

The poor still pay more: Challenges low income families face in consuming a nutritious diet

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Contents

Executive summary	4
The poor still pay more: Challenges low income families face in consuming a nutritious diet	5
Challenge #1 – Low income households cannot afford a healthy diet	6
Social assistance has not kept up with inflation	6
Single persons are most affected from higher food prices	7
Highest increases in price found in food groups which are covered by marketing boards	9
Challenge #2 – Low income households are not consuming a healthy diet	11
Low income households are purchasing food with lower nutritional content	11
Challenge #3 – Low income households have greater difficulty accessing a healthy diet	13
Recommendations	15
Consider a new housing benefit to free up already constrained finances to purchase food	15
Provide the right incentives to improve accessibility of food for low income communities	16
Reduce price controls from marketing boards	18
References	19

Exhibits

Exhibit 1	Monthly social assistance rates rose ahead of inflation until 1995, when social assistance fell by 21.6 percent	6
Exhibit 2	Food inflation has been higher than CPI in recent years	7
Exhibit 3	Value of cash minimum-income benefits in Canada for single persons is below the OECD average, compared to benefits for lone parent families	8
Exhibit 4	Single persons on social assistance in Ontario cannot afford a nutritious diet	8
Exhibit 5	Bakery and dairy products have been the greatest contributors to the surge in food inflation in recent years	9
Exhibit 6	Milk prices are higher in Canada compared to international peers	10
Exhibit 7	Purchases by food types do not differ significantly across income groups	11
Exhibit 8	Expenditure share on different foods vary within each food group	12
Exhibit 9	Food deserts exist in Toronto's disadvantaged neighbourhoods	14

Executive summary

Though much progress has been made with Ontario's current Poverty Reduction Strategy, more needs to be done. A focus on food and healthy eating is crucial because it is the foundation for a society to function properly and effectively. We have three recommendations that address the challenges that low income families face in consuming a nutritious diet.

THESE RECOMMENDATIONS would not only help low income households better access and afford a quality diet, but they would also generate long term benefits for them and for the overall economy. These proposals would enable us to lower health costs, improve our income security system, and reach our full economic potential.

More specifically, our recommendations are aimed at the three challenges for low income families in consuming a nutritious diet – affordability, the quality of food purchased, and accessibility to healthy food options:

- A **new housing benefit** that will free up constrained finances to purchase food
- Improved incentives that will **increase accessibility** by low income communities to lower priced and healthier food options
- **Lower dairy prices** through the eventual elimination of the restrictive quotas by dairy marketing boards

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FOOD AND PROPER NUTRITION are critical for a functioning society and a healthy work force. Not only do we all feel the responsibility to ensure that people are not left hungry or denied access to healthy food, but from an economic standpoint, we also stand to diminish our prosperity when we do not maximize our full economic potential. Countless studies show that a healthy labour force results in higher life expectancy, higher labour productivity, lower health costs, and an overall higher standard of living and wellbeing.¹

Food and healthy eating are gaining greater public interest as rising obesity rates and chronic health issues dominate the media discourse. But we face an underlying challenge – here in Ontario, many people face poverty and hunger today. In 2009, over 375,000 Ontarians had to turn to food banks every month (a growth of 19 percent from last year alone), signaling the alarming effects of the recent recession on the diets and health of our most vulnerable residents.² Food banks have become the public face of our collective response to hunger in Canada, but it is clear that in spite of their best efforts, food banks and other community food initiatives are not a solution to hunger or poverty.

David Caplovitz's decades' old study, *The poor pay more*, which describes how the poor are often forced to pay more as a direct result of their poverty,³ applies now more than ever – the poor are *still* paying more. Low income families are “paying” more for food from several perspectives. They pay more of their disposable income for a nutritious food basket; they face higher costs arising from greater inaccessibility to fresh produce; and they consume a less nutritious diet thus increasing the likelihood of chronic health problems, lower life expectancy as well as emotional stress from higher incidence of poor mental health, social isolation and impaired personal interactions.

This paper seeks to address the challenges that low income families face and to explore solutions that can alleviate some of the pressures that the poor face when it comes to food. These include the:

- Affordability of a healthy and nutritious diet;
- Quality of food they currently consume; and
- Accessibility to healthy food options for low income households.

¹ Dan Usher, “An Imputation to the Measure of Economic Growth for Changes in Life Expectancy,” 1973, Queen’s University, available online: <http://www.nber.org/chapters/c3616.pdf>; D. E. Bloom, D. Canning and J. Sevilla, “The Effect of Health on Economic Growth: A Production Function Approach.” *World Development*, 2004, Vol. 32, No. 1, pp. 1–13; J. Strauss and D. Thomas, “Health, Nutrition, and Economic Development,” *Journal of Economic Literature*, 2004, Vol. 36, No. 2, pp. 766–817.

² Ontario Association of Food Banks, *Ontario Hunger Report 2009: Living with Hunger*, December 2009, p. 5.

³ David Caplovitz, *The poor pay more: Consumer practices of low-income families*, New York: The Free Press, 1967.

Challenge #1 – Low income households cannot afford a healthy diet

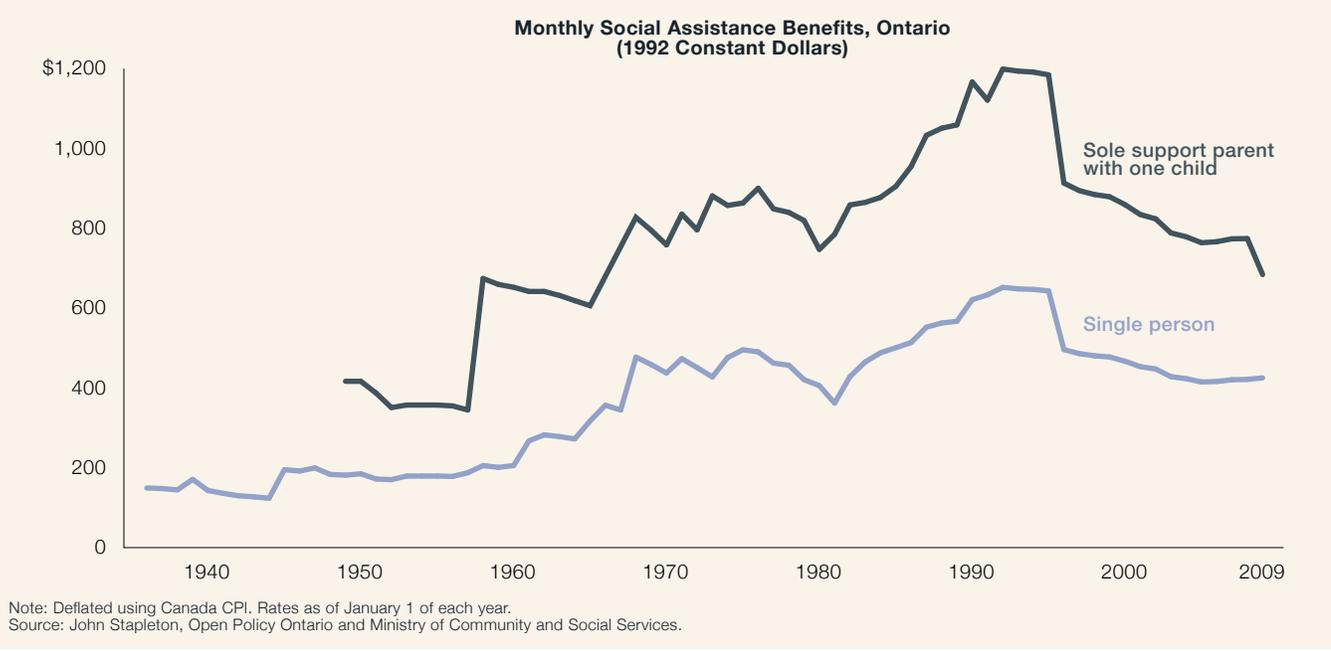
THE BEGINNING of modern Canada’s recognition of food and proper nutrition began during World War II when a revolution in nutrition precipitated from the discovery, identification and widespread availability of vitamins. From this, Ontario developed a new schedule of scientifically derived nutritional needs in 1943, transforming Ontario’s relief rates to reflect the nutritional standards required by the poor.⁴

