

# Poverty Profile 1994

A Report by the  
National Council of Welfare

Spring 1996

Canada

**POVERTY PROFILE 1994**

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National Council of Welfare**

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## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
METHODOLOGY AND DEFINITIONS .....	4
RECENT POVERTY TRENDS .....	9
Poverty Trends for Individual Canadians .....	9
Poverty Trends for Families and Unattached Individuals .....	14
VIEW FROM THE PROVINCES .....	20
SNAPSHOTS OF POVERTY IN 1994 .....	32
Family Type .....	32
Additional Differences by Age, Sex and Family Type .....	34
Work Activity .....	37
Number and Age of Children .....	40
Education .....	42
Homeowners and Renters .....	46
Year of Immigration .....	48
Area of Residence .....	49
DEPTH OF POVERTY AND THE POVERTY GAP .....	51
POOR CANADIANS AND THEIR SOURCES OF INCOME .....	59
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST .....	69
The Low-Wage Poor .....	69
Children .....	72
Women .....	81
Seniors .....	84
CONCLUSION .....	86
FOOTNOTES .....	88
APPENDIX A: POVERTY LINES FOR 1995 AND 1996 .....	89
APPENDIX B: REGIONAL POVERTY STATISTICS, 1994 .....	90

## INTRODUCTION

The United Nations has designated 1996 as the International Year for the Eradication of Poverty, and the latest available statistics show that Canada still has a long way to go to meet this goal. Nearly 4.8 million children, women and men - one of every six Canadians - were living in poverty in 1994, and the overall national poverty rate was 16.6 percent. In a country as rich as Canada, these figures bear witness to the failure of successive federal, provincial and territorial governments to provide for the well-being of a significant portion of the people they were elected to represent.

Poverty Profile 1994 is the latest in a series of annual reports by the National Council of Welfare based on factual material collected by Statistics Canada. It includes numerous statistics for 1994 and poverty trends dating back to 1980.

As in previous years, families headed by single-parent mothers and "unattached" people or people living outside families were among the groups of Canadians most likely to be poor.

Single-parent mothers had poverty rates many times higher than husband-wife families. The poverty rate for all single-parent mothers under 65 with children under 18 was 57.3 percent in 1994. Single-parent mothers under age 25 had a poverty rate of 89.6 percent. Single-parent mothers who did not graduate from high school had a rate of 82.3 percent. And single-parent mothers with children under seven had rates as high as 82.8 percent.

Unattached women and men 65 and older had record low poverty rates in 1994, but they still were many times higher than the poverty rate of 6.8 percent for elderly married couples. The rate for unattached elderly women was 44.1 percent, and the comparable rate for men was 25.2 percent.

The plight of unattached people under the age of 25 was much worse. Their poverty rate in 1994 was 63.8 percent.

When we look at the actual dollars and cents that poor people had to live on, the picture is just as dismal. A total of 226,000 families and 367,000 unattached people had incomes in 1994 that amounted to less than half the poverty line.

Despite these grim realities, winning the war on poverty is not an unrealistic goal. Statistics Canada estimates that the cost of bringing all poor people out of poverty in 1994 would have been \$15.2 billion. That's a huge, but not outrageous amount of money in a country where the federal, provincial and territorial governments spent in the order of \$350 billion in 1994 and where the value of all the goods and services produced was \$750 billion.

Better job opportunities, better income support programs and better pension programs all would help close the poverty gap.

The 1994 edition of Poverty Profile has new tables that give a clearer picture of income distributions in Canada - from people living well below the poverty line to those living well above the line. Other new tables focus on Canadians under 65 and underline the relative importance of earnings, unemployment insurance and welfare as primary sources of income for poor people. A second appendix has been added with detailed regional information about poverty in the Atlantic provinces, Quebec, Ontario and the West.

Like its predecessors, Poverty Profile 1994 describes which groups of Canadians are poor, but it does not dwell on the reasons for their poverty. The loss of a job, the loss of a spouse or the loss of good health are among the most common reasons.

This report is an analysis of the facts rather than a master plan for eliminating poverty, and it contains no specific recommendations as such. Over the years, the National Council of Welfare has published many other reports full of proposals for combatting poverty. Among them are A Blueprint for Social Security Reform, Fighting Child Poverty, Women and Poverty Revisited, Welfare in Canada: The Tangled Safety Net and Pension Reform.

Finally, the data on poverty gathered by Statistics Canada provide a snapshot of poverty for one year only. They do not tell us how many people who were poor in 1994 were poor in previous years or how long they were likely to remain poor. There is relatively little reliable information on the duration of poverty in Canada, but a 1992 study by the Economic Council of Canada estimated that as many as one of every three Canadians will be poor sometime during their working lives.<sup>1</sup>

Despite these limitations, the National Council of Welfare believes that Poverty Profile 1994 will shed some light on a subject that is much discussed and little understood. Myths and stereotypes about poverty and poor people are deeply rooted in our society. It is our hope that this report will help dispel these misconceptions and promote a better understanding of the millions of people who do not share the great bounty that Canada has to offer.

## **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 1995, sampled 37,594 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 survey looked at incomes for the 1994 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1994. 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 1994 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 1994 appears below as Table 1. Comparable cut-offs for 1995 and the National Council of Welfare's estimates of the cut-offs for 1996 appear in Appendix A.

<b>TABLE 1</b>					
<b><u>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1994</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	\$ 15,479	\$ 13,596	\$ 13,282	\$ 12,108	\$ 10,538
2	20,981	18,430	18,004	16,411	14,286
3	26,670	23,426	22,884	20,860	18,157
4	30,708	26,969	26,348	24,019	20,905
5	33,550	29,467	28,787	26,242	22,841
6	36,419	31,983	31,246	28,483	24,792
7+	39,169	34,403	33,609	30,638	26,666

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>2</sup>

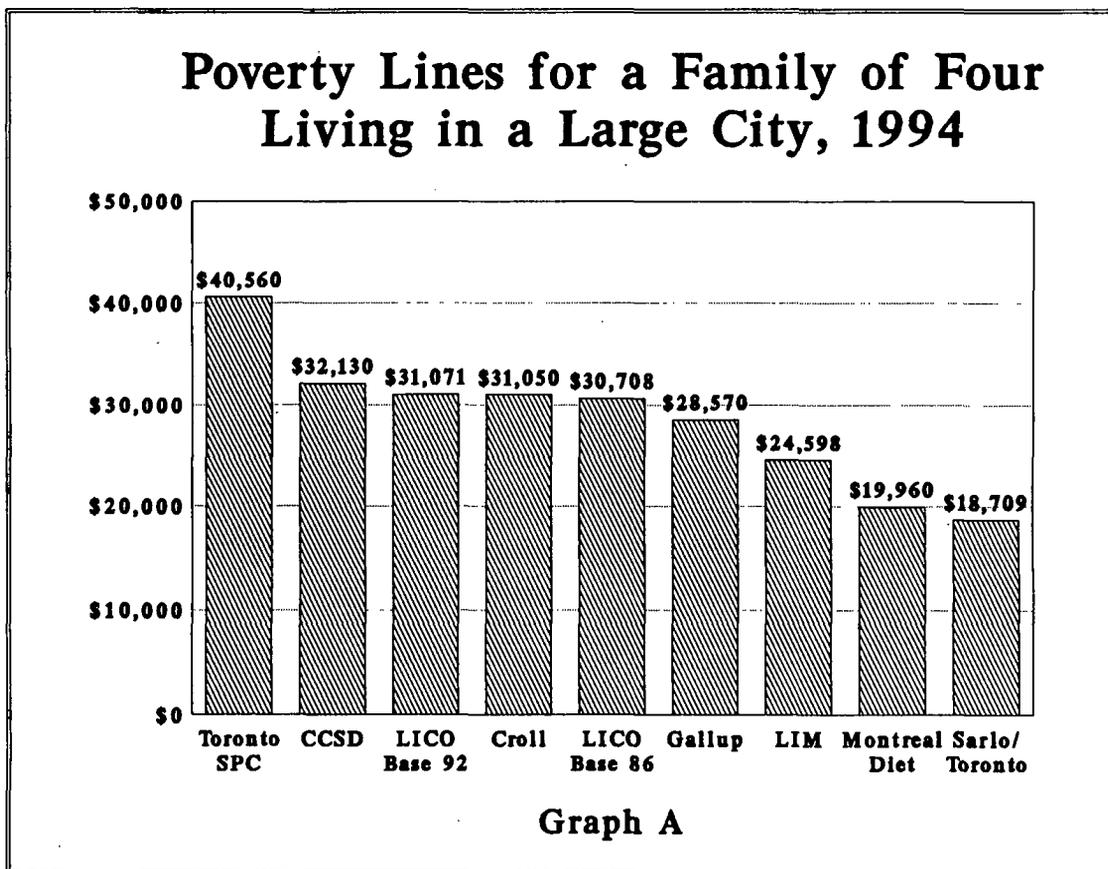
For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

