



AN OVERVIEW OF RECENT DEMOGRAPHIC AND ECONOMIC
TRENDS IMPACTING LOW INCOME AND SOCIAL ASSISTANCE
USE IN LONDON AND NEIGHBOURING CMAS IN
SOUTHWESTERN ONTARIO

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Highlights:

The following report portrays low income, demographic, and socioeconomic trends for the Census Metropolitan Area (CMA) of London, Ontario.

Over the 2001-2015 period, London's total population grew by 11.8%, which ranks among the bottom third of Canada's 33 CMAs. Across all of metropolitan Canada, total population grew by almost twice London's rate, up by 20.7%.

Across Southwestern Ontario, London had the third slowest annual rate of population growth (0.8%) across eight CMAs. Only the two border CMAs of Windsor and St. Catharines Niagara had slower rates of demographic growth at 0.35% and 0.34%, respectively. London's population growth rate was less than half of Toronto's (1.65%) over this same period.

The primary reason why London had slower demographic growth relative to Canada's largest CMAs relates to international migration. London's immigration rate is less than one-third that of the Toronto CMA.

London has received more in-migrants than out-migrants from other parts of Ontario over recent years as young adults seek out educational and employment opportunities. Yet this migration rate is slightly lower than most other CMAs in Southwestern Ontario.

London has seen a net loss of population to other provinces over the last 15 years, which might be viewed as symptomatic of its challenging labour market conditions relative to other parts of Canada. Over the 2001-2015 period, growth in the number of full-time jobs in London (7.8%) fell behind the employment growth in other Canadian CMAs (22.7%).

London's employment growth of 7.8% has lagged behind its own population growth, which has increased by 11.8%. Relative to peak employment in 2007 (prior to the last recession), London continues to have fewer persons employed. The average numbers of persons employed in 2007 was 253,300, while in 2015 the average was slightly lower at 252,000.

London's employment rate – the percent of the population aged 15 and older employed – has fallen over the last decade and a half, from about 64% in the early 2000s to about 58% in 2015. London's employment rate was higher than the national average in the early 2000s (about 64% relative to 60%), but lower than the national average by 2015 (about 58% relative to 61%).

London's employment rate has fallen at least partially due to population aging. In 2015, 16.5% of the CMA's population were aged 65 or older. Yet this same pattern of demographic aging has also occurred nationally (16.1% aged 65+) and subsequently cannot explain why the CMA's employment rate has fallen to a greater extent than elsewhere in Canada.

The recent decline in employment rate as observed overall has also occurred among persons of prime working ages (persons aged 25-54 years). The employment rate of London men (aged 25-54) has declined from 88.2% in 2001 to 83.6% in 2015, while the national employment rate for this same age group has held steady at about 85.5%. The employment rate of London women (aged 25-54) has remained largely unchanged over the same period at about 75.5%. Nationally, the employment rate has risen substantially, from 74.3% to 77.5%.

As of 2015, only Windsor had a lower employment rate than London across SW Ontario CMAs among adults aged 25-54. Across CMAs, the employment rate is highest in Guelph, with 87.0% of working age adults employed, and lowest in Windsor, with only 76.5% employed.

Less than one-half (47.2%) of London's population aged 15+ years are estimated to be working full-time as of July 2016. About 1 in 10 Londoners (10.6%) aged 15+ years are estimated to be working part-time. More than 4 out of 10 Londoners (42.2%) aged 15+ years are estimated to *not* be working at all in 2016. While many are retired and/or in school or university, others are unemployed or completely outside of the labour force, i.e., no longer seeking employment.

London residents living with low income increased from 64,540 persons in 2001 to 69,560 in 2014 (up by about 5,000 persons over the last decade and a half). Yet despite this growth, the low income rate at the end of this interval was more or less equivalent to what it was at the beginning at 14.9% and 14.8%, respectively.

Since the end of the last recession), the low income rate in London has declined from 15.8% to in 2009 to 14.8% in 2014. London now has one of the highest low income rates in the region, or the sixth highest across SW Ontario's eight CMAs (Windsor and Toronto have higher rates).

The low income rate for working age persons (18-64 years) is up slightly in London (from 14.9% in 2001 to 15.9% in 2014). This upturn in low income among adults in London is not unexpected in light of the aforementioned difficulties in the local labour market.

The low income rate among children has slightly declined from 21.2% to 20.4%. Policy reforms and the enhancement of child benefit payments meant to benefit families with children appear to have had a modest effect in terms of reducing child poverty in the CMA.

While roughly 1 in 5 children (20.4%) in London were low income in 2014, this compares with just under 1 in 6 Londoners of working age (15.9%). While low income among children has declined, this age group continues to be seriously overrepresented among the income poor.

Londoners in lone-parent families were five times as likely to experience low income in 2014 relative to those in couple families without children. Similarly, relative to couple families with children, persons in lone-parent families were more than three times as likely to be low income.

While London had the second highest incidence of low income using Statistics Canada's LIM (after tax), in terms of "median income" (both before and after tax), its relative ranking fares somewhat better: fifth across SW Ontario's 8 CMAs.

Almost one in 12 Londoners are considered here to be experiencing "severe poverty", as either single persons trying to get by on less than \$11,020, lone parents living on less than \$19,300, or couple families (with and without children) living on less than \$21,140 per year.

As of 2014, the metropolitan area had 21,300 persons on Ontario Works (OW) and 19,500 beneficiaries on the Ontario Disability Support Program (ODSP). In combination, the number of persons on social assistance in the CMA is by no means trivial at almost 41,000 persons.

The number of persons on social assistance (OW and ODSP) now comprises 8.1% of the CMA's population, or roughly 1 in 12 Londoners. This is higher than the provincial average, at about 6.3% in 2014 (or roughly, 1 in 15 Ontarians).

The percentage increase on social assistance has outpaced the provincial average – with total numbers up by 36.3% in London over the 2003-2014 period. This compares with a growth of 30.7% for the province overall.

The growth in the number of persons in London receiving OW was more than twice as high as the provincial rate over this same period (at 18.2% relative to 8.9%).

The growth in the number of Londoners on ODSP is up dramatically by 63.6% over the 2003-2014 period. This is slightly higher than the growth observed for the province overall at 60.4%.

The growth in the number of beneficiaries on social assistance has far outpaced the CMA's demographic growth. For example, in London the rate of growth for OW beneficiaries increased at more than twice its population rate growth (up 18.2% relative to 8.6%). Growth in the number of persons on ODSP was seven times the demographic growth (or up 63.6% relative to 8.6%).

The maximum monthly income obtained from OW (set by the province for a single adult is only \$706 a month, or about \$8,470 a year. In contrast, a minimum wage worker (paid \$11.40 an hour), working a full year at 35 hours per week earns an income of about \$20,750.

The monthly maximum for a single person on disability is only \$1,128 in 2016, or \$13,536 a year. By way of contrast, this is roughly 60% of what a full year, full-time employee working at minimum wage earns – and substantially below Statistics Canada's Low income measure for a single person (at \$17,824 in 2014).

London, which has the second lowest employment rate in the region, is second only to Windsor in terms of its proportion on OW. The association between employment and OW caseload across CMAs is clearly inverse and important.

The age profile of social assistance in London differs somewhat, depending upon whether the emphasis is on ODSP or OW. While ODSP participants are more likely to be older and middle aged, OW beneficiaries are far more likely to be young adults and children.

The OW rates are consistent with what is known in regard to the difficulties that young adults are facing in efforts to establish themselves in the London labour market. These difficulties are often compounded when young adults also have child care responsibilities.

The ODSP rates are completely consistent with what is known of population health, aging, and disability: the participation rate climbs noticeably as one moves from young adulthood into middle age, highest for persons in their upper 50s.

The age group most likely to be on social assistance in London are in fact very young children (aged 0-4 years), such that roughly one in eight preschoolers have parents who are on either ODSP or, more likely, OW.

Among Londoners of childbearing age, women are consistently more likely to be on social assistance (primarily on OW), whereas among older adults, it is the London men who are more likely to be on social assistance (primarily due to ODSP). Men and women have roughly the same likelihood of being on social assistance, with women slightly overrepresented among those on OW and men overrepresented in using ODSP.

The income available to London's poorest families and individuals on social assistance continues to be lower in 2015 than was the case in the early 1990s (after adjusting for inflation). This stagnation at the bottom of the province's income distribution is an important factor in explaining increased income inequality for both London and for the province overall.

Introduction

This report portrays low income, demographic, and socioeconomic trends for the Census Metropolitan Area (CMA) of London, Ontario. Using data available from various datasets provided by Statistics Canada, we seek to provide an overview of how recent demographic and economic trends have impacted the quality of life of Londoners, with a particular emphasis upon its low income residents.

Across CMAs in Southwestern Ontario, there are several cities that are growing quickly, whereas others have experienced more moderate growth. The report begins by documenting how London's population growth has lagged behind other CMAs in the region. For current purposes, demographic and economic data for London will be contextualized by making comparisons with eight other CMAs situated in the Southwestern region of Ontario. We define Southwestern Ontario as including all CMAs to the west and southwest of Toronto (see Box 1 for more information on how we have defined Southwestern Ontario).

Over the 2001-2015 period, London's total population grew by 11.8%, which ranks it among the bottom third of Canada's 33 CMAs – and third slowest among Southwestern Ontario's eight CMAs. This compares with a total growth of 15.6% for the country as a whole, including a rapid 20.7% for the full group of Canada's CMAs. London has had a variety of associated challenges, particularly in terms of slowing labour force growth and population aging. As people are drawn to where employment opportunities exist, slower demographic growth in London can be explained partly by its failure to attract migrants (both international and internal) relative to other parts of the region and country.

This is all impacted by the relative state of the local economy and the associated job opportunities that are available to Londoners. The current report also considers recent trends in terms of labour force, employment (full- and part-time), and unemployment. As demonstrated here, London's employment growth has not only lagged behind most neighboring CMAs in Southwestern Ontario, but also behind a majority of Canadian CMAs. Over the 2001-2015 period, the number of full-time jobs in London (up by 7.8%) fell behind employment growth in other Canadian CMAs (up by fully 22.7%).

As London's employment growth has fallen behind its rate of population growth, the CMA's employment rate has also fallen (the percentage of the population 15+ years employed). The decline cannot be explained by shifts in age structure, population aging, and demography alone. London's employment rate has fallen from being higher than the national average in the early 2000s to below the national average in 2015. As London's population has aged (with a growing proportion at retirement age), the employment rate has fallen. The decline, however, has also occurred among persons of prime working ages (defined as 25-54 years old). The proportion of London's population that could be working but who are economically inactive has risen, which has direct consequences for those with lower income and more precarious employment.

From here, the report then considers how these dynamics have been translated into recent trends in terms of income and income poverty. We document how London has

consistently experienced a higher rate of “low income” than most other CMAs in the region. In terms of average income, the CMA has seen its relative position slip. For example, whereas in 2000, London’s median income across families and non-attached persons was roughly \$3,300 greater than the Canadian median, by 2014 this median had dropped to about \$330 under this average. In terms of low income, London’s low income measure (LIM-after tax) has remained persistently high: 14.8% of Londoners are low income in 2014, second only to Windsor (17%) across Southwestern Ontario.

The current report also presents data on the Ontario’s two programs of income support available to persons of working age in London, including Ontario Works (OW) and the Ontario Disability Support Program (ODSP). In a context of difficult labour market conditions, London has witnessed a substantial climb in the number of persons now reliant on social assistance. For example, over the 2003-2014 period, the number of persons receiving OW was up by 18.2%, whereas the number receiving ODSP climbed by 63.6%. The corresponding figures for the province overall were 8.9% and 60.4%, respectively. When considering exclusively persons on OW, the relative percentage of London’s population reliant on social assistance ranks second only to Windsor across Southwestern Ontario’s eight CMAs. In considering all persons reliant upon OW and ODSP combined, in 2014 London had 8.1% of its population reliant upon social assistance. As the current report demonstrates, among certain age groups the proportion reliant upon social assistance in the London CMA is greater than one in ten residents, with pockets of poverty that are particularly severe.

All of this is consistent with what is known of the CMA’s employment situation, i.e., difficult labour market conditions are logically linked to higher rates of income poverty and higher rates of dependency on social assistance. CMAs with the lowest welfare usage and lowest rates of economic dependency are specifically those that provide good jobs and commensurate salaries.

Data Sources, Data Quality and Measurement

In documenting recent socioeconomic and demographic trends, this report includes several data sources, including: 1) population estimates as established by Demography Division at Statistics Canada; 2) labour force and employment estimates as available from the Canadian Labour Force Survey; 3) income data as available from the T1FF tax data files as produced by Statistics Canada’s Income Statistics Division; and 4) OW and ODSP recipient data, based on administrative data provided by the Ontario Ministry of Community and Social Services.

Data Quality

The population estimates as available from Demography Division at Statistics Canada are widely considered to be of extremely high quality, since these are based directly on administrative data, vital statistics, and on the short form (mandatory) Canadian census. In producing these estimates, the census data are adjusted to address issues of census undercount and coverage error.

Box 1: Situating the London Census Metropolitan Areas (CMA) among others in Southwestern Ontario

In this report, we define Southwestern Ontario as including all economic regions to the west and southwest of Toronto (see Figure 1). Broadly defined, this region has considerable demographic weight and includes 8 of Canada's 33 census metropolitan areas – with a 2015 population of roughly 4.4 million. This definition includes the CMAs of Brantford, Hamilton, and St. Catharine's-Niagara that surround western Lake Ontario, as well as Guelph, Barrie and Cambridge-Kitchener-Waterloo (all relatively close to the Toronto economic region). In other words, this definition includes several municipalities that have elsewhere been identified as being part of Canada's Golden Horseshoe region (Statistics Canada, 2002; Government of Ontario, 2004). At the same time, our definition includes cities that are much less influenced by Toronto, including Windsor (which borders Detroit), a full four-hour drive southwest of Toronto, as well as London, located roughly halfway between Toronto and this border city.



Figure 1: Southwestern Ontario, including CMAs and Economic Regions.

In terms of the Canadian Labour Force Survey, we work here with one of Statistics Canada's most reliable and established social surveys. While this survey is sample-based, the Canadian Labour Force Survey has always been a top priority for Statistics Canada given the importance of obtaining precise information on employment and unemployment. For this reason, participation in this survey has always been mandatory under the Statistics Act – leaving for a time series that is highly reliable and unbiased. More specifically, given its mandatory nature, the quality of this data does not suffer from what might be considered the most difficult type of error encountered in survey research (i.e. selective non-response).

With regard to income trends, we work primarily with information produced by Statistics Canada's Income Statistics Division by using administrative data as based directly on Revenue Canada income tax returns (more on this below). Similarly, in terms of OW, ODSP and EI, the current research uses data as based directly on the administration of these programs. For this reason, most of the data in the report are not "sample based" (with the exception of the aforementioned Labour Force Survey) and considered to have near complete coverage, for various legal and administrative reasons.

As will be discussed, while the 2011 Census data (short form) are considered to be of high quality, the same cannot be said of the 2011 NHS (the survey that replaced the 2011 long form census). Hence the current study has avoided any reliance upon the NHS, as previous research has demonstrated that this data source seriously underestimates the number of both low-income and high-income Canadians. Fortunately, there are alternative administrative data files available from Statistics Canada, but these do limit the amount of analysis that can be conducted in 2011.¹

CMA Estimates

While most of the data are considered to be of very high quality, only the population estimates, income data, Canadian census, and NHS data are available for the smallest of our geographies (i.e. the census tract). Due to the sample size underlying the Canadian Labour Force survey, detailed statistical estimates of employment are not available for geographies at a lower level of disaggregation than the CMA. Similarly, in working with information on social assistance (OW and ODSP), we provide only tallies for the CMA overall, in respecting and assuring the confidentiality of Ontarians who are receiving benefits. All of the information as used in the current report is made available by Statistics Canada and the Ontario Ministry of Community and Social Services – and subsequently held to very high standards in assuring confidentiality. According to the Statistics Act, it is a criminal offense for anyone (including employees of Statistics Canada) to release information from one of the agency's datasets to a third party that allows for the identification of specific individuals, families, or households. The access to OW and ODSP administrative data was obtained via Statistics Canada's Research Data Center at Western, ensuring the highest standards to protect privacy.

¹Please see Appendix A for a detailed explanation regarding the advantages of working with tax files as compared with Canadian census data and NHS data.

Measuring “Income Poverty”

The current study works with Statistics Canada’s “low income measure – after tax” (LIM-AT) to identify people who are living with “low income”. The LIM-AT is calculated at income levels that are 50% of the Canadian after tax median income, adjusted for family size and age of children. As an example, in 2014 the LIM-AT was \$17,824 for a single person, \$35,648 for a couple family with two children under 16, and \$37,430 for a couple family with one child over 16 and one under 16. Statistics Canada recalculates the LIM-AT every year in light of changes in the after tax median income (see Table 1).

An individual is classified as low income if the income of his or her family (or, in the case of non-family persons, individual income) falls below their LIM-AT. Statistics Canada uses the census family concept to calculate their LIM, meant to include couples (married or cohabiting) living in the same dwelling with or without children and lone parents with one or more children. All other persons are considered as non-family persons. They may live alone or with another person (for example, a roommate), or with another family member to whom they are related (e.g., cousin, grandparent).

Without an official poverty line, the LIM-AT is just one of several low income lines used to track and analyze income trends in Canada. Statistics Canada also produces a basic Market Basket Measure (MBM) of low income, as well as widely publicized low income cutoffs (LICOs), both before and after tax. Each has its own methodology and different low income thresholds. With this in mind, it is important to note that different types of data and low income measures can provide different estimates of low income populations. Data users should be aware of these differences when comparing information from different datasets and in thinking about how economic hardship is evolving over time in Canada.

Table 1: 2014 LIM-AT

Number of Adults ⁽¹⁾	Number of Children Less Than 16 Years of Age				
	0	1	2	.....	10
1	\$ 17,824	\$ 24,954	\$ 30,301	.....	\$ 73,078
2	\$ 24,954	\$ 30,301	\$ 35,648	.....	\$ 78,426
3	\$ 32,083	\$ 37,430	\$ 42,779	.....	\$ 85,559
4	\$ 39,213	\$ 44,560	\$ 49,907	.....	\$ 92,685

(1) Includes parents/spouses, children 16 years of age and older and the first child in lone-parent families, regardless of age.

Source: Statistics Canada, 2016. Annual Income Estimates (T1 Family File). User's Guide. Income Statistics Division. Catalogue No. 13C0016.

We work with the LIM-AT for a variety of reasons, including the fact that this is the only measure currently available in the Small Area and Administrative Data. In addition, the LIM-AT is noted for its straightforward interpretation (below 50 percent of median income) and works with “after tax” income that considers the impact of taxation on the distribution of income. In addition, this relative measure has widespread usage (for example, the Organization for Economic Co-operation and Development [OECD] currently uses it in most of its international comparisons).

Supporters of the LIM-AT emphasize that it defines low income relative to what other Canadians live on (or median income) as opposed to an absolute standard below which fundamental necessities might not be met. While living standards often climb over time, the assumption underlying of this indicator stresses the importance of the relative economic situation of individuals and families. Persons living on an income that is much less than the norm are logically more likely to experience the social exclusion and stigma that characterize poverty. This often includes the many opportunities and resources that most Canadians take for granted (employment with regular hours, a healthy and crime-free neighborhood, recreational opportunities for children, quality neighborhood schools, opportunities for post-secondary education, etc.).

Shortcomings of Income-Based Measures of Poverty

Income-based indicators of economic well-being have well-known limitations, many of which have been discussed in detail elsewhere (Collins, 2005; Hulchanski and Michalski, 1994; Wolfson and Evans, 1989). These measures systematically under-report or exclude various types of in-kind public assistance, sharing of resources and services across households and generations, the impact of exchanges in the informal economy, the bartering of goods and services, and various types of employment benefits, such as extended medical insurance and drug plans. This is particularly problematic in documenting the economic well-being of Canadians in that these resources and entitlements can vary considerably across individuals and households.

For example, consider the economic situation of a college or university student who temporarily earns a relatively low income, yet receives generous non-declared income support from a parent or relative. Using conventional measures of “income poverty”, this person could be classified as “low income”. This is a dramatically different situation from a young adult working full-time at a minimum wage job and without any such aid from a family member.

Similarly, a young adult living precariously close to poverty in a low-wage and insecure job is in a vastly different situation from a young university graduate setting out in a career-type job with temporarily low wages – but with generous benefits, a pension plan, job security, and the promise of higher income. The income statistics in the current study do not directly provide the detailed information necessary to delineate such differences across individuals and families. In fact, there is currently a scarcity of comprehensive data at the national level that would allow us to carefully consider many of these issues, both cross-sectionally and over time.

Most income-based measures of income poverty also exclude information on wealth, which again varies in an important manner across households. Economists typically define wealth to mean the stock of assets held by a household or individual that either yields or has the potential to yield income. Wealth can take on a variety of forms and is typically defined as the difference between total assets and total debts. Total assets include all deposits, investments in mutual funds, bonds, and stock holdings, as well as registered retirement savings plans, locked-in retirement accounts, homeownership, vehicles, etc. Total debts include mortgage debts, outstanding balances on credit cards, student loans, vehicle loans, lines of credit, and other money owed.

While considerable income inequality in Canada, there exists an even greater level of wealth inequality, which has worsened somewhat recently (Statistics Canada, 2002b). For example, in 1984 the top decile of all family households in Canada controlled 51.8% of wealth, but by 2005 the figure had risen to 58.2% (Morissette and Zhang, 2006). While households classified as income poor are considerably more likely to have little wealth or property, clearly there is not a perfect association between income and wealth. There are, on occasion, exceptions to this general rule.

