



POVERTY PROFILE 2007

PAID WORK AND POVERTY

Highlights

- Paid work keeps many Canadians out of poverty.
- For others, having a job isn't a ticket out of poverty. It's simply admission into the ranks of the working poor.

After-tax low income cut-offs are used to measure poverty in this bulletin, unless otherwise noted. For details on methodology and data sources, see the bulletin *Methodology, Definitions and Information Sources*.

Data used in this bulletin are for unattached individuals less than 65 years old and for families where the major income earner is less than 65 years old.

IMPORTANCE OF PAID WORK

Paid work is an important protection against poverty.

Having no earners in a family practically guarantees high poverty rates

For families and unattached individuals without any earners, poverty rates in 2007 ranged from 76% for unattached men to 26%¹ for couples without children.

When one member of the family has income from paid work, poverty rates nose-dive. The rates fall further still when there are two earners in the family.

Over the years, families with more than one earner have always had low poverty rates.

More weeks of work leads to lower poverty rates

Poverty rates were highest for those families and unattached individuals with less than 20 weeks of paid work.

For example, the poverty rate was 79% for unattached individuals who worked one to nine weeks in 2007. Compare that to the low poverty rate of 7% for those who worked 49 to 52 weeks.

Full-year, full-time work leads to lower poverty rates

Looking at patterns of work, the highest poverty rates occurred in part-time, part-year work.

These poverty rates were 7 to 14 times higher than for those working at a full-time job over the full year in 2007.

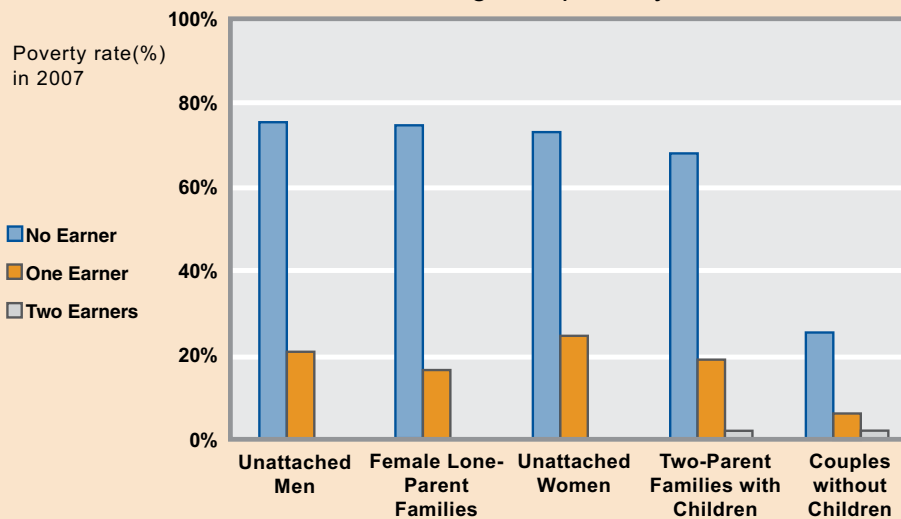
LIMITATIONS OF PAID WORK

We have just shown that having at least one earner in the family, working more weeks, or working full-time, helps protect you against poverty. So is a job a guaranteed ticket out of poverty? The short answer is no.

¹ Small sample size. Use estimate with caution.



Families without an earner have the highest poverty rates



How can it be that someone working at a full-time job in Canada can still be poor?

Canada is a low wage country. It has one of the highest proportions of low-paid workers among similarly industrialized countries.²

An increasing number of people work in the service class in Canada. These jobs are characterized by very low wages, limited job security, few employment benefits and a lack of control over the labour process.³

Families that depend on a low-paid worker face a high risk of poverty. That risk goes up with the number of children in the family.

Many people work hard, but still live in poverty

Plenty of jobs do not pay enough to support a family. Even a full-time job may not pay enough to stay out of poverty. In addition, many jobs are increasingly unstable with the rise in temporary, part-time, contract and seasonal jobs.