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.

Graph A shows the 1986 base and 1992 base low income cut-offs or LICOs of Statistics Canada along with seven other poverty lines sometimes seen in published reports.<sup>3</sup> Most of the lines fall in a middle range from \$28,570 to \$32,130 for a family of four living in a large city in 1994. One line is substantially higher than the rest, and three are substantially lower.



Toronto SPC, the description of the first bar of Graph A, refers to the budget guides of the Metropolitan Toronto Social Planning Council updated to the year 1994. CCSD refers to the Canadian Council on Social Development's income guidelines, which are based on one-half of average family income and do not vary from one area of the country to another. The calculation for the bar labelled Croll uses the methodology first proposed in 1971 by a special Senate committee on poverty headed by Senator David Croll. The Gallup bar is an update of responses to a public opinion poll that asked: "What is the minimum weekly amount of income required for a family of four, consisting of two adults and two children?" LIM means the low income measures of Statistics Canada, an alternative measure based on one-half of median family income with no geographic variations. Montreal Diet refers to the income needed for a minimum adequate standard of living as calculated by the Montreal Diet Dispensary. The group also has basic needs guidelines strictly intended for short-term assistance that are somewhat lower. Sarlo/Toronto is the poverty line for Toronto calculated for 1992 by Christopher A. Sarlo and updated to 1994 by the National Council of Welfare. Professor Sarlo also has "social comfort lines" that are twice as high as his poverty lines.

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. The definition includes couples living in common-law relationships. Most of the data in this report is expressed in terms of families rather than the number of people in family units. Unattached individuals are defined as people living alone or in households where they are 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 317,000 poor families with children under 18 headed by a female single parent under age 65 in 1994. The estimated total number of families with children under 18 headed by a female single parent under 65 was 554,000. The poverty rate was 317,000 divided by 554,000 or 57.3 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, the federal Child Tax Benefit, 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.

Statistics Canada revised its low income data for the period 1980 through 1993 in the 1994 version of Income Distributions by Size in Canada. The revisions included shifting population estimates to the 1991 census base, adjusting the estimates to correct undercoverage, and including non-permanent residents physically present in Canada in surveys by the Bureau.

The National Council of Welfare decided to continue using the data for earlier years as originally published. The revisions have very little effect on rates of poverty, but they tend to add slightly to the number of people living in poverty.

## **RECENT POVERTY TRENDS**

Canada finally turned the corner in 1994, as many poverty rates began falling for the first time since the recession of 1990-1991. Most of the drops were modest, however, and the poverty rates for 1994 were generally well above the pre-recession rates for 1989.

Between 1993 and 1994, there were slight declines in the poverty rates for all persons, children and seniors. Poverty among seniors continued its long-term downward trend after an unexplained increase in 1993, and most of the 1994 figures were record lows.

Poverty rates for families fell in 1994, but the rates for unattached individuals were mixed. The most notable increase was the jump in the rate for unattached women under 65 from 37.9 percent in 1993 to a 15-year high of 42.6 percent in 1994.

This chapter shows major national trends in poverty from 1980 through 1994 using two types of measures. One looks at Canadians as individual people, 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 through 1993. In 1994, the number of poor people in Canada was nearly 4.8 million and the poverty rate was 16.6 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%
1993	4,775,000	17.4%
1994	4,795,000	16.6%

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. In 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 through 1993. In 1994, the number of poor children was more than 1.3 million and the poverty rate was 19.1 percent.

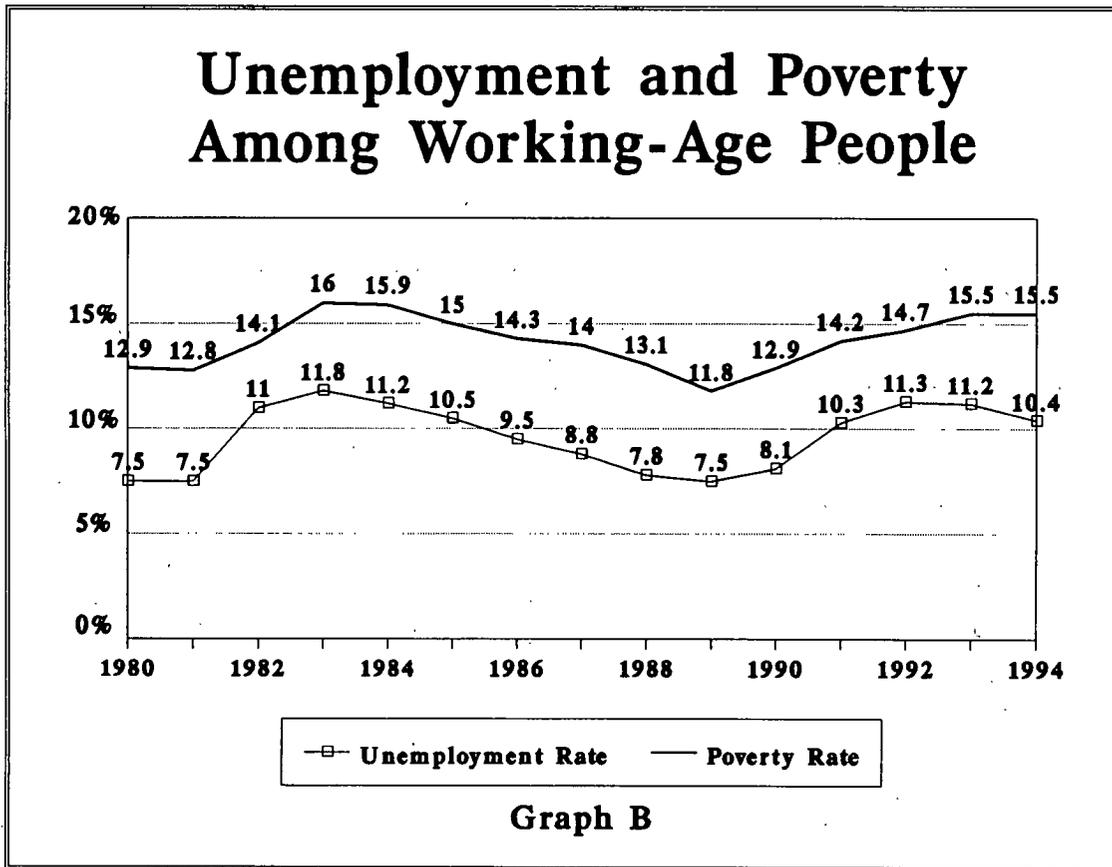
**TABLE 3**  
**POVERTY TRENDS, CHILDREN UNDER 18**

	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%
1993	1,415,000	20.8%
1994	1,334,000	19.1%

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

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 B 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 1994, the unemployment rate was 10.4 percent and the poverty rate was 15.5 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.

