>13</sup> Participants in the roundtables described social inclusion-exclusion as a continuum. They suggested that attention should be given to reducing the social, economic, political, and cultural distances among people in ways that are more comprehensive and multi-dimensional.

Kawachi et al (1997) did empirical tests of income inequality, social cohesion, and health in a number of US states. They concluded that social capital mediated the negative relationship between inequality and poor health. Greater inequality led to decreased participation in public space and greater mistrust. Both of these influenced health. Ellaway and Macintyre (2000) found similar results among postal code sectors in West Scotland.



Putnam (2001) writes about the consequences of the loss of social capital and developed 13 measures of social capital. Putnam found that economic inequality and civic inequality were lower in American states that had higher values on the social capital index. Like others, he found a strong relationship between educational performance and social capital and that the welfare of children was higher where social capital was higher. The study showed that crime was strongly related to a lack of social capital and that one of the strongest predictors of the murder rate was a low level of social capital – stronger even than high poverty levels.

More interesting to this paper are Putnam's conclusions regarding inequality and social capital. Putnam found that community levels of income and education, for example, had a more profound impact on individual's perceptions of their happiness than did individual changes in these measures. People felt better off when their neighbours and community members had higher levels of social capital. Regardless of individual income increases, happiness decreased if the average state income was lower and inequality within the state was higher. Similarly, at the county level average education levels had a significant positive effect on happiness. This was not true for the state level. Putnam concluded "The fact that community levels of human and social capital appear to increase happiness, while the reverse is true for income, suggests to me that returns from human and social capital are far broader than whatever positive effects they may have on material standards of living."

### **Health, Low-income and Rising Inequality**

The link between low income and other characteristics of deprivation and health status is well understood. Low income affects health directly through illness and disease as well as through the restricted ability to participate in society. Poverty is more than lack of income and resources. It is also related to not having enough resources to participate in society in a meaningful way. Probably the biggest change in understanding of determinants of population health in the past couple of decades is the recognition of the impact of social status, life events, social support, and a sense of control on health. There is increasing attention to measures of income inequality which look at the burden of relative deprivation on health in each society. "What matters to health are not absolute income and living standards, but relative income and social status."<sup>14</sup>

Wilkinson (1999), a British researcher, showed that the level of income was not so important a predictor of health as the gap between the rich and poor. He also calculated that death rates

could be two to four times higher among people who were poorly socially integrated compared with those with more friends, more social supports, or more community involvement.

Willms argued that social, economic, and historical factors affected behaviour and ultimately determined the relationship between health and the socio-economic status of a community. He argued that we need a better understanding of the structural and contextual features of communities that can reduce inequality – in particular, how investments in social capital (relationships among people) affect social outcomes of individuals and families.

A 1996 editorial in the British Medical Journal stated that "what matters in determining mortality and health in a society is less the overall wealth of that society and more how evenly wealth is distributed. The more equally wealth is distributed the better the health of that society."<sup>16</sup>

British work on the link between poverty and health is the most advanced. The Widening Gap was a large scale life span study of 15 of the worst and 13 of the best health constituencies in Britain.<sup>17</sup> The study found that the one million people living in the worst health areas had a 2.6 times greater mortality ratio than the one million people living in the best health areas. The significant differences in health were seen as resulting from an accumulation of – as well as level of exposure to – material disadvantages that reflect widely differing economic and social life circumstances. The study concluded that the key means of reducing inequalities in health was to reduce inequalities in income and wealth. This could be through changes in the tax structure, strengthening of services, improved equity in service delivery, and increasing payments through pensions, disability, and social assistance.

The Black Report (1980) provided strong evidence to the British government that the National Health Service (NHS) had not reduced class-based inequalities in health. The report found that despite the introduction of the NHS in 1948, class inequalities in health had widened.

Other researchers found that, after decades of rapidly increasing economic inequality, the most well off in Britain have higher death rates among adult males and infants than the least well off in Sweden.<sup>18</sup>

A recent Statistics Canada report looked at the impact of income on mortality in Canada's CMAs. The research calculated that in terms of potential years of life lost before age 75, "the burden of income-related excess mortality was greater than

that due to all injuries or circulatory diseases”.<sup>19</sup> The study concluded that while there has been a significant improvement in life expectancy over time in urban areas, there is still strong evidence of continuing income related disparities.

Wilkinson (1996) commented that affluent societies did not gain much benefit in terms of life expectancy as their national incomes grew and they spent more on health care. He showed that income inequality within a country was a more important influence on health outcomes than the overall level of wealth once the country had reached a level of national wealth.

Wilkinson (1999) stated that “social status and social relations are (at least in terms of ‘population attributable risks’) probably the two most powerful known influences on population health.”<sup>20</sup> Social cohesion relates to underlying psychosocial risk factors like trust, social contact, and withdrawal. He showed that social inequality had strong inverse relationships with measures of the quality of social relations. Low social status also has an impact on individuals. There is substantial evidence that where income differences are greater violence tends to be more common, people are less likely to trust each other, and social relations are less cohesive. Low social status may be a direct source of anxiety and cause shame, withdrawal, reduced social contact, anger, and depression.

Kaplan, Lynch et al. (1996) concluded that US states with high levels of income inequality, as evidenced through median share measures, had much higher mortality rates than other states. Other studies were conducted in American metropolitan areas with similar results. Cities with more equal distributions of income had lower mortality rates. Ross, Wolfson, et al (2000) extended the analysis to Canada. They looked at data from 10 provinces and 53 Canadian cities with over 50,000 people using 1991 Census income data. Their findings showed that there was only a weak relationship between income inequality and mortality among Canadian provinces and cities. They suggested a few possible explanations for this finding. It was felt that Canadians enjoy a broader range of public goods and services that promote health and that income is less of a factor in their ability to access health and other services. It is known that income inequality widened significantly in the 1990s and social programs were cut back and it is anticipated that the favourable results may change in future analysis. Finally, there is a suggestion that there may be a threshold of inequality that must be reached before the relationship becomes identifiable.

Veenstra (2001) looked at the relationship between average household income and mortality in 30 health districts in Saskatchewan. He identified a relationship between household income and mortality, contrasting the findings of Ross and Wolfson.

In 1997, the City of Montreal published a report “Social Inequalities in Health”. It represents an extensive discussion of the role that social inequalities, particularly economic resources, have played in determining the health of Montrealers. The authors noted the important role played by poverty – “inequalities in health and well-being can be traced back to socio-economic inequalities”.<sup>21</sup>

### **Implications – Other Evidence**

There is mounting evidence that societies with lower levels of disparity have longer life expectancies, fewer homicides and less crime, stronger patterns of civic engagement, and more robust economic vitality.

Studies have looked at the impact of social environment, defined by socio-economic and demographic characteristics, on the health of residents of communities. In these studies, community disadvantage is consistently associated with low school readiness, poor achievement results, and behavioural and emotional problems with children. Many studies show the impact of lower income and poorer education on health.

Willms (2001) describes the results of the US National Education Longitudinal Study of 1000 schools. The study found that both advantaged and disadvantaged students achieved better results when they attended schools with high average socio-economic status. Achievement gradients or ranges were shallower in schools with high levels of parent involvement.

There is also a relationship between trust, hostility, mortality, and income inequality. Kawachi (1999) showed that measures of how much people trusted each other in US states was closely correlated to mortality and with income inequality. It also affected participation in public space. Others have found strong relationships between city mortality rates and income inequality. Kaplan et al, (1996) demonstrated a correlation between income inequality and homicide rates.

In addition, Kawachi and Kennedy (1997) found that people were more likely to feel trustful towards others in those US states where income differences were smaller.

Poverty and inequality are often accompanied by lack of stability and transience. This in turn affects ties with the community and relationships with others. Individuals clearly have stronger ties with their communities the longer they stay or plan to stay in them. Social cohesion increases as people develop local relationships and connections. This has significant implications for communities as low-income disadvantaged communities usually experience high levels of turnover.

Evidence suggests the need for a 'middle class consensus'<sup>22</sup> in generating strong societies. Rodrik (1999) and Easterly (2000) argue that strong societies have two important elements: a system of coherent public institutions, and a 'middle class consensus'. They found that countries with divided societies (ethnic or economic) had weak and vulnerable governments and government institutions. These divided societies do not enjoy strong economic growth. Glaeser (2001) argued that it was possible to reduce divisions through increased social capital investment and a stronger role for government in reducing the divisions. Heterogeneity could, therefore, be balanced by greater coordination and linking efforts.

Veenstra (2001) argued that the political, policy and, community context, including the policy and program infrastructure, affect the level of social capital in a community or area. Lynch and Kaplan (1997) further describe the 'context of community infrastructure' policies and programs in areas like education, public health, transportation, zoning, pollution, housing, occupational health, and others, or policies that affect how services are delivered. Social capital is also affected by what Veenstra calls "compositional effects," the benefits from participating in the community, friendship, social support, and social relations.

## The Spatial Dimension

Novick (2002) notes the importance of looking at urban issues through a social cohesion and inclusion lens. It "is in our large cities and municipalities across Canada that states of social inclusion and cohesion are first experiences."<sup>23</sup> Klasen (2002) argues that the spatial dimension of exclusion and inclusion is a neglected policy area. Opportunities for inclusion are unequal across communities and cities. Current inequalities are compounded by government policies and interventions that do not recognize the need to address the spatial inequalities.

Seguin and Divay (2002) discuss the dilemma of targeted and aspatial policies quite extensively. They recognize that aspatial policies have positive territorial effects. They provide

populations with high quality services regardless of income or where they live in the city. This provision of standard, consistent services can lead to a greater mix of incomes in neighbourhoods. Seguin and Divay wonder if these general policies can be implemented and adjusted to better meet the needs of local populations. Second, they recognize that initiatives targeted on poor neighbourhoods can also have positive effects in responding to unique circumstances and by supporting and building on the general policies. Their conclusion is that both can have positive impacts and that, when used jointly, they can support and target local communities.

Kazemipur and Halli (2002) identify the increasing importance of community as an important economic entity and as a counterbalance to globalization. They argue that three forces – the rise of poverty, the increasing racial and ethnic divisions, and the rise of the influence of neighbourhoods – are leading to increasing spatial concentration of poverty in communities. The authors analysed the percentage of poverty in Census tracts for 1986 and 1991 and found that the proportion of Census tracts with less than 10 per cent and more than 40 per cent poverty rate increased. There was a corresponding decline in the tracts in the middle, between 10 per cent and 40 per cent. The concentration of poverty and wealth in certain Census tracts was more evident in larger cities: Montreal, Quebec, Winnipeg, Regina, Saskatoon, Vancouver; and to a lesser extent, Calgary and Edmonton. Toronto and Calgary were described as 'worsening' with an increase in high poverty areas and a decrease in low poverty areas. Saskatoon was described as having a 'polarization' pattern of increasing Census tracts at either income extreme. In earlier research (Kazemipur and Halli (1997)) they found a strong relationship between the poverty level of an area and immigrants and refugee groups.

The traditional focus on low income does not capture the changing and multidimensional nature of poverty in 'space'. The spatial concentration of low-income can have a significant impact on the quality of life and life chances for the poor. It can lead to social and spatial isolation, the degeneration of public institutions and services, and the loss of role models and community. It can foster the development of a culture of poverty that is difficult to change.

Klasen (2002) argues that the opportunities for inclusion, particularly for children and youth, are unequal across space. This unequal access to opportunities is compounded by household low-income and the geographic concentration of poverty. Willms (2001) highlights the dilemma of double

jeopardy: people from less advantaged and lower income backgrounds are vulnerable but people who are less advantaged and live in low-income and less advantaged communities are particularly vulnerable.

## Conclusions

Evidence to date suggests a growing picture of income polarization and increasing income inequality in Canadian cities. The literature review highlights a range of studies, conducted over different time periods, and from different data sources and definitions (earnings, income and wealth) with remarkably consistent findings. The 2001 Census releases suggest some income improvement for certain at risk populations, particularly lone parent families, but at the same time early data shows increasing inequality and polarization. Further detailed analysis of income data will be important in promoting our understanding of these trends.

While these studies provide a description of the changes in income, it is difficult to directly identify the implications for the cities where the people live. It appears that cities are more affected by income trends and that they experience greater polarization and income inequality than non-urban areas. Studies have shown that there is also variation between cities – some are more significantly affected by inequality and polarization than others and the problems are manifest in different population sub-groups and age groups.

Research has also highlighted the challenges in trying to understand low income, inequality, and the spatial distribution of low income in cities. A number of studies have shown that there is significant movement of families or households in and out of low income – that it is a permanent state for a portion of those presently defined as having low-income but that others move out of low income. Some return within a short period of time and some remain at higher income levels. Changes in household status, divorce or marriage, also directly affect income levels. Similarly, some research has shown that neighbourhoods/geographic areas can also change over relatively short periods of time. ‘Disadvantage’ is not necessarily a permanent state for neighbourhoods either. These findings highlight the importance of continuing to conduct research on income and the distribution of income in cities.

While there is no comprehensive understanding of the implications for Canadian cities of increasing inequality and polarization, there is a growing body of knowledge of the general implications on cities. Rising inequality has implications for individual and community health, crime, education,

political stability, and governance and social cohesion. Studies in Europe and the United States suggest that levels of income are important determinants of absolute deprivation and poverty, but that the level of inequality in communities may be more important to understanding the implications on individuals and cities. Increasingly, research findings warn that the increasing gap between high and low incomes may affect social cohesion and the formation of social capital. It may also be more relevant in explaining health status changes and other social impacts. It is important that we continue efforts to better understand the spatial implications of income inequality and polarization.

Interestingly, measures of overall inequality do not show a clear relationship between income inequality and health in Canada up to the 1990s. However, there is strong evidence that since 1990, income inequality has widened substantially. Analysis of the 2001 Census data may provide some answer to the question of whether this growing gap has had a negative impact on health.

Seguin and Divay (2002) conducted a literature search of urban poverty work in Canada and found that there was little Canadian research on the impact of the neighbourhood or physical surroundings on an individual’s life chances. The limited research that they identified suggests that Canada may be different from the United States in this area and that other factors, like family and personal characteristics, had at least as great an impact on life chances as the characteristics of the neighbourhood. Clearly, more work needs to be done in this area.

Finally, many studies comment that the progressive tax system and government transfers and services play a role in reducing income inequalities. Since the changes to these programs in the 1990s, researchers have concluded that transfers are an important but declining form of support in keeping families out of poverty and reducing inequality. Strong social infrastructure has been identified as important in moderating the effects of growing inequality in cities.

The following sections of the report look at Saskatoon, Toronto, and Calgary. They describe the situation in each city and offer stakeholder perspectives on issues, changes, and implications of current income and polarization trends. The literature review is an important prelude for these case studies and provides a lens for interpreting and reflecting on the individual city findings.

# FINDINGS – CASE STUDY CITIES

*This section of the report looks in more detail at the three case study cities: Calgary, Saskatoon, and Toronto. It includes the findings from the data analysis conducted for this study and is augmented by work from other research reports and studies.*

It is not an exhaustive study of the income gap in these three cities – instead it provides an understanding of the nature and scope of the problem and an overview of some of the impact on communities and residents in the three cities. Some of the material is anecdotal in its description of impact; other material is more quantitatively based.

The city discussions are organized to include a discussion of the income gap based on evidence from a number of sources, including the taxfiler analysis, regarding the nature and scope of the problem. Various government and community programs, policies, and services that were identified in the stakeholder interviews as contributing to or exacerbating the growing gap are included. This list is not exhaustive, but reflects a wide range of factors. Each city had a different approach to responding to growing income disparities – these are described briefly. The final section reflects the respondents' comments on the impact of the gap on communities and individuals and the implications for the cities if actions were not taken to respond to the problem.

## Setting the Context

Before looking at each city in detail, it is important to look at recent Census findings to provide a broader context. In March, 2003, Statistics Canada released summary data on earnings and population based on the 2001 Census.<sup>24</sup> It is summarized below in Table 1. They reported that average annual earnings reached a record high of \$31,757. This 7.3 per cent gain in average earnings since 1990 was described as the result of three factors:

- demand for highly skilled and educated workers
- an aging and experienced workforce that received substantial increases in earnings over the decade
- more working people with university educations

The number of earners in higher income brackets earning at least \$80,000 per year, and especially those over \$100,000, increased significantly in the 1990s. However, the proportion of low-income workers earning less than \$20,000 remained the same as in 1990 at four in every ten workers. This represents about 6,659,000 Canadian workers, 54 per cent of whom were women.

Alberta had the greatest growth in the highest earnings workers between 1990 and 2000. The numbers of people with over \$100,000 in earnings more than doubled. Ontario had the most earners in this category, with 51 per cent of this group of earners.

Statistics Canada calculated that while the gender gap was closing between women and men, women still earned only 64 cents for every dollar that men made. Gender differences were not as great for young women as they were for older women.

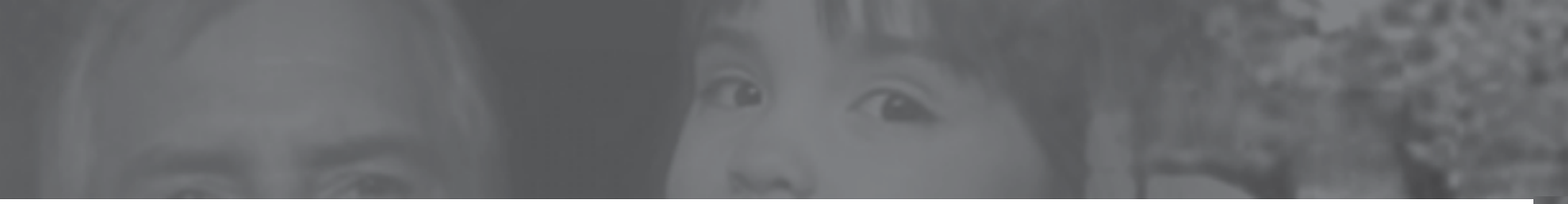
The earnings of recent immigrants compared to Canadian born workers have deteriorated significantly. Male immigrants who had been in Canada for one year made 63 cents for every dollar made by those who were born in Canada. Immigrants in Canada for 10 years did better, at 80 cents for every dollar; however, this number represents a decrease from the 90 cent level in 1990. In 1980, male immigrants in Canada for 10 years made as much as Canadian born men of the same age. Findings were similar for female immigrants. Earnings premiums that workers received in 1990 for higher education and knowledge of an official language were still present in 2000, but at lower levels.

In May, 2003, Statistics Canada released the 2001 Census data on family income. This release focused on family income, defined as the combined income of all family members from all sources, including government transfers, before income tax. It does not include the income of non-family or single persons. Statistics Canada concluded that the median income of Canadian families was essentially unchanged between 1990

**Table 1: Percentage Change in Number of Workers at Low and High Earnings Levels, Canada, 1990 to 2000<sup>25</sup>**

Less than \$20,000	\$20–\$40,000	\$40–\$60,000	\$60–\$80,000	\$80–\$100,000	Over \$100,000
5% increase	6.9% increase	13.4% increase	25% increase	47.5% increase	68.8% increase

Source: Statistics Canada, *Earnings of Canadians Report Overview, 2003*



and 2000 after adjusting for inflation at \$55,016. However there was significant variation within the income range. The top decile (top 10 per cent of families with the highest incomes) experienced substantial income gains over the ten-year period. They increased their share of the total income from 26 to 28 per cent in 2002. They also received the largest increase in average income by 14.6 per cent. The bottom decile maintained their share of total income at about 2 per cent, similar to 1990, and recorded very little change in average income over the ten-year period. The 10 per cent of families in the top decile had \$18 of income for every \$1 of income of families in the lowest decile.

The family income release also identified that the share of income from government sources declined for working-age families, particularly after 1995. The 30 per cent of working-age families with the lowest incomes increased their share of government transfers, continuing the trend since the 1980s of increasingly targeted transfers to low-income families.

Like the median income, the incidence of low income was essentially unchanged between 1990 and 2000, despite an increase of over 935,000 families reporting incomes below the Statistics Canada Low-Income Cut Off Measure (LICO) in 2000. There was a small increase in the number of children living in poverty, at 18.4 per cent, up from 18.2 per cent in 1990. This small percentage increase represents an absolute increase of over 40,000 children. Children of recent immigrants are more likely to live in low-income families, up from 27 per cent in 1990 to 33 per cent in 2000, and the rate increased to 39 per cent if both parents were recent immigrants.

