

STAFF REPORT ACTION REQUIRED

Cost of the Nutritious Food Basket - Toronto 2011

Date:	November 8, 2011
То:	Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to provide information on the cost of the Nutritious Food Basket in Toronto for 2011. The Nutritious Food Basket (NFB) is a survey tool that measures the cost of healthy eating and monitors the affordability and accessibility of nutritious food by relating the cost of the food basket to individual/household incomes.

The average weekly cost of the Nutritious Food Basket for a reference family of four in Toronto in 2011 is \$172.84 (\$748.40 per month). This represents an increase of 4.6 % in the cost of food from the survey conducted in 2010.

Despite comparatively low food prices in most parts of Canada, food expenses are one of the most compromised components of a household budget for people living on low income and must be strategically managed to accommodate other basic needs (1). Low income individuals and families on social assistance or earning minimum wage spend approximately 72% of their income on rent/mortgage, including utilities (2). Qualitative research with low income families indicates that food purchasing decisions are made in a context of competing demands for scarce resources (3). Within this context, Toronto residents face challenges in meeting daily nutritional needs as a result of the high cost of housing, low wages and inadequate social assistance rates, as well as increasing food costs.

The provincial government committed to developing a poverty reduction strategy with the release of its report in 2008, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*. Since 2007, the government has taken several positive steps to reduce poverty. These include an incremental increase to the Ontario Child Benefit (OCB), a 1% increase to Ontario Works Basic and Shelter allowances in 2010, and an increase in the minimum wage rate from \$8.75 to \$10.25 in March 2010. However, individuals and families living on social assistance or working at minimum wage continue to have

difficulty in securing access to adequate amounts of nutritious and culturally appropriate food required for good health (4).

RECOMMENDATIONS

The Medical Officer of Health recommends that:

- 1. the Chair of the Board of Health and the Medical Officer of Health, together with the Association of Local Public Health Agencies, meet with the Commission for Social Assistance Review in Ontario to discuss the implications of the Nutritious Food Basket survey across Ontario and ensure the findings inform the social assistance system review;
- 2. the Board of Health forward this report to the following key stakeholders: the General Managers of Shelter, Support and Housing Administration; Children's Services; Employment and Social Services, Long-term Care Homes and Services, and Parks, Forestry & Recreation; the Ontario Minister of Health and Long-Term Care; the Ontario Minister of Community and Social Services; the Ontario Minister of Children & Youth Services; the Association of Local Public Health Agencies; the Ontario Public Health Association; Ontario Boards of Health; the Association of Ontario Health Centres; the Ontario Society of Nutrition Professionals in Public Health; Dietitians of Canada, all Toronto area MPPs and MPs; and the five Local Health Integration Networks (LHINs) in the Greater Toronto area.

Financial Impact

There are no direct financial implications related to this report.

DECISION HISTORY

Since 1999, boards of health in the Province of Ontario have been required to complete the Nutritious Food Basket survey. The Ontario Public Health Standards (OPHS), published by the Ministry of Health and Long-Term Care, require boards of health to implement the Nutritious Food Basket costing survey. Results from the survey are submitted to the Provincial government by July 1 of each year. Toronto Public Health reports the NFB survey results annually to the Board of Health and a range of key stakeholders.

ISSUE BACKGROUND

Previous annual reports on the affordability of the Nutritious Food Basket highlight the association between food insecurity and financial insecurity that can result in poor health outcomes. Community food security is an important public health issue. Understanding the determinants of health inequities in food security is a precondition to the development of public policy responses.

COMMENTS

What is the Nutritious Food Basket?

The Nutritious Food Basket (NFB) is a survey tool that is a measure of the cost of healthy eating that represents current nutrition recommendations. Food costing is used to monitor both affordability and accessibility of foods by relating the cost of the food basket to individual/household incomes. Information about the cost of the Nutritious Food Basket (NFB) can help inform public policy decisions to support and promote access to adequate amounts of safe, nutritious, culturally appropriate food for everyone, produced in an environmentally sustainable way, and provided in a manner that promotes human dignity(4).

Following release of the 2007 *Eating Well with Canada's Food Guide*, Health Canada revised the National Nutritious Food Basket in 2008. The revised NFB food costing survey tool includes 67 basic food items from all four food groups.

The NFB reflects the lowest price available in the store in a specified purchase size, regardless of brand. An additional 5% is automatically added to the cost of the food basket to cover the cost of miscellaneous foods used in meal preparation (e.g. spices, seasonings, condiments, baking supplies, etc.). The Ministry requires that the annual NFB costing is conducted during the month of May. The pricing survey results are used to estimate the average cost of feeding 22 age and gender groups and a reference family of four.