Table 4 shows this long-term decline in poverty. There were occasional increases in poverty from one year to the next, but the overall trend was sharply downward. The number of poor seniors dropped from 731,000 in 1980 to 567,000 in 1994, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 17.2 percent in 1994.

<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%
1993	636,000	20.5%
1994	567,000	17.2%

**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 most of the period 1980 to 1994, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1994, for example, the poverty rate for families was 13.7 percent, and the rate for unattached individuals was 37 percent.

<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%
1993	1,116,000	14.8%	1,306,000	37.1%
1994	1,108,000	13.7%	1,421,000	37.0%

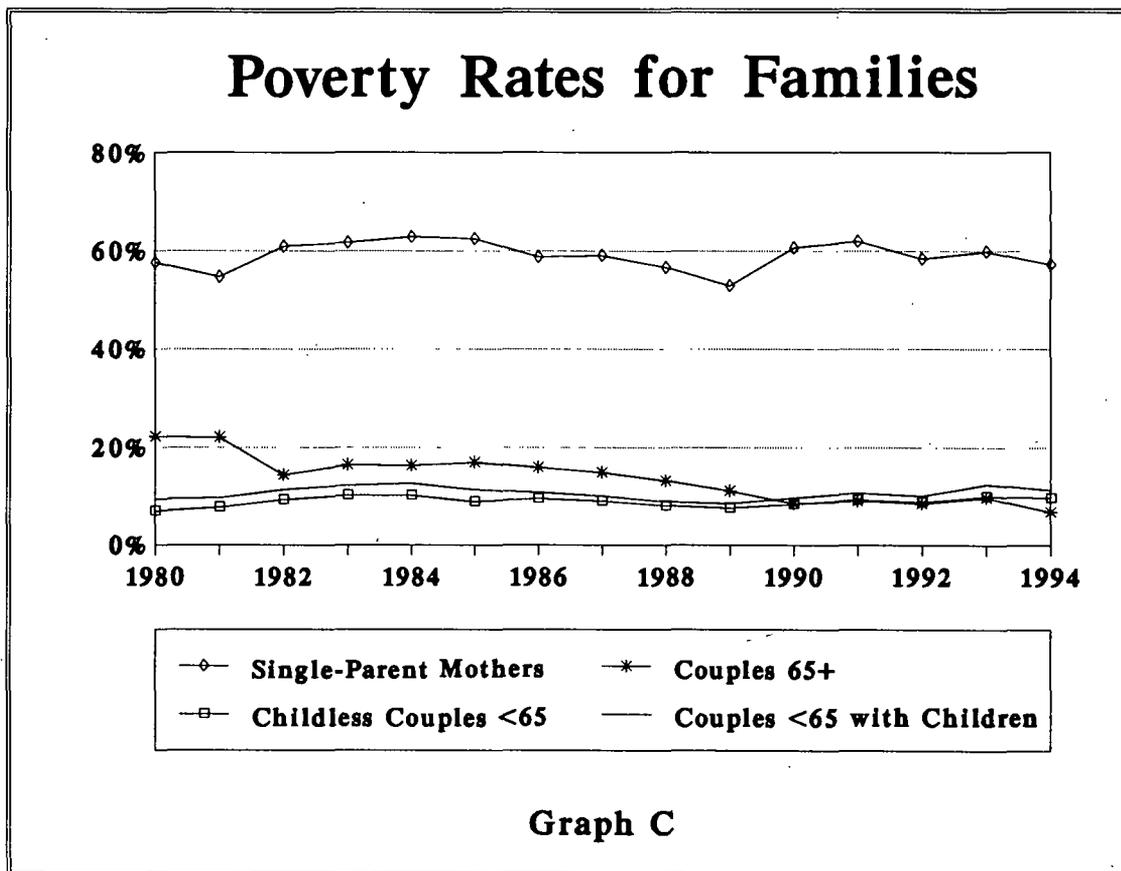
One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and 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 82 percent of all poor families in 1994. The other 18 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 C on the next page. 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 1994 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 33.1 percent in 1994, the second highest rate for single-parent fathers during the entire period. The lowest was 18 percent in 1987.

Married couples with the head of the family 65 or older saw their poverty rates fall dramatically from 22.2 percent in 1980 to a record low 6.8 percent in 1994.

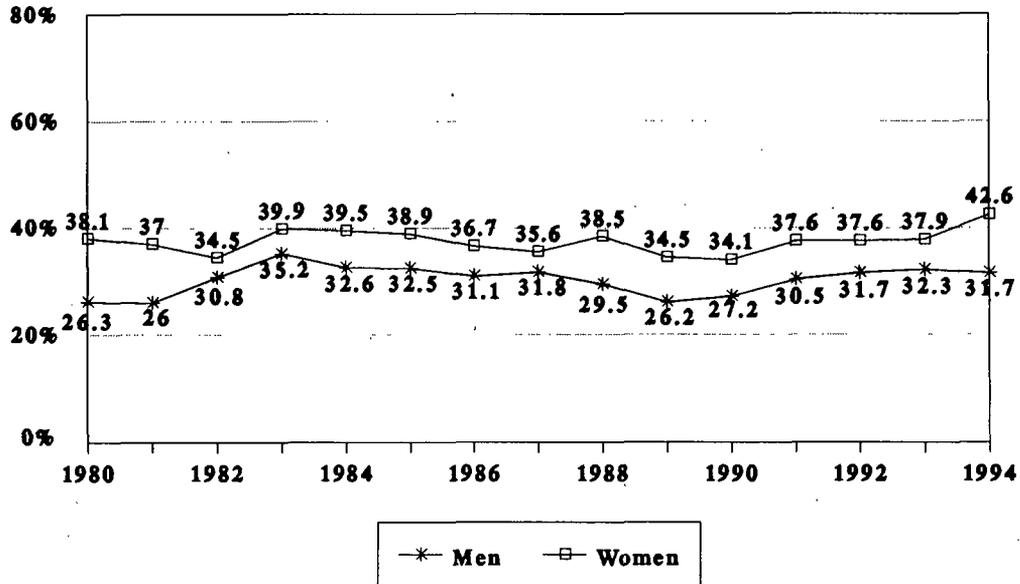
Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with the ups and downs in the economy. The rates were relatively low for couples with children under 18 and couples without children, although the rates for childless couples were consistently lower.

