

SOCIAL PLANNING COUNCIL OF OTTAWA

The Working Poor of Ottawa

December 2005

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SUMMARY

There are different definitions of “working poor”. This report looks at individuals or families working the full year (49 weeks or more), whose total family income falls below the Low Income Cut Off before taxes. It does not include part-year workers. Also, “working poor” and “low wage earners” are not the same. Some people earning low wages are not living in poverty (i.e. not working poor) because their overall financial needs are met through some additional means, such as by other family members or by other sources of income.

1. In 2001, 13% of unattached individuals and 11% of families in Ottawa were “working poor”. Although the working poor make up a small percentage of workers, as well as a small percentage of the low income population, the existence of a “working poor” population points to a serious gap in government policies and programs.
2. Changes in the labour market have led to the phenomenon of the “working poor”, particularly the growing relative importance of non-standard employment (not following a “9 – 5” full time permanent model).
3. The working poor are more likely to work in small private businesses, in the service or sales industries or to be self-employed.
4. A large proportion of self-employed individuals are working poor. In Canada in 2001 47% of self-employed were working poor. Immigrants are more likely to be self-employed than Canadian-born workers. Self-employed immigrants earn on average less than their Canadian born counterparts.
5. Although wages of the working poor are on average higher than minimum wage, they are substantially lower than those of non-poor workers. In 2001, the working poor earned on average \$12 per hour compared to \$19 per hour earned by other workers.

Working Poor Families

6. In 2000, there were a total of 210,410 economic families in Ottawa of all income levels. 11% of all economic families were living below the low-income cut-off.
7. If we look only at poor families, 26% of poor families in Ottawa are working poor.
8. 70% of working poor families who work full year have children under 18. The majority of working poor families working full year are couples with children under 18 (44%). This is followed by lone parents with children under 18 (26%) and couples without children under 18 (20%).
9. Working poor families are more likely to be one earner families. 20% of economic families with one income earner were living below LICO compared to 4% of economic families with two or more income earners.

10. The presence of children is an important factor in the likelihood of a family being working poor. Families with children under 18 make up 70% of poor families who worked full year. Large working families have a higher likelihood of being low income even when both adults are working full year since the employment income often fails to match the extra needs of dependents.
11. The likelihood of families being working poor varies by the make-up of the family. Couples without children are the least likely to be working poor. Lone parent families are most likely to be working poor because they have children and they are most likely to have only one earner.
12. In general the percentage of families living under the low-income cut-off also varies greatly according to the number of weeks family members worked during the year. 5% of economic families who worked 49 weeks and over are living below the low-income cut-off compared to 19% of economic families who worked 1 to 48 weeks. For lone parent families with children under 18, working full year reduces the incidence of low income. 18% of lone-parent families who worked full year are living below LICO compared to 55% of those who worked part year.

Unattached Individuals

13. In 2000, there were a total of 113,605 unattached individuals 15 and over in Ottawa of all income levels. 32% of all unattached individuals were living below the low-income cut-off.
14. If we look only at poor unattached individuals, in Ottawa, 36% of poor unattached individuals were working poor (6,730 individuals).
15. There is a range of age among unattached working poor individuals with roughly equal numbers in each of the ten year age groups between 15 and 45 (15 to 24, 25 to 34, and 35 to 44). This challenges the assumption that most working poor individuals are new or inexperienced workers.
16. However, young workers face a greater risk of being working poor. 23% of unattached individuals under 29 working full year and 64% working part-year were living below the low income cut off. A disproportionate number of unattached individuals under 30 are falling through the cracks of labour market and education programs and policies.

Groups Facing Economic Exclusion

17. 8% of Ottawa immigrants are working poor. 17% of recent immigrants, who arrived between 1996 and 2001, are working poor.
18. 11% of members of visible minority groups are working poor.

19. People with disabilities face significant barriers securing employment, and are more likely than the general population to be involuntarily working part-time. However, those employed 49 weeks or more have roughly the same rate of poverty as the general population. Overall, 12% of employed individuals with disabilities are living below the low income cut-off. 7% who worked 49 to 52 weeks and 22% of those who worked under 49 weeks are living below the low income cut off.
20. Poverty among employed Aboriginal groups is high, with 24% of Aboriginals in the labour force being low income. 9% of Aboriginals who worked 49 to 52 weeks and 26% of those who worked under 49 weeks are living under the low income cut-off.
21. Between 1996 and 2001, individuals in Ottawa with university degrees had an 81% chance of moving up out of low wage jobs compared to 46% of workers with high school or less. However, despite having higher than average education levels, immigrant and visible minority residents are often not able to secure adequate employment.

WORKING POOR FOR LIFE?

22. About a third to half of low income situations in Canada end after one year, and most families and unattached individuals are out of working poverty within 5 years. Slightly more than half of Canada's working poor moved out of poverty due to an increase in their own income. Almost half of Canada's families and individuals leaving a situation of working poverty did so due to a change in their family or an increase in the income from other members.
23. Although the working poor generally do not stay in a low income situation for as long as other low income persons, about 30% of unattached individuals and families experience persistent low income.
24. The majority of working poor families moving out of low income still have an income that is well below that of other workers. From 1996 to 2001, \$57,000 was the average disposable family income of all persons who did not have a low income. However, the income of workers who had previously lived in poverty was 40% lower (\$34,600).
25. Workers leaving a situation of working poverty do not normally move up from precarious employment into more stable employment. In 1999, more than one-half of individuals employed in non-standard jobs in Canada were still in the same type of precarious employment two years later.
26. Labour market, social, family and educational policies are not responding effectively to the impact of these labour market trends on families and individuals.

INTRODUCTION

I'm working but it isn't saving me from poverty.

People's Hearings II
Focus Group Participant

The prevailing belief is that if you are employed you can meet your needs. While working appears to reduce the severity of poverty, it does not eliminate it nor is it a guarantee of escaping it. In fact, there is a cluster of people within the Canadian population, who, despite the fact that they are working, find themselves living in poverty and unable to support themselves and their family adequately. They are called the working poor. In 2001, 13% of unattached individuals and 11% of families in Ottawa were “working poor”.

Very little Canadian research has been conducted to identify the needs of the working poor and to demonstrate how their needs differ from other poor families who are not working or from other working families who are not poor. Although the working poor make up a small percentage of workers, as well as a small percentage of the low income population, it is important we understand this troubling phenomenon. The existence of a “working poor” population challenges many of our assumptions about society and points to a serious gap in our labour market, family and social policies and programs. Poverty is not just a problem of the unemployed population. Working individuals and families are falling through the cracks.

In early 2005, the Poverty Issue Advisory Committee released a report on the current conditions of the low income population called “The Listening Forums: People's Hearings II”¹. Findings from the consultations leading to the report confirm that many Ottawa residents are struggling to make ends meet while being employed.

This report on the working poor population complements the “Listening Forums” report by investigating further how current downgrading of working conditions and the inaccessibility of certain social programs are creating a new sub-population of poor individuals who work. The objective of this report is also to examine socio-economic characteristics of the working poor. The report will look at the social composition and demographic structure of the working poor residing in Ottawa, as well as consider policies that affect them. Geographic Information System maps are presented to show the geographic distribution of working poor unattached individuals and families across the city. This report will give a good portrait of working poor families and individuals.

¹ The report is available on www.spcottawa.on.ca

Methodology

There are many ways to arrive at a definition of the working poor. In Canada, there is no agreement on the definition of the working poor. This stems from a lack of consensus on who should be considered as a worker (number hours and weeks worked over the reference period) and who should be considered poor (poverty is a family concept while working is an individual concept). The estimated number of working poor individuals and families is sensitive to modifications in the minimum level of weeks or hours worked which is used in the definition. Thus, several non-official Canadian definitions of the working poor exist. However, regardless of the definition used, the overall profile of the working poor is almost identical.

This report uses the following definition of “working poor”:

Unattached individuals and families working at least a combined total of 49 weeks either full-time or part-time in the reference year, and whose family income falls below the Low Income Cut Off Before Taxes. All working age members of an economic family must have between them at least 49 weeks of either full-time or part-time work.

The report uses Statistics Canada’s 2001 census data, and will draw from existing Canadian literature in the field of labour and poverty. The scope of most of the data used in this report is limited to the City of Ottawa. However, national statistics are used to complement the report.

Many discussions about work and poverty centre mainly on low-wage earners and not the working poor². It is important, therefore, for the purpose of this report to note the distinction between low wage earners and the working poor. Some people earning low wages are not living in poverty because their overall financial needs are met through some additional means, such as by other family members or by other sources of income. For example, in one family with no children a spouse may be working for a low wage in the service industry while the other spouse has full time well paid employment. In another family, a young adult may be earning a minimum wage salary while being supported by his or her family. In a third case, an unattached individual may have taken early retirement from another job, and is working for a low wage but also has a pension from the first job. In all these cases, the total income of the individual or the family brings the individual above the poverty line. Working poverty is determined when the entire family income is below the poverty threshold. For the purpose of this report, none of these three cases would be included in the data.

As with any economic or social trend, the “working poor” phenomenon is complex. While none of the definitions can clarify all aspects of the phenomenon, we consider this definition of “working poor” to be the best starting point for a discussion of the situation of the working poor in Ottawa. By focussing the data on those working full year (49 weeks or more) on the one hand, and on the total income of the economic family or

²Statistics Canada considers low wage to be \$10 and less in 2001 dollars.

individual on the other, the discussion is not diverted by secondary debates such as how many weeks an individual must work to be considered a worker.

At certain points throughout the report, we present information on workers working less than 49 weeks (i.e. less than full year). This information is provided for comparison purposes, to help explain some aspect of the working poor phenomenon or a social trend. However, where statistics for the “working poor” are presented, these statistics are only referring to individuals or families living below the low income cut off and working 49 or more weeks in the year.

While reading the report, it is useful to keep in mind a broader context of social trends and issues which the definition and data do not illuminate. In particular:

- The data cannot distinguish between individuals who choose to live within an “economic family” and individuals who live in a particular “economic family” because their employment income does not provide enough for them to live in a separate household. This would particularly be an issue with respect to adults or young adults who live with other family members because their income is too low for them to afford housing and other basic needs on their own.
- Since the report does not include an analysis of data for individuals or families working less than 49 weeks (i.e. less than full year), it is not particularly sensitive to the complex interplay of factors which affect young adults who do not live with their family. At this stage of their life they are moving into the labour force and may still be going to school or attending college or university.
- The data cannot distinguish between people who choose to work part time and people who work part time because they cannot get full time work. Therefore, the report does not explore the situation of involuntary part time workers.

Finally, throughout the report the term “poor” refers to individuals or families who live below Statistics Canada’s low income cut off.

CHANGES IN THE LABOUR MARKET AFFECT THE WORKING POOR

The “9 to 5” permanent job is not as common as it once was. Non-standard employment, also known as precarious employment, is a growing trend within the labour market. Non-standard employment is all employment that is not permanent and does not follow a full time / full year format. The working poor are more likely than other workers to find themselves in non-standard jobs.

Non-standard jobs are characterized as having a high risk of termination, offering limited benefits, limited access to entitlements such as Employment Insurance, minimal job security and are more likely to offer inadequate wages. Positions are mostly temporary or non-permanent. Non-permanent positions, whether they are full time or part time, offer fewer weekly hours of work than permanent positions and are shorter in tenure. With a large proportion of precarious employment being part time, seasonal or temporary, individuals may work full time but not full year or be in part time employment the full year. Therefore, employees in non-standard employment may have to search regularly for employment.

Also, in non-standard employment, there is often little protection or control with respect to working conditions, whether it be from the law or from union representation. The working poor population is most affected by the lack of enforcement of employment standard laws and legislation. For the working poor and low-income workers, a failure to receive wages, benefits, overtime or severance to which they are legally entitled can push them into an even deeper situation of poverty.

Growth in non-standard employment

According to the Canadian Labour Congress, there has been little to no improvement in the quality of the majority of jobs over the last 25 years³. Research on the Canadian labour market based on the Labour Force Survey shows that although there has not been a decrease in well-paid jobs over the past twenty years, the relative importance of temporary / non-permanent jobs has increased, particularly among new workers, young unattached individuals, female lone parents and recent immigrants. In 1989, 11% of newly hired employees in Canada held temporary jobs. By 2004, that proportion jumped to 21%⁴. In 2001, only half of workers in Canada had a single, full-time job that lasted six months or more.

Canadian employers have responded to technology changes and more intense competition within industries and from abroad by lowering wages for newly hired workers while maintaining wages of workers with seniority. Workers with less than two years of seniority, males and individuals working in the manufacturing industries have been greatly affected by these changes.

³ Canadian Labour Congress, 2005

⁴ Morissette & Johnson, 2005

Involuntary part-time work

While the working poor are just as likely to stay employed as non-poor workers, they are more likely to work less than 910 hours a year (i.e. less than full-year). In 2003, 2,963,000 people in Canada were part time workers. 9% were involuntarily working part time and were actively looking for full-time employment⁵. Women and individuals with disabilities are most likely to be working part-time and looking for full-time employment. Given these facts, further research is needed to determine whether involuntary part-time employment is more common among working poor unattached individuals than among non-working poor individuals or working families. As well, more research will have to be done to determine if there is a relationship between exclusion or inequity faced by particular groups (e.g. women, people with disabilities, youth) and involuntary part time work.

