

# Poverty Profile 1992

A Report by the  
National Council of Welfare

Spring 1994

Canada

**POVERTY PROFILE 1992**

**A Report by the  
National Council of Welfare**

**Spring 1994**

---

Copies of this publication may be obtained from:  
National Council of Welfare  
Jeanne Mance Building  
Ottawa K1A 0K9  
(613) 957-2961

Également disponible en français sous le titre:  
Profil de la pauvreté - 1992

© Minister of Supply and Services Canada 1994  
Cat. No. H67-1/4-1992E  
ISBN 0-662-22133-8

## TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTION .....	1
METHODOLOGY AND DEFINITIONS .....	2
RECENT POVERTY TRENDS .....	6
Poverty Trends for Individual Canadians .....	6
Poverty Trends for Families and Unattached Individuals .....	11
VIEW FROM THE PROVINCES .....	17
SNAPSHOTS OF POVERTY IN 1992 .....	29
Family Type .....	29
Additional Differences by Age, Sex and Family Type .....	31
Work Activity .....	33
Number and Age of Children .....	35
Education .....	37
Homeowners and Renters .....	40
Year of Immigration .....	42
Area of Residence .....	43
DEPTH OF POVERTY, THE POVERTY GAP AND NEAR POVERTY .....	44
POOR CANADIANS AND THEIR SOURCES OF INCOME .....	49
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST .....	57
The Working Poor .....	57
Children .....	60
Women .....	69
Seniors .....	72
FOOTNOTES .....	74
APPENDIX .....	75

## INTRODUCTION

Poverty Profile 1992 is the latest in a series of reports by the National Council of Welfare on poverty in Canada. It includes both national and provincial statistics for 1992 and trends dating back as far as 1980.

Like its predecessors, this report is an analysis of factual material collected by Statistics Canada. It shows which groups of Canadians were poor at a given point in time. However, it does not dwell on the causes of their poverty, and it makes no specific proposals for fighting poverty. Detailed recommendations can be found in other reports by the National Council of Welfare, including Welfare in Canada: The Tangled Safety Net, Women and Poverty Revisited, Pension Reform and Fighting Child Poverty.

Poverty Profile 1992 contains detailed information on poverty by family type, sex, age, education and a host of other variables. It has data on the depth of poverty - that is, how far the incomes of poor people fall beneath the poverty line. There is information about the average incomes of poor people and their main sources of income. One chapter focuses on four groups of special concern: the "working poor," children, women and seniors.

The National Council of Welfare hopes this report will shed additional light on a subject that should be close to the hearts of Canadians. One out of every six Canadians was poor at last count, and many more have personal knowledge of poverty because of the financial hardships facing friends, neighbours or relatives who are poor - usually for reasons well beyond their control.

## **METHODOLOGY AND DEFINITIONS**

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which this report is based, conducted in April of 1993, sampled 37,493 private households from all parts of the country except for Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The study looked at incomes for the 1992 calendar year.

The results of the survey were published by Statistics Canada under the title Income Distributions by Size in Canada, 1992. That publication and a companion booklet entitled Low Income Persons, 1980-1990 are major sources for this report. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of the bureau, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs of Statistics Canada. The cut-offs represent levels of gross income where people spend disproportionate amounts of money for food, shelter and clothing. The bureau has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 36.2 percent of gross income on food, shelter and clothing according to 1986 data on spending patterns, so it was assumed that low-income Canadians spent 56.2 percent or more on the necessities of life.

The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1992 are technically known as the 1986 base cut-offs, because of the year in which spending on food, shelter and clothing was surveyed. The

entire set of 35 cut-offs for 1992 appears below as Table 1. Comparable cut-offs for 1993 and the National Council of Welfare's estimates of the cut-offs for 1994 appear in the appendix of this report.

<b>TABLE 1</b>					
<b><u>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1992</u></b>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	\$ 15,175	\$ 13,328	\$ 13,021	\$ 11,870	\$ 10,331
2	20,569	18,068	17,650	16,089	14,005
3	26,146	22,965	22,434	20,450	17,801
4	30,105	26,439	25,830	23,547	20,494
5	32,891	28,888	28,221	25,726	22,392
6	35,703	31,355	30,632	27,924	24,305
7+	38,399	33,727	32,949	30,036	26,142

Over the years, Statistics Canada has published several other sets of low income cut-offs, and the bureau started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. Readers are cautioned that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.<sup>1</sup>

For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare, like many other social policy groups, regards the low income cut-offs as poverty lines and uses the term poor and low-income interchangeably. Statistics Canada takes pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

Regardless of the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the Canadian population with low incomes. They are not the only measures of poverty used in Canada, but they are the most widely accepted and are roughly comparable to most alternative measures.

Poverty statistics are often broken down according to families and unattached individuals. The survey which gathered the data defined a family as "a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption." Most of the data in this report is expressed in terms of families rather than the number of people in family units. An unattached individual is defined as a "person living alone or in a household where he/she is not related to other household members."

A poor or low-income family has an income below the poverty line, while a "non-poor" family has an income above the poverty line. The same applies for unattached individuals.

Poverty rates compare the number of poor persons, families or unattached individuals in a particular category to all the persons, families or unattached individuals in the same category. For example, there were an estimated 303,000 poor families with children under 18 headed by a female single parent under age 65 in 1992. The estimated total number of families with children under 18 headed by a female single parent under 65 was 520,000. The poverty rate was 303,000 divided by 520,000 or 58.4 percent.

Sometimes, the terms incidence of poverty or risk of poverty are used instead of the poverty rate. The meaning of all three terms is the same.

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, family allowances, the child tax credit, old age security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child



support payments, for example). The definition of income excludes gambling wins or losses, capital gains or losses, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump sum settlements of insurance policies, and income in kind.

Some sections of this report refer to earnings rather than income. Earnings means gross wages and salaries and net income from self-employment.

## **RECENT POVERTY TRENDS**

Fall-out from the recession of 1990-1991 was the dominant influence on the poverty statistics for 1992. Unemployment rates were up to levels not seen since the years immediately following the recession of 1981-1982, and the increase in unemployment led directly to an increase in poverty in 1992 for many groups of Canadians in the labour force and their dependents. With high unemployment rates continuing, the 1993 poverty statistics for people under age 65 are unlikely to be any better.

As in previous years, the good news is the continuing decline in poverty among seniors. Many poverty rates for different groups of people 65 and older hit record lows in 1992. The main reason for the drop in poverty among the elderly is government pension programs that were created a generation ago - notably the federal government's old age security pension and guaranteed income supplement and the Canada and Quebec Pension Plans.

This chapter shows major national trends in poverty from 1980 to 1992 using two types of measures. One looks at Canadians as individuals, the other as members of families or as unattached people living outside families.

### **Poverty Trends for Individual Canadians**

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as in Table 2 on the next page. In 1980, the number of people living in poverty was just over 3.6 million and the poverty rate was 15.3 percent. Both the number of poor people and the poverty rate rose following the recession of 1981-1982, declined slowly through 1989, and started rising again in 1990. By 1992, the number of poor people in Canada was more than 4.3 million and the poverty rate was 16.1 percent.

**TABLE 2**  
**POVERTY TRENDS, ALL PERSONS**

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%

Many of the other poverty statistics followed the same general pattern as the figures for all persons. Child poverty, for example, increased in the early 1980s, as shown in Table 3 on the next page. In the peak year of 1984, well over 1.2 million children under the age of 18 were living in poverty and the poverty rate was 19.6 percent. The number of poor children and the poverty rate declined through 1989, then started to rebound. In 1992, the number of poor children was more than 1.2 million and the poverty rate was 18.2 percent.

Additional information on child poverty by family type and provincial child poverty statistics appear later in this report.

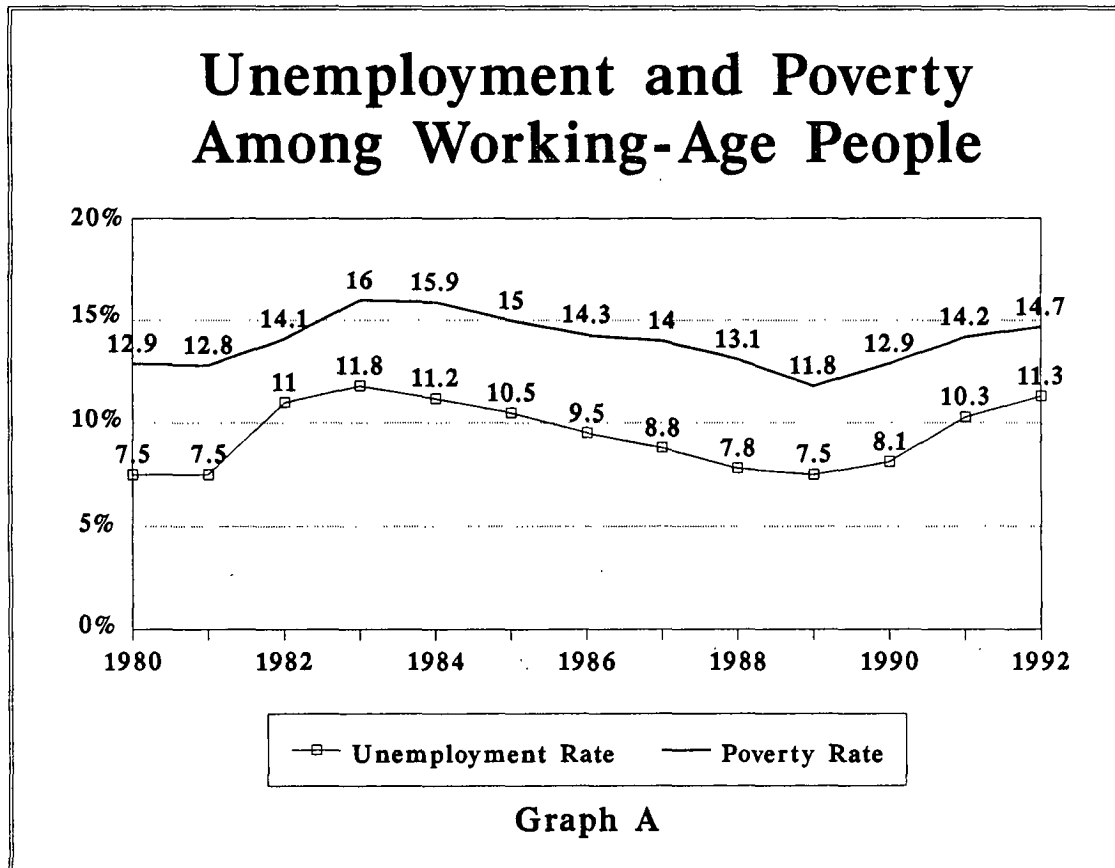
**TABLE 3**  
**POVERTY TRENDS, CHILDREN UNDER 18**

	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%

Children are poor because their parents are poor, and one of the main reasons for poverty among parents is a lack of good jobs. It should come as no surprise that the poverty rates for adults under age 65 tend to move up and down in line with changes in the unemployment rate.

Graph A plots the average annual unemployment rate for people 15 and older against the poverty rate for people ages 18 to 65, the group most likely to be in the labour force. As the percentage of unemployed people in the work force rose and fell, so did the percentage of adults under 65 living in poverty. In 1980, the unemployment rate was 7.5 percent and the poverty

rate for people 18 to 65 was 12.9 percent. In 1992, the unemployment rate was 11.3 percent and the poverty rate was 14.7 percent.



One group that is largely immune from high unemployment rates is seniors, because most of them are not in the labour force. The poverty rates for people 65 and older are more a reflection of the health of public and private pension programs than the health of the economy.

Pensions have improved tremendously during the last generation, and this is reflected in poverty rates and numbers for the elderly that have fallen more or less steadily since the first poverty statistics were published in Canada in 1969. Most of the improvements made in pension plans within the last decade were small. Nonetheless, the pension system continued to mature. Many of the people who retired in recent years were contributors to the Canada and Quebec

Pension Plans from the beginning of the plans in 1966 and retired with more pension income than the previous generation of seniors. Some seniors were lucky enough to have income from occupational pension plans connected with their former places of work.

<b>TABLE 4</b>		
<b><u>POVERTY TRENDS, PEOPLE 65 AND OLDER</u></b>		
	<b>Number of Seniors Living in Poverty</b>	<b>Poverty Rate</b>
1980	731,000	33.6%
1981	733,000	33.0%
1982	648,000	28.5%
1983	719,000	30.9%
1984	669,000	27.9%
1985	669,000	27.0%
1986	637,000	24.9%
1987	627,000	23.8%
1988	634,000	23.4%
1989	599,000	21.4%
1990	554,000	19.3%
1991	590,000	20.0%
1992	564,000	18.6%

Overall, the number of seniors living in poverty declined from 731,000 to 564,000 between 1980 and 1992, and the poverty rate fell from 33.6 percent to a record low 18.6 percent. Unattached seniors, especially widows, still face a very high risk of poverty, however.

**Poverty Trends for Families and Unattached Individuals**

While the poverty statistics for persons give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5. Throughout the period 1980 to 1992, the poverty rates for unattached people were roughly three times higher than the rates for families.

<b>TABLE 5</b>				
<b><u>POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS</u></b>				
	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
1983	1,007,000	15.3%	1,183,000	44.9%
1984	1,032,000	15.6%	1,118,000	41.3%
1985	963,000	14.3%	1,136,000	40.8%
1986	924,000	13.6%	1,112,000	38.3%
1987	895,000	13.1%	1,137,000	37.5%
1988	851,000	12.2%	1,172,000	37.7%
1989	786,000	11.1%	1,100,000	34.4%
1990	874,000	12.1%	1,123,000	34.1%
1991	949,000	13.1%	1,258,000	36.5%
1992	991,000	13.3%	1,247,000	36.2%

The number of poor families and the poverty rate went up in the aftermath of the recession of 1981-1982, declined through 1989 and started rising again in 1990 as Canada entered another recession. The figures for unattached individuals followed much the same pattern, but declined a bit in 1992.

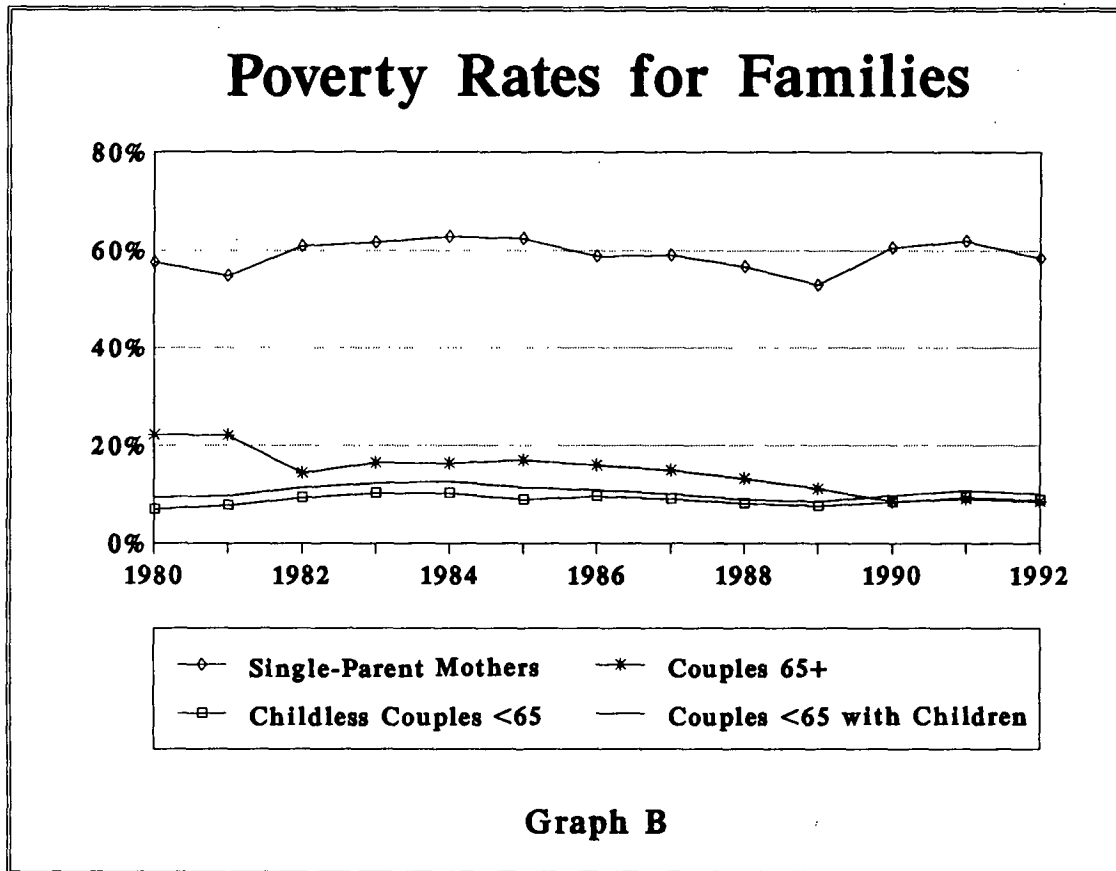
One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and two-earner couples now far outnumber one-earner couples. Many older families are couples where both spouses had careers outside the home and where both get pension benefits aside from the federal government's old age security pension.

An even better view of poverty comes by breaking down families and unattached individuals into their major subcategories - which we call family types for want of a better term. The four subcategories of families are married couples where the head of the family is 65 or older; married couples under 65 with children under 18; married couples under 65 without children under 18; and single-parent mothers under 65 with children under 18. Altogether, these four subcategories accounted for 81 percent of all poor families in 1992. The other 19 percent was made up of less common family types, such as married couples living with children who were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together. The four subcategories of unattached individuals are unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. These four subcategories account for 100 percent of unattached individuals.

The importance of a second wage-earner or second source of pension income becomes obvious from the poverty statistics for the four subcategories of families in Graph B. The poverty rates for married couples were all low, regardless of the age of the spouses or the presence of children at home. The poverty rates for families led by single-parent mothers were incredibly high.

The actual poverty rates for each year from 1980 to 1992 for the four types of families are given in Table 6.





The rates for single-parent mothers were high without exception throughout the period. The highest rate was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By way of comparison, single-parent fathers under 65 with children under 18 had a poverty rate of 21.5 percent in 1992. The highest rate for single-parent fathers during the entire period was 28.5 percent in 1983, and the lowest was 18 percent in 1987.

Married couples with the head of the family 65 or older saw their poverty rates decline throughout the period. The rate of 8.5 percent in 1992 tied the record low of 1990.

Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with the ups and downs in the economy. The rates were

relatively low for couples with children under 18 and couples without children, although the rates for childless couples were consistently a bit lower.

<b>TABLE 6</b>				
<b><u>POVERTY RATES FOR FAMILIES, 1980-1992</u></b>				
	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	8.9%	11.3%
1986	58.8%	15.9%	9.5%	10.8%
1987	59.0%	14.9%	9.0%	10.1%
1988	56.7%	13.2%	8.1%	8.9%
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%

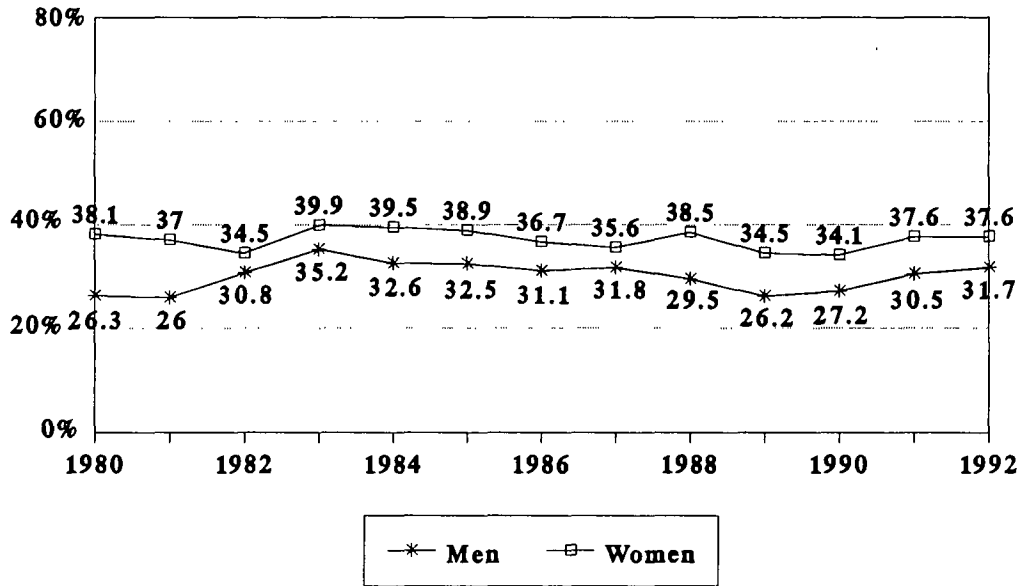
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families led by single-parent mothers.

