

# INCOMES AND POVERTY IN HAMILTON

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## 1.0 INTRODUCTION

The United Nations recently developed and released findings from a Human Poverty Index for developed countries. Out of 17 countries, Canada ranked a dismal 12<sup>th</sup>.

One of the measures used in the index relates directly to the distribution of incomes. It is based on the proportion of households in a given country, with incomes *below half* of the median income of all households. On this specific measure, Canada ranked 15<sup>th</sup> out of 17 developed countries, or third from the bottom.

In Canada there is ongoing debate about what it means to be "poor". By more conservative definitions, being poor means not having the basic necessities of life. This perspective however requires that we, as a society, agree on what exactly the basic necessities of life are.

From a different perspective, the United Nations, of which Canada is a part, identifies a number of elements that are essential to positive human and social development and, ultimately, to a healthy and productive society. These include having the resources needed for "a decent standard of living" and "to participate in the life of the community". While these concepts would also need to be further defined to arrive at an accepted definition of poverty, they offer a different way to consider poverty in Canada and in our community.

This report considers the distribution of incomes in the City of Hamilton, and the level of poverty based on the most commonly reported measure - Statistics Canada's Low Income Cut-Off (LICO). The LICO measure is a relative measure of poverty introduced in Canada in 1968. When researchers or the media refers to "poverty lines" or "incidence of low-income", they are generally referring to the LICO measure.

The LICO considers the average cost of basic necessities (including housing, food, and clothing) for different sized households in different sized communities. The measure then adds an additional 20% to determine the low-income cut-off for the specific group. The additional 20% is meant to cover all expenses beyond food, shelter and clothing. This includes such things as heat, hydro, telephone, laundry, toiletries, cleaning supplies, school related costs, medications (prescription and non prescription) and other unexpected expenses.

As a second measure of poverty, the report considers the benefit rates provided to individuals and families on Ontario Works (OW), - Ontario's primary income security program. As you will see in this report, all households receiving OW benefits are living well below the LICO. In fact, in many cases, these households are not even able to access the basic necessities life, no matter how conservative the definition.

As you read through this report, keep the following trends in mind:

- That over the past ten years income levels in Hamilton, particularly among low and middle income groups, have not kept pace with increases in the cost of housing, taxes, utilities, food and other essentials.
- That from 1990 to 2000 the wealthiest 40% of the population experienced an increase in their share of wealth, while the poorest 60% of Hamiltonians experienced an overall decrease in their share (this includes middle-income groups).
- That during this same ten-year period, labour market trends have resulted in greater proportion of low-waged part-time, temporary or contract positions, with few or no benefits. This not only contributes to the instability of household incomes, it also results in additional costs to households for dental, vision and health-care, including prescription drugs.

Those among the lowest income groups understand the daily trade-offs and compromises required to live within their means. "Trade-offs" or "compromises" required among the poorest households in Hamilton, often involve decisions like paying the rent or hydro, or buying food.

For those in middle or higher income groups, consider your own "standard of living" and "ability to participate in the life of the community". What compromises do you make day-to-day? What compromises would you have to make if, for some reason, you found yourself in a lower income group? What if you found yourself on social assistance?

One of the goals of the Social Planning and Research Council (SPRC) is to improve the quality of life for the citizens of Hamilton through strengthening the community's understanding of social problems. We hope that this report will help to educate the public and stimulate discussion about what it means to be "poor", how the gap in incomes is growing, and what impacts this might have in the future.

We also hope that this report will help to inform local decision-makers for the purpose of developing strategies aimed at poverty reduction in our community.

## 2.0 BACKGROUND

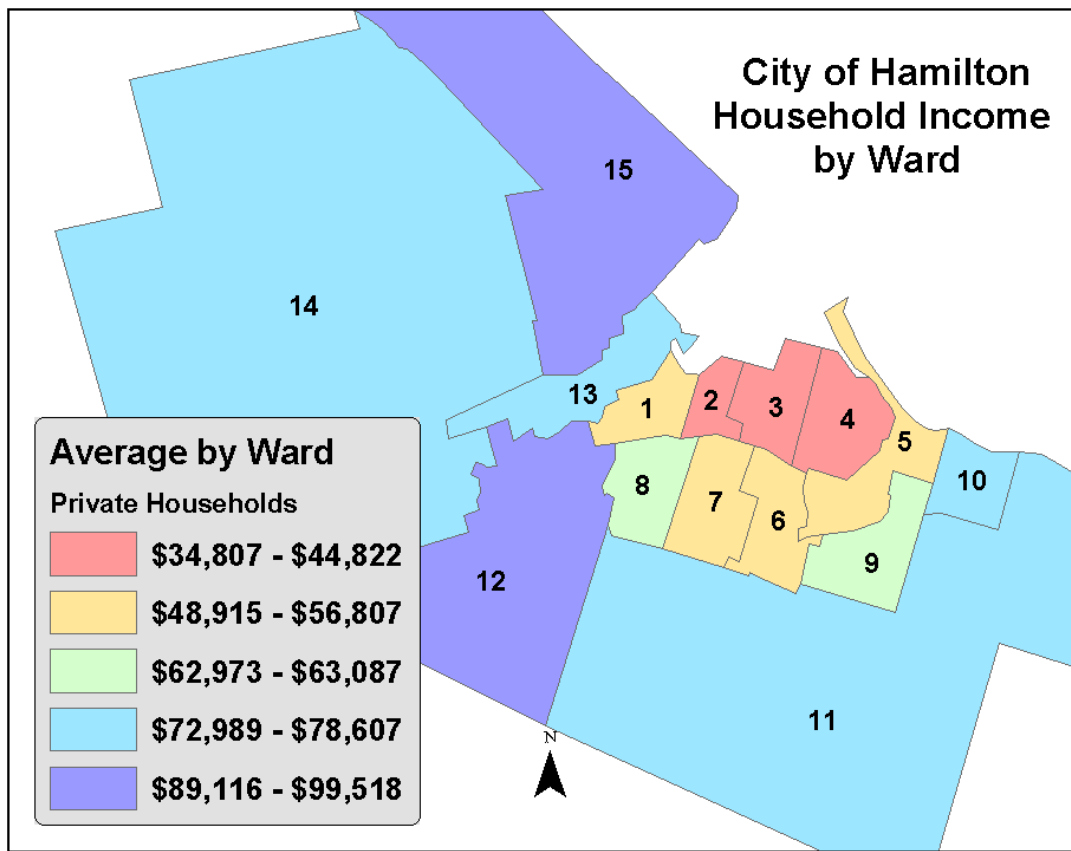
The information included in this report is based on Statistics Canada's 2001 census, information provided by the City of Hamilton's Public Health and Community Services Department and other government sources.