Working poor and occupation

The rate and depth of poverty varies by the nature of employment, the occupation and the industry. The working poor are more likely to work in small private businesses, in the service or sales industries. They are also more likely to hold non-standard jobs such as self-employment. Poverty and occupation differ by gender. Working poor women are most likely to be in service or office occupations, while working poor men are more likely to work in service, production or agriculture / farm jobs.

Self-employment

Often self-employment is encouraged as a means out of unemployment and poverty. However, statistics show that a large proportion of self-employed individuals are amongst the working poor. In Canada one in ten people was self employed in 2001, out of which 47% were part of the working poor population⁶. Many self-employed people run non-incorporated, own account businesses without paid employees and are at the low end of the job market⁷. Many are in agriculture and farming related occupations.

The self-employed have a higher likelihood of being poor compared to other types of workers, regardless of gender. However, self-employed women earn significantly less than their male counterparts. In 2001, the average income of self-employed men was \$18,327 while self-employed women earned on average \$10,523⁸. Education levels of the self-employed are polarized. Individuals tend to be, on average, either highly educated or to possess low levels of education.

A report presenting a statistical analysis of the immigrant population of Ottawa indicates that immigrants are more likely to be self-employed than Canadian-born workers. For

⁵ Statistics Canada, 2003

⁶ Fleury & Fortin, 2004

⁷ Own-account self-employment operations usually do not hire paid help, and include both people who have incorporated their businesses, and those who are unincorporated

⁸ Statistics Canada, 2003

some, self-employment is a more desirable option than employment, as many are unable to find work other than low skilled-low paid jobs. In 2001, 13,150 immigrants were self-employed, the greater majority of whom arrived before 1980 and during the 1990s. Self-employed immigrants earn on average less than their Canadian born counterparts⁹. Self-employed visible minority immigrants are found in greater proportions in the retail trade, accommodation and food services.

Low wage and working poor

Low wage jobs are associated with precarious employment and share many of the same characteristics. Low wage earners are more likely to occupy non-standard positions such as temporary and part time employment. They are less likely to have access to non-wage benefits such as employer paid pension plans, supplemental health insurance and dental plans. Furthermore, those earning a low wage are a third less likely than other workers to work full time, full year. Low wage employees have less access to learning and professional development opportunities. Also, low wage employees are less likely than other workers to have access to union protection.

With international competition and other factors impacting the labour market, there are pressures to maintain low wages. 16% of full time employees in Canada earned a low wage¹⁰, and 24% had low earnings and lived in low-income families¹¹. Even with a strong economy little has been done regarding the occurrence of low wage employment and in particular, the increase of low waged skilled service jobs, jobs often occupied by the working poor.

While the provincial minimum wage is supposed to provide an important safeguard for low-wage workers by guaranteeing that wages cannot fall below a specified level, the current provincial minimum wage has failed to increase to match the rising cost of living. As well, the minimum wage is the same for a worker whether he or she has no dependents or numerous dependents. Although wages of the working poor are on average higher than minimum wage, they are substantially lower than those of non-poor workers. In 2001, the working poor earned on average \$12 per hour compared to \$19 per hour earned by other workers¹². This represents 65% of the wages of non-poor workers before taxes.

By examining Table 1, we are able to see that a working poor family of 3 would have to earn a total of \$14.65 an hour, working full-time / full-year, in order to reach the Low Income Cut-off. Earning the average of \$12.00 an hour for 35 hours a week leaves them \$5,564 below the cut-off.

⁹ Statistical analysis of the immigrant population of Ottawa is available at www.spcottawa.on.ca

¹⁰ Statistics Canada, 2005, states that a low wage earner is one that receives 10 dollars an hour or whose earnings are less than \$375 per week.

¹¹ Based on working poor definition of Fleury & Fortin, 2005

¹² Ibid, 2004

Table 1

Low Income Cut-offs for Economic Families and Unattached Individuals, 2000		
Family Size	Poverty Line ¹³ Before Taxes	Minimum hourly wage to reach poverty line full time/full year
1	\$18,371	\$9.45
2	\$22,964	\$11.77
3	\$28,560	\$14.65
4	\$34,572	\$17.73
5	\$38,646	\$19.82
6	\$42,719	\$21.90
7	\$46,793	\$24.00

Table 2 demonstrates the percentage of income which would be paid for housing costs based on a range of hourly wages. For a family of three earning the average \$12.00 an hour, renting a two bedroom apartment would cost 49% of their annual income.

Table 2

Percentage of Housing Costs Based on Various Hourly Wages¹⁴, Ottawa, 2005					
Hourly wage full time / full year	Annual income before taxes	Bachelor	1 bedroom apartment	2 bedroom apartment	3 bedroom apartment
		\$627/month	\$775/month	\$945/month	\$1,160/month
		\$7,524/year	\$9,300/year	\$11,340/year	\$13,920/year
\$7.45	\$14,528	52%	64%	78%	96%
\$10.00	\$19,500	38%	48%	58%	71%
\$11.00	\$21,450	35%	43%	53%	65%
\$12.00	\$23,400	32%	40%	49%	60%
\$13.00	\$25,350	30%	37%	45%	55%

Source: CMHC, 2005

WHO ARE THE WORKING POOR?

Although the phenomenon of “working poor” is created by labour market and economic factors, the risk of poverty differs across several characteristics of workers and family structures, particularly:

- the family situation (number and age of dependents, as well as circumstances such as divorce or separation, moving from a small community to a large urban centre, etc.),

¹³ Low Income Cut Off for a census metropolitan area with a population of 500,000+

¹⁴ Annual income is based on 1950 hours of work (Full time). Rental costs are based on the Canada Mortgage and Housing Corporation, 2005

- the number of wage earners in the family, and
- the characteristics of the earners (education level, age, and background etc).

Working Poor Families

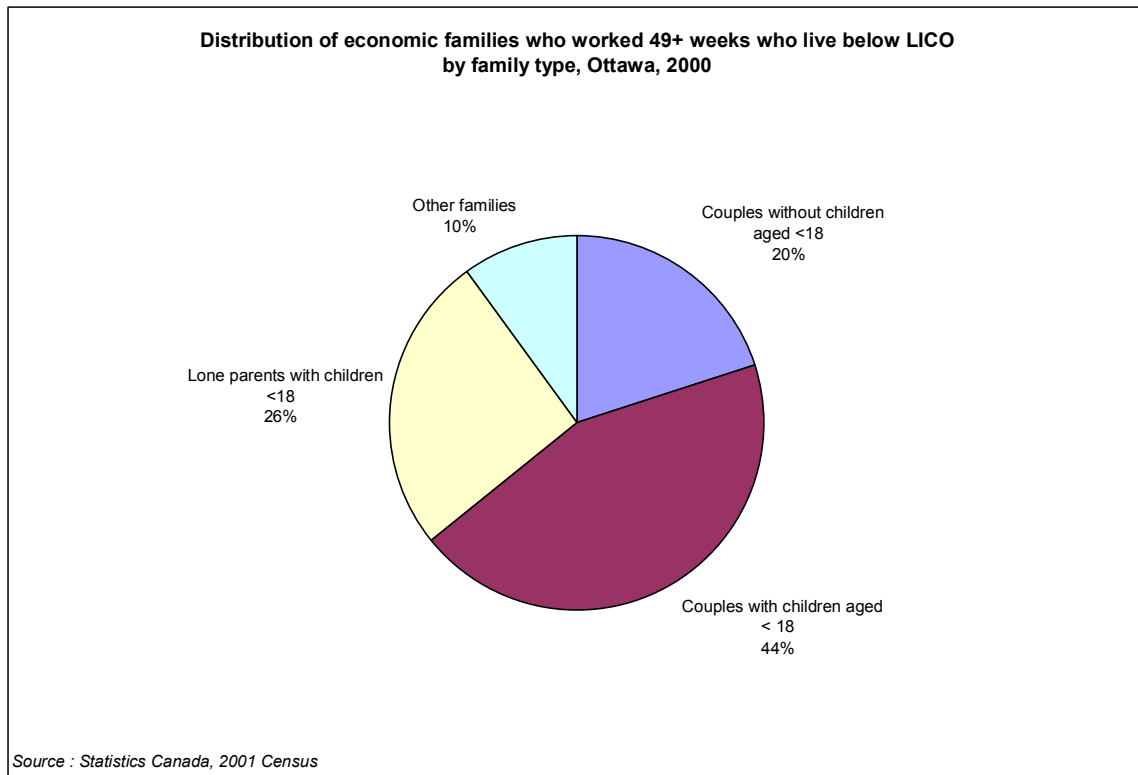
In 2000, there were a total of 210,410 economic families in Ottawa of all income levels. 11% of all economic families were living below the low-income cut-off.

If we look only at poor families, in 2001 across Canada, 30% of families living below the low income cut-off were working poor¹⁵. In Ottawa, 26% of poor families were working poor.

70% of working poor families have children under 18

Among all working poor families, there are different family types. Figure 1 and Table 3 show the different family types among all working poor families who work full year (49+ weeks). The majority of working poor families working full year are couples with children under 18 (44%). This is followed by lone parents with children under 18 (26%) and couples without children under 18 (20%). We can see that 70% of working poor families who work full year have children under 18.

Figure 1



¹⁵ Fleury & Fortin, 2004

Table 3

% of total economic families who worked 49+ weeks who live below LICO by family type, Ottawa, 2000

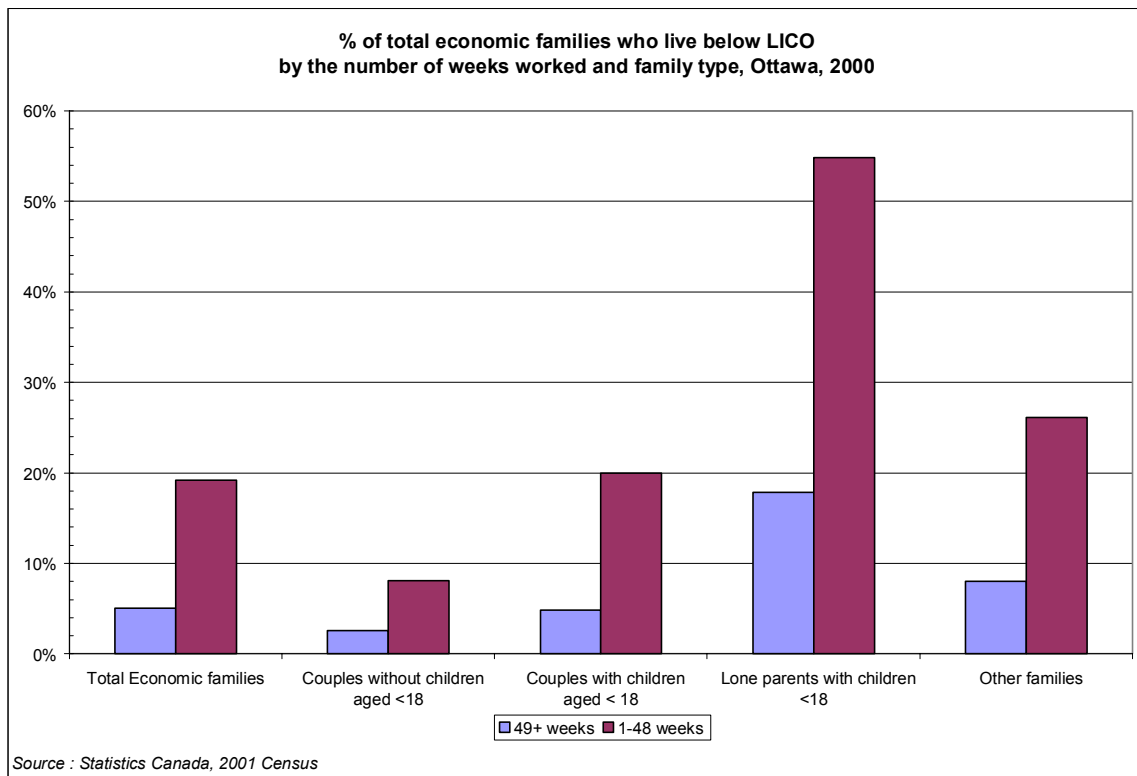
	Total	Low income	% LICO
Total Economic families	127,615	6,480	5%
Couples without children aged <18	50,960	1,300	3%
Couples with children aged < 18	59,150	2,855	5%
Lone parents with children <18	9,460	1,685	18%
Other families	8,055	645	8%

Source : Statistics Canada, 2001 Census

Some family types face a greater risk of being working poor

Figure 2 shows the percentage of working poor families in relation to all working families (of all income levels). We can see that the likelihood of families being working poor varies by the make-up of the family. For example, of all economic families in Ottawa, lone parent families were most likely to be working poor.

Figure 2



Lone parent families with children under 18 most at risk of working poor

We can see the same information in Table 4, which focuses on all families in Ottawa who worked full year (49+ weeks) regardless of income. Both Figure 2 and Table 4 show that of all economic families working full year, lone parent families with children under 18 face the highest likelihood of being working poor (18%), followed by “other families” (e.g. couples or lone parent families with adult children) (at 8%), and couples with children under 18 (at 5%). Couples without children working full year were least likely to be working poor (3%).