Items excluded from the costing tool include processed and prepared foods, snack foods, restaurant/take-out foods, foods of little nutritional value and non-food items such as laundry detergent, soap, paper products and toiletries that consumers generally purchase when grocery shopping. The NFB tool does not account for additional cost of transporting the goods home and access to an adequate number of good quality food stores. In addition, it is assumed the consumer has the time, skills and equipment to plan, purchase and prepare meals and snacks from low cost, basic food ingredients.

For these reasons the cost of the NFB is generally lower than actual grocery expenditures for the average resident. Moreover, the Nutritious Food Basket does not reflect actual food spending habits outside the grocery store, such as the cost of eating out and the purchase of convenience foods and beverages.

2011 Nutritious Food Basket Figures

The results of the 2011 NFB survey indicate that the average cost for a family of four in Toronto in 2011 is \$172.84 per week (\$748.40 per month). This is an increase of 4.6% in food costs from the pricing survey conducted in 2010. The 2011 NFB survey results are summarized in Attachment 1.

Results of the NFB are consistent with the 2011 Consumer Price Index (CPI) which demonstrated that prices for food purchased from stores rose 5.4% in the twelve months to May in Ontario. The CPI is calculated on a monthly basis for Canada and provincially

and is used as an indicator of inflation. In the May CPI report, all food categories experienced an increase, with fresh vegetables and bakery and cereal products (excluding infant food) demonstrating the largest increase in price among food items, followed by fresh fruit (5). In February 2011, the food price index compiled by the United Nations Food and Agriculture Organization reached a new record high, due to higher prices of cereals, meat and dairy products. The index is currently at its highest level since its inception in 1990 and has remained nearly unchanged from the February 2011 figure (6, 7).

Rising Food Prices: Global Context

World prices of wheat, coarse grains, rice and oilseed crops doubled between 2005 and 2007 and continue to rise. These increases in agricultural commodity prices have been a factor in driving up the cost of food and have heightened concern about food security and hunger, particularly among people living on low incomes.

The causes of the spike in prices are complex and due to a combination of mutually reinforcing factors, including droughts in key grain producing regions, rapidly rising oil prices, increased feedstock use in the production of biofuels, higher demand and low stocks for cereals and oilseeds. This turmoil in commodity markets has occurred against the backdrop of an unsettled global economy.

Volatile weather patterns often attributed to climate change have pushed the demand and price for certain crops higher. Wheat prices began to increase in August 2010 after severe drought in Russia and the Ukraine and wildfires which affected parts of Australia. Another underlying cause is the rise in oil prices since food grown on large scale corporate farms is mechanically harvested and processed, then transported over long distances, and thus requires a lot of fuel. Industrial farming also relies heavily on fertilizers and pesticides made from petroleum. In addition, to feed the world's growing reliance and demand on fuel, a larger portion of the world's crops are being diverted to produce biofuels. In Canada, 40% of corn grown is used in the manufacture of ethanol and biodiesel. This has also affected the price of soybeans as soy farmers switch to corn to take advantage of the lucrative ethanol market (8). The governments of some food exporting countries have responded to rising food prices by imposing export bans, fearing food shortages at home. Such bans have reduced supply to the world market, driving the price for importing countries even higher.

Health Implications of Rising Food Prices

Food security is essential for healthy eating. Without consistent economic access to sufficient, nutritious food, healthy eating cannot be achieved and the risk of poor health increases.

An analysis of housing circumstances and food access among low income families suggests that household food insecurity is associated with compromised dietary intakes and poor physical and mental health (3). Based on data from the Canadian Community Health Survey (CCHS), Cycle 2.2, Nutrition (2004), the prevalence of household food insecurity was 8.4% in Ontario overall. However, there exists considerable regional variation throughout the province. The highest levels of household food insecurity were

reported for the Toronto region where 10.1% or one in ten households experienced some degree of income related food insecurity (9).

Low socioeconomic status is associated with chronic disease and poor health. A recent study found that more cardiac arrests occurred in poorer neighbourhoods in six of the seven cities researched. The researchers compared the incidence of sudden cardiac arrest in the top one-quarter of socioeconomic status to the bottom one-quarter. In all three Canadian cities (Ottawa, Toronto, Vancouver), the frequency of sudden cardiac arrests in poorer neighbourhoods – with annual household incomes as low as \$30,000 – was three times higher than in more affluent neighbourhoods – with incomes as high as \$97,000 (10).

