

# Nowhere to Turn

Single Adults Living with Poverty in Canada

SEPTEMBER 2017



# About Food Banks Canada

Food Banks Canada is a national charitable organization dedicated to helping Canadians living with food insecurity. We support a network of 10 Provincial Associations and more than 500 food banks. Together, this network assists more than 860,000 Canadians who turn to food banks each month. Our work is focused on three core mission areas:

**1 Acquiring essential food and funds** to share with the food bank network across Canada.

**2 Delivering programs and services** that enhance the ability of food banks to share food, and to help people become self-sufficient.

**3 Influencing government policy and programs** through research and advocacy to address the root causes of hunger and reduce the need for food banks.

**Our vision:  
a Canada  
where no  
one goes  
hungry.**

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# Introduction



Households composed of single adults have grown from 30% of those helped by food banks in 2001, to 45% in 2016.

Food banks have unfortunately become an essential part of the Canadian social support system, and this is particularly true in the case of single, working-age people, who have few other places to turn for assistance when they fall on hard times.

This paper makes the case that the soon-to-be-released Federal Poverty Reduction Strategy should include a strong focus on this population, which is one of the least financially, physically, and mentally well in the country. It puts forward recommendations for action, with one overarching message: we are utterly failing this population.

## Summary of Recommendations:

1. **Boost basic income levels:**
  - a. Expand the Working Income Tax Benefit
  - b. Make the Disability Tax Credit and other federal tax credits refundable
2. **Work with First Nations communities to revolutionize on-reserve social assistance**
3. **Better support a strong and integrated system of community-level programs**

# About Food Bank Use in Canada



**863,492**

people accessed food banks in March 2016



**28%**

increase in food bank use since 2008



**17%**

increase in food bank use in Alberta, Saskatchewan and Nova Scotia in 2016



**45%**

of households helped are composed of single adults, up from 30% in 2001

In March 2016, 863,492 people accessed food from a food bank in Canada. This was 1.3% higher than the same period in 2015, and 28% higher than in 2008. In 2016, eight of ten provinces experienced an increase in the utilization of food banks, with Alberta, Saskatchewan, and Nova Scotia showing drastic surges of more than 17%.

The need for food banks exists across the population spectrum:

- More than one-third of people helped are children and youth.
- More than 40% of households receiving assistance are families with children.
- A large number of people accessing food banks are on some form of government assistance, including pension, disability-related income supports, and social assistance – a stark indication of the very low level of support provided by these programs.
- 1 in every 6 households helped by food banks are currently or recently employed.
- Households composed of single adults have grown from 30% of households helped in 2001, to 45% in 2016.<sup>1</sup>

Over the course of 2016, we estimate that 1.8 million people made more than 15 million visits to food banks, in every province and territory.

For more information on food bank use in Canada, please see Food Banks Canada's *HungerCount 2016* report.

# Single Adults with Low Incomes: Making the Case for Action

One of the most striking recent trends in the food bank network is the growth of single unattached individuals walking through our doors and asking for help. Single people have grown from 30% of households helped by food banks in 2001, to 45% in 2016.

Looking at the staggering economic statistics for this group, it doesn't take long to figure out why the food bank network has seen this jump.

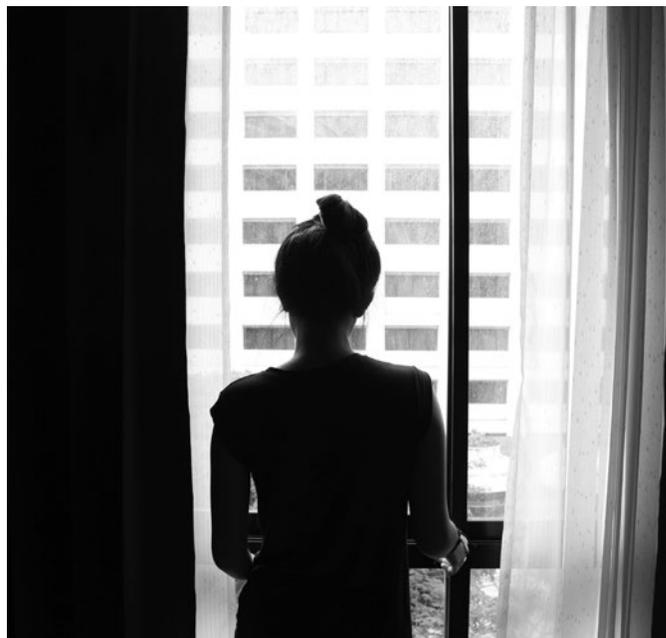
Depending on which measure one looks at, between 9% and 13% of Canadians can be defined as having low incomes. Using the Market Basket Measure, the figure is just over 1 in 10.