Table 4

Distribution of total economic families who worked 49+ weeks who live below LICO by family type, Ottawa, 2000

	Total	Low income	Distribution
Total Economic families	127,615	6,480	100%
Couples without children aged <18	50,960	1,300	20%
Couples with children aged < 18	59,150	2,855	44%
Lone parents with children <18	9,460	1,685	26%
Other families	8,055	645	10%

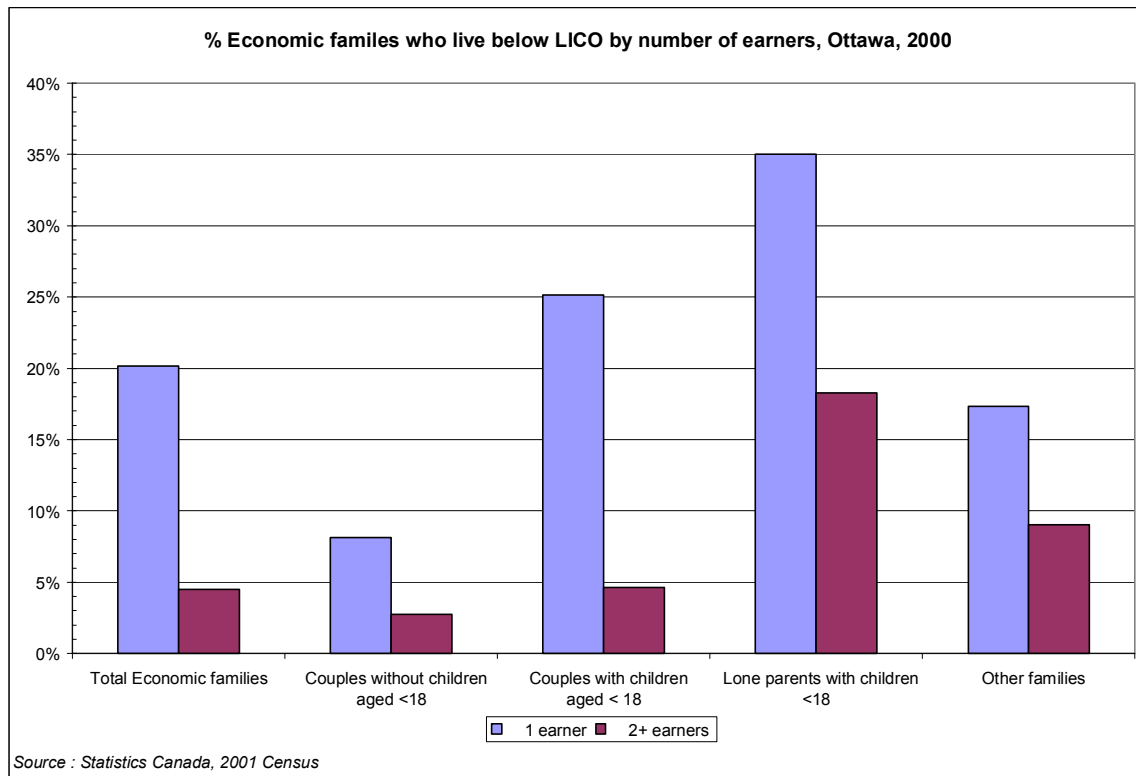
Source : Statistics Canada, 2001 Census

Working poor families are more likely to be one earner families

The incidence low income in families is affected by the number of income earners. In general, working poor families are more likely to be one earner economic families and the percentage of economic families living below the low-income cut-off decreases when there are two or more income earners in a family. As we can see from Figure 3, 20% of economic families with one income earner were living below LICO whereas 4% of economic families with two or more income earners were living below LICO. With one income earner families, even full-time, full-year work may not be enough to escape poverty if the earner is only able to secure low-wage employment.

However, the working poor reality is more complex than just whether there are one or more income earners present. As we can see from Figure 3, lone parent families with children under 18 have the highest percentage living below LICO whether one, two or more income earners are present. 18% of lone-parent families with 2 income earners or more are living in poverty since the second earner is more likely to be a low wage earner working part-time, such as a teenager working after school. Conversely, couples without children fare better whether they have one or more income earners. For couples without children under 18, only 8% with only one income earner and 3% with two or more income earners live below the LICO.

Figure 3



Presence of children an important factor in the likelihood of being working poor

As we have seen, the likelihood a family will be low income is affected by the presence of children. Table 3 (on page 15) showed us that families with children under 18 (whether couple or lone parent families) make up 53% of all economic families who worked full year. However, they make up 70% of poor families who worked full year. Couples without children aged under 18 make up 40% of all economic families who worked full year, but represent only 20% of poor families who worked full year.

Couples without children under 18 are the least likely to be working poor of all family types. Of all couples without children in Ottawa who were working, only 3% of those who worked 49 weeks or more were working poor. Even if they only worked 1 to 48 weeks, couples without children fared much better than many others working full year. Only 8% of couples without children who worked 1 to 48 weeks were living below the low income cut-off.¹⁶

Large working families have a higher likelihood of being low income even when both adults are working full year since the employment income often fails to match the extra

¹⁶ Our definition of working poor is based on families working 49 or more weeks (i.e. full-year). The information on families working part-year is offered to illustrate the significance of children in the likelihood of a family being poor.

needs of dependents. Each dependent child adds to a family's economic needs (daycare, housing, food, etc.).

Number of weeks or hours worked

As one would expect, in general the percentage of families living under the low-income cut-off also varies greatly according to the number of weeks family members worked during the year. As we see in Figure 2 on page 15, 5% of economic families who worked 49 weeks and over are living below the low-income cut-off compared to 19% of economic families who worked 1 to 48 weeks. For lone parent families with children under 18, working full year reduces the incidence of low income. 18% of lone-parent families who worked full year are living below LICO compared to 55% of those who worked part year. However, the number of weeks worked has the least impact on the likelihood of poverty among couples without children under 18. Whether they have worked 1 to 48 weeks or 49 weeks and over, couples without children under 18 have the lowest proportion living below LICO of all family types, (3% of those working 49 weeks or more and 8% of those working 1 to 48 weeks.)

While more weeks or hours of work normally reduces the likelihood of poverty, there are many factors which are not necessarily under the control of the individual or family. For example, lone parents may wish to work full time, full year. However, the lack of affordable and flexible day care (outside the 9 to 5 standard) may make it difficult. Changes in the labour market to more non-standard positions, as well as family responsibilities such as care of dependents, make it difficult for many workers to find and keep a job that offers as many hours or weeks as they wish or need.

Wage differences between men and women affect lone parent families

As we have noted, working lone parent families with children under 18 face the highest likelihood of living in poverty. This is because they have children and they are most likely to have only one earner.

As well, lone parent families are more likely to be female headed. With responsibilities towards their dependants, female parents are more likely than other workers to enter and exit the labour market. This type of movement can limit earnings, reduce access to professional development opportunities and career advancement, and may hinder a female parent's eligibility for Employment Insurance.

Unattached Individuals

In 2000, there were a total of 113,605 unattached individuals 15 and over in Ottawa of all income levels. 32% of all unattached individuals were living below the low-income cut-off.

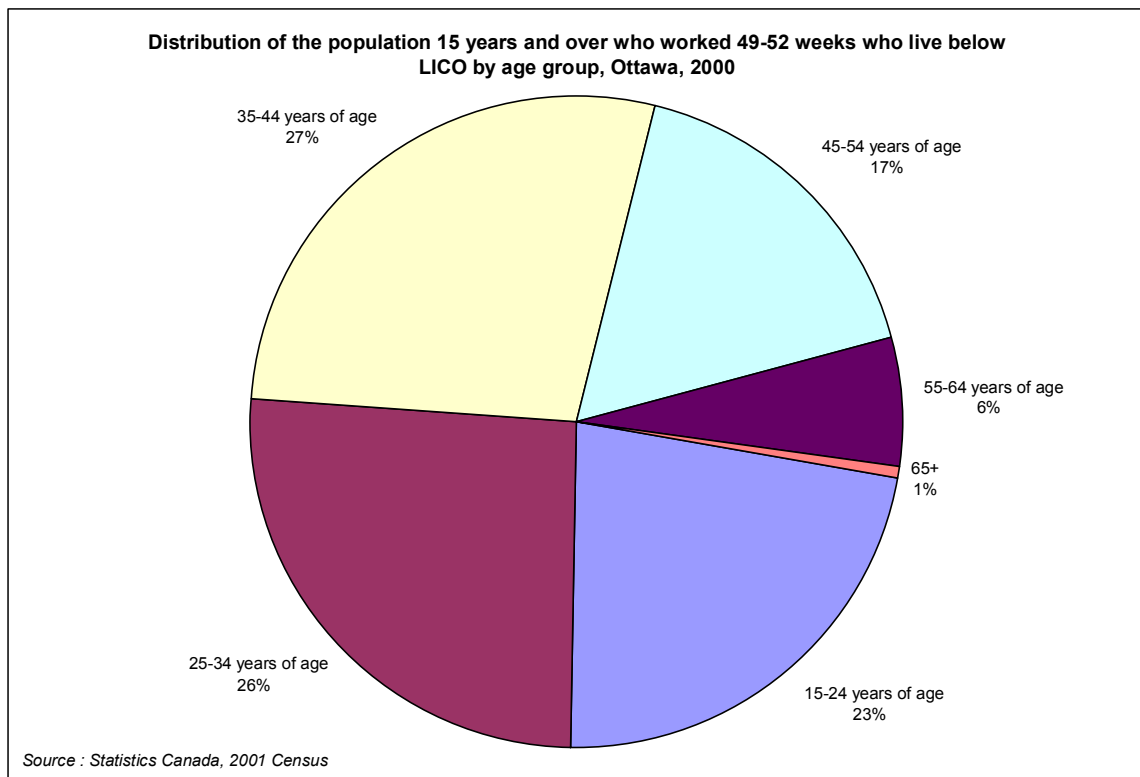
If we look only at poor unattached individuals, in 2001 across Canada, 33% of unattached

individuals living below the low-income cut-off were working poor¹⁷. In Ottawa, 36% of poor unattached individuals were working poor (6,730 individuals).

The incidence of low income is much higher for unattached individuals who worked 49 weeks or more (13%) than for economic families who worked the same number of weeks (5%). However, the incidence is lower for unattached individuals who worked 49 weeks or more (13%) than for lone parent families with children under 18 (18%), because unattached individuals don't have dependents.

Figure 4 shows that there is a range of age among unattached individuals who are working full year and living below the low-income cut-off. The distribution of working poor is quite similar across each of the ten year age groups between 15 and 45 (15 to 24, 25 to 34, and 35 to 44). This data challenges the assumption that most working poor individuals are new or inexperienced workers. The representation of older age groups, after age 45, decreases in the working poor population, following the same trend as the incidence of low income.

Figure 4



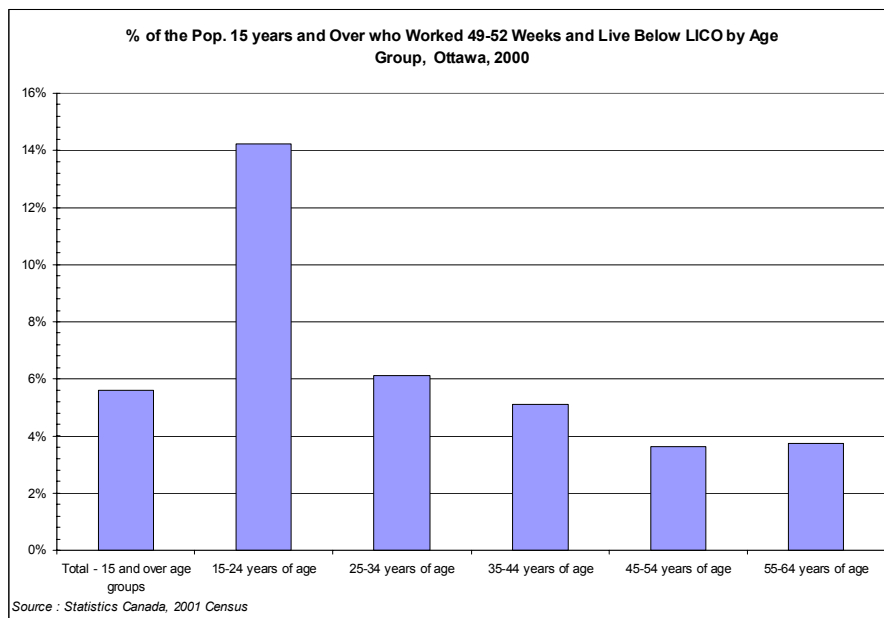
¹⁷ Fleury & Fortin, 2004

Young Workers Face A Greater Risk of Being Working Poor

The fact that 15 to 24 year olds are generally inexperienced and new to the labour market (occupying entry-level positions) leads to a higher likelihood that they will be working poor. They may also be students working full year but not full time. While young people aged 15 to 24 working full year are not the most numerous group among working poor individuals, they do face the highest risk of being working poor.

We see in Figure 5 that a higher percentage of 15 to 24 year olds are working poor than the percentage of other age groups. 14% of the 15 to 24 age group who worked 49 to 52 weeks were living below LICO. The likelihood of living under the low income cut off begins to decrease with age, at 6% for workers aged 25 to 34 years of age and 4% for individuals aged 45 years and above. This decrease with age could be due to individuals, having gained work experience, finding stable, higher paid employment or experiencing a change in their family situation, such as marriage.