Both two parents and lone parent families experienced income increases over the 1990 to 2000 period and there was a decline in lone parents with incomes below the LICO measure. Just over one half the decline in the low-income rate among lone parents was due to rising market incomes. The remainder was due to rising income from government transfers. It was estimated that government transfers reduced the low-income rate of lone parent families by about 11 per cent. The value of government transfers in reducing low-income rates has been increasing since 1980.

Seniors are the other group that has improved their situation over the past ten years. The rate of low income declined to 17 per cent, from 20 per cent in 1990 and 30 per cent in 1980. It was estimated that 71 per cent of all seniors living in low income in 2000 were women.

It was noted earlier that the 2001 Census data was not available for analysis as part of this study. Since the study began, Statistics Canada has released summary income and earnings analysis. When this recently released earnings and family income data is compared with the taxfiler analysis used for the analysis in this report, a consistent set of conclusions emerges. The 2001 Census demonstrates that number and income of upper income families is increasing while the number and income of the lowest income families is stable. When purchasing power is taken into account, the lowest income levels are less well off than they were in 1990.

Within these overall statistics, there is a fair degree of variation in income and earnings among sub-populations. The 2001 Census data highlights the education and experience-based divide that is evident in earnings and income. Over 60 per cent of workers in the top earnings category had a university degree while over 60 per cent of people in the lowest earnings category did not have more than high school education. Statistics Canada also identified “a clear generational divide” that is opening up in the labour market between younger groups, who seem to be on a “lower earnings track”, and the older and more experienced workers.<sup>26</sup> Evidence suggests that additional divides exist between male and female earnings and between Canadian-born and recent and longer term immigrants to Canada. The 2001 Census also demonstrates that these divides have contributed to the overall income gap as well as to specific income gaps and inequalities within each subgroup.

In summary, understanding the issues related to income and earnings is not a simple task. Average and median statistics describe overall broad trends, but they hide a significant degree of variation and distinction. The brief look at recent Statistics Canada 2001 Census releases confirms that there are different income gaps for different types of workers engaged in different types of work (full-time and part-time), and for particular sub-populations of workers and families. Evidence points to a generally increasing gap, but the magnitude of the change varies depending on the sub-population.

Finally, the analysis in this report is based on taxfiler data for 1995 and 2000. As noted earlier, the Census and taxfiler data are not directly comparable because they are based on incomes of quite different groups of people. Selected findings from the 2001 Census have been included because they provide more information than is available though the taxfiler data and because they contribute to the understanding of the income gap ‘picture’.

## SASKATOON

Saskatoon is a diverse and growing metropolitan area of 219,000 people, 194,000 of whom live in the City of Saskatoon.<sup>27</sup> The CMA population grew by 3.1 per cent between 1996 and 2001, while the City itself grew by less than 1.6 per cent. Saskatoon has a long-term projected growth rate of 1.06 per cent.<sup>28</sup> Like most metropolitan areas, the areas outside the central city are growing at a significantly greater rate than the City itself, raising concerns about what has been described as a 'donut effect'; this occurs when the centre of the city is different from the surrounding suburbs. Often the centre is poorer and the surrounding areas are wealthier. Population in these outer areas tends to be younger and largely comes from migration from the City itself and from surrounding communities. Saskatoon expanded its boundaries by 2,000 acres in May, 2000, to accommodate anticipated population growth in four new neighbourhoods.

Much of Saskatoon's growth is a result of rural-urban migration within the province. The city also has a high out-migration rate, and when the two are combined it is estimated that about 10 per cent of the average population of the city moved into or out of the city each year from 1991 to 1999.<sup>29</sup> Immigration to Saskatoon has declined. Saskatoon residents are well educated, with over 64 per cent having some form of post-secondary education (college, university, trade or technical school, etc.).

Table 2, The City of Saskatoon, 2000 – Key Comparative Statistics for Saskatoon Neighbourhoods, at the end of this section, provides a range of key comparative characteristics taken from the taxfiler data analysis for 2000. The taxfiler analysis compares median income between neighbourhoods and provides a description of income-related characteristics of the communities. The median income calculation combines income from family and non-family persons (persons 15 years or older who have filed a tax return) from the taxfiler data. It does not analyse income within the communities. A number of conclusions can be drawn from the table.

Based on the taxfiler analysis, the City of Saskatoon's median income in 2000 was \$35,600, just slightly less than Canada's national median income of \$36,300, but higher than the provincial median income of \$33,200.<sup>30</sup> Analysis of neighbourhood median income levels, shows that lower income neighbourhoods have income far below the Saskatoon median and the upper income neighbourhoods far above. The highest median income neighbourhood has 5.7 times the median income of the lowest income neighbourhood.

Both the upper and lower income neighbourhoods have a slightly younger-than-average population. Within the overall age structure, however, there are significant differences. Children form a larger part of the population in upper income areas than in the City as a whole, and the lower income neighbourhoods have even higher proportions of children. Seniors, however, are less concentrated in the lower income areas than in the City as whole and there are even fewer in the upper income areas. The other significant difference is the relatively low number of working-age people in the lower income neighbourhoods compared the upper income areas. The dependency ratio (ratio of children and seniors to working-age population) is much higher, at 84 per cent, in the lower income neighbourhoods than in the City, at 72 per cent, and in the upper income neighbourhoods, at 63 per cent.

There are more non-family persons in the lower income areas. The correlation of non-family persons and lower income neighbourhoods is not surprising given that non-family persons have a much lower median income than families. What is most interesting about the concentration of non-family persons is that the concentration is among non-family persons of working age rather than of seniors. It is also notable that a higher proportion of the children in lower income neighbourhoods are in lone-parent families than in other areas of Saskatoon.

Within family types, incomes range from husband-wife families at the highest income level (most of which are dual income families), lone parent families at a lower level, and non-family persons at lower income levels again. The income ranges consistently follow this pattern in lower income neighbourhoods and higher income neighbourhoods as well as for the City, the CMA, Saskatchewan, and Canada.

When mapped, the income statistics provide a revealing picture of the geographic distribution of low-income and upper income areas. Map 1, 2000 Median Income of Families and Non-Family Persons – City of Saskatoon Neighbourhoods, illustrates the geographic concentration of low income in 2000 by mapping the lower income and upper income neighbourhoods in Saskatoon. All five of the lowest income areas in Saskatoon are contiguous areas southwest of the downtown. The upper income areas are slightly less concentrated being split between three areas: neighbourhoods east of the University, areas at the north end along the river, and some rural areas in the CMA beyond the urbanised central city.

**Table 2: The City of Saskatoon, 2000 – Key Comparative Statistics for Saskatoon Neighbourhoods**

Subject Area	Characteristic	Lowest Decile of Neighbourhoods	Highest Decile of Neighbourhoods	Total City	
Definition		5 neighbourhoods 8,100 taxfilers 17,800 persons Nbhd. Median Income Range: \$15,100 — \$24,100	4 neighbourhoods 8,500 taxfilers 23,200 persons Nbhd. Median Income Range: \$59,400 — \$85,700	44 neighbourhoods 88,800 taxfilers 200,400 persons Nbhd. Median Income Range: \$15,100 — \$77,400	
Age Structure and Family Type	Average Age	31 years	33 years	35 years	
	Population Age Structure:	0–19: 37.6% 20–64: 54.3% 65+: 8.3%	0–19: 33.3% 20–64: 61.3% 65+: 5.4%	0–19: 29.6% 20–64: 58.2% 65+: 12.2%	
	Parents in Husband-Wife Families	31% of population no sig. difference in age structure	52% of population no sig. difference in age structure	45% of population no sig. difference in age structure	
	Children in Husband Wife Families	19% of population no sig. difference in age structure	34% of population no sig. difference in age structure	24% of population no sig. difference in age structure	
	Parents in Lone-Parent Families	10% of population no sig. difference in age structure	2% of population no sig. difference in age structure	5% of population no sig. difference in age structure	
	Children in Lone-Parent Families	20% of population no sig. difference in age structure	4% of population no sig. difference in age structure	9% of population no sig. difference in age structure	
	Non-Family Persons	20% of population Relatively even in all adult age groups	8% of population Nearly all young adults, few seniors	17% of population Concentrated in young adults and seniors	
	Income by Family Type and Number of Children	Husband-Wife Families	Nbhd. median income range: \$28,100 — \$43,100 Med. income declines with increasing number of children	Nbhd. median income range: \$76,600 — \$98,800 Med. income increases with increasing number of children	Med. Income: \$58,900 Med. income increases with increasing number of children
		Lone-Parent Families	Nbhd. median income range, \$14,300 — \$19,200 38% of all families are lone parent; Med. income increases with increasing number of children	Nbhd. median income range, \$24,400 — \$42,400 9% of all families are lone parent; No change in income by number of children	Med. Income: \$22,200 18% of all families are lone parent; Med. income unchanged with increasing number of children
		Non-Family Persons	Nbhd. median income range: \$9,900 — \$17,200 20% of persons are seniors	Nbhd. median income range: \$18,400 — \$27,100 23% of persons are seniors	Med. Income: \$18,800 2% of persons are seniors
Low-income Husband-Wife Families		27% of husband-wife families Nbhd. median low-income range: \$16,000 — \$17,500	2% of husband-wife families Nbhd. median low-income range: \$5,900 (1 nbhd with suff. data)	10% of husband-wife families Med. Income: \$15,500	

Table 2: The City of Saskatoon, 2000 – Key Comparative Statistics for Saskatoon Neighbourhoods (cont'd)

Subject Area	Characteristic	Lowest Decile of Neighbourhoods	Highest Decile of Neighbourhoods	Total City
Income by Family Type and Number of Children (cont'd)	Low-income Lone-Parent Families	73% of lone parent families Nbhd. median low-income range: \$12,600 – \$14,100	12% of lone parent families Nbhd. median low-income range: \$4,100 (1 nbhd. With suff. data)	50% of lone parent families Med. Income: \$13,600
	Low-income Non-Family Persons	51% of non-family persons are low inc. 10% of low inc. non-fam. are seniors Nbhd. median low-income range: \$7,600 – \$8,100	20% of non-family persons are low inc. 0% of low inc. non-fam. are seniors Nbhd. median low-income range: \$4,000 – \$7,100	32% of non-family persons are low inc. 18% of low inc. non-fam. are seniors Med. Income: \$8,200
Sources of Labour Income	Employment	62% report employment income Nbhd. range of employment income index (Canada=1.00): 0.56 — 0.79	86% report employment income Nbhd. range of employment income index (Canada=1.00): 1.2 — 1.5	75% report employment income Nbhd. range of employment income index (Canada=1.00): 0.97
	Self Employment	5.4% reporting	7.8% reporting	6.1% reporting
Selected Sources of Non-Labour Income	Employment Insurance	9.2% reporting	5.7% reporting	7.3% reporting
	Government Transfers	Nbhd Range of EDR: 24.9 — 75.7	Nbhd Range of EDR: 4.2 — 7.3	EDR: 15.6
	CCBT	Nbhd Range of EDR: 3.3 — 9.6	Nbhd Range of EDR: 0.3 — 0.9	EDR: 1.5
	OAS	Nbhd Range of EDR: 4.8 — 13.0	Nbhd Range of EDR: 1.5 — 3.4	EDR: 4.5
	Social Assistance	Nbhd Range of EDR: 6.6 — 34.5	Nbhd Range of EDR: 0.2 — 0.5	EDR: 20

**Source: Statistics Canada Small Area and Administrative Data****Notes to Key Comparative Characteristics Tables:**

Where **ranges** are provided for median income, employment income index and EDR ratios, the high and low end of the range are provided along with the median of the range. This a “median of medians” which is not a statistical median, but rather provides further information on the grouping of neighbourhoods, since the highest and lowest of the quoted statistics in many cases reflects an outlier or describe an area where the population is very small (e.g. some of the wealthiest neighbourhoods have only a handful of low-income persons in some categories).

**% of taxfilers:** the quoted figures for % of taxfilers are precisely that: they are not shares of population. Children shown as taxfilers are those submitting an income tax return, either as teenagers or young adults working but still resident with their parents, plus other children who submit tax forms because of various instruments such as trusts or investments.

**Low-income** is defined according to Statistics Canada's Low-Income Measure (LIM).

**EDR:** Economic Dependency Ratio is the amount received in the various types of transfer payments compared to employment income for the same geographic area. An EDR of 10.0, for example, means \$10.00 in transfer payment income for every \$100.00 in employment income.

## 2000 Median Income of Families and Non-Family Persons – City of Saskatoon Neighbourhoods – Map 1



**Source:** Hemson Consulting Ltd. based on Statistics Canada Taxfiler data

**Notes:** Neighbourhoods defined by City of Saskatoon

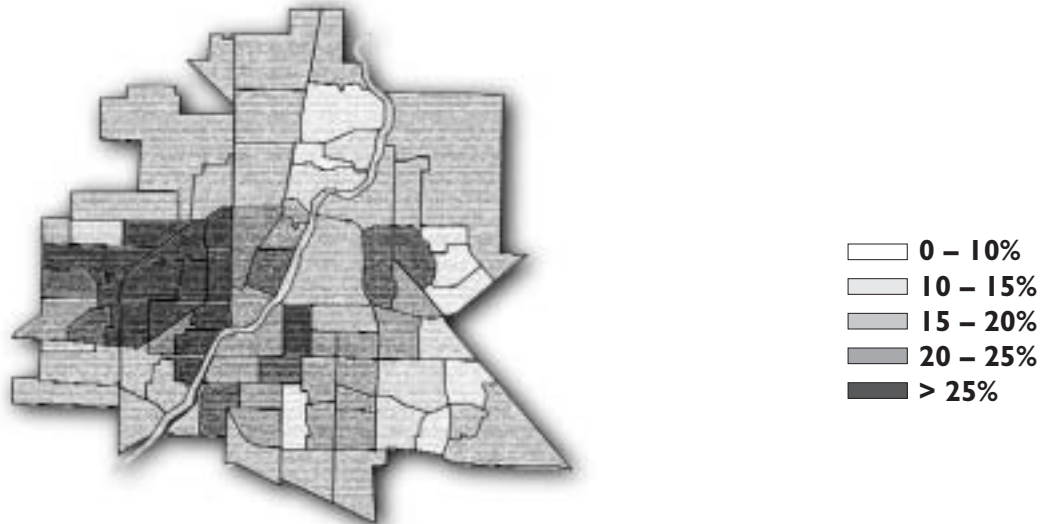
Families include spouses and any parent(s) with children, including those children who file tax forms. Non-Family persons are those individuals without a spouse or children living with them, but who may or may not live alone. A related or unrelated person living with a family or another non-family person is counted as a non-family person. The total universe then is slightly larger than households, but for most purposes would be a reasonable surrogate measure of households.

Map 2, Share of 2000 Population in Low Income Neighbourhoods – City of Saskatoon Neighbourhoods, shows the incidence of low income among the population of the Saskatoon neighbourhoods. Again, it shows a high concentration of low income in areas in the west and southwest and low concentration in most of the rest of the City. Not surprisingly, there is a low incidence of low income in any of the family types (non-family, family, and lone parent families) in upper income neighbourhoods. Low-income households are concentrated geographically in certain communities. In these lower income areas, 44 per cent of all taxfilers are low income. Nearly half of the non-family persons are low income and an extraordinarily large three-quarters of the lone-parent families in these areas are considered low income because their incomes fall below Statistics Canada's Low-Income Measure (LIM).

Sources of income data indicate that fewer people report employment income and self-employment income in low-income areas. When employment income is reported, it tends to be much lower than in other areas. Coincident with the low levels of employment income is a much higher reliance on government transfers for income. In comparison, upper income neighbourhoods have a low reliance on government transfers.

Changes between 1995 and 2000 can only be tracked in Saskatoon at the FSA level of geography because the detailed postal walk data needed to compare the two periods was not available for 1995. Table 3, Saskatoon Change in Median Income 1995-2000, sorts the FSA geographic areas according to lower and higher income neighbourhoods. These findings suggest that there is no clear pattern of income increases being concentrated in higher or lower groups in Saskatoon. Lower income areas seem to have had similar or higher rates of income growth than higher income areas. These findings should be treated with caution because each FSA covers a large geographic area and any income variation in communities within an FSA will be lost in this analysis. Further analysis is necessary when the 2001 Census details are available to support or contrast the suggested conclusion from this analysis.

Share of 2000 Population in Low Income Neighbourhoods – City of Saskatoon Neighbourhoods – Map 2



Source: Hemson Consulting Ltd. based on Statistics Canada Taxfiler data

Notes: Neighbourhoods defined by City of Saskatoon

Share of population residing in low income families and among non-family persons very closely approximates a measure of share of population in low-income households.

**Table 3: Saskatoon Change in Median Income 1995-2000**

Median Income Change within FSAs, 1995 to 2000							
FSA Grouping by Median Income Percentile	Number of FSAs within Each Range of Change in Median Income, 1995 to 2000					Total FSAs	Weighted Average Change in Income within Group
	- 10% to 0%	0% to 10%	10% to 20%	20% to 30%	> 30%		
Lowest Group (percentile 0 to 17)	0	0	2	0	0	2	11.5%
Lower Mid Group (percentile 17 to 52)	0	1	1	0	0	2	9.8%
Higher Mid Group (percentile 52 to 80)	0	1	1	0	0	2	10.1%
Highest Group (percentile 80 to 100)	2	1	2	0	0	5	7.4%
City of Saskatoon	2	6	5	0	0	13	5.0%
Saskatoon CMA	N/A	N/A	N/A	N/A	N/A	N/A	11.0%

Source: Statistics Canada Small Area and Administrative Data

Note: The small number of FSAs in Saskatoon does not permit organizing the information into normal deciles or quintiles. The FSAs have been organized into what are meaningful groupings for the purpose of this report. The percentiles represent the cumulative number of families and non-family persons in the grouping (this approximates cumulative households).

Table 4: Comparison of Earnings, Saskatoon, presents an overview of various descriptions of income/earnings of residents in Saskatoon. The findings on median incomes from the taxfiler analysis (the first column) are consistent with recently released Statistics Canada data on earnings, population, and income as reported in Table 4. The numbers vary between the sources because of the different data definitions – income or earnings – and because of the different levels of geography – the City or the Census Metropolitan Area (CMA). Usually, median income is significantly lower than average income. Median represents the middle household when all incomes are arranged from highest to lowest. The average income calculation reflects the impact of the higher incomes for the population group or neighbourhood, which increases the average.

It is interesting to note the significant variation between the average and the full-time average earnings based on the 2001 Census. In addition to the gap between general earnings and full time earnings, averages for male and female earners in both earnings categories have a gap of between \$14,000 and \$15,000, with male earners receiving the higher income from earnings.

In March, 2003, Statistics Canada's Earnings Release estimated that 20.7 per cent of the full-time, full-year workers in the Saskatoon CMA had earnings of less than \$20,000 in 2000. About 1.9 per cent of full-time, full-year workers had earnings of \$100,000 or more.

The May, 2003, Statistics Canada<sup>31</sup> release of family income indicated an increase of 2.1 per cent in the median income of families in the CMA between 1990 and 2000. The 2000 median income was \$54,362. The top income families (the top decile) earned \$18.70 for every \$1 in income earned by families in the bottom decile. Statistics Canada calculated that, on average, families received \$3,800 in government transfer payments in 2000 and that these payments represented 5.8 per cent of all family income.

The FCM Quality of Life Reporting System Report contains a comprehensive set of indicators including information on income and income distribution. Table 5: Percentage Change in Total Family Income by Income Percentiles – Saskatoon, compares the percentage increase in income by percentiles or groups of the population in Saskatoon between 1992 and 1998. As indicated in the table, the upper deciles enjoyed a rate of increase greater than the low and middle deciles in both time periods. The only exception is the 1996-1998 period when the bottom decile received a greater percentage increase in income than the top decile. The National Child Benefit was introduced in 1995 and its impact would be evident in this period for low-income working families. It is also important to remember that these are percentage increases on levels of income in the percentile. Even with lower rates of increase, upper incomes would still enjoy higher absolute increases in income because their base income would be significantly higher, thus increasing the gap in incomes.

**Table 4: Comparison of Earnings, Saskatoon**

<b>Median Income, Taxfiler Analysis, 2000**</b>	<b>Median Family Income***, Saskatoon CMA, 2001 Census</b>	<b>Average Earnings, City of Saskatoon – 2001 Census</b>	<b>Average Earnings, Saskatoon CMA – 2001 Census</b>	<b>Full-Time Average Earnings, City of Saskatoon – 2001 Census</b>	<b>Full-Time Average Earnings, Saskatoon CMA, 2001 Census</b>
CMA \$36,300 City \$35,600	\$54,362	\$28,066	\$28,174	\$39,333	\$39,315

Sources: Statistics Canada Small Area and Administrative Data and Statistics Canada 2001 Census; Statistics Canada, Earnings Release, March 11, 2003, Saskatoon Analysis; and, Family Income Release May 13, 2003.