Providing Some Demographic Context

Sustained Population Growth at the National and Provincial Level

The release of annual population estimates by Statistics Canada helps contribute to an increased awareness of important changes occurring in the Canadian population. Counter to earlier expectations, Canada's overall growth rate for the first 15 years of the twenty-first century has continued to be relatively robust. Statistics Canada has consistently documented an annual growth rate of about 1.0%, which is higher than observed in most other "more developed countries" (Statistics Canada, 2015b). For example, compare this with the European Union's 2014 growth rate of about 0.20% annually, or in the broader North American context, the United States' annual growth rate which has recently declined to about 0.7% (European Union, 2015). To put these numbers into context, a constant growth rate equivalent to Canada's current rate implies a doubling time of roughly 70 years, whereas the European Union's rate implies a doubling time of well over 300 years.

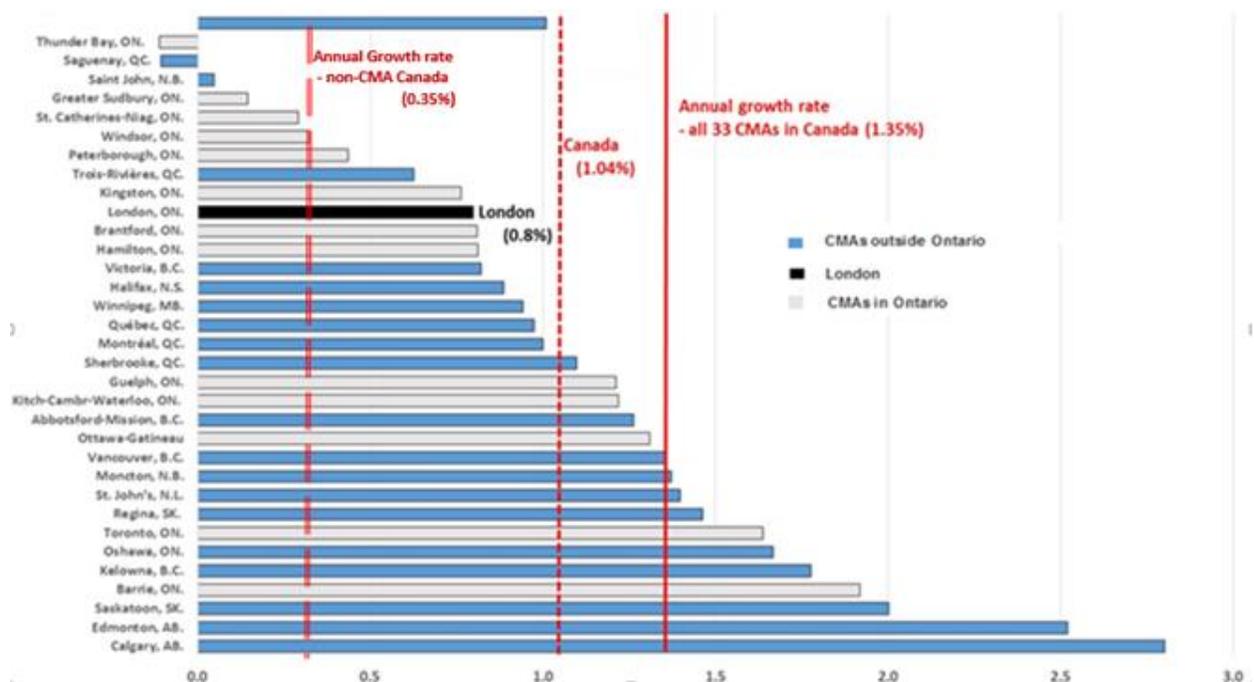
The obvious factor responsible for this has been the large influx of immigrants into Canada, i.e. relative to the size of its total population, Canada welcomes a greater number of immigrants than practically any other "more developed country" (Trovato, 2015). With this in mind, the data available from Statistics Canada suggest that net international migration (immigration – emigration) is now responsible for over two-thirds of Canada's overall growth (Kerr and Beaujot, 2016). Yet as net migration is now more important than natural increase (births minus deaths) in maintaining population growth, so too is it becoming increasingly important in shaping the distribution of population across provinces, CMAs, and regions. For example, this immigration has for some time been particularly important in maintaining Ontario's share of Canada's overall population. Over the 2001-2015 period, the province received about 1.6 million immigrants, or roughly 46% of the Canadian total.

Uneven Demographic Growth in Metropolitan Canada

While the province of Ontario's population has been increasing at a rate that matches the national rate, much of this increase has been situated in or near the Toronto area. In contrast, many other CMAs in the province have grown at a much more moderate pace. For example, over two-thirds (1.27 million people) of the total growth in Ontario of about 1.89 million persons since 2001 has been in the Toronto Economic Region. With respect to the remainder of the province, more moderate growth has generally been the rule. In fact, nine of the 12 slowest growing CMAs in Canada were located in Ontario over the 2001-2015 period. Furthermore, five of the 12 slowest growing CMAs were located in the Southwestern Ontario region (see Figure 2 below).

As Bourne and Simmons (2003) emphasized in a review of demographic trends in Canada, important "fault lines" have come to increasingly characterize the spatial distribution of population. Some metropolitan areas have shown spectacular growth, whereas others parts of the country have lagged behind. In the context of Ontario, Toronto clearly falls on one side of this fault line. At the opposite extreme, CMAs like Thunder Bay and Sudbury in the province's north clearly fall on the other. With regard to Southwestern Ontario, only Guelph, Kitchener-Cambridge-Waterloo, and Barrie have seen their populations grow at a rate that exceeds the national average, whereas all other CMAs have seen their relative population shares decline (with growth rates below the national average).

Figure 2. Average Annual Population Growth Rate for Canada and its 33 Census Metropolitan Areas, 2001-2015.



Source: Statistics Canada, Population Estimates by CMA, Annual; Authors' calculations.

The CMA of London falls somewhere between these two extremes, with an average annual growth rate of 0.80% over this period. While this is not a negligible rate of growth (it is only slightly lower than the national growth rate), this remains in the bottom tier of Canada's 33 CMAs in terms of population growth. Most CMAs in Canada are growing at a faster pace than London, whereas some have been witnessing phenomenal growth. Again, Canada's population growth remains highly uneven: outside of metropolitan Canada there has been even slower growth (0.35%), with many smaller cities and towns experiencing "depopulation. In this broader context, London's growth rate might best be characterized as "moderate" by Canadian standards.

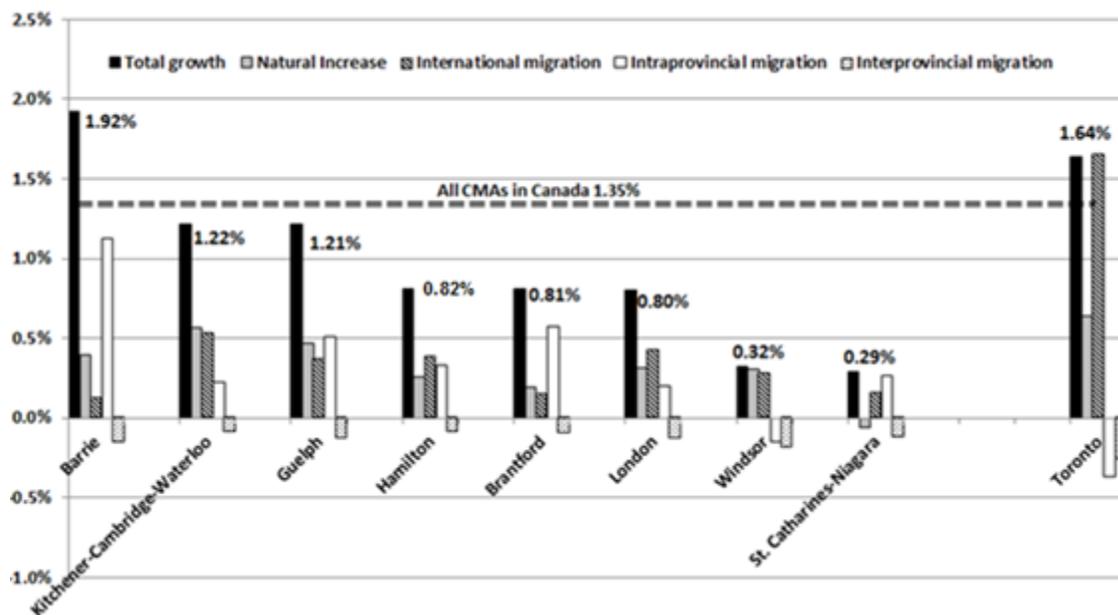
Factors Accounting for London's Slower Growth

The distribution of Canada's population continues to shift. For example, the percentage of Canada's population living in its 33 CMAs has risen from 67.2% in 2001 up to 70.2% in 2015. Yet despite this, five of the 8 CMAs in Southwestern Ontario now have a smaller proportion of Canada's population total than was true 15 years ago, including St. Catharines-Niagara, Windsor, London, Brantford, and Hamilton. The same broad generalization is true to an even greater extent in Ontario's north, large portions of Ontario's southeast and central regions, and most of small-town and non-CMA Ontario.

In providing greater detail as to the underlying dynamics of demographic change, it is useful to briefly consider additional information available from Statistics Canada on the demographic components driving growth (i.e. the number of births, deaths, immigrants, emigrants, and internal migrants – both interprovincial and interprovincial). This information, based on vital statistics and administrative data, is used by Statistics Canada in generating annual population estimates. For example, to estimate the population of London for 2014 or 2015, Statistics Canada begins with the previous census count (2011, adjusted for undercount). The analysts involved then add an estimate of "natural increase" (births minus deaths), "international migration" (immigrants minus emigrants), "intra-provincial migration" (the difference between persons moving into and out of London from elsewhere in the province), and inter-provincial migration (the difference between persons moving into and out of London from other provinces).

With the eventual release of the next census (such as the 2016 Census), these estimates are retrospectively adjusted for small errors. While these estimates are available for all of Canada (including all 33 CMAs), Figure 3 on the next page summarizes this information exclusively for Southwestern Ontario's eight CMAs. In addition, for comparative purposes, Figure 3 also includes the respective components and reported growth for the CMA of Toronto.

Figure 3. Average Annual Growth Rate and Components of Growth, Southwestern Ontario CMAs, 2001-2015.



Source: Statistics Canada, Components of Population Change, CANSIM, Annual; Authors' calculations.

Figure 3 confirms the importance of international migration: all CMAs in Southwestern Ontario have had much lower net immigration rates than Toronto. In understanding London's growth rate relative to Toronto, immigration is clearly the key component. In fact, Toronto's immigration rate is more than three times that of any other CMA in the region. In terms of natural increase (births minus deaths), all CMAs again have lower rates than Toronto, though the differences are not as great. London's rate stands at roughly half that of Toronto. These data are consistent with what is known of the age structure of the various CMAs (Toronto's age structure is younger than most). Less important in explaining Toronto's relative growth are the other migration components. Toronto seems to have lost population through both inter- and intra-provincial migration over this period. Yet despite the outflow of population to other parts of Canada, the Toronto CMA continues to grow at a rapid pace due to international migration.

London is shown here to have a comparable growth to both Hamilton and Brantford, although "intra-provincial migration" was found to be slightly more important for the latter two CMAs (possibly linked to their greater proximity to Toronto). On the other hand, both Windsor and St. Catharine's Niagara have witnessed much slower growth than London – an observation resulting from their lower rates of natural increase and net migration. Three of the CMAs closer to Toronto (Barrie, Kitchener-Cambridge-Waterloo, and Guelph) have all witnessed noticeably higher growth than London, yet for different reasons. Both Barrie and Guelph seem to have gained to a greater extent from "intra-provincial" migration (likely a spillover of Toronto's growth), whereas Kitchener-Cambridge-Waterloo has relied more on international migration and natural increase. London is shown here to have gained to a comparable extent to most other CMAs in Southwestern Ontario in terms of international migration, yet again, relative to Toronto, has not received anywhere close to its proportionate share of newcomers.

In terms of migration from other parts of the province, London's net intra-provincial migration rate is slightly lower than most other CMAs (with the exception of both Windsor and Toronto). This is consistent with the general impression that while London has always attracted its fair share of young adults from elsewhere to pursue college or university, this migration is often of a temporary nature. While few generalizations can be made about internal migration, two rather robust ones would be that: 1) migration clearly occurs more often among young adults; and 2) migration is predominantly from places with fewer opportunities to those that offer more options (Cicchino and Newbold, 2007; Dion and Colombe, 2008). The London CMA's net loss of population to other provinces and relatively modest gain from elsewhere in the province is perhaps symptomatic of its challenging labour market conditions, as associated with a noticeable decline in the manufacturing sector of Canada's economy. Difficult labour market conditions often lead to a migration of working age persons to other parts of the province/country, a situation that has not been unique to London, but also true of several other CMAs, cities, and smaller towns in Southwestern Ontario.

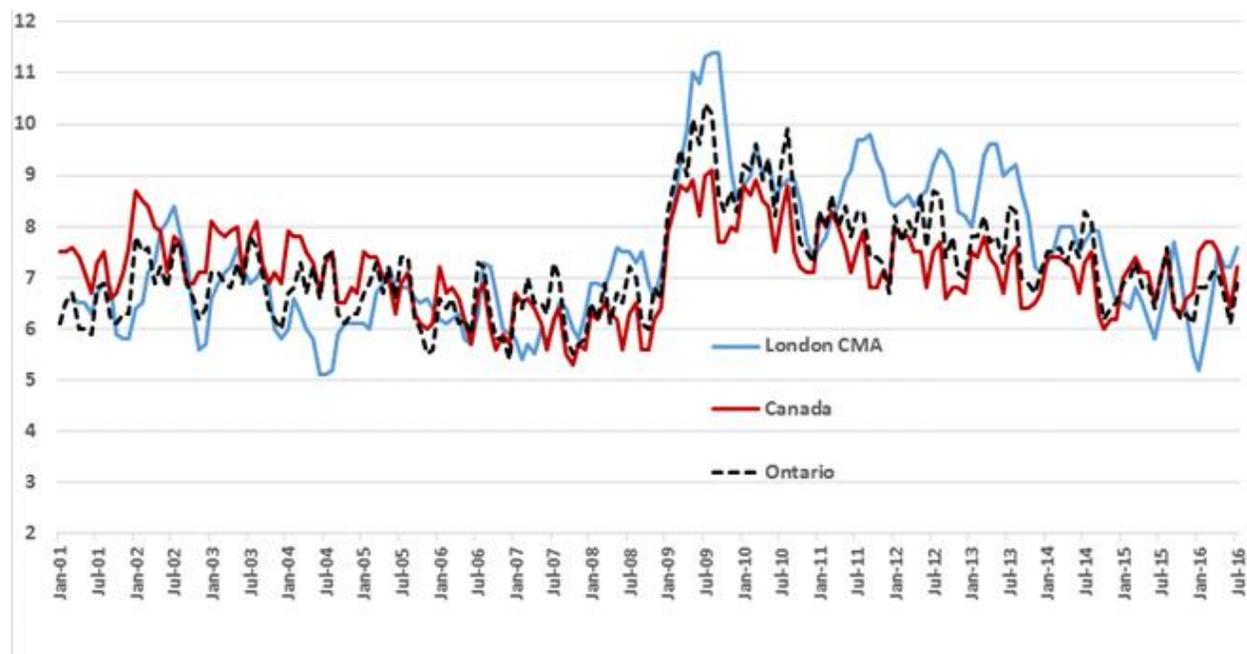
Providing Some “Economic Context”

Unemployment in London

In the twenty-first century, Ontario's economy has been influenced by structural changes, including some profound difficulties in the manufacturing and auto sectors. The global recession that began in 2008 had a particularly pronounced impact on Ontario, whereas other regions, including the western provinces, did not experience a comparable economic downturn. The *Globe and Mail's* editorial, “Go West, Young Canadians”, discussed the resultant demographic impact, i.e., an increased outflow of migrants from Central and Eastern Canada and a slowing of growth in many central Canada's cities (Wente, 2012). These regional differences were also observed with Statistics Canada's labour force survey. Since 2008, the unemployment rates of many Southwestern Ontario CMAs have been persistently high, with rates only recently returning to pre-recession levels.

As a matter of introduction, Figure 4 documents the unemployment rate for London (3-month moving average) relative to the province and country overall. As seen here, prior to the 2008 recession, the CMA's unemployment rate was roughly comparable to or even lower than the provincial and national rate. After 2008, however, London's rate was consistently higher than what was observed elsewhere. As Gertler (2001) has pointed out, successful locations in Canada's new economy are increasingly defined by their attractiveness to newcomers – particularly in terms of economic opportunity and availability of full-time jobs. The slower growth of London's population over the last decade is likely to be at least partially due to the 2008 recession, as the London CMA experienced several years of relatively high unemployment. Even though the CMA has seen recently a return to unemployment levels comparable to the pre-recession period, there is additional evidence (discussed below) from Statistics Canada to suggest that the employment opportunities of many Londoners may have actually worsened somewhat over the last decade.

Figure 4. Unemployment Rate, London CMA (3 month moving average), Ontario and Canada, January 2001-July 2016.



Source: Canadian Labour Force Survey, Statistics Canada CANSIM.

The Limitations of Unemployment Rates

In charting the unemployment rate, economists mostly care about the people who would be working if they could, or those who are actually looking for jobs. There is considerable logic to this, as people may be without employment for a variety of reasons. While some people may retire well before the traditional retirement age, others might decide to continue their education or return to school, sometimes well into their twenties. Others may decide to withdraw voluntarily from paid employment to care for the needs of young children or other dependents, whereas some might have no choice but to not work as a result of a prolonged illness or disability.

With these considerations in mind, the formal unemployment rate “excludes” these categories of “jobless” persons. Quite simply, the unemployment rate is calculated by dividing “the number of persons actively looking for work” by “the total size of the Canadian Labour force”. The latter is identified as “the number of persons currently employed” (either full-time or part time), and if jobless, “the number currently looking for work”. An individual, quite simply, is not considered to be part of the “labour force” and hence not counted as among the “unemployed” if one indicates on the labour force survey that one is “not actively looking”.

The problem in this context is that there are other categories of “jobless” persons beyond those listed above who also fall outside of this definition of “unemployment”. For example, the unemployment rate also excludes jobless persons merely due to the fact that they are no longer actively engaged in a job search. Consider a person who has attempted to find work, without success, for an extended period of time in a context of relatively few job vacancies. If such a person gives up on his or her search, and states

as such in the labour force survey, he or she is no longer defined as “unemployed”. In other words, persons not sufficiently active enough in their job search are excluded from both the denominator and numerator of the “unemployment rate”.

Economists sometimes use the term “discouraged worker” in reference to this situation, while acknowledging that the unemployment rate is a far from perfect labour market barometer. Statistics Canada does not currently have a precise statistic that allows us to identify the actual number of “discouraged workers”. Yet social scientists have documented that the likelihood of being “discouraged” increases with the “duration of unemployment”. These durations vary in an important manner across CMAs and regions of the country (Akyeampong, 1989). Also referred to as “hidden unemployment”, Stanford (2013) notes that the discouraged worker phenomenon has considerable importance, estimating that in Canada there may be up to about 400,000 persons who could be categorized in this manner. And as Moffat (2014) has pointed out, “a laid-off manufacturing worker who has given up hope of ever finding another job is not counted in the unemployment statistics, so an economy with a high number of discouraged workers could have a misleadingly low employment rate”.

There are other forms of “hidden unemployment” (including involuntary part-time and other precarious positions) that are also not identified when exclusively relying upon the unemployment rate. For this reason, in examining local employment data, labour market economists highlight the importance of moving beyond the “unemployment rate”. More specifically, it is useful to also consider shifts in the size of the labour force, the number of persons employed (both full and part time), and the number of persons outside of the labour force – all in an appropriate demographic context. For example, there are parts of Ontario that have seen greater population growth as of late than employment growth and, as a result, one would expect ongoing issues with persistently high unemployment and potentially some growth in the number of “discouraged workers”.