If we look only at unattached (i.e. single) working-age people, the figure jumps to 33%: one in every three single adults lives in poverty. This group alone represents a low income population of 1.3 million people.

And this group lives in deep poverty, with average incomes that are 50% below the poverty line. Which means they are living on about \$10,000 per year.

This is a population that, from a government program perspective, has few places to turn and seems to have been largely forgotten by federal and provincial governments.

A large number are receiving social assistance. If they are working – and many people cycle between welfare and work – they can access some assistance through the Working Income Tax Benefit, but the amounts are small.



There is very little cash support, and very little in-kind support such as labour market training (particularly outside the larger cities) for this population.

The Advisory Council on Economic Growth estimates that we could add 38 billion dollars to Canada's GDP by increasing the labour market participation of low-income, low-skill Canadians.

To accomplish this will require major changes to the relationship between governments and working-age singles living in poverty. It has implications for income supports, job training programs, indigenous policy, and chronic mental and physical health strategies.

While we do not want to take anything away from other populations at high risk of poverty in Canada, we strongly urge the federal government to make the large population of single unattached people living with low incomes a central focus of its forthcoming poverty reduction strategy.

# Facts at a Glance – Single Adults with Low Incomes



## Food Bank Use

- Single people have grown from **30%** of households helped by Canadian food banks in 2001, to **45%** in 2016.



## Food Insecurity

- **13%** of **all Canadian households** experience food insecurity, with just under **3%** experiencing *severe* food insecurity (i.e. significantly reduced food intake, including skipping meals and going whole days without food).
  - **17%** of **unattached individuals** experience food insecurity, with **5%** experiencing *severe* food insecurity.<sup>2</sup>



## Low Income

- About **10%** of **all Canadians** live in poverty. On average, this population lives with actual incomes that are 34% below the poverty line.
  - **33%** of **single, unattached working-age Canadians** live in poverty. On average, this population lives with actual incomes that are 47% below the poverty line.<sup>3</sup>
  - Unattached individuals have a much harder time exiting from low income once they have fallen into poverty.<sup>4</sup>

- Even with our world-class public pension system, unattached Canadians are more likely to be poor after they hit retirement age: **10%** of unattached seniors live in poverty, compared to less than **4%** of seniors living in families.<sup>5</sup>
- Multi-person Canadian households have, on average, **\$227,000** in non-financial assets (including a primary residence).
  - Unattached individuals have, on average, **\$16,300** in non-financial assets.<sup>6</sup>
- A portion of this population consists of young people getting started in their working lives, however the group is at higher risk of low income across all age levels. About 1 million unattached individuals between the ages of 25 and 64 live in poverty (see Table 1, below).
- Among unattached individuals, those between the ages of 45 and 64 have the highest risk of living in *persistent* low income: more than 20% in this age group experience poverty for six straight years or more.<sup>8</sup>
- Government transfers to this group have declined since the mid-1990s, from 23% of after-tax income in 1994, to 14% after 2007.<sup>9</sup>

**Table 1 - Prevalence of Low Income Among Unattached Individuals, by Age (2005)<sup>7</sup>**

Age	Low-income rate, %	Total group population	Number living in low income
15-24	58.1	599,290	348,187
25-34	21.8	736,050	160,459
35-44	26.9	661,110	177,839
45-54	31.6	764,360	241,538
55-64	39.9	699,910	279,264



## Housing

- **13%** of **all Canadian households** are in *core housing need*, i.e. currently living in housing that is too small, and/or in need of major repairs, and/or in poor condition; and would need to pay more than 30% of their income in order to access acceptable housing.
  - **22%** of **one-person households** are in core housing need; this group accounts for nearly half of all households in this situation.<sup>10</sup>



## Disability and Activity Limitation

- **14%** of all Canadians have a condition that limits their daily activities.
- Among the specific, highly vulnerable group of older (45-64) unattached, unemployed Canadians living with low incomes (accounting for more than 500,000 people across the country), **81%** have a disability.<sup>11</sup>



## Work

- Slightly more than **10%** of **all Canadian adults** are 'not in the labour force' at any given time, i.e. neither working nor actively looking for work.
- **30%** of **unattached individuals aged 45-64** are not in the labour force.<sup>12</sup>



## Literacy

- **17%** of **all Canadian adults** have a literacy score of Level 1 or lower – at the bottom of the scale. This group has only a basic vocabulary, and is able only to locate single pieces of information in short texts.
  - **27%** of **unattached people aged 45 to 64** have a literacy score of Level 1 or lower.<sup>13</sup>



## Health

- **7%** of **all Canadians** deal with mental illness and/or substance abuse-related issues.
  - **17%** of **unattached, never-married Canadians** deal with mental illness and/or substance abuse-related issues.<sup>14</sup>

Unattached individuals are at higher risk of living in poverty, experiencing food insecurity, and living in inadequate housing. They are more likely to have a disability, deal with mental health issues, and to have low levels of literacy. Each of these factors on its own increases one's risk for poor health and well-being. Any combination of these factors, and the social barriers faced by those experiencing them, is likely to have a major negative effect on an individual's ability to live well, independently and in good health.