Along with data presented in tables and charts, the report also contains a series of maps. Using Geographic Information Systems (GIS) software, the SPRC is able to visually display various social trends. These maps can present information at small levels of geography, allowing us to understand the unique characteristics of Hamilton's neighborhoods. This is and will continue to be an important tool for public education, as well as planning and coordinating service delivery to Hamilton's vulnerable populations.

### 3.0 INCOMES IN HAMILTON

Average incomes earned by households in Hamilton vary greatly depending on where in the city they are located. The average income among private households in Hamilton was \$57,664 in 2000. A "private household" in this case may be an individual or family, and may include non-family members.

**MAP 1: Average Household Income by Municipal Ward - 2000 Incomes**



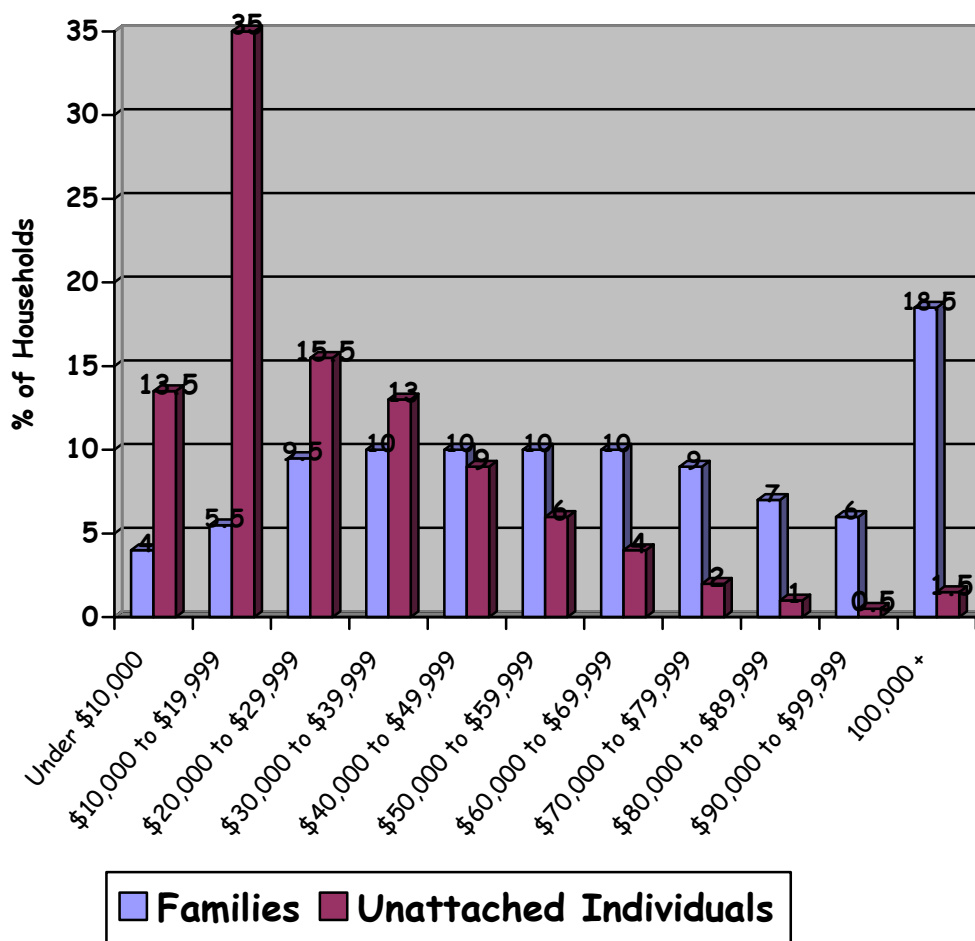
Source: Statistics Canada, Census Data 2001  
 Prepared: Sandy Shaw, Social Planning and Research Council of Hamilton, 2004

MAP 1 displays the average income of households by Municipal Ward boundaries. There are 15 Wards that make up Hamilton. Wards reporting average incomes in the lowest range (\$34,807 to \$44,882) are located in the downtown core. There are 3 Wards in this range, Wards 2, 3 and 4, which are side-by-side and stretch from approximately Queen Street (West) to Nash Road (East), and from the escarpment (South) to Hamilton Harbour (North).

At the other end of the spectrum, Wards 12 and 15 (relating to the former municipalities of Ancaster and part of Flamborough) are in the highest average income range (\$89,118 to \$99,518).