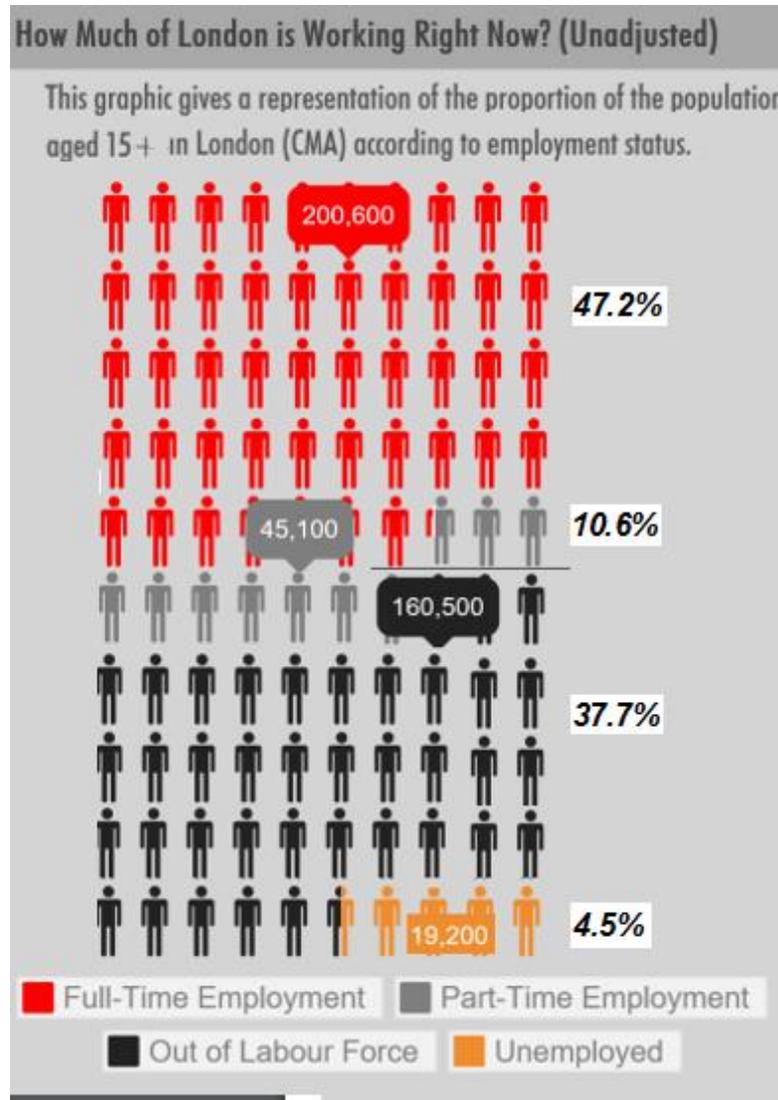
London’s Current Employment Rates

Statistics Canada estimates London’s unemployment rate as 7.2% in July 2016. While many laypersons might read this to suggest that the overwhelming majority of Londoners are gainfully employed and that 7.2% are jobless, a careful examination of the data coming out of the Canadian Labour Force Survey leaves a different impression. Figure 5 provides an alternate portrayal of the estimates for July 2016, but this time by providing greater detail in terms of specific employment status. As indicated, for a CMA that has over half a million in population in 2016, London has only about 200,600 persons employed full-time, 45,100 working part time, 19,200 who are unemployed and fully 160,500 persons who are not part of the labour force.

In reading these data more carefully, technically speaking, less than one half of London’s population aged 15+ years are estimated to be working full-time (47.2%). Similarly, about 1 in 10 Londoners (10.6%) aged 15+ years are estimated to be working part-time and more than 4 out of 10 Londoners (42.2%) are estimated to *not* be working at all in 2016. Thus a different and more complicated picture emerges than simply identifying the unemployment rate as just above 7%. The implications for understanding local labour market conditions are uncertain, although there are neighboring CMAs that display a similar pattern in terms of the percentage with or without a job.

One might ask “what are the employment aspirations, if any, of the remaining four out of 10 Londoners aged 15+ who are currently without employment”? Similarly, of the 45,100 persons working part time, it is possible to ask “what are the employment aspirations of those working part-time, i.e. would they prefer to be working full-time”? And while there are only 19,200 persons officially designated as “unemployed” using Statistics Canada’s definition, how many additional Londoners might also be considered “unemployed” if we were to expand our definition to include all of those who are “jobless by circumstance”, including discouraged workers no longer seeking employment?

Figure 5. Employment Estimates and Unemployment for the London CMA, July 2016.



Source: Canadian Labour Force Survey, CANSIM.

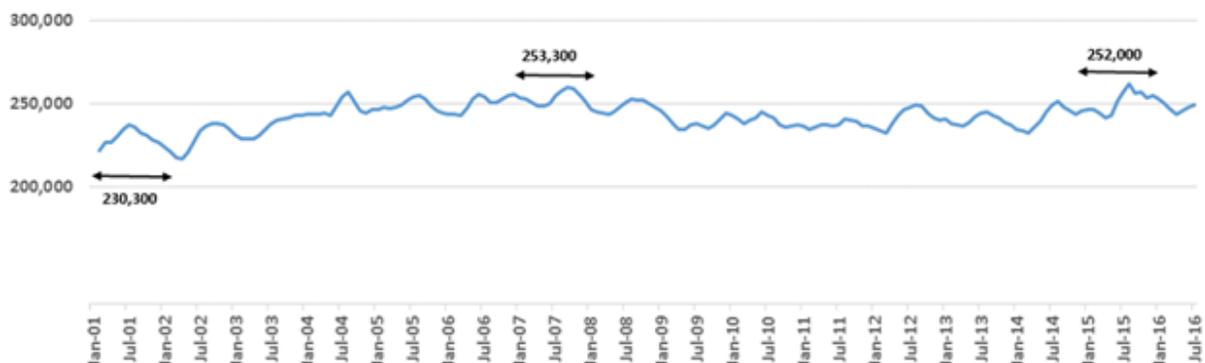
Note: The unemployment rate (7.2%) is obtained by dividing the total “unemployed” (19,200 persons) by the size of the labour force (200,600 employed full-time + 45,100 employed part-time + 19,200 unemployed). This differs from the above calculation, where 4.5% of Londoners aged 15+ years are “unemployed”, i.e., not working and yet seeking employment. This is obtained by merely dividing the total who are defined as unemployed (19,200 persons) by the total population aged 15+ years (i.e. 200,600 working full-time + 45,100 working part time + 160,500 outside the labour force + 19,200 unemployed persons).

According to the Canadian Labour Force, many people of prime working age in London and elsewhere are neither employed nor involved in the labour force for unknown reasons. The extent to which this afflicts London more than elsewhere is uncertain, though the problem of the “discouraged worker” should be greater in CMAs with higher than average unemployment and slower employment growth. Statistics Canada does not have a solid estimate of how many persons are “outside of the labour force but who would in fact work, if given the opportunity”. Hence it is useful to consider more carefully London’s employment situation relative to other parts of Southwestern Ontario. More specifically, how do the employment opportunities in London compare with neighboring CMAs in Southwestern Ontario? And how has this been changing over time?

Charting London’s Employment Growth, 2001-2015

In charting employment growth for 2001-2015, Figure 6 shows how the total number of Londoners employed at the end was higher than the total estimated at the outset. In 2001, Statistics Canada estimated a monthly average of 230,300 persons employed (full- and part-time), whereas by 2015 this average had increased to 252,000 (+9.4%). Any assessment of the trend, however, is best tempered by a few observations. First, while employment opportunities have increased for the CMA, so too has the size of London’s population. Indeed, the pace of population growth over this interval actually outpaced total employment growth. Second, most of the sustained employment growth occurred relatively early on in the interval. By 2007, the volume of employment had already risen to a peak of 253,300 jobs. That average, just prior to the economic downturn in 2008-2009, was already higher than the 2015 average of 252,000 jobs.

Figure 6. Total Employment, London CMA, January 2001-July 2016.



Source: Canadian Labour Force Survey, Statistics Canada CANSIM.

According to the Canadian Labour Force Survey, there were 1,300 fewer Londoners employed in 2015 (on average) than there were in the year predating the last recession (down -0.5% relative to 2007). In terms of the 2001-2015 period, virtually all of the gains in employment occurred in the first half of the 2000s, while employment declined in the years following the 2008 recession. The London CMA was hit hard, particularly in terms of manufacturing jobs with many high-profile plant closures since 2007 (Ford, Kellogg’s, H.J. Jones and Sons, Caterpillar, Timken and Specialized Packaging, and Daimier, to name a few). Total employment figures for London are only now beginning to return to pre-recession levels, with the 2015 average of 252,000 persons approaching the 2007

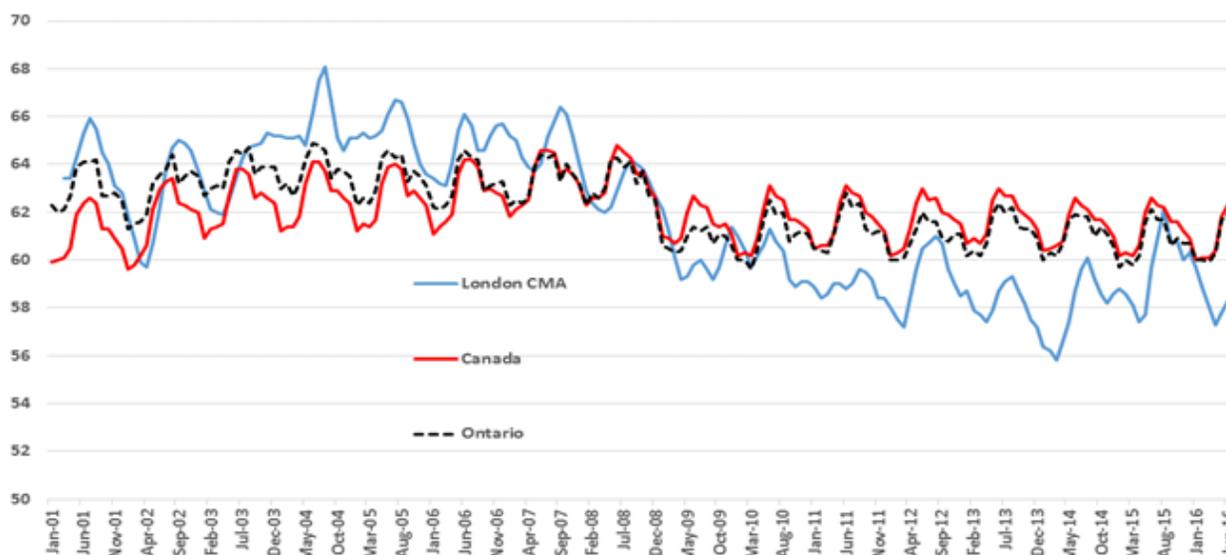
average of total persons employed. The gains as observed in the CMA since 2012 are in fact merely offsetting the losses that were observed over the 2008-2011 period.

A Decline in London’s Employment Rate

Figure 7 portrays London’s “employment rate” (2001-2015), defined here as the percent of a population (15+ years) currently employed (either full-time or part time). Unlike the unemployment rate, which restricts attention to exclusively persons “who are actively seeking employment”, the employment rate is more general – calculated for all persons regardless of whether or not they are employed or looking for work. This rate is often used as an indicator of the ability of a local economy to create jobs (in conjunction with the unemployment rate); a high rate implies an important proportion of the population of working age is employed. While various demographic trends can have an impact upon this rate (including the pace at which a population grows as well as the extent to which it is aging), regions and CMAs in Canada with robust job creation typically have some of the highest employment rates in the country, whereas many others facing greater economic difficulties have seen their employment rates decline over recent years.

Briefly, Figure 7 presents London’s employment rate (15+ years) for 2001-2015, as well as both the provincial and the national rates. Consistent with the previous observation that population growth has outpaced employment growth, Figure 7 demonstrates how London’s employment rate has declined, but especially since 2008. Prior to the 2008 economic contraction, the London CMA had a relatively high employment rate (higher than both the national and provincial rates). Since then, London’s rate has been lower than the provincial and national averages. While this rate actually increased slightly for the London CMA during the early 2000s (as employment growth outpaced population growth for a short period), the CMA’s rate has fallen since 2008, associated with the major contraction that characterized London’s economy.

Figure 7. Employment Rate, 15+ years, London CMA (3 month moving average), Ontario and Canada, January 2001-July 2016



Source: Canadian Labour Force Survey, Statistics Canada CANSIM.

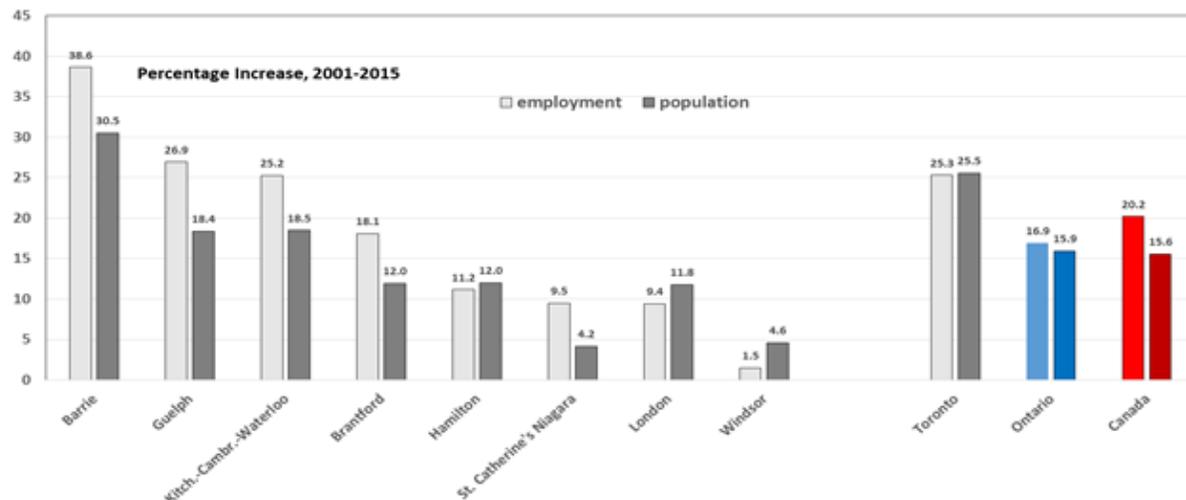
Both the province and London have seen their employment rates decline over the latter period. The evidence reveals, however, that such an observation proves truer of London as compared with Ontario or the country as a whole. The fact that the employment rate fell more so than for the province overall is consistent with the idea that London was hit harder than elsewhere by the job losses associated with the 2008 economic downturn. That generalization holds especially when we start making further comparisons with other CMAs located in SW Ontario (see below).

Employment and Population Growth across SW Ontario's CMAs

Figure 8 summarizes employment and population growth for London and seven other CMAs in Southwestern Ontario. For comparative purposes, we also include here growth figures for the Toronto CMA, as well as for the province and country overall. Briefly, employment growth in London was second slowest across the region (second only to Windsor), and one of only three CMAs in SW Ontario that actually experienced greater population growth than employment growth (i.e., Windsor, London and Hamilton). Conversely, several CMAs in the region saw much higher employment growth than London. For example, Barrie's percentage increase in employment was more than four times that of London, whereas both Guelph and Kitchener-Cambridge-Waterloo each witnessed more than two and one-half times London's percentage increase.

Even Toronto, in receiving the overwhelming majority of Ontario's international migrants managed to see job creation that almost matched its population increase. Nationally, employment growth surpassed population growth by a substantial degree, whereas this generalization was also true to a lesser extent for the province of Ontario. As both employment and population growth tend to go hand in hand (i.e., migrants often seek out economic opportunities), the slower demographic growth that characterized London makes more sense in light of its relatively poor performance with respect to job creation. In contrast, not only has Toronto managed to maintain its relative economic influence, but this growth appears to have spilt over into many neighboring CMAs.

Figure 8. Employment and Population Growth for Southwestern Ontario CMAs, Ontario and Canada, 2001-2015



Source: Canadian Labour Force Survey, Population Estimates (annual); Statistics Canada CANSIM.

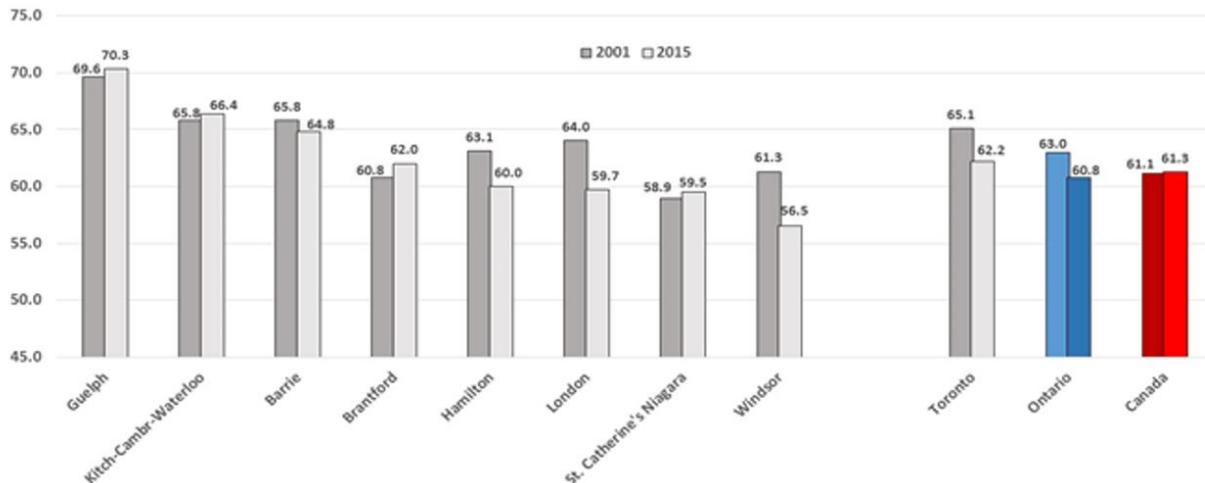
The Barrie, Guelph, Kitchener-Cambridge-Waterloo, and Brantford CMAs all witnessed much greater growth in employment as compared with their populations over the 2001-2015 period, a situation that can be held in stark contrast to London. These developments can be translated into a much more favorable job markets with higher percentages of their working age populations being employed. On the other hand, London's relative position appears to have slipped somewhat over the 15 years – a situation that it shares with Hamilton, St. Catharines-Niagara, and Windsor. The only CMA to have performed noticeably worse than London was Windsor, as this border city across from Detroit experienced a negligible increase in total jobs of only 1.5% over the same time span.

Comparing Employment Rates across SW Ontario's CMAs

As a result of these trends, the employment rate has fallen to a greater extent in the London CMA than in any other CMA in Southwestern Ontario, with the notable exception of Windsor (see Figure 9 on the following page). As of 2015, only St. Catharines Niagara and Windsor have reported lower employment rates than London, although Hamilton also has seen a substantial drop on this indicator. Whereas in 2001, London had a higher employment rate than most of the other CMAs in Canada – including a majority across SW Ontario – by 2015 this rate had fallen to below both the national and provincial averages. More specifically, the London CMA's employment rate (15+ years) has fallen from 64% in 2001 to just under 60% (59.7%) in 2015. The only other CMA to see a more dramatic drop was Windsor, which saw a decline from 61.3% in 2001 to 56.5% in 2015.

Conversely, four of the eight CMAs in Southwest Ontario actually saw their employment rates increase over the 15-year period, including Guelph, Kitchener-Cambridge-Waterloo, Brantford, and St. Catharines Niagara. As discussed previously, a high employment rate implies that a significant proportion of the population of working age is employed. As suggestive of the range of opportunities available across SW Ontario, merely compare Guelph's employment rate in 2015 (70.3%) with Windsor's (56.5%). While London's economy has struggled, the CMA's employment rate has consistently fallen somewhere in between these two extremes. At one end of the continuum, CMAs such as Guelph, Kitchener-Cambridge-Waterloo, and Barrie have seen substantial job creation and a growth in investment in recent years. At the other end of the continuum, for more than a decade Windsor has had among the highest unemployment rates in the entire country.

Figure 9. Employment Rates (15+ years), for Southwestern Ontario CMAs, Ontario and Canada, 2001-2015



Source: Canadian Labour Force Survey, Statistics Canada CANSIM.

Population Aging and London's Lower Employment Rate

An essential feature of Canada's population, caused by long-term changes in birth and death rates, is the transformation of its age structure. While population aging has long been in progress, social scientists continue to focus their attention on the issue. Gomez and Foot (2013) have emphasized some of the economic implications of population aging, as the largest baby boom cohorts now approach and enter their retirement years. As a result, demographers anticipate several decades of transformative economic change, with an anticipated decline in the ratio of Canadians of working age relative to those of retirement age – and a potential slowing in the rate of labour force growth.

In effect, the population's employment rate can decline merely due to shifts in its age structure and the movement of large cohorts into retirement. As the share of retirement population grows, the overall employment rate may decline independent of local labour market conditions. The population aging trend has occurred at the national, provincial, and CMA levels. For example, Table 2 reveals that all CMAs in SW Ontario have seen considerable population aging from 2001-2015. Canada's percentage of those aged 65+ has grown from 12.7% to 16.1% over the period. Similarly, London has observed a parallel trend, with nearly the same percentage increases from 12.8% to 16.5%.

Population aging can be accelerated further in a region merely due to a substantial outmigration of young adults (or inflow of retirees). As a result, in drawing comparisons across regions and CMAs, population aging has occurred more in regions with less job creation and economic opportunity. This is hinted at in Table 2, which demonstrates the range of age distributions across Ontario's CMAs. In 2015, some notable differences are evidence in median age and percentage aged 65 or more. St. Catharines-Niagara is Ontario's oldest CMA, while Kitchener-Cambridge-Waterloo is one of the province's

youngest. In 2015, over 21% of St. Catharines-Niagara's population was aged 65 or older, as compared with only 13.8% of Kitchener-Cambridge-Waterloo's population.