# Recommendations for the Federal Poverty Reduction Strategy



The population described in this paper is at the leading edge of need across Canada: at high risk of negative physical and mental health outcomes, lacking family supports, and without access to income supports that cover even basic needs. Many turn to organizations in their community for essential help.

For outcomes to improve among this population, change is required at multiple levels. Basic income supports must be increased, and welfare benefits must be radically changed. Additionally, the system of supports available in the community must become much more integrated and navigable.

With an eye to the soon-to-be-released federal poverty reduction strategy, this section makes recommendations for changes to federal policy.

## Summary of Recommendations

- 1. Boost basic income levels:**
  - Expand the Working Income Tax Benefit
  - Make the Disability Tax Credit and other federal tax credits refundable
- 2. Work with First Nations communities to revolutionize on-reserve social assistance**
- 3. Better support a strong and integrated system of community-level programs**



## 1. Immediately boost basic income levels for all low income households

In our 2016 *HungerCount* report, Food Banks Canada called on provincial, territorial and federal governments to dismantle social assistance and create a Basic Income that is administered through the tax system.

We were very pleased to see the Ontario government follow through on its commitment to pilot three Basic Income test communities. This is a hugely important step that can provide much-needed data.<sup>15</sup> A substantial amount of writing has been created on this topic in Canada and around the world, as researchers and advocates continue to push policy to keep up with a changing economic world.

We understand that the march toward a Basic Income will be slow and difficult. This is why we have put forward several more limited and pragmatic ideas to move us closer to this end goal:

- Immediately bolster the **Working Income Tax Benefit (WITB)** by increasing maximum benefit amounts, and by raising the maximum income levels at which individuals and families are eligible.
- Convert federal **non-refundable tax credits** into refundable tax credits, where appropriate. These include but are not limited to the Disability Tax Credit, and credits for family caregivers.

There is broad support for increases to the WITB,<sup>16</sup> as well as for the transformation of the Disability Tax Credit – a longstanding recommendation of leading disability advocates.<sup>17</sup> While these changes would affect all low income households, they are particularly important for single adults, who have access to very few federal income benefits.

## 2. Abandon the broken welfare system and improve income supports in First Nations communities



While most social assistance benefits in Canada are managed by provincial and territorial governments, the federal government manages or oversees these programs in a large number of First Nations communities.

In 2014, the federal department of Indigenous and Northern Affairs made a confession about the program:

*The federal government's Income Assistance program for First Nations was originally approved in 1964. The program has not kept pace with renovations to provincial and territorial programming which offers similar programs. A new approach, involving First Nations communities and service providers, is needed so that First Nations people are able to participate in the changing economy.*<sup>18</sup>

While one might assume that this was a promise to improve welfare to better support people who have fallen on hard times, many provincial and territorial government 'renovations' have actually made welfare more difficult to

access in an attempt to contain costs and force people into (often low-paying) work. As former New Brunswick Minister of Social Development Kelly Lamrock said, "For over 20 years, the changes to social assistance have generally been ones driven by the need for government to save money and shrink the circle of those who qualify."<sup>19</sup>

The difficulties faced by people living on-reserve in Canada should by now be widely understood. While there are of course exceptions to the rule, reserve communities tend to be characterized by limited economic opportunity and low access to social and health services, driven by (often) remoteness and (consistently)<sup>20</sup> underfunding. The recent Canadian Human Rights Tribunal decision concerning federal underfunding of child welfare services is just one aspect of this problem.<sup>21</sup>

With respect to social assistance, it is federal government policy to match on-reserve benefit levels to those set by the province or territory in which the reserve is located.<sup>22</sup> Table 2 shows annual benefit levels for single individuals, in comparison with various other income measures, in Saskatchewan, which is generally representative of provincial welfare levels across the country.

**Table 2 - Saskatchewan Assistance Program, 2014<sup>23</sup>**

	Annual cash benefit	Market Basket Measure of Low Income (rural areas)	Welfare-MBM gap	Median after-tax income	Welfare-median gap
Single 'employable' person	\$8,995	\$18,112	-\$9,117	\$35,300	-\$26,305
Person with a disability	\$11,390	\$18,112	-\$6,722	\$35,300	-\$23,910
Single parent with one child	\$19,351	\$25,614	-\$6,263	\$48,500	-\$29,149
Couple with two children	\$25,806	\$36,224	-\$10,418	\$97,200	-\$71,394

It is extraordinarily difficult to get ahead when you are not sure where your next meal is going to come from – which is the case for anyone trying to live on less than \$9,000 per year, as a single person on welfare is obliged to do. Given the income levels shown in Table 2 above, it should come as no surprise that 45% of households accessing food banks are on basic social assistance, with an additional 18% on disability benefits connected to social assistance.