**TABLE 6**  
**POVERTY RATES FOR FAMILIES, 1980-1994**

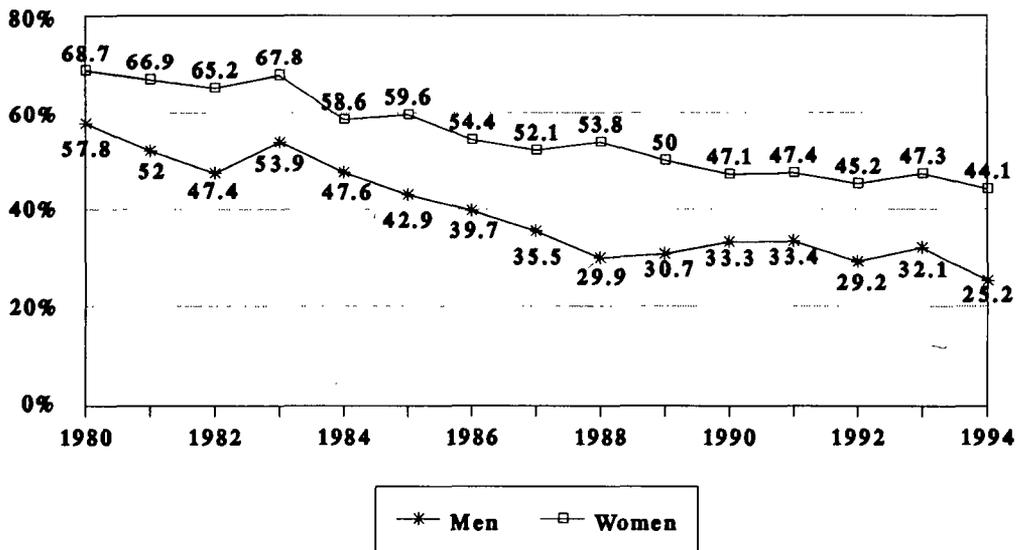
	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	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%
1993	59.8%	9.7%	9.9%	12.4%
1994	57.3%	6.8%	9.7%	11.3%

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.

## Poverty Rates for Unattached People Under 65



## Poverty Rates for Unattached People 65 and Older



Graph D

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph D on the previous page. 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 37.9 percent in 1993 before rising to a 15-year high of 42.6 percent in 1994. The comparable rates for men were 26.3 percent in 1980, 32.3 percent in 1993 and 31.7 percent in 1994. 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 went from 68.7 percent in 1980 to a record low 44.1 percent in 1994. The rate for men dropped from 57.8 percent in 1980 to a record low 25.2 percent in 1994. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

**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 1994 provincial statistics for families, unattached individuals and all persons. For families, poverty rates ranged from a low of 7.9 percent in Prince Edward Island to a high of 18.4 percent in Newfoundland. The range for unattached individuals was even greater, from 28.2 percent in P.E.I. to 45.5 percent in Quebec. Poverty rates for all persons went from 10.5 percent in P.E.I. to 20.2 percent in Quebec.

**TABLE 7**

**POVERTY BY PROVINCE, 1994**

	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	30,000	18.4%	13,000	38.2%	110,000	19.1%
Prince Edward Island	3,000	7.9%	5,000	28.2%	14,000	10.5%
Nova Scotia	39,000	14.5%	41,000	38.3%	157,000	17.0%
New Brunswick	29,000	13.5%	31,000	35.8%	115,000	15.5%
Quebec	344,000	16.8%	463,000	45.5%	1,453,000	20.2%
Ontario	362,000	11.8%	420,000	31.6%	1,541,000	14.1%
Manitoba	41,000	13.6%	63,000	43.5%	198,000	18.4%
Saskatchewan	37,000	13.5%	42,000	32.9%	165,000	17.0%
Alberta	95,000	13.1%	125,000	33.6%	425,000	15.9%
British Columbia	126,000	12.6%	216,000	36.4%	617,000	16.9%
Canada	1,108,000	13.7%	1,421,000	37.0%	4,795,000	16.6%

Between 1993 and 1994, family poverty rates were down in Quebec, Ontario and the four western provinces, up in Newfoundland, Prince Edward Island and New Brunswick, and did not change in Nova Scotia.

Poverty rates for unattached individuals were down in Newfoundland, P.E.I., New Brunswick, Ontario and Alberta, and up in Nova Scotia, Quebec, Manitoba, Saskatchewan and British Columbia.

For all persons, poverty rates fell in Quebec, Ontario, Alberta and British Columbia, remained unchanged in Saskatchewan, and rose in the four Atlantic provinces and Manitoba.

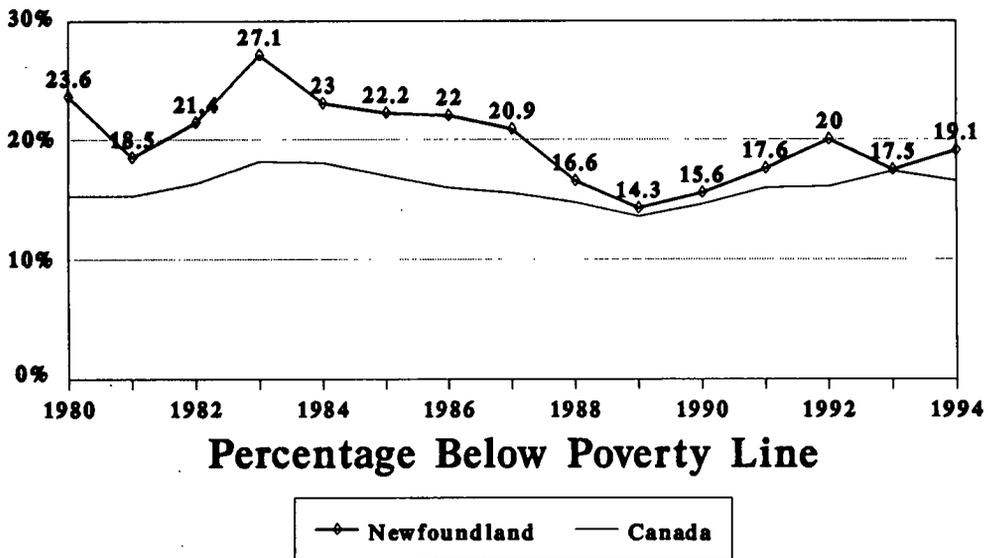
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all persons from 1980 to 1994. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, 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 bottom half of each page gives the poverty rates for families and unattached individuals from 1980 through 1994. The lines without markers and without percentages show the national trends.

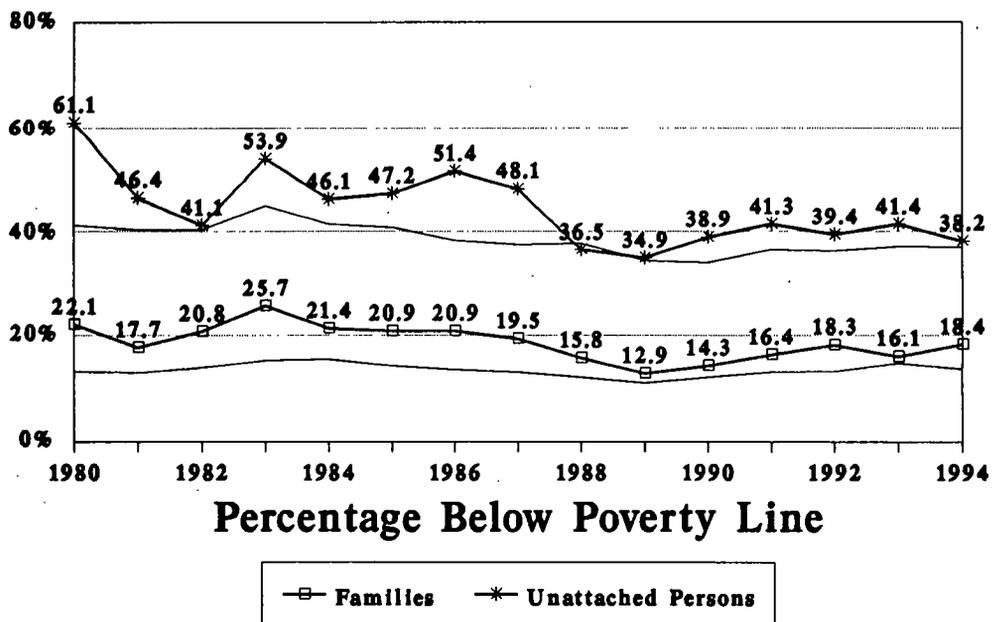
The two largest provinces have the most consistent trends for families, unattached individuals and all persons. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period. Quebec's rates were among the highest and well above average. There was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