Table 2. Population by Broad Age Group (%) and Median Age, Southwestern Ontario CMAs, Ontario and Canada, 2001-2015

	2001				2015			
	0-17 %	18-64 %	65+ %	Median	0-17 %	18-64 %	65+ %	Median
Kitchener-Cambridge-Waterloo CMA	24.5	64.6	10.9	34.1	20.5	65.7	13.8	38.2
Guelph CMA	23.4	64.6	12.0	35.6	19.8	65.8	14.5	38.8
Barrie CMA	26.8	62.7	10.5	34.3	20.7	65.4	13.8	39.4
London CMA	23.4	63.8	12.8	36.6	19.0	64.5	16.5	40.1
Brantford CMA	24.9	61.5	13.6	36.1	20.8	62.7	16.5	40.8
Hamilton CMA	23.2	62.3	14.5	37.1	19.1	63.7	17.2	41.3
Windsor CMA	23.9	63.9	12.2	35.4	19.9	63.4	16.7	41.4
St. Catharines-Niagara CMA	21.7	61.5	16.8	39.5	17.5	61.5	21.0	45.4
Toronto	23.4	65.7	10.9	35.3	19.7	66.3	14.1	38.9
Ontario	23.5	64.0	12.5	36.7	19.4	64.6	16.0	40.6
Canada	22.9	64.4	12.7	37.2	19.4	64.5	16.1	40.5

Sources: CANSIM Annual Population Estimates for Economic Regions and Census Metropolitan Areas

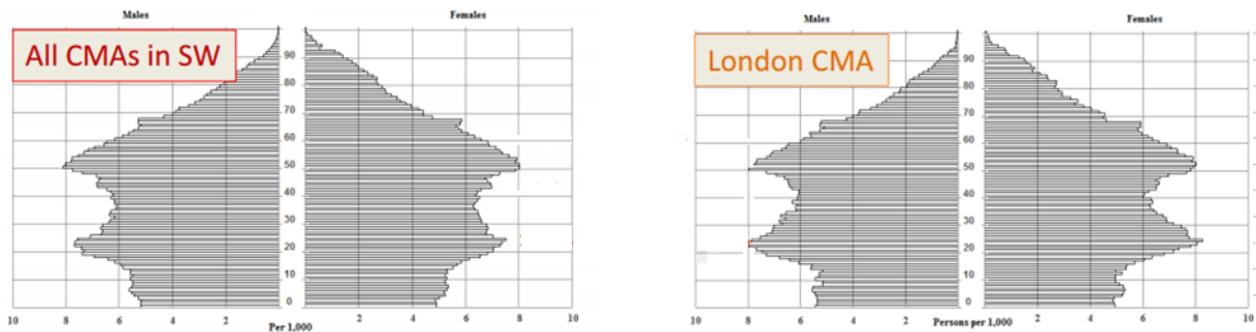
London's age structure falls in the middle of the pack in terms of the eight CMAs, with an age structure comparable to the regional average, as well as the provincial and national averages (Figure 10). From 2001-2015, London's population has been aging, but not faster than most other CMAs in the region. The aging of Canada's baby boomers is having its impact across all CMAs in the SW, so that fact in isolation cannot explain why any particular CMA has been doing especially poorly or well.

More specifically, as London's employment rate fell more than most of its neighbors, recent trends in terms of population aging alone cannot explain why this has occurred. For instance, consider London's neighbor Brantford, which saw their population age in similar fashion to London over the 2001-2015 period; both saw their proportion of the elderly go up from roughly 13% to about 16.5%. Yet Brantford experienced an upturn in its employment rate, as London experienced a downturn. While London's employment rate dropped from 64% to 59.7%, Brantford's rate increased from 60.8% to 62%.

Four of the eight CMAs in SW Ontario observed an increase in their employment rates from 2001-2015, despite the fact that all witnessed considerable population aging (as already noted, Guelph, Kitchener-Cambridge-Waterloo, Brantford, and St. Catharines-Niagara all experienced higher employment rates in 2015 than from a decade and a half earlier. Similar to the likes of London, all of these CMAs saw population aging. Unlike London, though, they still managed to see an increase in their respective employment rates. Even further, the employment rate for Canada overall has not declined (in fact it is up, albeit slightly) despite population aging at the national level. While population aging has acted as a downward pressure on the employment rate for virtually all regions of the country (with a climbing proportion of Canadians entering what are traditionally considered retirement ages), there have been other factors that have served to at least partially offset this trend. Relevant in this context has been the increased propensity on

the part of women to involve themselves in full-time employment as well as the increased inclination of older Canadians to delay retirement and to remain employed.

Figure 10. London's Age/Sex Pyramid Relative to All CMAs in SW Ontario, 2015



	<i>All CMAs in SW</i>	<i>London CMA</i>
<i>Percentage 65+ years:</i>	<i>16.2%</i>	<i>16.5%</i>
<i>Percentage 25-64 years:</i>	<i>54.0%</i>	<i>54.2%</i>
<i>Percentage 15-24 years</i>	<i>10.2%</i>	<i>10.5%</i>

Source: Statistics Canada, CANSIM, Population Estimates for CMAs, by age and sex.

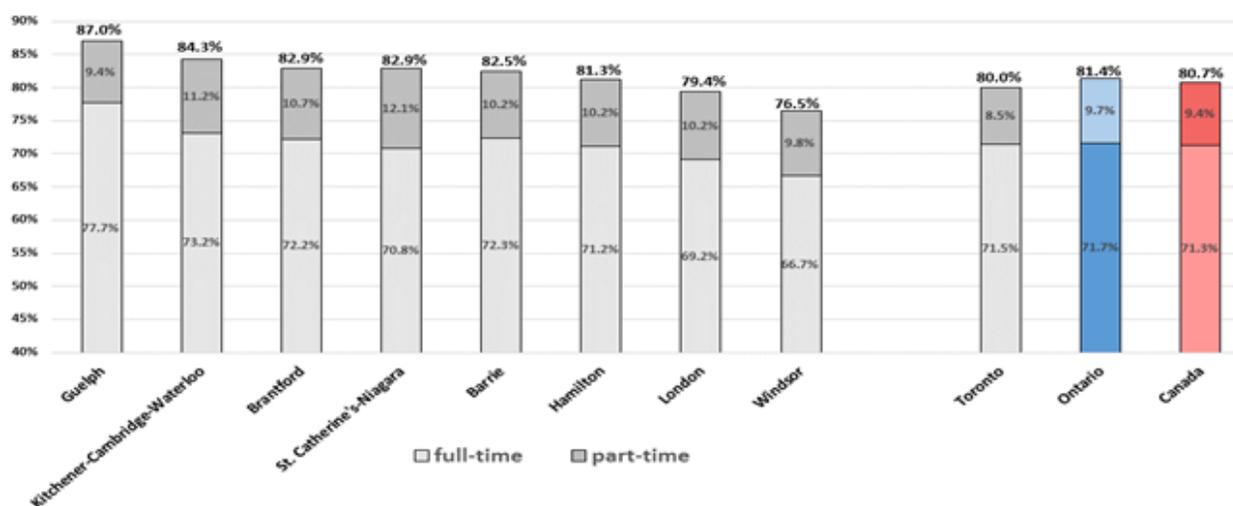
Employment among Londoners of “Prime Working Ages”

Another way to briefly address this issue of age structure and its impact on the employment rate consists of merely focusing on Londoners of “prime working ages”. Simply put, how does the employment rate of Londoners differ from those who live in other CMAs if we focus exclusively on those aged 25-54 years? In so doing, we exclude here all persons who might potentially be retired or approaching retirement age (i.e. ages 55+ years), as well as most persons who might still be pursuing their education (under the age of 25). For current purposes, Figure 11 on the next page includes the employment rate (delineated separately for those working full- and part-time) for all CMAs in the region. As shown here, London’s employment rate continues to be among the lowest across Southwestern Ontario. In producing these statistics, we recognize the obvious, i.e., many Canadians and Londoners continue to work well into their 60s and even into their 70s.

For these ages, London has the second lowest employment rate – a generalization that hold both of the full-time employment and overall employment rates. In focusing exclusively on persons 25-54 years, London occupies second place only to Windsor in terms of the percentage without a job. The St. Catharines-Niagara CMA no longer has a lower employment rate than London because its employment rate for persons 15+ was particularly low due to a disproportionate share of population at or above retirement age (65+ years). Several other CMAs in Southwestern Ontario have noticeably higher percentages employed. At one extreme, the Guelph CMA has the highest employment rate in the region: some 77.7% work full-time and 87.0% reported either a full or part-time job. This can be held in stark contrast to the CMA of London, where fewer than 7 in

10 persons (69.2%) of prime working age are currently employed full-time, with an additional 1 in 10 working on a part-time basis (10.2%).

Figure 11. Employment rate (full-time and part-timer), persons of prime working age (25-54 years), Southwestern Ontario CMAs, 2015



Source: Canadian Labour Force Survey, Statistics Canada CANSIM.

Such differences across CMAs are not easy to explain with current data, though they do tend to hint at the difficulties encountered by many Londoners in their search for work. For example, the difference in the overall employment rate between London and Guelph is almost 8% (87% vs. 79.4%), which leads to difficult questions: What percentage of unemployed Londoners might be working if comparable opportunities existed across the two cities? What if the demand for labour relative to the supply in the two CMAs were equivalent? How many more Londoners who are currently “outside of the labour force” would re-establish themselves in paid labour if the opportunity were to appear?

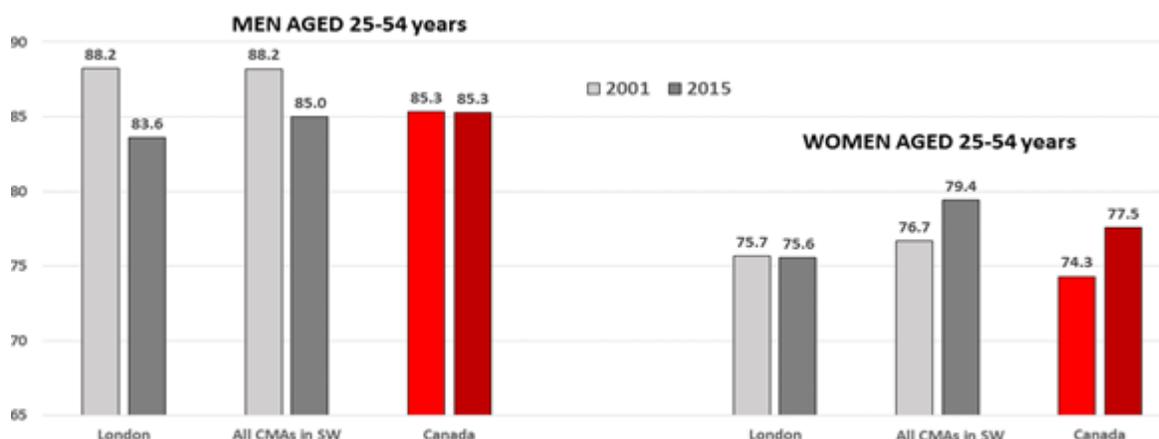
The data can be read to suggest that London has a greater number of “discouraged workers” than elsewhere in SW Ontario. As mentioned, this problem logically should be greatest in CMAs with higher than average unemployment and slower patterns of employment growth. This situation has applied to London over the last decade if one compares the CMA with its neighbors. And in reviewing Windsor’s relative situation, with only 66.7% of adults aged 25-54 employed on a full-time basis, it is clear that the situation is even worse in this border city. Once considered the “Automotive Capital of Canada”, Windsor’s relative employment situation has worsened even more than has been observed elsewhere in SW Ontario, including the London CMA.

Employment Situation for London Men versus Women

Over the last 15 years, the convergence of men and women in terms of labour force participation has continued apace in Canada. Whereas in the 1960s and early 1970s, the traditional one-earner household remained the norm (with only a minority of women working), a revolution in sex roles has led to a steep climb in labour force participation among women. For example, in focusing on all Canadian women aged 25-54, the percentage employed has increased from 74.3% in 2001 to 77.5% by 2015. In contrast,

the comparable national employment rate for men has fluctuated only slightly over time. In 2015, for instance, the national employment rate for men of this age group was at the exact same level as in 2001: 85.3% (see Figure 12).

Figure 12. Employment Rate by Sex and CMA/Region for Persons Aged 25-54, 2001 and 2015



Source: Canadian Labour Force Survey, Statistics Canada CANSIM.

At the national level, we continue to see a convergence in these rates as delineated on the basis of gender such that the employment rate of women has risen while those of men have remained relatively stable (in red in Figure 12). As male rates continue to be higher than female, one of more important explanatory factors relates to traditional gender roles as women continue to take on a larger role in the raising of children. To the extent that the educational, family, and occupational aspirations of women and men evolve and increasingly come to mirror each other, there is little reason to believe that the convergence trend will not continue. Yet in Southwestern Ontario and especially in London, a slightly different pattern has emerged that requires consideration.

More specifically, the employment rate of London men has actually fallen in contrast to the steady state at the national level. From 2001-2015, the employment rate for men aged 25-54 fell from 88.2% to 83.6%. Among London women over the same period, no net change occurred in terms of their likelihood of being employed at just over 75%. The *relatively* poor performance, for both sexes, relates to the aforementioned lackluster performance of the local labour market in creating jobs with little employment growth over the last decade. As outlined by the Mowat Center (2014), manufacturing in Ontario in particular has been hard hit, with the loss of about 320,000 manufacturing jobs since the early 2000s.

Many factors beyond the control of the London community have contributed to the observed trends, such as the impact of automation and globalization, an unfavorable exchange rate, and lower productivity. With respect to men, who have long been over-represented in manufacturing, these factors have adversely affected their employment rates even more profoundly. Indeed, in 2015 almost three in four Ontarians (72.3%) employed in manufacturing were males. In this context, London's losses appear to have been quite pronounced, as manufacturing jobs have declined from roughly some 18% of

the total in 2001 to only 12.7% in 2015. As a result, many men who were previously employed in these industries have been forced to adapt.

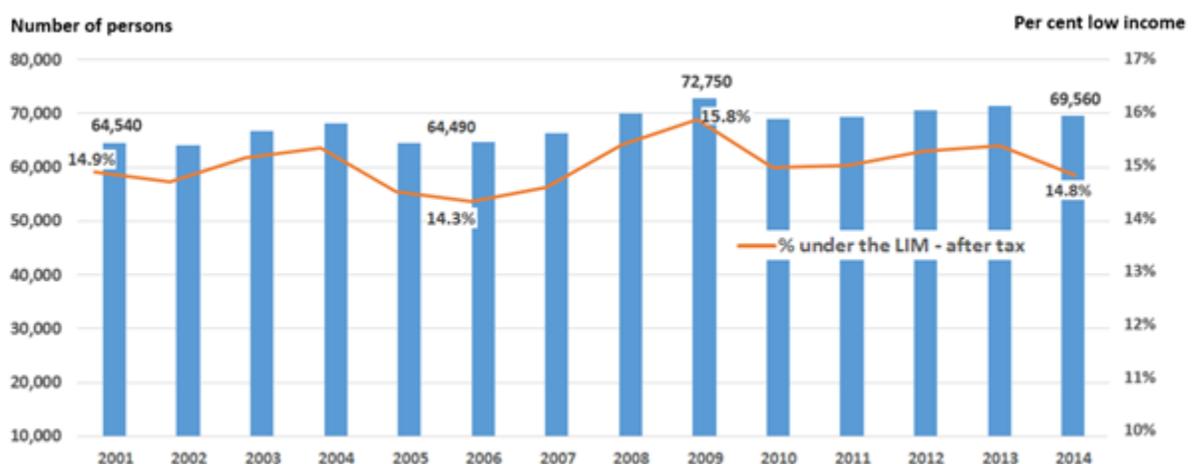
Thus despite the rising education levels among younger women and their increased representation across a wide range of occupations, the discouraging statistic for the London CMA is that their overall employment rate remains flat relative to elsewhere the country. It would appear that progress for women in establishing themselves in the local labour market has been more challenging in the London area than in many other parts of the province and country.

In previous decades, London women were more likely than other Canadian women to be employed, but the situation has since reversed itself: London women are now less likely to be employed. The same situation applies to men, such that in 2001 they were more likely to be employed while, by 2015, they are now with a lower employment rate. Hence regardless of gender, the CMA has not experienced the sorts of employment gains and economic opportunities that have characterized other parts of the province and country with the decline in manufacturing. The Conference Board of Canada (2016) has forecast a manufacturing rebound in London which ideally would lead to significant employment growth. At the present time, however, the employment numbers have remained relatively flat after experiencing some growth in 2014 and 2015.

Low Income in London

The most pertinent issue related to employment trends, then, concerns the relationship to poverty or “low income” in London. As Figure 13 demonstrates, low income among London residents increased by just over 5,000 people from 64,540 persons in 2001 to 69,560 in 2014. Despite such growth, the low income rate at the end of the period was more or less equivalent to the rate at the beginning (or 14.9% and 14.8%, respectively). Despite the increase in total numbers, London’s low income rate has not risen due to the fact that demographic growth in the CMA has kept pace with the growth in the size of the low income population during the period.

Figure 13. Number and Percent of Low Income Residents in London CMA, 2000-2014

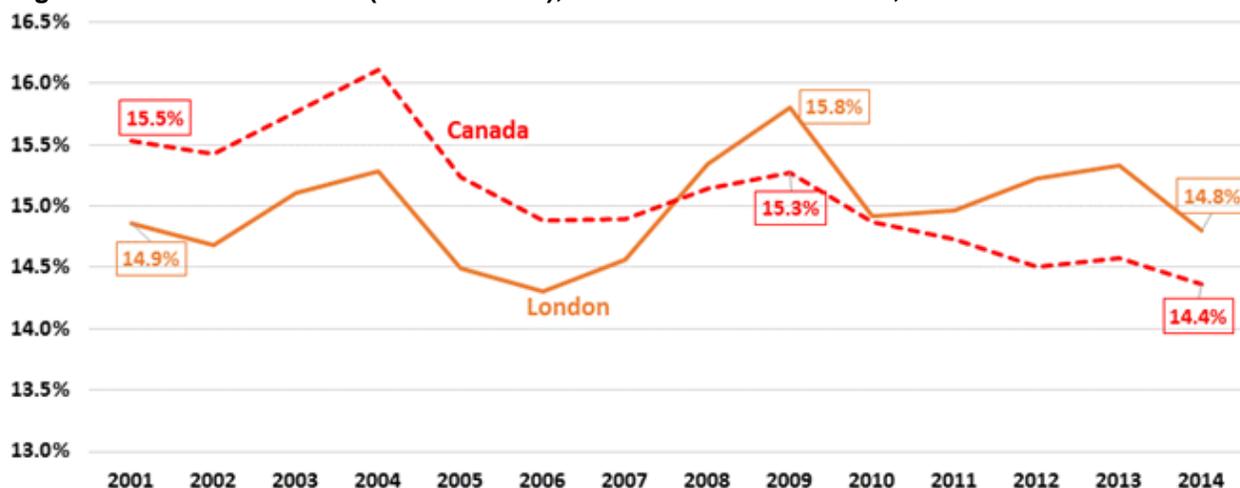


Source: Statistics Canada, CANSIM Table 111-0015 – Low Income Measures (LIM)

Since the end of the last recession, the low income rate in London has declined slightly from 15.8% in 2009 to 14.8% in 2014. Similarly, the total number of low income Londoners has also declined from 72,750 to 69,560. While this is good news, it remains true that the CMA's low income rate continues to be persistently high, with the addition of 5,000 more persons classified as low income since 2001. Despite some progress in the early 2000s in reducing the CMA's low income rate, the incidence of economic hardship again rose during the last recession. As was the case with the unemployment rate, the low income rate is only now returning to pre-recession levels.

While London's overall low income rate has changed little, Statistics Canada reports a modest reduction in the national rate. In 2001, 15.5% of Canadians were classified as low income, whereas by 2014, this was down to 14.4% (see Figure 14). As a result, London's relative situation has shifted somewhat. Whereas in 2001 the CMA had a lower than average low income rate, it had a higher than average rate by 2014. This is consistent with the discussion of local labour market conditions. While in the early 2000s the CMA had an employment rate that was consistently higher than the national average, it has consistently had a lower than average rate since the last recession.

Figure 14. Low Income Rate (LIM-After Tax), London CMA and Canada, 2001-2014

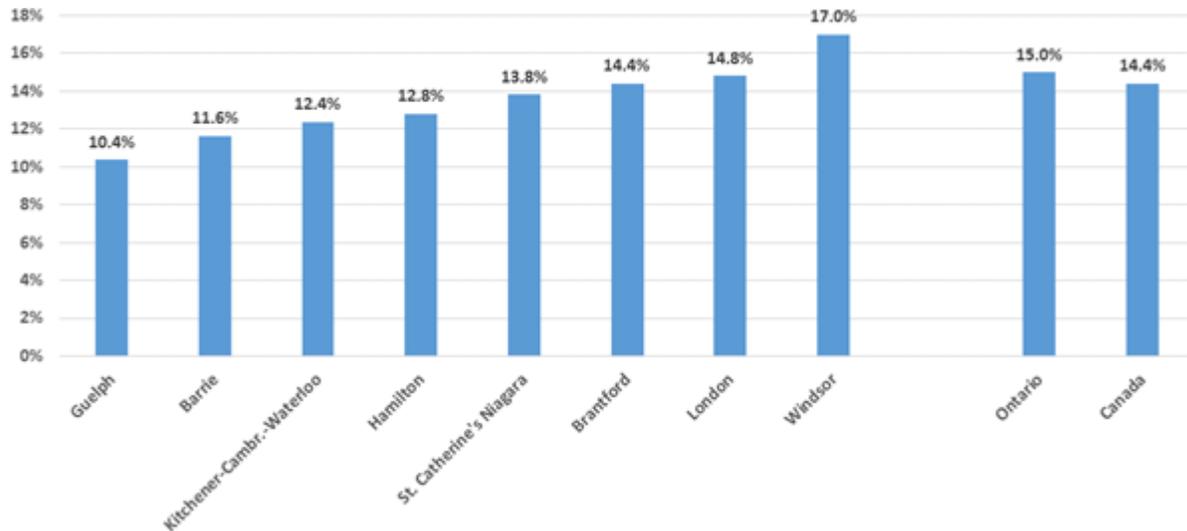


Source: Statistics Canada, CANSIM Table 111-0015.