Throughout the postwar period until 1995, successive Ontario governments generally paid social assistance rates somewhat ahead of inflation and little public attention was paid to the cost of food to the poor. However, in 1995, social assistance was reduced sharply by 21.6 percent and has not returned to its former levels in the years since then (*Exhibit 1*).

Social assistance has not kept up with inflation

Though social assistance rates resumed a course that roughly kept pace with inflation rates from 2004 to 2010, recent trends show that the cost of food has been rising faster than the Consumer Price Index (CPI) (*Exhibit 2*). Over time, this has caused an increasing gap between rising food inflation and social assistance rates, placing greater strain on social assistance recipients by requiring them to allocate a

Exhibit 1 Monthly social assistance rates rose ahead of inflation until 1995, when social assistance fell by 21.6 percent



⁴ E. W. McHenry, *Report of food allowances for relief recipients in Ontario*, University of Toronto School of Hygiene, 1943.

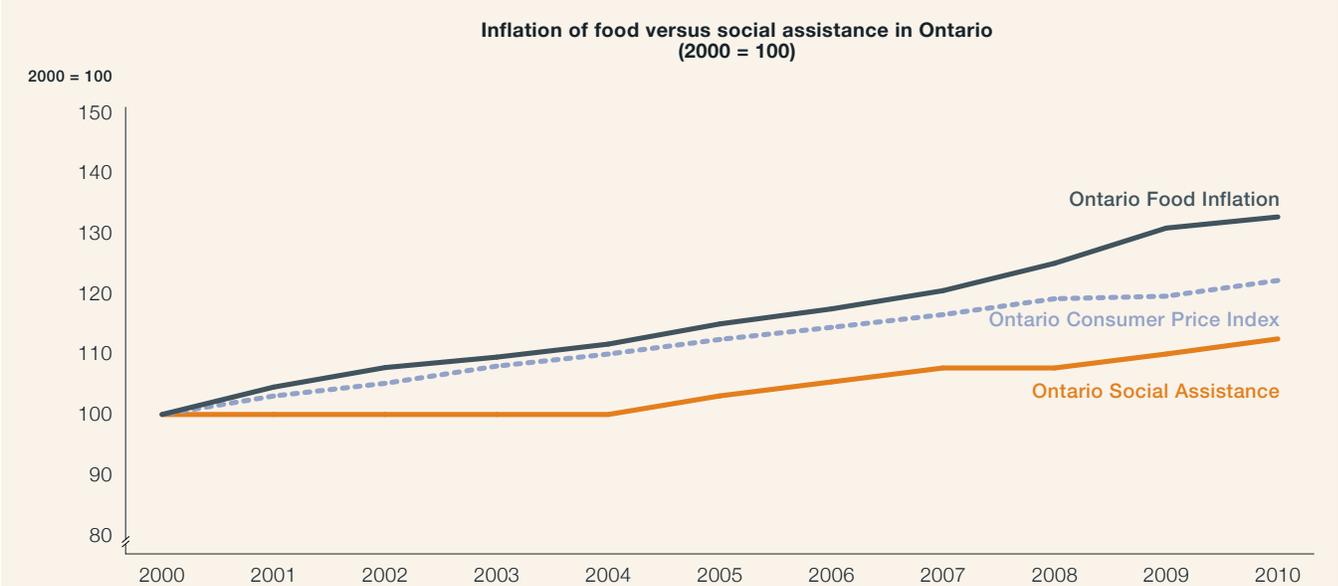
greater portion of their allowance to purchase food. In fact, the percentage of income needed to purchase a healthy basket of food for a single person on social assistance rose by 10 percentage points between 2005 and 2009 alone, highlighting the mounting pressure faced by social assistance recipients to afford a nutritious diet.⁵ This concern also extends to recipients from other programs that are not indexed to inflation (such as Employment Insurance benefits and the Ontario’s Disability Support Program) and the working poor, which a recent survey found that at least one in ten Toronto households reported the inability to afford enough food for a healthy diet.⁶

Single persons are most affected from higher food prices

The affordability of food is a significant problem especially for single persons receiving social assistance. We have made considerable improvements in benefits for lone parent households through the expansion and implementation of a number of child benefits such as the Ontario Child Benefit, the Canada Child Tax Benefit, and the Universal Child Care Benefit. However, the financial circumstances for single persons on social assistance have instead been increasingly dire. The value of cash minimum-income benefits for single persons as a percentage of the median household income in Canada falls below the average of all OECD countries (*Exhibit 3*).⁷

A closer look into the expenditure of single persons on social assistance reveals that the cost of a nutritious basket of food, based on Health Canada’s National Nutritious Food Basket (NNFB), is 34 percent of their income before rent payments (*Exhibit 4*). However, since rent is an essential, yet “indivisible” and “inelastic” expenditure, people are often forced to compromise other expenses to meet their shelter needs – this includes compromising on purchasing healthy food. When accounting for the average shelter cost in Toronto for a single person living on social assistance, this leaves only 14 percent of the individual’s income left after rent to spend on food. More often than not, these single persons are then forced to ration or resort to food

