SUBJECT: Nutritious Food Basket PH06030 (City Wide)

RECOMMENDATION:

(a) That Report PH06030 respecting the Nutritious Food Basket, and Appendix A attached to Report PH06030 be received for information.

(b) That the report be submitted to the Ministry of Health and Long Term Care as per the requirements of Mandatory Health Programs and Services Guidelines.

EXECUTIVE SUMMARY:

Monitoring the cost of a Nutritious Food Basket (NFB) in Hamilton provides the City with an indicator of the cost of healthy eating for individuals and families of different compositions. This information can be used on an annual basis to help determine the adequacy of money available for food in relation to current social assistance and minimum wage incomes and to promote and support policy development to increase food security. Despite a 3% increase in Ontario Works (OW) and Ontario Disability Support Program (ODSP) allowances in 2005, when housing costs and other basic living expenses are considered, many individuals and families on social assistance do not have an adequate income to purchase nutritious food on a consistent basis.
For scenarios used in Appendix A, only Ontario Works benefit rates were utilized. It is important to note that ODSP benefit rates were not included and are at a higher rate.

On average, 10,300 families and individuals receive Ontario Works assistance each month in the city of Hamilton. Over 12,800 families or individuals are in receipt of ODSP. Almost 20% of Hamilton residents subsist on an income below the low income cut off thresholds. In 2005, 4.6% of households in Hamilton did not have enough food to eat because of a lack of money\(^1\). This means that almost five percent of households faced the choice between meeting their shelter needs and meeting their nutritional needs.

\section*{BACKGROUND:}

The NFB is a mandatory food-costing tool which measures the cost of healthy eating based on current nutrition recommendations. It is a standardized tool used to assess the cost of an adequate diet. This data can be used in communities to raise awareness of the cost of a nutritious food basket; monitor changes in the actual dollar and cent cost of a nutritious food basket; compare the cost of a nutritious food basket to income; and support policy development to increase access to healthy foods for all.

The food basket is a list of 66 foods, which can be priced to estimate the average cost of feeding 35 different age and gender groups and a reference family of four. The NFB does not include processed convenience foods, snack foods, foods of little nutritional value, or purchases commonly made at grocery stores like laundry detergent, toilet paper, or soap. It makes no allowances for special dietary needs of individuals or ethnic groups and does not allow for eating out or inviting friends or other family members over for a meal. The pricing of the NFB does include an additional 5% to cover the cost of miscellaneous foods used in meal preparation such as spices, seasonings, condiments, soups, tea, and coffee.

The Ontario Ministry of Health and Long-Term Care requires that the annual NFB costing be done in May or June because food costs in these months most closely reflect the annual average Consumer Price Index for food. From May 9 to 11, 2006, Registered Dietitians from Public Health Services conducted food pricing. Fifteen grocery stores were included in the pricing survey, with at least one store from each of the main grocery store chains, including independents from across the city.

Several case examples (Appendix A) have been extrapolated based on the current NFB data. There was an average monthly decrease in the cost of the NFB for a family of four from 2005 to 2006 of $10.26\(^2\) or 1.9%. Average monthly rental costs in Hamilton from October 2004 to October 2005 decreased by $19.00, $1.00, $6.00, and $19.00 for bachelor, one-bedroom, two-bedroom, and three-bedroom apartments, respectively\(^3\).

\begin{footnotes}
\item Rapid Risk Factor Surveillance System (RRFSS), City of Hamilton, Waves 49 to 60, January to December, 2005.
\item Based on reference family of four, difference of $2.37/week x 4.33 = $10.26/month
\item Monthly rental costs in Hamilton taken from the Canadian Mortgage and Housing Corporation (CMHC) Rental Market Survey, October 2005.
\end{footnotes}
In 1995, social assistance rates in Ontario were reduced by 21.6%. Effective March 2005, the Provincial government implemented a 3% increase in Ontario Works (OW) and Ontario Disability Support Program (ODSP) allowances. This represents the first increase in OW and ODSP rates since 1995 (a span of ten years). Prior to this, the longest period without an increase was four years (1965 to 1969).

Under OW and ODSP policy, recipients may be eligible to receive an amount for a special diet to a maximum of $250 per month for each member of the family if an approved health professional confirms a special diet is required as a result of a medical condition. The amount provided is issued in addition to the amount for basic needs and shelter. Special Diet benefit amounts were not considered in this report.