Figure 5



Gaps in supports for young adults living on their own working full / part year

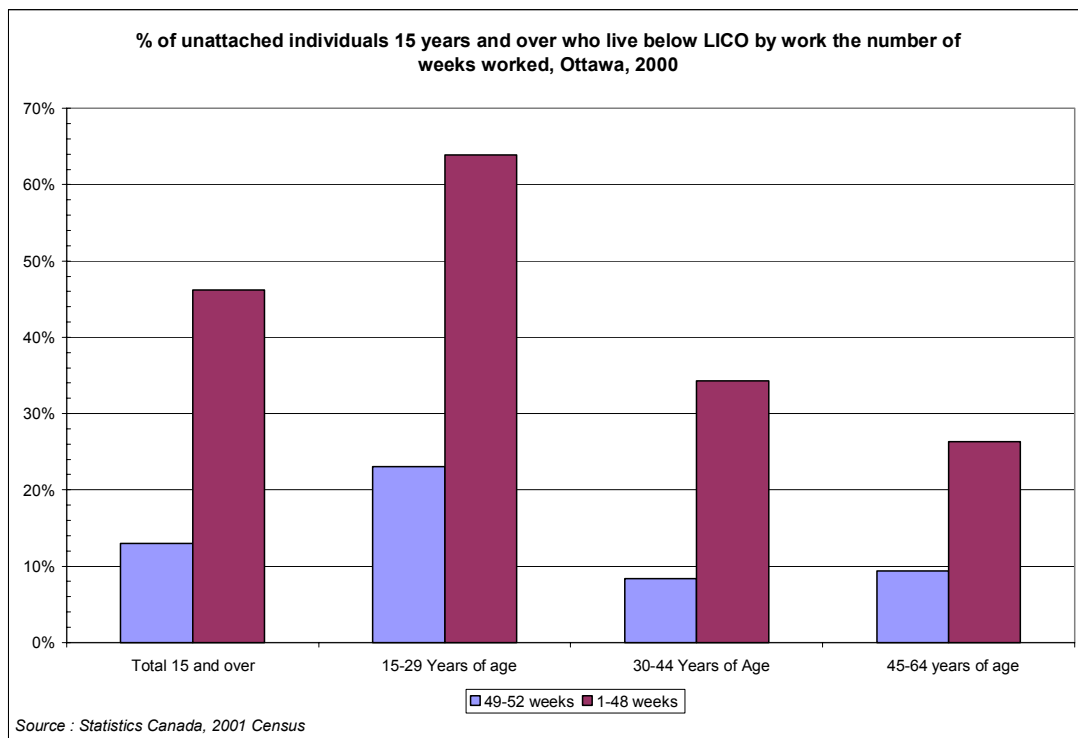
Of all unattached individuals aged 15 years and over, 77,565 were in the labour force. Figure 6 shows the percentage of unattached individuals who are working and living below the low income cut off by age ranges¹⁸. Overall, of these individuals in the labour

¹⁸ Please note that the age groupings shown are different for Figure 5 and Figure 6, and therefore the percentages are not identical. Figure 5 shows data for the “population” while Figure 6 shows data for “unattached individuals” and the data from Statistics Canada on which the charts are based gives the different age groupings.

force, 13% who worked 49 weeks or more and 46% of those who worked 1 to 48 weeks were living below the low income cut-off.

As we have seen earlier, younger unattached individuals who are working have the highest incidence of being low income. The figures are even more startling when we look at younger individuals working full year and part year. Figure 6 shows that for unattached individuals aged under 29, 23% of those working full year and 64% working part-year were living below the low income cut off. Many younger people working part year are likely in school. However, these figures demonstrate a serious problem with policies related to young adults in an important transitional period of their lives. Whether they are primarily students or primarily workers, the total income of these unattached individuals is below the poverty line. A disproportionate number of unattached individuals under 30 are falling through the cracks of labour market and education programs and policies.

Figure 6



The proportion of unattached individuals who worked 49 or more weeks and live below LICO is similar for the 30 to 44 and 45 to 64 age groups, at 10%. Unattached individuals who worked 1 to 48 weeks have a higher proportion of living below the low-income cut-off if they are aged 30 to 44 with 34% compared to 28% for the 45 to 64 age group.

Groups Facing Economic Exclusion

Immigrants

5,440 immigrants or 8% of the immigrant population of Ottawa who have worked full year are working poor. Recent immigrants, who arrived between 1996 and 2001, have a higher proportion of working poor (17%). 1,345 recent immigrants are considered working poor. The poverty of the working immigrant population is due to the many barriers they face in accessing adequate employment: lack of Canadian work experience, discrimination, the lack of recognition of foreign training and experience, lack of programs that connect skills with the needs within the labour force, and knowledge and proficiency of official languages.

The proportion of recent immigrants earning a low wage and living in low income has risen despite increased attainment of education levels. A disproportionate number occupy low-skilled jobs and are earning low wages compared to Canadian born persons with the same level of education.¹⁹

Members of visible minority groups

Members of visible minority groups also find themselves with a large proportion of workers living below the low-income cut-off. 11% of those aged 15 and over who worked 49 or more weeks live in poverty which represents 4,560 people. Discrimination is one factor in access to adequate employment.

People with disabilities²⁰

As we see from Figure 7 on page 23, the incidence of low income among people with disabilities who are working is quite similar to that of the general population. Overall, 12% of employed individuals with disabilities are living below the low income cut-off. 7% or 2,095 people with disabilities who worked 49 to 52 weeks are living below the low income cut-off compared to 22% of those who worked under 49 weeks.

This does not mean that people with disabilities do not face serious barriers in the labour market. The literature is clear that people with disabilities face significant barriers securing employment, and are more likely than the general population to be involuntarily working part-time. However, these issues are beyond the scope of this report, since we are examining the situation only of people who are working. The data indicates that, once employed, people with disabilities do not experience a higher incidence of poverty than those in the general population who were working.

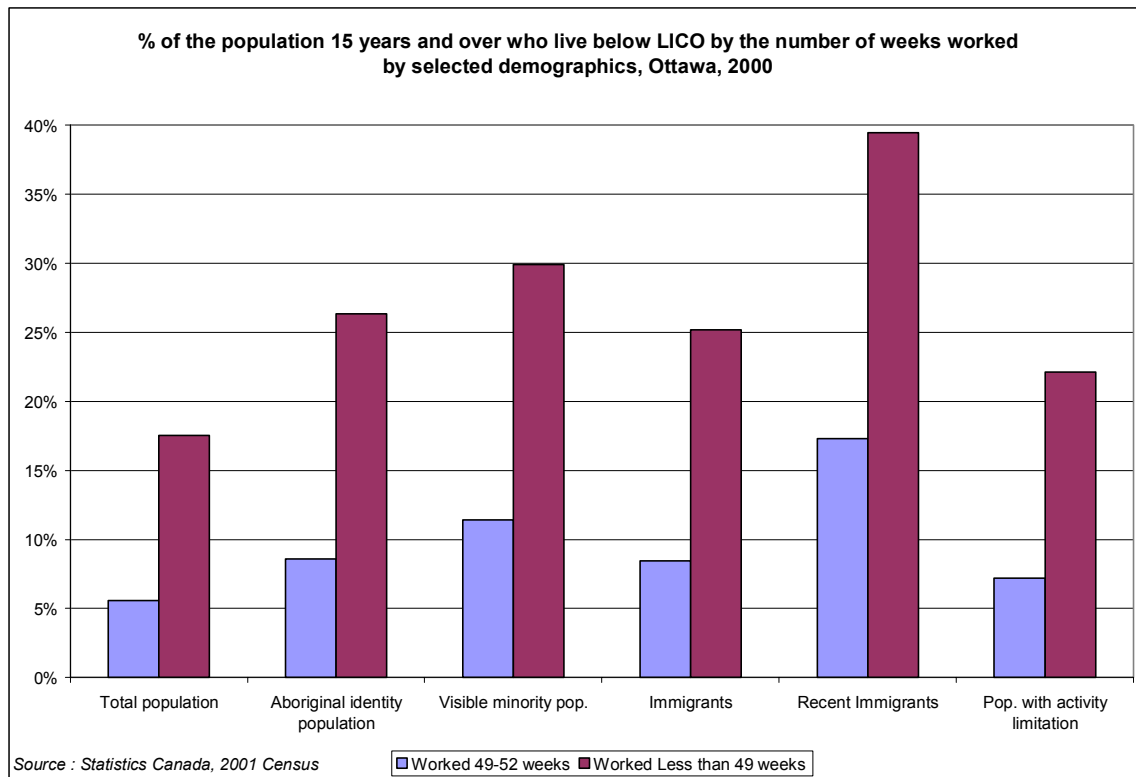
¹⁹ Social Planning Council of Ottawa, 2004. Immigrants in Ottawa

²⁰ Instead of using the term “person with a disability”, Statistics Canada uses the term person with an activity limitation”, which they define as a person whose everyday activities are limited because of health-related conditions or problems.

Members of the Aboriginal population

Poverty among employed Aboriginal groups is high, with 24% of Aboriginals in the labour force being low income. 9% of Aboriginals are working poor (i.e. of those who worked 49 to 52 weeks) and 26% of those who worked under 49 weeks are living under the low income cut-off.

Figure 7



People with lower education levels

The literature indicates that employment opportunities are more affected by education levels than by working experience. An individual's employment prospects do not improve much over time unless he or she attains higher levels of education. Unattached individuals are more likely to have low education levels than other workers, with high school or less being their highest level of education. Young adults with low levels of education tend to hold less stable jobs, jobs of limited duration, or part-time employment in contrast with permanent jobs. Heads of working poor families tend to be young and are more likely than non-poor families to have low levels of education and not have a high school diploma.

With changes in the labour market, particularly the advancement of technology, workers with high school or less are experiencing increased difficulty in leaving low wage jobs and moving into employment that offers adequate wages. Between 1996 and 2001,

individuals in Ottawa with university degrees had an 81% chance of moving up out of low wage jobs compared to 46% of workers with high school or less²¹. Many in the 25 to 34 age group with low levels of education are being left behind and finding themselves earning a low wage and living in low income.

However, despite having higher than average education levels, immigrant and visible minority residents are often not able to secure adequate employment due to the structure of the labour market and discrimination. For example, a statistical study on the Francophone population of Ottawa found that the proportion of Francophone immigrants who have completed post-secondary studies is higher than their Canadian born counterparts²². However, their employment outcomes are substantially poorer than their Canadian born counterparts.

WORKING POOR FOR LIFE?

The life of working poverty is not a permanent situation for most. About a third to half of low income situations in Canada end after one year, and most families and unattached individuals are out of working poverty within 5 years²³. The possibility of moving out of poverty is influenced by several factors at the individual, family and labour market levels. Attaining a higher level of education, going from part-time to full-time employment, getting married, and having a child enter the labour market or leave home are changes in an individual or family's situation that can elevate them out of poverty. Adjusting the minimum wage, expanding the eligibility of Employment Insurance, and reducing the proportion of temporary employment are changes in the labour market that can affect the proportion of individuals becoming part of the working poor population and increase the probability of those moving out of poverty. Slightly more than half of Canada's working poor were able to move out of poverty due to an increase in their own income. Almost half of Canada's families and individuals leaving a situation of working poverty did so due to a change in their family or an increase in the income from other members. Although the working poor generally do not stay in a low income situation for as long as other low income persons, about 30% of unattached individuals and families experience persistent low income²⁴.

While young people face a high risk of being working poor, they face the greatest probability of moving out of poverty since their low income is mainly associated with their recent entry into the labour market. With additional training and increasing employment experience, normally young workers will eventually move into jobs that lead to higher income employment and job security. Working poor families tend to move out of low income when there is a second earner, when the major income earner moves into full time work, or when there is a change in the number of dependents (a child moves out or contributes to the family income). Workers with high levels of education are most

²¹ Janz, 2004

²² Statistical Analysis of the Francophone community is available at www.spcottawa.on.ca

²³ Fleury & Fortin, 2004

²⁴ Ibid, 2004

likely to see an end to their poverty, particularly those with university level education. They will more likely move into higher wage employment compared to individuals with a high school education. Also, in general, their salary will increase at a faster rate than that of individuals with low levels of education.

It is important to note that the majority of working poor families moving out of low income still have an income that is well below that of other workers. From 1996 to 2001, \$57,000 was the average disposable family income of all persons who did not have a low income. However, the income of workers who had previously lived in poverty was 40% lower (\$34,600). Also, workers leaving a situation of working poverty do not normally move up from precarious employment into more stable employment. In 1999, more than one-half of individuals employed in non-standard jobs in Canada were still in the same type of precarious employment two years later. Therefore, with the instability and precariousness of the labour market, individuals and families can easily find themselves once again in poverty.

REALITIES OF WORKING POVERTY

Precarious living situation

Although they may have an attachment to the labour force, the working poor face many difficult financial situations. This is due in large part because they earn too much to be eligible for social assistance, and to access certain subsidies and social programs such as subsidized drug cards. Also, employment can bring many expenses such as work related clothing, transportation, child care and an increase in rent for people with subsidized rent. Child care is a very large expense that can consume a significant proportion of a family's income. The income earned may not be sufficient to replace the costs related to employment. The working poor are often in a vulnerable state of losing their employment and having to use their savings or go on social assistance to make ends meet.

Inability to meet basic needs

In 2002, working poor families in Canada had an income that represented only 30% of that of other working families²⁷. Analysis of the 2002 Household Spending Survey indicates that more than 50% of the total working poor population in Canada spent 45% of their income before taxes on their shelter costs. Many of the survey respondents indicated living in dwellings that were not suitable for their family size. Also, many had to borrow or sell their personal assets in order to make ends meet²⁸. The lack of stable housing and access to adequate food, clothing and a home telephone may hinder one's ability to obtain and maintain employment. Many working poor rely on food banks. In 2004, the working poor accounted for 13.3% of all people using food banks in Canada²⁹.