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph C. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

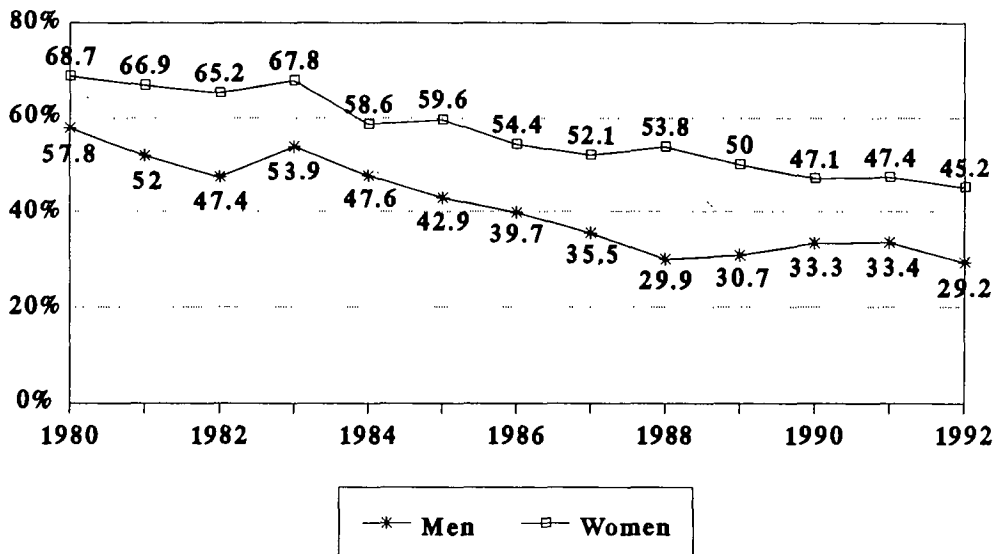
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 37.6 percent in 1992. The comparable rates for men were 26.3 percent in 1980 and 31.7 percent in 1992. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women fell from 68.7 percent in 1980 to a record low 45.2 percent in 1992. The rate for men dropped from 57.8 percent in 1980 to a record low 29.2 percent in 1992. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

## Poverty Rates for Unattached People Under 65



## Poverty Rates for Unattached People 65 and Older



Graph C

**VIEW FROM THE PROVINCES**

Unemployment rates, the adequacy of pension programs, and family type are major determinants of poverty in all parts of Canada, but there are important differences from province to province. Table 7 gives the 1992 provincial statistics for families, unattached individuals, and all persons. Even a quick glance at the table is enough to see substantial variations. For families, poverty rates ranged from a low of 7.5 percent in Prince Edward Island to a high of 18.3 percent in Newfoundland. The range for unattached individuals was even greater, from 30.7 percent in Ontario to 44.4 percent in Nova Scotia and 44.8 percent in Quebec. Poverty rates for all persons went from 10.8 percent in P.E.I. to 20 percent in Newfoundland.

<b>TABLE 7</b>						
<b>POVERTY BY PROVINCE, 1992</b>						
	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	28,000	18.3%	16,000	39.4%	113,000	20.0%
Prince Edward Island	3,000	7.5%	5,000	31.3%	14,000	10.8%
Nova Scotia	34,000	14.0%	46,000	44.4%	148,000	17.2%
New Brunswick	23,000	11.7%	26,000	37.1%	97,000	13.8%
Quebec	288,000	14.9%	399,000	44.8%	1,229,000	18.0%
Ontario	311,000	11.2%	372,000	30.7%	1,334,000	13.3%
Manitoba	40,000	14.4%	56,000	43.2%	198,000	19.1%
Saskatchewan	35,000	13.6%	41,000	34.4%	161,000	17.1%
Alberta	110,000	16.2%	118,000	35.8%	489,000	19.4%
British Columbia	119,000	13.4%	168,000	31.6%	537,000	16.4%
Canada	991,000	13.3%	1,247,000	36.2%	4,320,000	16.1%

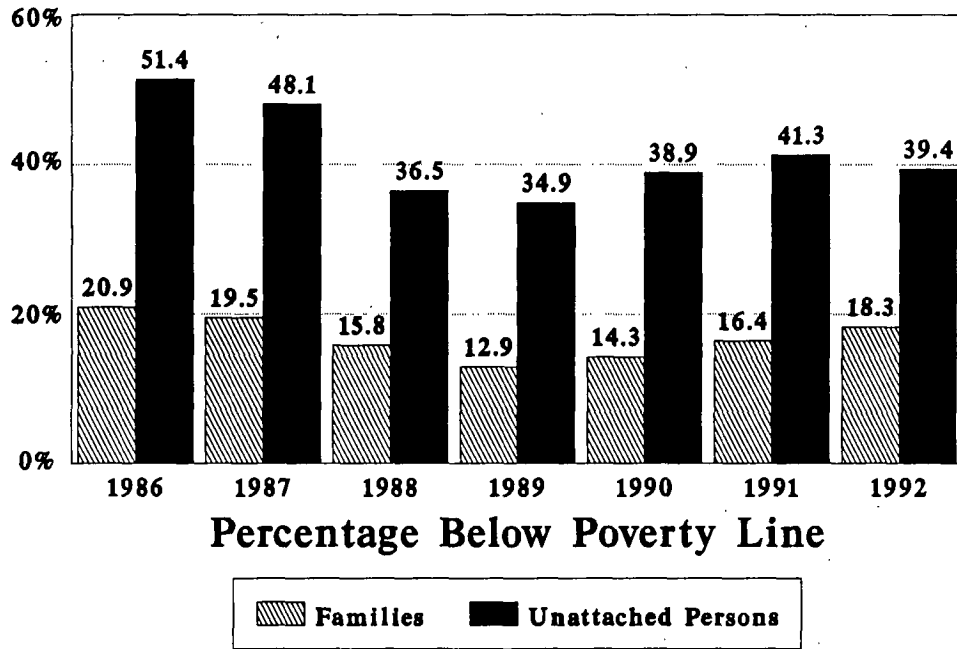
The next ten pages contain graphs with detailed information on poverty by province. The top half of each page gives the poverty rates for families and unattached individuals from 1986 through 1992. As with the national statistics, the rates for unattached persons are invariably much higher than the rates for families. The bottom half of each page plots provincial poverty rates for all persons from 1980 to 1992. The line with diamond markers and accompanied by percentages shows provincial poverty rates. For purposes of comparison, each graph includes a second line showing the poverty rates for Canada as a whole. The percentages were omitted from this line to avoid confusion in cases where the two lines are close together.

The two largest provinces have the most consistent trends for families, unattached individuals and all persons. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

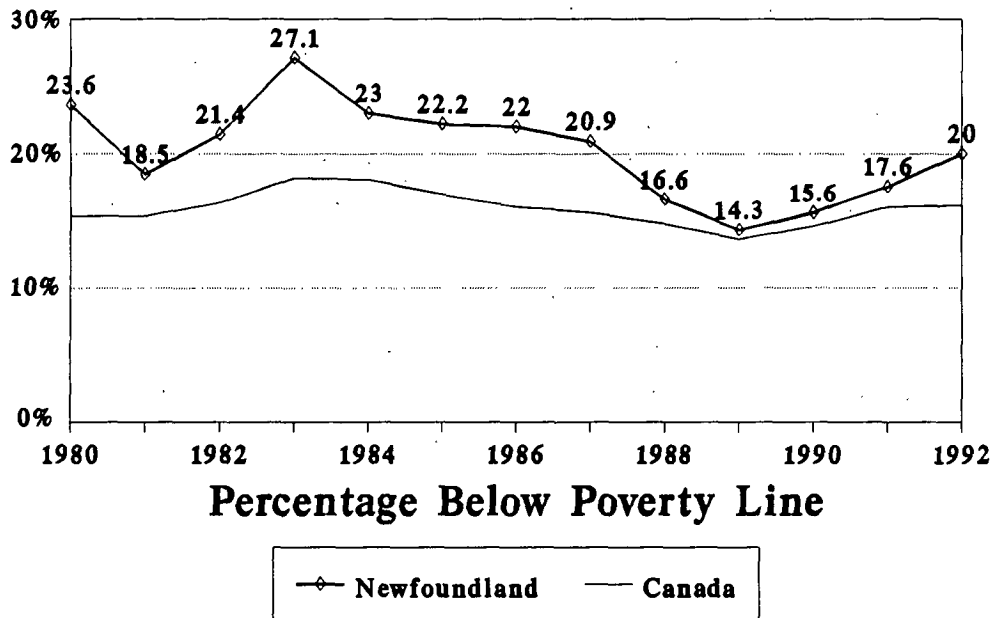
Poverty rates were generally above average in Newfoundland. Particularly disturbing was the increase in family poverty from 12.9 percent in 1989 to 18.3 percent in 1992. Prince Edward Island generally posted lower than average rates. Specific year-to-year changes should be treated with caution, however, because of the small population of the island and the small sample size used in the Statistics Canada survey. There have been sharp swings in the rates for unattached people in the last several years. Nova Scotia normally has poverty rates near the national average, but the rate for unattached individuals jumped to 35.6 percent in 1991 and 44.4 percent in 1992. Poverty rates in New Brunswick were normally higher than average at the start of the 1980s but fell to average or below average by the latter part of the decade.

Manitoba generally had above average poverty rates. Saskatchewan, Alberta and British Columbia had rates for families and all persons that were average or above average, and they had rates for unattached individuals that were below average. Poverty rates for all persons in Alberta once were well below average, but rose dramatically in 1983 and remained average or above average. From 1991 to 1992, the poverty rate for all persons in Alberta jumped from 15.9 to 19.4 percent, and the poverty rate for Alberta families went from 13.1 percent to 16.2 percent.