Despite the 3% OW increase, when housing costs and other basic living expenses are considered, many individuals and families receiving financial benefits through Ontario Works still do not have an adequate income to purchase nutritious food on a consistent basis. In fact, these individuals often face the difficult choice between meeting their basic shelter needs and meeting their nutritional needs. In 2005, 4.6% of households in Hamilton did not have enough food to eat because of a lack of money. This means that almost five percent of households faced the choice between meeting their shelter needs and meeting their nutritional needs.

Low Income Cut Offs (LICOs) represent levels of income where individuals and families are expected to spend approximately 20 percentage points more than the average family on food, shelter and clothing. These figures are based on the size of family and the size of the city of residence. A family spending 20 percentage points more than the average of its income on these basic necessities is considered to be impoverished. When the incomes in social assistance and minimum wage scenarios presented in Appendix A are annualized, all fall below the Statistics Canada 2000 LICOs.

ANALYSIS/RATIONALE:

The City is mandated by the Province to monitor the cost of the NFB annually.

ALTERNATIVES FOR CONSIDERATION:

Because the City is mandated by the Province to monitor the cost of the NFB annually, no alternatives are available.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

There are no new staffing or legal implications associated with this report.

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4 Rapid Risk Factor Surveillance System (RRFSS), City of Hamilton, Waves 49 to 60, January to December, 2005.
6 Income tax returns prepared by Lepore & Company Chartered Accountants.
POLICIES AFFECTING PROPOSAL:
Social assistance benefits are issued in accordance with rate schedules specified in the Ontario Works and ODSP Acts and Regulations.

RELEVANT CONSULTATION:
Employment and Income Support Branch and Social Development Team Staff were consulted in the preparation of this report.

CITY STRATEGIC COMMITMENT:
Monitoring of the NFB creates value across all three bottom lines (community, environmental, and economic well-being.) The NFB provides information that can be used to address personal health and welfare and demonstrate need for increased support for families living in poverty.

Community Well-Being is enhanced. ☑ Yes  ☐ No
- Provides information for development of and advocacy for healthy public policy.

Environmental Well-Being is enhanced. ☑ Yes  ☐ No
- Monitoring the Nutritious Food Basket provides useful information regarding food affordability within Hamilton.

Economic Well-Being is enhanced. ☑ Yes  ☐ No
- Improved access to food for all citizens is key to their participation in both training and employment opportunities.

Does the option you are recommending create value across all three bottom lines?
☑ Yes  ☐ No
- The NFB provides information that can be used to address personal health and welfare and demonstrate need for increased support for families living in poverty.

Do the options you are recommending make Hamilton a City of choice for high performance public servants?
☑ Yes  ☐ No
- Because the recommendations in this report enhance community, environmental, and economic well-being of Hamiltonians, they help make Hamilton a city of choice to work, live, and play.
### Appendix A: Individual and Family Scenarios of Monthly Incomes and Basic Expenses Based on 2005 Tax Year