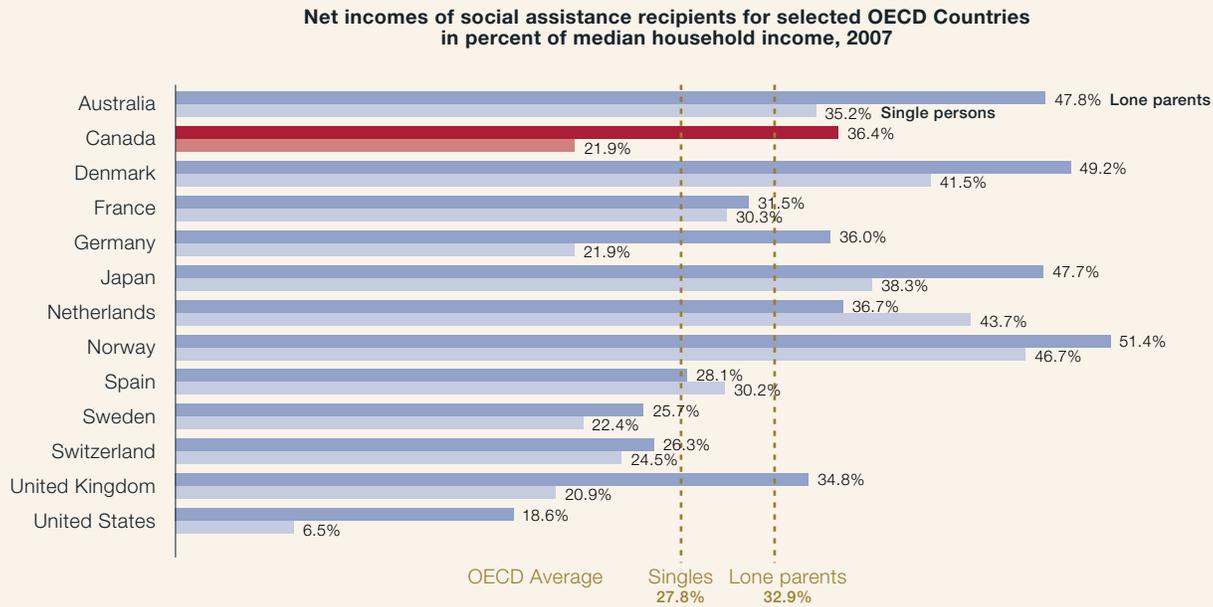
Exhibit 2 Food inflation has been higher than CPI in recent years



Note: Social assistance rates are based on the total monthly allowance for a single person on Ontario Works; 2010 CPI figure is calculated as an average of monthly CPI from January up to October 2010.
 Source: Institute for Competitiveness & Prosperity analysis based on data from Statistics Canada, and John Stapleton, Open Policy Ontario.

⁵ The percentage of income required to afford a nutritious diet rose from 30 percent to 40 percent from 2005 to 2009. A nutritious diet is defined by the National Nutritious Food Basket, a standardized food costing tool developed by the Health Canada. More information can be found at <http://www.hc-sc.gc.ca/fn-an/surveill/basket-panier/index-eng.php>.
⁶ City of Toronto Public Health, *Food Connections: Toward a healthy and sustainable food system in Toronto*, February 2010, p. 5.
⁷ Note that “cash minimum-income benefits” are defined as means-tested transfers which includes social assistance, and other targeted programs such as means-tested, lone parent benefits.

Exhibit 3 Value of cash minimum-income benefits in Canada for single persons is below the OECD average, compared to benefits for lone parent families



Note: Lone parents with two children; Social assistance benefit does not include housing-related benefits; OECD average does not include Mexico. Source: Institute for Competitiveness & Prosperity analysis based on data from Herwig Immervoll, "Minimum-Income Benefits in OECD Countries: Policy Design, Effectiveness and Challenges," OECD Discussion Paper, No. 4627, December 2009.

Exhibit 4 Single persons on social assistance in Ontario cannot afford a nutritious diet

The cost of food and shelter on a low income budget (2010)

	Single person household, Ontario Works	Single parent household with 2 children, Ontario Works	Family of four, Ontario Works	Single person household working full time, full year*
Monthly Income:				
Income from Employment	\$ 0	\$ 0	\$ 0	\$ 1,666
Basic Needs Allowance	221	341	438	0
Shelter Allowance	364	620	674	0
Other Credits	56	934	933	34
Total Monthly Income	\$ 641	\$ 1,895	\$ 2,045	\$ 1,700
Selected Monthly Expenses (as a % of total income):				
Average Monthly Rent	\$ 550 (86%)	\$ 750 (40%)	\$ 850 (42%)	\$ 550 (32%)
Food (Cost of a nutritious food basket)	\$ 220 (34%)	\$ 469 (25%)	\$ 689 (34%)	\$ 220 (13%)
Total Food and Shelter Expenses	\$ 770	\$ 1,219	\$ 1,539	\$ 770
Funds remaining for food after shelter expenses	\$ 91	\$ 1,145	\$ 1,195	\$ 1,150

* At minimum wage of \$10.25/hour. Note: Ontario Works rates updated as of June 2010. Rents for households are based on advice from housing experts Marion Steele and Steve Pomeroy; cost of food is calculated as the cost of the National Nutritious Food Basket and adjusted for inflation. Family households based on single male households, lone parent household (mother and two children aged 5 and 10 years); and four person household (mother, father, and two children aged 5 and 10 years). Source: John Stapleton, Open Policy Ontario; Marion Steele, University of Guelph; Steve Pomeroy, University of Ottawa Centre on Governance and Toronto Public Health; Ontario Ministry of Community and Social Services.

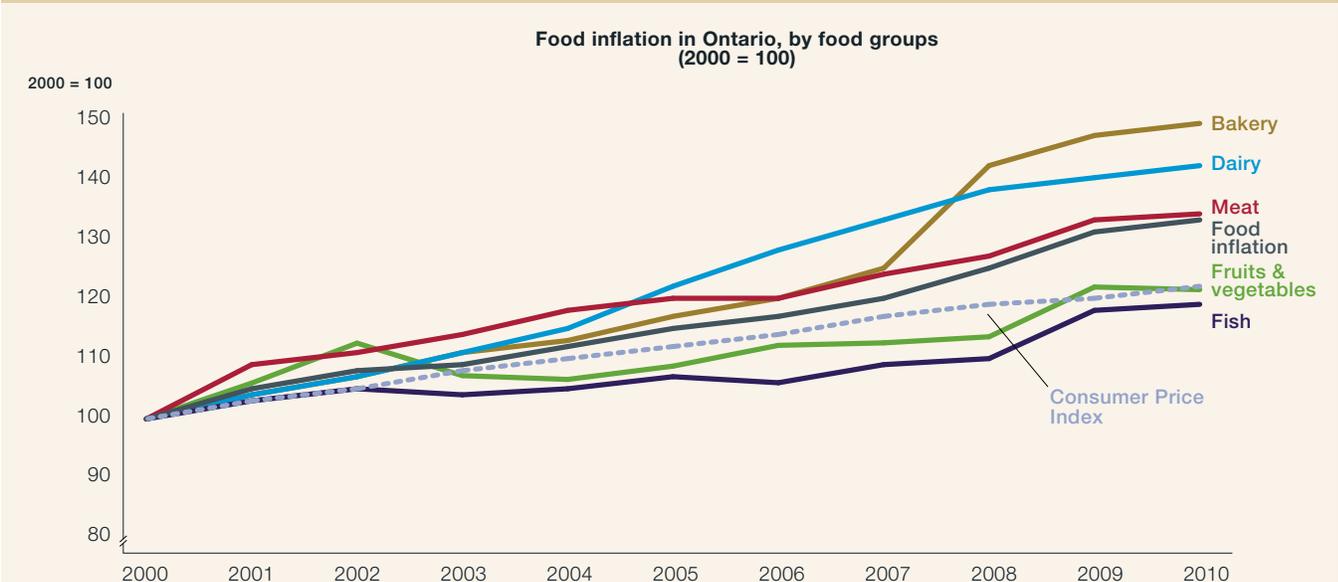
banks, drop-ins, and other institutions to survive. This is an alarming trend given that the number of single persons receiving social assistance has risen to 143,000 cases as of October 2010, increasing by 57 percent from 2000, while only 76,000 lone parent households receive social assistance, falling 21 percent within the same period.⁸