MAP 1 is useful in understanding the general distribution of income across our city. However, there are many households across the city that are living on considerably less than the lowest average income reported by Municipal Ward (\$34,807).

**CHART 1:**  
**Income Groups by Household Types, Families vs. Unattached Individuals**



Source: Statistics Canada 2001 census data

CHART 1 shows the distribution of incomes in Hamilton by income groups and by household type - families versus unattached individuals. Families in this case include all couples with or without children, as well as lone parent families. In total, there were 61,530 unattached individuals and 135,510 families living in private households in Hamilton.

The chart shows very different circumstances for singles versus families. Almost 50% (or 29,842) of unattached individuals earned less than \$20,000 in 2000. At the other end of the income ladder, only 5% (or 3076) of singles had incomes in the top four income groups.

s for families, almost 20% (or 25,747) were living on \$30,000 or less in 2000. During that same year, almost the same number of families earned more than \$100,000. It should be noted that many of the families in the lowest income groups are lone-parent families. A further breakdown by family type is included later in this report.

Incomes in Hamilton also vary, based on both gender and work activity. TABLE 1 describes the average incomes earned by males and females who worked either full-time or part-time during the 2000 year.

**TABLE 1:**  
**Individual Incomes in Hamilton (persons 15 years and over) by Work Activity and Gender, 2000**

<b>Work Activity</b>	<b>Number of Individuals</b>	<b>Average Annual Employment Income</b>
Total Workers	358,240 (100%)	\$47,112
Males - full year, full-time	119,705 (33%)	\$54,061
Females - full year, full-time	80,020 (22%)	\$36,716
Males - part year or part-time	64,710 (18%)	\$25,932
Females - part year or part-time	85,800 (24%)	\$17,147

Source: Statistics Canada 2001 census data

The average income among all workers in 2000 was \$47,112. For males in Hamilton working full-time for the full-year of 2000 (33% of all workers), the average income was \$54,061. In contrast, only 48% of female workers worked full-time during 2000, with a much lower average income of \$36,716.



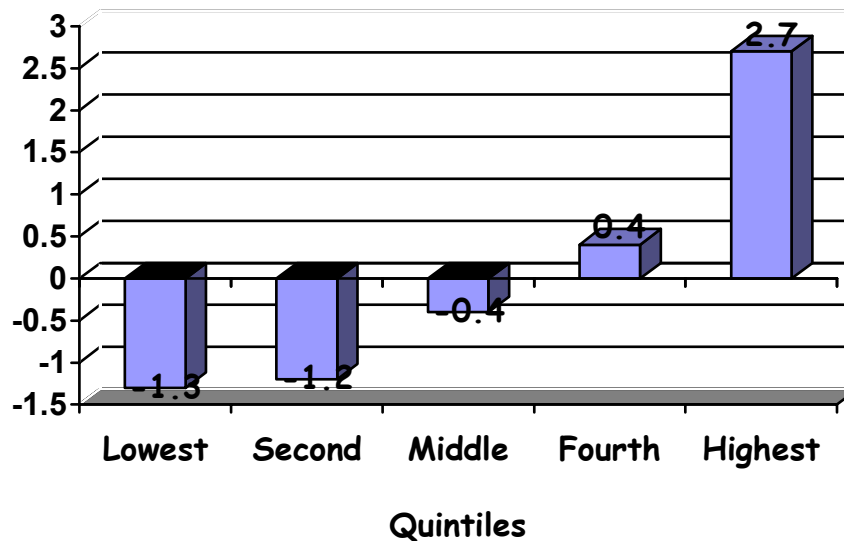
For those working part year or part-time during 2000, males (36% of male workers), earned \$24,280. A much higher proportion of females worked part-time during 2000 (51% of all female workers), with an average income of only \$16,045.

In terms of trends over time, income inequality is increasing in Hamilton. CHART 2 shows how distribution of incomes in Hamilton shifted between 1990 and 2000. Each bar on the graph represents 20% of all families in Hamilton, from lowest to highest incomes.

The chart shows that as a group, those in the top 20% of families experienced an overall increase in their average income (2.7%), as did the second highest income group (0.4%).

At the other end of the scale, the poorest 20% lost ground, with a 1.3% decrease in their average income. This was also the case for the second and third lowest income groups, -1.2% and -0.4% respectively.

**CHART 2:**  
**Percentage Change in Income Distribution by Quintiles for Families in the City of Hamilton, 1990 to 2000**



Source: Statistics Canada 2001 census data

## 4.0 POVERTY IN HAMILTON

TABLE 2 shows the Low-Income Cut-Off (LICO) for a community the size of Hamilton by family size. For example, the LICO for a single person in Hamilton is \$16,979 annually.

The LICO calculates the average cost of basic necessities (including housing, food, and clothing) for different sized households in different sized communities. The measure then adds an additional 20% to determine the low-income cut-off for the specific group. The additional 20% is meant to cover all expenses beyond food, shelter and clothing. This includes such things as heat, hydro, telephone, laundry, toiletries, cleaning supplies, school related costs, medications (prescription and non prescription) and other unexpected expenses.

**TABLE 2: Before-Tax Low-Income Cut-Offs (LICOs), 2003**

Family Size	Low-Income Cut-Off
1 person	\$16,979
2 person	\$21,224
3 person	\$26,396
4 person	\$31,952
5 person	\$35,718
6 person	\$39,483
7+ person	\$43,249

Source: Statistics Canada 2001 Census Data

In Hamilton, according to TABLE 3, 20% of the population or 95,370 individuals were living below the LICO in 2000. Rates of poverty differed greatly between families and unattached individuals. Among families living in Hamilton, 21,762 or 16% were living in poverty in 2000. Unattached individuals fared much worse, with 28,211 or 46% of one-person households living below the poverty line.