²⁵ Ibid, 2004

²⁶ Statistics Canada, 2004

²⁷ Fleury & Fortin, 2004

²⁸ Statistics Canada, 2003

²⁹ Feed Nova Scotia, 2005

Inadequate housing and food and little or no access to preventative health care services contribute to ill health. Children living in working poor households face similar health problems as other children living in poverty, such as increased likelihood of asthma and anemia.

Poor access to benefits

The nature of employment is becoming more precarious at a time when government supports are declining. Many programs which help individuals sustain themselves are not available to the most vulnerable workers. Since the working poor population is more likely to find itself in precarious employment, they may have more difficulty accessing certain income support programs than other workers, such as Employment Insurance.

We need to support the poor working families to make ends meet, otherwise welfare becomes their only choice.

Survey respondent, People's Hearing II

A large proportion of unemployed workers who are ineligible to receive Employment Insurance benefits must rely on other means to meet their financial needs. While many individuals rely on family members during periods of lost income (with 33%), others dip into retirement or education savings, or apply for a bank loan. However, many also fall on social assistance. In 2002, 23% of the working poor in Canada had to rely on social assistance³⁰. Research indicates the proportion of working poor with periods of social assistance is growing every year.

Most individuals employed in non-standard jobs do not have access to benefits such as dental, eye care and private pension plans. Also, many support programs available for low income families and individuals are developed for the non-working poor and not designed for those with an employment income. The 2002 Household Spending Survey indicates that the working poor do not invest as much on preventive health services as do other working families, such as some dental services. This may have a negative impact later on as dental care is a central factor in overall health. These health services are neglected as they may be deemed an unaffordable luxury.

Multiple job holding

Research indicates that the working poor only have a slightly higher incidence of multiple job holding than other types of workers. Individuals with more than high school education, unattached individuals without children, and youth aged 15 to 25 are among those with a high percentage of multiple job holding. Research is needed to identify the possible implications of multiple job holding within the working poor population.

³⁰ National Council of Welfare, 2002

OVERVIEW OF POLICIES

The phenomenon of “working poverty” highlights two important issues:

- First the working poor are a reflection of a trend of growing polarization of incomes in Canada, also called the “economic gap”. A statistical study with respect to incomes in Ottawa found that both the proportion of Ottawa families living with less than \$20,000 and the proportion living with over \$100,000 increased in the period 1995 – 2000, while the share of families in the middle income groups declined.³¹ Many individuals and families, including the working poor, are not benefiting from economic growth and prosperity.
- Second, for the working poor, there is little safety net and government support. Labour market, social, family and educational policies are not responding effectively to the impact of these labour market trends on families and individuals. As a result, policies are not meeting the needs of the working poor. More monetary and non-monetary supports are needed to prevent working individuals from entering a situation of low income and assisting those currently in low income to escape poverty. Access to adequate supports would mean that after having paid non-negotiable items such as housing, utilities, food, childcare, and health care, individuals and families have sufficient income left to pay for other necessary items, such as adequate clothing, basic telephone service and transportation costs.

The following is a brief overview of policies and measures which affect the working poor or which have been brought forward as a means to support the working poor. They include policies related to the labour market, housing, family, social programs and education.

Helping the working poor meet basic needs

a) Access to health related benefits

Access to health and drug benefits is, for many, the difference between staying employed and having to go on social assistance. Changes in the labour market have resulted in many individuals and families having no coverage for health, drug, vision and dental benefits through their employer. This is particularly a problem for people working in non-standard employment, including many of the working poor. The Provincial government has a subsidized drug program for low income residents, and the City of Ottawa provides some supports as well. The Federal government has also recognized that many residents have difficulty affording necessary drugs and has been exploring the concept of a “pharmacare” program. Despite the existing programs, working poor and other low income residents continue to have problems paying for necessary drugs, dental, health and vision services. There is a need to address eligibility requirements and administrative practices which continue to create barriers, including but not limited to basic eligibility, adequacy of payment levels, the structure and percentage of “co-

³¹ Social Planning Council of Ottawa, 2003

payments”, the impact of “de-listing” specific drugs and medical services and tests, and continuation of coverage as people move between social assistance / salaried employment / self-employment.

b) Access to affordable transportation

Many of the working poor rely on public transportation as their main source of transportation. However, for many, it is a necessity they cannot afford. Since access to transportation improves the likelihood that low income people will obtain and retain work, it is critical that affordable transportation be available. As well, it would be important to ensure that neighbourhoods with a high percentage or high number of the working poor are well served by public transportation. Working poor families and individuals are more likely to be in non-standard employment and therefore, would be more likely to need evening, night and weekend service. Although some routes may have low ridership in these hours, the routes may be critical to workers who have no other means to get to work.

c) Access to affordable housing

Working poor families and individuals struggle to make ends meet, to a large degree due to housing costs. Low income families and individuals normally spend a higher proportion of their total income on housing than those in higher income groups. They have a pressing need for access to affordable housing, whether rented or owned.

There is an extensive literature which identifies the extent of the affordable housing problem and looks at the effectiveness of different approaches to addressing the problem (e.g. programs to support the creation of new affordable housing, rent supplements to help with rent costs paid to private market landlords, subsidized non-profit housing programs, encouragement of secondary suites such as apartments in houses, rent control and the impact of growing utility costs). While it is beyond the scope of this report to examine these issues, there are three elements in the discussion about access to affordable housing which are particularly relevant in relation to the working poor.

First, there has been a growing understanding that policy approaches to the affordable housing crisis have an important weakness if they do not include specific strategies to address the problem of low incomes. For example, a 2003 report by the TD Bank Financial Group entitled, “Affordable Housing in Canada: In Search of A New Paradigm”, argues that government policies to address affordable housing is based on an analysis of the problem which has three fundamental flaws. The first flaw is “*Income levels are taken as given Too little thought is given to ameliorating the root cause of the affordable housing problem – that there are simply too many low-income households in Canada*”³² It is essential that initiatives to increase low incomes be included as an integral part of strategies to address the affordable housing crisis.

³² TD Bank Financial Group, 2003,

Second, the design of most of the subsidy programs in existing social housing do not adequately meet the needs of the working poor. The manner in which the level of subsidy is calculated (including being based on gross income rather than net income) substantially disadvantages working poor residents and results in a disproportionate amount of their income being paid on rent and utilities.

Third, in Canada homeownership has historically been a strategy which many individuals and families of modest means have chosen in order to acquire some financial assets over time. Homeownership can provide households with increasing levels of wealth as their property appreciates. Between 1994 and 1999, homeowners saw their net worth rise by 20.7% while renters saw their median worth decline by 41.4% over the same period³³. Homeowners are less vulnerable to rises in cost of living expenses than renters, can better control housing costs, and are able to use their housing to supplement their income, such as renting out a room. However, the working poor face many barriers to homeownership, even if their mortgage payments would be lower than their current rental payments. In particular, eligibility rules for mortgages have been slow to adjust to the changes in the labour market and therefore disadvantage people who are in non-standard employment or who are low income but reliable in terms of their history of rental payments. Policies are needed to address the barriers low income residents face (including the working poor) and to encourage the development of new affordable home ownership initiatives. Each level of government can take actions to reduce factors that create obstacles to the production and ownership of affordable homes; such as access to affordable and accessible land, high costs associated with construction and production, and for individuals, down payment requirements and mortgage financing.

e) Policies with respect to family support payments

Again, it is beyond the scope of this paper to examine the effectiveness of policies related to family support payments. However, given the high rate of poverty among lone parent families, the report points to a need for further research to explore the impact of these policies on working poor families as distinct from other families, including a better understanding of the income levels of both parents.

f) Policies to support a successful transition for young adults

The high rate of poverty among young adults who work either full year or part year highlights a need for more effective policies to address the transition to full time work. The findings of this report suggest a need to examine the impact of policies and programs with respect to high school completion, access to higher education, tuition fees for college and university, access to apprenticeship and other transitional programs, access to student loans, grants or bursaries, and policies on the repayment of student fees.

³³ Habitat for Humanity Canada, 2003

Improving conditions for those at the bottom of labour market

a) Minimum wage rates

Earning enough income through employment is an important step in ensuring people can meet their needs. Minimum wage levels are not only an issue for youth supported by their parents. There are many working poor of different ages and family types who are supporting themselves on minimum wage. A 2003 report found that in Canada the majority of minimum wage workers are adults and 40% of minimum wage workers were employed full time.³⁴ An increase in minimum hourly wage, up to \$10, is necessary for the numerous low wage workers, whether their needs are met by family members or not. A wage of \$10 an hour would permit an individual working full time / full year at least to reach the poverty line. It would also have immediate and long term effects as it would put more income in the pockets of individuals trapped in low income thus allowing them to better support themselves and their family. A higher income leads to better health and well being as it improves a family and individual's ability to afford adequate housing, nutritious food and post secondary education.

b) Enforcement of minimum employment standards

With many working poor employed in non-standard jobs with marginal working conditions and no union protection, it is essential that the provincial government rigorously enforce minimum employment standards. Better education for employees on their rights and where to get help for problems could be a starting point. As well, there could be increased education for employers about their obligations and responsibilities toward employees. Fundamentally, however, there is a critical need for enforcement of the minimum standards. The current system, which is complaint driven and therefore relies on the most vulnerable, is in need of a re-design.

c) Community Economic Development

Community economic development (CED) is a community driven process that combines social, economic and environmental goals to build healthy and economically viable communities. CED strategies aim to revitalize and renew community economies by developing community resources for community benefit. CED focuses on local control and ownership of resources and strives to increase the self-reliance of local communities. CED requires that economic development be responsive to locally defined priorities ...CED shares many of the goals of the conventional market economy. For example, CED strives to develop viable and profitable businesses, to attain efficient production standards and to generate wealth. CED projects take a wider view in establishing their goals and objectives, beyond narrow commercial considerations. CED is fundamentally concerned with meeting people's needs .³⁵

³⁴ Ken Battle, 2003. Minimum wages in Canada: A statistical portrait with policy implications. Ottawa: Caledon Institute of Social Policy, page 262 as quoted in Christa Freiler, et al, May 2004. Pathways to Progress: Structural Solutions to Address Child Poverty. Toronto, Campaign 2000.

³⁵ Province of Manitoba, 2001, page 2 .

Community economic development addresses diverse issues through a broad range of strategies including:

- Supporting the creation of “social enterprises” i.e. businesses which provide meaningful work opportunities for groups marginalized from the labour market or which serve social or environmental purposes (including cooperatives etc.)³⁶,
- Supporting success in small business development by individuals from population groups which face economic marginalization,
- Supporting lifelong learning including training, mentoring and other supports to increase skills and employability,
- Promoting sustainability, diversity and equity in the local economy to protect the community from upswings and downturns in the market and to address the growing economic gap,
- Supporting the creation of community infrastructure and capacity (e.g. childcare, affordable housing, community health supports, libraries, access to micro-capital, etc.) which equips community members to better address their own issues,
- Encouraging income circulation and local re-investment of profits rather than income drain, for example, through buy local initiatives, support for neighbourhood businesses and equitable employment practices,
- Developing neighbourhood based strategies to help geographic areas which have high rates of poverty or other social or economic challenges.

CED has long been recognized as an important local response to poverty and economic exclusion. While CED which addresses poverty in general would benefit many of the working poor, an exploration of the full range of such CED strategies is beyond the scope of this paper. However, there are some CED strategies which are particularly pertinent with respect to the working poor and the issues raised in this report:

- Many of the policy initiatives listed in this policy section are, in fact, CED strategies e.g. affordable home ownership, improved training options, supports for the self-employed, programs to speed up recognition of internationally acquired credentials and neighbourhood based planning approaches.
- Some municipalities adopt an ethical purchasing/contracting policy. Such policies specify that the City will only do business with companies and contractors which meet certain standards. When the standards relate to the employment practices of the business or contractor such a policy would be a CED strategy. The standards could relate to the make-up of the workforce (e.g. the company’s workers are representative of the local population) or the working conditions. In the U.S. over a hundred municipalities have adopted “living wage ordinances”, which state that the City will only contract services from companies which pay their employees a minimum salary rate which is stated in the policy and which is several dollars above minimum wage. There is an extensive literature on living wage ordinances which would be a good starting point for a policy discussion as to whether such a strategy would be of benefit to Canadian working poor residents.

³⁶ For a list of CED businesses in Ottawa visit www.ced-dec-ott.net/english/ced_directory_eng).

- “Buy local food” initiatives encourage residents, institutions and local stores to buy locally produced food. Some of the activities which form part of a “buy local campaign” include marketing, the development of distribution mechanisms, changing municipal policies which disproportionately affect farm incomes, and partnership development. “Buy local food” campaigns have several objectives, including the goal of increasing local farm incomes and supporting economic activity in rural communities. This is one strategy to respond to the high incidence of poverty among the self-employed in the farm / agricultural sector. In 2005, the Ottawa Food Security Group launched a “Buy Local” campaign for Ottawa (see www.spcottawa.on.ca/ofsc).