Highest increases in price found in food groups which are covered by marketing boards

Analyzing food price inflation by food groups illustrates that some foods have outpaced food inflation more significantly than others – particularly meat, bakery and dairy products. Meat, bakery and dairy account for 60 percent of the recommended daily serving for a healthy diet, and inflation rates for these goods have outpaced other food groups. While inflation for meat in Ontario has converged with overall food inflation as of 2010, bakery and dairy products have outpaced food inflation since 2003 (*Exhibit 5*).⁹

Though we recognize that the rapid rise in grain prices is largely attributable to the recent world food price crisis and rice shortage between 2007 and 2008, evidence has shown that the supply managed dairy sector is keeping milk prices substantially higher than world prices. While the introduction of more market mechanisms for grain and meat farmers have led to increased trade liberalization and therefore greater price flexibility in the market, dairy farmers have been heavily protected by restrictive quotas.¹⁰ This has resulted in artificially inflated prices – a cost which has been passed down to consumers. This has made basic nutrition more expensive, especially for low income families.

Exhibit 5 Bakery and dairy products have been the greatest contributors to the surge in food inflation in recent years



Note: 2010 CPI figure is calculated as an average of monthly CPI from January up to October 2010. Source: Institute for Competitiveness & Prosperity analysis based on data from Statistics Canada, and John Stapleton, Open Policy Ontario.

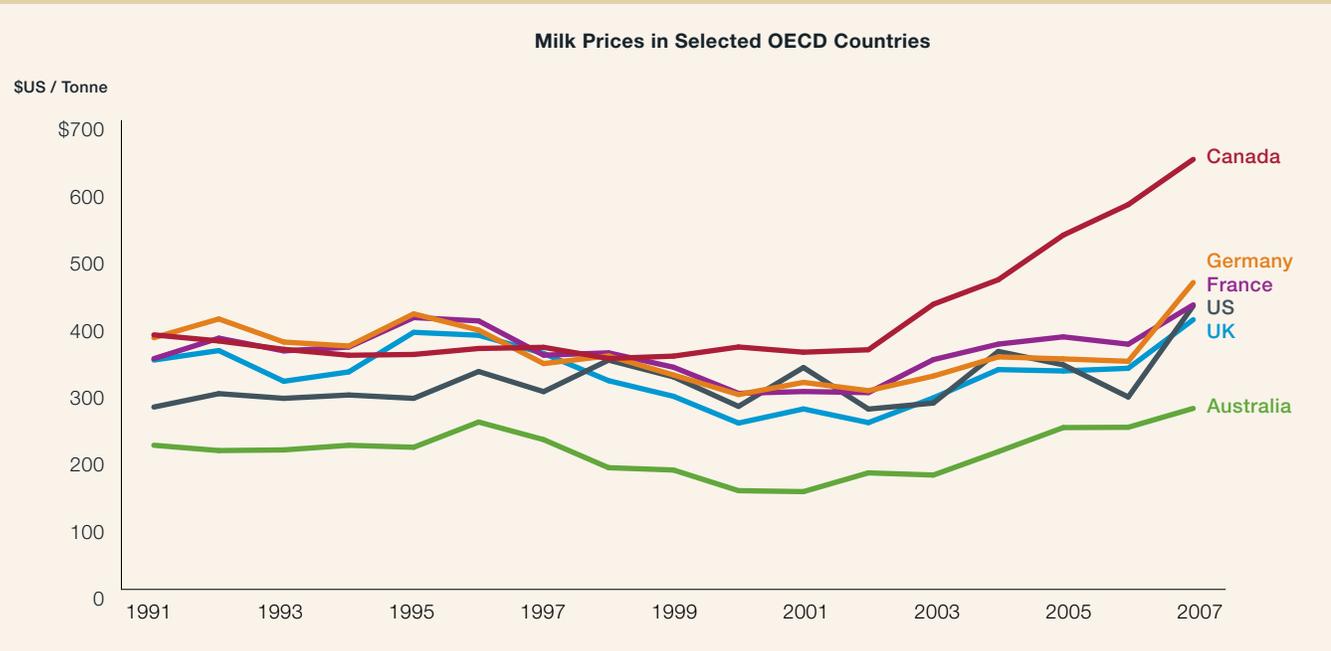
⁸ Based on John Stapleton, Public Policy Ontario and the Ontario Ministry of Community and Social Services, available online: http://www.mcscs.gov.on.ca/en/mcss/programs/social/reports/ow_quarterly.aspx
⁹ Recommended daily serving sizes are calculated as 60.1 percent based on Health Canada's recommended food guide servings for a family of four (a father, mother, and two children aged 5 and 10).
¹⁰ OECD, *Economic survey of Canada 2008*, 2008, pp. 136–137.

In fact, Canada's dairy price levels are the highest among its international peers, surging substantially from 2002 (*Exhibit 6*). By 2007, Canadian dairy prices were 46 percent higher than average milk prices in OECD countries.¹¹ Domestically, Canada's price distortion has shown to be 30 percent higher than they should be, placing a greater burden on the poor since they must spend a greater portion of their income to consume a healthy diet.¹²

Initially, marketing boards were created in the 1930s in order to protect and support producers from price and income fluctuations during the Great Depression. Then, over 40 percent of the population depended on agriculture to make a living. However, less than 3 percent of the population is employed in the agricultural sector today. Thus, much of the gains from these supply managed sectors benefit only a small number of producers at the expense of all consumers. In fact, according to the OECD, "the proportion of dairy farmers with gross farm receipts of more than \$250,000 was 57.3% in 2005, the highest among all types of farmers," where, "farmers in these [supply management] systems [had] substantially higher income than other farmers and Canadians in general, as well as higher net worth, primarily by virtue of their quota assets."¹³ Such high profits result from artificially inflated prices for these goods, which have inadvertently forced low income groups to cope with significantly higher prices for dairy products.

The effect of rising food prices on those living in low income is a growing issue, especially for single persons on social assistance. This challenge must be addressed to ensure that our most vulnerable citizens are able to afford a healthy diet.

Exhibit 6 Milk prices are higher in Canada compared to international peers



Source: TD Economics analysis based on data from the Food and Agriculture Organization of the United Nations.