Healthy eating is a key determinant of chronic disease prevention. Many Toronto residents report health conditions in which diet plays a critical role. Based on data from the Rapid Risk Factor Surveillance System – 2005 Toronto Indicators Report, 19.9% of adults (18 years of age and over) reported having hypertension; 7.2% reported having diabetes; and 40.9% of respondents were overweight or obese (11). Recent estimates using overweight and obesity prevalence based to cost-of-illness analysis and 18 morbidities correlated with obesity placed direct costs attributed to overweight and obesity at \$6.0 billion nationally in 2006, representing 4.1% of the total health expenditure in Canada (12).

In 2008, the provincial government released, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, which aims to reduce poverty by 25 per cent in five years. The strategy includes a number of steps that the government will undertake to meet this commitment. Although the provincial government has taken several positive steps which aim to reduce poverty, social assistance rates and minimum wage rates continue to remain inadequate to enable individuals and families to purchase sufficient, nutritious food and pay the rent.

Poverty is Expensive

Poverty is closely linked with chronic diseases and the rapid rise in the magnitude of these health problems can impede poverty reduction initiatives in low income communities. As a consequence, vulnerable and socially disadvantaged people get sicker and die sooner than people of higher social position; the factors determining social position include education, occupation, income, gender and ethnicity (13). According to a recent report by the National Council of Welfare, the poverty gap in Canada in 2007 – the money to bring everyone over the poverty line – was \$12.3 billion. The total cost of poverty that year was double or more (14).

Over the past 20 years, rent has risen faster than the cost of living, particularly in cities like Toronto. Following the federal, then provincial download of housing programs, the number of Ontario households in 'core housing need', i.e., whose present accommodation is unaffordable, substandard (i.e., in poor repair) or overcrowded, rose from 433,000 in 1991 to 600,000 in 2001, representing 15% of Ontario's population (15). In addition, the geographic concentration of poverty in the City of Toronto continues to grow. In the

past, low income families were much more dispersed among mixed income communities. Thirty years ago, 18% of the city's low income families lived in neighbourhoods where more than one-quarter of the families were low income. At the time of the last census in 2006, this had climbed to 46% (16). According to the Statistics Canada Labour Force Survey, July 2011, Toronto's unemployment rate was 8.9% compared with rates across Ontario and Canada of 8.1%, 7.2%, respectively. Toronto has the second highest unemployment rate among all eleven economic regions (17). Low income rates also vary among cities. Of Canada's larger cities, Toronto had the fourth highest share of its population in low income in 2009 at 12.3%. Success in reducing low income also varied by city. Seven out of ten cities reduced their low income rate between 2000 and 2009. Toronto was one of three exceptions in which the low income rate rose 1.9% during that time period (18).

As a result, Toronto residents continue to face food insecurity due to declining income, reliance on social assistance and living in a lone-parent household (19). Although there are signs the Ontario economy may be rebounding from the recession, for many individuals and families, the "recovery" has not been felt. The number of Ontario Works cases jumped by 19% over the course of the recession. In October 2008, there were 76,876 cases and by December 2009, there were 94,466 cases, which was the highest caseload in Toronto since October 1996. Most recently, the number of households recorded on the Ontario Works caseload in July 2011 was 95,402 (20). A consistent pattern of studies show that investing to eliminate poverty costs less than allowing it to persist (14).

Future directions

Social Assistance Reform

Appointed by the government of Ontario, the Social Assistance Review Advisory Council (SARAC) was mandated to recommend a scope and terms of reference for a review of Ontario's social assistance system. In June 2010, SARAC released its report, *Recommendations for an Ontario Income Security Review*. In response to the recommendations contained in the SARAC report, the Ontario government launched a major review of the province's social assistance programs in January 2011. The review is being led by two commissioners: The Honourable Frances Lankin, P.C., Past President and CEO of United Way Toronto, and Dr. Munir Sheikh, former Chief Statistician for the Government of Canada.

The Commission released their initial discussion paper in June 2011. In response to the discussion paper, Toronto Public Health established a Toronto based collaborative with a number of health sector organizations to draft a submission and provide a health equity perspective on social assistance reform. The Commission is tasked with carrying out a comprehensive review and providing specific recommendations and a concrete action plan for reforming the social assistance system to the government in June 2012. The Terms of Reference for the Commission identify five specific outcomes for the review that will help in the development of recommendations for the government.