# Newfoundland

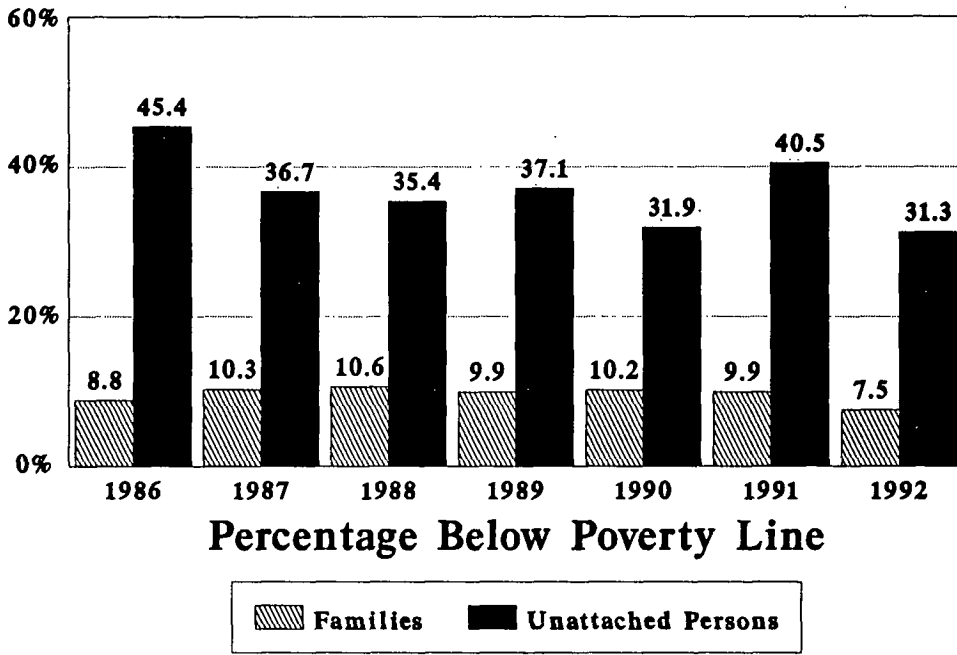


## Trends for All Persons

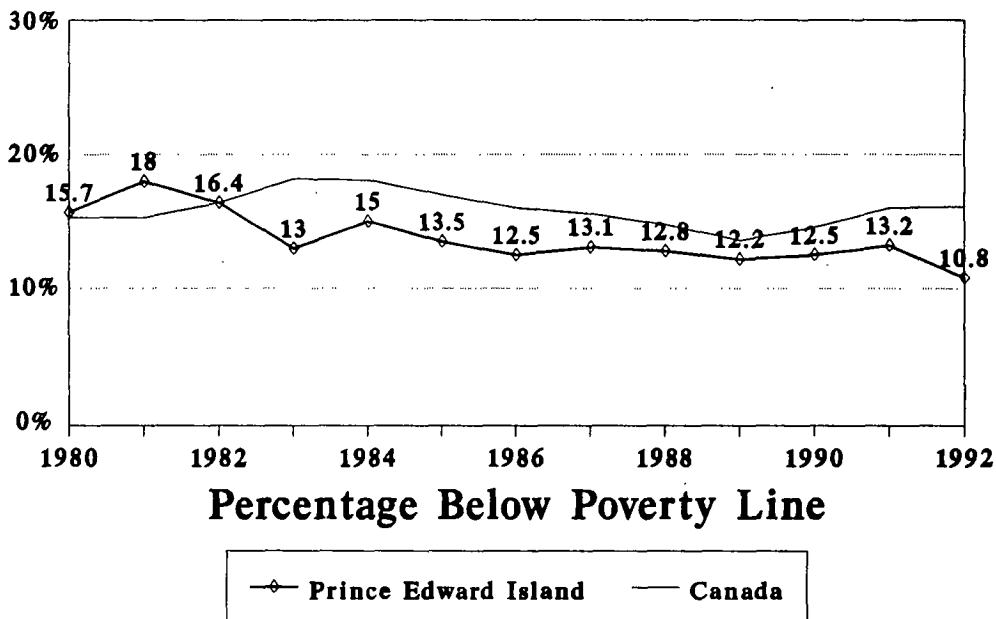


Graph D

# Prince Edward Island



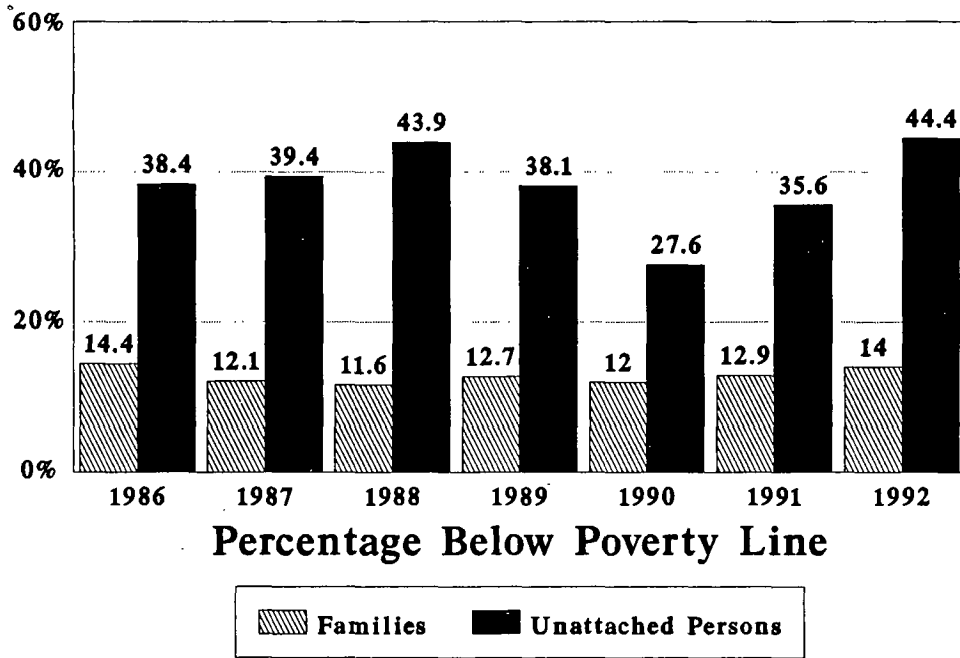
# Trends for All Persons



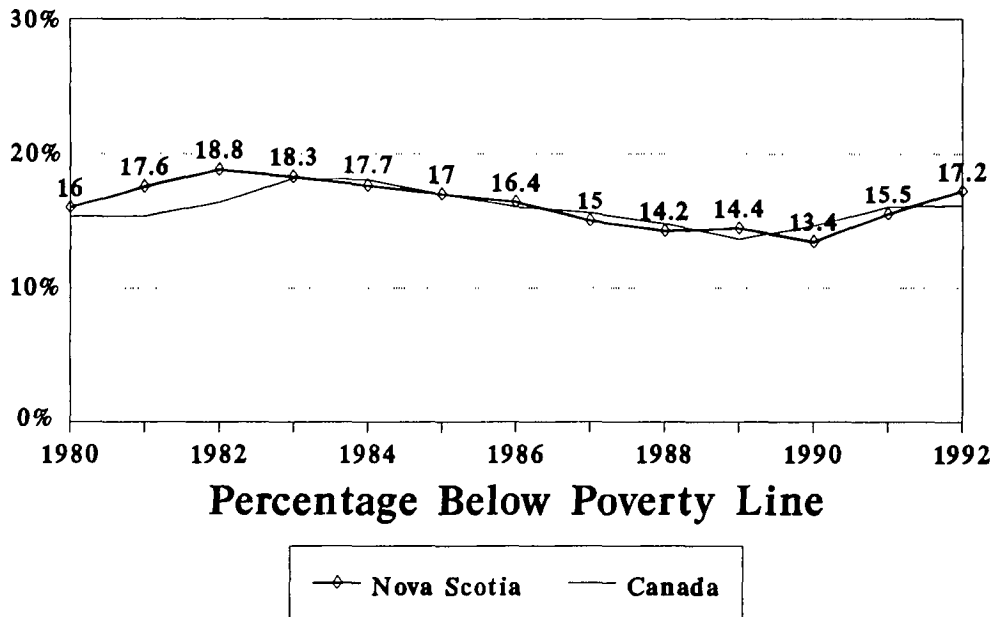
Graph E



# Nova Scotia

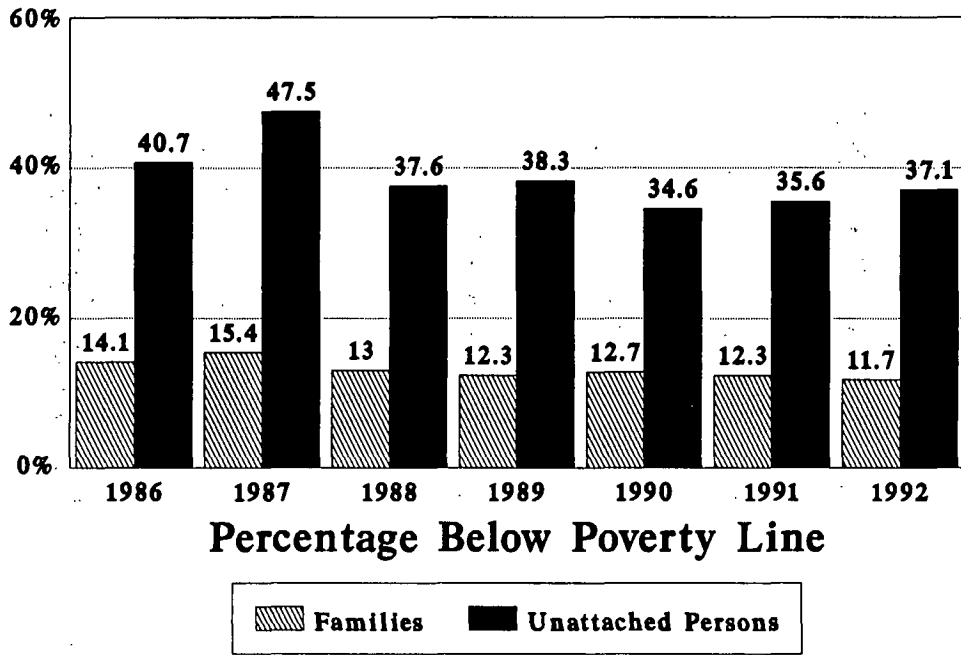


## Trends for All Persons

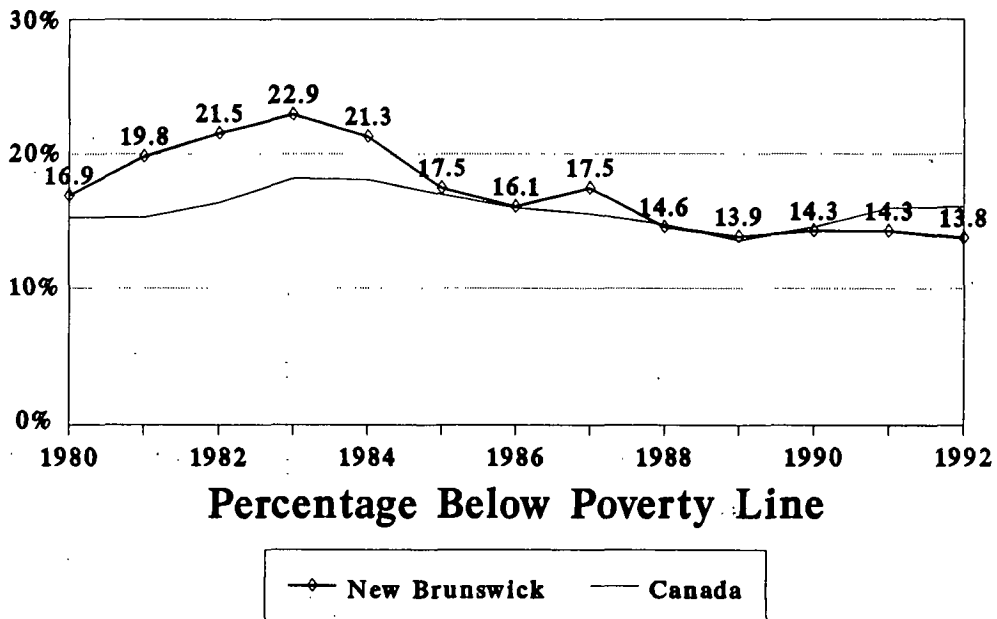


Graph F

# New Brunswick

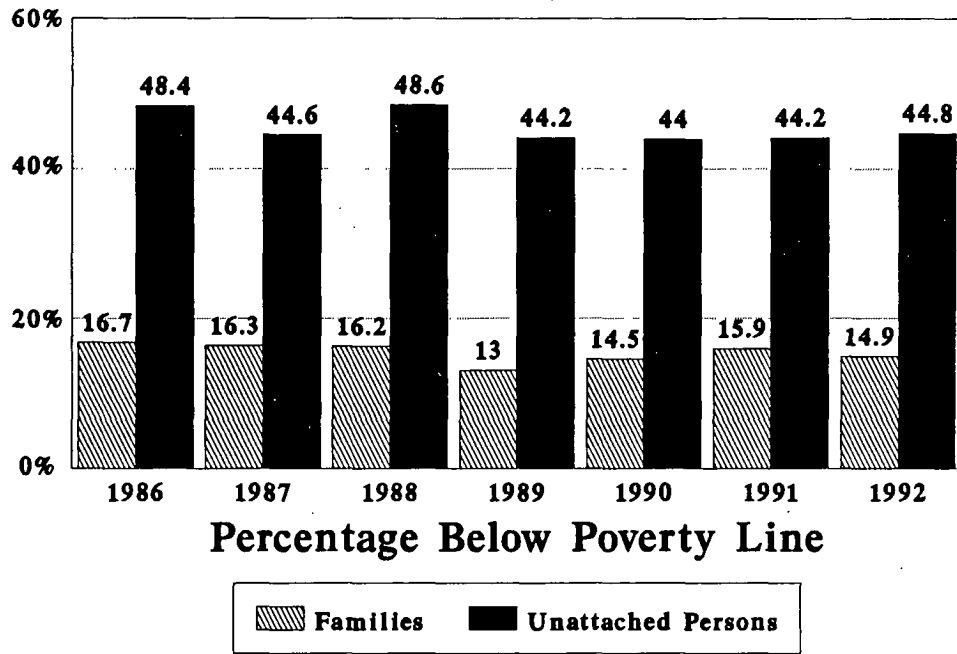


## Trends for All Persons

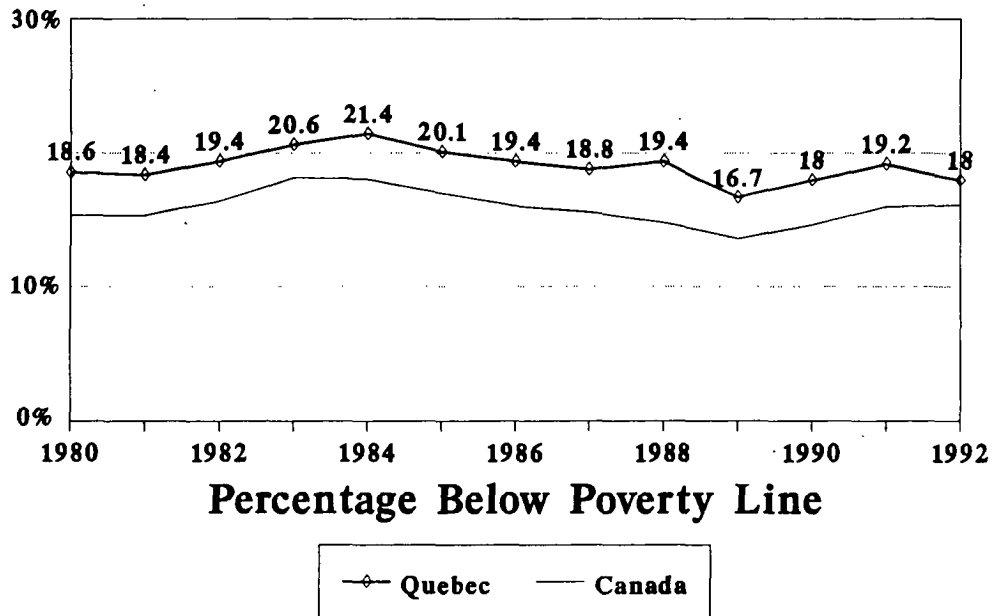


Graph G

# Quebec

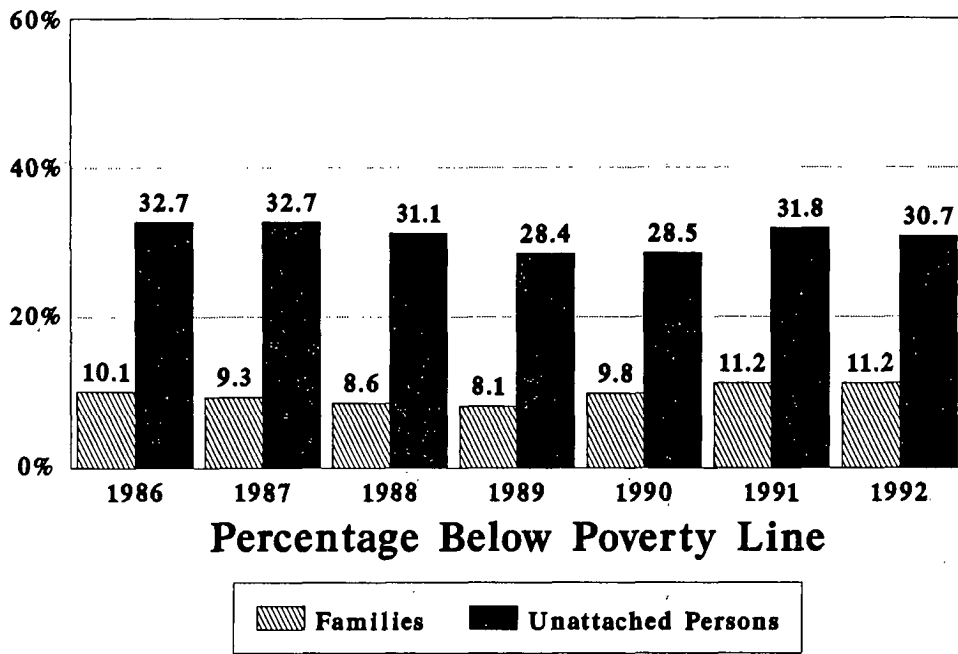


## Trends for All Persons

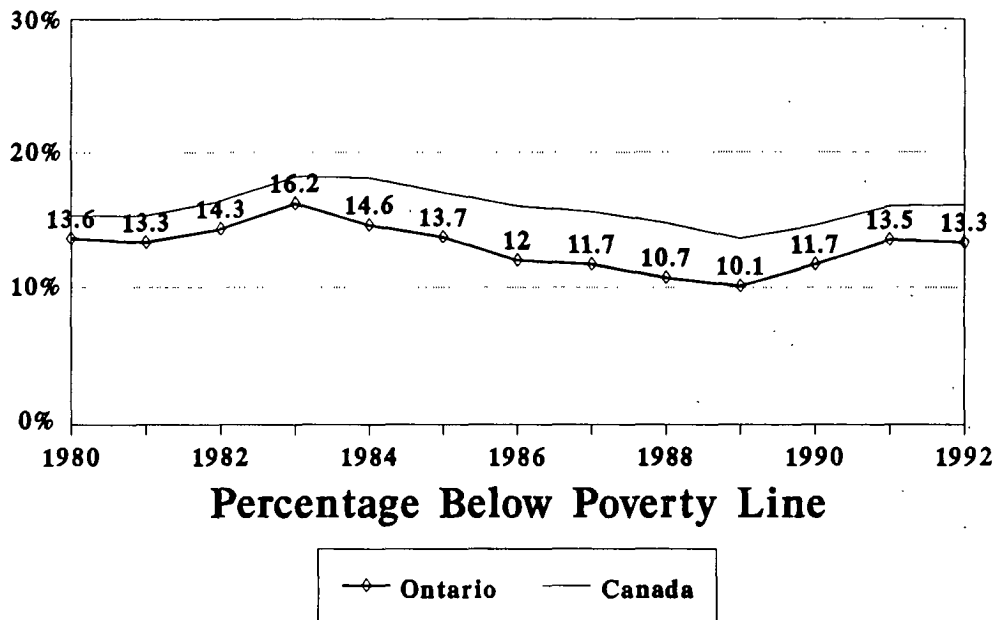


Graph H

# Ontario

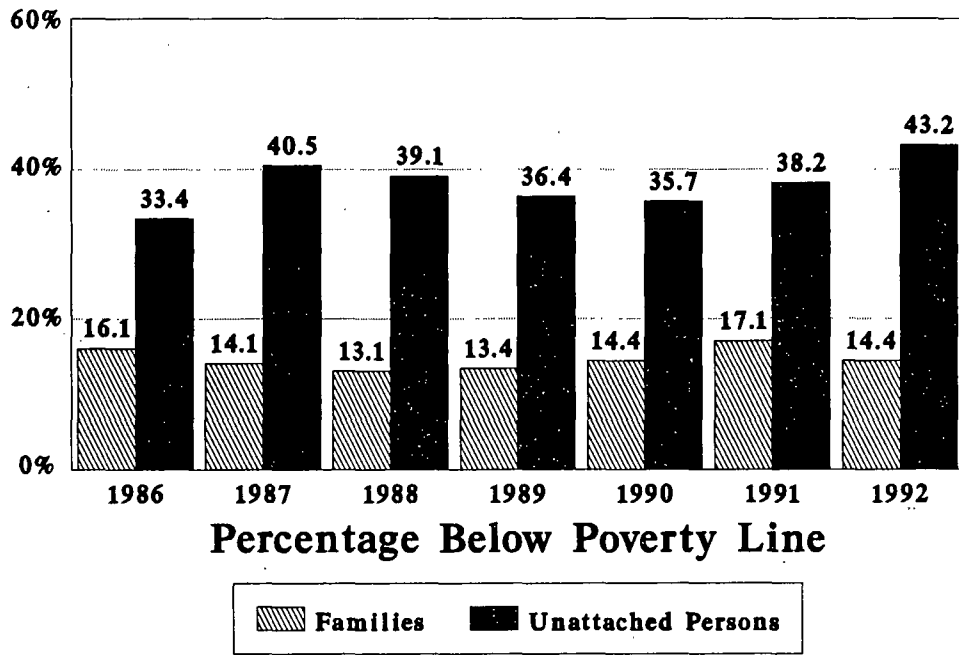


## Trends for All Persons

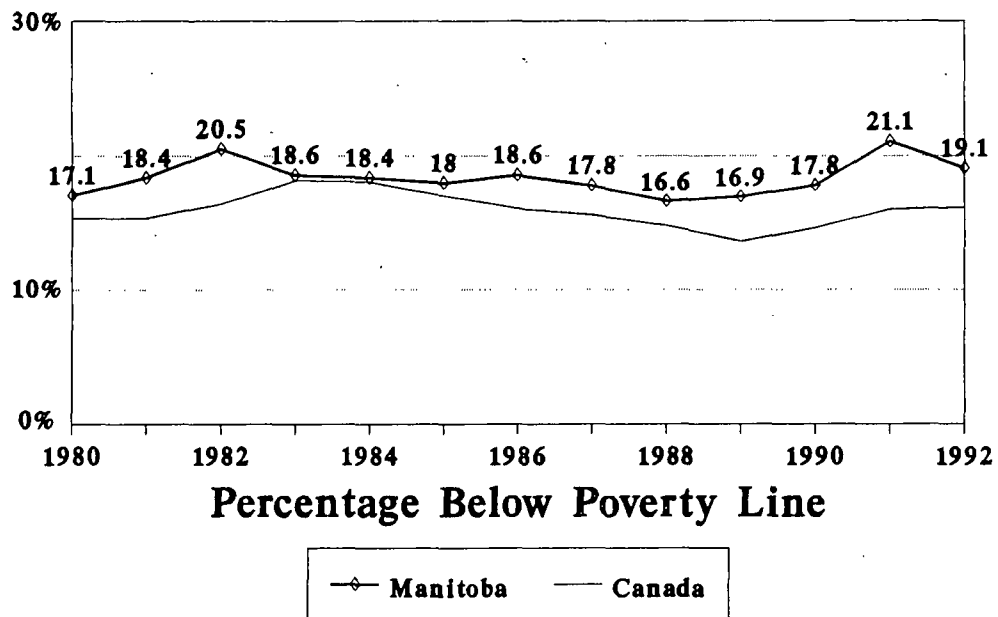


Graph I

# Manitoba

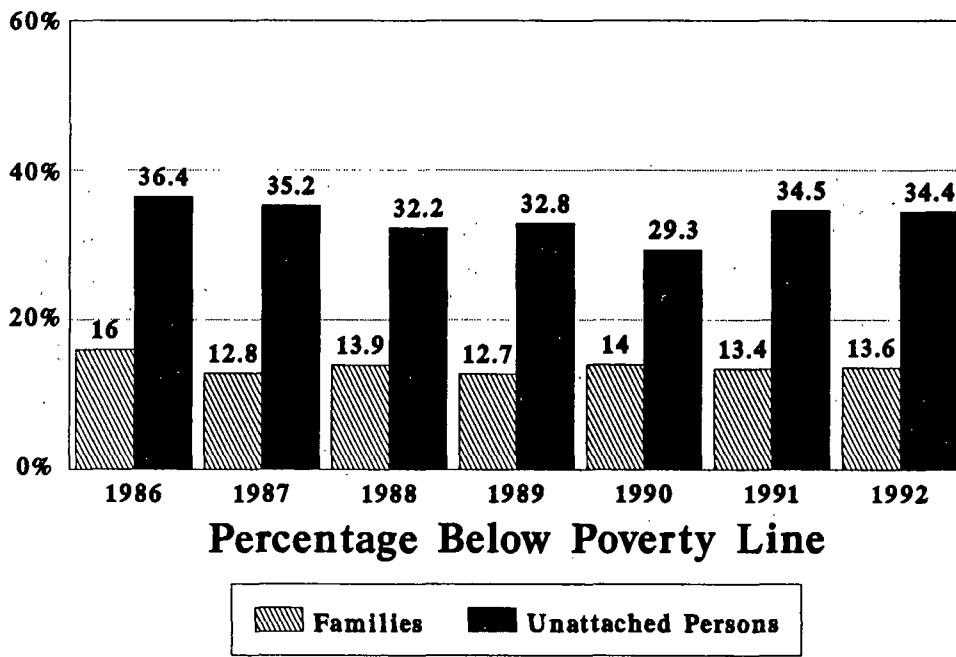


## Trends for All Persons

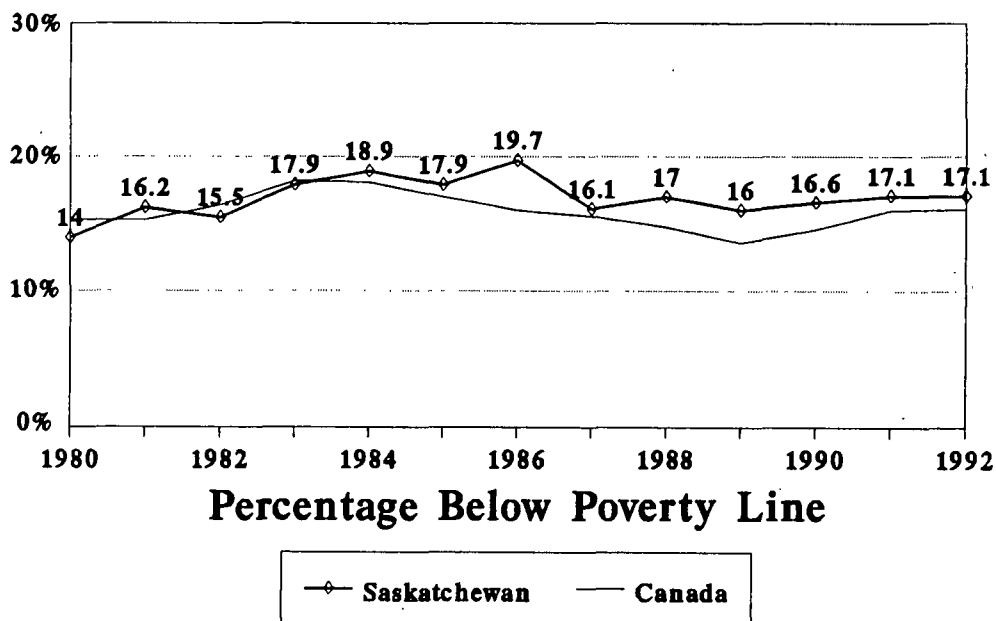


Graph J

# Saskatchewan

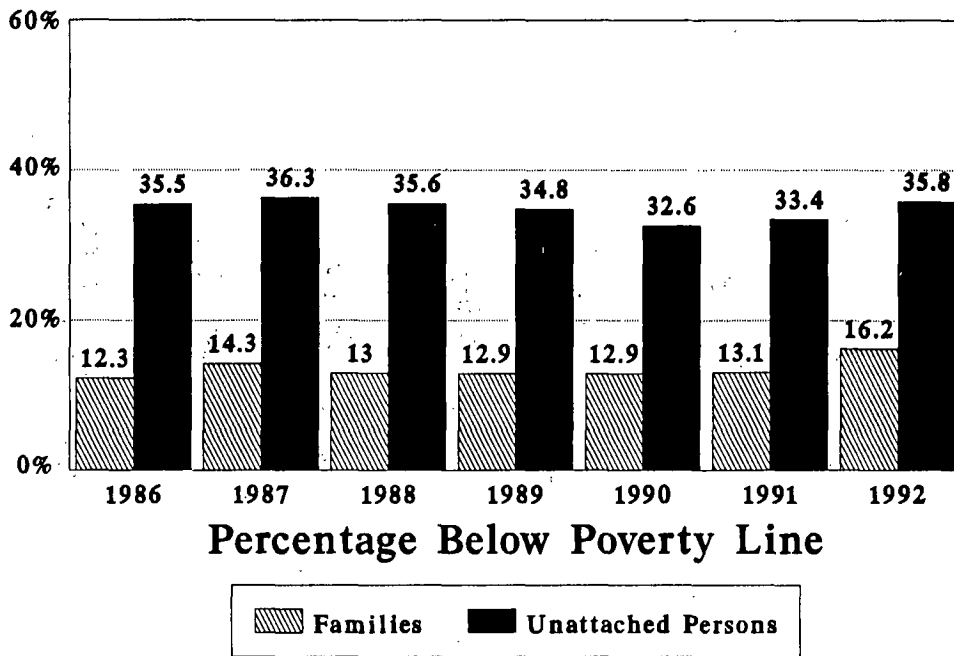


## Trends for All Persons

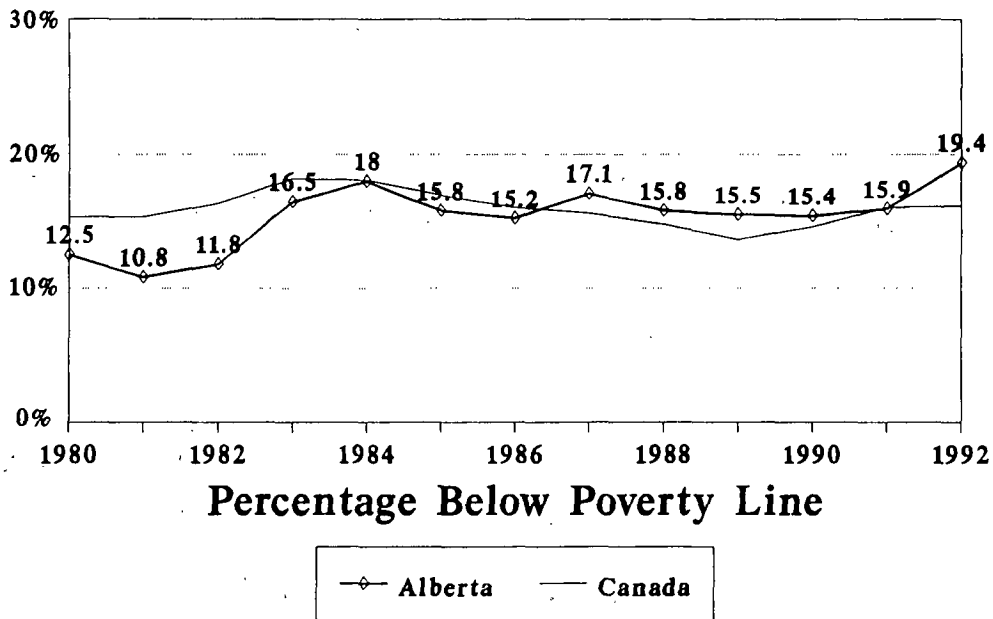


Graph K

# Alberta

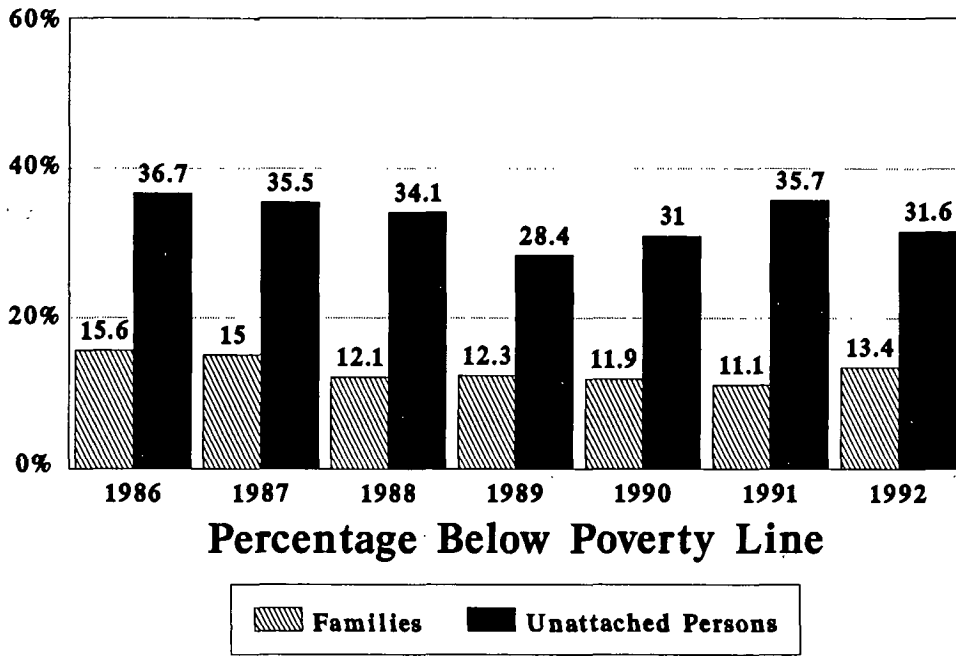


## Trends for All Persons

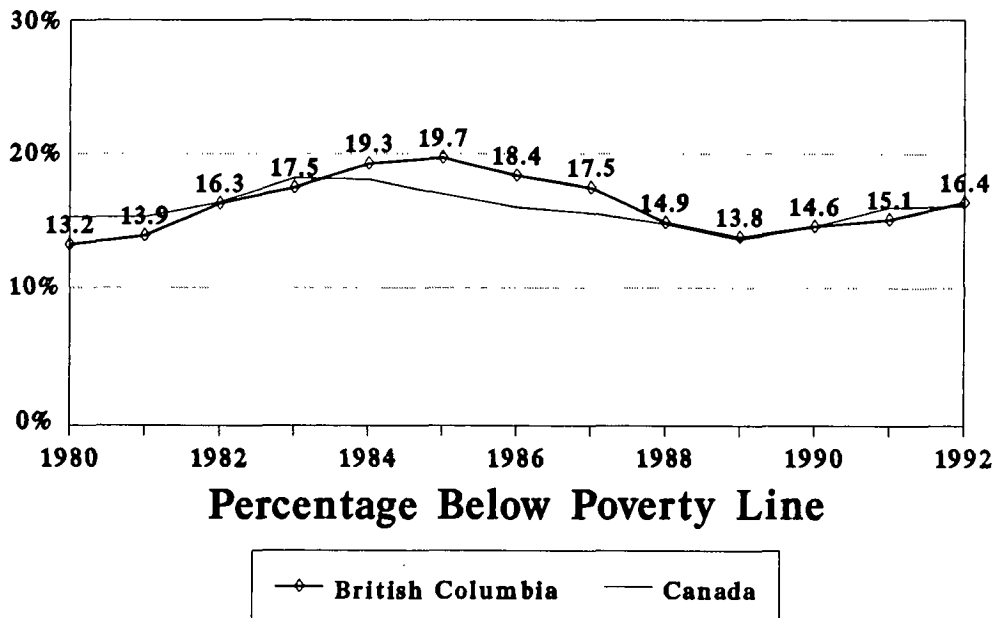


Graph L

# British Columbia



## Trends for All Persons



Graph M



## **SNAPSHOTS OF POVERTY IN 1992**

Poverty rates vary with family type, sex, age, employment, education, housing and population of area of residence. Among families with children, they vary with the number and age of the children. Among immigrants, there are important differences based on the length of time in Canada.

### **Family Type**

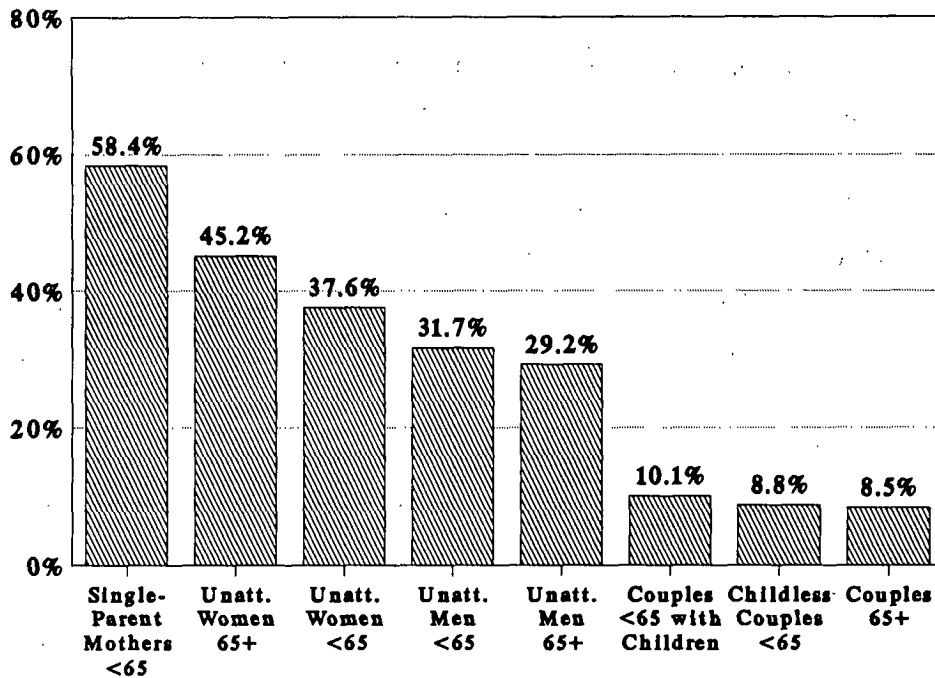
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph N on the next page arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate was single-parent mothers under 65 with children under 18. The next four bars represent unattached individuals. The poverty rates for unattached women were higher than the rates for unattached men. The three types of husband-wife families had relatively low poverty rates.

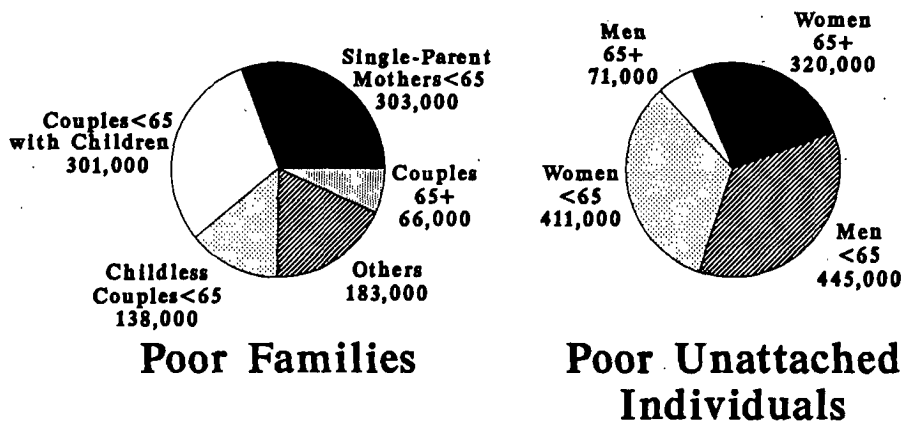
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were poor families led by single-parent mothers under age 65 with children under 18 and couples under 65 with children under 18. The numbers were almost the same, 303,000 and 301,000.

Among poor unattached individuals, the most revealing comparison was between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of more than four to one. The numbers of poor unattached people under 65 were much closer, 445,000 men to 411,000 women.

## Poverty Rates by Family Type, 1992



## Distribution of Poor Families And Unattached Individuals, 1992



Graph N

### **Additional Differences by Age, Sex and Family Type**

There are other important differences in poverty rates by age and sex and by age and family type, as shown in Graph O on the next page.

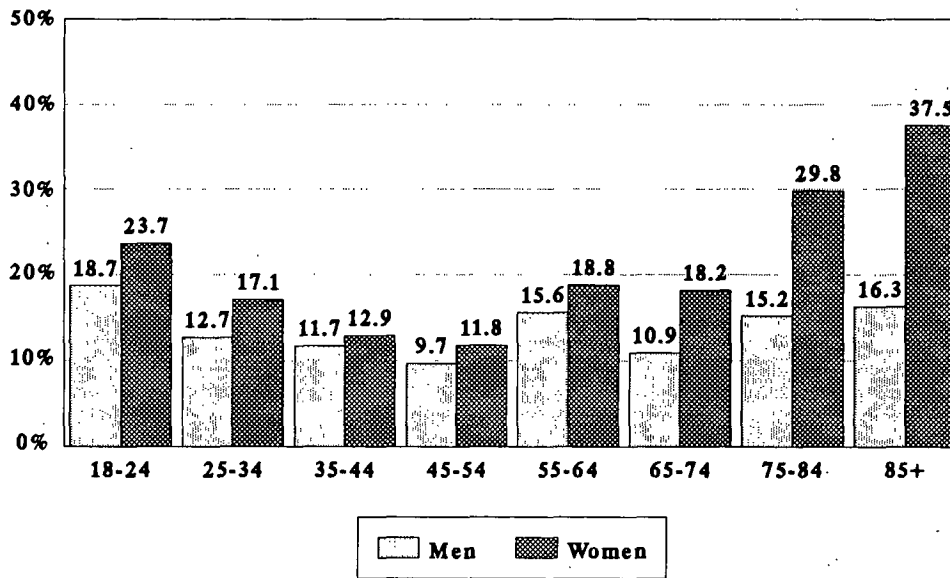
The top half of the graph gives the poverty rates for men and women by age, irrespective of their family status. In all cases, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups. Additional information about poverty among men and women is presented later in this report.

The poverty rates for both sexes were relatively high for the age group 18 through 24. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows.

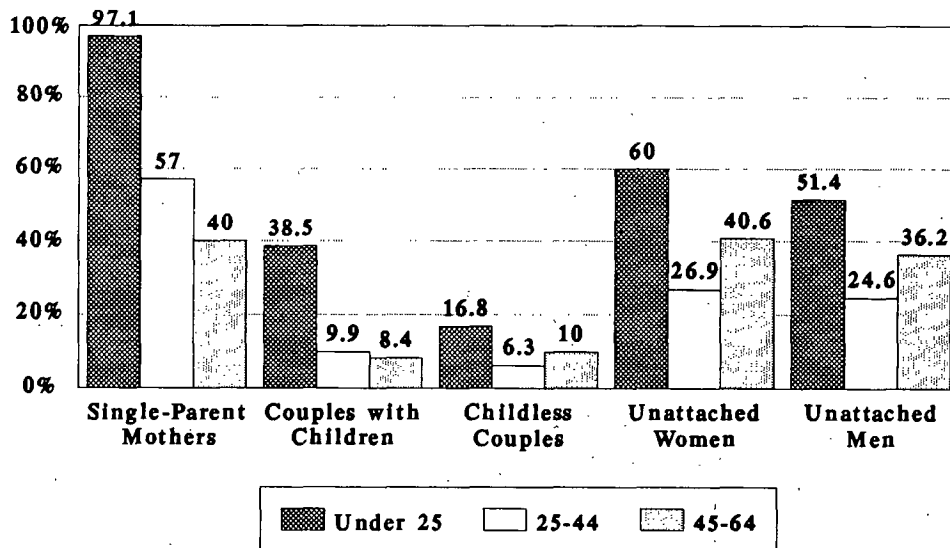