\*\* The taxfiler data includes all family and non-family persons.

\*\*\* Median income includes employment and non-employment sources of income.

**Table 5: Percentage Change in Total Family Income by Income Percentiles – Saskatoon**

	10% tile	20% tile	30% tile	40% tile	50% tile	60% tile	70% tile	80% tile	90% tile
1996 – 1998	8.03	6.82	6.33	6.04	6.49	6.19	6.51	6.63	7.72
1992 – 1996	-5.10	NA	2.00	3.50	4.50	6.00	7.10	8.30	9.50
<b>In 1998 Dollar Value</b>									
1996 – 1998	5.35	4.17	3.69	3.41	3.85	3.56	3.87	3.99	5.04
1992 – 1996	-12.60	NA	-5.50	-4.00	-3.00	-1.50	-0.40	0.80	2.00

Source: FCM Quality of Life Reporting System, 2001 Quality of Life Report, Tables: 2.3 and 2.4

The Community-University Institute for Social Research, Quality of Life Module, has undertaken significant research over the past few years on the changing quality of life in Saskatoon. One of their initiatives was to conduct analysis to identify high-, medium- and low-income neighbourhoods and compare each of the neighbourhoods based on five variables.<sup>32</sup> Their results help illustrate the gap between the upper and lower income residents. For example, the 1995 average income for upper income neighbourhoods ranged from \$33,785 to \$84,912. By comparison, in lower income areas it ranged from \$14,390 to \$35,290. The earners in middle-income areas were significantly closer in average income to the low-income neighbourhoods than they were to the high-income areas. Lone-parent families were more prevalent in low-income neighbourhoods than in middle or upper. The average percentage of lone-parent families ranged from 19.9 per cent in low-income neighbourhoods compared to 7.8 per cent and 9.4 per cent respectively in middle- and high-income areas. Not surprisingly, the population in the higher income and middle-income areas owned a higher proportion of their homes.

CUISR researchers concluded that poverty is rising in low socio-economic neighbourhoods and that inequalities are rising even more. Statistics Canada, in a report on rising disparities in Canadian cities, commented that “the disparity between high and low socio-economic neighbourhoods in Saskatoon has been intensifying since the 1980s.”<sup>33</sup> This was further reinforced in a CCSD report by Lee (2000), which stated that “between 1980 and 1995, the CMAs of Saskatoon experienced substantial increases in the concentrations of poor families in high-poverty neighbourhoods.”<sup>34</sup>

The taxfiler income analysis clearly indicates a concentration of low income in westside neighbourhoods and a concentration of low income within the Aboriginal community, which itself is concentrated in westside neighbourhoods. While there is no data specific to Aboriginal population within the taxfiler data, the geographic concentrations are evident.

The city has a large Aboriginal population that is growing at a faster rate than the non-Aboriginal population. In 1991, it accounted for 6.6 per cent of the total population and by 2002 it had increased to 7.3 per cent. *Populace*, a publication of the City of Saskatoon Planning Department, estimated that 80 per cent of Saskatoon’s Aboriginal population lives in westside neighbourhoods and that they can make up as much as 30 per cent of the population of specific neighbourhoods.<sup>35</sup> Aboriginal people make up 22.5 per cent of the low-income population in Saskatoon. This translates into a 65 per cent poverty rate. The Aboriginal population is much younger than the overall Saskatoon population. About 40 per cent of the population is composed of children less than 15 years of age compared to 22 per cent for the non-Aboriginal population.<sup>36</sup> As the population is very young, there is a disproportionate number of Aboriginal children living in poverty in Saskatoon. By 2035, it is estimated that Aboriginal workers will make up 44 per cent of the eligible workforce in Saskatoon.

As noted earlier, Saskatoon has a large population group of non-Aboriginal seniors and it is continuing to age. About 12 per cent of Saskatoon’s population is 65 or over and this is predicted to rise to 15 per cent by 2015.<sup>37</sup> Many of these seniors have very low income levels.

Businesses in the City of Saskatoon employ over 50,000 people. Over 23 per cent of these people work in part-time jobs primarily in the retail and service sectors.<sup>38</sup> Saskatoon has a growing agriculture biotechnology and science based economy. In addition, the Canadian Light Source synchrotron that is scheduled to open in 2003 is expected to spur Saskatoon's scientific research and development businesses.

Finally, social assistance rates have not been increased in 22 years. The Political Action Group on Poverty stated in their 1997 report that low social assistance rates created poverty – benefit levels were between 43 and 64 per cent of the poverty line (Low-Income Cut Off) in 1995.<sup>39</sup> Similarly, their analysis of the 1997 minimum wage showed that it, too, left individuals and family households below the LICO level. Earnings from minimum wage work would also leave the worker below the LICO. In 1997, it was estimated that a single worker would earn about 75 per cent of the low-income measure, a lone parent with one child would earn 60 per cent, and two working parents with two children would earn about 79 per cent of the LICO.<sup>40</sup>

## Responses

Responses to the growing income gap are grounded in a high degree of civic pride and the desire for Saskatoon to continue as a safe, liveable, attractive city. Partly because of its size, Saskatoon responses were characterized by partnerships and linkages between each level of government, other institutional service providers like the police, Boards of Education, the Health Authority, and community members and service providers. These broad-based partnerships appeared to be successful because the size and scale of the different institutions allowed for the development of strong relationships as well as more targeted responses and/or decisions on issues. In addition, various stakeholders are involved in monitoring, education (including research and communications), program delivery and community development types of activities. There is a growing knowledge base shared in the community about income and disparity related issues.

The following is a summary of a variety of responses to the growing gap in incomes in Saskatoon.

- Saskatoon City Council approved a strategic planning process for neighbourhoods known as *Local Area Plans*. The Local Area Plans will be developed based on broad and ongoing discussion of the future of the neighbourhoods with the community stakeholders. A few plans have already been successfully developed.

- Six older core neighbourhoods have been identified by the City, in conjunction with Saskatoon Regional Economic Development Authority, under the *Enterprise Zone Initiative*. Their designation as enterprise zones is an economic development tool to help reduce the deterrents associated with developing in certain neighbourhoods, creating positive change and reducing the downward trends. The six neighbourhoods were chosen because they are at risk of falling further behind the rest of the city in terms of income, job creation, economic opportunity, blight, property values, absentee ownership, and other commercial services.
- *Community University Institute for Social Research (CUISR)* is a partnership between a number of organizations including Saskatoon District Health, the City of Saskatoon, Quint Development Corporation, Saskatoon Regional Intersectoral Committee on Human Services, and faculty and students from the University of Saskatoon. CUISR's mission is to promote, undertake, and evaluate community-based research and to build the capacity of researchers, community-based organizations, and citizenry to enhance community quality of life. It has undertaken a variety of quantitative and qualitative research on quality of life and is working on a Comprehensive Community Action Plan that will bring together the work of recent existing action plans on social issues.
- *Saskatoon Communities for Children* is a non-profit organization that brings together citizens, government, professional and service organizations to deal with issues related to children and their families. It participates in a number of working groups dealing with child poverty, sexual exploitation of youth, child disabilities, early years, and other children's issues.
- *Saskatoon Housing Initiative Partnership* is an innovative investment fund facilitated by the City of Saskatoon that matches the needs of investors looking for longer term financial and social returns with the needs of affordable housing developers and owners. The goal is to provide adequate and affordable housing.
- *QUINT*, the Latin word for five, refers to five core neighbourhoods in Saskatoon. These neighbourhoods experience significantly higher-than-average rates of low income (under \$20,000 per year), high rates of Aboriginal low income, greater percentages of population on social

assistance and higher rental levels versus ownership. An innovative co-operative housing program focusing on rent towards purchase<sup>41</sup> was initiated in 1997 and since then QUINT has undertaken community economic development and employment training projects. It is currently engaged in a community strategic planning process. Key issues identified include housing, access to food and food security, community safety, and employment and training.

- Several *City Schools* have developed initiatives. Princess Alexandra Community School is in a low-income area of Saskatoon. Previously, the students scored very poorly on provincial reading tests with only 7 per cent of Grade 4 students performing at the 50-percentile level. Following a focussed effort from schools, the local community and community organizations, this increased to 55 per cent in 2001. Similar results were achieved for Grade 1, with an increase from 50 per cent in reading in 2000 to 100 per cent in reading in 2002. In another inner city school, Pleasant Hill, a collaborative effort reduced school turnover from about 200 per cent a year. The target for 2003 is a further reduction to 80 per cent and to 20 per cent by 2004. In addition to the education benefits to the affected children, it is hoped this initiative will provide some core stability to the transient neighbourhood and to the group of previously unstable families. Another school-based collaborative initiative is the Youth Not in School Initiative. This is an effort that involves the Police, City of Saskatoon, the Province, a Credit Union, an anonymous donor, and the Board of Education. The goal of this program is to encourage re-entry to school and to prevent school dropout.
- The *City of Saskatoon* has recognized that there are gaps in income levels in all areas of the City and is looking at ways to provide more consistent opportunities across the city. These could include free swimming at pools, recreation programs, and affordable housing.

### **Government Policies/Programs**

Stakeholders in Saskatoon recognized the federal National Child Benefit as a step in the right direction by increasing support to low-income families with children. The provincial social assistance program, however, was criticized as being inadequate, forcing its recipients to live below the poverty line. It was noted that there has been no increase in social assistance

rates for twenty-two years. Changes in the federal Employment Insurance benefits and eligibility were also seen as having a negative impact on income.

All respondents noted that the federal withdrawal from social housing has had a significant impact on affordable housing and disposable income in the city.

In addition, many services that had previously been free now have user charges or co-payment conditions. It was noted that health cards used to cover dental and drug benefits but now there is a \$2 dispensing fee and no dental coverage. Changes to the payment/fee policies and eligibility conditions for home care have had a significant negative impact on the growing seniors and at-risk populations in Saskatoon.

Both the province and the city were identified as having limited capacity for direct intervention and action. Saskatoon was described as being very conservative with an unstated City Council policy of no tax increases. This has affected how the city responds to issues. Many also described the provincial capacity to act as quite limited because it is facing a number of very significant challenges. The economy of rural communities was described as being in 'crisis'; the province has a heavy debt burden and a shrinking public tax base which necessitates downsizing and spending restraints.

One of the more significant challenges was the provision of urban services and supports to the growing urban, off-reserve, Aboriginal population. There is a confusing number of programs and initiatives offered by the federal government with different categories and levels of support. Within the existing system, off-reserve Aboriginal people receive the least recognition and the least support. Many commented that this had a direct and negative impact on the quality of life in the city.

The lack of government attention to urban Aboriginal issues is exacerbated by the lack of attention to the issues within the Aboriginal community. The Councils of the seven reserves around Saskatoon send their Chiefs to sit on a Tribal Council. Despite a significant and growing urban Aboriginal population, there is no representative on the Council for off-reserve or urban Aboriginal people. It was reported that limited attention and resources are devoted to urban Aboriginal issues by the Tribal Council.

## What can be done in the future?

The responses to this question focussed on three areas:

- Saskatoon was seen as having an opportunity to shape a dynamic and successful future. In doing so, it faces the significant challenge of incorporating the young and growing Aboriginal community into the community and economic life of the city and addressing the broader income inequity issues. Many stakeholders identified this challenge and their willingness to work with others to address it.
- Stakeholders talked of the need for better education, awareness, and understanding of the income-related issues. They commented that it is important that community decision makers and leaders have shared or common knowledge and understanding of the income issue.
- Stakeholders identified the need to link economic and social investment and to get the business community to the same table as the social activists. The Community Policy Forum, organized by the City, was described as a good effort at developing an umbrella or guiding plan for the community as well as involving a range of stakeholders and perspectives.

## Who should be doing it?

All stakeholders identified the need for collaborative and partnership responses to the challenges facing their communities. This does not reduce the need for provincial and federal government response at a broader policy and program level in income, housing, transfers and taxation, but recognizes instead the success that local partnerships could have at the community level. This response included the business community, a potential partner that was seen as needing to play a stronger and more active role in the community. Reference was made to forums that have successfully linked business, the community, and decision-makers in Saskatoon.

## Stakeholder Perspectives and Implications

Stakeholders see the income gap issue from different perspectives and the comments recorded in stakeholder discussions reflect the range and variety of responses.

In general, there is growing awareness of income inequality and the impact of the income gap on the quality of life in Saskatoon. In 2000-01, CUISR, in partnership with the City of Saskatoon and the *Star Phoenix* newspaper, developed a quality of life survey. The survey was designed to gauge

residents' assessments of their personal and community quality of life. Three hundred phone surveys were conducted in each of three neighbourhoods in areas grouped by selected socio-economic characteristics (high, medium/mixed and low). The results showed that respondents from higher and middle-income neighbourhoods were more satisfied with their quality of life than those in lower income areas. There was little difference between the middle- and high-income areas. Respondents from poor neighbourhoods rated their quality of life as fair or poor 42 per cent of the time compared to 19 per cent for each of the high and middle. They were also more likely to express dissatisfaction with their neighbourhoods and quality of housing. The results were reported extensively in the *Star Phoenix* newspaper and by QUISR and follow-up work has been done to mobilize communities to discuss quality of life and responses to the issues raised.

The *Star Phoenix* has continued its interest in income inequality and quality of life. On June 22, 2002, they ran an editorial under the headline "Ghettoization threatens city". It was a 'hard hitting' article, warning of increasing disparities, deterioration, and ghettoization and the threat to Saskatoon's economy and reputation. A number of other reports and publications conclude that Saskatoon is 'ghettoized'. A 2000 CCSD report identified that Saskatoon was becoming more differentiated and that it had the greatest rate of change in economic segregation of any urban centre in Canada.<sup>42</sup>

Some areas of Saskatoon have had population increases of as much as 25 per cent with little or no new residential housing. Some of these communities also experience high vacancy rates, which suggests significant overcrowding. Evidence has shown that overcrowded, poor quality, or unstable housing has had an impact on children's performance in school in Saskatoon and a number of initiatives are underway to try to reverse the trend. It also has an impact on health, on general property and community maintenance, on ongoing investment, and on property values. High turnover and very unstable families frequently characterize these communities. In addition, they almost always have very high concentrations of low income. In Pleasant Hill, for example, 59 per cent of the residents have incomes of less than \$20,000.<sup>43</sup> Nearly all of the respondents commented on the lack of basic amenities including grocery stores in the inner city and in low-income areas. This was identified as a significant access and quality of life issue.

Saskatoon had the highest average price increase in housing in Canada in 1997, 1998, and 1999. In 1999 and 2000, it recorded the lowest vacancy rates, exacerbating the affordability problem of previous years. Like other Canadian cities, there is an increasing use of food banks in the city. Stakeholder interviews highlighted the increasing use of alarm and security systems in more expensive neighbourhoods.

Many respondents were worried about the growth and power of youth gangs, the negative impact they are having on low-income youth, and the damage they are doing in some areas of the city. In poorer areas, membership in gangs is seen as bringing a sense of power and belonging to the low-income youth.

To some extent, the geography of Saskatoon allows people to be segregated. Many people believe – and there is evidence to support their belief – that there is a distinction between the east side and the west side of the river. Stakeholders say that those people living in wealthier neighbourhoods do not see the income gap; they live and work in higher income areas and rarely need to go to the poorer more depressed areas of Saskatoon. One respondent explained that an acquaintance has lived in Saskatoon for 40 years but has never been downtown on 20th Street. Another explained that focus group participation is low because residents of high-income neighbourhoods do not feel they can contribute to debate on the issue, or do not think it affects them.

Economic development, like the synchrotron project, a state-of-the-art science and technology project, was seen as a mixed benefit. While many in Saskatoon are optimistic about the Canadian Light Source development, others caution that it may attract higher income workers and exacerbate the current income differentials in the city. The proposed Aboriginal casino is even more complicated. A number of respondents worried that the Aboriginal casino (including convention and hotel facility) development proposal for the downtown core is splitting the community. It was acknowledged as an excellent economic development opportunity for Aboriginal people, but people felt strongly that a casino would have a significant impact on the city and the at-risk population.

Services are not equally available in all areas of the city. For example, the City of Saskatoon did an analysis of availability and need for licensed childcare.<sup>44</sup> They found that the need for childcare is growing because of the relatively young population (the

city has more young children than national and provincial averages) and the increasing numbers of lone parent families and two income families. They identified a large variation in childcare space availability across the city and particularly noted that childcare is not available in many of the high growth, low-income areas.

In addition to the more distinct signs of low income in neighbourhoods, other stakeholders commented that more people are living close to the margin in Saskatoon. Many of these often middle class households are felt to be about a ‘couple of weeks’ away from poverty. The recent nurses strike illustrated this well – nurses increasingly needed financial support by the third week of the strike. A representative from the United Way of Saskatoon commented that calls are increasing from those who have no previous connection with the social assistance system. They are not accustomed to asking for help and do not know where to look. They noted that the service system is not set up to serve struggling middle class households.

Stakeholders cautioned that it is hard to convince people of the need to invest in people and the community. It has been easier to get support for investments in hard services and physical infrastructure – services that they can be directly seen or used. Working with the business sector in community renewal/development type projects is similar. Businesses are considered to be more interested in tangible products or results than in participating in community or multi-stakeholder processes.

Despite the threat of deteriorating quality of life, many stakeholders were optimistic about the future of the city. They noted that there is emerging leadership and that people are working together to identify issues and to educate the broader community about the issues and the need to act. Residents are proud of their community efforts and offered a number of examples of working together on a small scale to make positive change. Their main concern was around timing of any actions – one step at a time was not seen to be fast enough. It was also noted that seniors, Aboriginal people, and low-income lone parents do not have a strong voice in Saskatoon and that their issues are not receiving attention. Consequently, while they are optimistic, a number of people feel the situation will worsen before it improves.

## CALGARY

Calgary is the largest city in Alberta with a metropolitan population of 950,000 according to the 2001 Census. The Calgary CMA population will likely pass the 1 million mark in 2003. Over 90 per cent of the metropolitan population lives in the City of Calgary. Calgary is the fastest growing of Canada's 29 CMAs, with a growth rate of 3.0 per cent between 1996 and 2001 and a city growth rate of 2.7 per cent. It is expected that this growth rate will decrease somewhat to 1.8 to 2 per cent over the next three years. Eighty per cent of the total population growth occurred in new suburban developments around the edge of the built-up area of Calgary. This trend of greater growth in the regions will continue – the regions will grow by about 17 per cent and the City is estimated to grow by 13 per cent between 2002-2005.<sup>45</sup>

Calgary is a city of contrasts – it has a diverse native and immigrant population, old and young population subgroups, and it includes both new suburbs and an older inner city area. It enjoys tremendous growth and economic opportunity, yet it is home to a growing and entrenched homeless population. Poverty levels continue to remain high, although not as high as in either Saskatoon or Toronto, and the gap between the rich and poor is increasing.

Calgary has a very young, well-educated population with an average age of 34 years. More than 60 per cent of its population has some form of post-secondary education, including university, college, technical college, and trades schools. Calgary also has an aging population. The fastest growing population group in Calgary is the 55 years and over group. In 1996, about 9 per cent of the population of Calgary was 65 or older. About 22 per cent of these seniors lived in poverty.<sup>46</sup>

The City of Calgary has done a significant amount of research and analysis on income-related issues. They determined that the percentage of households in the highest and lowest income groups increased between 1991 and 1996 by 24.1 and 20.8 per cent respectively, while the middle-income groups declined. The families with the lowest 10 per cent of income had an 18.2 per cent decline in family income between 1992 and 1996. This is contrasted with the families with the top 10 per cent income, whose income increased marginally over this time. Between 1996 and 1998, all groups enjoyed some increase in family income, although the increases did not narrow the gap between the highest and lowest groups.<sup>47</sup>

Table 6, at the end of the section on Calgary, provides the key comparative characteristics taken from the taxfiler data analysis for 2000. The taxfiler analysis compares median income between neighbourhoods and provides a description of income-related characteristics of the communities. The median income calculation combines income from family and non-family persons (persons 15 years or older who have filed a tax return) from the taxfiler data. It does not analyse income within the communities. The following discussion highlights some of the key conclusions from this analysis.