¹¹ Based on data from the Food and Agriculture Organization of the United Nations, available online: <http://www.fao.org/>

¹² Calculated as the difference between the market (or reference) price of milk and producer price.

¹³ OECD, *Economic survey of Canada 2008*, 2008, p. 141.

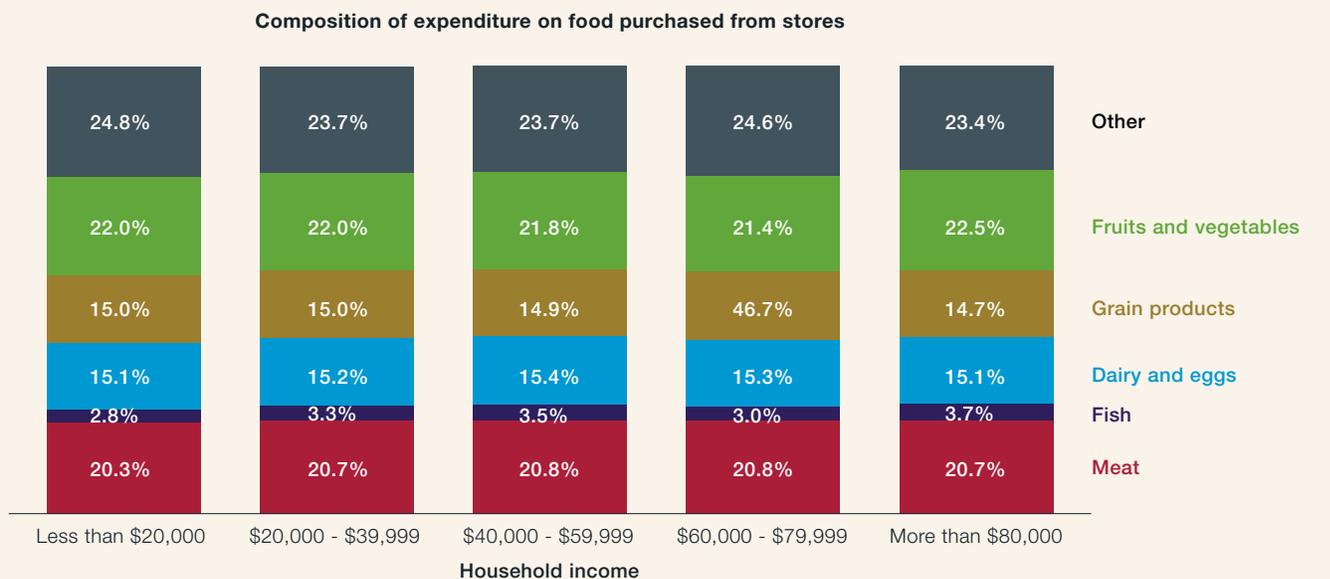
Challenge #2 – Low income households are not consuming a healthy diet

IN ORDER TO OBSERVE the quality of food that low income households consume, we examine and contrast the basket of goods a typical low income family consumes against other income groups. An examination of the consumption habits of each group reveals that the distribution of average weekly expenditure by food groups does not vary widely among income groups (*Exhibit 7*). Though households from each income group purchase similar proportions from each food group – defined by Health Canada’s Food Guide as grain, dairy products, meat as well as fruits and vegetables – we observe that the difference lies in the types of foods they consume *within* these food groups.

Low income households are purchasing food with lower nutritional content

Results from the Family Food Expenditure survey show that food spending by low income households is geared more towards food with lower nutritional value when compared against higher income households. Low income families purchase foods with higher carbohydrate, sodium, sugar and fat, such as cured meats, canned fruits and vegetables, as well as fluid milk with a higher fat content. On the other hand, the highest income group is more likely to spend on fresh meat cuts, low fat milk, and fresh vegetables and fruits (*Exhibit 8*).

Exhibit 7 Purchases by food types do not differ significantly across income groups



Note: Calculated based on average weekly expenditure per household, purchased from stores locally and on day trips; "Other" food includes condiments, spices, vinegar, sugar and sugar preparation, fats and oils, non alcoholic beverages and other foods, materials and food preparations.
 Source: Institute for Competitiveness & Prosperity analysis based on the Food Expenditure Survey (2001).

This problem is exacerbated in two ways. The pricing effects of the supply managed dairy board have made the cost of basic nutrition more expensive for the poor. As one think tank noted in 2001, it cost more for one litre of milk than it did for one litre of soda pop.¹⁴ This situation remains true today.

Secondly, given the limited resources of the charitable food sector with whom many low income families depend on for food, many food banks and community food programs are typically unable to provide sufficient quantities of fresh produce, meat, low fat milk and other essentials of a healthy diet to their low income clientele. In fact, many of the food options generally have lower nutritional content, such as canned foods and high sodium options, thus limiting many low income recipients to a less healthy diet.

These factors pose a significant challenge since unhealthy food consumed by low income families can lead to costs to the individual, society and to the economy. These unhealthy foods can result in higher risks of obesity and chronic diseases, such as heart disease, diabetes and cancer which, in turn, place greater pressure in our public healthcare system and have a negative impact on the health and effectiveness of our work force and economy. Of these challenges, one of the most preventable yet prevalent problems that the poor face is obesity – a rising epidemic in Canada and in other developed nations.¹⁵ Obesity is a driver of other chronic diseases and is a result of poorer nutrition due to consuming less expensive but less healthy food. Creating an environment that gives lower income families the opportunity to consume healthier food options is an important first step towards a healthy economy.

The current consumption of lower quality food by low income families is an issue that cannot be ignored. If almost 20 percent of Ontarians living in poverty state that they cannot afford to eat fresh fruit and vegetables every day, this signals a failure to properly nourish our most vulnerable residents.¹⁶ Much needs to be done to overcome this problem.

Exhibit 8 Expenditure share on different foods vary within each food group

	Lowest Income Group (Earning less than \$20,000)	Highest Income Group (Earning more than \$80,000)
Meat and fish	Bologna Ham (excluding cooked ham) Ground Beef (including patties)	Salmon Beef loin cuts and rib cuts Shrimps and prawns Turkey Veal
Dairy products	Condensed or evaporated milk Low-fat milk (2%) Fluid Whole Milk	Low-fat milk (1%) Grated Cheese
Grain products	Flour	Cereal-based snack foods Unsweetened rolls and buns
Fruits & vegetables	Canned green or wax beans Canned tomato juice Turnips and rutabagas Canned peas Canned corn Jam, jelly and other preserves	Strawberries Plums Mushrooms Fruit juice (excluding concentrate)

Note: Calculated as the difference between the average expenditure share (by income group) and the average expenditure share for all income groups for each food item. Food includes only those purchased from store locally and on day trips.

Source: Institute for Competitiveness & Prosperity analysis based on Statistics Canada, Food Expenditure Survey, 2001

¹⁴ Frontier Centre for Public Policy, *Marketing boards and the poor: Let them drink soda pop*, October 29, 2001.