# Newfoundland

## Trends for All Persons



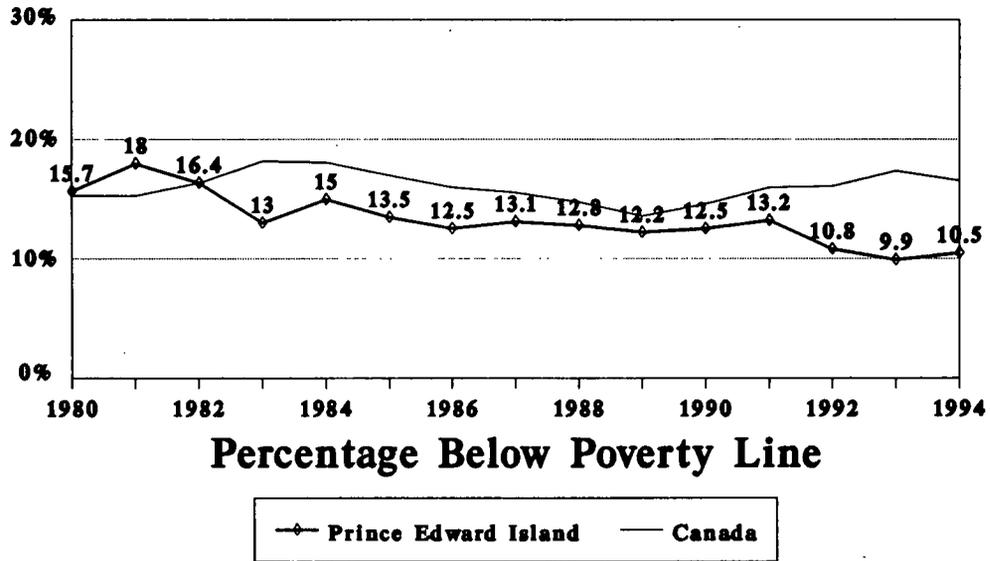
## Families and Unattached Individuals



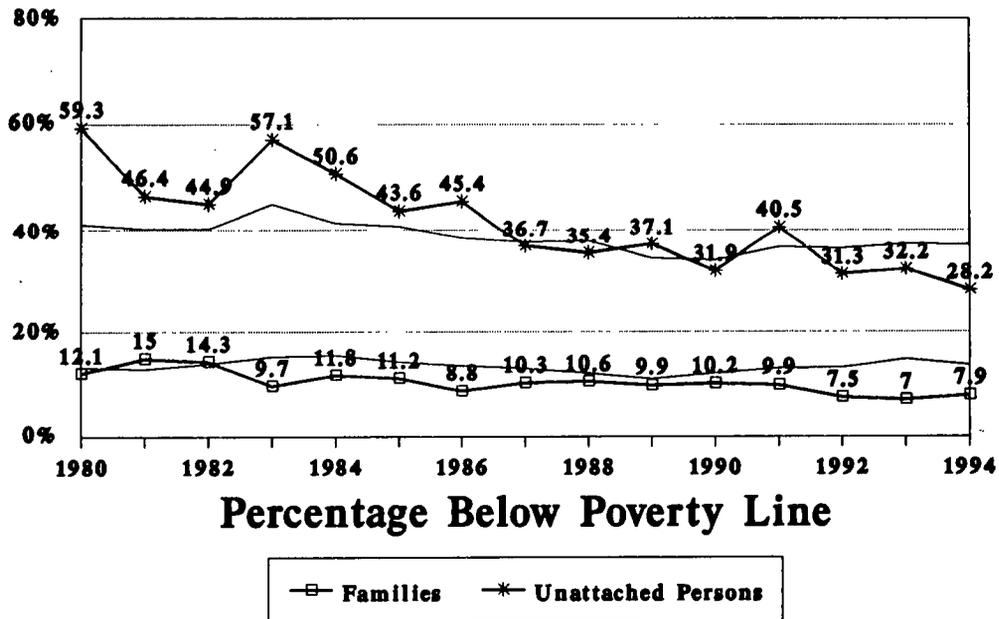
Graph E

# Prince Edward Island

## Trends for All Persons



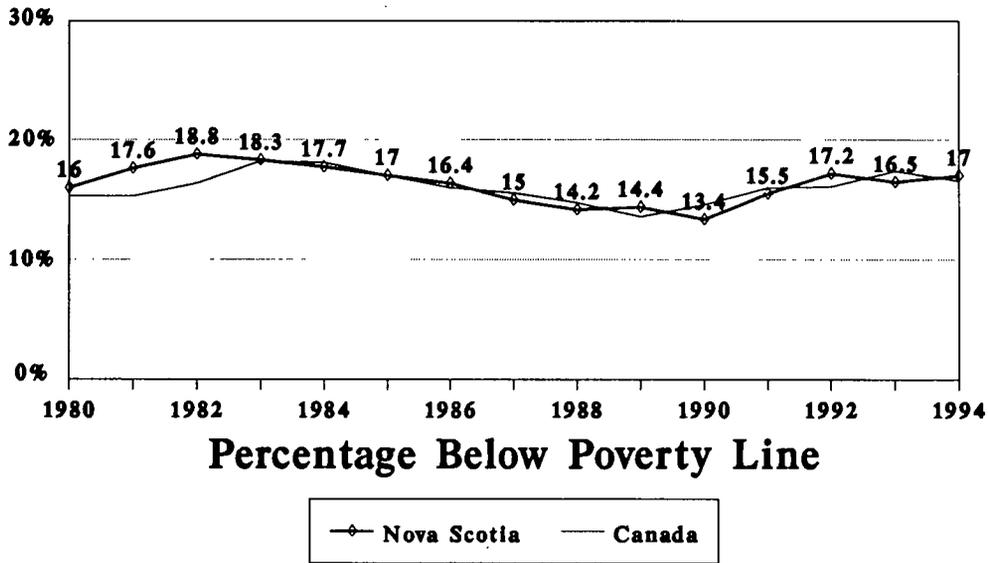
## Families and Unattached Individuals



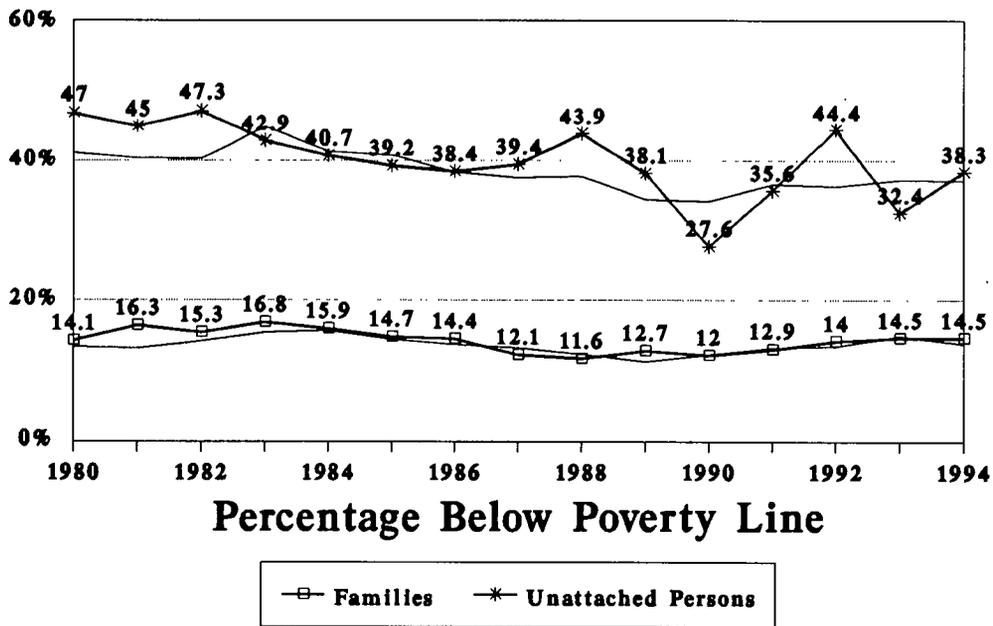