In 2000, the City of Calgary's median income, based on taxfiler analysis, was \$42,900. This figure is much higher than the national median of \$36,300 and higher than the provincial median income of \$40,100.<sup>48</sup> There is a significant range of income both above and below this median.

The locations of the highest and lowest income areas in the City of Calgary are shown on Map 3: 2000 Median Income of Families and Non-Family Persons – City of Calgary Small Geographic Areas. The lowest income areas are concentrated in the central parts of the City and the highest income neighbourhoods are near the edge of the City to the north west and the south east. Unlike in many other cities, the distribution of income in Calgary follows traditional expectations of a concentration of lower income in the centre, gradually increasing toward the edges.

The highest median-income neighbourhood has 3.6 times the median income of the lowest income neighbourhood. The upper income neighbourhoods in Calgary have a slightly younger-than-average population, while the lower income neighbourhoods are generally older. In the lower income neighbourhoods, children form a much smaller part of the population than in upper income areas and in the City overall. Seniors are slightly more concentrated in the lower income areas and relatively fewer are in the upper income areas when compared to the City average. The other significant difference is the relatively high number of working age people in the lower income neighbourhoods compared to the upper income areas of the City and the relatively lower number of children. The family type analysis suggests a similar pattern. There are far more non-family persons in the lower income areas than in the rest of the City and those non-family persons are single, unattached, working-age people rather than seniors.

**Table 6: The City of Calgary, 2000 – Key Comparative Statistics of Neighbourhoods**

Subject Area	Characteristic	Lowest Decile of Neighbourhoods	Highest Decile of Neighbourhoods	Total City
Definition		6 neighbourhoods 38,900 taxfilers 67,100 persons Nbhd. Median Income Range: \$21,200 — \$31,400	10 neighbourhoods 39,600 taxfilers 102,400 persons Nbhd. Median Income Range: \$73,000 — \$75,300	82 neighbourhoods 393,300 taxfilers 876,000 persons Nbhd. Median Income Range: \$21,200 — \$75,300
Age Structure and Family Type	Average Age	38 years	34 years	35 years
	Population Age Structure:	0–19: 20.3% 20–64: 68.7% 65+: 11.0%	0–19: 29.5% 20–64: 64.3% 65+: 6.2%	0–19: 26.9% 20–64: 63.8% 65+: 9.4%
	Parents in Husband-Wife Families	39% of population no sig. difference in age structure	54% of population no sig. difference in age structure	48% of population no sig. difference in age structure
	Children in Husband Wife Families	15% of population no sig. difference in age structure	30% of population no sig. difference in age structure	25% of population no sig. difference in age structure
	Parents in Lone-Parent Families	5% of population no sig. difference in age structure	2% of population no sig. difference in age structure	4% of population no sig. difference in age structure
	Children in Lone-Parent Families	8% of population no sig. difference in age structure	4% of population no sig. difference in age structure	6% of population no sig. difference in age structure
Income by Family Type and Number of Children	Non-Family Persons	34% of population Relatively even in all adult age groups	9% of population Nearly all young adults, few seniors	17% of population Concentrated in young adults and seniors
	Husband-Wife Families	Nbhd. median income range: \$41,800 — \$53,100 Med. income stable with increasing number of children	Nbhd. median income range: \$88,600 — \$103,000 Med. income increases with increasing number of children	Med. Income: \$66,300 Med. income increases with increasing number of children
	Lone-Parent Families	Nbhd. median income range: \$10,100 — \$27,700 20% of all families are lone parent; Med. income increases with increasing number of children	Nbhd. median income range: \$34,200 — \$42,800 8% of all families are lone parent; No change in income by number of children	Med. Income: \$30,200 17% of all families are lone parent; Med. income unchanged with increasing number of children
	Non-Family Persons	Nbhd. median income range: \$16,400 — \$25,000 19% of persons are seniors	Nbhd. median income range: \$22,700 — \$35,000 23% of persons are seniors	Med. Income: \$23,800 21% of persons are seniors
Low-income Husband-Wife Families	16% of husband-wife families Nbhd. median low-income range: \$4,900 — \$14,900	5% of husband-wife families Nbhd. median low-income range: \$3,700 — \$7,400	9% of husband-wife families Med. Income: \$11,300	

**Table 6: The City of Calgary, 2000 – Key Comparative Statistics Of Neighbourhoods (cont'd)**

Subject Area	Characteristic	Lowest Decile of Neighbourhoods	Highest Decile of Neighbourhoods	Total City
Income by Family Type and Number of Children (cont'd)	Low-income Lone-Parent Families	43% of lone parent families Nbhd. median low-income range: \$8,600 – \$13,600	15% of lone parent families Nbhd. median low-income range: \$5,200 – \$11,900	34% of lone parent families Med. Income: \$11,900
	Low-income Non-Family Persons	30% of non-family persons are low inc. 8% of low inc. non-fam. are seniors Nbhd. median low-income range: \$7,700 – \$8,900	19% of non-family persons are low inc. 5% of low inc. non-fam. are seniors Nbhd. median low-income range: \$3,000 – \$7,300	24% of non-family persons are low inc. 11% of low inc. non-fam. are seniors Med. Income: \$7,000
Sources of Labour Income	Employment	74% report employment income Nbhd. range of employment income index (Canada=1.0): 0.8 – 1.2	83% report employment income Nbhd. range of employment income index (Canada=1.0): 1.3 – 1.6	80% report employment income Nbhd. range of employment income index (Canada=1.0): 1.1
Selected Sources of Non-Labour Income	Self Employment	6.2% reporting	7.0% reporting	6.1% reporting
	Employment Insurance	7.3% reporting	4.8% reporting	6.5% reporting
	Government Transfers	Nbhd Range of EDR: 6.6 – 32.3	Nbhd Range of EDR: 2.8 – 5.2	EDR: 7.7
	CCBT	Nbhd Range of EDR: 0.2 – 3.2	Nbhd Range of EDR: 0.3 – 0.7	EDR: 0.8
	OAS	Nbhd Range of EDR: 2.3 – 16.4	Nbhd Range of EDR: 0.5 – 2.3	EDR: 2.2
	Social Assistance	Nbhd Range of EDR: 1.0 – 13.5	Nbhd Range of EDR: 0.1 – 0.3	EDR: 0.7

**Source: Statistics Canada Small Area and Administrative Data**

**Notes to Key Comparative Characteristics Tables:**

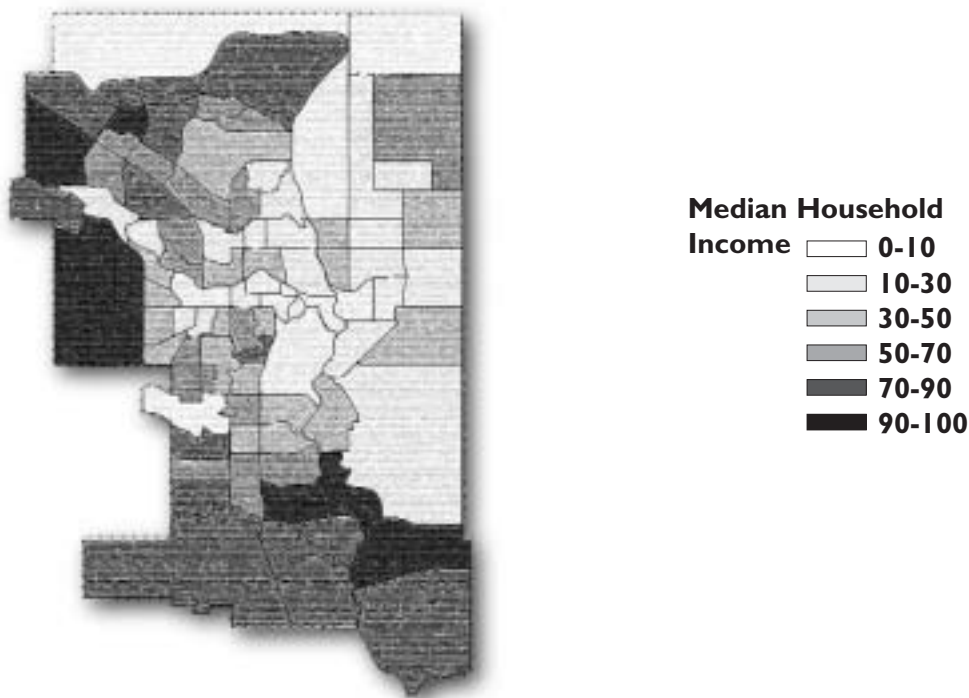
Where **ranges** are provided for median income, employment income index and EDR ratios, the high and low end of the range are provided along with the median of the range. This a “median of medians” which is not a statistical median, but rather provides further information on the grouping of neighbourhoods, since the highest and lowest of the quoted statistics in many cases reflects an outlier or describe an area where the population is very small (e.g. some of the wealthiest neighbourhoods have only a handful of low-income persons in some categories).

**% of taxfilers:** the quoted figures for % of taxfilers are precisely that: they are not shares of population. Children shown as taxfilers are those submitting an income tax return, either as teenagers or young adults working but still resident with their parents, plus other children who submit tax forms because of various instruments such as trusts or investments.

**Low-income** is defined according to Statistics Canada’s Low-Income Measure (LIM).

**EDR:** Economic Dependency Ratio is the amount received in the various types of transfer payments compared to employment income for the same geographic area. An EDR of 10.0, for example, means \$10.00 in transfer payment income for every \$100.00 in employment income.

## 2000 Median Income of Families and Non-Family Persons – City of Calgary Small Geographic Areas – Map 3



**Source:** Hemson Consulting Ltd. based on Statistics Canada Taxfiler data

**Notes:** Small geographic areas are aggregations of the City of Calgary's defined neighbourhood areas.

Families include spouses and any parent(s) with children, including those children who file tax forms. Non-Family persons are those individuals without a spouse or children living with them, but who may or may not live alone. A related or unrelated person living with a family or another non-family person is counted as a non-family person. The total universe then is slightly larger than households, but for most purposes would be a reasonable surrogate measure of households.

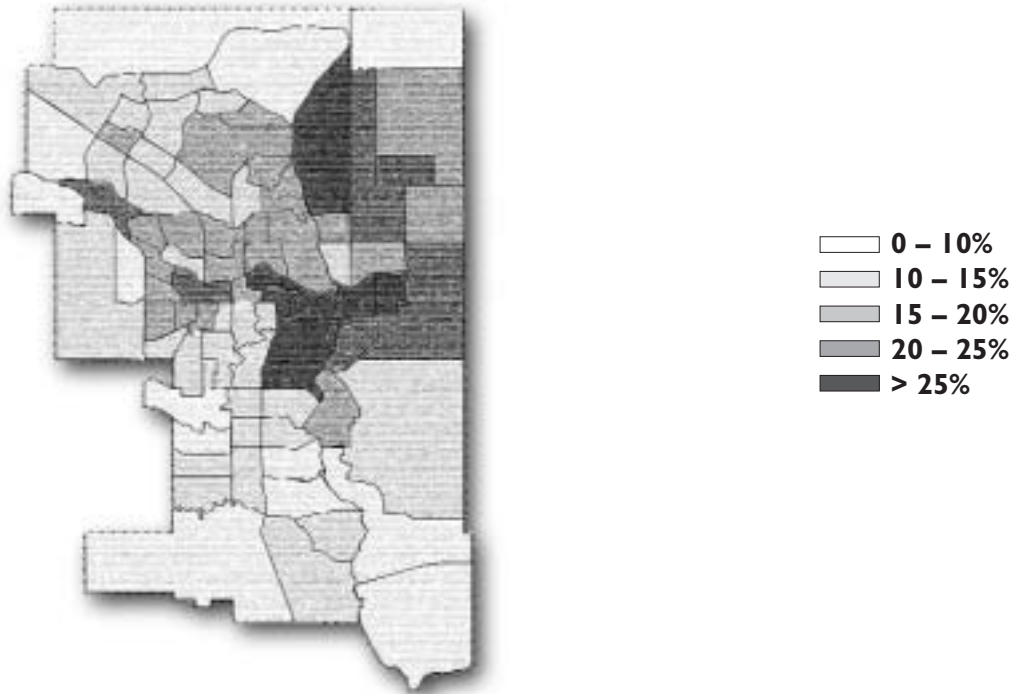
Within each of the family types incomes vary, with husband-wife families at the highest level (most of which are dual income families), lone parent families at lower levels, and non-family persons at the lowest income level. The income ranges consistently follow this pattern in lower income neighbourhoods and higher income neighbourhoods as well as in the City, the CMA, Alberta, and Canada.

Map 4: Share of 2000 Population in Low-income Households – City of Calgary Small Geographic Areas, shows the incidence of low income among Calgary neighbourhoods. Like the overall income analysis, the incidence of low income is generally concentrated in the inner City and southeast section of Calgary and generally decreases toward the edge. While both of the maps suggest highly concentrated areas of low income, within each of the neighbourhoods there still remains a relatively high level of mixing of upper- and lower-income households. There is a lower incidence of low income in the lower

income neighbourhoods and a higher incidence of low income in the higher income neighbourhoods than might be expected. The difference between the 27 per cent of low-income households in the lower income neighbourhoods and 10 per cent in the higher income neighbourhoods is a much narrower geographic gap than observed in Saskatoon or Toronto.

Sources of income data also indicate a significant mix within the neighbourhoods of Calgary. The number of people reporting employment income is only a little lower in lower income neighbourhoods than in the City and only a little higher in the higher income neighbourhoods. Again, this suggests the notion of more “working poor” in these neighbourhoods than other low-income people. This notion is also supported by the data on reliance on government transfers, which shows a relatively narrower gap between the low- and high-income neighbourhoods here than in the other study cities.

#### Share of 2000 Population in Low-income Households – City of Calgary Small Geographic Areas – Map 4



**Source:** Hemson Consulting Ltd. based on Statistics Canada Taxfiler data

**Notes:** Small geographic areas are aggregations of the City of Calgary's defined neighbourhood areas.

Share of population residing in low-income families and among non-family persons very closely approximates a measure of share of population in low-income households.

This could lead to two conclusions. The first suggests that low-income neighbourhoods in Calgary are more associated with the presence of the low-income “working poor” than with a concentration of households on some form of income support. The second conclusion, from direct observation, is that the inner city areas of Calgary are becoming increasingly gentrified and that the higher income working population is probably having an impact on the statistics. Finally, it is possible that the geographic units of analysis may influence these results and further analysis of the 2001 Census should be carried out to confirm this finding.

Changes between 1995 and 2000 can only be tracked in Calgary at higher levels of geography because the detailed postal walk data needed to compare the two periods was not available for 1995. Table 7: Calgary Change in Median Income 1995-2000, sorts the FSA geographic areas according to the lower and higher income neighbourhoods. In Calgary there is no clear pattern of income increases being concentrated in higher or lower groups, though in general the lower income areas seem to have had similar or higher rates of income growth than higher income areas. These findings should be treated with caution because each FSA covers a large geographic area and any income variation in communities within an FSA will be lost in this analysis. Further work needs to be done on the 2001 Census data to support or contrast these suggested conclusions.

**Table 7: Calgary Change in Median Income 1995-2000**

Median Income Change within FSAs, 1995 to 2000							
FSA Grouping by Median Income Percentile	Number of FSAs within Each Range of Change in Median Income, 1995 to 2000					Total FSAs	Weighted Average Change in Income within Group
	- 10% to 0%	0% to 10%	10% to 20%	20% to 30%	> 30%		
Lowest Group (percentile 0 to 13)	0	0	3	0	2	5	19.5%
Lower Group (percentile 13 to 29)	0	0	3	2	0	5	18.8%
Lower Mid Group (percentile 29 to 51)	0	1	5	0	0	6	11.7%
Higher Mid Group (percentile 51 to 69)	1	2	3	0	1	7	14.2%
Higher Group (percentile 69 to 90)	0	1	4	0	0	5	12.0%
Highest Group (percentile 90 to 100)	0	1	3	0	1	5	11.1%
Total City of Calgary	1	5	21	2	4	33	17.9%
Calgary CMA	N/A	N/A	N/A	N/A	N/A	N/A	18.2%

Source: Statistics Canada Small Area and Administrative Data

Note: The number of FSAs in Calgary does not permit organizing the information into normal deciles and quintiles (the attempt is to organise the data with a highest and lowest decile and four quintiles between). The percentiles represent the cumulative number of families and non-family persons in the grouping (this approximates cumulative households).

Table 8: Comparison of Earnings, Calgary, provides an overview of various income/earnings measures of residents in Calgary. The findings on median incomes from the taxfiler analysis (the first column) are consistent with recently released Statistics Canada data on earnings, population, and income, as reported in the table below. The numbers vary between the sources because of the different data definitions and because of the different levels of geography – the City or the Census Metropolitan Area (CMA). Median income is usually significantly lower than average income. Median represents the middle household when all incomes are arranged from the highest to the lowest. In this table, median income includes other non-employment sources of income and as a result is higher than the average employment earnings.

It is interesting to note the significant difference between the average and the full-time average earnings for workers in Calgary based on the 2001 Census. Averages for male and female earners in both earnings categories have a gap of almost \$20,000, with male earners receiving the higher income from earnings.<sup>49</sup>

Statistics Canada estimated that 14.8 per cent of the full-time, full-year workers in the Calgary CMA had earnings of less than \$20,000 in 2000. In contrast, about 4.9 per cent of full-year, full-time workers had earnings of \$100,000 or more.<sup>50</sup>

The May, 2003, Statistics Canada<sup>51</sup> release of family income reported that between 1990 and 2000 the median income of families in the Calgary CMA increased by 6.6 per cent after adjusting for inflation to \$65,488. This median is higher than the national median income (\$55,016) and the provincial median of \$60,408. The families in the lowest decile had an average income of \$13,000 compared to the top decile income average of \$248,600. The families in the lowest income group had \$1 in income for every \$19.10 in income earned by families in the highest income level. Statistics Canada estimated that Calgary families received an average of \$2,900 in government transfer payments in 2000, representing 3.4 per cent of all family income.

**Table 8: Comparison of Earnings, Calgary**

Median Income, Taxfiler Analysis** 2000	Median Family Income***, Calgary CMA, 2001 Census	Average Earnings, City of Calgary 2001 Census	Average Earnings, Calgary CMA 2001 Census	Full-Time Average Earnings, Calgary CMA 2001 Census	Full-Time Average Earnings, Calgary CMA, 2001 Census
\$42,900 (City) \$43,500 (CMA)	\$65,488	\$36,493	\$36,851	\$48,804	\$49,326

Source: Statistics Canada Small Area and Administrative Data and Statistics Canada 2001 Census; Statistics Canada, Earnings Release, March 11, 2003, Calgary Analysis; and, the Family Income Release, May 13, 2003.

\*\* The taxfiler data includes all family and non-family persons.

\*\*\* Median income includes employment and non employment sources of income.

As outlined earlier, the 2001 FCM Quality of Life Reporting System Report contains a comprehensive set of indicators including information on income and income distribution. Table 9 compares change in family income between, by percentiles or groups of the population in Calgary.

Except for the rate of increase for the lowest decile group in 1996 – 1998, the upper decile had the greatest percentage increase in income over both time periods. The FCM report does not explain the large rate of increase for the bottom decile.

Rates of low income declined over the latter half of the 1990s from 19.9 per cent in 1995 to 16.8 per cent in 1998 and about 15 per cent in 1999.<sup>52</sup> Despite this decline in the overall rates, certain groups continue to be at risk of low income. The City of Calgary reported the incidence of low income for high risk groups as follows: Aboriginal persons 51 per cent; lone parent families 50 per cent; recent immigrants 47 per cent; people with disabilities 34 per cent; visible minorities 32 per

cent; and children 24 per cent.<sup>53</sup> In addition, there is a growing, gap between high and low-income earners and evidence that suggests increasing geographic concentration of income in certain areas of the city.