¹⁵ Seth Martin, "From poverty to obesity: Exploration of the food choice constraint model and the impact of an energy-dense food tax," *American Economist*, 2005, Vol. 49, No. 2, pp. 78-86; and Cate Burns, "A review of the literature describing the link between poverty, food insecurity and obesity with specific references to Australia," *VicHealth*, 2004, available online: <http://www.vichealth.vic.gov.au/>

¹⁶ Based on the 2009 Ontario Material Deprivation Survey developed by the Daily Bread Food Bank, the Caledon Institute of Social Policy and Statistics Canada; LICO or Low Income Cut-Off is a measure of poverty in Canada, defined as income levels at which persons or families spend 20 percentage points or more than average of their total income on food, shelter and clothing.

Challenge #3 – Low income households have greater difficulty accessing a healthy diet

THERE IS A GROWING CONCERN that basic access to quality and affordable food and fresh produce remains a challenge for many communities.¹⁷

The term “food desert” has been coined to refer to those neighbourhoods, particularly in low income communities, where there is limited access to food retailers providing quality unprocessed foods and fresh fruits and vegetables. This barrier, due to fewer or distant food retailers and mobility disadvantages, exacerbates the problems that low income households face when consuming a healthy diet.

Studies comparing food availability in stores across neighbourhoods of varying income levels have shown that healthful food is generally less available in low income neighbourhoods and though supermarket access in these neighbourhoods has improved, these stores tend to stock fewer or none of the healthier varieties of food and fresh produce.¹⁸

Furthermore, residents who have more difficulty in accessing fresh fruits and vegetables in their communities are often more likely to have higher rates of obesity, diabetes, heart disease, cancer and other diet-related diseases.¹⁹ And because those in the lowest socioeconomic groups are less likely to have access to a car for shopping and are limited to purchasing what they can carry, they may be more likely to depend on smaller corner stores, where prices are higher and fresh fruit and vegetables are limited or non-existent.²⁰ This is ironic, given that prices of fresh fruit and vegetables are often less expensive, yet accessibility to these affordable and healthy options often remains a problem for the poor. Instead, much of the processed, calorie-dense, nutrient-poor foods that the lowest income group do consume are more often found in these corner stores (see Exhibit 8).

In Toronto, food deserts are becoming a prominent feature within the city’s inner suburbs and priority neighbourhoods, identified by the City of Toronto as neighbourhoods marked by high poverty and unemployment rates.²¹ And as rapid growth and culturally diverse populations continue to flourish, income polarization has also increased within these neighbourhoods.²² The prominence of these food deserts are exacerbated, as lower income communities are more dependent on public transit or walking to access these grocery stores. According to the Martin Prosperity Institute, “this is especially difficult as many grocery stores today are located either next to new commercial developments in the inner city or alongside large, retail developments in the outer suburbs, leaving many residents outside the catchment area of the store.”²³

¹⁷ We note that the geography of food stores is virtually irrelevant for those at the highest and lowest income extreme, where the rich can drive anywhere they need to and conversely, those with no money at all cannot afford food even if they lived next to a grocery store. Thus, addressing food deserts may not necessarily help the poorest of the poor, but would assist those with limited budgets and with mobility limitations while fostering conditions for improved quality and quantity of food retail in neighbourhoods.

¹⁸ Tatiana Andreyeva, Daniel Blumenthal, Marlene Schwartz, Michael Long and Kelly Brownell, “Availability and prices of foods across stores and neighborhoods: the case of New Haven, Connecticut,” *Health Affairs*, Sep/Oct 2008, Vol. 27, No. 5, p. 1381.

¹⁹ Allison Karpyn, Miriam Manon, Sarah Treuhhaft, Tracey Giang, Caroline Harries and Kate McCoubrey, “Policy solutions to the ‘grocery gap’,” *Health Affairs*, March 2010, Vol. 29, No.3, p. 473; and Elizabeth Eisenhauer, “In poor health: Supermarket redlining and urban nutrition,” *GeoJournal*, Feb 2001, Vol. 53:2, p. 126.

²⁰ Neil Wrigley, “‘Food deserts’ in British cities: Policy context and research priorities,” *Urban Studies*, 2002, Vol. 39, No. 11, pp. 2029–2040.

²¹ Martin Prosperity Institute Insights, “Food deserts and priority neighbourhoods in Toronto,” June 15, 2010.

²² J. David Hulchanski, “The three cities within Toronto: Income polarization among Toronto’s neighbourhoods, 1970-2000,” Centre for Urban & Community Studies, University of Toronto, Research Bulletin 41, December 2007.

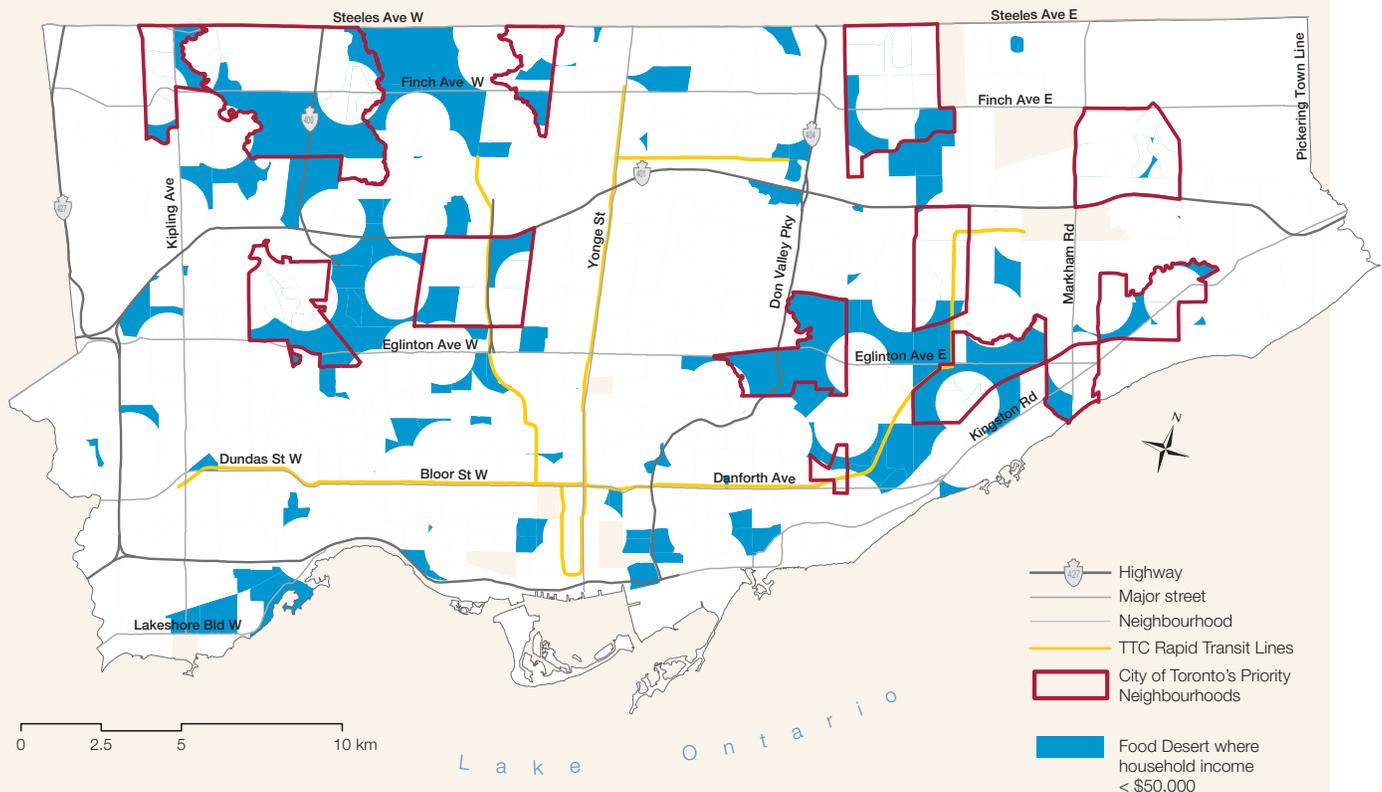
²³ Martin Prosperity Institute Insights, “Food deserts and priority neighbourhoods in Toronto,” June 15, 2010.