Helping families and individuals stay employed and improve their situation

By addressing some of the barriers faced by the working poor, such as access to health and employment benefits, transportation, work appropriate clothes, and affordable child care, income earners are more likely to stay in the labour market. Without them, many cannot fully participate in the labour force.

a) Affordable and accessible childcare services

Despite extensive research demonstrating the value, for both parents and children, of high quality early childhood education, there continues to be a critical shortage of high quality affordable care, with no comprehensive policy response to remedy the problem. Once again, a full examination of this issue is beyond the scope of this paper. However, what is clear is that the current policy environment is not adequate to the needs of working poor parents.

Childcare supplements or tax credits provided directly to parents are too low to cover the true costs of childcare. Further, such supplements do not address the critical shortage of subsidized, licensed and high quality care. Working poor parents have a pressing need for childcare which is affordable, high quality, and flexible enough to fit with non-standard work schedules including evening, night, and weekend hours as well as part-time and part-year work. As well, many need access to childcare when their child is sick. Working poor parents in non-standard employment may not have working conditions which permit them to stay home with a sick child or may not get paid if they do. Improved availability of quality before and after school programs for school age children would also be of great help to working poor parents who have children too old for subsidized care but too young to stay home alone.

There is a need for a comprehensive plan, leading to creation of an early childhood education and care system with a full range of services to meet diverse needs. In the meantime, there is a need for innovative policies and programs which can accommodate the needs of working poor parents.

b) Access to skills development

Skills are essential in reducing barriers to employment and gaining access to better income levels. Enhanced skill levels increase the likelihood that an individual will find adequate, standard employment. Once employed, most working poor do not have access to training through their employer, through Employment Insurance or through other government sponsored training. As well, it would be difficult for most working poor families or individuals to pay for meaningful training on their own. Policies and government programs are needed which will make skills development and training available to the working poor who wish to improve their circumstances. Skills development opportunities must be closely related to competencies which the labour market demands. For example, vocational training and skills upgrading could be made available to working poor individuals in order to meet immediate skill shortages in the local economy.

c) Supports for the self employed

Whether an individual or family willingly enters self-employment or circumstances push them into it, resources are needed to help alleviate the high failure rate and reduce the likelihood many will find themselves in poverty. One of the barriers faced by the self employed is the lack of access to capital. Governments can assist self employed to overcome the lack of financing by making capital more easily available. This can be done by promoting the development of financing options, such as providing loan funds through community based organizations or acting as guarantors for community loans to afford some financial protection in support of high-risk ventures. Access to Employment Insurance should be made available during the transition period from employed to self employed, when income levels are low. Supports must also take into account age and experience levels in the needs of self-employed. Younger people may have up-to-date skills but little experience and networks. The literature indicates older workers who have been in a traditional type of employment for some time may be in greater need of assistance because of their outdated technology skills.

Self-employed individuals must have a greater access to skills development programs, such as more entrepreneurship centres where individuals can be mentored by established business owners or follow workshops, such as business plan development and implementation, marketing, presentation and negotiation techniques. This type of training would be expected to help individuals experience a higher business success rate. Governments could offer greater support to organizations who offer mentorship programs as they are proven to be an effective means in helping groups, such as young people and new Canadians, acquire skills to find and retain employment. Given the high rate of poverty among the self-employed in the farm and agricultural sectors, it is critical that particular supports be provided to improve their financial prospects.

Improving income supports

a) Employment Insurance

Access to Employment Insurance (E.I.) is becoming restricted to a smaller percentage of workers, particularly those employed full-time/full-year. Workers in non-standard employment, individuals new to the workforce or those getting back into the labour market may have difficulty accessing Employment Insurance benefits due to the number of required cumulative hours of work. In 2004, the majority of full time workers in Canada had access to EI compared to less than half of part-time workers³⁷. Also in Canada, a higher proportion of males than females were able to receive benefits. Women are less likely to be eligible for Employment Insurance as they are more likely than men to work part time hours and repeatedly exit and re-enter the labour force due to child rearing. Individuals new to the labour market, such as young adults, youth and some new immigrants, face higher E.I. entrance requirements. They are more likely to work part-time so their eligibility is also likely to be low. Many of the working poor who are unable to access employment insurance, fall on social assistance if they become unemployed.

Benefit levels could be increased to at least 65%, and be adjusted to include a cost of living increase to better enable families and individuals to meet their financial needs.

The government encourages unemployed individuals to start up their own business and offers training for them to do so. However, once they are self employed, individuals have little support they can access, particularly during business start-up when the need for support is high. Not only are they no longer eligible to receive E.I. benefits, but should the business fail, they may also have restricted access to programs offered through E.I. such as skills training. This is problematic as almost half of the self employed are working poor.

b) The Canada Child Tax Benefit

One of the main objectives of the National Child Tax Benefit is “to help prevent and reduce the depth of child poverty, to promote attachment to the labour market by ensuring that families will always be better off as a result of working; and to reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration”³⁸. By this, the Federal Government acknowledges that low-income families with children have more financial burdens than unattached individuals and couples without children earning the same level of employment income. It also acknowledges that working does not always pay enough, and that working poor families need support if they are to remain in the labour force. Low income families have seen substantial increases in their Child Benefit levels since the 1980s. Also, by 2007, the federal Canada Child Tax Benefit (CCTB) will supplement income by close to one-third

³⁷ Human Resources and Skills Development Canada, 2004

³⁸ http://www.nationalchildbenefit.ca/home_e.html

for families with income of \$20,000. The refundable tax credit instrument is expected to continue to be improved, with CCTB payments to low income working families continuing to increase.

While the CCTB does help reduce the severity of poverty, it does not elevate families out of it. The maximum child benefit begins to be reduced as a family's net income reaches \$22,615³⁹. At this income level, the government expects low income families to be able to take on a greater proportion of the child rearing costs. However, this income level is still below the poverty line for a family of two (\$22,964). Also, the Canada Child Tax Benefit is not meant to address the needs of the adults in the family, which must be addressed by employment earnings and/or other income programs. Therefore families continually struggle with poverty.

The Canada Child Tax Benefit should continue to be increased until it is sufficient at least to elevate families to the poverty line. In 2004, the maximum annual payment for the first child in a low-income family was \$2,719 and is projected to reach \$3,056 by July 2007. However, research suggests an adequate child benefit level would start at \$4,700⁴⁰. Also, child benefit levels must be maintained until a family is no longer financially vulnerable. Currently, cuts do not take into account the number of dependents. For a family of 4, for example, that leaves them in difficulty.

Policies to address the particular challenges of groups facing economic exclusion

As the data has shown, some demographic groups experience disproportionately high rates of working poverty. There is extensive research on the labour market challenges faced by each of these groups. While they face similar barriers as other working poor families and individuals, in addition, each group faces unique challenges. A comprehensive approach to address working poverty must include a plan to work with representatives and organizations from each demographic group, to develop strategies which address the unique labour market challenges and needs of each group, for example, local initiatives which help foreign trained professionals to have their credentials recognized in Canada.

Neighbourhood strategies

The labour market changes and policies which result in the phenomenon of working poverty require intervention by all levels of government. Nonetheless, there is a great deal of experience across Canada and internationally with innovative neighbourhood planning processes to engage local residents in addressing challenging social issues. Whether they use traditional CED models, asset based community development, sustainable development paradigms or participatory urban planning concepts, these initiatives offer excellent models for effective local action by local residents, in collaboration with local governments, to address local needs. Geographic information

³⁹ Based on 2003 dollars

⁴⁰ Battle and Mendelson, 1997

⁴¹ Based on 2004 dollars

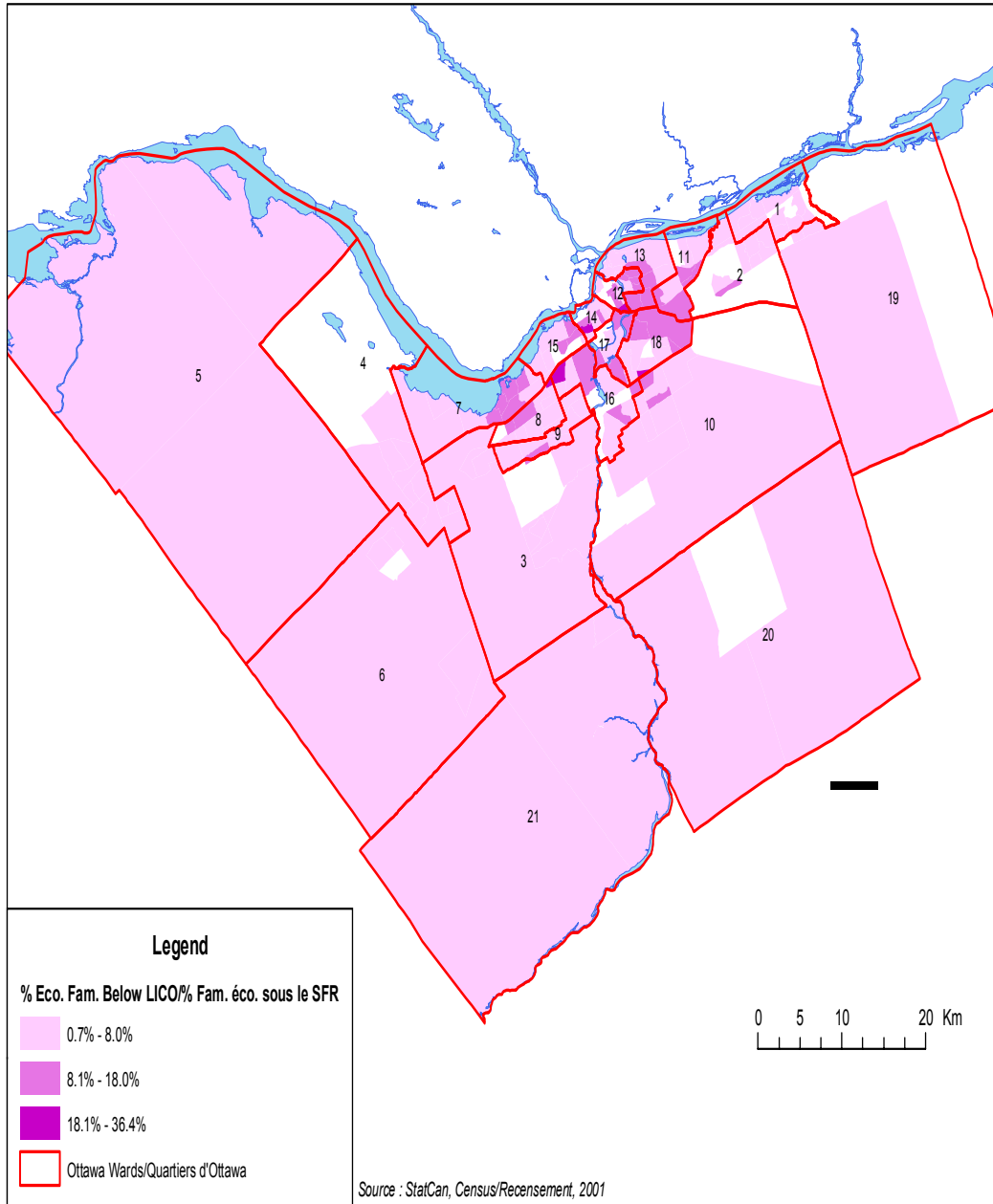
system maps are a powerful tool which is often used to help communities to develop neighbourhood strategies. The eight maps which follow provide a basic picture of where different groups among the working poor are more concentrated. In a community planning process additional information could be added to the maps. For example, where are relevant services such as childcare and supports for working poor individuals? Is there public transportation close to areas where many working poor live and if so, would the bus schedules match the needs of people working evenings, nights or weekends?

The City of Ottawa will soon launch a new initiative of participatory neighbourhood-based planning, as part of its Ottawa 20/20 strategy. This could provide an opportunity for community members to strategize with City officials on localized economic development, including neighbourhood approaches to addressing the needs of the working poor.