Low Income across Southwestern Ontario CMAs

London currently has one of the highest low income rates in the region, or sixth highest across SW Ontario's eight CMAs (see Figure 15). The low income rate of 14.7% for London in 2014 stands second only to Windsor with 17.0% low income. As decent employment is obviously the best protection against poverty, these data are consistent with the aforementioned labour force data. Those CMAs with the most job creation have observed lower than average rates, whereas the opposite holds true for those CMAs that have struggled in creating employment opportunities for its residents.

Figure 15. Percentage Low Income (LIM-after tax) across Southwestern Ontario CMAs, 2014



Source: Statistics Canada, CANSIM Table 111-0015.

As merely an example, consider the Guelph CMA. Guelph has the highest employment rate in the region and, by a substantial degree, the lowest incidence of low income in SW Ontario (10.4%). Conversely, CMAs like Windsor and London that have lagged behind in terms of employment growth have higher “poverty rates”. Windsor has both the lowest employment rate in SW Ontario and the highest incidence of low income. London has the second lowest employment rate in the region and similarly has the second highest incidence of low income. These data confirm a direct relationship between the employment rate and low income: the higher a CMA’s employment rate, the lower the incidence of low income. Just as economic growth affects the low income rate over time, differences in local labour market conditions and the demand for labour across CMAs affect the situation as well.

London’s Employment and Low Income Rates

Although London’s employment rate has fallen over the last decade and a half, the low income rate is about the same in 2015 as in 2001. At first glance, this is somewhat counterintuitive. In considering persons of “prime working age” (ages 25-54 years), the employment rate for men in the CMA of London has fallen from 88.2% in 2001 to 83.6% in 2015, whereas among London women, the employment rate has remained largely unchanged (just over 75%). In this context, the fact that London has not experienced an upturn in its low income rate is not easily explained, particularly since the best guarantor against income poverty for most adults is paid employment. This hints at some of the complexities involved in charting the economic well-being of families and households over time, as a variety of factors can potentially impact upon low income trends.

With this in mind, we can highlight three distinctive types of events that can potentially further impact the economic well-being of Canadians, including: 1) “economic events” that influence the availability of jobs and the sorts of wages available in the labour market; 2) “demographic events” that influence the types of families and living

arrangements in which Canadians share and pool income; and 3) “political events” that influence the types of transfer payments that Canadians receive from the government. We suggest here that while “economic events” are especially important in explaining the persistence of low income in SW Ontario, both “political events” and “demographic events” are also relevant to the region. While the emphasis thus far has been on “economic events” or the availability of jobs in London relative to other CMAs across the region, all three sets of factors are important in understanding recent trends in low income both in London and across neighboring CMAs.

Demographic events can impact living arrangements and the potential sharing of resources across households, which in turn can serve to offset difficulties in the labour force. For example, consider the loss of a job or the difficulty in obtaining first employment. The simple fact that the traditional single-earner household is now the exception to the rule rather than the norm is relevant in explaining why, in many cases, a loss of employment is not necessarily translated into income poverty. Similarly, the difficulties that a young adult encounters in achieving employment may be offset to the extent to which he or she continues to live in or return to the parental home.

In London (as is true elsewhere in Canada), the average age at which young adults leave their parental home has been increasing, which corresponds to the fact that the average age at which young adults typically complete their education has increased as well. Statistics Canada (2013b) has reported that the share of young adults living with parents has risen. For example, among persons aged 20-24, the percentage has risen from about 57% in 2001 to almost 60% in 2011, whereas among persons aged 25-29, this percentage has risen from just over 22% to slightly over 25%. Many young adults cite economic factors as an explanation (e.g., consider the rising costs associated with higher education and/or housing, not to mention the ongoing difficulties that many report in finding decent full-time employment). Income poverty can be avoided to the extent that young adults continue to share resources with their parents, as family members can support each other under difficult economic conditions (Hulchanski and Michalski, 1994). Similarly, the availability of two earners in a family (or for that matter, three or more income earners), as opposed to only one, is a major determinant of economic well-being and the avoidance of income poverty.

Similarly, “political events” such as innovative policy meant to support low income families can potentially have an impact. Increased transfer payments can raise some lower income households to a level no longer considered to be income poor. For example, consider the increases to the National Child Benefit Supplement (2003-2006), the introduction of the Child Disability Benefit in 2003, the Universal Child Care Benefit in 2006, and the Ontario Child Tax Benefit in 2007 – all of which have had an impact on the income available to Ontario families with children (Milligan, 2015). Overall, both political and demographic events have had measurable effects. In the context of London, these various policies appear to have at least partially offset the difficulties Londoners have experienced as of late in establishing themselves in employment.

On the other hand, in light of these reforms, the lack of progress with regard to reducing the incidence of low income could also be highlighted. In combination, the various political, economic, and demographic events have led to stability in the incidence of low

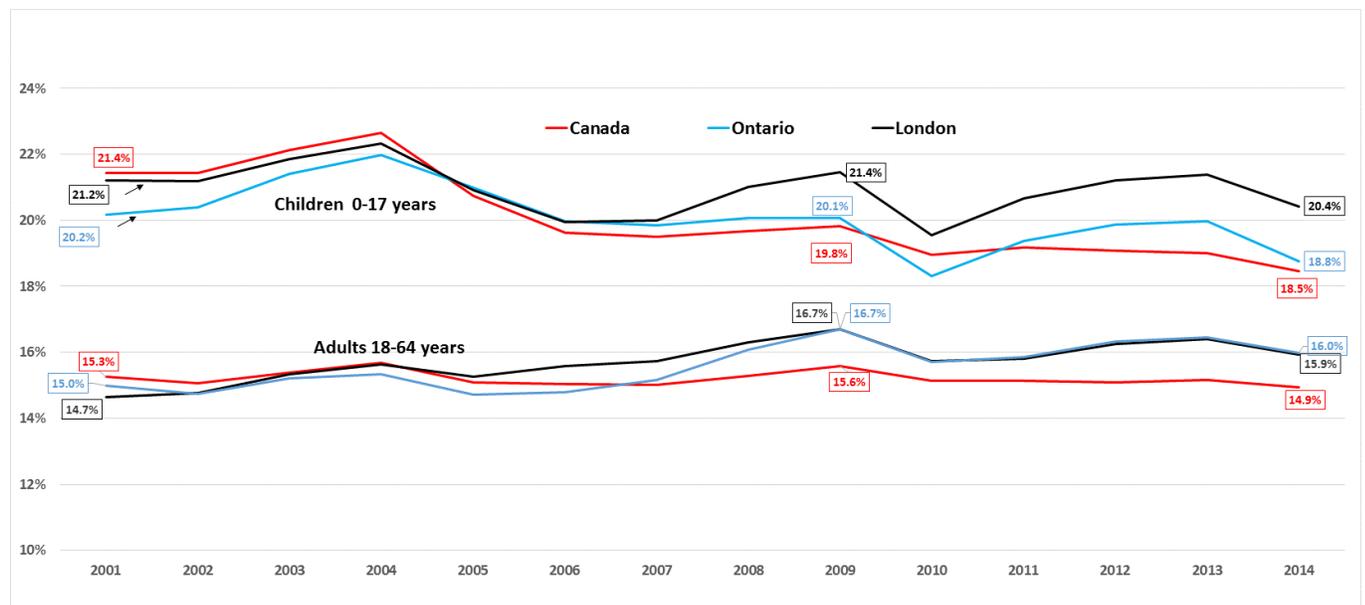
income in the CMA of London. By comparison, these events have combined to see a slight reduction nationally in the country's overall low income rate.

Children and Low Income

With respect to children, it is difficult to understand recent trends without considering how the economic well-being of their parents has been evolving over time. For example, if working age adults experience particularly difficult economic conditions, then it is logical that this will be translated into a greater incidence of hardship among children. With this in mind, Figure 16 below separately considers the low income rates of children and those of adults, again with a specific emphasis on London. Perhaps somewhat counterintuitively, Figure 16 demonstrates how the low income rate of children in the CMA and adults have actually moved in opposite directions as of late. More specifically, while the low income rate for working age persons (18-64 years) is up slightly (from 14.9% in 2001 to 15.9% in 2014), the low income rate among children has dipped downward slightly (from 21.2 to 20.4%).

Figure 16 also demonstrates these rates for Ontario and Canada overall. In drawing specific comparisons, London's child poverty rate – while falling – has not declined to the same extent as observed elsewhere. For instance, the low income rate of children across Canada declined from 21.4 to 18.5%, whereas provincially, this rate is down from 20.2% to 18.8%. In other words, whereas there has been a slight reduction in the incidence of low income among children in London, the gains observed elsewhere are greater. While the upturn in low income among adults in London is not unexpected in view of the local labour market difficulties discussed, the concurrent reduction in low income among children at first glance might not be anticipated. Yet if one considers the aforementioned policy reforms meant to benefit families with children such as the introduction of various child benefits and supplements, the pattern makes more sense.

Figure 16. Low Income Rates after Tax, for Canada, Ontario and London, by Age Group, 2000-2014



Source: Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014 Annual Estimates for Census Families and Individuals.

Briefly, the data imply that the economic welfare of lower income children has improved slightly, despite the difficulties observed in the local labour market. At the national level, where the low income rate of working age adults also declined (from 15.3% in 2001 to 14.9% in 2014), the reduction in child poverty was even greater (from 21.4 to 18.8%). This is a reduction of 2.6% nationally as opposed to the slight decline observed in London of only 0.8%. Another way of reading these data is that for London, child poverty remains persistently high, despite the policy reforms introduced by both the federal and provincial governments.

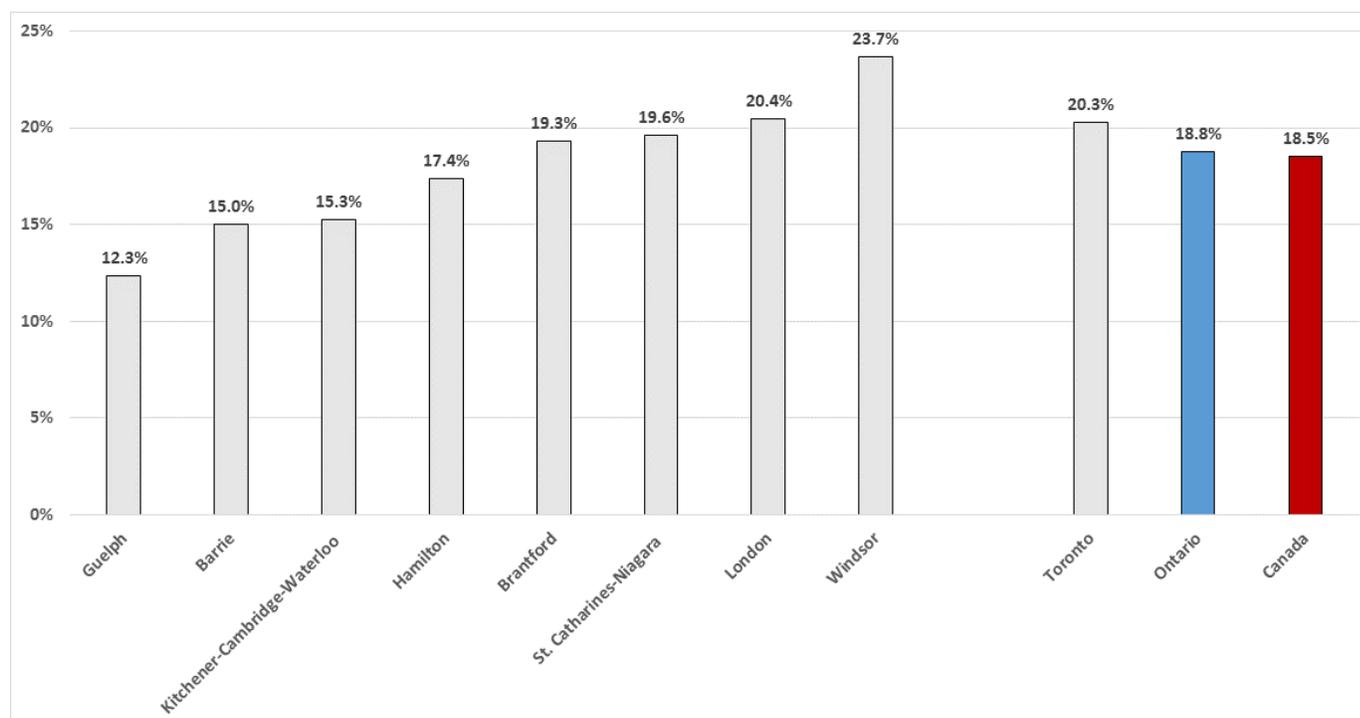
To highlight the issue further, Figure 17 on the following page briefly demonstrates how low income among children in London compares with other CMAs in the region. We once again note considerable disparity across CMAs. For example, in Guelph the child poverty rate is only 12.3%, whereas in Windsor, the child poverty rate is almost twice as high at 23.7%. London compares somewhat unfavorably on this indicator, with the seventh highest child poverty rate from among the eight CMAs of SW Ontario used in the current analysis.

For London, one in five children are in low income in 2014, which translates into roughly 20,200 children in the metropolitan area. To put this number into perspective, this is roughly equivalent to the total number of students currently attending the 45 elementary and nine secondary schools of the London District Catholic School Board (roughly 20,000 students are served by this school board). In the metropolitan area, over 72,000 are served by the Thames Valley District School Board. This persistently elevated low income rate (remaining above 20% in all years but 2010) cannot be understood independent of the difficulties in the local labour market. While recent reforms meant to increase transfers to families have had an impact, child poverty rates in London continue to be higher than for Canada overall, or, for that matter, the provincial average. While London once had a lower than average child poverty rate relative to the country overall, the CMA now has a higher than average incidence of low income among families with children.

While roughly one in five children (20.4%) in London are low income in 2014, this compares with just over one in six Londoners of working age – or some 15.9% of those persons aged 18-64 years. With regard to seniors (persons 65+ years), the low income rate is much lower. The T1 tax files indicate that less than one in 20 Londoners of this age group are income poor.

Reducing low income among Canadians of retirement age has long been a priority for the government in Canada. As a result, income poverty among seniors is now much lower than for any other age group. The development of the Canadian Pension Plan (CPP), Old Age Security (OAS), and the Guaranteed Income Supplement (GIS) meant to target low income seniors have all had a pronounced impact in terms of reducing the likelihood of economic hardship among Canadians who have reached 65.

Figure 17. Low Income Rates after Tax, for Children (ages 0-17 years), Canada, Ontario and SW Ontario CMAs, 2014



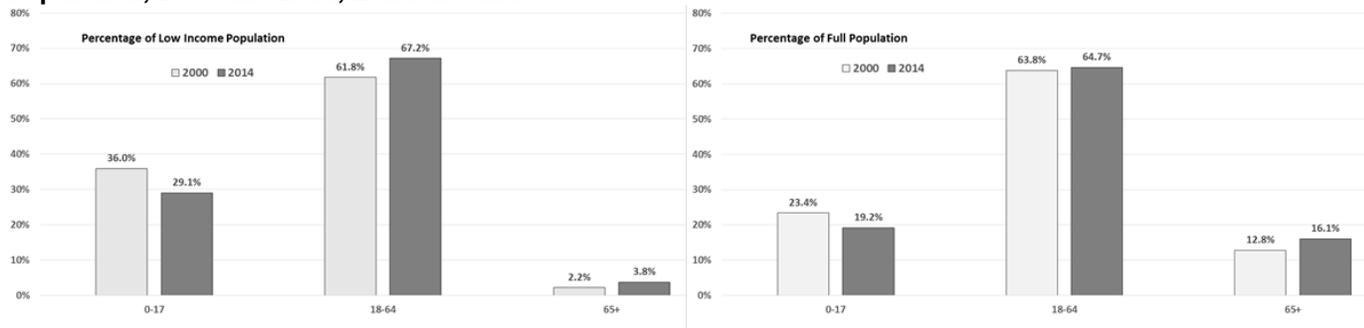
Source: Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014 Annual Estimates for Census Families and Individuals.

The Age Profile of Low Income Residents

If we take a closer look at the age profile of “low income Londoners”, residents of retirement age are obviously underrepresented among the poor, whereas children are clearly overrepresented. With this in mind, it is useful not only to consider how low income rates by age group have varied over time, but also to consider how the age profile of London’s low income population may have shifted. In other words, it is helpful not only to examine the “relative risk of low income” by age group, but also the “relative share of the low income population” by age group. Both the “risk” and “population share” are relevant in designing policy and targeting social services. Figure 18 presents data for 2000-2014 by summarizing the age profile of London’s population overall, as well as the age profile of the segment of London’s population designated as low income.

While 36.0% of London’s low income population was under the age of 18 in 2000, the 2014 share declined to 29.1%. In contrast, the share of London’s low income population of working age has risen from 61.8% to 67.2%. While these numbers indicate some important shifts in the age profile of poverty in London, the data must also be read with caution. Any change in the age profile of a low income population can be understood as impacted by two fundamental factors. First, it is impacted by possible shifts in the “age structure of a population” overall. Second, it is impacted by change in the “relative risk of low income by age group” (i.e., age-specific rates).

Figure 18. Percentage Distribution by Age Group of the Low Income Population and Total Population, 2000 and 2014, London CMA



Source: Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014 Annual Estimates for Census Families and Individuals

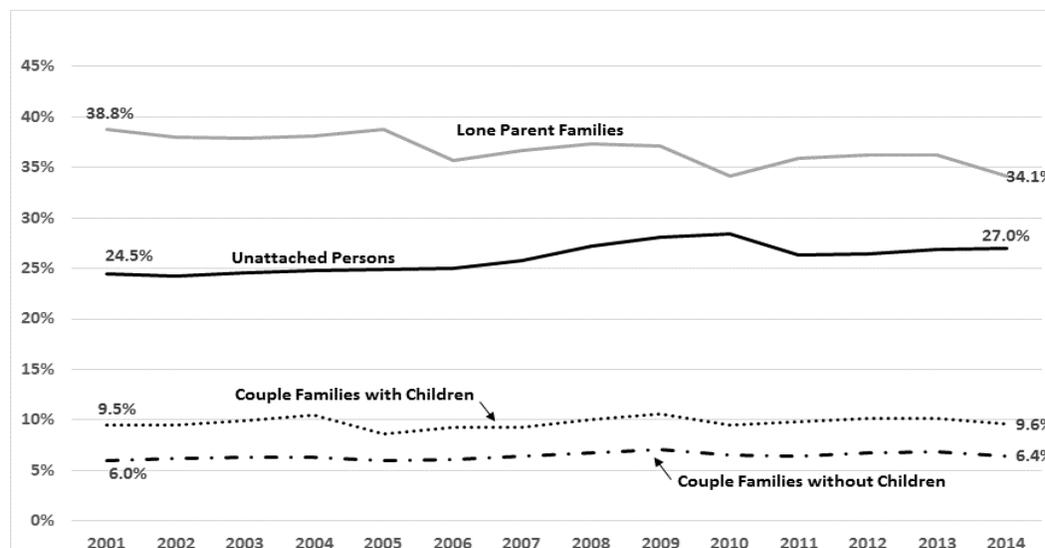
For example, while the proportion of low income Londoners that are children has declined, so too has the percentage of children in the overall population (from 23.4% to 19.2%). Similarly, while we observe a near doubling in the share of the low income population who are seniors (2.2% in 2001 and 3.8% in 2014), we have simultaneously seen rapid population aging as seniors now comprise 16.1% of the London CMA's total population. The share of London's population that are "working age" has remained relatively stable (at roughly 65% over this extended period), but their relative share of the low income population has gone up noticeably from 61.8% to 67.2%. This again can be tied back to the difficulties that many working age adults have experienced in trying to establish themselves in the local labour market.

The good news for aging Londoners (65+) is that they are underrepresented among the income poor, comprising 3.8% of the income poor in London while accounting for 16.1% of the total population. The situation, however, remains unfavorable to children. Though their proportion has declined, children continue to be overrepresented. While population aging in Canada has all sorts of important socioeconomic ramifications, one should not lose sight of the fact that when speaking of economic hardship, low income children continue to outnumber low income seniors by a wide margin.

Living Arrangements and the "Relative Risk" of Low Income

Family changes and demographic events have an impact on low income, especially to the extent that they influence the types of families and living arrangements in which Canadians share and pool income. Figure 19 demonstrates how London's low income rate varies by "living arrangements" and has long been relatively high for persons living in lone parent families and for individual ("non-family") persons. In contrast, couple families (with children sharing a residence) and couple families (without children) have always had a much lower risk of low income. Furthermore, adults living with their parents are included among couple families (with children), whereas the overwhelming major of unattached persons are unmarried, living on their own or with a roommate(s). The advantage of the couple family is that most cases consist of more than one earner per household, which represents a useful strategy to avoid economic hardship that is simply not available to lone parents with young children or unattached persons.