The presence of food deserts in priority neighbourhoods is a cause of concern in Toronto (*Exhibit 9*). Represented by the blue areas in the map, these low income neighbourhoods continue to face challenges in accessing healthy food outside of their neighbourhood.

Many of these priority neighbourhoods also exhibit lower levels of health than their more affluent counterparts. Current mapping initiatives conducted by the Institute for Clinical Evaluative Sciences have identified many of these priority neighbourhoods as areas of concern in Toronto when mapping neighbourhoods of lower income with longer travel times to the nearest grocery store against diabetes rates, one of the major causes of illness and death in Canada.²⁴

Lack of access of fresh produce is a burden on our vulnerable citizens living in low income. The result of this can place greater pressure on our healthcare sector, where the direct healthcare costs associated with diabetes are estimated to be up to \$9 billion annually.²⁴ This pressure is not only preventable, but can be especially demanding during this time of fiscal restraint.

Exhibit 9 Food deserts exist in Toronto's disadvantaged neighbourhoods



Based on map by Zara Matheson, Martin Prosperity Institute.
 Data Source: Statistics Canada, City of Toronto, Geographic Research Inc. (SimplyMap).
 Source: Martin Prosperity Institute Insights, "Food deserts and priority neighbourhoods in Toronto," June 15, 2010.

Food Desert is defined as an area more than 1 km away from a grocery store.

²⁴ Creatore M.I., Ross K., Gozdyra P., Glazier R.H., Tynan A.M., Booth G.L., Healthy Food and Diabetes, *Neighbourhood Environments and Resources for Healthy Living – A Focus on Diabetes in Toronto: ICES Atlas*. Toronto: Institute for Clinical Evaluative Sciences; 2007.

Recommendations

To ease the burdens low income families face when affording and accessing a nutritious diet, many may assert that an increase in social assistance rates is one approach to solving the barriers households face when consuming healthy food. However, increasing welfare is not a good long term solution. We recommend the following as solutions that society and policy makers can adopt if we are to help breakdown these barriers to a healthy, affordable and accessible diet.

CONSIDER A NEW HOUSING BENEFIT TO FREE UP ALREADY CONSTRAINED FINANCES TO PURCHASE FOOD

Because inelastic expenditures like rent are a burdensome cost that often leaves little income left to spend on other needs like food, one solution is to consider a new housing benefit that can free up already limited income for food.

A proposal submitted to the Ontario government by a coalition of industry and community organizations in 2008 recommends a new housing benefit to aid low income households, since the cost of shelter often consumes a disproportionately significant share of a poor household's income, thus forcing families to compromise eating a healthy diet to meet these expenses.²⁵

This proposal, separate from the current Ontario Works structure, recommends a new housing benefit in Ontario and would create a “new, transitional mechanism for people moving from social assistance to low-paid work, easing the housing burden while they attempt to escape from the social assistance trap.”²⁶ And because it would fit outside the social assistance payment system, this new housing benefit, which would be based on rental costs and income, would free up the Basic Needs Allowance in Ontario Works for other basic necessities, like food.

In addition to freeing up the basic allowance for social assistance recipients, this new housing benefit can also aid the working poor. Because the working poor are unable to access social assistance benefits, detaching the current housing benefit from the social assistance system can alleviate the pressure they face, especially since housing costs consume such a high percentage of their income (see Exhibit 4). In fact, the Ontario Association of Food Banks reports that a substantial 65 percent of food bank users live in rental housing, many of whom can benefit from this new housing proposal.²⁷

²⁵ Daily Bread Food Bank, *A housing benefit for Ontario: One housing solution for a poverty reduction strategy*, November 2008.

²⁶ *Ibid.*

²⁷ Ontario Association of Food Banks, *Ontario Hunger Report 2009: Living with Hunger*, December 2009.

The proposed housing benefit is based on the rental cost, income levels and household sizes of eligible families living in rental housing. It is calculated as 75 percent of the difference between actual rental costs and a defined contribution rate (that is, the amount a tenant is reasonably expected to pay for rent). For example, the contribution rate for a single person with no dependents would be 40 percent of income. Therefore, if he earned an income of \$1,000, his contribution would be \$400. Given a rental cost of \$600, his housing benefit would equal to \$150, or 75 percent of the difference between rent (\$600) and his contribution rate (\$400).²⁸

The contribution rate could also differ by family size – a two-person household could have a contribution rate of 35 percent of income; a three-person household could have a rate of 30 percent of income; and a four-person household could have a rate of 25 percent of income. For social assistance recipients, this contribution would be added to the very low shelter component in social assistance which would then stay in place and not be increased over time.

This proposal has many benefits. In addition to the ability to account for differences in housing cost across Ontario, it supports both social assistance recipients and the working poor. This new housing benefit also removes a major barrier for social assistance recipients, enabling them to transition more easily to employment by ensuring they do not lose the housing benefit when they leave social assistance. This housing benefit design is similar to programs that have been long established in many other countries, such as Australia, and some European countries.

A housing benefit would also particularly assist single persons on social assistance, alleviating some of the income constraints they face when purchasing food. This is especially effective given that they are often in the most straitened conditions, often being unable to afford food after paying for rent, and must often sacrifice their Basic Needs Allowance to meet their shelter costs. This is also especially important since single persons make up the largest caseload growth in social assistance over the last ten years. Implementing a new housing benefit can assist them, freeing up their Basic Needs Allowance for food and other necessities.