**TABLE 3: Incidence of Low Income in Hamilton by Household Type**

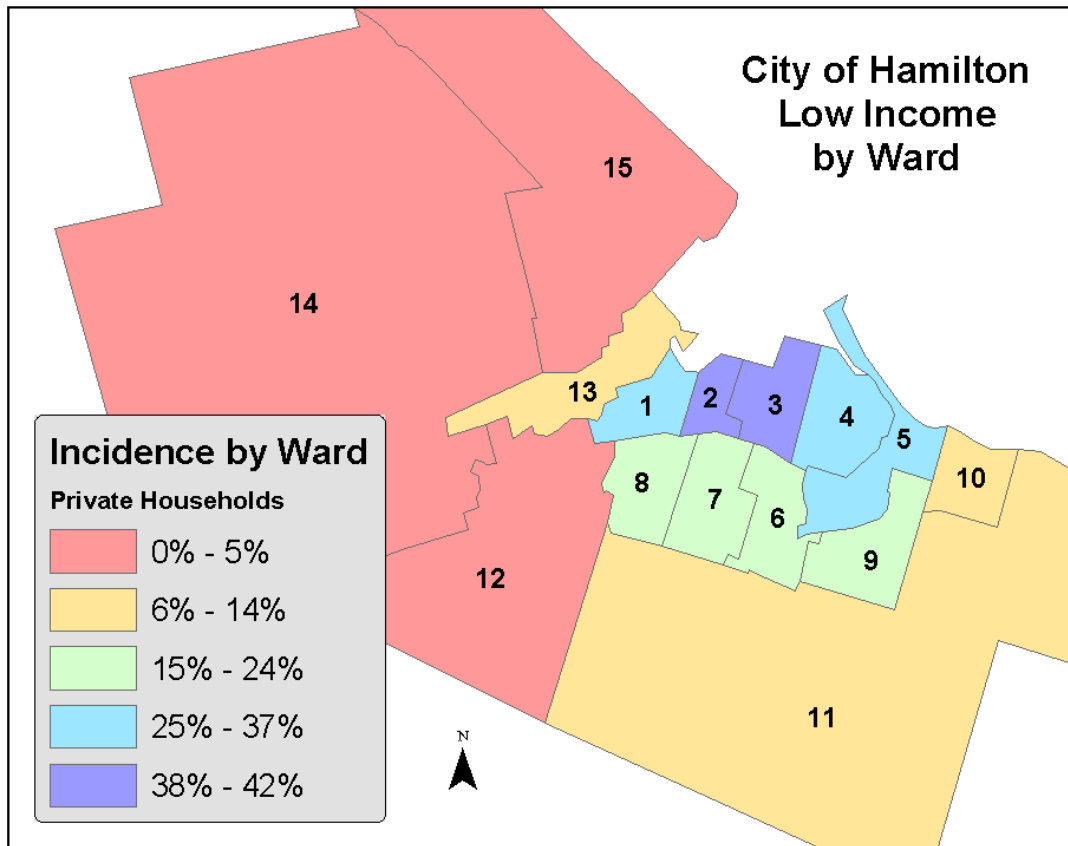
<b>Population</b>	<b>Total</b>	<b>Low Income</b>
Economic Families	135,510	21,762 (16%)
Unattached Individuals	61,530	28,211 (46%)
Population in Private Households	480,810	95,370 (20%)

Source: Statistics Canada 2001 census data

MAP 2 shows the incidence of low-income persons in private households by municipal ward. The highest incidence of low-incomes was reported in Wards 2 and 3, which comprise the downtown core. Areas with the lowest incidence of low income include the communities of Ancaster and Flamborough.