The rates for older men and women show a widening gap between the sexes. For men, the poverty rate dropped substantially from the age group 55 through 64 to the age group 65 through 74, bounced up for the age group 75 through 84 and rose a bit more among the relatively small number of men aged 85 and older. For women, the poverty rate for the age group 55 through 64 was almost the same as the rate for the group 65 through 74. The big increases came in subsequent age groups, with the poverty rate climbing to 37.5 percent for women 85 and older. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached persons invariably have higher poverty rates than married people.

The bottom half of the graph shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 97.1 percent. The comparable rates for older families led by single-parent mothers were 57 percent for heads of families 25 through 44 and 40 percent for heads of families 45 through 64.

## Poverty Rates for Persons By Age and Sex, 1992



## Poverty Rates by Family Type And Age of Head, 1992



Graph O

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In the case of the couples under 65 without children and unattached men and women, the poverty rates rose in the age group 45 through 64.

In terms of numbers, 76 percent of the poor single-parent mothers and 74 percent of the poor couples with children under 18 fell into the age group 25 through 44. The pattern was different for poor couples without children, with 61 percent of them in the group 45 through 64. Forty-six percent of the poor unattached men were in the age group 25 through 44, and 41 percent of the poor unattached women were ages 45 through 64.

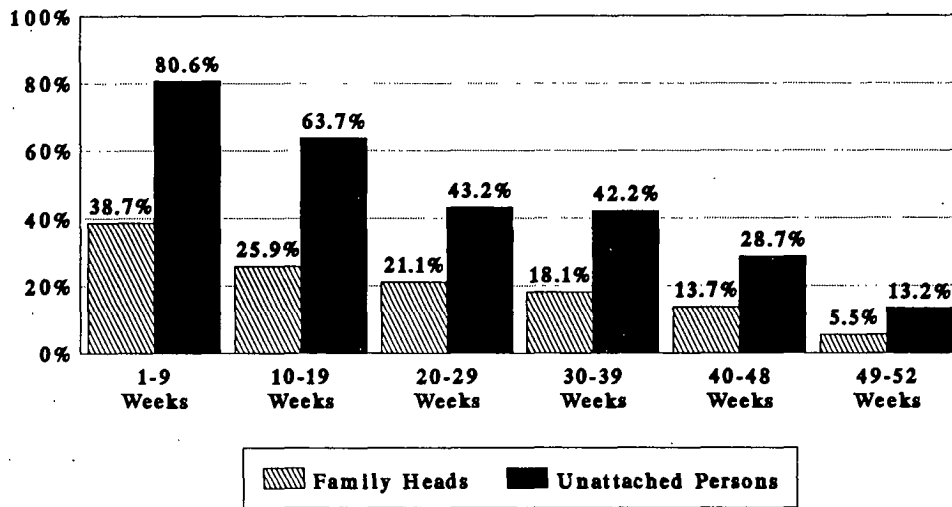
People often change family status several times in the course of their adult lives, and the bottom half of Graph O should be interpreted with this in mind. The poor single-parent mothers under age 25, for example, are not destined to be the poor single-parent mothers in the two older age groups. They could become poor or non-poor married persons with children, poor or non-poor married persons without children once the children grow up, or poor or non-poor unattached persons.

### **Work Activity**

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65, and Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing relates poverty rates to the number of weeks worked during the year for those under age 65, as shown in Graph P on the next page.

Heads of families and unattached people under 65 who worked only one to nine weeks in 1992 had the highest poverty rates, while those who worked full-time or almost full-time had low rates. As with other poverty statistics, the rates were consistently lower for families than unattached people, because many families had earners in addition to the head of the family. In fact, families in all age groups with one earner had a poverty rate of 20.3 percent in 1992, while families with two earners had a poverty rate of only 5.5 percent, and families with three or more earners had a poverty rate of 3.8 percent.

## Poverty Rates By Weeks of Work For Family Heads and Unattached Individuals Under 65, 1992



Graph P

Poverty rates for both families and unattached individuals also vary with the type of work done. Table 8 on the next page is arranged so that occupational groupings with the lowest poverty rates for family heads come first and the highest rates come last. The ranking of poverty rates for unattached individuals is somewhat different. In both cases, however, family heads and unattached individuals in managerial jobs had the lowest poverty rates, and workers in service industries had the highest rates.