Figure 19. Low Income Rate, by Family Type, London CMA, 2001-2014



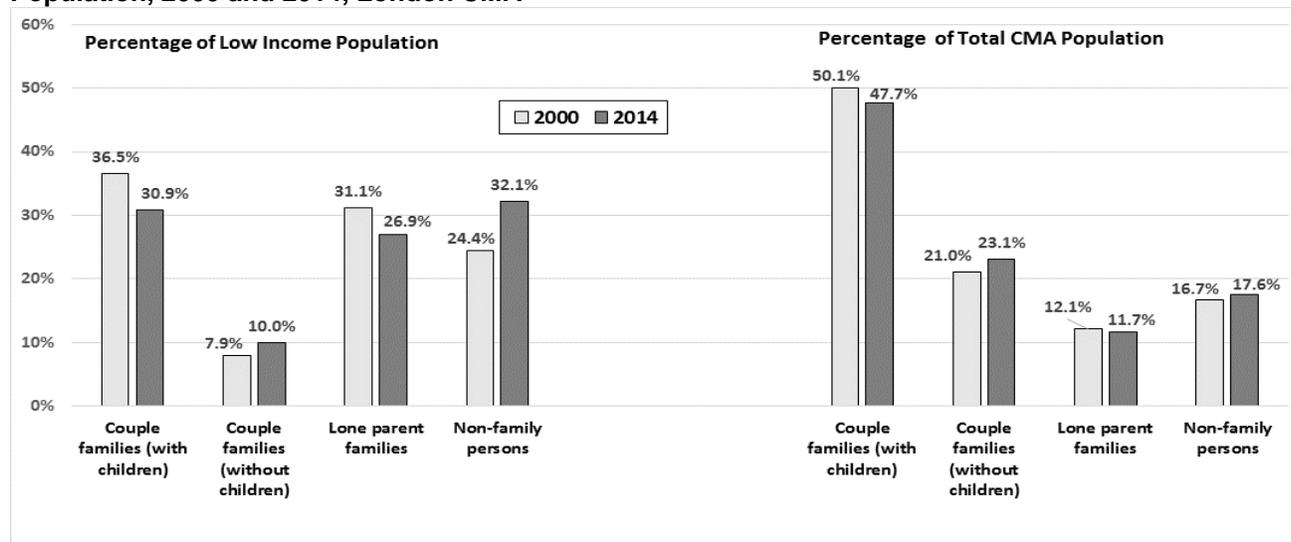
Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014.

Londoners in lone parent families are more than five times as likely to experience low income in 2014 relative to those in couple families without children. Similarly, relative to couple families with children, persons in lone parent families are more than three times as likely to be low income. The encouraging news is that while the low income rate of lone parent families remains high, this rate has fallen somewhat over time (from 38.8% in 2001 to 34.1% in 2014). This is consistent with the aforementioned introduction of various reforms meant to target children living in low income families. On the other hand, the discouraging news for London is that the CMA concurrently has witnessed a rise in low income rates of unattached persons from 24.5% in 2001 to 27.0% in 2014.

Among couple families, the risk of low income has long been relatively low. Figure 19 demonstrates how for those without children (many of whom would be empty nesters), the low income rate has been stable over time at just above 6%. Among couples with children (including those with adult children at home) this rate, although higher, remains relatively low as well, or just below 10%. Yet while the relative risk of low income is much lower for these types of households, a somewhat different picture emerges when we turn our attention to the actual living arrangements of the income poor. This relates to the relative share of Londoners living in the different types of living arrangements, regardless of the relative risk of poverty associated with each.

Apart from the “relative risk” of low income by family type, we are interested as well in documenting the actual living arrangements of those currently experiencing income poverty. Figure 20 provides the percentage distribution of London’s population by family type, separately for the CMA’s low income population and for the full CMA population. The breakdown has policy implications in the targeting and distribution of resources and in addressing the issue of poverty. For example, while a specific family type might have a lower risk of falling into income poverty, they may comprise a much larger share of the CMA’s low income population. This relates to their relative share of all family/household types for the CMA overall regardless of whether or not they fall into low income.

Figure 20. Percentage Distribution by Family Type of the Low Income Population and Total Population, 2000 and 2014, London CMA



Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014

In particular, consider the share of all persons, income poor, who are living in couple households with children. As discussed, the relative risk of income poverty is much lower in “couple families with children” (9.6% of couple families with children were low income in 2014). Yet Figure 20 shows that the number of persons in this family type comprise a relatively large share of the low income population (30.9% in 2014), which shows the relative importance of this family type. “Couple families with children” is the modal category for the CMA, as almost half (47.7%) of London’s population lives in this family type. Thus while about three in ten Londoners living in poverty are part of a couple family with children, they are underrepresented among the income poor.

On the other hand, consistent with their relatively high risk of low income, both lone parent families and non-family persons are overrepresented among the income poor. Figure 20 demonstrates the extent to which this is true, with over three in ten income poor persons unattached in 2014. Whereas only 17.6% of London’s overall population fall into this category, 32.1% of the income poor do so. Similarly, while only 11.7% of London’s population are part of a lone parent household, one in four (26.9%) of the income poor are of this family type. By far the most important factor in explaining the overrepresentation of both lone parents and unattached persons in the low income population relates to their inability to pool resources across more than one earner.

The decline in the percentage of income poor involving families with children (whether we refer to lone parent or couple families) is consistent with the discussion of transfers and the targeting of low income families. In addition, there has been a shift in the age distribution of parents in London, i.e., the average parent is older today than in the past, which includes a smaller proportion of young women with pre-school aged children. This alone has reduced the obstacles to employment, as both the parents have had a longer time to establish themselves in the labour force and the school attendance of their children frees up time for paid work. Regardless, over half (57.8%) of all persons in low income in London in 2014 are in families that involve children: 26.9% are in lone parent families and 30.9% in couple families (down from 67.6% of all persons in 2000).

London's Median Income Relative to Neighboring CMAs

While London had the second highest incidence of low income across SW Ontario CMA's using Statistics Canada's LIM (after tax), in terms of "median income" (both before and after tax), its relative ranking fares somewhat better at fifth overall. Median income (both after and before tax) is a useful indicator, as it represents that point on the income distribution at which 50% of all income units fall below and 50% fall above. Table 3 summarizes median income across SW Ontario's CMAs, separately for all "couple families", "lone parent families", and "non-family persons. Furthermore, we consider here both "median income before tax" as well as "median income after tax", as the latter allows us to identify "take home pay" after all transfers have been received minus reported provincial and federal income tax.

Table 3. Median Income, Before and After Tax, for All Families and Non-Family Persons, for Southwestern Ontario CMAs, Ontario and Canada, 2014

All Families and Non-Family Persons, Median Income Before Tax				
	All Families & Non-Family Persons			
	Non-Family Persons	Couple Families	Lone Parent Families	Non-Family Persons
Guelph	\$ 64,990	\$ 98,710	\$ 47,700	\$ 32,400
Barrie	\$ 60,850	\$ 92,100	\$ 42,210	\$ 29,390
Kitchener-Cambridge-Waterloo	\$ 60,380	\$ 92,140	\$ 43,900	\$ 29,450
Hamilton	\$ 59,280	\$ 94,030	\$ 44,430	\$ 29,390
London	\$ 54,250	\$ 86,370	\$ 40,880	\$ 28,320
Windsor	\$ 53,070	\$ 85,640	\$ 38,710	\$ 27,290
Brantford	\$ 52,580	\$ 83,110	\$ 37,350	\$ 26,680
St. Catharines-Niagara	\$ 50,630	\$ 78,980	\$ 39,610	\$ 26,610
Toronto	\$ 53,000	\$ 83,010	\$ 43,380	\$ 25,660
Canada	\$ 54,630	\$ 86,410	\$ 41,780	\$ 27,690
Ontario	\$ 55,790	\$ 86,700	\$ 42,290	\$ 27,740

All Families and Non-Family Persons, Median Income After Tax				
Guelph	\$ 57,120	\$ 84,860	\$ 44,490	\$ 29,630
Barrie	\$ 54,190	\$ 79,560	\$ 40,280	\$ 27,210
Kitchener-Cambridge-Waterloo	\$ 53,660	\$ 79,850	\$ 41,690	\$ 27,300
Hamilton	\$ 52,880	\$ 81,230	\$ 42,120	\$ 27,400
London	\$ 48,930	\$ 75,620	\$ 39,180	\$ 26,430
Windsor	\$ 48,150	\$ 75,050	\$ 37,590	\$ 25,700
Brantford	\$ 47,870	\$ 73,040	\$ 36,260	\$ 25,220
St. Catharines-Niagara	\$ 46,300	\$ 70,210	\$ 38,410	\$ 25,190
Toronto	\$ 48,050	\$ 73,190	\$ 41,370	\$ 24,390
Canada	\$ 48,800	\$ 74,960	\$ 39,920	\$ 25,880
Ontario	\$ 50,200	\$ 75,880	\$ 40,510	\$ 25,990

Source: Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014 Annual Estimates for Census Families and Individuals.

In considering income "before tax", London has a median income for all family types (including unattached persons) of \$54,250 in 2014. Table 3 also demonstrates the importance of current living arrangements, as this median is \$86,370 for couple families (with or without children), \$40,880 for lone parent families, and only \$28,320 for non-family persons (most of whom live alone). In terms of "take home pay", the medians are lower at \$75,620, \$39,180, and \$26,430 respectively. The median income, before tax, for all family types is about \$10,000 less than what is observed in Guelph (\$64,990), the CMA with the highest median income, while being almost \$5,000 greater than St. Catharines-Niagara (\$50,630), the CMA with the lowest. As mentioned previously, Guelph has a particularly buoyant labour market. In contrast, St. Catharines-Niagara has a disproportionate number of seniors, many of whom, while avoiding income poverty, experience a lower income in retirement than was typically experienced prior to an exit from paid employment.

Median Income of Low Income Londoners

While data on median income implies considerable affluence in London (over one-half of all couple families have an income of at least \$86,370), our primary emphasis has been on those at the bottom of the CMA's income distribution. While we have been defining "low income" in largely relative terms (i.e., as below 50% the median income for families/households of a particular size), one cannot deny that a certain proportion of Londoners not only experiences a *relatively* low income, but also does so to a punishing extent. In other words, some Londoners have incomes that might be read to imply that even their most basic of needs are not being met on a daily basis. With this in mind, Table 4 summarizes the median income of exclusively "low income persons" – i.e. those identified as "income poor" using Statistics Canada's LIM-AT. The data confirm that half of the low income population are either single persons trying to get by on less than \$11,020, lone parents living on less than \$19,300, or couple families living on less than \$21,140. By Canadian standards, this can only be characterized as particularly severe "economic hardship" in both a relative and absolute sense.

Table 4. Median Income, Before and After Tax, for "Low Income" Families and Non-Family Persons, for Southwestern Ontario CMAs, Ontario and Canada, 2014

All Low Income Families and Non-Attached Persons, Median Income After Tax(1)

	All Families & Non-Family Persons	Couple Families	Lone Parent Families	Non-Family Person
Guelph	\$ 13,010	\$ 18,550	\$ 18,530	\$ 11,170
Brantford	\$ 14,680	\$ 20,300	\$ 19,170	\$ 12,860
St. Catharines-Niagara	\$ 14,490	\$ 20,760	\$ 19,750	\$ 12,380
Barrie	\$ 14,040	\$ 21,340	\$ 18,630	\$ 11,720
Hamilton	\$ 13,980	\$ 21,070	\$ 19,270	\$ 11,690
London	\$ 13,710	\$ 21,140	\$ 19,300	\$ 11,020
Windsor	\$ 13,710	\$ 20,220	\$ 19,120	\$ 10,920
Kitchener-Cambridge-Waterloo	\$ 13,320	\$ 18,910	\$ 19,360	\$ 10,870
Toronto	\$ 13,130	\$ 18,120	\$ 18,530	\$ 10,490
Canada	\$ 12,910	\$ 19,140	\$ 18,200	\$ 11,170
Ontario	\$ 13,690	\$ 19,210	\$ 18,870	\$ 11,190

(1) For Low Income Families, the difference between before and after tax income is small. These data after tax include transfers to families, including federal and provincial child tax benefits.

Source: Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2014 Annual Estimates for Census Families and Individuals.

In short, many Londoners live on an income that is dramatically lower than Statistics Canada's LIM-AT. In addition, an unknown segment of London's population has fallen completely through the city/province's safety net, and subsequently must rely upon public charity (on homeless shelters, churches, and the London Food Bank, among other organizations). A disturbing statistic released by the London Food Bank (2016) is that it receives literally thousands of requests for food aid, helping directly over 9,000 Londoners on a monthly basis, while helping literally thousands of others indirectly by providing food supplies to over 20 charitable groups and agencies in the London area. In providing a sense of the scale of this problem, the number of Londoners who appear

to be experiencing “severe poverty” (or falling below the medians summarized in Table 4) corresponds to roughly 40,000 people. The figure reflects about the same population as the municipality of St. Thomas, which falls within the London CMA boundaries.

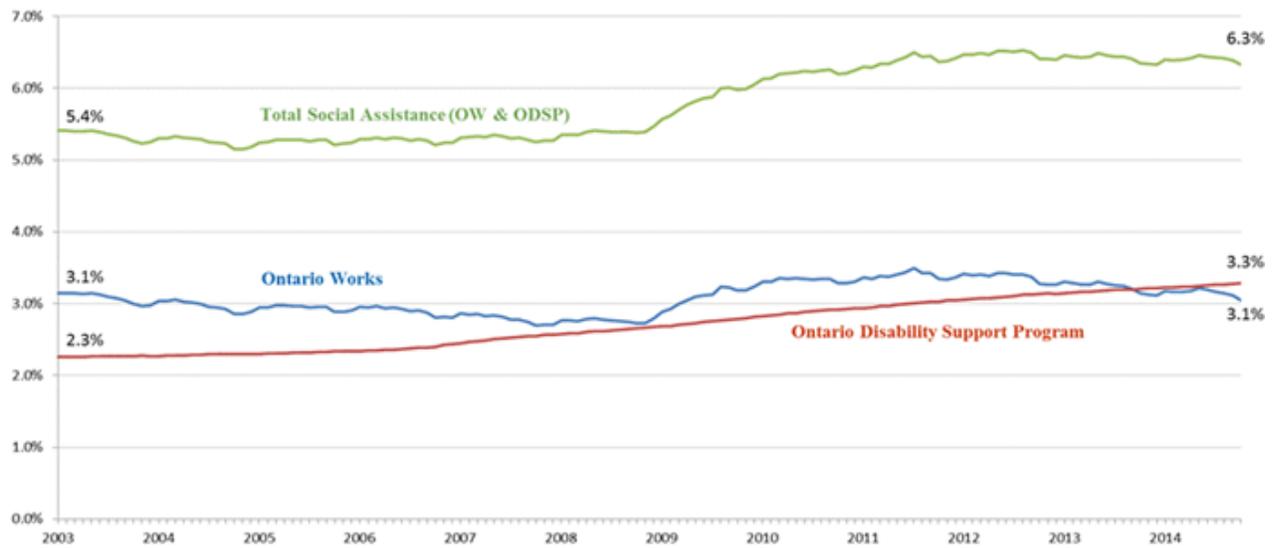
For many, the income available from low income work and/or social assistance proves rather inadequate, which means that some people must rely on public relief and charity. Among those classified as income poor, Table 4 demonstrates how this hardship is true across CMAs in SW Ontario. The London CMA has a higher proportion low income than is true of other CMAs in the region, with the exception of Windsor. As we summarize below, the economic hardship experienced by this minority of Londoners is consistent with what is known of the level of income support available to Ontario residents in terms of social assistance (Ontario Works or the Ontario Disability Support Program). In addition, the low “minimum wage” in Ontario and the relatively restrictive nature of the Employment Insurance (EI) program leave for a substantial number of “working poor” within the CMA. Unfortunately, a job does not serve as a guarantor against income poverty, whether in London or elsewhere in SW Ontario.

Social Assistance

The Ontario Ministry of Community and Social Services administers “social assistance” for the province. As such, an important part of its mandate is “to help the province’s most vulnerable citizens” while simultaneously trying to “promote an ethic of self-reliance through employment”. While the Federal Government is responsible for the management and delivery of the national EI (Employment Insurance) program and the provincial governments manage various “worker compensation programs”, for Ontario residents without paid employment, there are two additional provincial programs of particular importance. The Ontario government provides social assistance through either Ontario Works (OW), described by the Ministry as providing income assistance for individuals and families in “temporary” financial need, and the Ontario Disability Support Program (ODSP), described as providing “longer term income support for people with disabilities”. Figure 21 presents the trend data for both programs, spanning the period from 2003-2014.

The number of persons on social assistance in the province of Ontario has risen over the last decade (from about 5.4% of the population in 2003 up to 6.3% in 2014). The most pronounced increase in OW came with the economic recession in 2008, as the total number of participants jumped quite noticeably. For example, the number on OW increased from about 370,000 in 2007 to a peak of about 480,000 in latter part of 2012. With this program, the number of beneficiaries has always been impacted by important economic events. As an example, when the unemployment rate jumped noticeably in 2008, so too did the number of OW beneficiaries. As Ontarians who cannot qualify for EI or who exceed the maximum number of weeks of benefits often turn to social assistance, the downturn in the economy was followed by an upturn in the total numbers on OW. More recently, for the province overall, these numbers on OW have declined somewhat, to about 445,000 by late 2014.

Figure 21. Percentage of Ontario Population on Ontario Works (OW), Ontario Disability Support Program (ODSP) and Total Social Assistance (both programs), 2003-2014



Source: Authors' estimates using the Ministry of Community and Social Services, Administrative Data.

With ODSP beneficiaries, we have documented both a larger and more steady increase throughout this entire period (or both before and after the 2008 recession). The number of persons on ODSP province-wide has steadily increased from about 282,000 in 2003 to over 451,000 in late 2014, or an increase of about 60%. For the first time in provincial history, the number of persons on ODSP grew to outnumber the number on OW. Indeed, as of 2016, the province now reports that roughly 51% of all beneficiaries are on ODSP (Ministry of Community and Social Services, 2016). The reasons for the increase in ODSP are not straightforward, although Graefe (2016) has cited two specific factors: 1) an population aging (older populations predictably have higher disability rates); and 2) perhaps most troubling, lower rates of standard employment – and hence lower access to work-based disability benefits.

Stapleton et al.'s (2013) research for the Council of Canadians with Disabilities supports the latter explanation. The evidence demonstrates how the percentage of all income support derived from private disability insurance plans and workers compensation packages have declined in Ontario, while the percentage coming directly from ODSP has risen more steadily. Historically, “work-based disability plans” and “workers compensation”, predicated on workplace attachment, provided the bulk of the “heaving lifting” with respect to income supports for the disabled. More recently, these “work-based plans” have declined in importance in Ontario (and elsewhere). In describing the process, Stapleton et al. refer to the “welfareization of disability benefits”, meaning that ODSP increasingly has become the dominant income support system for persons on disability in the province.

Growth in London's Social Assistance Use

These same basic trends have also occurred in the CMA of London, although the growth in the number of beneficiaries has been greater in London than in the province overall. This is well demonstrated in Figure 22, which summarizes the percentage increase of OW and ODSP for London and Ontario, respectively. The relative increase in social assistance usage has outpaced the provincial average – with total numbers up by 36.3% when considering ODSP and OW combined relative to 30.7% for the province overall. With regard to OW, the growth was more than twice as high than for the province overall at 18.2% relative to 8.9%. With ODSP, both London and the province have seen dramatic growth (with the growth somewhat greater in the CMA) as the figures have increased to 63.6% and 60.4%, respectively.

As of 2014, the metropolitan area continues to have slightly more person on OW than ODSP with about 21,300 and 19,500 beneficiaries, respectively. In combination, the number of persons on social assistance in the CMA is by no means trivial with almost 41,000 persons. This now comprises 8.1% of the CMA's population, or nearly one in 12 Londoners. Recall that this compares to roughly 6.5 % of Ontario's population overall, or roughly one in 15 Ontarians. For a variety of reasons, the likelihood of living on social assistance is higher for Londoners than for the province overall. As the overwhelming majority of retired persons receive other forms of income support (e.g. CPP, OAS, GIS), this amounts to almost one in 10 Londoners (9.7%) if we were to exclude all persons beyond the traditional retirement age of 65. This is up significantly from 2003, when roughly 7.4% of Londoners of pre-retirement age participated in one of the two social assistance programs.

Figure 22. Percentage Increase in Population, Social Assistance Use, OW and ODSP, 2003-2014

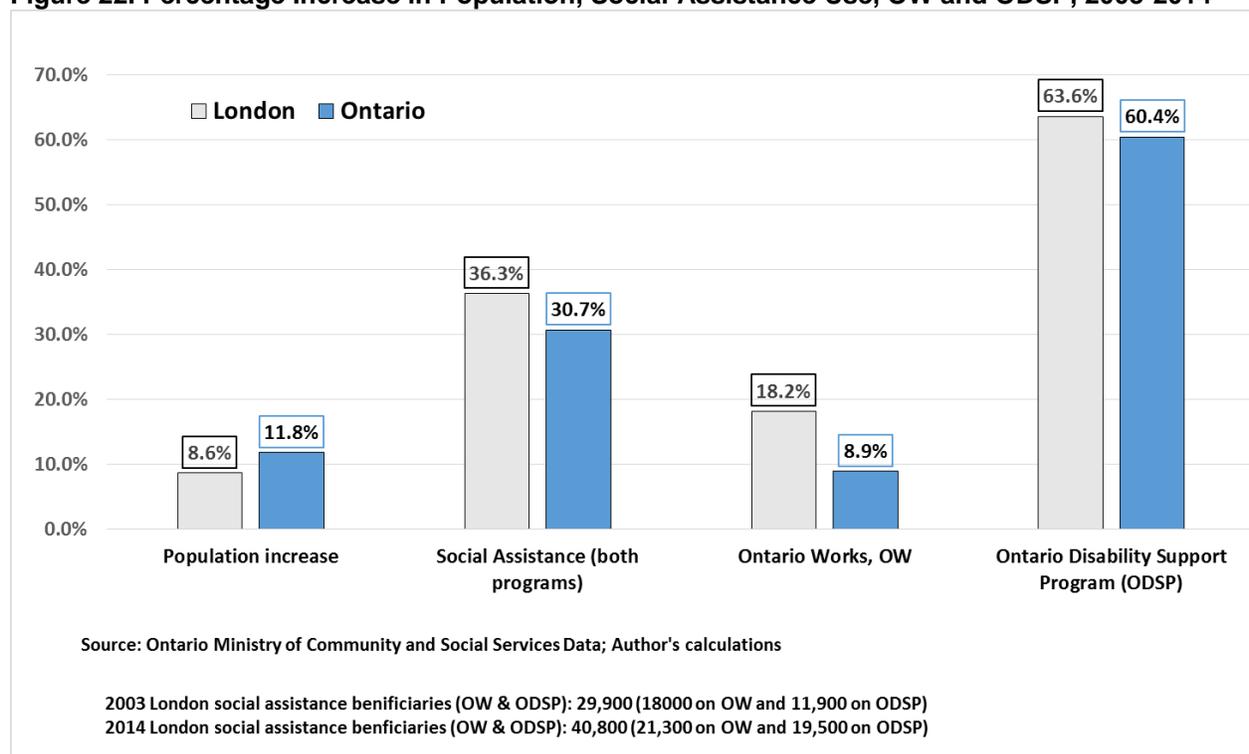


Figure 22 also provides the percentage increase in terms of population overall, which helps to further contextualize this growth in the number on social assistance. London's population has grown at a somewhat slower pace than the provincial average (i.e., up by 8.6% relative to 11.8% for the province overall). Despite this, the growth in their number of beneficiaries has significantly outpaced the CMA's demographic growth. For example, London's rate of growth for OW beneficiaries increased at more than twice its rate of population growth (18.2% relative to 8.6%) whereas in terms of ODSP, the growth rate was more than seven times the demographic growth (up 63.6% relative to 8.6%). The consequences of this for the London community are unclear, as a growing proportion of its population relies on a program whose mandate involves providing "assistance to help some of the province's most vulnerable citizens". In other words, it would appear that a growing share of Londoners are rather vulnerable and economically marginalized – a situation consistent with the earlier discussion of negligible employment growth in a context of continued demographic growth.