## MAP 2:

### Incidence of Low Income Persons in Private Households by Municipal Ward

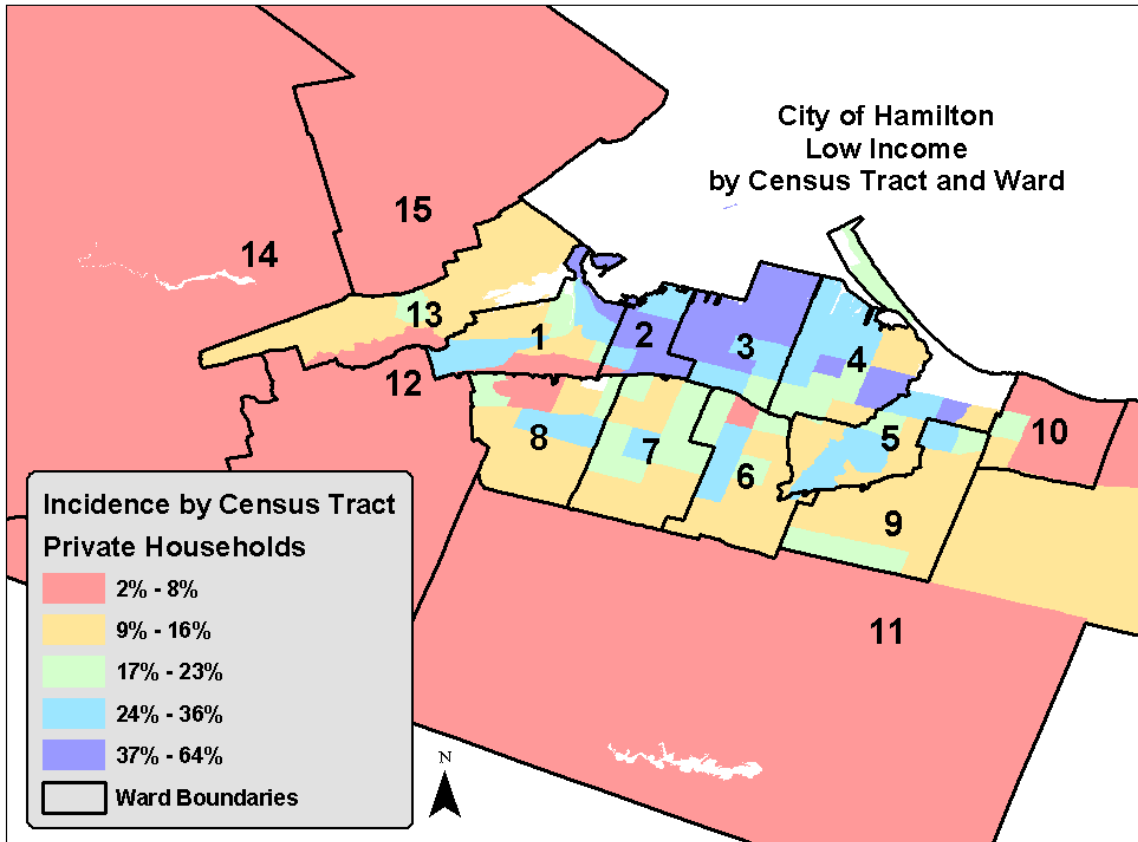


Source: Statistics Canada, Census Data 2001  
Prepared: Sandy Shaw, Social Planning and Research Council of Hamilton, 2004

Mapping the incidence of low income by municipal ward is useful in providing a general understanding of higher need areas of the city. MAP 3 provides a more detailed picture of low income in our community. This map shows the incidence of low income persons in private households by ward and census tract. A census tract is a geographical unit used by Statistics Canada, containing between 2,500 and 8,000 people. By mapping ward and census tracts together, we can see that although there is still a concentration of low income persons living in the downtown core, there are neighbourhoods throughout the city with disproportionately high levels of poverty.

**MAP 3:**

**Incidence of Low Income Persons in Private Households by Municipal Ward and Census Tract**



Source: Statistics Canada, Census Data 2001  
Prepared by: Sandy Shaw, Social Planning and Research Council Hamilton

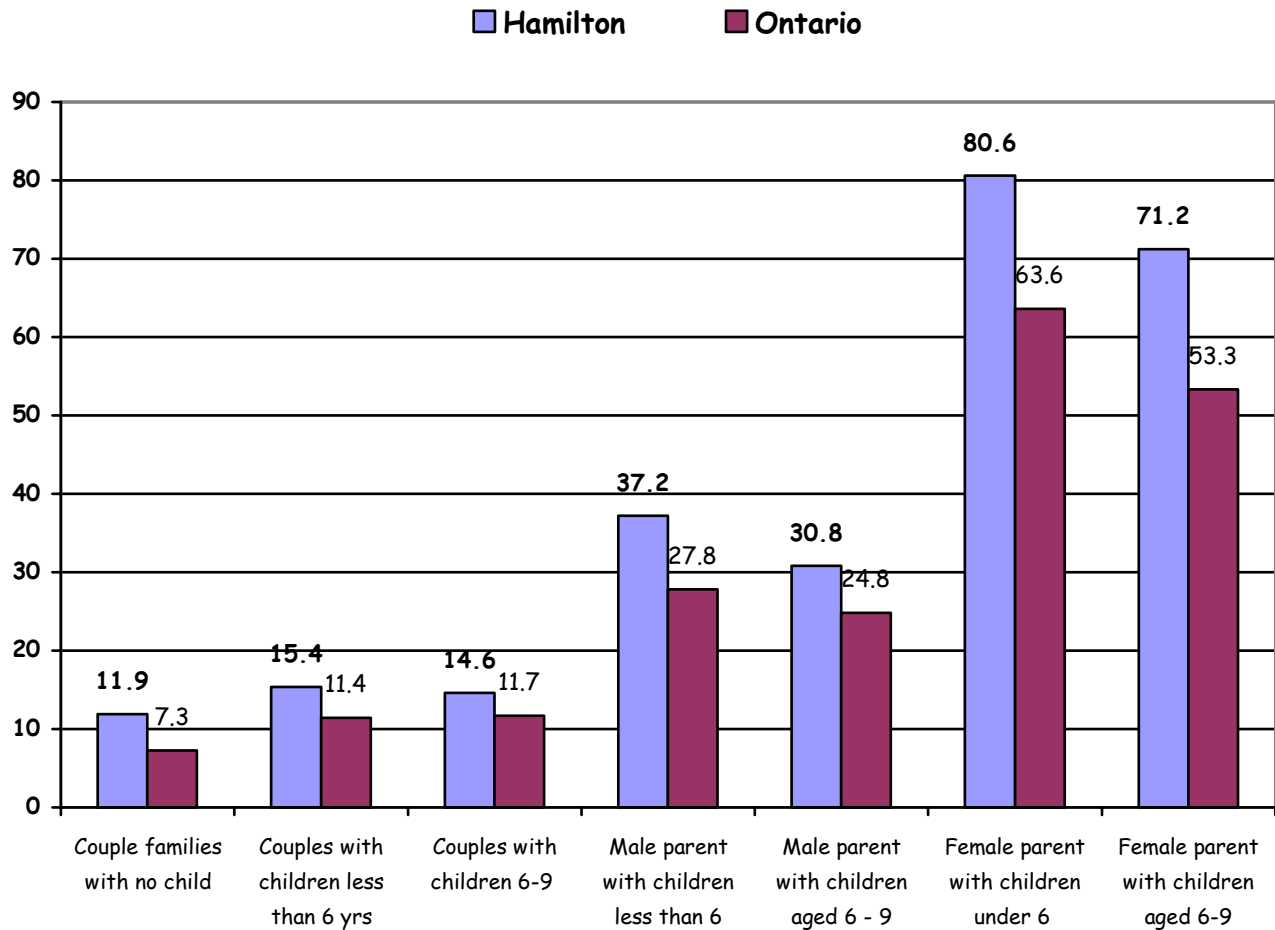
While the rate of poverty among unattached individuals (46%) is much higher than for economic families in general (16%), some types of economic families are struggling far worse. CHART 3 provides a breakdown of low-income families in Hamilton and Ontario by family type.