The percentage of the population living in low-income households in Calgary was 20.6 per cent in 1996. A City of Calgary document, *Income Inequality*, provides evidence that poverty has become increasingly concentrated in certain communities in Calgary. The City found that between 1991 and 1996, low-income rates increased in 107 communities in Calgary, decreased in 37, and was stable in one community. The number of communities with rates of low income of 40 per cent or greater increased from five communities in 1991 to 11 in 1996. The numbers of communities with rates of 50 per cent or greater levels of low income increased from 3 to 5 communities over this same time period. Within Calgary's communities, it was found that income distributions became increasingly skewed and the polarization of income increased

**Table 9: Percentage Change in Total Family Income by Income Percentiles – Calgary**

	10% tile	20% tile	30% tile	40% tile	50% tile	60% tile	70% tile	80% tile	90% tile
1996 – 1998	14.09	12.55	11.64	11.11	10.68	10.71	10.70	11.2	13.07
1992 – 1996	-10.70	-1.20	0.60	2.40	3.40	4.60	6.00	7.80	10.20
<b>In 1998 Dollar Value</b>									
1996 – 1998	11.26	9.76	8.87	8.35	7.93	7.97	7.96	8.44	10.26
1992 – 1996	-18.20	-8.70	-6.90	-5.10	-4.10	-2.90	-1.50	0.30	2.70

Source: FCM Quality of Life Reporting System, 2001 Quality of Life Report, Tables 2.3 and 2.4

in 80 communities and decreased in 69.<sup>54</sup> Between 1990 and 1995, 19 communities experienced increases in household income and 117 communities experienced declines in income.<sup>55</sup>

Another analysis described income distribution in Calgary and how it had worsened in the 1990s.<sup>56</sup> The analysis showed how income disparity declined steadily from 1960 to 1990, at which point the trend reversed and it began to increase. The income gap between the community with the highest median income and the community with the lowest increased significantly from \$77,852 in 1990 to \$156,820 in 1995.<sup>57</sup> The 2000 level of inequality (Gini Coefficient of Income Inequality) was comparable to the high inequality levels recorded between 1975 and 1980.

The Inner City Forum on Social Policy report, *No Safeguards: A Profile of Urban Poverty in Alberta*,<sup>58</sup> estimated that 24 per cent of children 0 to 14 years old lived in households with incomes below the poverty line (LICO) in Calgary. About 50 per cent of lone parent households had incomes below the LICO.<sup>59</sup> If the family was headed by a woman, it was even more disadvantaged because women received significantly lower wages than men. It was estimated that 37 per cent of lone parent household income came from government transfer programs. Approximately 16 per cent of two parent families had incomes below the LICO measure in Calgary in 1996, which is higher than the provincial average of 14 per cent. About 42 per cent of single unattached individuals had incomes described as low-income.

Another low-income group is the minimum wage earners. It was estimated that minimum wage earners lost over half their purchasing power in Calgary over the last 25 years.<sup>60</sup> In 1976, a lone parent had to work 42 hours to reach the LICO level; it is estimated that now they must work 84 hours.<sup>61</sup> Under current minimum wage levels, a full-time worker in Calgary would only earn 69 per cent of the income required to meet LICO. Unfortunately a low-income person is more likely to work part time or part year than full-time in Calgary. Ten percent of low-income earners work full time, 25 per cent work part time, and about 33 per cent are unemployed.<sup>62</sup> In Calgary about 46.6 per cent of all workers work in part-time or part-year jobs.<sup>63</sup>

In contrast, the average Calgarian has experienced positive growth in per capita income each year since 1996. In 2001, it was estimated that Calgary workers had the highest average income in Canada, at almost \$40,000 per year.<sup>64</sup>

The gap between low and high incomes seems to increase with age. A study of low-income workers in Calgary calculated that low-income workers in the 15 – 24 years age category earned about 70.3 per cent of the average wages for the age group. Low-income workers aged 45 – 54 years earned 21 per cent of the average wages for the age group.<sup>65</sup>

Visible minorities made up 16.5 per cent of Calgary's population in 1996. It was estimated that 31.8 per cent of visible minorities had incomes below the LICO and they were twice as likely to live below the poverty line as non-visible minority people. There was an income gap of about 31 per cent between visible minority incomes and the average income for workers in of Calgary. There was a minimal difference between the average earnings of low-income visible and non-visible minority people.<sup>66</sup>

About 3 to 4 per cent of the total immigrants to Canada settle in Calgary.<sup>67</sup> Recent immigrants receive substantially lower wages and less total income than other groups, including longer term immigrants. They are also more likely than non-immigrants to be unemployed or employed part-time. It was estimated that 47 per cent of immigrants had incomes below the LICO in 1996.<sup>68</sup>

About 1.9 per cent of Calgary's population is made up of Aboriginal people. They tend to be younger than the non-Aboriginal population and are growing at a faster rate. 51 per cent of the Aboriginal population in Calgary live below the LICO. They earn almost one third less than non-Aboriginal workers in Calgary.<sup>69</sup> In 1995, about 36 per cent of Aboriginal workers had incomes below the LICO measure compared to 15.7 per cent for non-Aboriginal workers.<sup>70</sup>

Approximately one person in ten in Calgary is disabled. Of the persons with disabilities, 34 per cent have low incomes, below the LICO.<sup>71</sup> They were less likely to participate in the workforce (38 per cent) and only 16 per cent of those who worked had full-time, full-year employment (compared to 42.8 per cent for non-disabled workers).<sup>72</sup> There is a similar story for earnings – among all low-income persons, disabled persons had the lowest income levels, about one quarter less than other low-income individuals in Calgary.<sup>73</sup>

The City of Calgary conducts homelessness counts every two years. Based on their one night survey in 2002, they found that homelessness had increased by 34 per cent between 2000 and 2002. It had tripled in the period 1992 – 2000.<sup>74</sup> There were about 1,800 people on the waiting list for affordable

housing in Calgary in September 2001. About half of the absolutely homeless were employed in 2002, up by 5 per cent from the 1997 results. These individuals could not find suitable or affordable housing on their minimum wage income. The study confirmed that homelessness is more entrenched now than in 1997.

The Calgary Inter-faith Food Bank distributed food to approximately 130,000 people in 2000. The Calgary Health Region estimated that about 8 per cent of parents and 25 per cent of lone parents with children under 19 years old ran out of money for food each month in the period 1996 – 1997. Use of food banks continues to increase; food bank use was estimated at 25 per cent higher in 2000 than it was in 1997.<sup>75</sup> Between 32 and 41 per cent of food bank users reported employment income as their main source of income in 2001.<sup>76</sup>

## Responses

Responses to low-income related problems in Calgary tended to focus on enhancing the understanding of the issue through research and analysis and by communicating the findings/results of the research. Informing community leaders and decision makers about income and social issues broadened the understanding of the nature and scope of the issues. Actions tended to be based in the tradition of community-private sector partnership, with the public sector playing a supporting and facilitating role.

The following are some examples of Calgary responses:

- The *Calgary Foundation* enables individuals, families, and organizations of all means to enrich the Calgary and area community through a broad range of Endowment Funds, most donated in perpetuity to the Foundation. The Foundation provides grants to diverse organizations and projects that address critical issues and improve the quality of life for residents. For the year ended March 31, 2002, it provided grants totaling \$9.1 million to 433 registered charitable organizations.
- The *Calgary Homelessness Foundation* is a partnership of businesses and the community. It successfully raised funding for the construction of two large homeless shelters in downtown Calgary. The Foundation was recently engaged in a process to assess future directions for responding to housing and homelessness issues in Calgary.
- *Community Associations* have been established in each community in Calgary. These associations are supported by the City and focus mainly on recreation. Some have

taken on broader roles in the community and have played a role in developing the local community.

- The City of Calgary, the United Way, the University of Calgary and various community service providers and foundations have undertaken significant analysis of income-related issues in the city. For example, various units in the City of Calgary collaborated to produce *Indices of Community Well-Being*. This report identified three categories – economic well-being, social well-being and physical well-being – and developed a number of indicators under each dimension. The analysis reported on incidence and volume and included an index of risk to measure the percentage of individuals who experience a particular indicator in a particular community. The community-by-community analysis is also mapped.
- Complementing this research and analysis is the recognition that there is a need to inform and to raise awareness of the issues. In a joint document, the United Way of Calgary and Area, the YWCA, and the Calgary Homeless Foundation state, “Our intention is to find creative ways to meet the current serious needs of all Albertans living in poverty, and at the same time, to open a deeper dialogue with private and public sector partners to develop complementary strategies.”<sup>77</sup>

## Government Policies/Programs

As with other cities in Canada, most social problems in Calgary are exacerbated by provincial and federal policy and program changes. The city is the first to feel the impact.

Many examples were offered by stakeholders of programs that have a negative impact on the people of Calgary. In 1993, the provincial government made changes to its income support programs. It tightened eligibility criteria for people receiving Supports for Independence (SFI), and reduced benefits by about 20 per cent. This program provides a standard allowance and a shelter benefit based on the number of persons in a household and the age of children in the family. Since 1993, inflation has further eroded the value of the benefits by 18 per cent. In August, 2001, the rates were changed for families with children to reflect the implementation of the National Child Benefit. SFI recipients are eligible for other benefits such as prescriptions, optical, and dental. The Assured Income for the Severely Handicapped (AISH) also provides low benefit levels – recipients of this program are guaranteed to have low income.

Federally, the Canada Health and Social Transfer, introduced in 1995 was noted as bringing a \$7 billion cut in funding for social, health- and post-secondary education. The National Child Benefit, introduced in 1995 by the federal government, was identified as a successful income support program for working low-income families. Unfortunately, the benefit is deducted from the Supports for Independence allowances by the province.

The Province introduced a flat income tax of 10 per cent in 2001. This uniform tax rate is paid by all earners, regardless of income. Many stakeholders commented on its regressive and unequal impact on lower wage earners.

The City of Calgary is described as having a unique culture and philosophy that puts pressure on City Council to minimize its direct role and level of active involvement in the community. It was felt there was little support for tax increases to support additional or broader services. Many thought this perspective originated in the ‘bootstraps’ culture that believes that neither residents nor businesses should receive handouts.

Finally, the increasing use of municipal user fees as well as rising charges in other service areas like health care, were described as “chipping away” at household income, particularly middle and low-income.

In 2001, the Province conducted a review of its Low-Income Programs. Its final report summarized the issues it identified through its research and consultations. Not surprisingly, these issues reinforce those identified by stakeholders in this study. The issues included:

- Inadequate level of financial support
- Inadequate supply of affordable housing
- Restricted health care coverage and medical benefits for low-income adults
- Inadequate support for the costs of raising children
- Need for enhanced or modified employment and training supports for low income
- Lack of information about available programs and services

## **What can be done in the future?**

There were a number of suggestions on how to respond to the growing income disparity in Calgary. Stakeholders who had greater knowledge of the issue identified a specific range of services and supports that are needed – they include increasing income support, and providing employment supports, affordable housing, health and recreation services, and mental health services.

Others identified the need to raise awareness of the issues, and to educate people about the implications of growing disparities and low income. It was felt that this would help garner support for program and policy reform and community-based responses.

Partnerships and collaboration were mentioned frequently, but they were described as community and business partnerships. Government was included less frequently as a partner.

## **Who should be doing it?**

Respondents in Calgary were less clear on whose responsibility the growing income gap was. They did not want to assign it to government, because of an apparent mistrust of government and a belief that government should play a more minimal role. There was a stronger sense that businesses and corporations should be playing a greater role. As noted above, community-business partnerships were frequently identified as effective means for solving problems.

## **Stakeholder Perspectives and Implications**

Calgary was often described as a ‘city that cares’ and examples were given of community and business partnerships and volunteerism to support that description. Not everyone agreed with the giving culture. Some said that corporate giving and volunteering was good PR. Others worried that community services had come to be dependent on corporate giving and volunteerism and that a decrease in this type of support would be disastrous.

Some respondents commented that the poor are being driven from the city to areas that are further from the city centre because of redevelopment and gentrification. This results in additional problems related to lack of services and lack of access to services. Others commented that the new suburban developments are characterized by poor design and sprawl, both of which will exacerbate the income gap. These communities will compete for limited public resources to maintain servicing, public transit, and public facilities in an environment that is not conducive to cost-effective delivery of these services. Others suggested that the new communities are not paying

for themselves. They commented on the need for the City to provide roads and other transportation infrastructure to support this new development. It was stated that “growth makes things worse.”

Some respondents identified that Calgary is facing a huge and growing income gap and that it is at crisis level. Poverty was described as hidden and largely ignored by general population. Within certain contexts stakeholders said it was very noticeable, for example in schools, but not everyone would see the problems. Others suggested a “Social Darwinism”, “bootstraps” and personal “choice” explanation for the fact that they think some poor people choose to live in poverty. For example, one respondent commented that affordable housing is needed in Calgary “as long as the right people get it. People who want to make it but just can’t.”

Also, a number of people commented that residents of Calgary see the new shelter facilities and feel that things are being done to help the poor. As homelessness is a visible problem, a visible “feel good” “bricks and mortar” solution is one that people can identify with. They commented that it is much harder to deal with poverty and rising inequities because people feel it is a work ethic issue and cannot see the structural barriers facing the poor. It was also noted that the media does not write many stories about the poor in Calgary – stories like these are felt to be too political for the media. Interestingly, requests for a meeting with a representative from the *Calgary Herald* are not accommodated. Few non-profit organizations are involved with advocacy or public education. They fear they risk losing charitable status as well as provincial funding. They are also concerned that there could be a loss of corporate support if they “upset the apple cart.”

There were frequent references to the increasing geographic isolation and polarization in the City. One respondent described the poorer areas as “high density, low-income ghetto pockets throughout the City. “They used to be in the central city, but now they are throughout.” Another referred to the geographic clusters of poor and rich people and that the only area they overlapped is in the downtown core. It was also identified that there is less opportunity for interaction between groups in the geographic areas of the city. Fears were expressed that this will loosen the connection between communities and residents and that it will lead to an eroding of the “community helps community” attitude that Calgary is known for.

In addition, low pay combined with long hours of work serves to isolate low-income individuals from social and recreational activities and broader participation in the community.


Lack of access to affordable transportation, either because of cost or inadequate service makes the isolation deeper. It is recognized that this isolation is geographically concentrated as well as concentrated in certain population subgroups.

Many respondents noted the increasing equity issues between communities. They identified growing gaps between the quality of infrastructure, services and the general environment in the rich and poor neighbourhoods. Richer communities can raise money for community centres, schools, parks and recreation programs. As school funding has been cut back, communities are increasingly raising money for textbooks, computers, nonessential equipment and supplies, and educational enhancements. It was commented that this has increased the inequities between communities. Similarly, communities have to raise money to replace playground equipment declared not safe. In addition, in Calgary, communities can pay for ‘enhanced’ park maintenance. This is clearly easier for wealthier communities than it is for poorer ones. A respondent explained that one community received land from the city, did its own fundraising, and built a community centre. The respondent commented that this option is not open to poorer communities, and noted the unfairness of it. Other stakeholders noted that the middle class is shrinking in Calgary and that it has a limited voice.

One respondent gave examples of the differences she saw in her movement between poorer and richer neighbourhoods. She said that the poorer areas get the older, dirtier buses while the middle class areas get the new buses and others that are much better maintained and cleaned. Similar comments were made about the quality of chain stores. The example was given of a major grocery chain, that has stores in poorer and richer neighbourhoods. The stores in the poorer area are older, more run down, and the quality of the products varied from those in the middle and richer areas.

In 2001, Calgary experienced a transit strike. It was suggested by more than one respondent that this strike highlighted the disparities between the rich, who had cars, and the poor, who had no form of transportation. Early in the strike, the City had to step in and give away cab vouchers for people with limited income and no way of getting around the city.

On the other hand, Calgary is a wealthy and successful city. One respondent spoke of a series of Global TV News reports that aired in November, 2002. One news story was about the growing waiting lists at Calgary luxury car dealers for vehicles over \$100,000. Another night they included a report of the



growing number of purchasers looking for homes over \$2 million in Calgary. As in other cities, there is an increasing worry in Calgary about security and home safety.

A number of respondents commented that there is more than an income gap – there are more things you have to pay for and increases in general in the prices of goods and services.

A gap was also evident in access to technology and computers. While Calgary has the highest ownership of home computers, there is an access gap for the lowest income families. Other respondents commented that there are increasing defaults to the city on utility payments – further evidence that things are getting worse for the poor in the city.

Another respondent highlighted the gap in education attainment in Calgary. For example, in the 1996–97 school year only nine Aboriginal students graduated from Grade 12 of the Calgary Board of Education.<sup>78</sup> The respondent commented further that Aboriginal people are invisible in Calgary. The population is transient and unstable, and frequently moves back and forth to the reserves or to other cities. It was also noted that there is evidence of a growing gap within the Aboriginal community between the haves and the have-nots, perhaps mirroring the gap in the non-Aboriginal population.

It was reported that health providers are making decisions to keep people in hospital longer because supports are not available in the home for low-income patients. There is no hospital in Calgary's downtown core, which creates additional access issues. Individuals and families from all socio-economic backgrounds were seen as having increasing difficulty accessing medical treatment. One professional told the story of a young family member who was given an IV antibiotic treatment and told to report to the hospital twice a day for about a week for monitoring purposes. The professional commented that this would not be possible for a poor person who did not have access to a car and/or could not get time off work. In a personal way, this anecdote highlighted the growing access gap in our health care system.

Homelessness is an issue that has captured the attention of leaders in Calgary over the past few years. The results of surveys and research by the Calgary Homeless Foundation in 2002 confirmed that homelessness was more entrenched than it was in 1997, the date of the previous survey. The research looked at

the absolute homeless, people living on the street and in emergency shelters, as well as the relative homeless, those whose living spaces do not meet the basic health and safety standards. It found that the characteristics of homelessness were changing in Calgary – there was an increase in the number of times a person is homeless, and an increase in the percentage of people homeless for more than one year and more than five years. For the relative homeless, 34 per cent were caring for at least one other person, in two thirds of the situations; the other person was a child or children. Many of the respondents from both groups had mental health problems, dental problems and difficulty accessing health care. They indicated a need for subsidized housing and stated that their goal was to be independent.

Calgary Police report public disorder dispatch calls have increased in the past few years. Their research has indicated that a high rate of low income in communities is linked to social disorder. The Police crime statistics from 2001 note a difference in crime rates between low- and middle- to high-income communities.

Some of the respondents warned that things are getting worse, and that they have never seen so many homeless families before. Many said that they feel the gap in incomes is growing and fear that as the population ages the gap will increase. On the other hand, some are increasingly confident that something will be done. As one respondent stated, there is a “glimmer of hope for the future”. Individuals and groups are working together to raise awareness of issues arising from high rates of low income.

Others felt good about the results of recent efforts to help the homeless. They spoke of the strong support for helping the poor and are proud of the community effort to fill gaps in the service system. These respondents do not feel the growing income gap is an issue in Calgary. As evidence, one respondent noted that a recent United Way study on Low-Income Workers got some press, but did not have a significant impact.

Finally, there were some in the middle who could not decide whether it is getting worse or if they felt it is getting worse because they have more exposure to the problem and more information/knowledge about it. Evidence suggests that the income gap is declining but they noted that peoples' perception is that it is increasing because they are more aware of the issue.

## TORONTO

Toronto is much larger and more diverse than any other city in Canada. Its population in 2001 was 2.481 million, a 4 per cent increase over the 1996 Census.<sup>79</sup> Toronto is the central city of a much larger metropolitan area, known locally as the Greater Toronto Area (GTA), which had a 2001 population of 5.081 million and is adding more than 100,000 people annually. About half of the GTA population lives in the City of Toronto. The GTA is one of the fastest growing regions in North America.<sup>80</sup> It is estimated that the population will grow by 19 per cent in the GTA and 10 per cent in Toronto by 2011.

The Toronto population increase is expected to come largely from immigration; four in ten immigrants to Canada settle in Toronto. Between 1991 and 2001, over half a million people immigrated to Toronto. This immigration builds on previous years of immigration and now Statistics Canada estimates that nearly one half of the residents in Toronto has a first learned and still understood language other than English or French. Immigration offsets the out-migration of Toronto residents to the GTA and other areas in the province and country.

To some extent, Toronto's size and diversity make it more difficult to summarise the key characteristics or to identify upper and lower income neighbourhoods than in other cities in the country.

As shown on Map 5: 2000 Median Income of Families and Non-Family Persons – City of Toronto Postal Forward Sortation Areas and Map 6: Share of 2000 Population in Low-income Households – City of Toronto Postal Forward Sortation Areas, both the lower and upper income neighbourhoods are widely distributed in Toronto. This is partly a function of the size of the urban area. It is notable that while relatively small proportions of low-income neighbourhoods are in the central parts of the city, more are in the former Metro suburbs of Scarborough and North York. Upper income neighbourhoods are somewhat more clustered than the lower income areas. In particular, there is a concentration of high-income areas generally in the Yonge-Bayview corridor of the former City of Toronto and the former North York.

As in Calgary and Saskatoon, income levels are lower in the city than in the outer GTA suburbs/regions. In general, there are fewer low-income neighbourhoods in the regions surrounding Toronto (York, Peel, Durham and Halton) and more upper

income neighbourhoods, although many of the very highest income areas are in the former City of Toronto, East York and North York.