Additionally, SARAC provided advice to the provincial government regarding the design and principles of proposed changes to the Special Diet Allowance (SDA). The SDA is designed to provide additional funding to people on social assistance who have special medical conditions that require dietary accommodations. SARAC advised the provincial government to ensure that low income Ontarians, including those on social assistance, living with medical conditions that require special dietary needs over and above the cost of a healthy diet, can afford to meet these needs (21). The importance of the role of a healthy diet in disease prevention and treatment is clear, as documented by the Toronto Board of Health report, *Update on Proposed Changes to the Special Diet Allowance*. The Board of Health endorsed several recommendations similar to those proposed by SARAC (22).

Affordable Housing

Significant combined investment is needed from both the provincial and federal governments for the construction and maintenance of affordable housing units. After a long hiatus, the Canada-Ontario Affordable Housing Program agreement, under the Strong Communities through Affordable Housing Act, is beginning to move forward. Units occupied, under construction or in planning approval total 9,722 for rental and supportive units, as well as, 1,886 units in the homeownership program for low and moderate income renters (23). However, Toronto has more than 60,000 people on the waiting list for subsidized housing. Thus, a commitment to a long-term strategy for affordable housing and restoring mixed income neighbourhoods is warranted by federal, provincial and territorial ministers. To address Ontario's affordable housing crisis, the government will need to make affordable housing a priority over the coming years.

Quality of Employment

Quality jobs benefit workforce development, organizations and local economies. They are the foundation from which broader prosperity grows, providing workers with the opportunity for self-sufficiency, economic security and greater control over their lives. They allow individuals to raise their standard of living and accumulate assets.

Although average earnings of Ontarians working full-time full-year increased 1.9% from 2000 to 2005, there was an increase in the proportion of workers in all age categories whose employment was temporary, half of the growth of multiple job holders was in Ontario. In June 2008 alone, Ontario lost 45,500 full-time jobs and gained an additional 34,200 part-time jobs (24). Replacement jobs have been largely in the services sector, including education, health care, nursing and residential care (25). Statistics Canada has found that replacement jobs do not necessarily provide equivalent earnings. Its study of workers who lost their jobs as a result of firm closures or mass layoffs during the late 1980s and 1990s found that workers did not recover their earning potential; men lost between 18 and 35% of their earnings, women between 24 and 35% (26). The ongoing transition of the labour market from full-time to irregular work means having employment no longer guarantees income security. One quarter of food bank clients have someone in their household who is working. While the majority earns more than minimum wage, most are working part-time or casual jobs (2). The loss of well-paid, full-time employment due to global trade and a strong dollar and the increasing number

of Ontarians working in temporary and part-time work highlights the importance of ensuring that employment standards are strengthened and enforced.

One initiative that the City of Toronto has embarked upon, under the leadership of the Toronto Food Strategy, is the Community Food Skills and Employability Pilot. This initiative is in collaboration with Toronto Employment and Social Services (TESS), Economic Development and Toronto Public Health to reduce barriers to food handler training and certification, while integrating food skills and employment supports for individuals in need. As of March 31, 2011, the program was offered in twelve sites across the city, reaching sixteen groups with a total of 228 participants. Preliminary evaluation of the initial phase has revealed promising results. Participants have used the training in acquiring employment in the food sector.

Advocacy Efforts

Among the most vocal collaborations to advocate for income security is the 25 in 5 Network for Poverty Reduction. It has continued to grow and is a broad-based coalition endorsed by more than 1,500 organizations, anti-poverty advocates, faith groups and municipalities. In spring 2008, it renewed its call upon the Ontario government to introduce a multi-year Poverty Reduction Plan with targets to reduce Ontario poverty levels by 25% before 2013 and 50% before 2018. The community led consultations held over the spring and summer of 2008 informed the development of the 25 in 5 *Blueprint for Poverty Reduction*, which proposed three strategic priorities for Ontario's poverty reduction strategy: i) system restructuring of the labour market and social assistance and building an equity framework into all poverty-related policies; ii) public investments in areas such as housing, social assistance, early learning and child care; and iii) core funding for community supports, to address the full diversity of needs. There is a determination to ensure this renewed hope will be justified by political will to make poverty reduction in Ontario a reality.

CONCLUSION

The inability to afford a nutritious diet is a key indicator of poverty and a risk to health. The 2011 annual survey of the cost of the Nutritious Food Basket demonstrates that many people in Toronto continue to have difficulty meeting minimum daily nutrition requirements for good health. This is due to insufficient incomes to cover the rising combined costs of essential needs such as food and shelter. Any successful strategy to address food security will need to focus on its underlying causes, including income adequacy and affordable housing.

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ATTACHMENT

Attachment 1 – Weekly Cost of the Nutritious Food Basket in Toronto (May 2011)

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