**TABLE 8**  
**POVERTY RATES BY OCCUPATION, 1992**

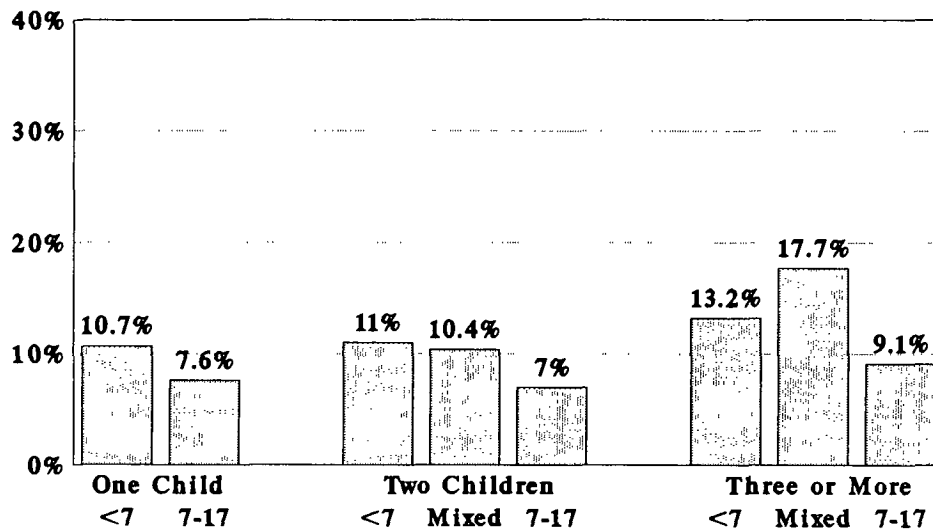
Occupational Group	Family Heads	Unattached Individuals
Managerial	3.4%	10.6%
Processing and Machining	5.4%	13.1%
Professional	5.7%	15.6%
Transport	6.5%	30.0%
Product Fabrication	8.9%	17.7%
Construction	9.0%	27.6%
Sales	9.2%	25.6%
Clerical	13.2%	25.2%
Farming, Fishing, Forestry	14.5%	27.4%
Services	21.0%	40.5%

**Number and Age of Children**

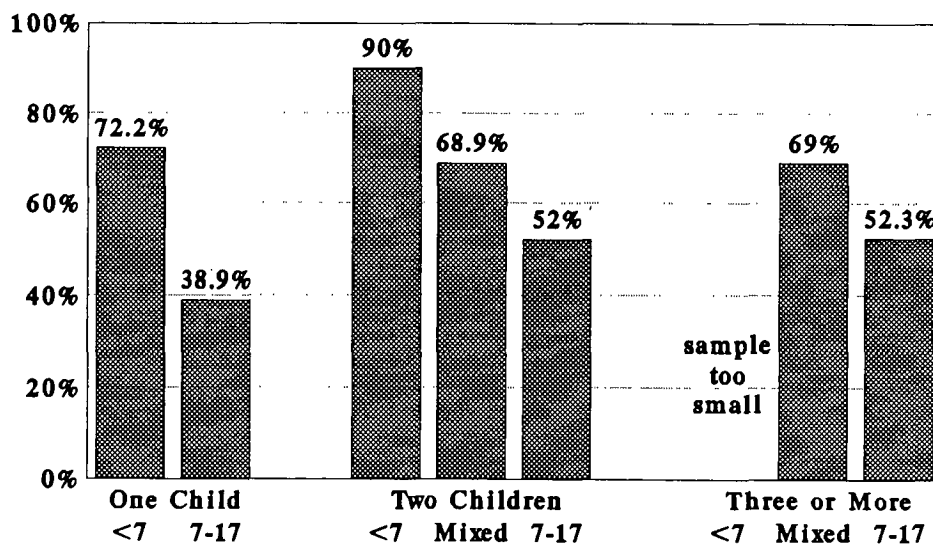
We have seen how poverty rates vary by family type. Rates for two-parent families are relatively low, and rates for families led by single-parent mothers are sky-high. Within these general ranges, the rates vary noticeably with the number and age of children.

The top half of Graph Q on the next page shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

### Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1992



### Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1992



Graph Q



For example, the poverty rate for two-parent families with two children under age seven was 11 percent in 1992. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was almost the same at 10.4 percent. The big drop, to seven percent, occurred among families with two children both seven or older.

The same pattern was evident among families with two children led by single-parent mothers. The poverty rate was an almost unbelievable 90 percent when both children were under seven, it fell to 68.9 percent when one of the children was seven or older, and it fell again to 52 percent once both children had reached seven.

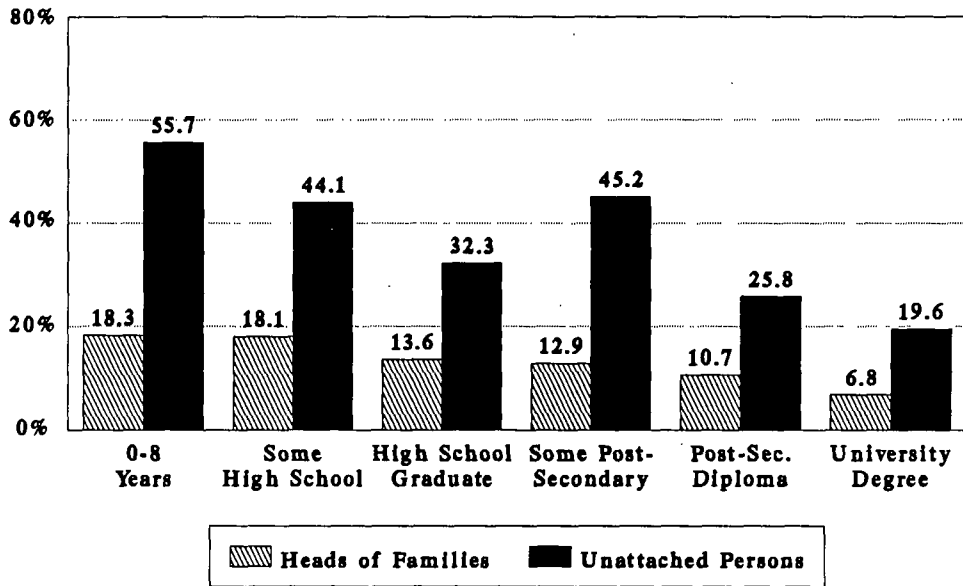
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers often keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children are off to school.

As an aside, it is interesting to note from other statistics that families led by single-parent mothers had fewer children on average than two-parent families. In 1992, poor single-parent mothers under 65 had an average of 1.74 children, and single-parent mothers who were not poor had an average of 1.55 children. Among couples under 65 with children, poor couples had 2.08 children on average and non-poor couples had 1.85 children.

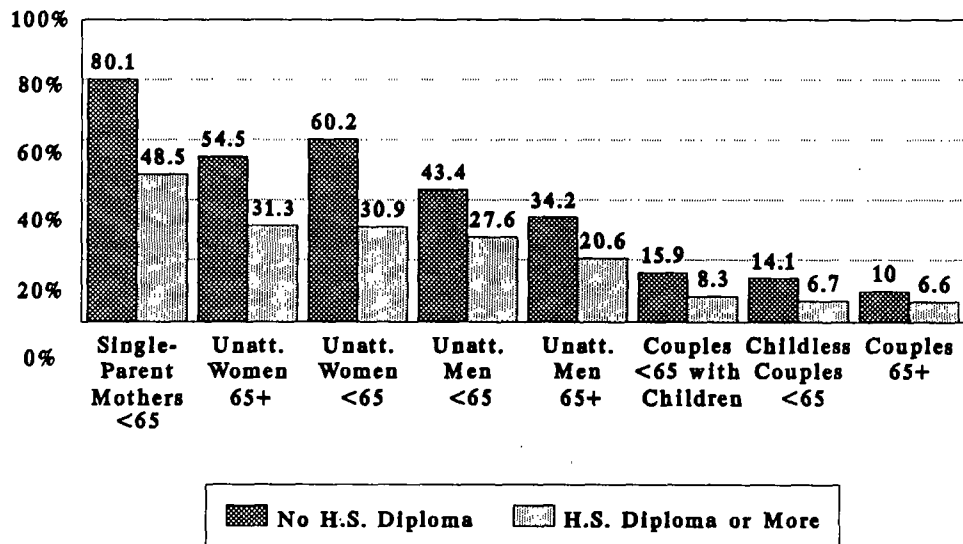
### **Education**

The risk of poverty normally decreases as people get more schooling. The top half of Graph R on the next page shows poverty rates in excess of 18 percent for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals, except that the pattern was broken for unattached people with some post-secondary education who did not complete their courses of study. There is no obvious explanation for the higher poverty rate for this group.

## Poverty Rates by Highest Level of Education Completed, 1992



## Poverty Rates by Family Type And Level of Education, 1992



Graph R

Seen another way, there were a disproportionate number of poor people with low levels of education. Of the 1,247,000 unattached people who were poor in 1992, 595,000 or 48 percent did not finish high school. Among unattached people who were not poor, only 27 percent failed to finish high school. Of the 991,000 families who were poor in 1992, 444,000 or 45 percent were headed by people who did not finish high school. The comparable figure for heads of families who were not poor was 31 percent.

To get a better idea of the relationship between education and poverty, we looked at poverty rates by family type as well as by level of education. The bottom part of Graph R shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or better.

The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 80.1 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 48.5 percent - again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. The fact that they are poorly educated is a result of their family circumstances rather than an immediate cause of poverty.

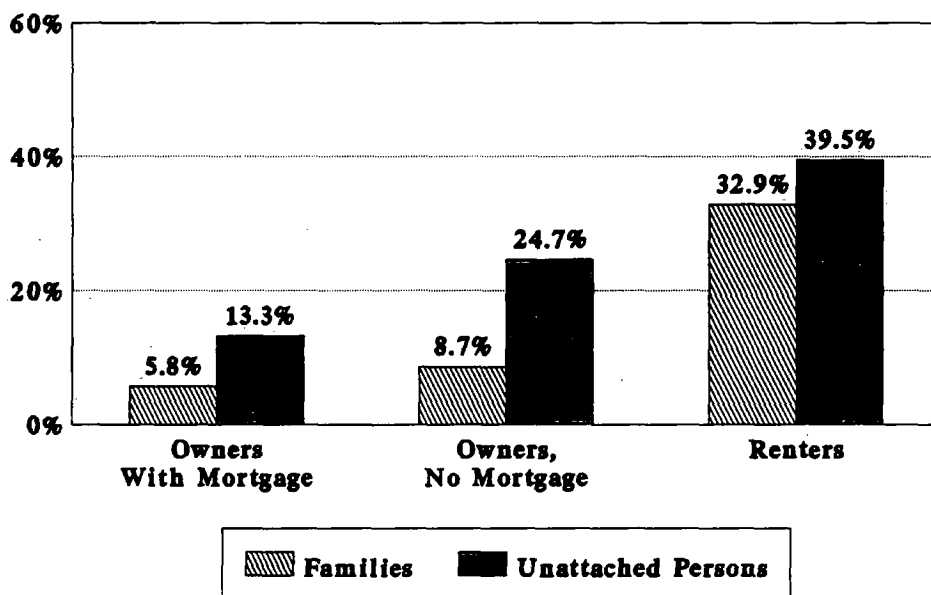
### **Homeowners and Renters**

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters. Graph S on the next page gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals.

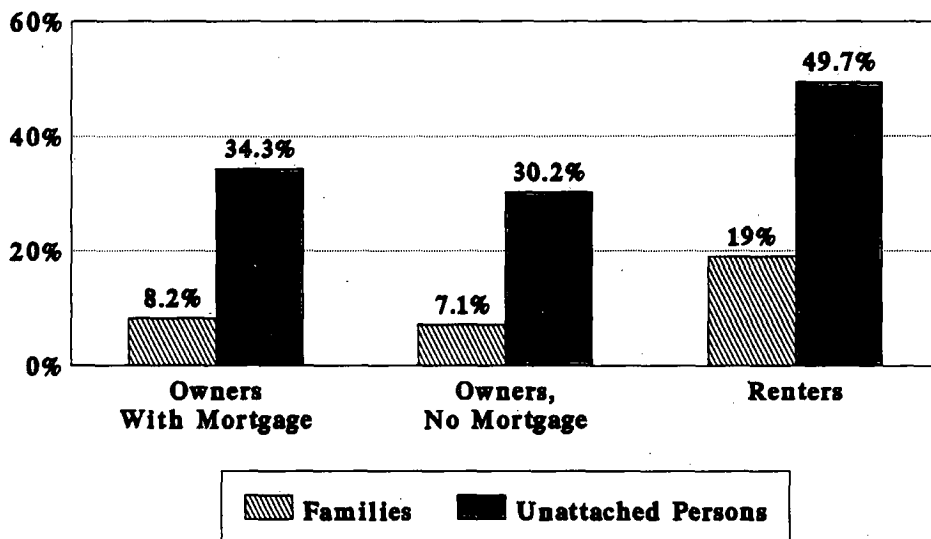
For both groups, poverty rates were higher for unattached individuals than for families, and renters had higher poverty rates than homeowners with or without mortgages. However, the top and bottom portions of the graph show some interesting differences between the two age groups. For the under 65 group, poverty rates increased from the category homeowners with mortgages to owners without mortgages to renters. For the 65 and older group, the pattern was different: homeowners without mortgages had lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group. For those under 65, 64 percent of the poor families and 87 percent of the poor unattached individuals were renters. For those 65 and older, the percentage of renters fell to 37 percent for poor families and 66 percent for poor unattached individuals. Many of the rest of the poor seniors were homeowners without mortgages. Presumably, most of the poor seniors who were homeowners without mortgages had paid off their mortgages during the course of their working lives but still wound up in poverty because their annual retirement incomes were very low.

## Poverty Rates for Homeowners And Renters Under 65, 1992



## Poverty Rates for Homeowners And Renters 65 and Older, 1992

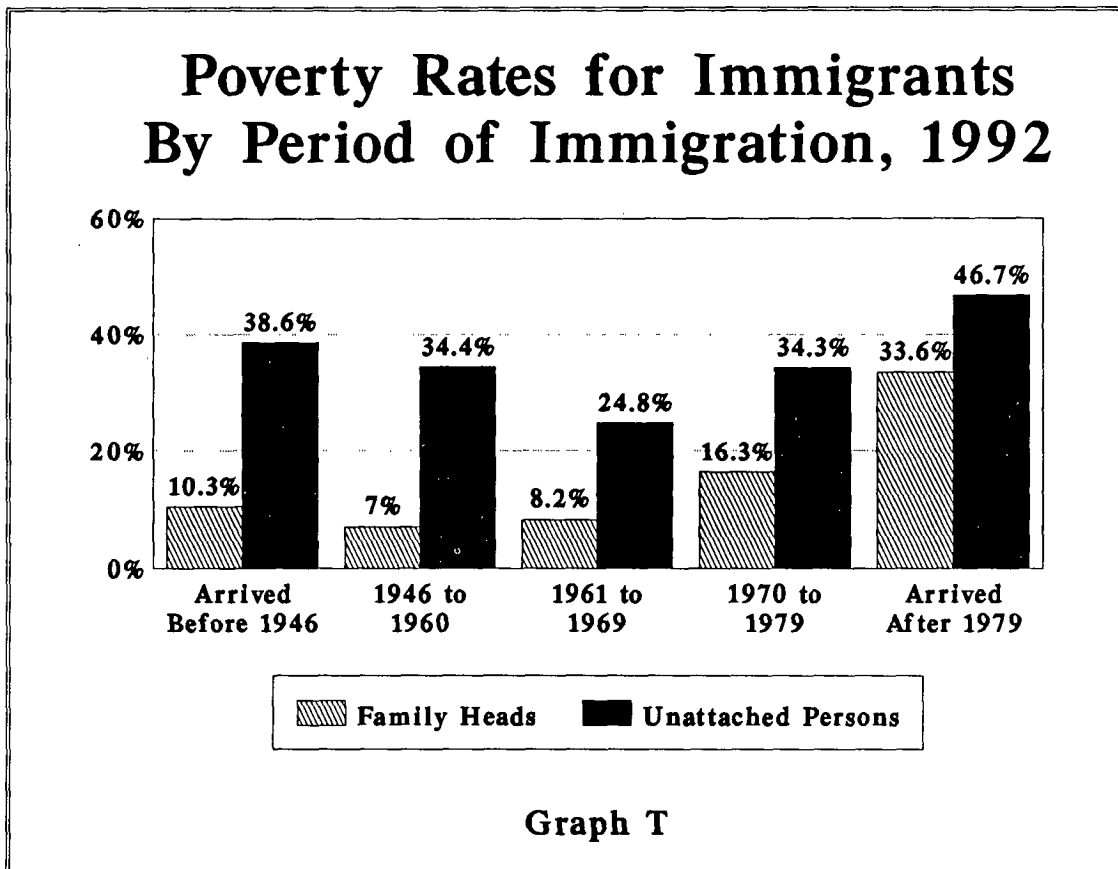


Graph S

### Year of Immigration

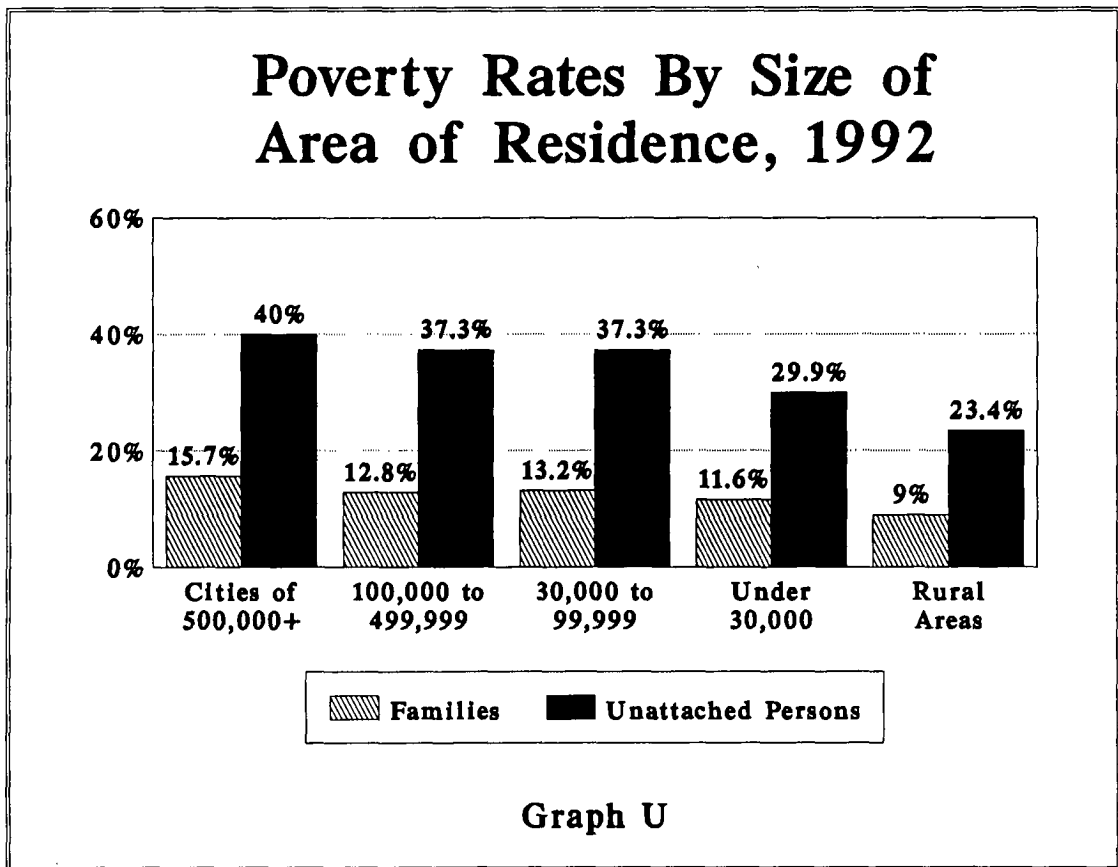
There appears to be no overall pattern in the 1992 statistics on poverty and immigration. Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1970, and they were relatively high for families with heads who arrived in the 1970s or later. Among unattached individuals, poverty rates were lowest among those who immigrated in the 1960s and highest among those who arrived after 1979.

The poverty rate for all families headed by immigrants was 16.7 percent in 1992, and the poverty rate for all unattached immigrants was 36.5 percent. The comparable rate for families with Canadian-born heads was 12.4 percent, and the comparable rate for unattached people born in Canada was 36.1 percent.



**Area of Residence**

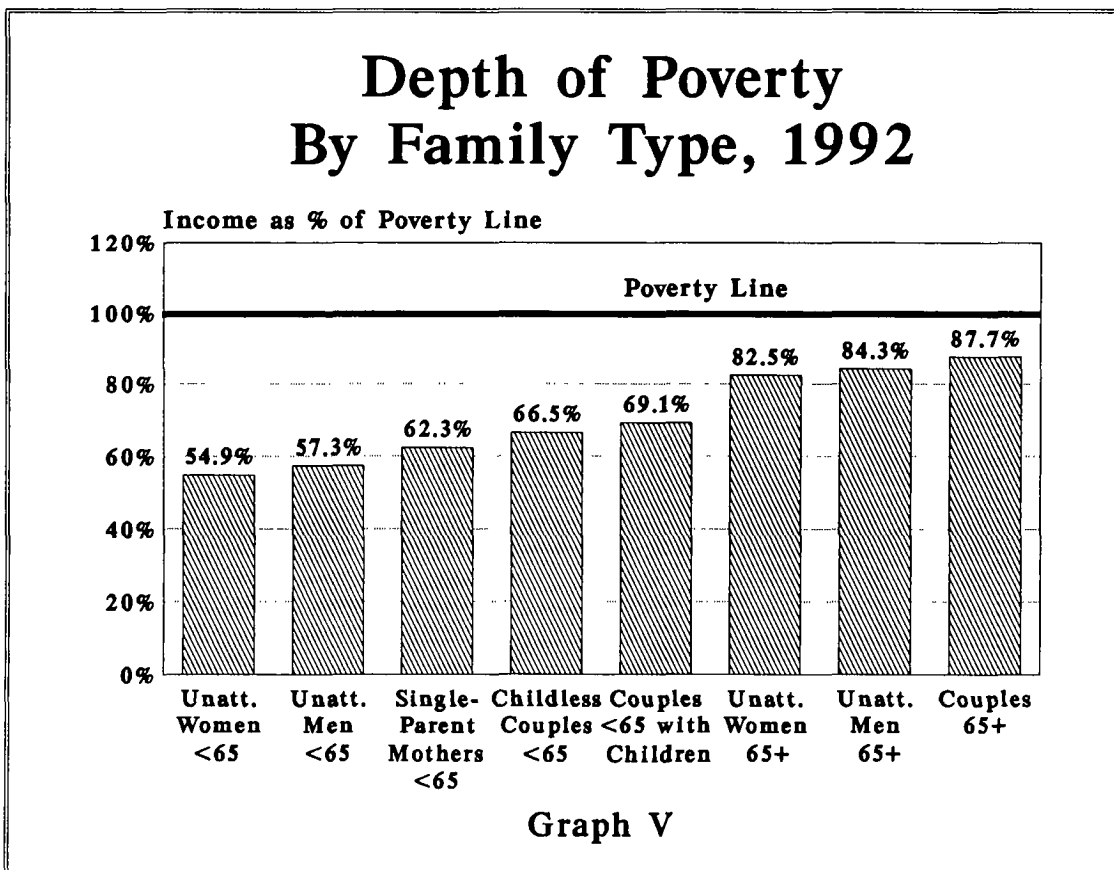
Graph U shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size. The low income cut-offs are higher in urban areas than rural areas, and that explains in part why poverty rates in the largest cities are noticeably higher than poverty rates in the country.