Table 10: City of Toronto, 2000: Key Comparative Statistics of Neighbourhoods, at the end of this section, provides an overview of the key comparative characteristics taken from the taxfiler data analysis for 2000. The taxfiler analysis compares median income between neighbourhoods and provides a description of income related characteristics of the communities. The median income calculation combines income from family and non-family persons (persons 15 years or older who have filed a tax return) from the taxfiler data. It does not analyse income within the communities. A number of conclusions can be drawn from the Table.

The City of Toronto's median income, based on taxfiler analysis, was \$33,900, which is lower than Canada's national median income of \$36,300, and significantly below Ontario's provincial median income of \$41,100.<sup>81</sup> The lower income neighbourhoods fall in a range far below the overall median and the upper income neighbourhoods far above. The highest median income neighbourhood in Toronto has 20 times the median income of the lowest income neighbourhood.<sup>82</sup>

The upper and lower income neighbourhoods do not have a significantly different average age from the City population, though the high-income neighbourhoods are slightly older. Within the age structure, however, there are some differences. Children form a smaller part of the population in both upper and lower income areas than in the City as a whole. Seniors, however, are more concentrated in the upper income areas than lower income. The proportion of working age people also does not vary highly between the upper and lower income neighbourhoods and the City overall.

Within family types incomes vary, with husband-wife families at the highest level (most of which are dual income families), and lone parent families lower and non-family persons receiving the lowest levels of income. The income ranges consistently follow this pattern in lower income neighbourhoods and higher income neighbourhoods as well as in the City, the CMA, Ontario, and Canada.

The low-income incidence statistics indicate a wider gap between the neighbourhoods than was shown by the other data. The incidence of low income is quite high in low-income neighbourhoods – one-third of the husband – wife families and

**Table 10: City of Toronto, 2000 – Key Comparative Statistics of Neighbourhoods**

Subject Area	Characteristic	Lowest Decile of Neighbourhoods	Highest Decile of Neighbourhoods	Total City
Definition		15 neighbourhoods 120,000 taxfilers 243,100 persons Nbhd. Median Income Range: \$7,100 — \$26,100	25 neighbourhoods 114,300 taxfilers 244,700 persons Nbhd. Median Income Range: \$48,700 — \$141,100	128 neighbourhoods 1,148,600 taxfilers 2,424,400 persons Nbhd. Median Income Range: \$7,100 — \$141,100
Age Structure and Family Type	Average Age	37 years	40 years	37 years
	Population Age Structure:	0–19: 23.2% 20–64: 64.4% 65+: 12.4%	0–19: 21.6% 20–64: 62.4% 65+: 16.1%	0–19: 24.0% 20–64: 62.4% 65+: 13.6%
	Parents in Husband-Wife Families	38% of population no sig. difference in age structure	50% of population no sig. difference in age structure	45% of population no sig. difference in age structure
	Children in Husband Wife Families	17% of population no sig. difference in age structure	24% of population no sig. difference in age structure	22% of population no sig. difference in age structure
	Parents in Lone-Parent Families	6% of population no sig. difference in age structure	3% of population no sig. difference in age structure	5% of population no sig. difference in age structure
	Children in Lone-Parent Families	10% of population no sig. difference in age structure	5% of population no sig. difference in age structure	8% of population no sig. difference in age structure
	Non-Family Persons	28% of population Relatively even in all adult age groups	18% of population Nearly all young adults, few seniors	20% of population Concentrated in young adults and seniors
	Income by Family Type and Number of Children	Husband-Wife Families	Nbhd. median income range: \$7,700 — \$39,700 Med. income stable with increasing number of children	Nbhd. median income range: \$67,400 — \$239,400 Med. income increases with increasing number of children
	Lone-Parent Families	Nbhd. median income range: \$19,800 — \$30,900 25% of all families are lone parent; Med. income increases with increasing number of children	Nbhd. median income range: \$21,400 — \$95,600 12% of all families are lone parent; No change in income by number of children	Med. Income: \$24,400 18% of all families are lone parent; Med. income unchanged with increasing number of children
	Non-Family Persons	Nbhd. median income range: \$6,300 — \$22,800 23% of persons are seniors	Nbhd. median income range: \$21,200 — \$56,000 33% of persons are seniors	Med. Income: \$23,800 21% of persons are seniors
	Low-income Husband-Wife Families	33% of husband-wife families Nbhd. median low-income range: \$6,700 — \$14,700	8% of husband-wife families Nbhd. median low-income range: \$600 — \$10,100	9% of husband-wife families Med. Income: \$11,300

**Table 10: City of Toronto, 2000 – Key Comparative Statistics of Neighbourhoods (cont'd)**

Subject Area	Characteristic	Lowest Decile of Neighbourhoods	Highest Decile of Neighbourhoods	Total City
Income by Family Type and Number of Children (cont'd)	Low-income Lone-Parent Families	55% of lone parent families Nbhd. median low-income range: \$7,800 – \$13,400	24% of lone parent families Nbhd. median low-income range: \$1,100 – \$12,200	34% of lone parent families Med. Income: \$11,900
	Low-income Non-Family Persons	47% of non-family persons are low inc. 20% of low inc. non-fam. are seniors Nbhd. median low-income range: \$5,500 – \$10,700	17% of non-family persons are low inc. 24% of low inc. non-fam. are seniors Nbhd. median low-income range: \$6,500 – \$11,000	30% of non-family persons are low inc. 32% of low inc. non-fam. are seniors Med. Income: \$8,300
Sources of Labour Income	Employment	66% report employment income Nbhd. range of employment income index (Canada=1.0): 0.4 – 1.8	77% report employment income Nbhd. range of employment income index (Canada=1.0): 1.1 – 7.6	73% report employment income Nbhd. range of employment income index (Canada=1.0): 1.1
Selected Sources of Non-Labour Income	Self Employment	11% reporting	24% reporting	15% reporting
	Employment Insurance	8% reporting	6% reporting	9% reporting
	Government Transfers	Nbhd Range of EDR: 1.1 – 28.0	Nbhd Range of EDR: 1.9 – 14.8	EDR: 13.1
	CCBT	Nbhd Range of EDR: 0.9 – 4.2	Nbhd Range of EDR: 0.2 – 1.4	EDR: 0.3
	OAS	Nbhd Range of EDR: 2.5 – 11.8	Nbhd Range of EDR: 0.8 – 4.9	EDR: 3.7
	Social Assistance	Nbhd Range of EDR: 1.9 – 8.9	Nbhd Range of EDR: 0.1 – 0.9	EDR: 1.9

**Source: Statistics Canada Small Area and Administrative Data**

**Notes to Key Comparative Characteristics Tables:**

Where **ranges** are provided for median income, employment income index and EDR ratios, the high and low end of the range is provided along with the median of the range. This a “median of medians” which is not a statistical median, but rather provides further information on the grouping of neighbourhoods, since the highest and lowest of the quoted statistics in many cases reflects an outlier or describe an area where the population is very small (e.g. some of the wealthiest neighbourhoods have only a handful of low-income persons in some categories).

**% of taxfilers:** the quoted figures for % of taxfilers are precisely that: they are not shares of population. Children shown as taxfilers are those submitting an income tax return, either as teenagers or young adults working but still resident with their parents, plus other children who submit tax forms because of various instruments such as trusts or investments.

**Low-income** is defined according to Statistics Canada’s Low-Income Measure (LIM).

**EDR:** Economic Dependency Ratio is the amount received in the various types of transfer payments compared to employment income for the same geographic area. An EDR of 10.0, for example, means \$10.00 in transfer payment income for every \$100.00 in employment income.

The “Sources of Labour Income” and “Selected Sources or Non-Labour Income” in the Toronto data are only for families (this excludes non-family persons, who represent just less than 20 per cent of the universe of taxfilers). Because of the differing base for the data, caution should be used in comparing these sources of income statistics to those of Calgary and Saskatoon.

2000 Median Income of Families and Non-Family Persons – City of Toronto Postal Forward Sortation Areas – Map 5



Source: Hemson Consulting Ltd. based on Statistics Canada Taxfiler data

Notes: Families include spouses and any parent(s) with children, including those children who file tax forms. Non-Family persons are those individuals without a spouse or children living with them, but who may or may not live alone. A related or unrelated person living with a family or another non-family person is counted as a non-family person. The total universe then is slightly larger than households, but for most purposes would be a reasonable surrogate measure of households.

slightly over half of lone-parent families in these areas are low income. These rates of low income are much higher in the low-income areas than upper income areas, although the incidence of low income among lone-parent families in upper income neighbourhoods is somewhat higher than might be expected.

Changes between 1995 and 2000 income are only tracked in the City of Toronto at the FSA level of geography because the detailed postal walk data needed to compare the two periods

was not available for 1995. Table 11: City of Toronto Change in Median Income 1995-2000, sorts the FSA geographic areas for the City of Toronto into lower and higher income neighbourhoods. In Toronto, there is no overwhelming pattern of income gains or losses. However, the increase in income among the 70 to 90 quintile and highest decile is significantly greater than the city-wide average. The other areas of Toronto were close to the city-wide average increase in income. Notably, the lowest decile of neighbourhoods fared somewhat better than the three

**Table 11: City of Toronto Change in Median Income 1995-2000**

Median Income Change within FSAs, 1995 to 2000							
FSA Grouping by Median Income Percentile	Number of FSAs within Each Range of Change in Median Income, 1995 to 2000					Total FSAs	Weighted Average Change in Income within Group
	- 10% to 0%	0% to 10%	10% to 20%	20% to 30%	> 30%		
Lowest Decile	1	2	8	2	1	14	15.7%
Quintile (10 to 30)	0	3	13	4	0	20	13.4%
Quintile (30 to 50)	0	2	14	3	1	20	15.6%
Quintile (50 to 70)	0	4	9	3	0	16	13.3%
Quintile (70 to 90)	0	4	13	6	4	27	17.3%
Highest Decile	1	1	7	10	5	24	20.4%
Total City of Toronto	2	16	64	28	11	121	15.3%

Source: Statistics Canada Small Area and Administrative Data

Share of 2000 Population in Low Income Households – City of Toronto Postal Forward Sortation Areas – Map 6



Source: Hemson Consulting Ltd. based on Statistics Canada Taxfiler data

Notes: Share of population residing in low income families and among non-family persons very closely approximates a measure of share of population in low-income households.

quintiles covering the 20 to 70 income groupings. This data suggests that income in the highest income neighbourhoods is growing more rapidly than in other areas, thus widening the income gap in Toronto. The lower and middle-income areas demonstrate a different but consistent pattern of income change. These findings should be used with caution because each FSA covers a large area and includes a significant population. Income variations in communities within an FSA will be lost in this analysis. Further work needs to be done once the 2001 Census details are available to support or contrast the suggested conclusion from this analysis.

Sources of income data indicate a moderate gap in the proportion of the population with employment income between the lower and higher income areas. In addition, given the

relatively high proportion of people with employment income, the reliance on government transfers within the lower income neighbourhoods is remarkably high. The statistics for the lower income neighbourhoods indicate both a large number of low-income “working poor” along with a relatively large number of people reliant on government transfers.

Table 12: Comparison of Earnings, Toronto, presents a summary of various descriptions of income/earnings of residents of Toronto. The findings regarding median income are consistent with recently released Statistics Canada data on earnings, population, and income. The numbers vary between the sources because of the different data definitions and because of the different levels of geography – the City or the Census Metropolitan Area (CMA). Usually median income is significantly lower than

**Table 12: Comparison of Earnings, Toronto**

Median Income, Taxfiler Analysis, 2000**	Median Family Income***, Toronto CMA, 2001 Census	Average Earnings, City of Toronto – 2001 Census	Average Earnings, Toronto CMA – 2001 Census	Full-Time Average Earnings, City of Toronto – 2001 Census	Full-Time Average Earnings, Toronto CMA, 2001 Census
\$33,900 City \$40,100 CMA	\$63,700	\$37,833	\$38,598	\$50,522	\$51,111

Sources: Statistics Canada Small Area and Administrative Data and Statistics Canada 2001 Census; Statistics Canada, Earnings Release, March 11, 2003, Toronto Analysis; and, Statistics Canada, 2001 Census: analysis series, Income of Canadian Families, May 13, 2003.

\*\* The taxfiler data includes all family and non-family persons.

\*\*\* Median income includes employment and non-employment sources of income.

average income. Median represents the middle household income when all incomes are arranged from the highest to lowest. Average calculations reflect the impact of the higher incomes, which increase the average for the population group or neighbourhood.

It is interesting to note the significant variation between the average and the full-time average earnings based on the 2001 Census. Averages for male and female earners in both earnings categories show a difference, with male earners receiving \$15,000 – \$16,000 more in income from earnings.

Statistics Canada estimated that 12.56 per cent of the full-time, full-year workers in the Toronto CMA had earnings of less than \$20,000 in 2000. About 4.8 per cent of full-time, full-year workers had earnings of \$100,000 or more.<sup>83</sup>

Unlike in Calgary or Saskatoon, the median income of families in the Toronto CMA fell by 4.2 per cent between 1990 and 2000, after adjusting for inflation. The 2000 median was \$63,700. The lowest 10 per cent of families had an average income of \$9,600 in 2000. In comparison, the top 10 per cent had an average income of \$261,000. For every \$1 of income for families in the lowest decile, families in the highest decile received \$27.30. On average, families in Toronto received \$2,900 in government transfer payments in 2000, representing about 3.4 per cent of all family income.<sup>84</sup>

As outlined earlier, the 2001 FCM Quality of Life Reporting System Report contains a comprehensive set of indicators including information on income and income distribution. Table 13: Percentage Change in Total Family Income by Income Percentiles – Toronto, compares the percentage change in family income by percentiles or groups of the population in Toronto. Using current value and 1998-dollar value, it shows for both

time periods that the upper deciles of the population of Toronto received significantly higher percentage increases in total family income.

The City of Toronto recently conducted a preliminary analysis of the 2001 Census Income data.<sup>85</sup> It concluded that between 1995 and 2000, incomes in the City grew sharply and the number of residents with jobs grew by 12 per cent. It identified that unlike median income, average income grew by 17 per cent and that the increase was shared among all types of income earners (family and non-family). Both the number of low-income families and the total number of people in low-income households fell by 15 and 17 per cent, respectively, between 1995 and 2000. They noted that, despite these improvements, the incidence of low income among families and non-family persons was higher than it was at the beginning of the 1990s. The City uses a ratio of average to median income as an indicator of income disparity. Its analysis showed that this disparity ratio has grown steadily since 1990 and that it continued to grow, even with the increases in employment and income over the 1995 – 2000 period.

Despite the increases in average earnings and in employment levels since 1995, many families and individuals continue to live on low incomes in Toronto. In 1999, 41 per cent of lone-parent families, 48 per cent of single individuals, and 15 per cent of two parent families had an income of less than \$20,000 per year.<sup>86</sup>

In 2002, The United Way of Greater Toronto released a report, *A Decade of Decline*, that describes the deepening and broadening poverty in Toronto despite the economic recovery of the late 1990s.<sup>87</sup> It highlights the growth in both the upper and lowest incomes in Toronto and comments on the vulnerability of the middle class. The report notes that at the end of

**Table 13: Percentage Change in Total Family Income by Income Percentiles – Toronto**

	10% tile	20% tile	30% tile	40% tile	50% tile	60% tile	70% tile	80% tile	90% tile
1996-1998	4.30	7.70	8.10	6.30	6.80	6.90	6.60	7.50	9.00
1992-1996	-23.60	-12.60	-6.80	-3.90	-1.50	0.90	2.60	4.10	6.10
<b>In 1998 Dollar Value</b>									
1996-1998	1.60	5.0	5.40	3.60	4.10	4.20	3.39	4.80	6.30
1992-1996	-31.10	-20.10	-14.30	-11.40	-9.00	-6.60	-4.90	-3.40	-1.40

Source: FCM Quality of Life Reporting System, 2001 Quality of Life Report, Tables 2.3 and 2.4

the decade there were fewer middle-income earners than at the beginning of the decade. Median incomes dropped for husband and wife families by 13 per cent between 1990 and 1999 and lone-parent family median income dropped by 18 per cent. It was estimated that 7,710 additional lone parents were living in poverty at the end of the decade than in 1990. There was a 40 per cent increase in the number of seniors living in poverty at the end of the decade. Child poverty increased from 30.8 to 32.3 per cent of the population in Toronto. The report used the Low-Income Measure as the definition of poverty.

*A Decade of Decline* also provided some valuable information on income disparities in Toronto. It concludes that polarization increased over the decade as a result of a 29 per cent increase in families with incomes over \$100,000, a 13 per cent drop in families with incomes between \$30,000 and \$100,000, and a 19 per cent increase in families making less than \$30,000 a year. The report finds that there are some very distressed areas and pockets of poverty in Toronto, but that low income is still relatively widely dispersed through the City.

*A Decade of Decline* was based on an earlier report, *A Community Growing Apart*, prepared by the Canadian Council for Social Development for the United Way in 2001.<sup>88</sup> The earlier report documents the income gaps and changing needs in Toronto in the 1990s. It concluded that "Toronto is indeed a community which has grown apart during the 1990's. Even in the period of economic recovery, large income gaps between the poor and the more affluent have grown at a disturbing pace".<sup>89</sup> The report found that income gaps grew between the rich and poor families and between the rich and poor neighbourhoods. It referred to the latter as a disturbing sign of residential segregation of the very poor. Rates of low-income and absolute numbers of persons living in low-income were higher at the end of the decade than they were at the beginning, despite the income improvements associated with the economic recovery of the late 1990s. Lone-parent families were particularly affected by the growing gaps and increasing rates of low income.

The population groups most affected by low income are similar to those found in other cities with the exception that Toronto has a lower proportion of Aboriginal people and a much higher proportion of recent and longer term immigrants.

A detailed study of ethno-racial inequality was conducted by Michael Ornstein for the City of Toronto using the 1996 Census. He found that ethno-racial groups experienced higher rates of low-income than Canadians and that non-European population groups experienced the highest rates. The most

severely disadvantaged groups were visible minority or racialized groups and among those, the African ethno-racial groups, which had extremely high rates of low income. About 70 per cent of the children in these families live in poverty. Other groups including Vietnamese, Iranian, Tamil, and Sri Lankan and other Arab and West Asians also experienced severe disadvantage. Aboriginal people, Africans and Blacks, Central Americans, Jamaicans, West Indians, and people with multiple South Asian heritage had family low-income rates of approximately 50 per cent. They also had high levels of unemployment and low skill levels. Ornstein found that many of the groups experiencing high levels of poverty also had younger-than-average age profiles.<sup>90</sup>

Newcomers are among the most disadvantaged groups in Toronto. A number of stakeholders interviewed for this study commented on the economic difficulties newcomers face and the link between recent arrival in Canada and low income. The City of Toronto estimated that it took newcomer immigrants about 12 years to reach an average annual income that was comparable to the rest of the population.<sup>91</sup>

Ontario, like many other provinces, made substantial cuts to its social assistance programs in the mid 1990s. Benefit rates were cut by 21.6 per cent in 1995 and they have not been increased since. The impact of inflation means that the reduced social assistance benefits are worth 13 per cent less now than they were in 1995.<sup>92</sup> In June, 2003, 136,998 persons, including 55,570 dependant children, were receiving social assistance benefits in Toronto.<sup>93</sup>

Like Alberta and Saskatchewan, Ontario has held its minimum wage steady. It is estimated that the value of the minimum wage has eroded by 20 per cent over the eight years since it was last increased. About 5 per cent of the total employment in Ontario is at minimum wage and about two thirds of the workers receiving minimum wage are women.<sup>94</sup>

Community-based agencies report that a significant number of employed people are using the community and social service system because they cannot manage on their limited incomes. The annual food bank survey estimates that after paying rent, food bank users have \$4.11 a day for all other expenses.<sup>95</sup> Agencies report that employed people come for meals, food banks, clothing exchanges, and other services. *Share the Warmth*, a program to assist low-income people who have difficulty paying their winter heating costs, reported that more than 50 per cent of the households that benefited from *Share the Warmth* included employed adults.