GEOGRAPHIC INFORMATION SYSTEM MAPS

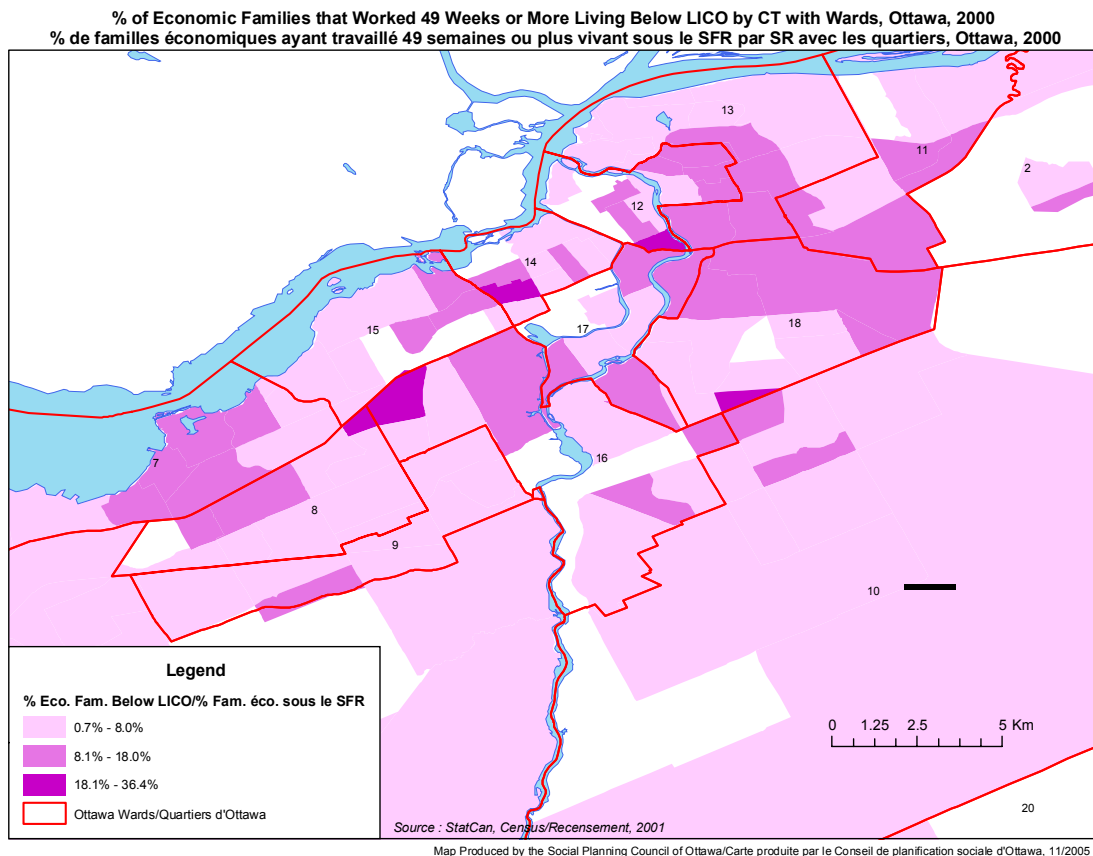
Map 1 Economic Families

% of Economic Families that Worked 49 Weeks or More Living Below LICO by CT with Wards, Ottawa, 2000
 % de familles économiques ayant travaillé 49 semaines ou plus vivant sous le SFR par SR avec les quartiers, Ottawa, 2000



Map Produced by the Social Planning Council of Ottawa / Carte produite par le Conseil de planification sociale d'Ottawa, 11/2005

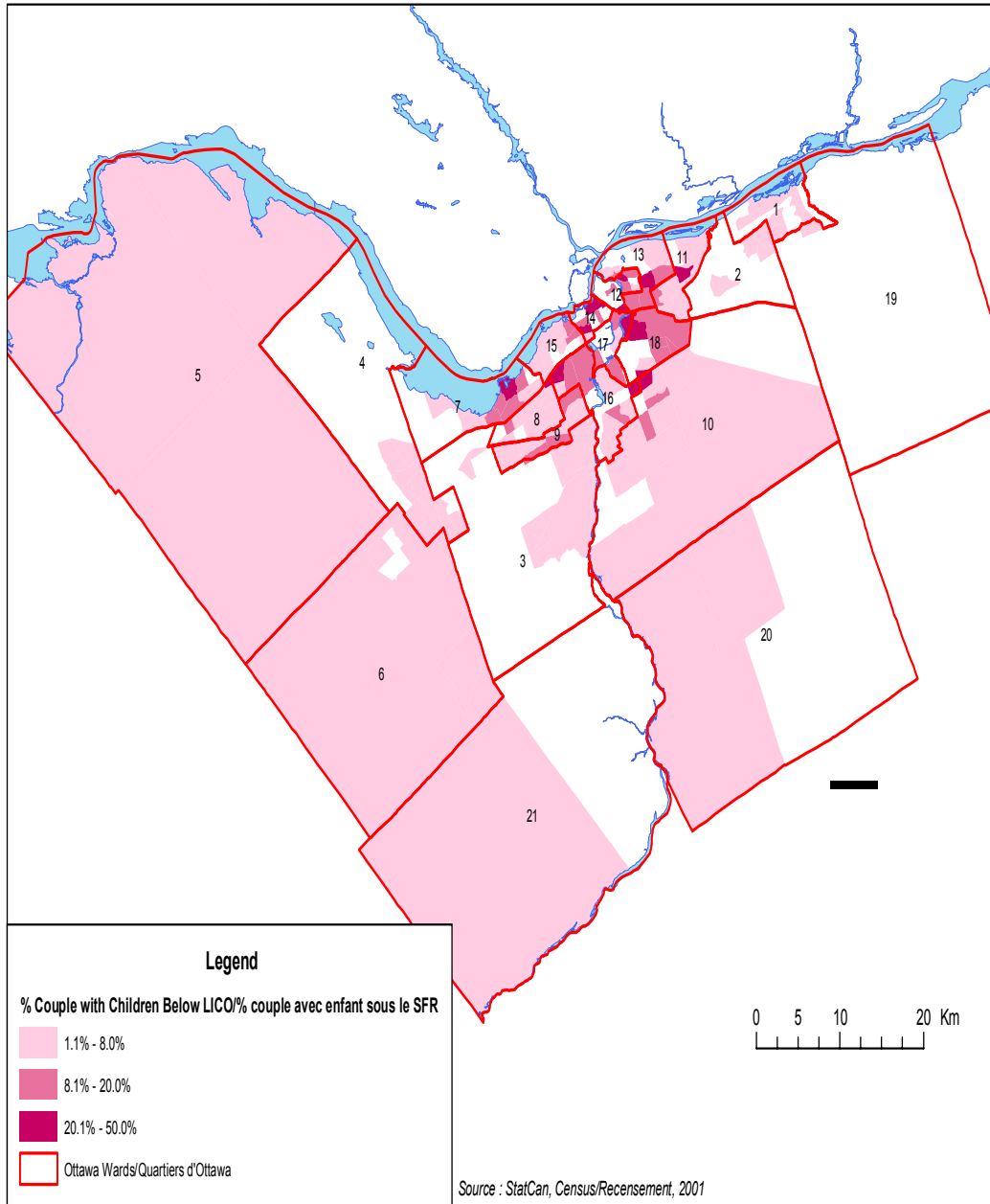
Map 2 Economic Families - zoom



Large concentrations of economic families that worked 49 weeks or more and living below LICO are found in Ottawa's urban areas, with percentages varying from 0% to 36% with the highest concentrations found in the neighbourhoods of Carlington (26%), Dalhousie (36%), Sandy Hill (31%) and Alta Vista (28%). This may be due to the fact that in these particular neighbourhoods, there are large proportions of immigrants and visible minority population with higher incidences of low income. As well, this is likely related to housing costs and types of housing available. Within the rural wards, the percentage of working poor families is low and varies from 0% in some part of Cumberland and Osgoode to 4.3% in West Carleton.

Map 3 Couples with children

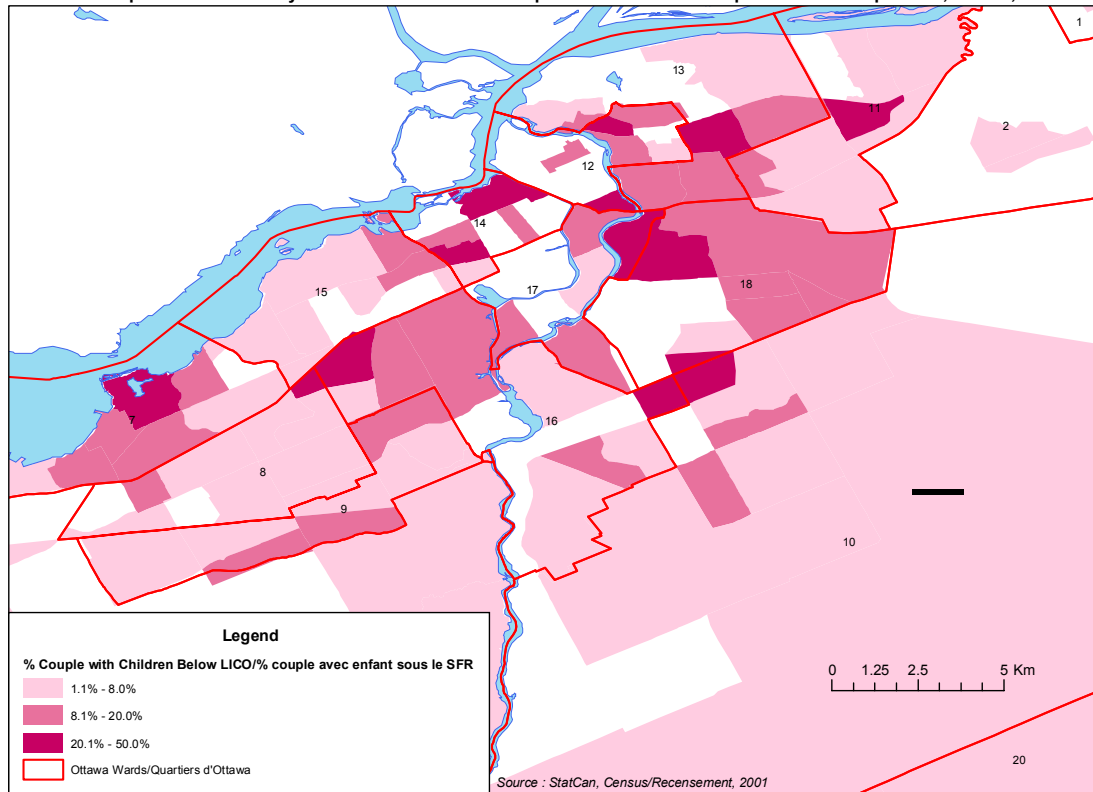
% of Couples with Children that Worked 49 Weeks or More Living Below LICO by CT with Wards, Ottawa, 2000
% de couples avec enfants ayant travaillé 49 semaines ou plus vivant sous le SFR par SR avec les quartiers, Ottawa, 2000



Map Produced by the Social Planning Council of Ottawa / Carte produite par le Conseil de planification sociale d'Ottawa, 11/2005

Map 4 Couples with Children – zoom

% of Couples with Children that Worked 49 Weeks or More Living Below LICO by CT with Wards, Ottawa, 2000
 % de couples avec enfants ayant travaillé 49 semaines ou plus vivant sous le SFR par SR avec les quartiers, Ottawa, 2000

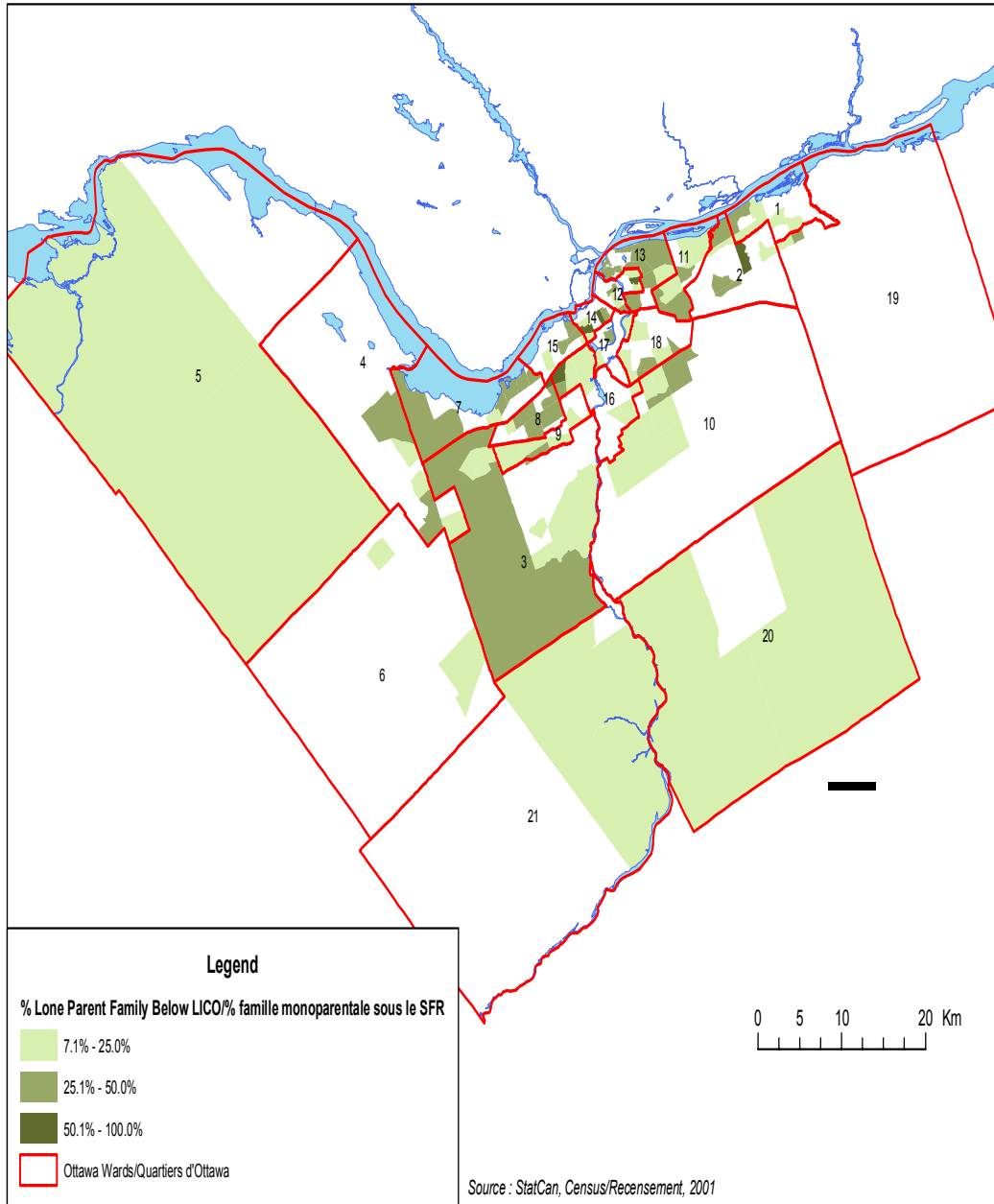


Map Produced by the Social Planning Council of Ottawa/Carte produite par le Conseil de planification sociale d'Ottawa, 11/2005

The majority of couples with children under 18 working 49 weeks or more live within the Greenbelt. We find the highest percentage in urban city wards; such as Bay (with 25%), Alta Vista, River and Rideau-Rockcliffe all each with 27%, Rideau-Vanier with 28% (particularly within Sandy Hill), and Somerset with 50% (particularly in the Centretown). Low percentages are found in the rural ward, such as 6% in the Rideau ward.