PROVIDE THE RIGHT INCENTIVES TO IMPROVE ACCESSIBILITY OF FOOD FOR LOW INCOME COMMUNITIES

If we also seek to improve the health and accessibility of food for residents in low income neighbourhoods, providing incentives for food retailers to establish operations in food deserts is a first step to improving food accessibility for low income communities. The City of Toronto can do more to entice grocery chains and other food retailers by pointing out potential catchment areas in certain food deserts. Other possible incentives can include potentially easing taxation regulations such as a reduction or a moratorium on commercial property taxes, amending bylaws that currently dissuade retailers from opening more establishments, as well as zoning and development changes to allow more food retailers to enter these neighbourhoods. Current zone limitations on retail mean that lower income communities are restricted to only basic on-site shops, and mobile food vendors are often not permitted outside the old City of Toronto region. Therefore, harmonizing the City's zoning process across Toronto can help lift restrictions on establishments such as fresh food markets, mobile food vending and farmers' markets in these communities.

²⁸ Given that rent = \$600 and income = \$1,000 for a single person household, the contribution amount = $(1000 \times 40\%) = \$400$ and therefore, the housing benefit = $(\$600 - \$400) \times 75\% = \$150$.

There is also the opportunity for a creative approach on capitalizing on the Ontario Food Terminal to increase access to fresh produce in the inner suburbs. The Ontario Food Terminal, Canada's largest wholesale market for fresh fruits and vegetables, provides a unique opportunity for the City, Province, community organizations and residents to support and expand on the role of this public food distribution centre. The terminal enables its food retailers, from large grocery chains to small and independent greengrocers, to buy and sell fresh produce at competitive prices. Among many other benefits due to economies of scale, this distribution hub particularly acts "as a pricing market for produce [where,] without it, prices for fresh fruits and vegetables would be set by the major food retailers."²⁹ Smaller greengrocers and neighbourhood retailers can acquire fresh produce at lower prices, increasing the availability of fresh fruits and vegetables in neighbourhoods across the city.

Other policy solutions include steering new programs to reduce transportation barriers, such as improving public transit, encouraging the use of shuttle buses from existing grocery chains or exploring alternative sources of fresh food markets in local communities, such as farmers' markets, and implementing a similar program to New York City's recent "Healthy Bodega Initiative" in these lower income communities.

Formed in 2005, the Healthy Bodega program targets underserved neighbourhoods in New York City, particularly in the city's poorest communities where residents have shown to have disproportionately poorer health rates and lower access to healthy food, such as East/Central Harlem, South Bronx and Central Brooklyn.³⁰ By partnering with convenience stores – also known as "bodegas" – the program encourages them to sell and stock on healthier food options such as 1 percent low fat milk and fresh produce while simultaneously implementing marketing campaigns such as their "Mooooove to 1% Milk" and "Move to Fruits and Vegetables" promotions to urge residents to consume and demand healthier food choices at these stores. Through this initiative, 45 percent of bodega managers reported an increase in low fat milk sales and 70 percent of bodegas reported that their customers had started asking for low fat milk. Its fruits and vegetables campaign also saw approximately half of their participating bodega owners increasing the quantity and variety of fruits and vegetables, alongside increases in produce sales.³¹ If a similar program is applied here in Toronto and Ontario, lower income families may twice benefit from this; first, from increased accessibility to healthier food options like fruits and vegetables; and second, from cheaper food, especially since fruits and vegetables are generally less expensive as they have lower inflation rates than the overall food inflation rate (see Exhibit 5).

Another initiative headed by the Metcalf Foundation in Toronto has addressed the challenges faced in our food system today by commissioning several reports to generate solutions and new, integrated approaches that span various sectors and interest groups. One report author, Sustain Ontario, was launched by the Metcalf Foundation with a mandate to facilitate multi-stakeholder engagement, bringing farmers and agri-business together with health, environmental and anti-poverty groups. Their report, *Menu 2020*, the collection's anchor document, offers a high level summary of the reports, identifying ten leading ideas to harness and expand our food network and help close the good food gap in Ontario.³²

Finally, the Toronto Board of Health's "Toronto Food Strategy" project is another positive step and we encourage further commitment to address issues of improving accessibility to affordable nutritious food to low income families. This includes greater education for healthy eating, encouraging and continuing to release public space for local farmers' markets and other food initiatives.

²⁹ Brian Cook, "The State of Toronto's Food: Discussion Paper for a Toronto Food Strategy," Toronto Public Health, May 2008, p. 13.

³⁰ New York City website, "Healthy Bodegas Initiative: CEO Internal Program Review Report," available online: http://www.nyc.gov/html/ceo/downloads/pdf/BH_PRR.pdf

³¹ *Ibid.*

³² Metcalf Foundation, *Menu 2020: Ten Good Food Ideas for Ontario*, Metcalf Food Solutions, June 2010.

REDUCE PRICE CONTROLS FROM MARKETING BOARDS

Though the existence of marketing boards may have been helpful during the Great Depression, the dairy supply management system is now creating an economic deadweight loss, benefitting only a small group of producers at the expense of consumers, and particularly low income groups. Furthermore, the structural nature of these marketing boards has resulted in dairy producers in becoming less innovative and more inflexible to respond to current market conditions, while obstructing entrepreneurial activity within the industry.³³

Therefore, in order to ease the burden felt by low income households for an essential good like dairy products, a first step would be to eliminate restrictions on inter-provincial trade on quotas, and unifying Canada's national market to improve domestic competition. In doing so, governments could offer transitional payments to dairy farmers to cushion the effects of the fall in dairy prices.³⁴ These transfer payments were similarly done in Australia in 2000 where, in eliminating its supply management system, it enabled "the consumer [to be] the big winner from the process of change in the dairy industry, with retail milk prices on average – across the milk category and across the different market segments – [to remain] below the price prior to deregulation."³⁵

A recent paper by the C.D. Howe Institute also spells out a process for reducing the price influence of the dairy board through a gradual expansion of quotas until supply has expanded to meet demand and prices are set closer to the market price. This, along with a proposal to set the dairy system to expire in twenty years will lead to a reduction in total quota value, pressuring producers to become more innovative and customer-focused.³⁶

Everyone has the basic right to access healthy and nutritious food, and there is much concern that people in Ontario – a region of great economic prosperity and opportunity – are going hungry today. Thus, much needs to be done to ensure that we help reduce the obstacles that impede low income households from accessing their basic right to a nutritious diet. By supporting our most vulnerable, we can tap into the potential of our labour force, reduce healthcare costs, and help us reach one step closer to our full prosperity potential.

³³ Robert D. Tamilia & Sylvian Charlebois, "The importance of marketing boards in Canada: a twenty-first century perspective," *British Food Journal*, Vol. 109, No. 2, 2007, pp. 119–144.

³⁴ OECD, *Economic survey of Canada 2008*, Policy Brief, June 2008, p. 10.

³⁵ Valentin Petkantchin, "Reforming dairy supply management in Canada: the Australian example," Montreal Economic Institute, January 2006, p. 4.

³⁶ William Robson & Colin Busby, "Freeing up food: The ongoing cost, and potential reform of supply management," C.D. Howe Institute Backgrounder, No. 128, April 2010, pp. 7–9.

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