The number of people using food banks has increased steadily since 1995. In 2001-02, usage increased by 10 per cent. The Daily Bread Food Bank and North York Harvest Food Bank reported a significant increase in the number of working people using the food banks – they estimate that about 19 per cent of food bank users are working and that slightly less than one third of those have two earners in the household. Since 1995, there has been a 132 per cent increase in the number of working people using food banks. In 2001, the number of working people increased by 12 per cent and in 2002 by 17 per cent. There is also an increase in the number of people using food banks who have no income – they represented about 8 per cent of the food bank users in 2003.<sup>96</sup>

Affordable housing is a significant problem in Toronto. The City of Toronto documented the steady fall in the proportion of rental housing with low monthly rents between 1998 and 2001. It was estimated that affordable units decreased from about 70 per cent of the entire rental market to just over 36 per cent between 1997 and 2000.<sup>97</sup> Analysis conducted by the Federation of Metro Tenants' Associations suggests that rents are increasing faster at the lower end of the market than the market average. Despite the recent federal housing initiative, there are multi-year waiting lists for social housing and little new non-profit housing is being built. Toronto currently has 68,000 households on the social housing waiting list. It was estimated that average rents in Toronto increased by 32 per cent between 1995 and 2002. If average annual rent increases are also taken into account, disposable incomes have decreased by more than 40 per cent since 1995.<sup>98</sup>

Other services for low-income and at-risk populations report similar increases in services. For example, a drop-in program for the homeless and near homeless was funded for 25 people a day. Attendance averages about 55 people a day and in December, 2002, it reached 60 to 75 people a day. About 30 per cent of the client group is older, more permanently at-risk people and another 30 per cent is younger 18-30 year olds who come from the shelter system. The remainder are families with children who come mostly for a hot meal.

As in other cities, seniors are also considered an at-risk, low-income group that is falling further behind due to limited and fixed incomes. A United Way of Greater Toronto report (November 2001) described the increasing incidence of low income and exclusion and isolation experienced by a larger number of seniors. Seniors are also an increasing client at food banks, growing from about 5 to 6 per cent of total users in 1995 to 9 to 10 per cent in 2003.

## Responses

Toronto responses to the growing income gap reflect a commitment to educate, inform, and monitor the income situation. Significant work is undertaken by the City of Toronto and the United Way of Greater Toronto, as well as by other service and planning organizations, to research issues and monitor progress. Responses in Toronto also reflect the participation of many different stakeholders at many different levels of activity. At the community level, non-profit organizations work with community members to address issues; at the city wide level, key decision makers and community and business leaders work together. These stakeholders recognize that the problems are too complex to be successfully addressed by any one stakeholder or level of government.

- The *City of Toronto* prepares a number of issue-specific report cards or profiles as part of its efforts to monitor vulnerable groups and to communicate and educate others about the issues affecting these groups. Reports have been produced including the Children's Report Card, the Youth Profile, an Annual Seniors Report, and the Homelessness Report Card. These reports have been successful in raising awareness and focussing political attention on issues. For example, the Homelessness Report Card monitors changes in the state of homelessness over time and documents the progress of each order of government in responding to issues of affordable housing and homelessness.
- The City has also initiated a number of task forces to focus on specific issue or unique needs of at risk population groups. They have established a Children and Youth Action Committee, a Seniors Task Force, a Task Force on Community Safety, a Food and Hunger Action Committee, and the Mayor's Homelessness Action Task Force. These Task Forces include community membership or have links with community coalitions to support and assist them with their work.
- *Toronto's Social Development Strategy* was approved in 2001. This strategy is the social component of the City's Strategic Plan and is intended to guide future decision making and priority setting. The strategy sets out three broad directions: strengthen communities, invest in a comprehensive social infrastructure; and expand civic leadership and partnership. The report sets out values that bind the city together and describes principles that underlie the City's approach to social development. It begins, in the first paragraph of its introductory section,

with an acknowledgement of “growing social polarization and inequalities (that) threaten to erode the progress we have made.”<sup>99</sup> The strategy was developed with significant community involvement and a wide range of stakeholder input and builds on other efforts in Toronto to engage and collaborate with community members, service providers, and leaders.

- *Toronto City Summit Alliance* is a coalition of over 40 civic leaders from the private, labour, voluntary, and public sectors in the Toronto region. The Alliance was formed following a City Summit conference in 2002 to assess Toronto’s strengths and challenges. In the subsequent discussions, the following factors were identified as critical to the future of Toronto – finance, infrastructure, education, immigration, and the underlying health of the region’s economy. The Summit Alliance’s response, *An Action Plan – Enough Talk*, was released in April 2003.
- The *Pay the Rent and Feed the Kids* campaign is an example of a province-wide multi-stakeholder advocacy campaign. It sets a challenge to the Ontario provincial government to raise social assistance rates to reflect the actual cost of living in Toronto. In Toronto, the campaign is supported by the City of Toronto and a wide range of community organizations that are concerned with poverty and housing issues.
- Toronto Board of Trade created a *City Governance Task Force*, with a broad representation of about 40 members. The Task Force will look at governance models in other large cities and will review Toronto’s decision-making procedures. The Task Force will develop principles for good governance for the city and develop recommendations based on the principles. Governance issues were frequently raised at the City Summit in June 2002 – governance is not part of the City Summit Alliance mandate, so the Board of Trade took it on.
- The role of the *City of Toronto* is quite broad and comprehensive. Following amalgamation, funding realignment, and downloading of the late 1990s, the city has taken on the role of system manager for social/community services in Toronto. In addition to having a strong policy and advocacy role, the city is involved in service delivery and funding. For example, the City operates 58 licensed child care centres; 10 long term care facilities; 98 public library branches; 44 cultural facilities including theatres, galleries, museums and arts centres, 140 community centres; 5 emergency hostels; and 60,000 social housing units

through the Toronto Community Housing Corporation. It provides over \$15 million in annual grants to community agencies and administers federal and provincial program funding for a number of program areas. In addition, the City delivers federal and provincial programs including the federal Supporting Communities Partnership Initiative (SCPI) and the provincial Ontario Works program. The broad scope of City responsibilities has implications for its work with partners and other funders, and its relationship with other levels of government.


### Government Policies/Programs

A number of key policy or programs were mentioned by respondents as having an impact on poverty and the growing income gap in Toronto.

The 1995 cuts by the Province of Ontario to the social assistance benefit levels and the changes in eligibility were cited as the most significant actions taken in the 1990s. These changes reduced the already low income of the most disadvantaged households. The provincial decision to claw back the National Child Benefit support further exacerbated the disparity between these low-income people and others. The City of Toronto directed its savings from the National Child Benefit to a Shelter Fund that assists families on Social Assistance to maintain their housing or to find more suitable housing.

The Tenant Protection Act, 1998, weakened rent controls, made evictions easier, and allowed landlords to raise rents when an apartment is vacant. Evidence suggests that rents have increased by a minimum of 30 per cent since 1995 (most since 1998) in all apartment categories in Toronto.<sup>100</sup> People with fixed incomes cannot pay significantly higher rents. One low-income community studied the impact of the legislation on its community. Not surprisingly it found that rents in what was a reasonably stable, low rent community increased following introduction of the legislation. In addition, the study found that food bank use has increased by 400 per cent over the past couple of years. Many respondents commented that evictions have also increased.

While many were sympathetic to the fiscal challenges the Toronto District School Board faces, there was almost universal criticism of the range of policy, program, and funding changes that have been made as a result of the changes and reductions in the provincial funding formula and the recent decisions of the Provincially-appointed trustee. Some of the changes cited by respondents included the increase in user fees for after hours community use of school space, the elimination of full day junior and senior kindergarten program for high-risk children



in the City, the recent cut in the continuing education programs, and the loss of educational supports for newcomers and non-English speaking families. Each of these changes was seen as having a disproportionate impact on low-income families and children.

Similarly, the City of Toronto introduced user fees for many parks and recreation programs in the amalgamated City. Previously, user fees only applied in some of the 'old' cities – they were not uniform across the entire area. It is too soon to assess the impact of the addition of the fees, but respondents commented that they appear to be creating real barriers to participation by certain groups of low- and middle-income families and children. In contrast, other respondents noted the City's Welcome Policy, which reduces or waives fees for people who cannot afford them, and the Priority Recreation Centres in high-need areas across the city, which offer free programming.

Finally, most respondents commented that the relationship between the federal and Ontario provincial governments was counterproductive. Many noted that the two orders of government do not communicate or work well together. Others identified that Ontario does not have a labour market agreement or an agreement on newcomer services and there was concern about the federal housing and childcare initiatives and their implementation in Ontario.

### **What can be done in the future?**

The most common response to this question was that the income gap problem is a complex one requiring multiple responses at different levels. It requires a coordinated and collaborative effort from all orders of government working with community stakeholders and the business community.

### **Who should be doing it?**

Many respondents commented on the growing understanding of the role and importance of a strong city and of the unique needs of Toronto. As in other cities, the stakeholders talked about a need for partnerships. In Toronto, these were initially identified as partnerships between the different orders of government. However, it was suggested that governments often "point fingers at each other and fight" and that it would probably take an outsider or someone external to government, as it had in the past, to bring the various orders of government together. More positively, it was noted that governments alone cannot address all the issues. The role of external partners, business, the voluntary sector, and communities is also considered very important.

There was concern that because the City of Toronto had been successful in responding to social and community issues in the past, action from other orders of government would be reduced.

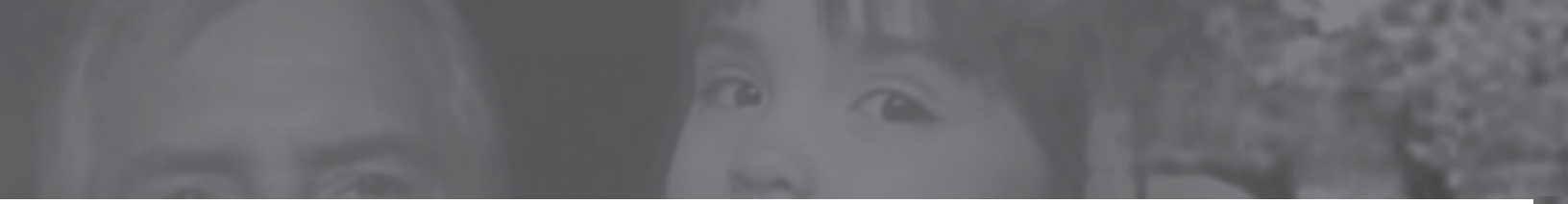
Finally there was a strong sense that to effectively address income disparity and polarization issues, the Board of Education needs to "come back to the table as a partner". Many were not optimistic that this would happen in the short term.

### **Stakeholder Perspectives and Implications**

It was suggested by a number of respondents that Toronto began the 1990s with a well-developed community service system and a history of communities, municipal government, and stakeholders working together. People see physical infrastructure, community services, regulations, and controls on the quality and standards for housing, and think that disadvantaged residents of Toronto are being supported and protected. In the same way, they think that income supports for seniors have solved the problems of poverty among seniors. This gap in knowledge and experience of income trends is seen as preventing middle and upper income Torontonians from recognizing the impact of income disparities and the increasing level and depth of poverty in Toronto. Other than the obvious signs of increasing homelessness and general dirtiness and litter<sup>101</sup>, most of the impact is invisible to the average resident of the city. There is also a lack of understanding of the challenges faced by low-income residents in accessing basic services, travelling in the city, and in the time it takes to do things when one faces multiple barriers.

Many respondents identified a growing awareness of issues such as homelessness. One person stated "maybe the visual indicators are what it takes to get attention and recognition of the issues." Others spoke of an increasing awareness of gangs, gun related crime, and drugs and violence and a recognition that they are getting worse.

Many of the respondents noted that an income-focused gap was only one part of the disparity picture. Access to opportunity and choice and increasing differences in the quality of physical space were also very important. One respondent cautioned against over use/reliance on income statistics because the findings depend directly on the period under study, the population group studied, and the definition of income. This approach could lead to the conclusion that the income gap is getting smaller if the upper income levels decline. If the analysis is conducted on a large City population, for example, then the



findings will be averaged and will not highlight significant disparities and gaps between and among subgroups. There is also a need to look at the socio-economic factors and at future opportunity or potential. For example, there is a big difference between a low-income student with potential for future higher earnings and a low-income worker with limited future potential.

An asset gap between the better off and those in poverty was also identified. Low-income people and many middle-income people have limited or no assets, particularly in high-cost Toronto.

There is an opportunity and choice gap. Poorer people have fewer opportunities to participate in community and city life as a result of user fees, transportation costs, and other related charges and barriers. One respondent stated: “Sports are a myth for low-income people”. They do not have money for registration or equipment. The City of Toronto’s fee forgiveness policy for low-income families was described by a number of respondents as difficult to access and not well publicized.

Finally, a number of respondents commented on the growing disparities in the quality and appearance of physical space in communities in Toronto. Some talked about the impact that ‘disorder’ had on both the physical and social environment of communities. People become frustrated, discouraged, and angry about their circumstances and life changes and ‘act out’. Once an area is identified as experiencing a lot of ‘disorder-related’ activity, people move out of the area. Others will not travel into these neighbourhoods and the communities become increasingly isolated and characterized by public disorder and crime. The police commented that they have noticed an increase in disorder-related activities in Toronto. They distinguished this from crime and describe it as including actions like disorderly behaviour, vandalism, and domestic violence.


Physical disparity also occurs as richer neighbourhoods supplement the standard public services by building new playgrounds, park equipment, or other facilities with fundraised money. The gap between the physical communities continues to increase. One local elementary school raised \$500,000 to build a new playground. Compounding this is the shrinking of the middle class buffer and their movement out of Toronto to neighbouring suburbs.

Income subgroups were identified as being more insular and having less interaction with other income groups. Professionals marry professionals; the rich marry other rich people and

polarization increases. Children from higher income backgrounds are increasingly well educated with many opportunities, perpetuating the gap between this elite and other groups. There are fewer stable, good paying trades-related jobs to be the middle buffer between the rich and poor groups. The middle class tends to be less stable. They were frequently described as one paycheque away from crisis. The lowest income groups do not have much opportunity for mobility or for travel out of their low-income communities. For some respondents, these interaction trends suggested increasing future income disparities and polarization in Toronto.

Finally, many studies have shown the increasing income gap between immigrants and refugees and Canadian-born persons. The findings of these studies were mentioned by many of the stakeholders interviewed for this study. Some respondents talked about a growing racialization of poverty that it is increasingly concentrated in immigrant and visible minority populations in Toronto. It was suggested that there was a growing tolerance for ‘other’ people to do poorly and live in poverty. It could be explained as “they don’t work hard enough” and therefore the income differences were ‘deserved’. Critical issues of accreditation and foreign credentials were identified as needing immediate attention. Warnings were given about the potential future problems if the gap between immigrant and visible minority groups and the rest of the population is not addressed.

Respondents identified housing, jobs/employment, and education as key factors contributing to the income gap. They identified that jobs were increasingly unstable. Lower paying jobs had limited – if any – benefits or protection. They confirmed that many people had multiple part-time jobs or temporary, contract jobs. It was noted that marginally employed tend to do ‘survival’ type jobs with little potential for ongoing employment or earnings growth. For some, the key issue was jobs – “the solution to housing is getting good jobs”. Others identified the lack of affordable, quality housing as the key issue. They argued that there would be more money left for food and other essentials if rents were affordable. Most people interviewed were discouraged by the lack of action on social housing following the recent federal announcements. Finally, education was described as a key area that needs to be monitored in Toronto given the changes over the past year or two. Respondents saw changes in education, once considered to be an equalizer, as reinforcing existing disparities.



A number of respondents were increasingly hopeful about the future. Some felt there was a better understanding of poverty and the income gap between the rich and poor. They commented that there has been a transformation in the business perspective over the past five years. It has evolved from a singular focus on taxes to a broader focus on quality of life issues. Business leaders are playing leadership roles in bringing the range of players to a common table to discuss income and other related issues. The Toronto City Summit efforts and related C5 initiative were seen as important vehicles to raising awareness and developing responses to the issues. Other respondents saw a potential for political leadership at the municipal level following the election in the fall. Still others thought the amalgamation of the separate cities into the City of Toronto allows for a broader perspective on poverty and income gap. It became clearer that the problem is throughout the City, not just concentrated in downtown areas. While there does not appear to be much support for social assistance, it is felt that there is significant public support for low-income families and children.

On the other hand, some respondents had a more pessimistic prognosis for continued growth of the income gap in the future. They note that there are a limited number of middle income jobs that do not require a lot of formal education and that the youth who have dropped out will still be disaffected and separate from the mainstream when they age. Increasing gentrification in communities will make it harder for middle and lower income people to stay in safe and inclusive communities. They will be forced to move to communities that are less desirable and more polarized. The relationship between education and income will continue to strengthen, effectively leaving those with limited formal or recognized education behind. This group of respondents warned that short-sighted decisions are being made that will have significant and negative long-term impacts on Toronto. Finally, they commented that there are many smaller issue-focussed committees, but few broader, problem solving-focussed forums for discussion.

# KEY FINDINGS

*Each of the three study cities is significantly different in terms of physical size, composition, economy, and population size and composition; commonalities were initially difficult to identify.*

However, upon completion of the study, it is clear that the cities share a common challenge in terms of growing income disparities and their impact. This suggests that the income gap and income polarization is greater than an isolated big city problem. It affects economically successful and thriving mid-sized cities and mega-cities like Toronto. It manifests itself differently in each of the cities and the city responses reflect the differences.

## **Taxfiler Data Analysis – Summary of Findings**

The key findings from the taxfiler data analysis illustrate some of the similarities and differences between the cities.

- Toronto has the lowest median income of the three cities, slightly below that of Saskatoon. The City of Toronto's lower income character is reflective of its role as the central city within a large metropolitan area. Many of the income characteristics in the Cities of Toronto and Saskatoon reflect their lower median incomes. Compared to national and provincial averages, the incidence of low income is higher for almost all family types in all areas, the characteristics of lower income (such as lone-parent families) are generally higher, and the sources of income indicate a greater reliance on government transfers than other areas. The Toronto CMA median income is significantly higher than Saskatoon CMA.

At the other end of the scale is Calgary with the highest median income of the three cities. It has the lowest incidence of low income across family types and neighbourhoods and a greater proportion of income from employment sources and the least from government transfers.

- Other characteristics follow from the demographics of the three cities. Calgary's population is slightly more concentrated in the working age groups – 20 through 65 years – than Toronto, and both cities much more so than Saskatoon. Outside the working age groups, however, Toronto and Calgary differ with Toronto having a higher population of senior citizens and relatively fewer children than Calgary. Saskatoon has a significantly smaller working age population than the other cities, balanced by a

large a seniors population as Toronto and greater numbers of children than the other two cities.

- In all areas, high-income is characterised predominately by husband-wife families with children and is generally in the working age groups.
- Low-income profiles differ between the cities. In Saskatoon, low income is more highly associated with children and lone-parent families than elsewhere. In both Calgary and Toronto, low income among lone-parent families is 34 per cent. In Saskatoon this rises to 50 per cent.
- Toronto has a high incidence of low income among senior non-family persons. In Calgary, only 11 per cent of low-income non-family persons are seniors. In Saskatoon, this rises to 18 per cent and in Toronto to 23 per cent. The overall incidence of low income among non-family persons is the same in Saskatoon and Toronto, indicating that in Saskatoon low income among non-family persons is much more a phenomena of working age people than in Toronto.

The comparison between the lower and upper income neighbourhoods in each of the cities reveals a number of patterns. The most striking pattern among the cities is the concentration of low- and high-income within the specific low- and high-income neighbourhoods of Saskatoon. The analysis showed that 47 per cent of taxfilers in lower income neighbourhoods in Saskatoon are of low income, compared to 43 per cent in Toronto and 27 per cent in Calgary. The pattern of concentration also holds within high-income neighbourhoods, where the incidence of low income within the areas is the lowest at 9 per cent in Saskatoon, rising to 10 per cent in Calgary and 11 per cent in Toronto. Overall the lower income and upper income neighbourhoods in Calgary and Toronto reveal a greater mix within the areas of family types and income profiles than Saskatoon. The degree to which this is related to the geography chosen is uncertain, because in Saskatoon all of the neighbourhoods are smaller both physically and by population than in the two other cities.

Mapping the lower income and upper income neighbourhoods also illustrates the pattern of concentration. Five of the seven lowest income areas in Saskatoon are contiguous areas southwest of the downtown. The upper income distribution is slightly less concentrated being split between three areas: neighbourhoods west of the University, the area at the north end along the river, and rural routes in surrounding areas.

In Calgary, the lower income neighbourhoods are slightly less concentrated, though are all in the central city. High-income neighbourhoods occur in the central city 'old money' areas, in suburban areas to the northwest and south, and in surrounding rural communities.