<table>
<thead>
<tr>
<th></th>
<th>Single man (19-24 years old) living on Ontario Works Entitlement</th>
<th>Single mother (19-24 years old) breastfeeding an infant on Ontario Works Entitlement</th>
<th>Family of four – a man and a women each 25-49 years, a boy 13-15 years, and a girl 7-9 years living on Ontario Works Entitlement</th>
<th>Single woman (75 years old) receiving old age security and guaranteed income supplement</th>
<th>Family of four - a man 50-74 years, a woman 25-49 years, a boy 16-18 years and a girl 13-15 years living on the man's minimum wage income ($7.45/hr. for 40 hours a week)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OW Basic Allowance³</td>
<td>$201.00</td>
<td>$460.00</td>
<td>$631.00</td>
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<td></td>
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<tr>
<td>Shelter Allowance for OW¹</td>
<td>$335.00</td>
<td>$527.00</td>
<td>$621.00</td>
<td>$226.41</td>
<td>$226.41</td>
</tr>
<tr>
<td>NCBS Income Deduction²</td>
<td>($121.91)</td>
<td>($226.41)</td>
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<tr>
<td><strong>Gross Income</strong></td>
<td>$536.00</td>
<td>$865.09</td>
<td>$1,025.59</td>
<td>$1,039.18</td>
<td>$1,291.33</td>
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<tr>
<td>Old Age Security/ Guaranteed Income Supplement</td>
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</tr>
<tr>
<td>Additional benefits³</td>
<td>$50.75⁴</td>
<td>$33.92</td>
<td></td>
<td></td>
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<tr>
<td>Ontario Property and Sales Tax Credits⁵</td>
<td>$34.89</td>
<td>$37.60</td>
<td>$49.61</td>
<td>$72.72</td>
<td>$44.29</td>
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<tr>
<td>GST Credit⁶</td>
<td>$19.33</td>
<td>$48.83</td>
<td>$59.00</td>
<td>$27.55</td>
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<tr>
<td>National Child Benefit Supplement⁷</td>
<td>$162.08</td>
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<td>$162.08</td>
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<tr>
<td>Basic Child Tax Benefit⁸</td>
<td>$125.33</td>
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<td>$104.58</td>
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<tr>
<td>Employment Insurance paid⁹</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$25.18</td>
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<tr>
<td>Canada Pension Plan paid¹⁰</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$49.48</td>
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<tr>
<td>Income Tax paid¹¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$119.60</td>
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<tr>
<td>Income Tax Refund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($119.60)</td>
</tr>
<tr>
<td><strong>Total Income</strong> **</td>
<td>$590.22</td>
<td>$1,289.68</td>
<td>$1,682.71</td>
<td>$1,139.45</td>
<td>$1,735.94</td>
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<td>Monthly Expenses</td>
<td>$489.00</td>
<td>$745.00</td>
<td>$881.00</td>
<td>$615.00</td>
<td>$881.00</td>
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<tr>
<td>Rent¹²</td>
<td></td>
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<td></td>
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<tr>
<td>Food Basket Cost¹³</td>
<td>$189.37</td>
<td>$165.82</td>
<td>$522.41</td>
<td>$126.88</td>
<td>$558.27</td>
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<tr>
<td>Amount remaining to cover other basic monthly expenses¹⁴</td>
<td>($88.15)</td>
<td>$378.86</td>
<td>$279.30</td>
<td>$397.57</td>
<td>$296.67</td>
</tr>
</tbody>
</table>

Note: See next page for description of numbered items

** All of these incomes fall below the Statistics Canada 2000 Low-Income Cut-Offs (LICOS)

** All of these incomes fall below the Statistics Canada 2000 Low-Income Cut-Offs (LICOS)
Description of items numbered in Appendix B:

1. Ontario Works Basic Allowance and Shelter Allowance were supplied by Community Services, Training and Program Review Unit.


3. Additional benefits include a back to school allowance and a winter clothing allowance. This number is 1/12 of the annual amount.

4. Amount includes $40 Ontario Works monthly special diet benefit and $2 Nutritious Food Basket monthly top-up (City of Hamilton initiative) for breastfeeding.

5. Ontario Property and Sales Tax Credits were calculated using the formula supplied by Revenue Canada. This number is 1/12 of the annual amount.

6. GST Credit was calculated using the formula supplied by Revenue Canada. This number is 1/12 of the annual amount.

7. National Child Benefit Supplement was calculated using forms provided by Revenue Canada. This number is 1/12 of the annual amount.

8. Basic Child Tax Benefit was calculated using forms provided by Revenue Canada. This number is 1/12 of the annual amount.

9. Employment Insurance premium information was provided by Revenue Canada.

10. Canada Pension Plan contribution information was provided by Revenue Canada.

11. Income Tax was calculated by Lepore & Company Chartered Accountants.


13. Food Basket cost has been calculated using weekly data for May 2006 and calculated for a month. The following adjustments are made for family size:
   - one person, costs are increased by a factor of 15%;
   - two people, costs are increased by a factor of 10%;
   - three people, costs are increased by a factor of 5%.
   Food basket cost does not account for processed convenience foods, snack foods, and foods with little nutritional value. It does not make allowances for special dietary needs of specific individuals or ethnic groups. It does not include any non-food items usually purchased at the grocery store such as soap, laundry detergent or toilet paper.

14. Other basic monthly expenses may include heat, hydro, telephone, laundry, insurance, transportation, (bus pass, taxi, or expenses associated with running and maintaining a car), clothing for all family members, co-payment fee for prescription drugs, nonprescription drugs, toiletries, household cleaning products, bank service charges, costs associated with having children in school, entertainment, gifts, debt payment, cable, children's allowances, newspapers and magazines, child care, animal care and money to cover any unexpected expenses.