For all seven family types identified, the rate of poverty was higher in Hamilton than the province as a whole. In fact, for female-led lone parent families, the poverty rate was 17% higher in Hamilton.

Couple families fared much better than lone parent families with respect to incidence of poverty. Across the three categories of couple families, rates of poverty ranged from 11.9% (among couples with no children) to 15.4% (among couples with children under 6 years of age).

Most disturbing is the rate of poverty among sole support families in Hamilton, particularly among single mothers. In the year 2000, 80.6% of female-led lone parent families with children under 6 were living in poverty, as were 71.2% of female led lone parent families with children between 6 and 9.

**CHART 3: Incidence of Low Income in Hamilton by Economic Family Type**



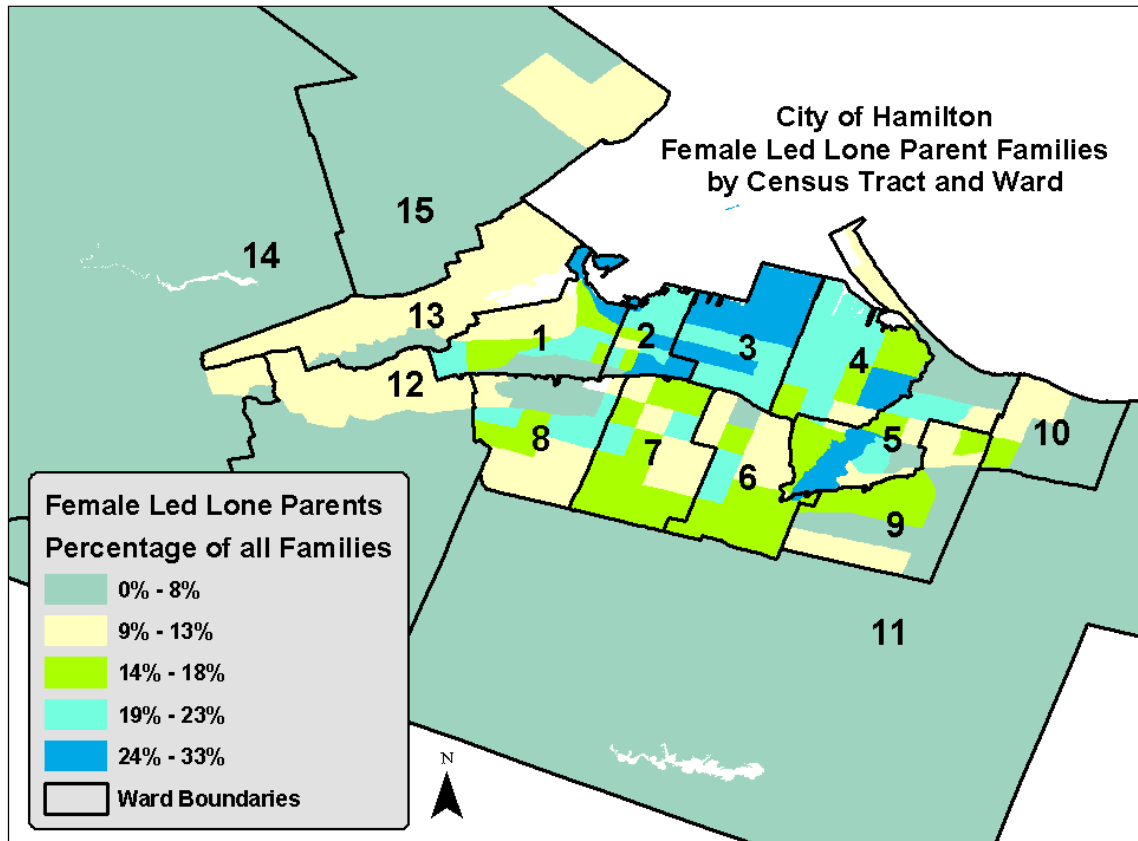
Source: City of Hamilton Public Health and Community Services Department - Ontario Early Years Community Profile: City of Hamilton 2004

This clearly shows that single mothers in Hamilton are experiencing particularly difficult circumstances. These findings should sound an alarm bell for agencies and institutions responsible for supporting and protecting our most vulnerable populations.

In terms of where in Hamilton lone parent families reside, MAP 4 shows the distribution of female-led lone parent families by municipal ward and census tract. While there is a high concentration in the downtown core, there are neighbourhoods through out the city with disproportionately high numbers of female-led lone parent families.

**MAP 4:**

**The Distribution of Female-Led Lone Parent Families by Census Tract and Municipal Ward**



Source: Statistics Canada, Census Data 2001  
Prepared by: Sandy Shaw, Social Planning and Research Council Hamilton

Beyond the impact of family structure on likelihood of living in poverty, other distinct groups in our community experience disproportionate levels of poverty.