Graph F

# Nova Scotia

## Trends for All Persons



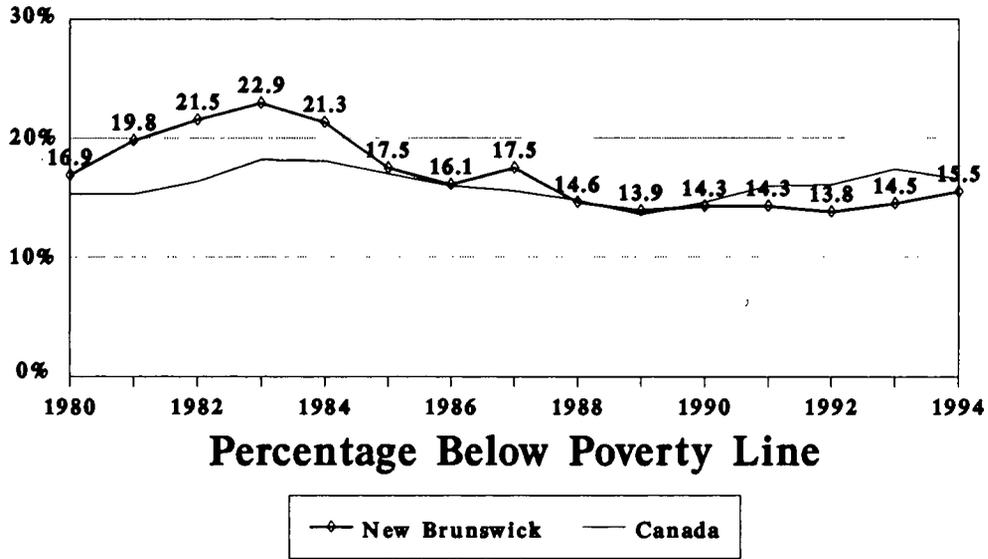
## Families and Unattached Individuals



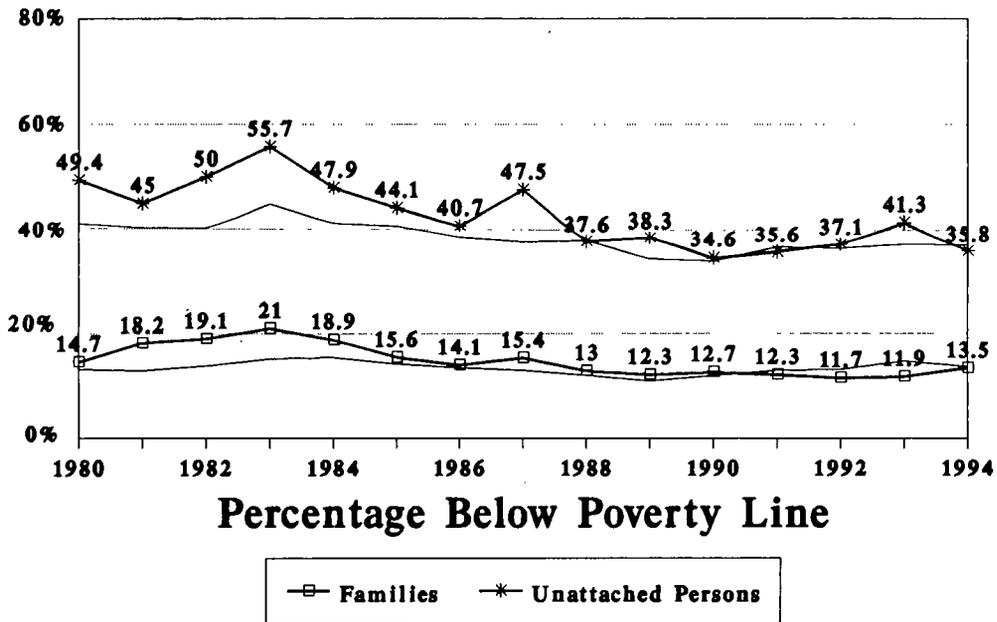
Graph G

# New Brunswick

## Trends for All Persons



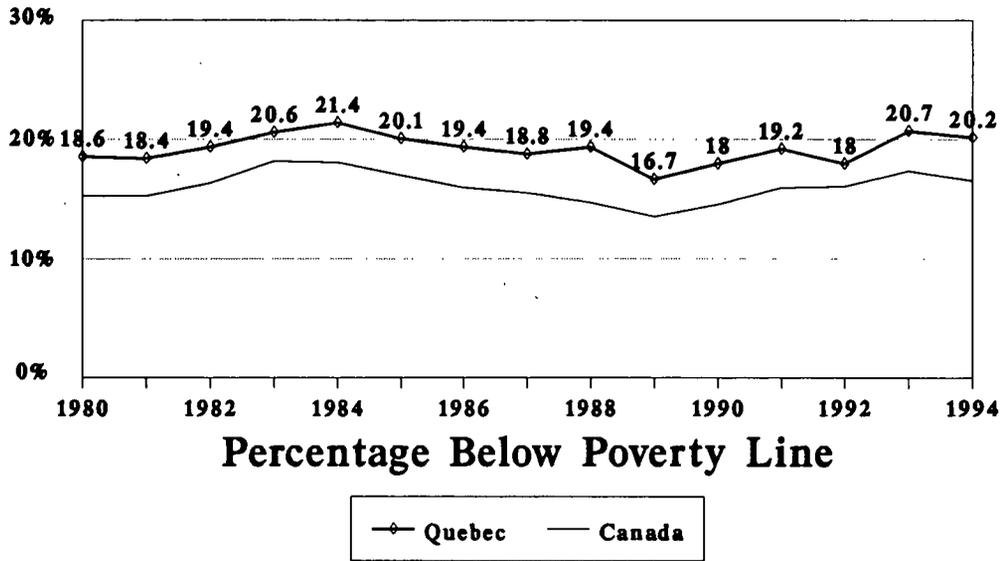
## Families and Unattached Individuals



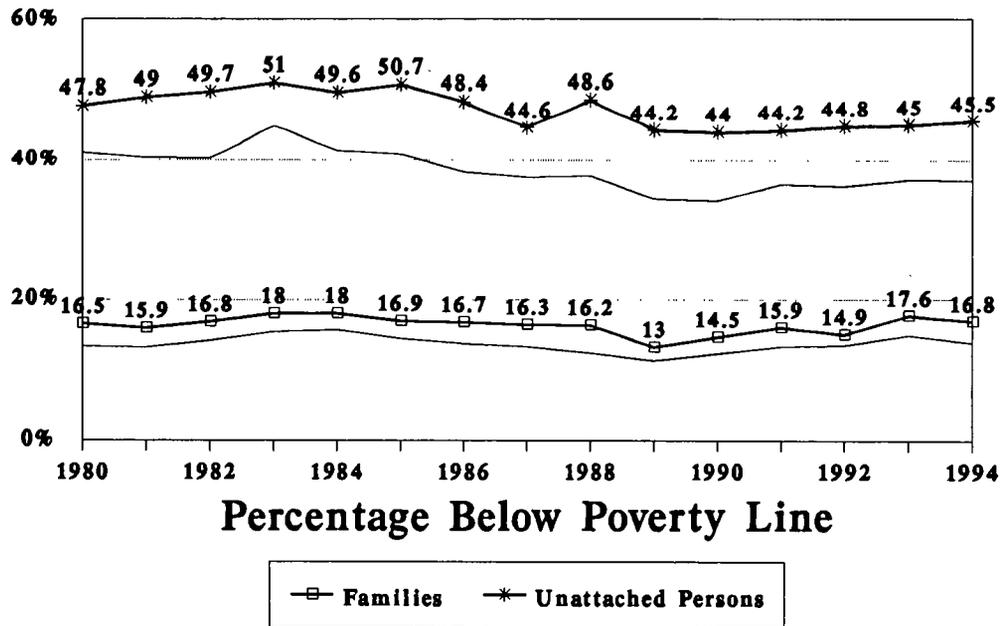