Even steady work does not allow everyone to escape poverty

Many of those living in poverty worked all year. In 2007, 194,000 families living in poverty reported having at least 49 to 52 weeks of work, the equivalent of a full year of work.⁴ This was more than the number of poor families that had zero weeks of work.

Many poor unattached individuals also worked 49 to 52 weeks - 306,000 in 2007.

Many poor families have full-time workers

In poor families where someone worked during the year, close to half of the major income earners had full-time work throughout 2007. The average income of these families was \$23,500.

Among poor unattached individuals who worked, about 28% worked full-time, full-year. Their average income was only \$10,400.

² Sébastien LaRoche and Claude Dionne. "International differences in low-paid work." *Perspectives on Labour and Income*, Autumn 2009. Catalogue no. 75-001-X.

³ Martin Prosperity Institute. "Supersized and Precarious: The Service Class in Canada." Rotman School of Management, University of Toronto. November 16, 2009.

⁴ For families, the number of weeks worked is calculated by adding together the number of weeks worked by the major income earner and their spouse.

It's harder to get by with just one parent working

Avoiding poverty is more difficult for two-parent families with one earner than it used to be. In 1978, their poverty rate was 11%. Over time, the rate has slowly risen, sitting at 19% in 2007.

Many living in poverty are working poor

In Canada, there is no official definition of the working poor.

One way to look at this issue is to see how many of those living in poverty rely on paid work for at least half of their incomes. Using this definition, 148,000 families and 434,000 unattached individuals were considered working poor in 2007.

A study using the Market Basket Measure of poverty for 2007 estimated that working poor families accounted for:

- 43% of poor children; and
- 31% of poor families, including unattached individuals.



In this case, working poor families were defined as those whose major income earner worked for at least 910 hours during the year.⁵

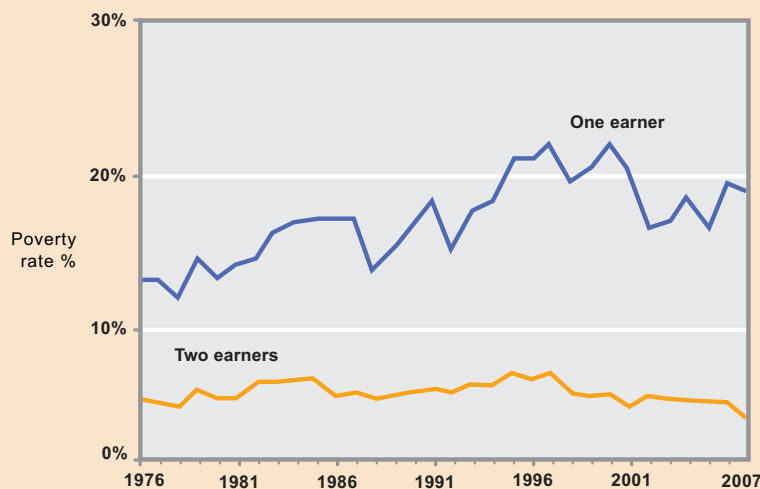
REALITIES OF WORK AND POVERTY

There is a large gap between the working poor and other working families. One study found that the average income of working poor families in 2002 was only 30% that of other working families.⁶

⁵ Human Resources and Skills Development Canada. *Low Income in Canada: 2000-2007. Using the Market Basket Measure*. Gatineau, Quebec. August 2009. Catalogue no. SP-909-07-09E.

⁶ Dominique Fleury, Myriam Fortin, and May Luong. *What Does It Mean to be Poor and Working?* Policy Research Institute Working Paper Series. September 2005.

Poverty rates for two-parent families with one earner have been slowly increasing



Working-poor families were generally no better off than other poor families

Although their incomes were slightly higher, working-poor families:

- had more mouths to feed;
- had more expenses related to work (such as transportation, clothing and Employment Insurance contributions); and
- had less access to subsidized housing.

In addition, the working poor often have no access to health and drug benefits through their employers or through government programs. This includes items such as prescription drugs, dental and vision care, and other health services.

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