**TABLE 4: Incidence of Low-Income in Hamilton by Select Groups**

Select Group	Incidence of Low-Income
Total Population	20%
With immigrant status	24%
Recent immigrants (between 1996 and 2001)	52%
With aboriginal status	44%
With visible minority status	37%
With activity limitation (disability)	30%
Seniors 75 years +	29%
Children under 12 years	25%

Source: Statistics Canada 2001 census data

TABLE 4 shows the incidence of low income by select groups. While the poverty rate for the total population is 20%, recent immigrants for example (immigrated between 1996 and 2001) experienced a poverty rate more than two and a half times higher at 52%.

High rates of poverty among distinct groups need to be considered individually. While all are subject to a common set of issues including labour market trends, and the rising cost of rent and utilities, each group has its own set of barriers to employment and adequate wages. An internationally trained professional new to Canada for example, may face barriers to becoming licensed in their field, while a person with a disability might face discrimination in the labour market.

## 5.0 SOCIAL ASSISTANCE AND POVERTY

Historically, social assistance benefit rates have provided emergency incomes far below the poverty line or LICO. The primary social assistance program in Ontario, Ontario Works (OW), was implemented in 1995, with an immediate 22% cut to the already low benefit rates. While the cost of living has increased by approximately 25% since 1995, benefit rates have not increased.

In 1998 the federal government implemented the National Child Benefit (NCB) to prevent and reduce the effects of child poverty. While families receiving OW can also receive NCB, the NCB portion is considered income and deducted directly from OW benefits. Families receiving OW can however keep their Child Tax Credit benefit.

According to the City of Hamilton - Public Health and Community Services Department, the Ontario Works caseload total for April 2004 was 10,993. A "case" however, often refers to a family unit with two or more people. The number of actual beneficiaries for that same month was 25,411.

TABLE 5 compares the maximum income security benefit rates with the 2003 LICO (the latest release of the LICO levels) for a single employable person, a person with a disability, a single parent with 1 child, and a couple family with 2 children. Maximum income security benefit rates were calculated to include Ontario Works benefits, as well as the National Child Benefit (NCB) and Child Tax Credit for families with children.

**TABLE 5:**  
**Maximum Income Security Benefits in Ontario as a Percentage of the Poverty Line**

Recipient	Maximum Income Security Benefits	Poverty Line	Total Welfare Income as % of Poverty Line
Single employable	\$6,432	\$16,979	38%
Single parent, one child	\$13,272	\$21,224	62%
Couple, two children	\$17,424	\$31,952	55%

Source: LICO - Statistics Canada 2001 census data

Source: OW incomes - City of Hamilton Public Health and Community Services Department 2004

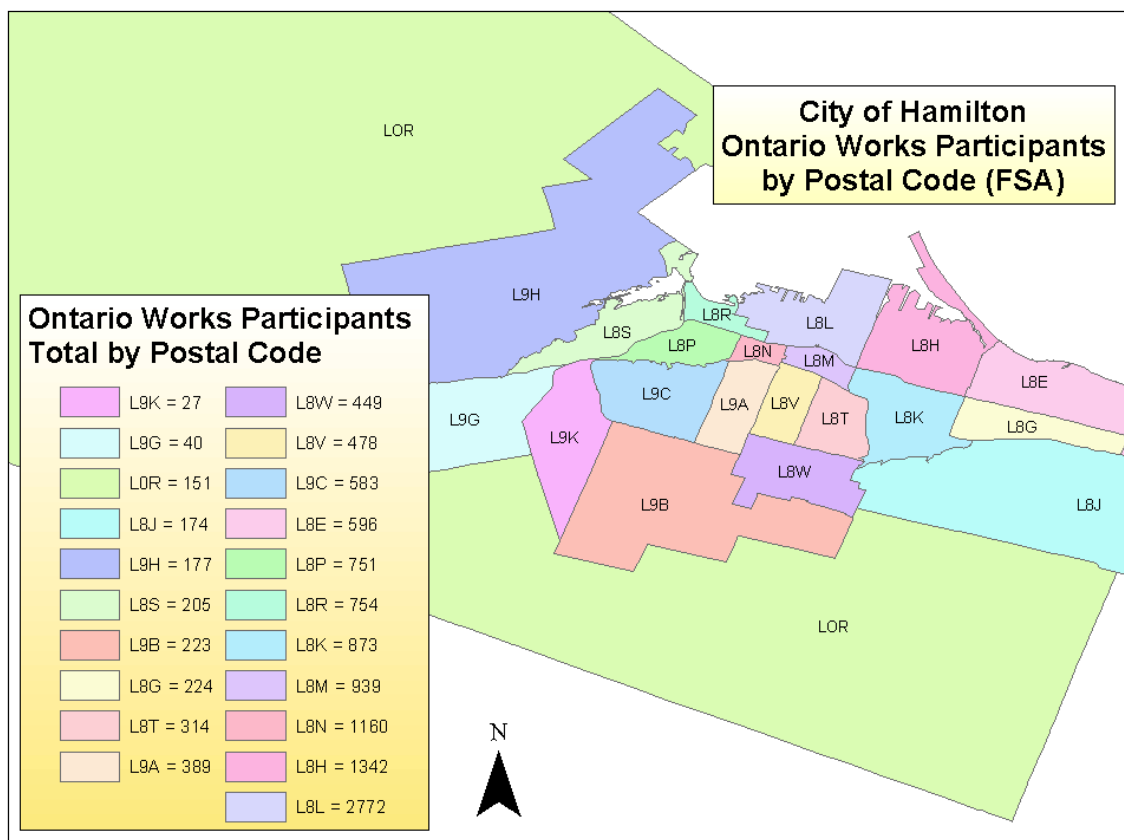
Source: NCB & Child Tax Credit - Government of Canada 2004

A single employable person, for example, receives \$536 per month or \$6,432 annually, amounting to only 38% of the poverty line (the poverty line for a single person is \$16,979). A single parent receives \$13,272 annually from OW (62% of the poverty line), while benefit rates for couple families with 2 children amount to only 55% of the poverty line.