In Toronto, both the lower and upper income neighbourhoods are more widely distributed. This may just be a function of the much larger urban area. However, it is notable that while a few low-income neighbourhoods are in the central city, they are more common in the former Metro suburbs of Scarborough and North York. Upper income neighbourhoods in Toronto are mostly concentrated in a north-south corridor on the east side of Yonge Street which includes parts of the central city, East York and North York. Few of the low-income neighbourhoods occur in the regions surrounding Toronto (York, Peel, Durham and Halton).

The changes between 1995 and 2000 can only be tracked at FSA levels in Saskatoon and Calgary because of unavailability of data. The conclusions from this higher geography analysis for both cities suggest that there is no clear pattern of income increases being concentrated in higher or lower groups, though in general the lower income areas seem to have had similar or higher rates of income growth than the higher income areas. The results, however, are inconclusive both because of the range within each grouping and the larger geographies of the FSA data.

There is little question that the population subgroups most at risk of living in poverty are lone-parent families, children, visible minorities, immigrants and refugees, seniors, and disabled persons. This was reinforced by the findings from each city and findings from other studies referenced in the literature review. The difference between the three cities is in the relative balance of the different sub populations.

Similarly, each city has unique characteristics to attract increasingly high-income earners that would potentially exacerbate the income gap problem.

### **Stakeholders – Summary of Findings**

Stakeholders in each city shared a common frustration with provincial and federal orders of government, policies, programs, fiscal arrangements, and intergovernmental relations. Each city has experienced the impacts of local fiscal restraint and demands for balanced budgets since the early 1990s. They have also experienced the impacts of changes to federal and provincial programs. For many there was little debate on what they wanted from their governments for the future. "Ask people

what makes them and their community healthy and they'll tell you – a good job, a decent education, a clean and safe environment, proper housing, less poverty, a sense of community."<sup>102</sup> The challenge is to work the system to get the orders of government to do their part and to engage business and community stakeholders to contribute their part.

Each of the cities had experienced significant cuts to the social assistance system in the mid 1990s. Alberta was the first province to make changes to the income support programs, but Saskatchewan and Ontario followed. The reduction of income supports was unanimously seen as one of the main reasons for the high poverty rate and the growing gap between the well off and the poor. Similar observations were made about each province's minimum wage. In none of the provinces can a person earn enough money, working full time at a minimum wage job, to move out of poverty. Perhaps the best indication of the inadequacy of the minimum wage was in Calgary, where between 40 and 50 per cent of the people in shelters are employed, but cannot afford to live independently.

Closely following the income issue were the comments about the need for affordable housing. Many examples were offered of how people are sharing inadequate facilities, often putting multiple families in a one or two bedroom unit. Single unattached adults were described as 'couch surfing'. Because such a large proportion of low-income wages goes for housing, it is a critical issue. Either income must increase or affordable, safe, and accessible housing must be provided. The current transient and unstable situation for families cannot continue without mounting strain on the system. Evidence was provided in the city descriptions of some of the impacts of the lack of housing on family stress and on children.

There was recognition in each of the cities that low-income individuals and families have multiple barriers that make it more difficult to move out of poverty. This reinforces the need for collaboration and partnerships to respond in a more comprehensive way.

There was also a growing recognition that poverty breeds isolation and exclusion. Many respondents talked about geographic isolation and ghettoization. Others gave examples of how poor people, families, children, seniors are excluded from participating in the community because of transportation difficulties, user fees or other eligibility and access issues. Frequently low-income groups were described as not having a political voice and being left out.

Others however, did not see the problem because they had no contact with it. They did not see evidence of poverty and deprivation in their usual daily routines and had little cause to think about it. Interestingly, in Calgary, after a government-business-community partnership recently constructed two large new shelters, many leaders thought that the problem had been solved. People were no longer sleeping on the street. In Toronto, leaders also identify the homelessness 'problem' as evidence of a growing income gap and increasing poverty. It is visible and they come into contact with it daily. In addition, it has an impact on others' perceptions of the city and has the potential to affect business and tourism.

Each city demonstrated efforts to broaden and deepen the understanding of the income gap. These efforts have taken two forms. First, there has been an emphasis on understanding and communicating information about the growing income problem. The Cities of Saskatoon, Calgary, and Toronto have developed indices, report cards, and measures and have mapped income distribution and related characteristics. This information is critical to helping decision makers and leaders better understand the issue and advocate for changes to the current policy, program, and funding environment. Second, in each city there is growing involvement of leaders in income issues. Initially their efforts were focussed on understanding and educating. However, they have broadened to include action and advocacy. For example, in 2002, the Toronto City Summit was launched by the United Way of Greater Toronto, the Board of Trade, and other civic leaders. At least part of the goals of the Summit is to learn and educate others about the serious issues facing Toronto, including income related issues. In Saskatoon, the CUISR and the Community Forum, and in Calgary, the Calgary Homelessness Foundation, have a similar education and knowledge generation role. A 'bricks and mortar' example of an action response is the Calgary Homelessness Foundation, which facilitated the construction of two large homeless shelters. In each city, the United Way and other community-based agencies continue to raise issues, conduct research, and support community responses to the issues.

In addition to these efforts, there is an increasing recognition of cities as social and economic engines. Each city had an economic development type strategy, which recognized the role of the environment and the social and physical infrastructure in the city. Calgary identified a series of community values: business, clean, community, safe, integrity, fun, progressive, western. The integrity value included ensuring a basic standard

of living for all and addressing disparity issues. The Board of Trade in Toronto has begun a significant process to consider education, transportation, housing, and other related issues that are traditionally beyond their private sector focus. In Saskatoon, the Economic Development organization works with business, education, and the Aboriginal leaders to broker successful and beneficial relationships.

Each city's response to the issues raised by increasing income inequalities reflected its history, municipal role and broader political environment. Calgary played a supportive role to community and business leaders. The City provided information and analysis that highlighted issues and support to 'community and business driven' initiatives. Saskatoon's role could broadly be defined as a partner with a range of other institutional, government, and community members working to develop and implement community and system responses to the problems. Toronto has a unique role because it funds, administers, and provides many community and social services in the City. It has played a role as a leader and facilitator in the system, working with other funders, orders of government, community organizations, and business and civic leaders.

## Summary

In conclusion, there is evidence of an increasing gap between the low-income and high-income residents of Saskatoon, Calgary, and Toronto. The 2001 Census data confirms that there have been significant income gains for low-income workers but, despite these increases, the gap has continued to widen. The analysis presented in this paper reflects this mixed message. It also shows that low income and high income are increasingly concentrated in neighbourhoods in Saskatoon and Calgary. Toronto is more mixed, although there is some evidence of concentration. Responses to the growing income disparities vary from city to city. While the examples given in the city analysis suggest greater support for considering social and income issues, stakeholders in each city cautioned that it was not clear that the understanding and support for action was at a threshold level that would provoke significant political response in any of the cities.

# CONCLUSIONS

*The findings from this study build on the conclusions reached in earlier FCM Quality of Life work that there is a growing income gap in Canadian cities.* The evidence presented in this study to support this conclusion is both quantitative and anecdotal and comes from a wide range of sources. Growing income disparities and their impacts on cities are being recognized by a wider range of stakeholders and are no longer an issue just for researchers.

Some may counter that the recently released earnings and income data from the 2001 Census shows an improving income picture. A significant number of low-income families (and households) are reporting higher levels of income and the number of families (and households) with incomes below the low-income measures, LIM or LICO, have fallen. This good news is only part of the picture. The other part of the picture is that the upper incomes have increased substantially and those below the low-income measures are more entrenched. The income gap and level of disparity has grown. We also know that economic shifts have significant impacts on income, particularly the more volatile income of the middle and low-income earners. The recent upturn in the economy has resulted in higher levels of employment and earnings and a significant proportion of Canadians have moved out of 'low income' – a downturn would likely reverse that trend. Finally, the taxfiler analysis illustrated the concentration of low- and high-incomes in certain geographic areas or communities of cities. Disparity is evident both on a personal basis, by comparing income levels, and on a spatial basis, by comparing median incomes of communities and neighbourhoods.

There is no common path or formula that leads to increasing income disparities for cities; in fact, the gap seems to have different characteristics in each city. There are some shared elements like the identification of most disadvantaged groups (Lee 2000), but the composition of those at risk varies from city to city. There is also a growing appreciation that low income is not constant or stable. Research has identified that a group of Canadians cycles in and out of poverty while another group remains in poverty for long periods of time. It has also illustrated that life changes, like becoming a single parent, have a significant impact on the level of family income and the income gap.

There is evidence that income inequality also affects population subgroups and contributes to a complex situation of within-group inequities. For example, there is evidence that the income gap increases within groups as population groups grow

older. The disparity between the low and high incomes of young adults is much less than that the gap among older workers, for example, the 45-54 year olds. There is also evidence that there are growing income gaps between recent and longer term immigrants, immigrants from different countries or areas, and among Aboriginal population subgroups.

The literature review provided an overview of the consequences and impacts of the growing income gap. Evidence suggests that cities are more affected by income trends than non-urban areas and that they experience greater polarization and income inequality. Rising inequality has been shown to have implications for individual and community health, crime, education, political stability and governance, and social cohesion. Recent studies in England and the United States suggest that inequality may be more important than the level of absolute income. Research also suggests that perceptions of inequality may be almost as important as actual levels of inequality.

Other studies described the implications for cities of growing inequalities and the consequences of the increasing spatial separation of communities based on income levels. Of particular note was the research that concluded that 'disadvantage' was not a permanent state for neighbourhoods – that, like individuals, over time communities can move in and out of disadvantage (see Ley and Smith (2000) and Miles, Picot and Pyper (2000)).

With this increased understanding of the complexity of the problem and recognition that trends towards disadvantage can be countered, there is the growing recognition that there is no 'solution' to growing income disparities.

## Elements of Successful Responses

Before proceeding further, it is important to acknowledge that the responses described in this section deal largely with mitigating the impact of growing inequality rather than addressing the root cause of the income inequality. In the range of work done as part of this study it was clearly identified that the following range of *policy* areas would need to change before a substantial impact would be felt in income levels:

- income – income supports and programs, minimum wage, and the trend for increasing polarization in the labour market (not addressed in this paper)
- housing – adequate, affordable, stable (so as to promote attachment to community and social cohesion)
- employment – including access to trades and professions, particularly for recent immigrants

- education – to address the strong link between level of education and income
- recreation – to create opportunities, build communities and develop social capital
- transportation – to support accessibility, reduce isolation

As decision makers grapple with these enduring problems, the challenge facing policy makers is how to respond to the widening income gap in Canadian cities and deal with the implications of the gap. While this represents a complex challenge, there is a growing convergence on common elements of successful responses. The case study findings, reinforced by insights from the literature review, suggest that successful approaches must include the following critical **process elements**: multiple stakeholders representing a range of interests; leadership; locally based solutions; and the capacity to span institutional boundaries.

Nearly all the stakeholders interviewed and the literature reviewed for this project recognized that no order of government or public sector institution acting alone would be successful in reducing the income gap in cities in Canada. In a recent study on innovation in cities, Bradford commented that “...the goal is multi-level governance that allocates roles and responsibilities in relation to the comparative advantage of each level of government.”<sup>103</sup> The notion of comparative advantage as a frame for governments’ roles and involvement is one worth further consideration. There was a common call for collaboration and improved working relationships between the federal, provincial, and municipal governments. No one felt the current relationships were successful; in fact, many stakeholders identified lack of intergovernmental cooperation and collaboration as the main reason that little was being done to address the mounting problems in cities.

Most of the responses identified in this study have crossed boundaries and involved partnerships between the community, business, and government and between different policy and service areas within government. Leadership was critical to bringing the various interests together and keeping them engaged in an initiative. Frequently this leadership was from outside government – a community or private sector leader with the power and connections to bring the players together. Many initiatives and service responses were locally based, owned and developed in the affected communities to respond to unique conditions. Often they included an important capacity-building component.


The study illustrated some of the differences in the roles, relationships, and responses between the three cities. Each city was affected by its relationship with the provincial government and the funding, policy, and program context. It was also influenced by the broad political environment – the consensus within the local community on the role of the city and the resources the residents were prepared to give the city to address issues. Community and business leadership varied among the cities.

The three study cities demonstrated successful, yet different, multi-stakeholder initiatives to address the impact of income disparities. These ranged from private sector driven initiatives in Calgary, to broad-based community, institutional, and increasingly private sector initiatives in Saskatoon, to the range of local community and broader citywide initiatives in Toronto. These examples reinforce the learning that multiple partners are needed and that each city’s responses reflect its unique circumstances and environment. Stakeholder involvement in lobbying and advocacy to change existing policies or programs also varied significantly from city to city.

The case studies and literature review also reinforced the importance of the following **system elements** in efforts to address the growing income gap and the implications of the gap: national income policies and programs; other programs and services; community initiatives; information and analysis to promote a common understanding of the issues; and accessible services, programs, and supports.

First, there is considerable evidence that a system of national transfer payments and progressive taxes plays an important role in reducing inequities. Evidence has shown that the effectiveness of these measures has been reduced in recent years as a result of policy and program changes as well as funding reductions. The National Child Benefit is an excellent recent example of the success that can be achieved through a national program to redistribute income to those in need. However, the provincial clawback of the benefit from families receiving social assistance in many provinces, including Ontario and Alberta, is a significant step backwards in reducing poverty and income inequality. The Alberta flat tax is a recent example of a tax with disproportionate impact on low-income families.

Second, there is clear evidence that provincial and municipal policies play an important role in reducing inequities and income polarization. Andrew Jackson (2001) highlighted programs and policies outside the social assistance system in Saskatchewan that invested in children. They provide a



provincial income supplement and health benefits for low-income working families. As a result, families in Saskatchewan are about \$4,000 better off than those in Alberta and about \$2,000 better off than families in Ontario. Similarly, there is evidence that provincial policies can lead to a widening of inequities and income disparities. The mid-1990 cuts in social assistance payments in many provinces and the lack of any subsequent rate increases have deepened the income inequities. Changes in provincial rent control policies, minimum wage, and employment standards policies have also had a negative impact on inequalities.

Third, community-based initiatives in Saskatoon, Calgary, and Toronto were identified as providing a number of important direct benefits to the local communities. They were seen as addressing the immediate and local problem in a unique and responsive way. They built local capacity and leadership and contributed to social inclusion. They developed linkages and relationships with institutions and service providers that could facilitate future undertakings.

Fourth, the Cities of Calgary, Saskatoon, and Toronto all played important roles in promoting a common understanding of income inequity issues and in providing their communities and partners with information and background resources to support the development of effective responses. Each of the cities had an effective analytical and research capacity to monitor and report on changing socio-economic indicators in the city. This critical role is not provided by other orders of government.

Finally, accessible public programs and services are critically important as equalizing instruments that are available to all members of the community. Municipalities are the main providers of community services through public health, recreation, library, and other community services. The location, range, and scope of the services and the policies regarding use and fees greatly affect access to the services. So does the municipalities' capacity to update, expand, and renew this important community infrastructure. There is significant anecdotal evidence of the negative impact of the recent introduction of user fees for recreational services in Toronto on the use of the services by low-income families with children.

There is widespread support for a policy response that continues to include universal public programs as well as responses that are targeted to unique situations, communities, or population subgroups. Income inequality is a complex issue that requires responses at different levels. There must be a continued response to reduce inequities through the tax and

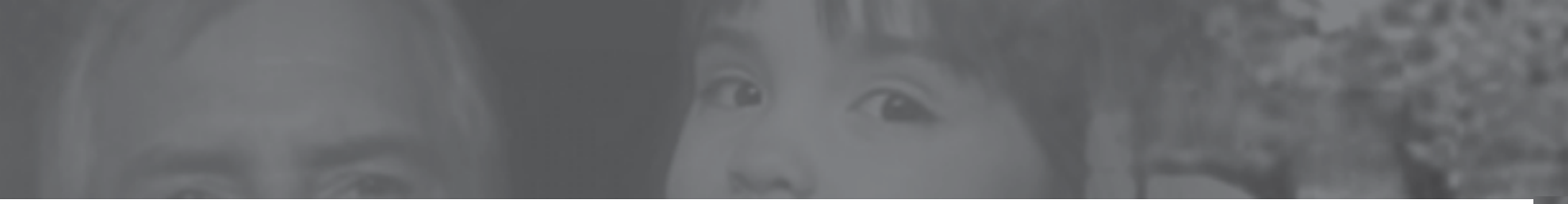
transfer system. This has been effective in the past at narrowing the gap. Second, there is a need for additional targeted responses to address special needs of particularly disadvantaged groups (children, lone parents, immigrants, and Aboriginal people) or geographic areas and to address the significant and related issue of affordable housing.

Stakeholders recognized that there are different types of needs that require different types of responses – short term support through difficult periods as well as longer term more systemic and intensive responses. There are also different needs of different population subgroups affected by low-income. There was also recognition of the need for long-term time horizons. Inequality and increasing polarization contribute to social exclusion and have negative socio-economic impacts on people and cities. These problems were not created overnight nor can they be effectively addressed in the short term. There must be a more general commitment to responses that span political terms of office. Attention needs to be given to the development of new measures of success that reflect the longer term, collaborative, multi-level approach.

Evidence has suggested that while there are similarities between the three cities, each experiences the income gap differently. Once the overwhelming structural income and housing issues have been addressed, responses to inequities and poverty seem to work best if they are location specific. This is not to suggest that there is no role for federal and provincial governments, but that their role should be to support local responses to specific issues rather than to dictate universal policy and program solutions. Municipalities have two roles. The first is ensuring a standard and accessible standard for municipal services throughout the city. The second is initiating and supporting targeted action in specific high-need or at-risk communities. Last, there is a caution. It is important that there be a balance between universal, standard and accessible programs and policies and the more targeted responses. Both are necessary.

The findings of this study can apply to other cities in Canada. This research, along with other research focused on Canadian cities, has highlighted the common challenge facing cities of the growing income gap. This is despite the very real differences between the study cities in terms of size, location, and population composition.

The study highlighted the different understandings and perceptions of income among the stakeholder groups. Nearly everyone in Calgary and Toronto identified homeless people as a visible sign of a growing income gap and in Saskatoon they



identified the low-income Aboriginal population. Beyond those more visible signs of disparity, stakeholder understanding and experience of the gap depended on where they were, or felt they were, in the income scale for their city. It also depended on where they lived and/or worked and whether they saw evidence of the range of income levels or changing income levels in communities. Many stakeholders were both pessimistic about the current situation and short-term future and optimistic about positive change in the longer term. Few felt there would be positive change in the short term. The range of understanding and experience with the issues reinforces the need for ongoing analysis, research, information, and communication locally about the issues. It represents an opportunity for each of the cities to promote a common and shared understanding of the issue and the implications of the income gap.

### **Final Thoughts**

In conclusion, in a recent study of homeless persons, the Calgary Homelessness Foundation found that most of the people interviewed for the study had serious childhood stressors, like child abuse, alcoholic parents, or frequent moves as children. They came from lone parent families and were frequently suspended from school. They also experienced significant negative life events, like job loss, eviction, debt, and substance abuse. While not a direct conclusion of the study, the homelessness study demonstrates what researchers have been warning for years: that the effects of childhood and adult life stresses, combined with lack of education and income, contribute to increasing depth and length of homelessness and poverty.

Amartya Sen describes poverty as capability deprivation.<sup>104</sup> This is a broader approach to poverty definition because it includes not only what people possess and their income levels, but also what they can do with the resources they have. Income is important, but so are the public services and supports that help generate capacity. The research conducted for this report confirms the importance of broadening our understanding of low income. The role played by transfers to low-income households in reducing income inequity has been clearly demonstrated. The relationship between the provision of public services and supports and community capacity building is also clear. There is increasing understanding of the role of engagement and participation in communities as an important way of building individual and community capacity. As communities and governments consider how to reduce inequality in urban areas, it is critical that the range of responses be as broad as possible and that work continue to develop a better understanding of income trends in our cities.

# NOTES AND REFERENCES

## Notes

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- <sup>24</sup>The statistics quoted in this section come from the Statistics Canada report, Earnings of Canadians, Overview: University education, experience pay off in higher earnings, March 11, 2003.
- <sup>25</sup>Based on Statistics Canada, Earnings of Canadians Report Overview, 2003, page 3.
- <sup>26</sup>Statistics Canada, Overview: University education, experience pay off in higher earnings, March 2003.
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- <sup>29</sup>City of Saskatoon, Populace, Volume 2, Issue 1, Spring 2000, page 3.
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