Available Levels of Income Support

OW has been described quite often as a "last resort income program" for adults who are deemed by the government as "temporarily unemployed". The level of income benefit has always remained rather low, consistent with the Ministry's logic that there be an "incentive" to take on minimum wage work when available. Many social scientists question such logic, as an "incentive" to find employment is one thing, but the availability of jobs and the ability to be hired in these jobs is quite another. In a labour market where the number of low skill jobs seems to be less than the number of those seeking such employment, many will continue to be in financial need – regardless of "individual motivation" or "incentive".

Bearing these considerations in mind, the level of income support associated with OW might be viewed as "punishingly low". More specifically, for a single person, the supports amount to about 40% of what a full-time worker might obtain from a minimum-wage position. For example, the maximum monthly income obtained from OW (as set by the province, but also true for London) for a single adult is only \$706 a month, or about \$8,470 a year. By way of contrast, a minimum wage employee (paid \$11.40 an hour), working the full year at 35 hours a week, earns an income of about \$20,750. Table 5 specifies the level of benefits as associated with OW and ODSP in 2016, for persons who are single, lone parents, and persons living with another adult, respectively.

On the other hand, ODSP has a somewhat more ambiguous mandate. Medical eligibility for ODSP follows a rather complex process with disability status adjudicated by medical personnel. Yet much like with OW, "financial eligibility" is adjudicated by an "income and asset test". While many disabled persons face real obstacles in obtaining employment, the level of income support nevertheless remains low, particularly for single persons. The monthly maximum for a single person on disability is only \$1,128 in 2016, or \$13,536 a year. By comparison, this is roughly 60% of what a full year, full-time employee working at minimum wage earns and substantially below Statistics Canada's low income measure for a single person (at \$17,824 in 2014).

Table 5. Social Assistance Rates in Ontario, September 2016

	Ontario Works	ODSP
Single	\$706 monthly; (\$330 basic needs, \$376 shelter) \$8,472 annually	\$1,128 monthly; (\$649 basic needs, \$479 shelter) \$13,536 annually
Two adults	\$1,095 monthly (\$476 basic needs, \$619 shelter) \$13,140 annually	\$1,688 monthly (\$935 basic needs, \$753 shelter) \$20,256 annually
Single parent, 1 child	\$1,079 monthly (\$347 basic needs, \$619 shelter) (\$113 Ontario Child Benefit) \$12,948 annually	\$1,658 monthly (\$792 basic needs, \$753 shelter) (\$113 Ontario Child Benefit) \$19,896 annually

Source: Income Security Advocacy Centre, 2016

In considering the data presented in Table 5, one should note that people on social assistance may also receive other provincial and federal benefits, such as the Canada Child Benefit (if they have children), the Ontario Trillium Benefit, and the G/HST credit. The above figures include the Ontario Child Benefit for families with children under the age of 18 but not the Federal Child Tax Benefit. Many Londoners on social assistance receive even less than the levels outlined in Table 5, as the “shelter allocations” are in fact “maximums” not available to all program participants. In the event of subsidized housing or low rent, the “shelter cost” amounts paid out in both OW and ODSP are reduced accordingly. In the event of homelessness, a person on social assistance in London is not entitled to the “shelter benefit” until he or she can establish or demonstrate a home address.

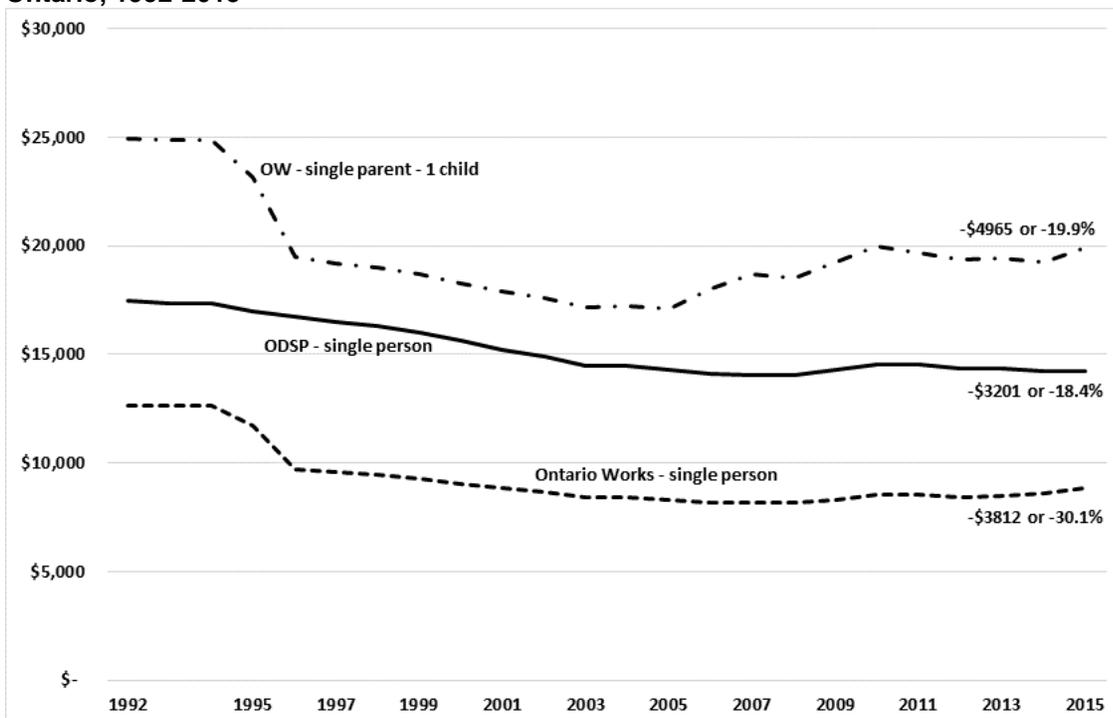
According to the Canadian Mortgage and Housing Corporation (2016), the average one-bedroom apartment in the London CMA cost about \$760 in 2014, whereas the shelter allowance as specified in Table 5 is only \$376 a month for a single person on OW and \$479 for a single person on ODSP. Stated in other terms, the average rent is well above the “shelter allowance” associated with social assistance. In addition, this same government agency estimates that the rental vacancy rate for the CMA tends to hover at between 2-3%. In the event that a recipient must pay more for rent than his or her allowance, this payment is inevitably drawn from the corresponding amount allocated for food, transportation, and other basic costs. Simply put, to the extent that the costs of shelter are beyond the benefits allotted by the province, Londoners are forced to struggle even further on a particularly low income. In this context, dozens of private charities have attempted to supplement what is available from the Ministry of Social Services to help provide for the most basic of necessities for the poorest and most vulnerable in the London area.

Available Benefits Lag Behind Inflation

Figure 23 demonstrates how the income available to social assistance recipients in London and for the province of Ontario has declined in real terms over the 1992-2015 period. The data summarized here has been adjusted for inflation and includes all government transfers available to low income Ontarians, including both provincial and federal child tax credits, the GST credit, and the Ontario Trillium benefit. Since it is the province and not the municipality of London that sets social assistance rates, Figure 23 demonstrates the erosion of income support that has impacted low income Londoners. In considering the longer term historical context, even with these additional sources of income (e.g., child tax benefits), the income available to persons on social assistance is now currently lower than it was over two decades ago in the early 1990s.

After peaking in real terms in the early 1990s, both OW and ODSP recipients have seen a substantial reduction in the income available for shelter and living costs. For example, a single person on OW in 2015 now obtains fully 30% less than what he or she might have obtained in 1992. In terms of single persons on ODSP, the typical beneficiary now obtains 18.4% less. Similarly, single parents have also seen a decline: a single parent with one child has lost almost one fifth of available income (19.9%) – a sum that amounts to roughly \$5,000 dollars in 2015 dollars. Figure 23, therefore, demonstrates the real decline in purchasing power as experienced by the bulk of social assistance recipients in the province as singles living alone and lone parent families are overrepresented among social assistance recipients in the province.

Figure 23. Total Social Assistance Incomes over Time, in Constant 2015 Dollars, London and Ontario, 1992-2015



Source: Caledon Institute of Social Policy, 2016. These data include all benefits received from both the Federal and Provincial governments, including various Federal/Provincial tax credits.

In brief, the poorest of London's citizens have experienced a major erosion in their spending power, a situation which occurred primarily during the early to mid-1990s. As demonstrated in Figure 23, over the last decade benefits available to social assistance recipients appear to have stabilized somewhat, as social assistance rates have been raised at or slightly above the rate of inflation. With regard to families with children, we have actually witnessed modest gains as of late (a generalization that is true of both OW and ODSP recipients with children). Relevant in this context has not been so much an expansion in OW and ODSP benefit rates, but more so an expansion of both the provincial and federal child tax benefit programs aimed in particular to target lower income families. As child tax benefits are no longer clawed back from Social Assistance recipients in Ontario, there have been some modest gains recorded in the income available to families with children. Yet again, in taking the longer term perspective, the income available to London's poorest families with children continues to be lower in 2015 than was the case over two decades ago in the early 1990s. This stagnation at the bottom of the province's income distribution is an important factor in explaining increased income inequality for the province (Conference Board of Canada, 2011).

Poverty and Disability

Statistics Canada (2013) has estimated that roughly one in 10 Canadians aged 15 to 64 years (10.1% in 2012) have some form of impairment because of a long term condition that serves to limit their day to day activities (an estimate that rises to 13.7%, if we also include persons 65+). More specifically, the agency identifies "persons with disabilities" as Canadians who have a physical or mental disability related to seeing, hearing, mobility, flexibility, dexterity, pain, learning, development, psychological/mental disorders, or memory. Whereas many disabled Canadians have highly manageable conditions that do not serve as a major obstacle to finding employment, others have disabilities that severely limit day-to-day activities. Hence Statistics Canada has attempted to take into account both the frequency and intensity of activity limitations, with an estimate that roughly one in four of this disabled population (or about 2.5% of Canada's overall population) can be considered to have a "severe disability".

While most disabled Canadians would obviously work if given the opportunity, a disproportionate share are "not employed". For example, according to Statistics Canada, the employment rate of Canadians with disabilities (25-64 years) was only 49% in 2011 relative to 79% for Canadians without a disability (Turcotte, 2014). Among those with "a very severe disability", the employment rate was estimated to be only 26%. To an uncertain extent, employers hesitate to hire disabled persons due to a "lack of knowledge about disability and accommodation issues, cost-related apprehensions, and legal obligations" (Kaye et al. 2011). Many studies have shown how persons with a disability are much more likely to experience discriminatory attitudes from potential employers at the time of hiring or during employment (e.g., Cook, 2006; Wilson-Kovacs et al., 2008). Statistics Canada has estimated that among disabled Canadians currently not employed, roughly one in six report being discriminated against over the last five years, a figure that rises to almost one in four among persons currently not employed yet with a "severe or very severe" disability (Turcotte, 2014).

According to epidemiologists affiliated with St. Michael's Hospital in Toronto, a wide variety of health problems are far more prevalent among low income Canadians, such

as mental illness, cancer, hypertension, diabetes, cardiovascular diseases, and arthritis, to name but a few (Pinto et al, 2011). Yet in documenting the association, it is often difficult to tease out cause and effect. For example, to what extent do difficult economic difficulties lead to health difficulties, or conversely, to what extent do health difficulties lead to economic hardship? While longitudinal research on socioeconomic inequalities and health differences has long demonstrated the far-reaching consequences of poverty over the life course (Pantazis and Gordon, 2000), the employment statistics presented point to the simple fact that many “disabled Canadians” experience low income due to obstacles in finding and maintaining employment. Without a job, a sizeable proportion of disabled Canadians has no choice but to rely upon social assistance. In turn, it is well known that poverty only leads to additional stressors that logically compound the physical and/or mental health difficulties of the disabled.

Similarly, even for persons on OW or the working poor, it is well understood that there are a variety of health consequences that result from poverty, especially when experiencing the stresses associated with low income over the longer term. In light of the low level of benefits associated with OW and the increasing caseload province-wide, one should not be surprised that the number of persons on disability has simultaneously increased both provincially and locally. Consider the health consequences of a single person trying to subsist on OW with an annual income of roughly \$8000. Severe economic hardship inevitably contributes to a higher likelihood of disability, a generalization that appears to be particularly true when it comes to mental health. And, as discussed, the level of income supports available to social assistance beneficiaries has actually declined over recent decades in real dollars – a trend which has only added to the stress as associated with severe economic marginalization.

While difficult to tease out cause and effect, Smith et al. (2007) have estimated that the likelihood of depression to be 60% higher for persons living in income poverty, while Lightman et al. (2009) have estimated that the suicide attempt rate (a useful proxy for severe depression and/or mental illness) among OW recipients is 18 times higher than among higher income Ontarians. To an unknown extent, the caseload of Ontarians on ODSP has increased not only due to persons dropping out of the labour force due to disability, but also a shift of some persons from OW to ODSP. While medical eligibility for ODSP follows a rather complex process with disability status adjudicated by medical personnel, the health consequences linked with severe poverty are well documented. As the level of income support associated with OW continues to be quite low, a longer term reliance upon OW logically leads to poorer health outcomes, while poorer health outcomes logically might lead in some cases to disability and ODSP.

Persons on social assistance in London live on a very low income for a wide variety of reasons, including poor health and disability, illiteracy and/or poor language skills, addiction, marital breakdown, child dependency, and long term unemployment (i.e., discouraged workers). Yet a very low level of income has its *own* consequences in terms of individual health and well-being, with a direct impact upon the level of participation and engagement with the broader community. In documenting the social determinants of health, it is well understood that poverty is a key determinant of physical and mental well-being (Mikkonen and Raphael, 2010). Yet in a reciprocal manner, so too is health a key determinant of labour force participation and a reasonable wage. In other words, from a life course perspective, good health and an avoidance of severe

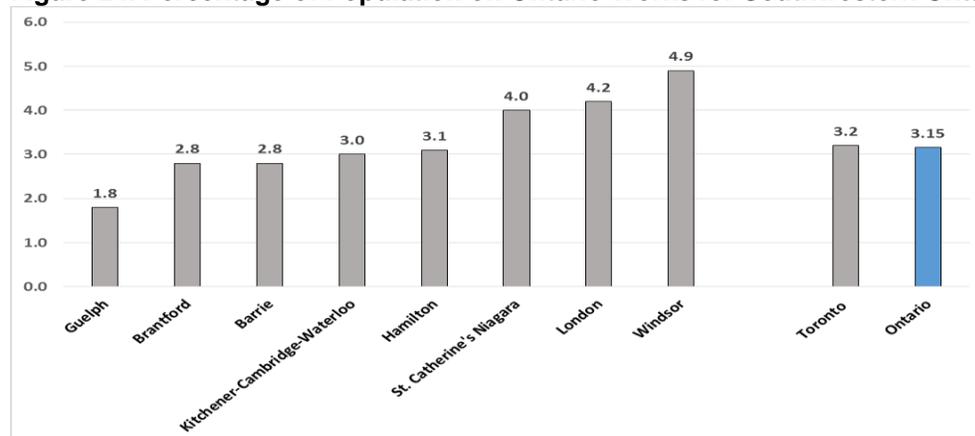
disability can best be understood as a key prerequisite for employment (consider the aforementioned statistics on employment among disabled Canadians). Simultaneously, gainful employment and a reasonable income can similarly be viewed as an important determinant of continued health and well-being. A system of income support that marginalizes a significant segment of London's population (almost one in ten persons under 65) has consequences both for those living on social assistance (and associated costs in terms of OW and ODSP) *and* for the local economy, the demand for social services, the health care system, the local work force, and the broader community.

Local Labour Market Conditions and Social Assistance across CMAs

Just as the demand for social assistance has varied over time, caseloads also vary in an important manner by region and CMA. It is logical that CMAs like Windsor and London that have experienced slower employment growth should also have a greater demand for OW relative to other CMAs in the region. With regard to SW Ontario, Figure 24 demonstrates how the relative population share on OW varies across the regions the CMAs, from a low of only 1.8% in Guelph through a high of 4.9% in Windsor. As anticipated, these rates vary in a manner that might be predicted on the basis of local labour market conditions: CMAs with the highest employment rates appear to have the lowest OW participation rates, while those with the lowest employment rates (like London) tend to have the highest percentage on OW.

Figure 24 demonstrates this quite well. Windsor has both the highest proportion on OW across the CMAs and the lowest employment rate (e.g., Figure 11 compares the employment rates for the working age population). Similarly, London, which has the second lowest employment rate in the region lags behind only to Windsor in terms of its proportion on OW. The association between employment and OW caseload across CMAs is clearly inverse and important, as CMAs closer to the Toronto economic region tend to have lower caseloads whereas those that are further away tend to have higher numbers. As was documented earlier in this report, there are some major differences across SW Ontario CMAs in terms of the employment opportunities available: Guelph for example, has a 2015 employment rate among working aged adults (25-54 years) that was fully 10% higher than that of Windsor and almost 8% higher than London.

Figure 24. Percentage of Population on Ontario Works for Southwestern Ontario CMAs, 2014

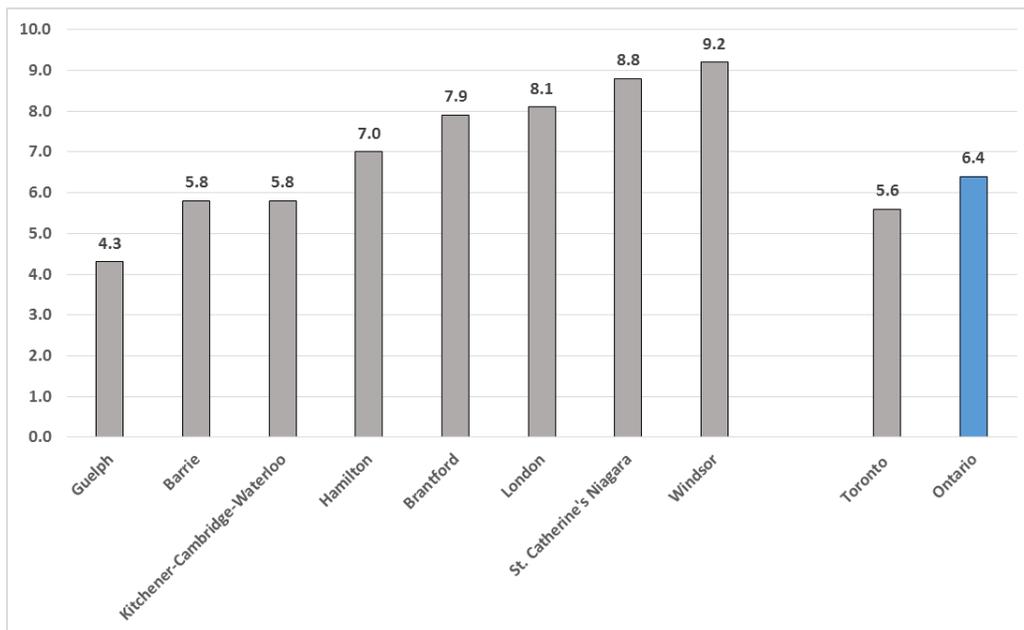


Source: Ministry of Community and Social Services, Administrative data, authors' calculations.

Figure 25 replicates the preceding analysis, but shifts to “all” social assistance recipients regardless of whether they are receiving OW or ODSP. As seen here, London’s rank shifts slightly to third highest in the region. The CMA of St. Catharines-Niagara in particular has a higher percentage on ODSP, which raises its percentage on social assistance overall to 8.8%. This is at least partially explained by age structure since the St. Catharines-Niagara CMA has an atypically older age structure compared to most CMAs in Ontario, with a disproportionate share of the population over 50 (see Table 2 and our earlier discussion of age structure across SW Ontario CMAs). As the disability rate of Ontarians tends to increase steadily with age, older populations also tend to have a higher proportion disabled.