MAP 5 shows the distribution of OW "cases" by Canada Post forward sortation areas (FSA's). The first three characters of a postal code define a forward sortation area. For example, postal codes starting with "L8L" comprise part of the downtown core.

The map shows that the highest number of OW cases fall within the L8L area, followed by neighbouring FSA's located north of the escarpment. Again, this confirms that Hamilton's downtown is home to a disproportionate number of households living in poverty, while additional high need neighbourhoods exist throughout the city.

**MAP 5:**  
**Distribution of Ontario Works Recipients in Hamilton by FSA - April 2004**



Source: City of Hamilton, April 2004  
 Prepared by: Sandy Shaw, Social Planning & Research Council of Hamilton

TABLE 6 shows the monthly cost of a nutritious food basket (Hamilton Public Health and Community Services Department, 2003) for selected household types, and the average rents in Hamilton (Canada Mortgage and Housing, 2003). It then compares the total cost of these basic necessities (food and shelter) to the maximum monthly income security benefit rates provided to these household types.

The "remainder" column in TABLE 6 represents where a specific household would stand financially in a given month, after securing adequate food and housing at the average market rent. For a single male the remainder is actually in the negative (- \$146). A female lone-parent with one child has a positive remainder of \$157, while a couple with two children has \$66 remaining.

**TABLE 6:**  
**Maximum Income Security Benefits versus the Cost of Rent and Food - 2002**

Household Type	Monthly Income Security Benefits	Monthly Cost of Food Basket	Average Monthly Rent	Remainder
Single male (25 to 49 yrs)	\$536	\$187	\$495 (bachelor apt.)	- \$146
Lone parent female (25 to 49 yrs.), boy (10 to 12)	\$1,106	\$212	\$737 (1 bdrm. apt.)	\$157
Family of four - man & woman (25 to 49 yrs), girl (10 to 12), boy (7 to 9)	\$1,452	\$514	\$872 (2 bdrm. Apt.)	\$66

Source: Monthly Ontario Works benefit rates - City of Hamilton Public Health and Community Services Department 2004

Source: Cost of a nutritious food basket - City of Hamilton Public Health and Community Services Department 2004

Source: Average monthly rents - Canadian Mortgage and Housing Corporation - 2003

Source: NCB & Child Tax Credit - Government of Canada 2004

Remember that this calculation considers only food and shelter, and therefore does not consider other necessities such as heat, hydro, clothing, telephone, laundry, toiletries, cleaning supplies, school related costs, medications (prescription co-payments and non prescription) as well as any unexpected expenses.

Given the inadequacy of current benefit rates, most households on OW are dependent on local food banks to survive. Given the high and rising cost of rent in Hamilton, these households are often forced into inadequate or unsafe housing.

**TABLE 7: Number of Dependant Children in Receipt of Ontario Works in the City of Hamilton - 2003**

<b>Age Group</b>	<b>Total Population</b>	<b>OW Beneficiaries</b>	<b>OW Beneficiaries As % Total</b>
Total 0 to 18 years	121,280	10,448	8.6%
0 to 6 years	41,130	4,878	11.9%
7 to 12 years	40,250	3,430	8.5%
13 to 18 years	39,900	2,140	5.4%

Source: City of Hamilton Public Health and Community Services Department 2004

According to TABLE 7 8.6% of children in Hamilton 0 to 18 years (10,448 in total) are being raised, at least temporarily, on OW. Most disturbing is that almost half of these children (4,878) are between the ages of 0 and 6 years. While these are considered to be formative years, local research suggests that these children are often exposed to the family stress related to the risk of homelessness, and often do not receive daily nutritional requirements.

## 6.0 SUMMARY

This report provides a general overview of incomes and poverty in Hamilton. In 2000, one-in-five or 95,370 Hamilton residents lived on incomes below Statistics Canada's low-income cut-off. There is evidence that a shift in the distribution of incomes in Hamilton is also occurring. In fact, 60% of families experienced an overall decrease in their average incomes between 1990 and 2000.

It is also important to note that a number of specific population groups experience disproportionately higher levels of poverty. Some of these groups include new Canadians, visible minorities, Aboriginal persons, persons with disabilities, youth, seniors and women - particularly single mothers.

The report shows that income disparity is evident and growing in Hamilton, and Hamilton's downtown core is home to a disproportionate number of individuals and families living in poverty. As is evident from the maps presented however, there are neighbourhoods throughout much of Hamilton where households are struggling financially.

Labour market trends have resulted in a proliferation of part-time, contract and temporary employment opportunities, often with no employee benefits. For those unable to secure employment in the local labour market, income security programs provide benefits far below the LICO, and in some cases below the level required to access adequate food and shelter, the most basic necessities of life.

Ultimately, poverty is a product of income levels and affordability. If incomes continue to decline while the cost of living continues to rise, the effects of poverty will become more and more evident in our community over the coming years.

We hope that this report will help to educate the public and stimulate discussion about what it means to be "poor", how the gap in incomes is growing, and what impacts this might have in the future. It is also important that local decision makers take the issue of poverty seriously, and develop policies and strategies that support our most vulnerable populations. Careful thought, planning and decision-making would contribute greatly to reducing the impacts of poverty on the health, productivity and social well-being of our community.