Graph H

# Quebec

## Trends for All Persons



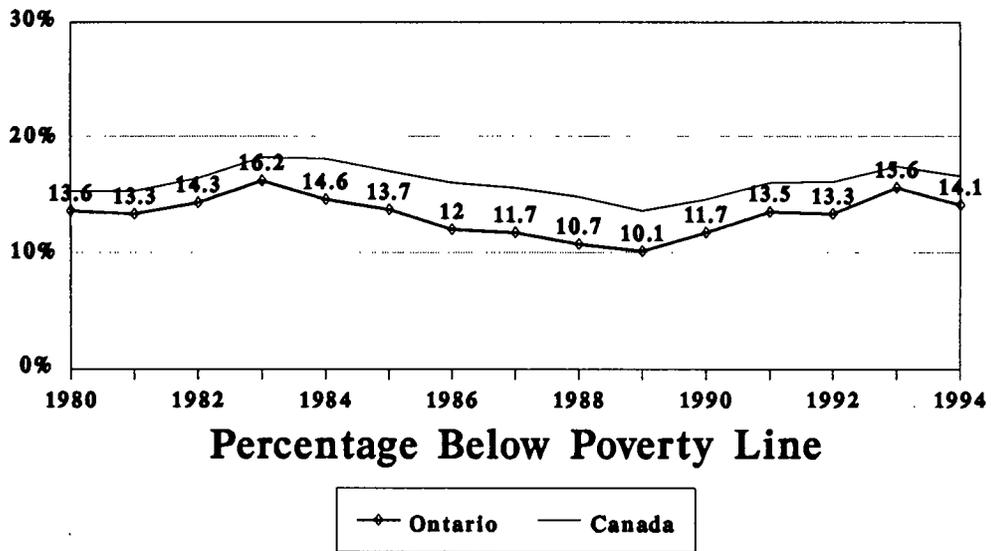
## Families and Unattached Individuals



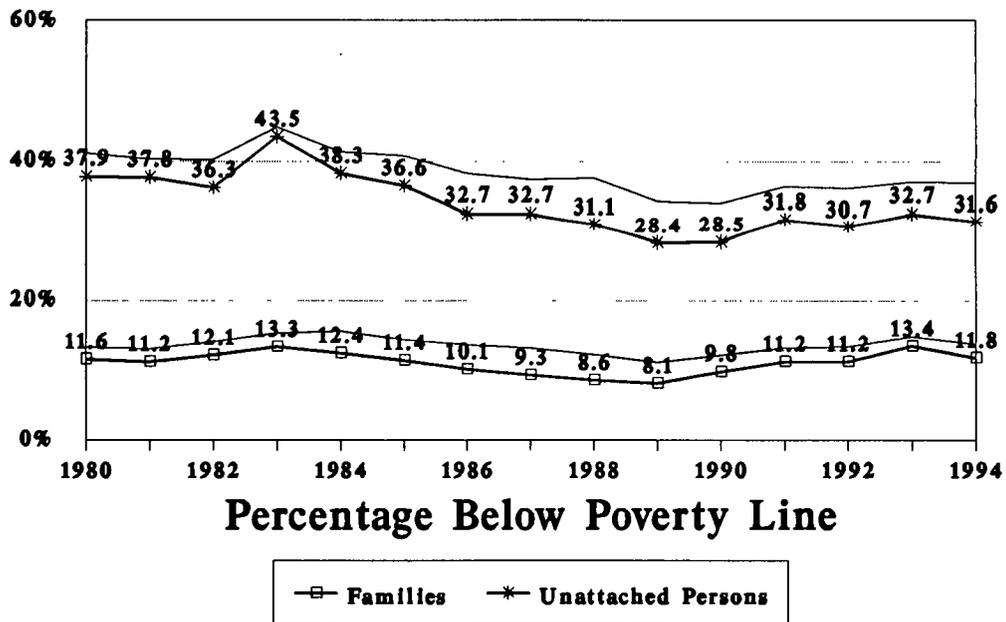
Graph I

# Ontario

## Trends for All Persons



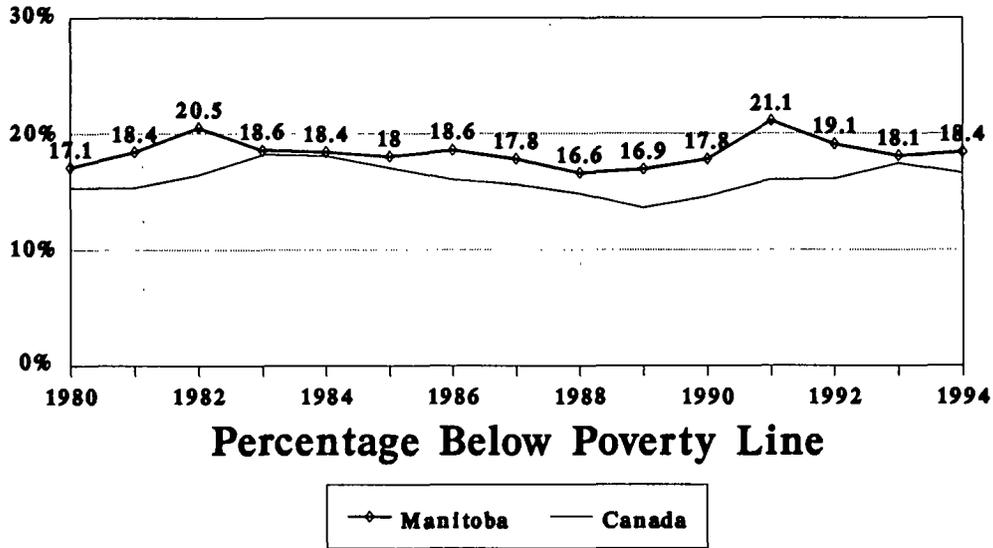
## Families and Unattached Individuals



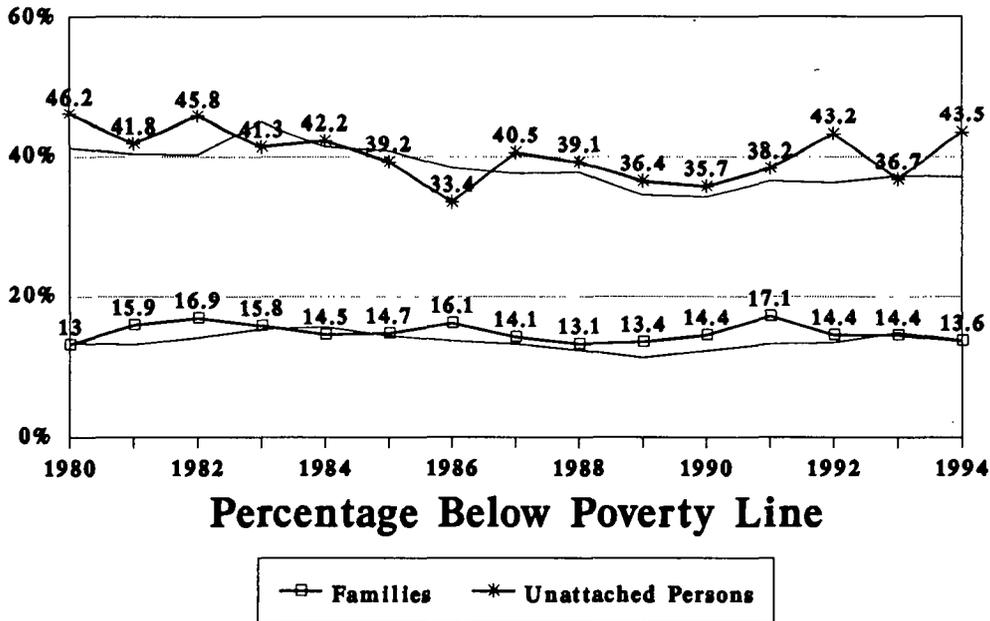