In addition, Figure 25 demonstrates how CMAs like London and Windsor continue to be relatively disadvantaged even after considering OW and ODSP in combination. For example, Guelph’s percentage on social assistance (4.3%) is about half that observed in London (8.1%) and Windsor (9.2%). As expected, since poverty impacts health, ODSP rates also tend to be lower in CMAs with greater economic opportunities. Correspondingly, “disability” previously undiagnosed (e.g., mild depression) may in fact be aggravated and/or subsequently identified in regions with longer term unemployment and low income (Murphy and Athanasou, 1999; Latif, 2015). This is particularly true since a proper diagnosis can in turn impact the level of benefits available in an important manner. A movement from OW to ODSP for singles in Ontario, for instance, implies moving from a monthly income of roughly \$706 to \$1,128 – an increase of roughly 60%. While this difference is not a large, it can and does have a dramatic impact on quality of life of some of the province’s poorest citizens.

Figure 25. Percentage of Population on Social Assistance (OW & ODSP) for CMAs, 2014



Source: Ministry of Community and Social Services, Administrative data, authors’ calculations.

While the likelihood of social assistance is higher in London, for the CMA of Toronto, the proportion on social assistance is lower than the provincial average (see Figure 25). In turn, Toronto's success is all the more impressive when we acknowledge that it has managed to absorb a very large share of all newcomers to the province, predominantly immigrants (as aforementioned, the Toronto economic region has been experiencing roughly two thirds of Ontario's demographic overall growth). Despite having high levels of income poverty (with levels comparable to London), the Toronto CMA has a relatively small proportion of its population on social assistance (London's percentage on social assistance is almost 45% higher than in Toronto, at 8.1 and 5.6% respectively). With this in mind, worthy of additional research is why the rates differ – for example, has poverty become more entrenched in select SW Ontario CMAs like Windsor, St. Catharines and London? In Toronto, the statistics seem to imply a lower proportion of its income poor living on social assistance and a higher proportion working. In London, the percentage on social assistance is noticeably higher, despite the fact that in real terms, this implies a punishingly low standard of living.

London's Social Assistance Age Profile

The age profile of social assistance in London differs somewhat, depending upon whether one emphasizes the ODSP or OW recipients. While ODSP participants are more likely to be older and middle aged, OW beneficiaries are far more likely to be young adults and children. This relates to what is known of the life circumstances and living arrangements of OW recipients, as well as the relationship between aging and disability for ODSP recipients (i.e., disability rates increase as we move into middle age). In addition, OW beneficiaries are much more likely to be part of a family, often single parents with children, whereas ODSP recipients are much more likely to be older, single, and living alone.

Figure 26. Percentage on Ontario Works, by sex and five-year age groups, London 2014

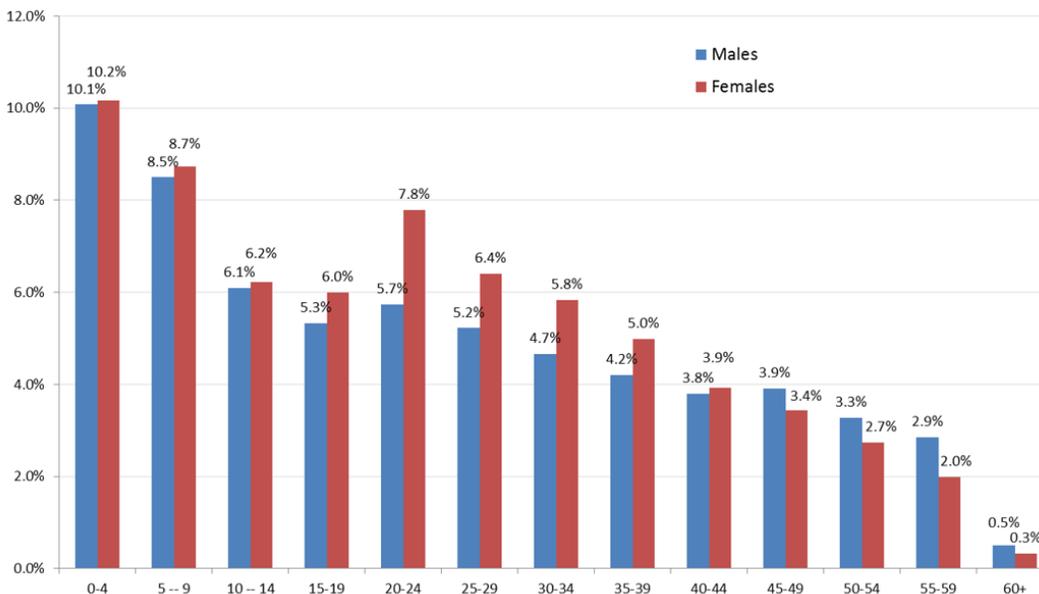
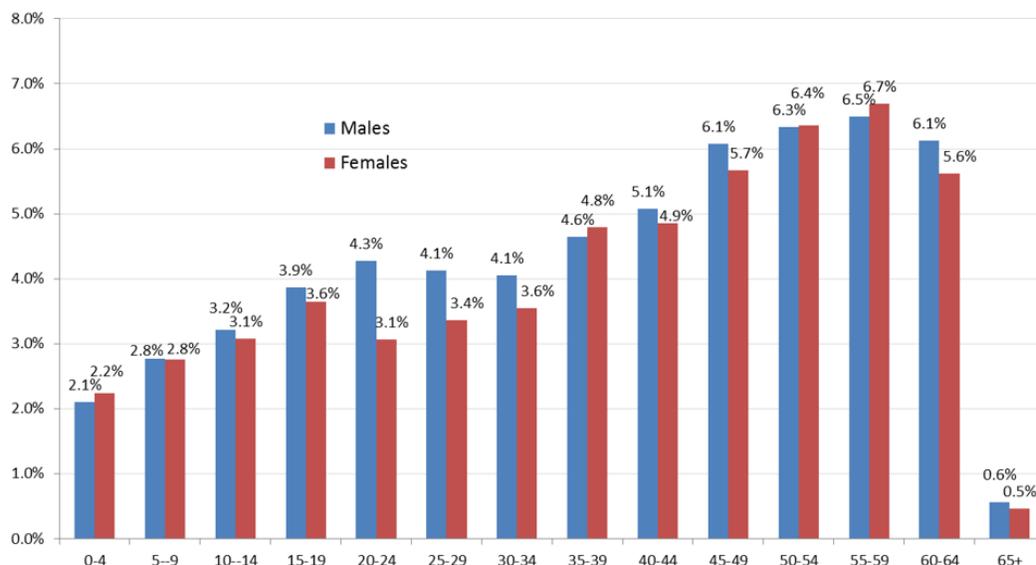


Figure 27. Percentage on ODSP, by sex and five-year age groups, London 2014



Source: Authors' estimates using the Ministry of Community and Social Services, Administrative Data.

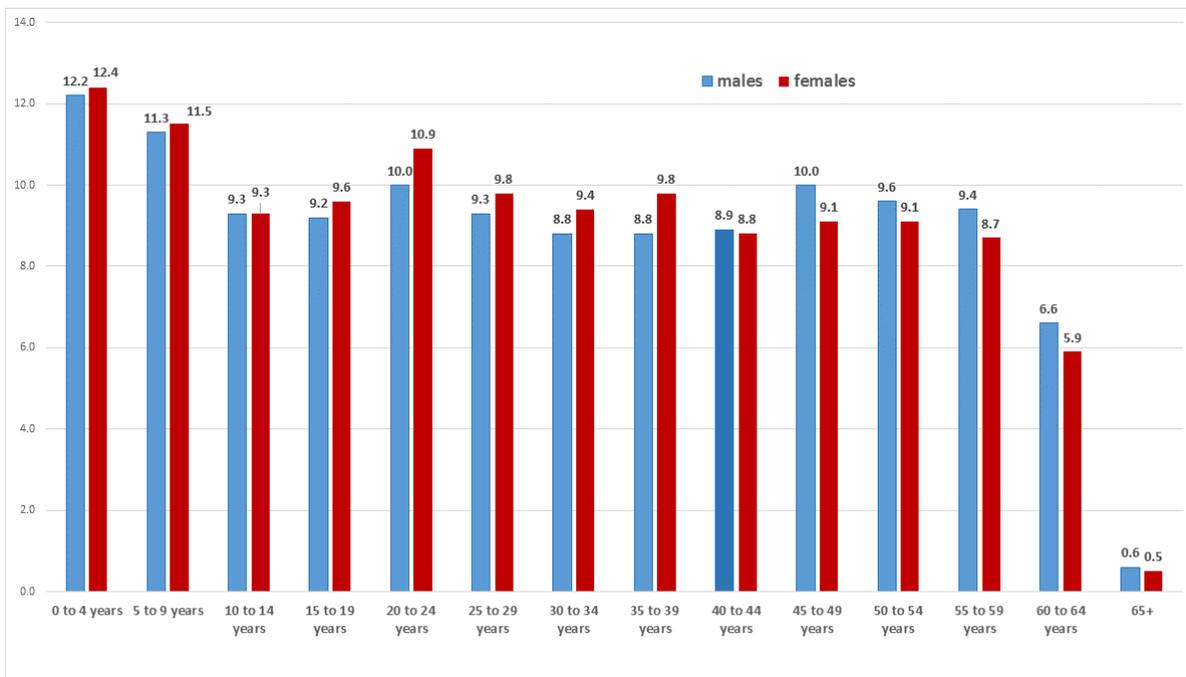
Figure 26 summarizes by five-year age groups the participation rates of those who receive OW, whereas Figure 27 does the same with ODSP participants. The distinctive age profile of each program type emerges: pre-school age children and young adults are overrepresented among OW recipients, whereas with ODSP, participation rates rise steadily as one moves into middle age. The OW rates reflect the known difficulties that young adults are facing in efforts to establish themselves in the London labour market, which are often compounded when young adults also have child care responsibilities. Similarly, the ODSP rates are completely consistent with what is known of population health, aging and disability, i.e., the participation rate climbs noticeably as one moves from young adulthood into middle age and are highest for persons in their upper 50s.

The Ontario Ministry of Community and Social Services (2016) shows how about 45% of all OW beneficiaries involve sole support parent families with children. In light of this, participation rates are higher for children and among younger adults (especially younger women). It has long been the case that lone parents comprise a large demographic group receiving social assistance in Ontario, which at least partly explains the higher percentage of women of childbearing age receiving OW. The difficulties that many new parents face in balancing childcare and employment are consistent with the observation that a higher proportion of very young children (aged 0-4) are in families that receive OW, with somewhat lower proportions for families with elementary and high school age children. At older ages, a much lower proportion of Londoners are on OW, particularly among adults moving into middle age. In addition, as the focus shifts to middle age, men are actually more likely to be receiving OW than women.

Among ODSP recipients, a somewhat different situation emerges as dictated by the positive association between disability and age. Disability increases as one moves through the life course, so logically the proportion on ODSP also increases. For example, Statistics Canada has estimated that while fewer than 5% of Canadians at

age 20 report a disability, this proportion rises to about one in five among Canadians in their late 50s (Statistics Canada, 2016). In fact, a substantial proportion of Londoners on ODSP currently are approaching retirement, a milestone that often implies a significant improvement in economic circumstances in moving from ODSP to a combined income from various government pensions (including OAS, CPP, and GIS). While for most Londoners, reaching retirement age is typically associated with a reduction in disposable income, for a minority of Londoners on social assistance, reaching one's 65th birthday can lead to a significant improvement in disposable income. Figure 28 briefly summarizes the age profile of social assistance in London by considering all persons on social assistance (OW and ODSP). Whereas roughly one in 12 Londoners are on social assistance, this varies further by both sex and life cycle stage. Not surprisingly, given the difficulties that young families often face, the age group most likely to be on social assistance is in fact young children (aged 0-4 years), where roughly one in eight preschoolers have parents who are on either ODSP or OW.

Figure 28. Percentage of social assistance beneficiaries (OW & ODSP), by sex and five-year age groups, London 2014



Source: Authors' estimates using the Ministry of Community and Social Services, Administrative Data.

Among Londoners of childbearing age, women are consistently more likely to be on social assistance (primarily on OW). Among older adults, it is the London men who are more likely to be on social assistance (primarily due to ODSP). A small proportion of Londoners above age 65 relies upon social assistance – primarily new Canadians who have not met the residency requirements for OAS and GIS pensions. In general, among young adults women are slightly overrepresented among those on social assistance, while men are overrepresented among the middle aged. The age-specific rates in Figure 28 are consistent with the earlier observation that almost 10% of persons under age 65 are benefiting from social assistance in this CMA, which amounts to roughly 8% of the CMA's total population (including those beyond the traditional retirement age).

Summary

This report portrayed low income, demographic, and socioeconomic trends for the Census Metropolitan Area (CMA) of London, Ontario. Using data available from various datasets provided by Statistics Canada, it provides an overview of how recent demographic and economic trends have impacted the quality of life of Londoners, with a particular emphasis upon its low income residents. Across CMAs in Southwestern Ontario, there are several cities that are growing quickly, whereas others have experienced more moderate growth. We document here how London's population growth has lagged behind other CMAs in the region. For current purposes, demographic and economic data for London was contextualized by making systematic comparisons with eight other CMAs situated in the Southwestern region of Ontario.

London has had a variety of associated challenges, particularly in terms of slowing labour force growth and population aging. As people are drawn to where employment opportunities exist, slower demographic growth in London can be explained partly by its failure to attract migrants (both international and internal) relative to other parts of the region and country. This is all impacted by the relative state of the local economy and the associated job opportunities that are available to Londoners. As London's employment growth has fallen behind its rate of population growth, the CMA's employment rate has also fallen (the percentage of the population 15+ years employed). The decline cannot be explained by shifts in age structure, population aging, and demography alone. London's employment rate has fallen from being higher than the national average in the early 2000s to below the national average in 2015. The proportion of London's population that could be working but who are economically inactive has risen, which has direct consequences for those with lower income and more precarious employment.

These dynamics have been translated into recent trends in terms of income, income poverty and social assistance use. In terms of average income, the CMA has seen its relative position slip. For example, whereas in 2000, London's median income across families and non-attached persons was roughly \$3,300 greater than the Canadian median, by 2014 this median had dropped to about \$330 under this average. In terms of low income, London's low income measure (LIM-after tax) has remained persistently high: 14.8% of Londoners are low income in 2014, second only to Windsor (17%) across Southwestern Ontario. In terms of social assistance – both the OW and ODSP programs have grown at a faster rate than is true of the province overall. When considering exclusively persons on OW, the relative percentage of London's population reliant on social assistance ranks second only to Windsor across Southwestern Ontario's eight CMAs. As the current report demonstrates, among certain age groups the proportion reliant upon social assistance in the London CMA is greater than one in ten residents, with pockets of poverty that are particularly severe.

All of this is consistent with what is known of the CMA's employment situation, i.e., difficult labour market conditions are logically linked to higher rates of income poverty and higher rates of dependency on social assistance. CMAs with the lowest welfare usage and lowest rates of economic dependency are specifically those that provide good jobs and commensurate salaries.

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Appendix A: Tax Files Vis-à-vis the Canadian Census/NHS

Urban planning and social policy requires a comprehensive understanding of regional and small area socio-economic characteristics. Prior to 2011, most regional studies of low income in Canada relied upon the Canadian Census (or more specifically, the long form Census as asked of one in five Canadian households). Historically the Census data were collected through a mandatory survey of Canadian households, and, for this reason produced consistent, high-quality information on family and individual income. By contacting millions of Canadian households, the Census allowed for highly reliable information at a very detailed level of geographic disaggregation (for example, for specific postal codes or city neighborhoods).

Conducted every five years, the Census offers a consistent time series using a stable methodology. Yet the decision in 2011 (imposed by the Harper government) to replace the mandatory long form census with a new voluntary survey – the National Household Survey (NHS) – seriously disrupted this time series. While fortunately this decision to abandon the mandatory format of the Census has since been reversed (i.e. the 2016 census will again be mandatory), this does not rectify the absence of quality information for the city of London and its many neighborhoods for the 2011 round of the Census.

Social researchers understand quite well that certain segments of a targeted population are more likely to be missed in a voluntary survey. In other words, the NHS (which replaced the mandatory long form census) was actually much more susceptible to what survey researchers refer to as “selective non-response bias”, i.e., those that responded to this voluntary survey were systematically different from those that did not. Hulchanski and colleagues (2013) have documented the difficulties associated with the NHS, which largely justifies the decision we have made here to work with alternative sources, including administrative data.

The replacement of the census with the NHS led to selective non-response on the income item and a non-representative sample of the Canadian population. More specifically, the NHS tended to miss particularly low and high income groups, and as a result, its sample tended to understate the true level of income inequality. Similarly, methodologists from Statistics Canada (2013) have documented similar difficulties, and consequently, explicitly advise against comparing the 2011 NHS results with the 2006 Census. As a result, researchers have set out to work with alternative data sources in tracking low-income trends over the most recent inter-censal period.

This is the practice followed in the current report. In particular, any use of the NHS is avoided, as systematic comparisons cannot be made with earlier censuses or other data sources. Fortunately, Statistics Canada has developed alternative data sources using administrative data that at least partially fills the void created by abandoning the mandatory census. In terms of income, an alternate data source is available (as specified above), i.e. we will be working with the T1FF tax data file. Obtained independent of both census and survey research, these data (covering all tax filers) are supplied to Statistics Canada by the Canada Revenue Agency (CRA). The Small Area and Administrative Data (the T1 Family File, or T1FF file) were produced by matching (or linking) personal income tax files with other records, such as the Canada Child Tax

Benefit (CCTB), spousal social insurance number, records of the same name, as well as address and birth files.

While about two-thirds of Canadians are tax filers, Statistics Canada is capable of imputing the characteristics of the remainder of the population (non-filers) through the use of the aforementioned links. And unlike the Census, the income tax data used here are released on an annual basis, which allows for annual comparisons over an extended period using a consistent methodology. Tax file data have a distinct advantage of being based on a complete dataset rather than a sample, and as a result are not hindered by sampling error. While these data begin with 100% of individuals who filed an individual tax return in a given year or were recipients of the CCTB, imputations must be made for non-filing spouses, partners and children.

Although these imputations are not flawless, Frenette, Green and Picot (2006) have concluded that Statistics Canada's Small Area and Administrative Data are of very high quality, and likely of greater precision in the reporting of income than other national surveys currently available from Statistics Canada. For example, the 2011 taxfiler data (T1FF file) for the CMA of London, after imputation on non-filers, estimates a population that is only 2.4% lower than the Census Count for the same date (Statistics Canada, 2013, authors' calculations). Compare this with the un-weighted figures from the NHS which had an initial non-response rate of over 30 percent.

No data source is perfect, as even the mandatory Census misses about 2% of the Canadian population (Statistics Canada, 2015). Yet the administrative data used in the current report do have other distinct advantages that are not typical of survey research. In using tax records or other types of administrative data rather than survey data, there is a reduced likelihood of both response burden and response error. With administrative data, there is no need to engage respondents and ask them to recall past earnings or other sources of income. In contrast, the survey mode is particularly vulnerable to response error, either because respondents are unwilling or unable to provide the information as requested, or because a respondent might have misinterpreted a particular question.

The requirements of the Income Tax Act require precision in the reporting of income, with the mandatory presence of documentation (T4 slips, among other information). In light of the legal requirement to file an income tax form annually, the CRA validates the consistency and accuracy of all income reported. Furthermore, the use of the Universal Child Care Benefit (UCCB) program, as well as the availability of other tax benefits and credits (both provincial and federal), provides an incentive for many Canadians, including lower income Canadians, to file their tax returns.

As an alternative to the tax files, Statistics Canada has also relied upon the Survey of Income and Labour Dynamics (SLID) in estimating the income characteristics of Canadians. Yet again, no data source is perfect, and there has been an increasing propensity of Canadians not to participate in this survey (with response rates dropping below 70 percent over recent years). Boudarbat and Grenon (2013) conclude that this national survey is of lower quality than the tax files due to the selectivity in non-response, a characteristic it shares with the NHS. To provide an indication of the error, Statistics Canada (2014) has compared T1FF based estimates of median income

(Census families) with SLID based estimates – with the former consistently at 96-98% of the latter. The fact that the T1FF estimates are lower than SLID is consistent with the idea that the former has a more complete coverage of persons toward the bottom of the income distribution. In addition, the SLID estimates are hindered by sampling error, a non-trivial issue when using this national survey to look at trends at the regional level (for further details on data quality, see Statistics Canada, 2014). It is also important to note that the last release of the SLID was provided in June 27, 2013. Effective 2012, cross-sectional income estimates were made available through the Canadian Income Survey – a survey with a revised methodology yet with similar difficulties to SLID.

A disadvantage of the tax files (relative to what was previously possible with the long form Census) is that the income data cannot be cross-tabulated with Census variables historically gathered, including ethno-cultural and other basic demographic or other neighborhood data (education, quality of housing, immigration status, etc.). The loss of the long form Census in 2011 has seriously reduced the quality and amount of information available for analysis at the regional and neighborhood levels. In obtaining further details on the characteristics of low income Londoners, social researchers must now await the release of the 2016 census.

There are great advantages that accompany the return of the long form, despite the fact that the 2016 Census has not asked Canadians about their income directly. Statistics Canada has skipped this step in data collection by merely linking all respondents of the 2016 Census to their corresponding T1 information as made available from Revenue Canada. As a result, the 2016 income data that are soon to be released by Statistics Canada promises to be of very high quality.