## DEPTH OF POVERTY, THE POVERTY GAP, AND NEAR POVERTY

It is one thing to measure the risk of poverty and quite another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or a few dollars below the poverty line. For that, we need measures of the "depth of poverty." Depth of poverty statistics also allow us to calculate the "poverty gap" to show how much additional income would be needed to bring all Canadians out of poverty. Finally, it is useful to have information about the "near poor" or those people who live just above the poverty line and who would become poor with a small drop in income.

Several types of statistics are available on the depth of poverty. Two particularly useful measures show the average incomes of poor Canadians as a percentage of the poverty line and the depth of poverty in dollars below the poverty line.





Graph V on the preceding page shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached women under 65 were the poorest of the eight family types in 1992, with total incomes that were only 54.9 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 87.7 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for the years 1980 and 1992, with all the figures given in 1992 dollars to factor out the effects of inflation over the years.

<b>TABLE 9</b>		
<b>AVERAGE DEPTH OF POVERTY BY FAMILY TYPE IN CONSTANT 1992 DOLLARS, 1980 AND 1992</b>		
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1992
Single-Parent Mothers under 65 with Children under 18	\$ 9,720	\$ 8,538
Couples under 65 with Children under 18	\$ 8,009	\$ 8,361
Unattached Women under 65	\$ 6,937	\$ 6,265
Unattached Men under 65		\$ 5,940
Childless Couples under 65	\$ 6,477	\$ 6,078
Unattached Women 65 and Older	\$ 3,861	\$ 2,480
Unattached Men 65 and Older		\$ 2,186
Couples 65 and Older	\$ 3,253	\$ 2,407

The eight family types in Table 9 are arranged so that the two family types with the largest depth of poverty in 1980 came first - that is, single-parent mothers under 65 with children under 18 and couples under 65 with children under 18. The overall order is different when the statistics are given in dollars rather than percentages, because the poverty lines for families are much higher in dollar terms than the poverty lines for unattached individuals.

Generally speaking, the depth of poverty did not vary greatly from one year to the next. There were noticeable declines between 1980 and 1992 in the depth of poverty among all family types except couples under 65 with children under 18. Statistics Canada did not publish depth of poverty data for unattached people by sex for 1980. However, if recent data are any guide, the differences between the sexes were relatively small in 1980.<sup>2</sup>

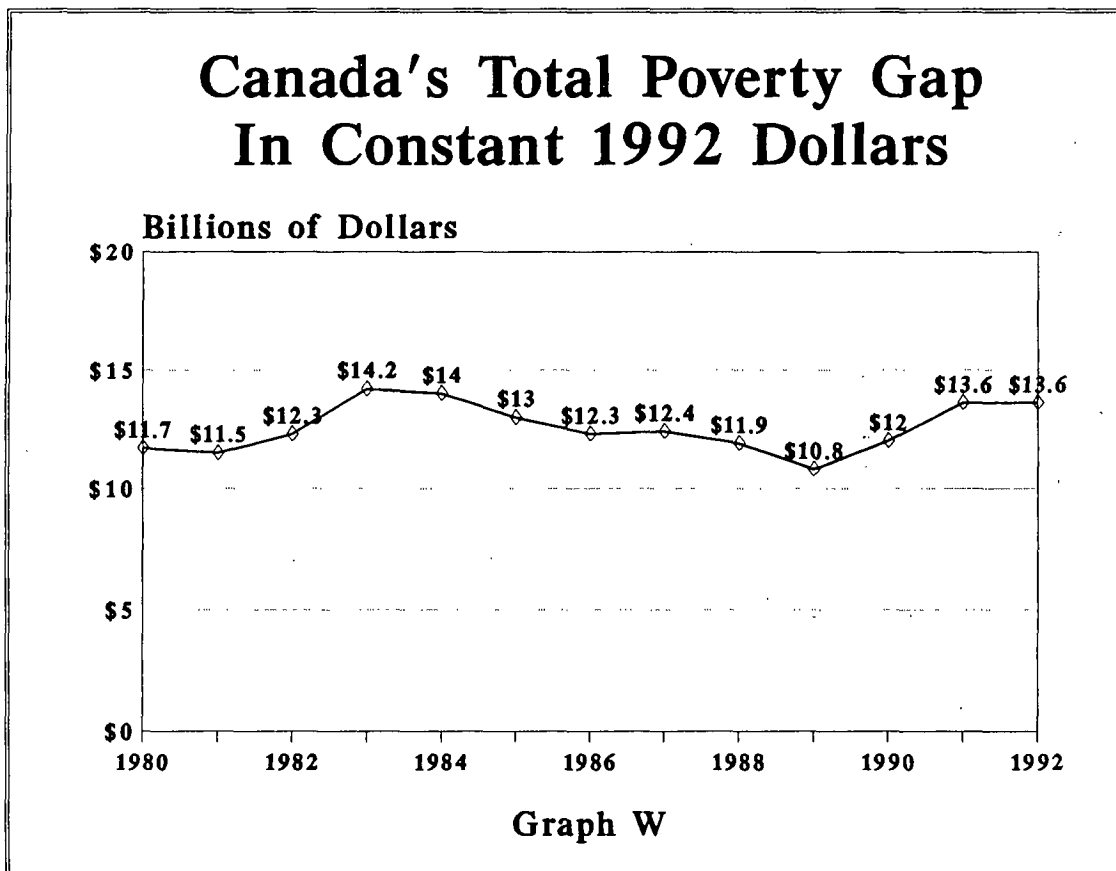
**TABLE 10**  
**TOTAL POVERTY GAP BY FAMILY TYPE, 1992**

Family Type	Poverty Gap	Percentage of Total Gap
Unattached Men under 65	\$2,644,000,000	19.5%
Single-Parent Mothers under 65 with Children under 18	\$2,589,000,000	19.1%
Unattached Women under 65	\$2,573,000,000	19.0%
Couples under 65 with Children under 18	\$2,518,000,000	18.6%
Couples under 65 without Children	\$837,000,000	6.2%
Unattached Women 65 and Older	\$795,000,000	5.9%
Couples 65 and Older	\$158,000,000	1.2%
Unattached Men 65 and Older	\$155,000,000	1.1%
Others	\$1,296,000,000	9.6%
<b>Total Poverty Gap</b>	<b>\$13,565,000,000</b>	<b>100.0%</b>

Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total "poverty gap," or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year.

The poverty gap in 1992 was nearly \$13.6 billion, as shown in Table 10 on the previous page. Four family types accounted for more than three-quarters of the gap: unattached men under 65; single-parent mothers under 65 with children under 18; unattached women under 65; and couples under 65 with children under 18. The ranking of these four groups changes from year to year, but no other family types come close to the size of their poverty gaps.

Canada's poverty gap rose and fell in recent years in much the same way that poverty rates rose and fell, as shown in Graph W. All the dollar figures have been expressed in constant 1992 dollars to show the trends with the effects of inflation removed. The gap was \$11.7 billion in 1980, it rose to \$14.2 billion in 1983 in the wake of the recession, and it fell for most of the rest of the decade. With the start of another recession in 1990, the gap rose once again.



In addition to information on the depth of poverty, Statistics Canada also has information on "near poverty" or families and unattached individuals who are just above poverty line. In 1992, there were 1.2 million unattached individuals with incomes below the poverty line and another 385,000 with incomes between the poverty line and 125 percent of the line. There were 991,000 poor families and another 566,000 families with incomes between 100 and 125 percent of the poverty line.

With sizable numbers of Canadians living just below or just above the poverty line, the poverty statistics could change dramatically with major changes in the economy or major changes in government policy. A sharp rise in unemployment could drive hundreds of thousands of people into poverty. On the other hand, major improvements in unemployment insurance or public pension programs could lead to a significant decline in poverty.

To get an idea of the possibilities, the National Council of Welfare recalculated the 1992 poverty rates for unattached individuals and families based on hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all poor people with incomes between 75 and 100 percent of the poverty line got increases in income large enough to put them over the poverty line. The number of poor unattached individuals would have fallen from 1.2 million to 698,000 under this scenario, and the number of poor families would have dropped from 991,000 to 547,000.

The worst-case scenario assumes that all people with incomes between 100 and 125 percent of the poverty line suddenly lost enough income to fall into poverty. The number of poor unattached people would have climbed from 1.2 million to 1.6 million, and the number of poor families would have gone from 991,000 to nearly 1.6 million.

Neither of these scenarios is likely to occur within the population as a whole, but there are thousands of people living near the poverty line who move in or out of poverty every year. Large numbers of seniors, for example, have incomes very close to the poverty line, and even a modest improvement in government programs for seniors could make a significant difference in the poverty rates.

**POOR CANADIANS AND THEIR SOURCES OF INCOME**

One measure of the financial plight of poor people is how far they live below the poverty line. Another is how their incomes compare to average incomes. Table 11 gives the average income of poor Canadians by family type in 1992, the average income of all Canadians by family type, and the relationship between the two. For example, unattached women under 65 who were poor had a total income of \$7,606 on average in 1992. The income of all unattached women under 65, both poor and non-poor, was \$22,931 on average. The income of the poor amounted to 33 percent of the income of all unattached women under 65.

<b><u>TABLE 11</u></b>			
<b><u>INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1992</u></b>			
Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Women under 65	\$ 7,606	\$ 22,931	33%
Unattached Men under 65	\$ 7,887	\$ 26,680	30%
Unattached Women 65 and Older	\$ 11,716	\$ 17,358	67%
Unattached Men 65 and Older	\$ 11,704	\$ 21,565	54%
Childless Couples under 65	\$ 11,980	\$ 55,638	22%
Single-Parent Mothers under 65 with Children under 18	\$ 14,078	\$ 24,077	58%
Couples under 65 with Children under 18	\$ 17,062	\$ 60,246	28%
Couples 65 and Older	\$ 17,235	\$ 35,539	48%

The differences between the average incomes of the poor and all Canadians are sometimes striking. Poor couples under 65 with children under 18 had an average family income of \$17,062 in 1992, for example, while the average income of all couples with children under 18 was \$60,246 or roughly three and one-half times as large.

The differences were much less in the case of unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$14,078 in 1992, but the average income of all single-parent mothers was only \$24,077 - much less than average incomes for all husband-wife families.

Obviously, many poor Canadians rely on government programs of one kind or another to help make ends meet. In some cases, the amounts provided by governments are surprisingly modest, and the amounts provided by earnings and non-government sources of income are substantial. In other cases, especially in the case of poor seniors, governments provide a very large portion of total income.

Table 12 shows the average amount of government assistance received by poor families and unattached individuals in 1992. The family types are ranked according to the amount of government assistance, with the smallest amounts first. The second column gives the average incomes of poor families and unattached individuals from all sources - the same figures as the previous table. The third column gives the percentage of total income from government sources.

Government programs of one kind or another provided 50 percent of total income on average for poor unattached men under 65 in 1992; 53 percent for poor unattached women under 65; 52 percent for poor childless couples under 65; 45 percent for poor couples under 65 with children; and 72 percent for single-parent mothers under 65 with children. They provided 90 percent of total income to poor unattached women 65 and older; 94 percent to poor unattached men 65 and older; and 88 percent to poor senior couples.

<b>TABLE 12</b>			
<b><u>GOVERNMENT ASSISTANCE TO THE POOR, BY FAMILY TYPE, 1992</u></b>			
Family Type	Average Government Assistance	Average Income from All Sources	Government Assistance as Percentage of Total Income
Unattached Men under 65	\$ 3,962	\$ 7,887	50%
Unattached Women under 65	\$ 4,017	\$ 7,606	53%
Childless Couples under 65	\$ 6,277	\$ 11,980	52%
Couples under 65 with Children under 18	\$ 7,662	\$ 17,062	45%
Single-Parent Mothers under 65 with Children under 18	\$ 10,134	\$ 14,078	72%
Unattached Women 65 and Older	\$ 10,584	\$ 11,716	90%
Unattached Men 65 and Older	\$ 10,955	\$ 11,704	94%
Couples 65 and Older	\$ 15,225	\$ 17,235	88%

We now turn to specific sources of income for poor people, beginning with poor seniors. One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. The old age security pension and guaranteed income supplement are paid by the federal government from general revenues. Benefits under the Canada and Quebec Pension Plans are paid by the plans from the money built up from contributions by workers and employers.

Table 13 on the next page provides a closer look at these and other common sources of income for poor senior couples and poor unattached men and women 65 and older. For each family type, there are two columns. The first column indicates the percentage of poor families or unattached individuals with income from a particular source. The second column gives the average amount received by recipients only. Poor people who did not receive a particular type of income were not included in calculating the average amount of that type of payment.

**TABLE 13**  
**SOURCES OF INCOME FOR POOR SENIORS, 1992**

Source of Income	Poor Couples 65 and Older		Poor Unattached Men 65 and Older		Poor Unattached Women 65 and Older	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	95%	\$ 11,197	100%	\$ 7,753	100%	\$ 8,077
Canada and Quebec Pension Plans	77%	\$ 4,600	69%	\$ 3,606	58%	\$ 3,102
Investment Income	43%	\$ 1,651	33%	\$ 1,382	37%	\$ 1,729
Provincial Supplements	24%	\$ 1,429	25%	\$ 783	31%	\$ 724
Occupational Pension Plans	31%	\$ 2,944	21%	\$ 2,472	14%	\$ 2,550
Income from All Sources	100%	\$ 17,235	100%	\$ 11,704	100%	\$ 11,716

Almost all poor seniors got a sizable portion of their total incomes from the federal government's old age security pension and guaranteed income supplement. The reason the percentage is less than 100 percent for senior couples is probably because some were recent immigrants to Canada who did not meet the residence requirements of the programs. The maximum amount of the old age security pension and guaranteed income supplement for senior couples in 1992 was \$15,999, and the maximum amount for an unattached senior was \$9,868.



The second most important source of income, claimed by 77 percent of poor senior couples, 69 percent of poor unattached senior men and 58 percent of poor unattached senior women was benefits from the Canada Pension Plan or Quebec Pension Plan. The maximum retirement benefit under the two plans was \$7,633 in 1992, and the maximum survivor pension for a person 65 and older was \$4,608. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

At least one-third of poor seniors had income from investments, but the average amounts received were modest.

The category provincial supplements refers to those provinces which have income supplements for low-income seniors in addition to the federal guaranteed income supplement. The amounts provided by these programs vary greatly from province to province, and the amounts received were small on average.

Finally, a fairly small proportion of poor seniors had income from occupational pension plans. Poor coverage has been a long-term problem of occupational pension plans, and Table 13 shows how little retirement income the plans provided to people who retired at the low end of the income scale.

A different picture emerges when we look at sources of income for poor people under 65. Earned income is often the major source of income, although welfare and unemployment insurance benefits are also important. Details are provided in Table 14 on the next page.

Generally speaking, the recession of 1990-1991 tended to reduce the percentage of poor people with earned income and to increase the percentage who had to fall back on welfare. The percentage of people on unemployment insurance was generally up in 1990 and 1991, but a bit lower in 1992. Possibly, some UI recipients had exhausted their benefits and had to fall back on welfare.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND INDIVIDUALS UNDER 65, 1992

Source of Income	Unattached Men		Unattached Women		Couples without Children		Couples with Children		Single-Parent Mothers	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Earnings	60%	\$ 5,824	54%	\$ 5,938	58%	\$ 7,913	83%	\$ 10,517	43%	\$ 6,933
Welfare	42%	\$ 5,500	35%	\$ 5,569	36%	\$ 6,987	34%	\$ 8,165	69%	\$ 9,421
Unemployment Insurance	16%	\$ 4,195	10%	\$ 4,322	19%	\$ 4,836	30%	\$ 5,188	14%	\$ 5,007
Investment Income	14%	\$ 1,539	18%	\$ 1,956	23%	\$ 2,598	22%	\$ 1,637	9%	\$ 1,460
Family Allowances	--	--	--	--	--	--	97%	\$ 1,042	97%	\$ 898
Child Tax Credit	--	--	--	--	--	--	90%	\$ 1,320	100%	\$ 1,109
Canada and Quebec Pension Plans	6%	\$ 5,034	15%	\$ 4,744	20%	\$ 6,059	4%	\$ 4,570	3%	\$ 4,355
Occupational Pension Plans	1%	\$ 5,460	5%	\$ 4,909	7%	\$ 5,496	--	--	--	--
Income from All Sources	100%	\$ 7,887	100%	\$ 7,606	100%	\$ 11,980	100%	\$ 17,062	100%	\$ 14,078

Earnings were the single most important source of income in 1992 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 60 percent of poor unattached men under 65; 54 per cent of poor unattached women under 65; 58 percent of poor childless couples under 65; 83 percent of poor couples under 65 with children under 18; and 43 percent of poor single-parent mothers under 65 with children under 18. The average amounts received in earnings were noteworthy, but modest, in all cases. The average of \$6,933 earned by poor single-parent mothers, for example, was roughly equivalent to 35 weeks of work for 40 hours a week at a rate of \$5 an hour or roughly 17 weeks of full-time work at \$10 an hour.

A sizable portion of each of the five family types received welfare during 1992. Welfare payments were reported by 42 percent of the poor unattached men under 65; 35 percent of the poor unattached women under 65; 36 percent of the poor childless couples under 65; 34 percent of the poor couples under 65 with children under 18; and 69 percent of the poor single-parent mothers under 65 with children under 18. Judging by the average amounts received, many of the poor unattached men and women and the poor single-parent families were on welfare much of the year. Poor couples, with or without children, seem to have spent less time on welfare on average. As the National Council of Welfare reported in Welfare Incomes 1992, unattached people could have received provincial welfare and related benefits ranging between \$3,048 and \$8,186 a year, single parents with one child between \$8,304 and \$14,817, and couples with two children \$9,318 to \$19,765.<sup>3</sup>

Unemployment insurance payments were reported by 16 percent of the poor unattached men under 65; 10 percent of the poor unattached women under 65; 19 percent of the poor childless couples under 65; 30 percent of the poor couples under 65 with children under 18; and 14 percent of the poor single-parent mothers under 65 with children under 18. As in the case of earnings, the average amounts received suggest that poor families or unattached people were on UI for fairly long periods of time. In 1992, unemployment insurance paid recipients 60 percent of their normal wages to a maximum benefit of \$426 a week.

A relatively small percentage of poor families and unattached individuals under 65 had income from investments.

Federal family allowances and child tax credits were received by most of the poor families with children under 18. For some reason, the percentage receiving these benefits was often less than 100 percent. Family allowances in most parts of Canada amounted to \$419 for each child under 18 in 1992.<sup>4</sup> The maximum child tax credit received in 1992 was \$807 in the case of a child under age seven and \$596 for each child seven through 17. Beginning in 1993, family allowances and the child tax credit were replaced by the federal child tax benefit.

Canada and Quebec Pension Plan benefits were claimed by 15 percent of poor unattached women under 65, 20 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify the type of benefit, but they could be people between 60 and 65 who took early retirement, widows or widowers who received survivor pensions from the plans, or people who got disability pensions.

Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

The National Council of Welfare asked Statistics Canada to do a special search of the survey records to see how many poor single-parent mothers with children under 18 reported spousal support or child support payments as a miscellaneous source of income. The records search revealed that only 14 percent reported "other" income that included spousal or child support, and the amount of other income reported by recipients was \$4,719 on average.

The poverty rate for the families led by single-parent mothers who reported receiving spousal or child support was 41.9 percent, while the rate for other families led by single-parent mothers with children under 18 was 62.3 percent.

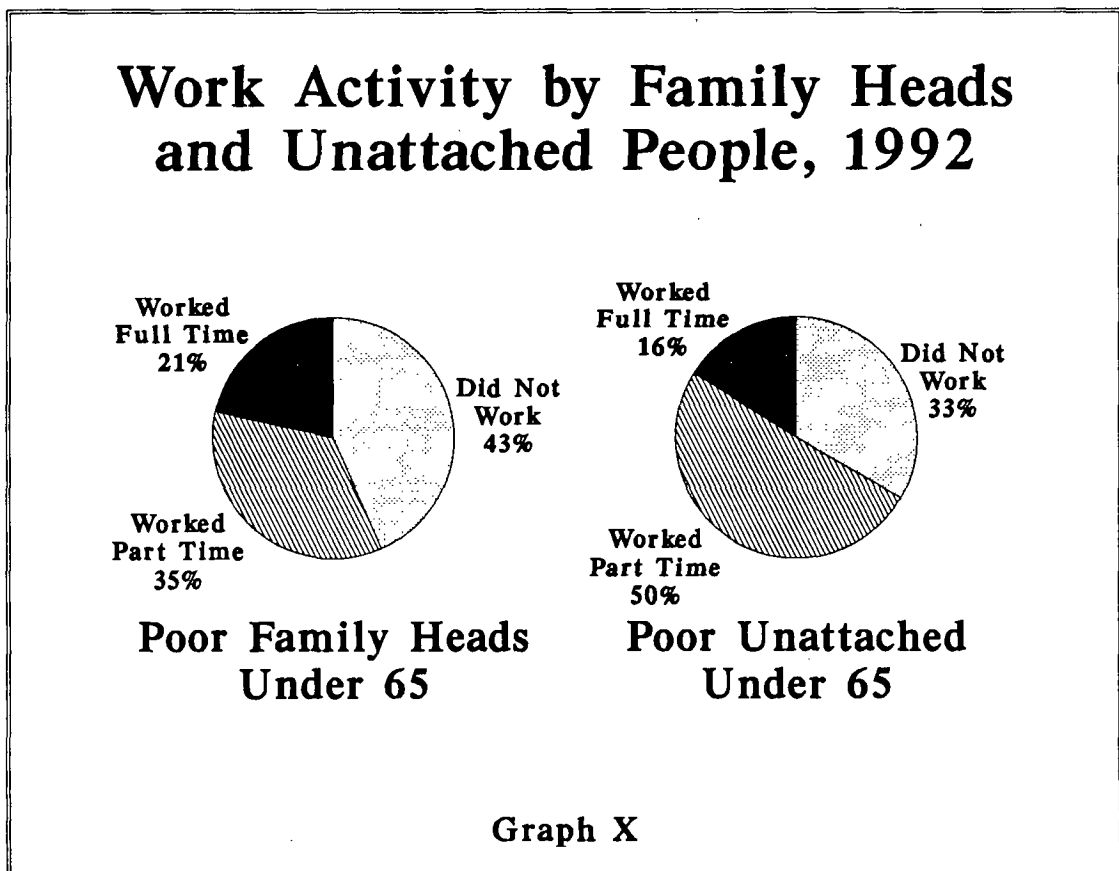
The data also suggest that support payments tend to decrease reliance on welfare. Fifty-four percent of the poor families which mentioned spousal or child support relied on welfare sometime in 1992, and the average amount of welfare received was \$7,816. For the poor families who did not report spousal or child support, the percentage relying on welfare was 71.4 percent and the average amount of welfare received was \$9,617.

## A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

### The Working Poor

The term "working poor" refers to poor people who are normally in the labour force, but there is no precise definition that is generally accepted by researchers. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.<sup>5</sup>

Graph X gives a breakdown of poor family heads and unattached individuals who worked full time or part time or did not work at all for wages during 1992. In these calculations, Statistics Canada excluded family heads and unattached individuals 65 and older, as well as younger people who reported that they were permanently unable to work.



Full time means the person worked at least 49 weeks during the year and the normal work week was 30 hours or more. Part time means the person worked less than 49 weeks a year or less than 30 hours a week.

Overall, 21 percent of poor family heads under 65 worked full time in 1992, 35 percent worked part time and the remaining 43 percent did not work at all. Among poor unattached individuals under 65, 16 percent worked full time, 50 percent worked part time and the other 33 percent did not work at all.

These figures reflect a deterioration in the employment patterns of poor people since the publication of Poverty Profile, 1980-1990, presumably due to the recession and its aftermath. In 1990, 27 percent of poor family heads worked full time, 40 percent worked part time and 33 percent did not work. The comparable 1990 figures for poor unattached individuals were 19 percent who worked full time, 54 percent who worked part time and 27 percent who did not work.

Another way to define working poor is families and unattached individuals living below the poverty line who get at least half of their total income from employment. This definition puts aside the distinction between full-time and part-time work and focuses on poor people who spend a substantial part of the year in paid jobs.

Table 15 on the next page shows the working poor by family type using this second definition. As in Graph X, the table excludes people 65 and older and people permanently unable to work.

Earnings were the most important source of income for a sizable portion of four of the five family types shown. Fifty-one percent of the poor unattached men under 65, 46 percent of the poor unattached women, 45 percent of the poor couples without children and 64 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 19 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

**TABLE 15**  
**POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65**  
**WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1992**

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	381,000	360,000	118,000	290,000	296,000
Number with Earnings of 50 Percent or More of Total Income	194,000	166,000	53,000	185,000	56,000
Percentage with Earnings of 50 Percent or More of Total Income	51%	46%	45%	64%	19%
Average Annual Earnings	\$ 7,216	\$ 7,208	\$ 10,202	\$ 12,735	\$ 11,781
Average Income from Sources Other than Earnings	\$ 1,163	\$ 957	\$ 2,135	\$ 4,638	\$ 4,348
Average Total Income	\$ 8,379	\$ 8,165	\$ 12,237	\$ 17,373	\$ 16,129
Earnings as a Percentage of Total Income	86%	88%	83%	73%	73%

\* The table excludes people 65 and older and people permanently unable to work.

The lower part of Table 15 shows the average incomes of the working poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 36 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were substantially higher, suggesting that family heads either received higher wage rates or had a second wage-earner in the family.

The table also suggests that few working poor families or unattached people relied very much on welfare or unemployment insurance, since the average amounts of income aside from earnings were small. Probably most of the other income came from programs such as the federal GST credit or federal family child benefits.

Although the figures were limited to poor people with earnings that amounted to at least half of total income, the last row of the table shows that a much larger portion of total income typically came from earnings. Earnings accounted for between 73 percent and 88 percent on average of total income for the different family types.

### Children

Child poverty rates are a reflection of parental poverty rates and tend to rise or fall as economic conditions deteriorate or improve. The most striking difference year after year is the huge gulf between the poverty rates for children in two-parent families and the rate for children of single-parent mothers. There are also important differences from province to province.

Table 16 on the next page gives the 1992 poverty rates and number of children living in poverty by family type and province. The category "poor children in all family types" includes a small number of children who do not fall into either of the two main family types listed. The national total of 1,218,000 poor children, for example, included 65,000 poor children under 18 living in less common family circumstances. Some of them lived with single-parent fathers under 65, parents who were 65 or older, or relatives other than parents.

In 1992, 18.2 percent of all Canadian children under 18 were poor. The lowest provincial child poverty rate was 12.9 percent in Prince Edward Island, and the highest was 25.4



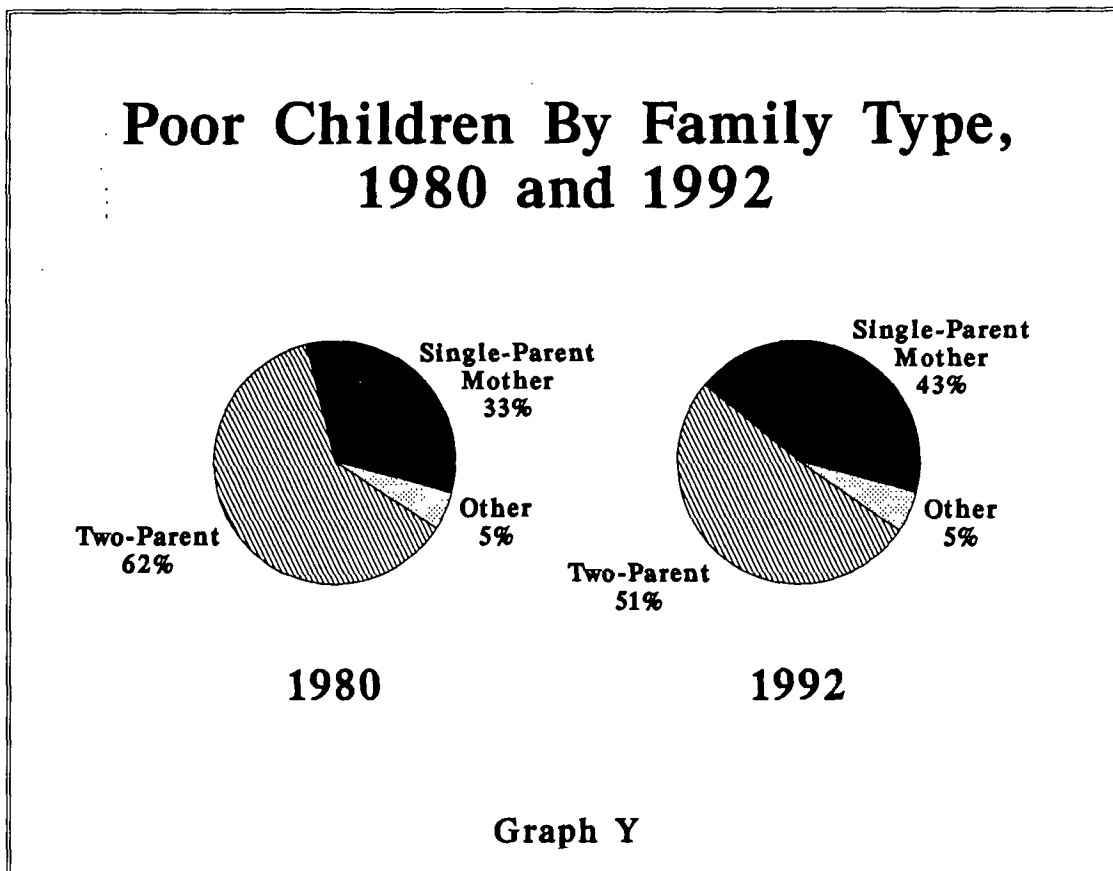
percent in Newfoundland. The national poverty rate for poor children in two-parent families was 11.2 percent, and provincial rates went from a low of 8.2 percent in P.E.I. to a high of 20.3 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 61.2 percent, and the range was from 47.1 percent in Prince Edward Island to 72.8 percent in New Brunswick and 73 percent in Newfoundland.

**TABLE 16**  
**CHILDREN UNDER 18 LIVING IN POVERTY IN 1992**

	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children
Newfoundland	25.4%	39,000	20.3%	28,000	73.0%	10,000
Prince Edward Island	12.9%	5,000	8.2%	3,000	47.1%	2,000
Nova Scotia	19.7%	41,000	10.0%	17,000	70.4%	22,000
New Brunswick	15.5%	27,000	8.9%	14,000	72.8%	12,000
Quebec	17.5%	293,000	9.5%	131,000	67.0%	152,000
Ontario	15.8%	387,000	9.4%	193,000	54.2%	170,000
Manitoba	22.4%	60,000	18.1%	42,000	64.0%	16,000
Saskatchewan	21.7%	58,000	15.7%	35,000	64.0%	20,000
Alberta	23.3%	162,000	14.6%	83,000	69.4%	67,000
British Columbia	18.7%	146,000	12.3%	80,000	54.7%	57,000
Canada	18.2%	1,218,000	11.2%	626,000	61.2%	528,000

One of the long-standing myths about child poverty is that most poor children live in single-parent households. Table 16 shows that this is not the case for Canada as a whole. In 1992, 626,000 poor children lived in two-parent families, while 528,000 poor children lived in single-parent families headed by women. The two provinces that proved to be exceptions to the norm were Nova Scotia and Quebec. Poor children living with single-parent mothers outnumbered poor children in two-parent families 22,000 to 17,000 in Nova Scotia and 152,000 to 131,000 in Quebec.

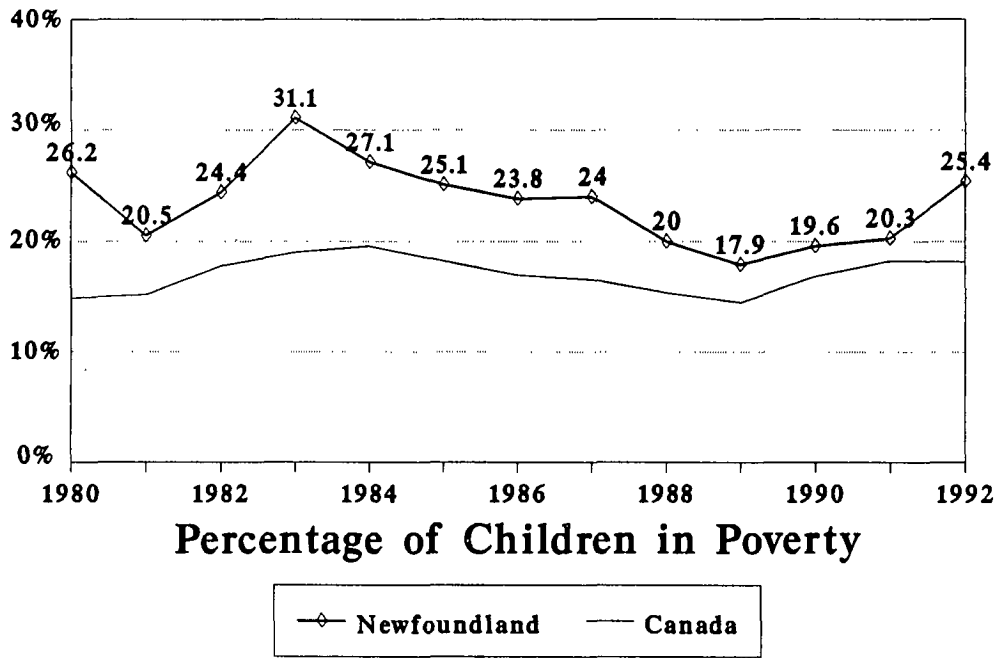
Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph Y shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. By 1992, the percentage of poor children with single-parent mothers was up to 43 percent and the percentage living with both parents was down to 51 percent.



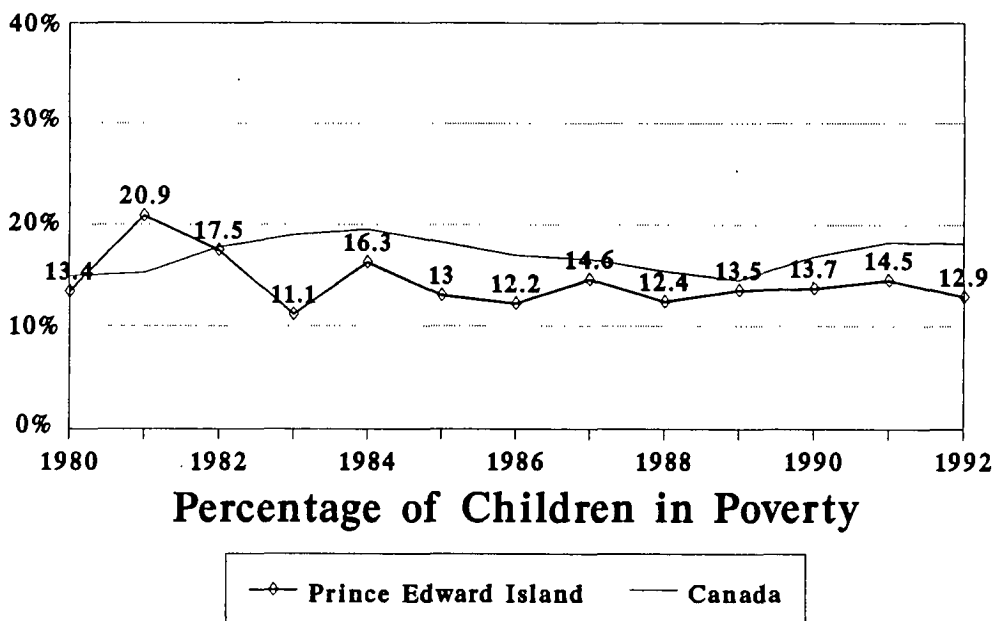
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1992. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

Prince Edward Island and Ontario had child poverty rates that were below average for all or most of the period. Newfoundland, Quebec, Manitoba and Saskatchewan were generally higher than average. Rates in Alberta rose to higher than average by the late 1980s and hit a modern-day high of 23.3 percent in 1992. Rates in New Brunswick fell to below average in 1991 and 1992, and the 1992 figure of 15.5 percent was a modern-day low.