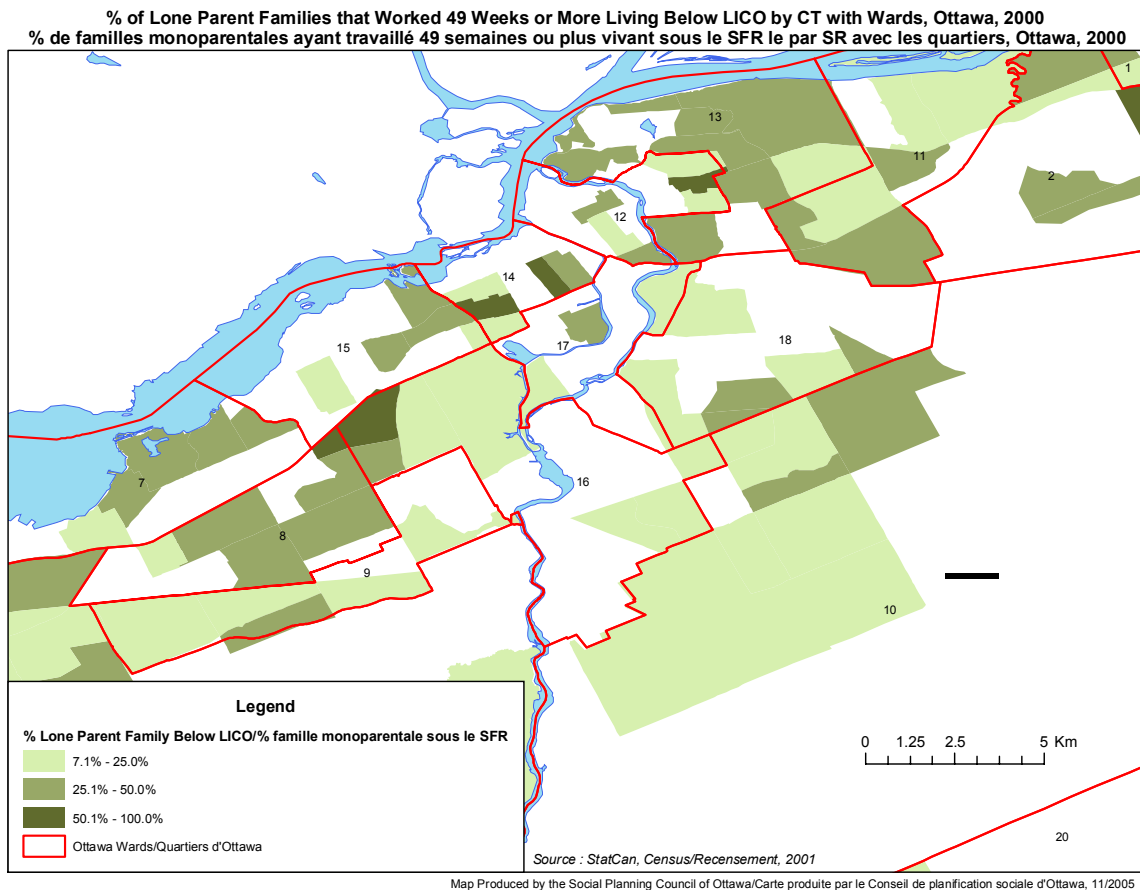
Map 5 Lone Parent Families

% of Lone Parent Families that Worked 49 Weeks or More Living Below LICO by CT with Wards, Ottawa, 2000
 % de familles monoparentales ayant travaillé 49 semaines ou plus vivant sous le SFR par SR avec les quartiers, Ottawa, 2000



Map Produced by the Social Planning Council of Ottawa/Carte produite par le Conseil de planification sociale d'Ottawa, 11/2005

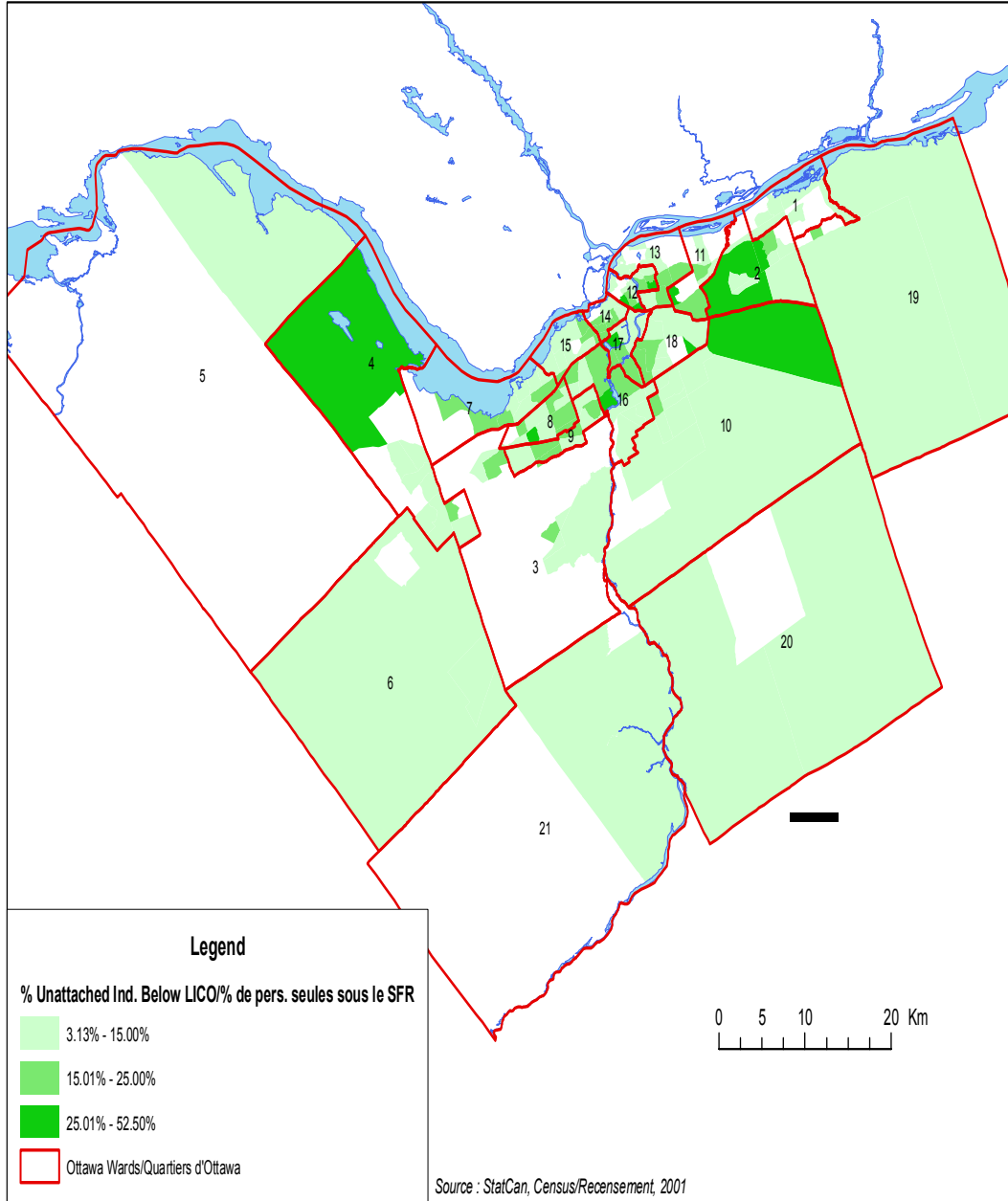
Map 6 Lone Parent Families – zoom



The proportion of lone parent families working 49 weeks or more and living below the low-income cut-off greatly varies within the city, with the incidence at its highest in the urban wards and lowest in the rural wards. Neighbourhoods with the highest proportion of working poor lone parent families are Carlington in the River ward (with 56%), Sandy Hill in the Vanier ward with 59%, and Orleans South in the Innes ward (with 80%). The Centretown neighbourhood within Somerset Ward has the highest proportion of working lone parent families with 100%. This is due to the fact that the area has a small number of lone-parent families that have worked 49 weeks or more, all of which fall below LICO.

Map 7 Unattached individuals

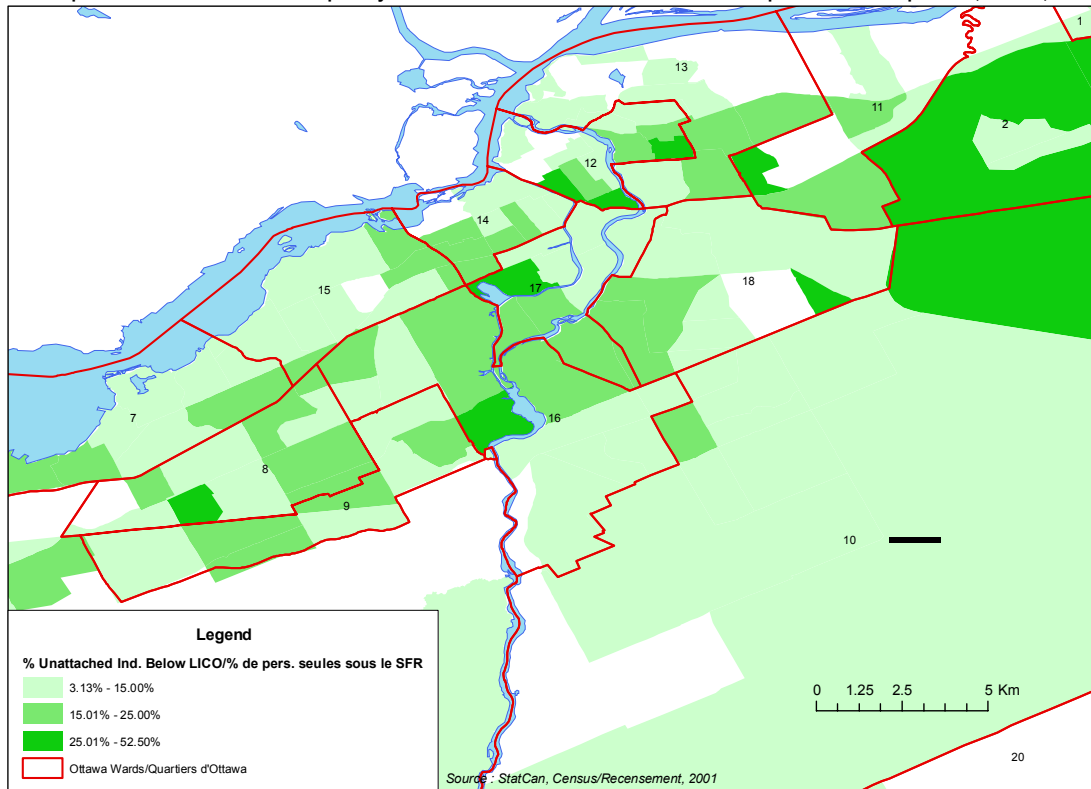
% of Unattached Individuals 15 Years and Over who Worked 49+ Weeks Living Below LICO by CT with Wards, Ottawa, 2000
 % des personnes seules de 15 ans et plus ayant travaillé 49+ semaines vivant sous le SFR par SR avec les quartiers, Ottawa, 2000



Map Produced by the Social Planning Council of Ottawa/Carte produite par le Conseil de planification sociale d'Ottawa, 11/2005

Map 8 Unattached individuals – zoom

% of Unattached Individuals 15 Years and Over who Worked 49+ Weeks Living Below LICO by CT with Wards, Ottawa, 2000
 % des personnes seules de 15 ans et plus ayant travaillé 49+ semaines vivant sous le SFR par SR avec les quartiers, Ottawa, 2000



Map Produced by the Social Planning Council of Ottawa/Carte produite par le Conseil de planification sociale d'Ottawa, 11/2005

Unattached individuals living below the low income cut-off are highest in South March and Mer bleue neighbourhoods and in isolated areas mostly around the Greenbelt. Additional research is necessary to understand this phenomenon. In rural areas, the incidence of low income varies by census tract from 0% in Rideau to 15% in Cumberland.

GLOSSARY

Couple families: Those in which a member of either a married or common-law couple is the economic family reference person.

Economic family: a group of individuals related by blood, marriage or adoption, who shared a common dwelling unit at the time of the survey.

Family income: A family's he income from the following sources : wages and salaries, net income from self employment, investment income, government transfer payments, pensions and miscellaneous income.

Lone-parent families: Those in which either a male or female lone parent is the economic family reference person.

Low Income Cut-off (LICO) : Income levels at which families or unattached individuals spend 20% more than average on food, shelter and clothing.

Low wage earners: Worker that receives 10 dollars an hour or whose earnings are less than \$375 per week.

Other economic families: Those in which a non-census family person is the economic family reference person.

Unattached individuals: Household members who are not members of an economic family. Persons living alone are always included in this category. The category also includes individuals living with unrelated people.

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