The current federal social assistance policy manual is essentially an amalgam of provincial-territorial policies. It notes, “the expected results of this program are that:

- men, women and children have access to supports to meet their basic and special needs;
- men and women have access to supports that help them to transition to and remain in the workforce; and
- men and women are employable and able to become or remain attached to the workforce.”<sup>24</sup>

These expected results are essentially overwritten, however, by the later prescription that “eligible expenditures for basic and special needs are determined by reference to the provincial or territorial standards of the province or territory in which the reserve is located and must be equivalent to those of the province or territory.” The idea that current levels of support can enable households to meet even basic needs, and help individuals transition to well-paying work, is simply not supportable.

One exception to the federal government’s region-matching policy is in the maritime provinces, where on-reserve social assistance benefits and program policies are substantially different from those set by the provinces. In 2012, a federal court ruled that the federal government’s attempt to lower benefits to match provincial levels would “cause emotional and psychological stress amounting to irreparable harm for some recipients,” and that “individuals who are reliant on income assistance are especially vulnerable even to small changes in the resources available to meet their basic needs.”<sup>25</sup>

At the current time, on-reserve Mi’kmaq communities in the maritime provinces are engaged, in partnership with Indigenous and Northern Affairs Canada, in a process to “explore what a Mi’kmaq approach to [social assistance] should look like... taking into account the culture and social/economic characteristics” of these communities.<sup>26</sup> This enlightened and open approach is to be applauded.

With respect to First Nations communities more generally, the federal government has an opportunity to move away from the bureaucratic, invasive and punitive welfare system developed by provincial governments.<sup>27</sup> It has the ability to create a social assistance program that supports people to get back on their feet, instead of driving them deeper into poverty. The federal government should expand its current agreement with on-reserve maritime communities to regions across the country, and abandon the tried-tested-and-failed welfare system.

### 3. Work with charities and non-profits to improve local support systems



Judging from recent statements, the federal government appears to be looking to community agencies to perform some heavy lifting with respect to poverty reduction. For example, in a recent discussion paper, the Minister's office states:

*Community organizations, including charities and non-profit organizations, play a vital role in supporting individuals and strengthening communities by delivering programs and services tailored to the individual and community. In regard to poverty reduction, community organizations are well placed to improve the well-being of individuals with complex and multiple barriers—those who may need wrap-around supports in order to thrive.*<sup>28</sup>

In a recent article, the author Michael Prince pushes this idea further by positioning charities and non-profits as service providers to vulnerable populations, and as employers of vulnerable people:

*Consumer-run businesses, community-based non-profits, and local social firms are places where people can develop their human capacities and function as co-operative producers of the material means of life... Employment in forward-thinking social enterprises offers skills development, on-the-job training, mentorship, and employment assistance and counselling.*<sup>29</sup>

According to Prince, these organizations present a potential middle ground between the for-profit business world (where the supports and accommodations needed by the population in question can often be lacking),<sup>30</sup> and the world of sheltered workshops, where people with disabilities specifically are set apart and paid pittance wages. However, as Prince also notes, the sector has a long way to go before

it can play a major part in the labour force engagement of vulnerable populations:

- The sector is fragmented and confusing – within urban centres, there tend to be multiple groups and agencies working in varying degrees of overlap, collaboration and competition;
- Charities and non-profits are not immune to attitudes and behaviours that marginalize people who face barriers to social and economic participation;
- Sector organizations often “lack the human, financial, and technological resources, and, most crucially, the core operating funds to undertake innovative employment programming.”<sup>31</sup>

Though increased funding for the sector would appear to be crucial, these are not issues that are going to simply be solved by new funding announcements. The federal government currently spends several billion dollars each year to support charitable and non-profit organizations serving vulnerable populations, through a range of programs including Labour Market Development Agreements, Labour Market Development Agreements for Persons with Disabilities, federal-provincial Job Fund Agreements, and direct funding of community agencies.

This model has been in place for more than a decade, yet the complexity, fragmentation and underfunding of the charitable and non-profit sector continues.

We commend the federal government for engaging directly and deeply with the six pilot communities involved in the first stages of the national poverty reduction strategy. It is our hope that the coming strategy will see the federal government, in partnership with provincial and local governments, use its substantial resources to enable a better-resourced, less fragmented, less confusing social sector that is able to better meet the needs of vulnerable populations, including unattached working-age people living with low incomes.

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Preventing hunger tomorrow.

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