## Newfoundland

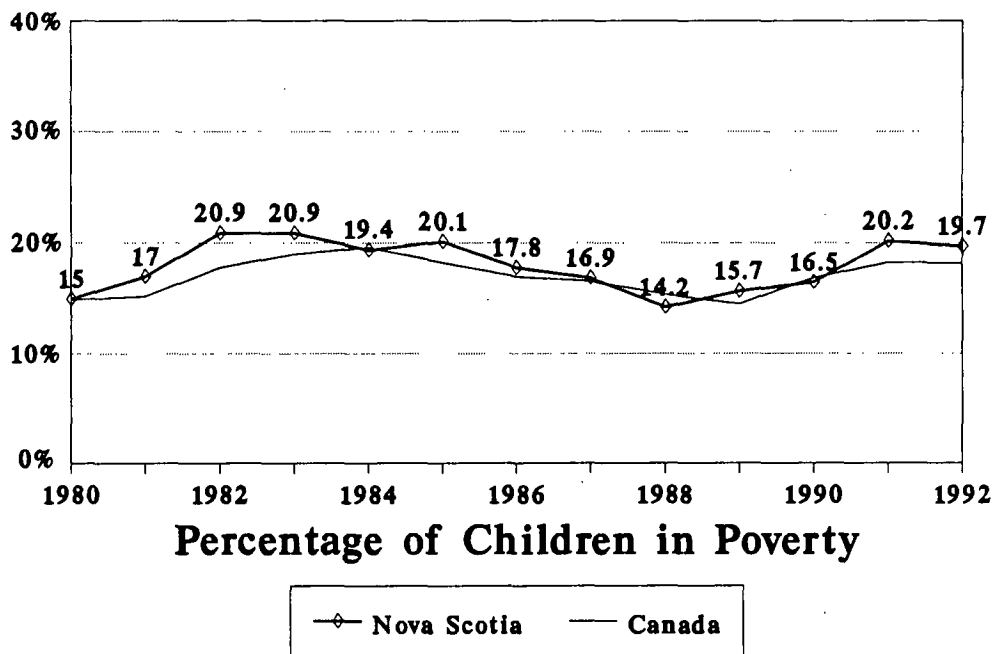


## Prince Edward Island

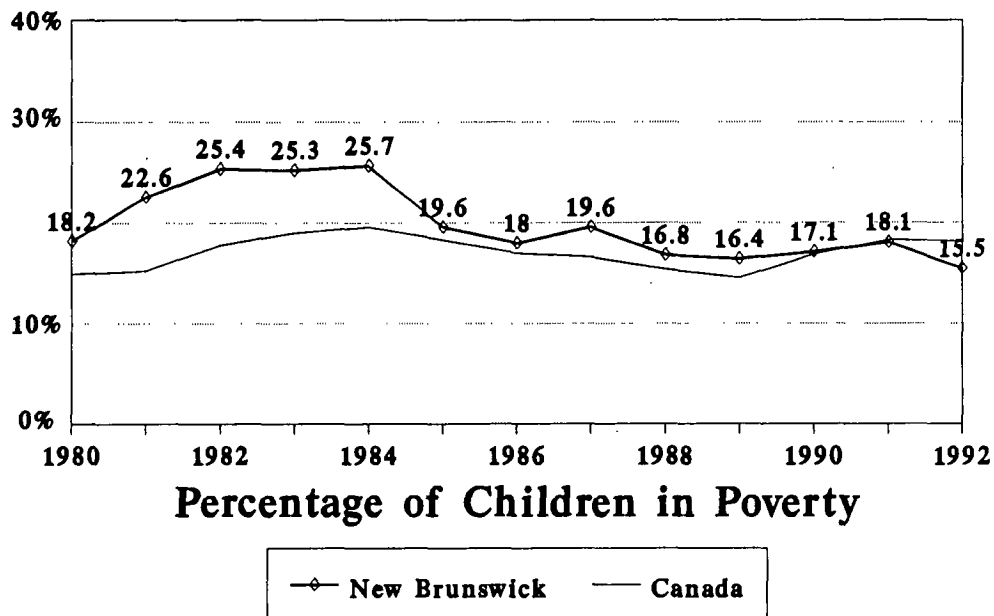


Graph Z

## Nova Scotia

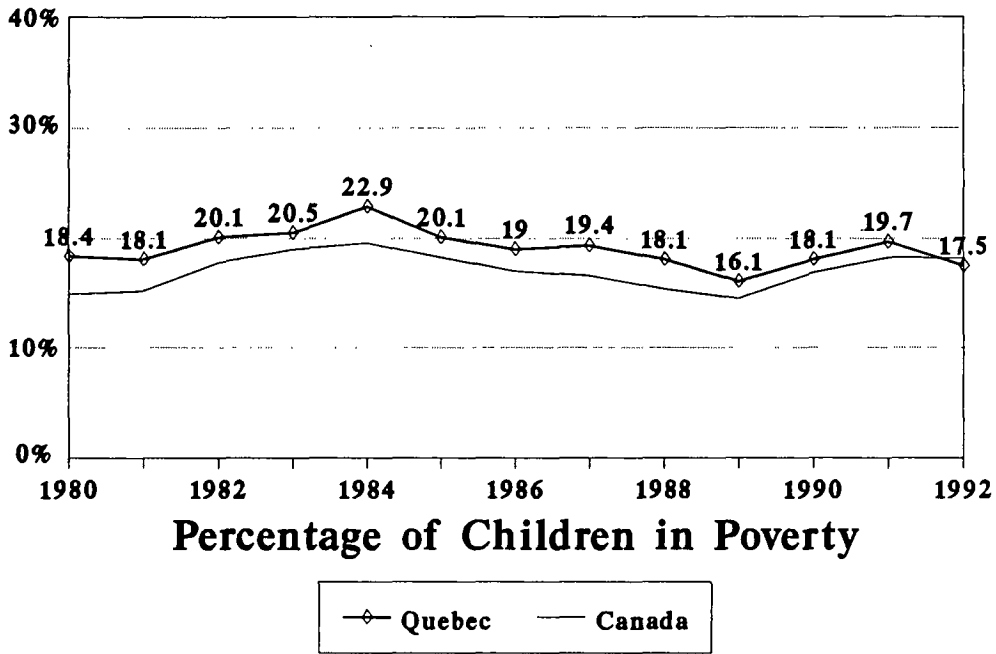


## New Brunswick

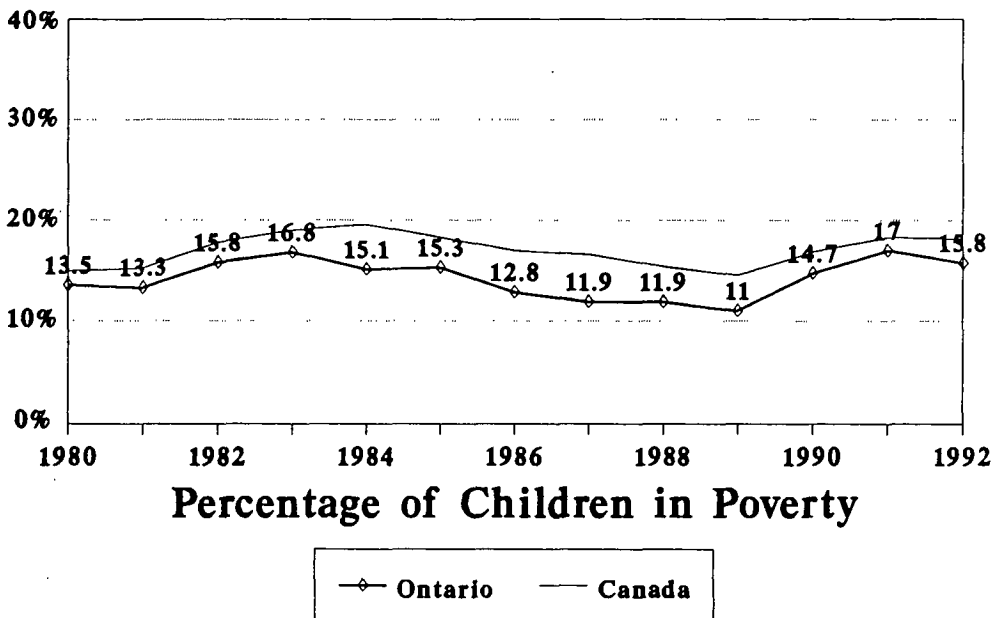


Graph AA

# Quebec

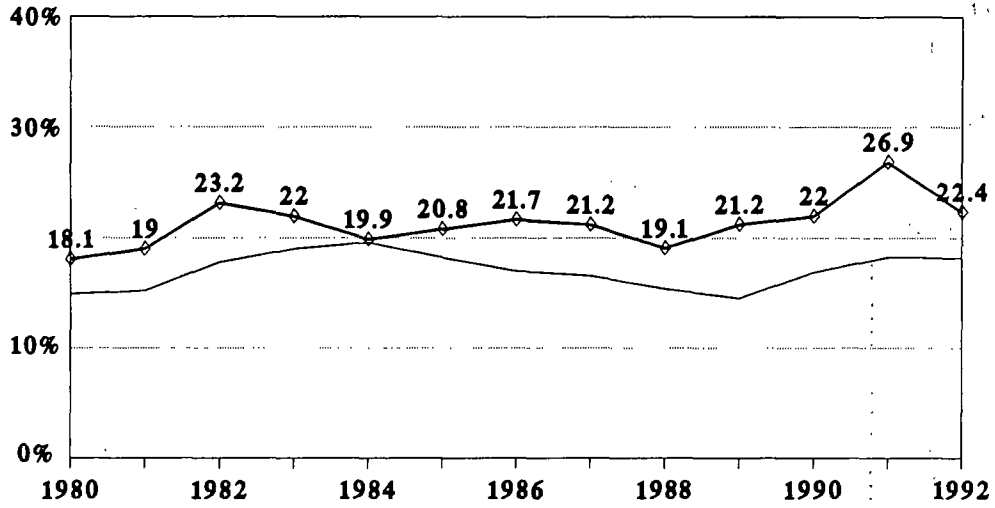


# Ontario

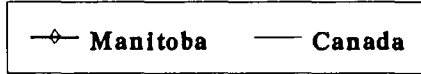


Graph AB

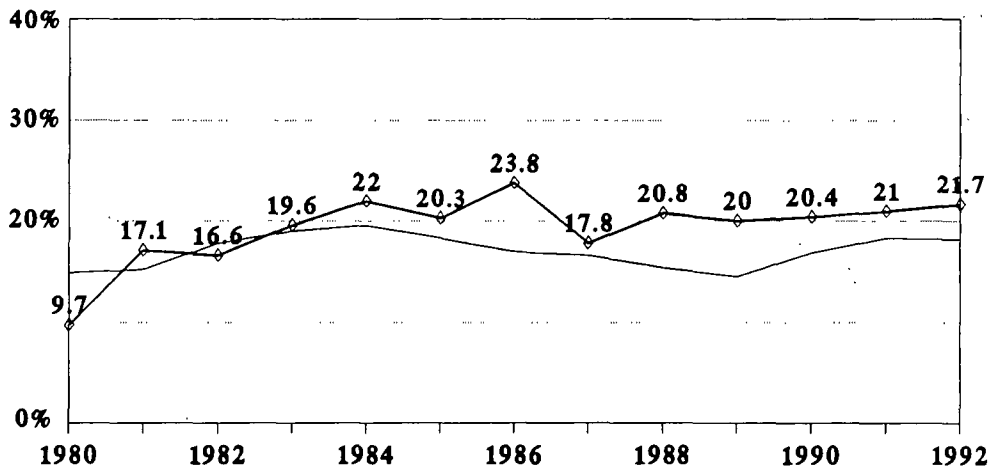
# Manitoba



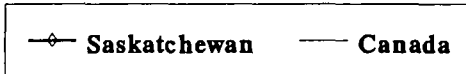
Percentage of Children in Poverty



# Saskatchewan

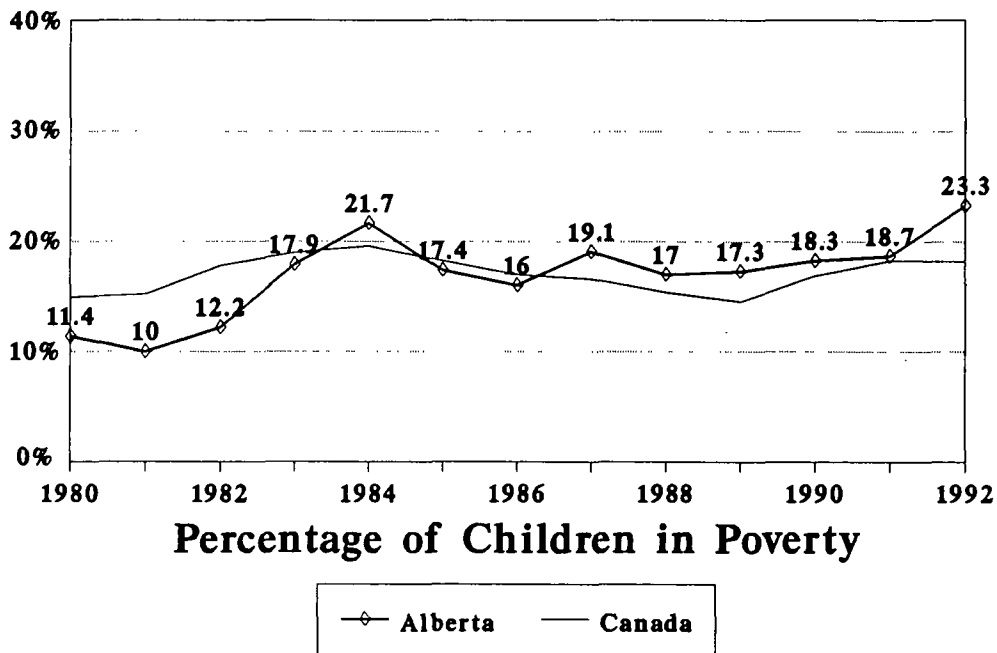


Percentage of Children in Poverty

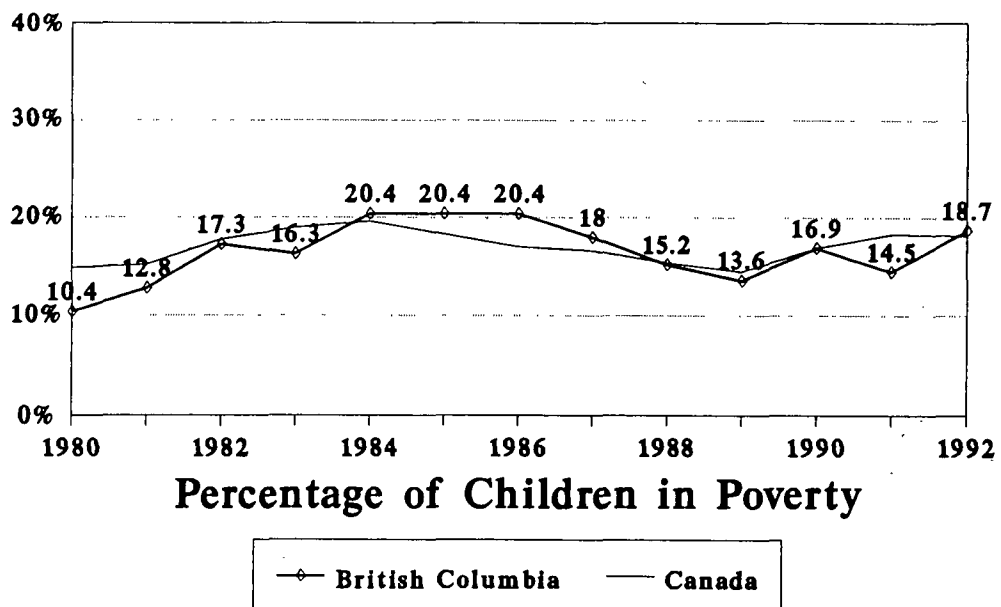


Graph AC

# Alberta



# British Columbia



Graph AD



**Women**

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 gives the poverty rates for women and men age 18 and older for the years 1980 through 1992, and ratio of female to male rates each year.

<b>TABLE 17</b>					
<b><u>TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER</u></b>					
	Adult Women		Adult Men		Ratio of Female to Male Poverty Rates
	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	
1980	18.0%	1,565,000	12.7%	1,058,000	1.42
1981	17.8%	1,567,000	12.6%	1,063,000	1.40
1982	18.1%	1,624,000	13.6%	1,160,000	1.33
1983	20.1%	1,836,000	15.4%	1,334,000	1.30
1984	19.7%	1,817,000	14.9%	1,304,000	1.31
1985	18.8%	1,754,000	14.0%	1,240,000	1.34
1986	17.7%	1,677,000	13.4%	1,197,000	1.31
1987	17.4%	1,673,000	12.9%	1,176,000	1.34
1988	17.1%	1,664,000	11.7%	1,081,000	1.46
1989	15.5%	1,534,000	10.7%	1,001,000	1.45
1990	16.2%	1,622,000	11.3%	1,079,000	1.43
1991	17.3%	1,767,000	12.7%	1,234,000	1.36
1992	17.4%	1,804,000	13.1%	1,289,000	1.33

In 1980, the poverty rate for adult women was 18 percent, the rate for adult men was 12.7 percent, and the rate for women was 1.42 times the rate for men. In 1992, the poverty rate for women was 17.4 percent, the rate for men was 13.1 percent and the ratio between the sexes was 1.33.

The year-to-year poverty rates for women and men tend to follow the ups and downs in the economy. The gap between the sexes appears to narrow slightly in tough economic times, but the changes in the ratio are small.

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1992 poverty rate for unattached women under 65 was 37.6 percent, compared to 31.7 percent for unattached men under 65. For unattached seniors, the poverty rates were 45.2 percent for women and 29.2 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 58.4 percent in 1992, a rate many times higher than the rates for married couples.

Aside from these three high-risk groups of women, there were no significant differences in the poverty rates for adult women and men. The vast majority of families are husband-wife families, and the poverty rates for husbands and wives are identical in all these cases.

In younger husband-wife families, one fact that deserves special mention is the role women play in keeping their families out of poverty through their earnings. Although women earn less on average than men and face a number of barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates low.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to take its 1992 income data on husband-wife families under age 65, subtract the earnings of the wives, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

The actual 1992 poverty rate for all husband-wife families under age 65 was 9 percent, and a total of 473,000 families were living in poverty. With the earnings of wives removed and

everything else remaining the same, the poverty rate would have jumped to 19.3 percent, and the number of families living in poverty would have more than doubled to 1,016,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1992, poverty rates and the number of poor families would have been much higher in all provinces.

<b>TABLE 18</b>		
<b>POVERTY RATES FOR FAMILIES WITH TWO SPOUSES UNDER AGE 65, WITH AND WITHOUT THE EARNINGS OF WIVES, 1992</b>		
	<b>Percentage of Families Who Were Poor in 1992</b>	<b>Percentage of Families Who Would Have Been Poor Without the Earnings of Wives</b>
Newfoundland	14.3%	21.3%
Prince Edward Island	5.8%	15.0%
Nova Scotia	8.5%	17.5%
New Brunswick	7.7%	15.1%
Quebec	9.7%	21.4%
Ontario	7.5%	17.4%
Manitoba	11.4%	24.8%
Saskatchewan	11.2%	23.3%
Alberta	10.9%	22.5%
British Columbia	9.1%	16.5%
Canada	9.0%	19.3%

**Seniors**

Poverty rates for seniors have fallen sharply in every province in line with the national trend described earlier in this report, and the size of some of the reductions is almost breathtaking. Most of the figures for 1992 were record lows or near-record lows. However, major differences remain in the extent of poverty among seniors in different provinces.

Table 19 gives the poverty rates for senior men and women in each province in 1980 and 1992 and the percentage decline over the period. In most provinces, the rates for men dropped faster than the rates for women.

<b>TABLE 19</b>						
<b><u>POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE</u></b>						
	Men			Women		
	1980	1992	Percent Change	1980	1992	Percent Change
Newfoundland	27.6	18.1	-34%	36.9	23.1	-37%
Prince Edward Island	33.7	6.4	-81%	52.7	11.9	-77%
Nova Scotia	22.8	7.6	-67%	31.5	25.1	-20%
New Brunswick	22.1	5.4	-76%	34.2	16.5	-52%
Quebec	33.7	19.4	-42%	46.2	32.3	-30%
Ontario	24.0	7.6	-68%	34.3	18.9	-45%
Manitoba	23.8	16.3	-32%	41.2	24.4	-41%
Saskatchewan	28.1	5.4	-81%	49.0	13.4	-73%
Alberta	25.2	15.8	-37%	38.8	26.0	-38%
British Columbia	29.6	14.8	-50%	32.7	21.7	-34%
Canada	27.3	12.4	-55%	38.4	23.3	-39%

In 1992, New Brunswick and Saskatchewan had the lowest poverty rates for senior men at 5.4 percent, and Quebec had the highest at 19.4 percent. Prince Edward Island had the lowest poverty rate for senior women at 11.9 percent and Quebec had the highest at 32.3 percent.

Over the years, poverty rates for both senior men and women have been well below the national average in P. E. I., Nova Scotia, New Brunswick, Ontario and Saskatchewan, and well above average in Quebec. One possible explanation for Quebec's high rates is the lack of any provincial income supplement for low-income seniors to complement the federal guaranteed income supplement. On the other hand, poverty rates for seniors are relatively low in New Brunswick, which also has no provincial income supplement for its poor seniors.

### FOOTNOTES

1. The methodology used to set the 1992 base low income cut-offs is the same. However, the survey data estimated average expenditures on food, shelter and clothing at 34.7 percent of total income, so it was assumed that low-income people would spend 54.7 percent or more of their incomes on necessities.
2. Detailed depth of poverty statistics were published by Statistics Canada in May 1992 in a monograph entitled LICO/LIM Income Deficiency/Surplus Tables 1980-1990.
3. The income ranges were taken from Table 5 of Welfare Incomes 1992. They are made up of provincial welfare and other provincial benefits. Federal family allowances, child tax credits and sales tax credits are not included.
4. Quebec and Alberta had the federal government pay different rates for family allowances. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
5. For a very strict definition of the term, see Ross, David P., and E. Richard Shillington, The Canadian Fact Book on Poverty - 1989 (Ottawa/Montreal: The Canadian Council on Social Development, 1989), p. 57. For a very loose definition, see Gunderson, Morley, and Leon Muszynski with Jennifer Keck, Women and Labour Market Poverty (Ottawa: Canadian Advisory Council on the Status of Women, 1990), pp. 57-61.

**APPENDIX**

<b>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1993</b>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,452	13,572	13,259	12,087	10,520
2	20,945	18,398	17,973	16,383	14,261
3	26,624	23,385	22,844	20,824	18,126
4	30,655	26,922	26,302	23,977	20,869
5	33,492	29,416	28,737	26,196	22,801
6	36,356	31,928	31,192	28,434	24,749
7+	39,101	34,343	33,551	30,585	26,620

<b>NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1994*</b>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,576	13,681	13,365	12,184	10,604
2	21,113	18,545	18,117	16,514	14,375
3	26,837	23,572	23,027	20,991	18,271
4	30,900	27,137	26,512	24,169	21,036
5	33,760	29,651	28,967	26,406	22,983
6	36,647	32,183	31,442	28,661	24,947
7+	39,414	34,618	33,819	30,830	26,833

\* based on inflation of 0.8 percent as forecast in the 1994 budget speech

## NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, Pièce 1876, Immeuble Jeanne Mance, Ottawa K1A 0K9.