Graph J

# Manitoba

## Trends for All Persons



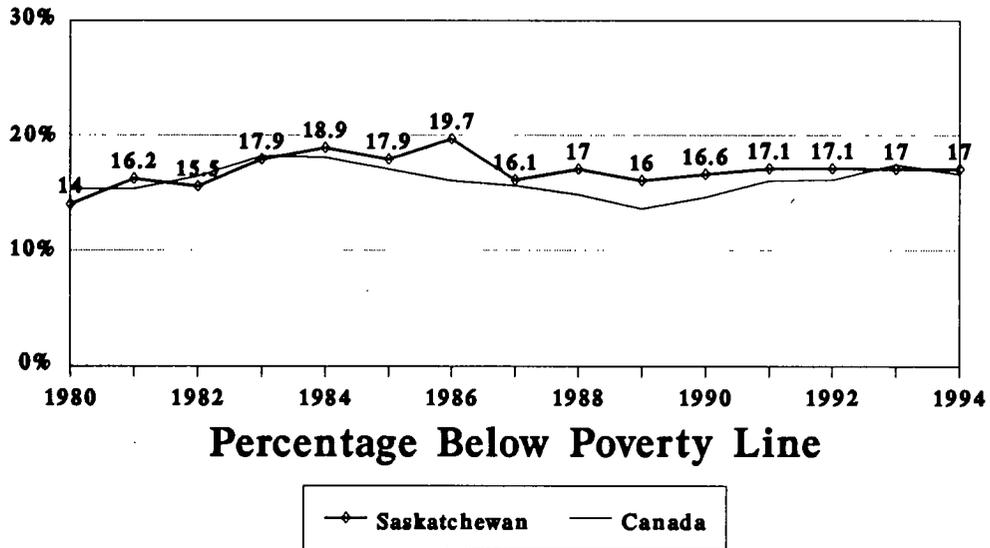
## Families and Unattached Individuals



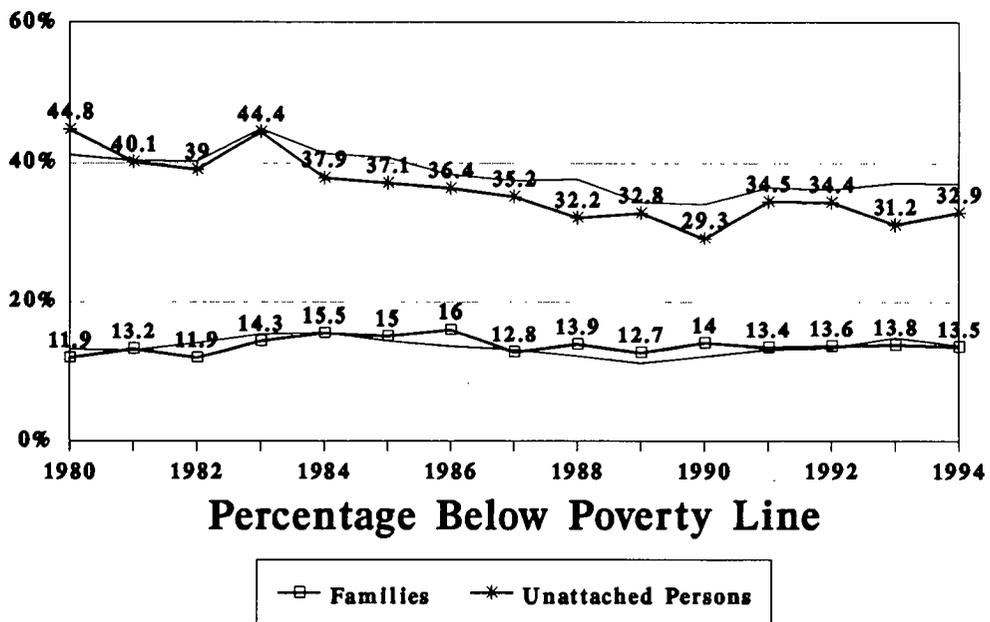
Graph K

# Saskatchewan

## Trends for All Persons



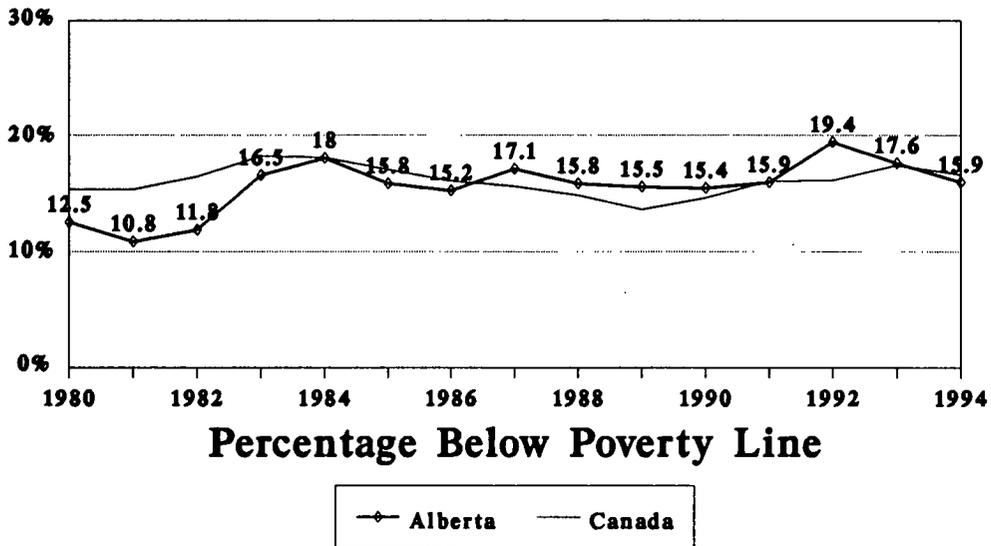
## Families and Unattached Individuals



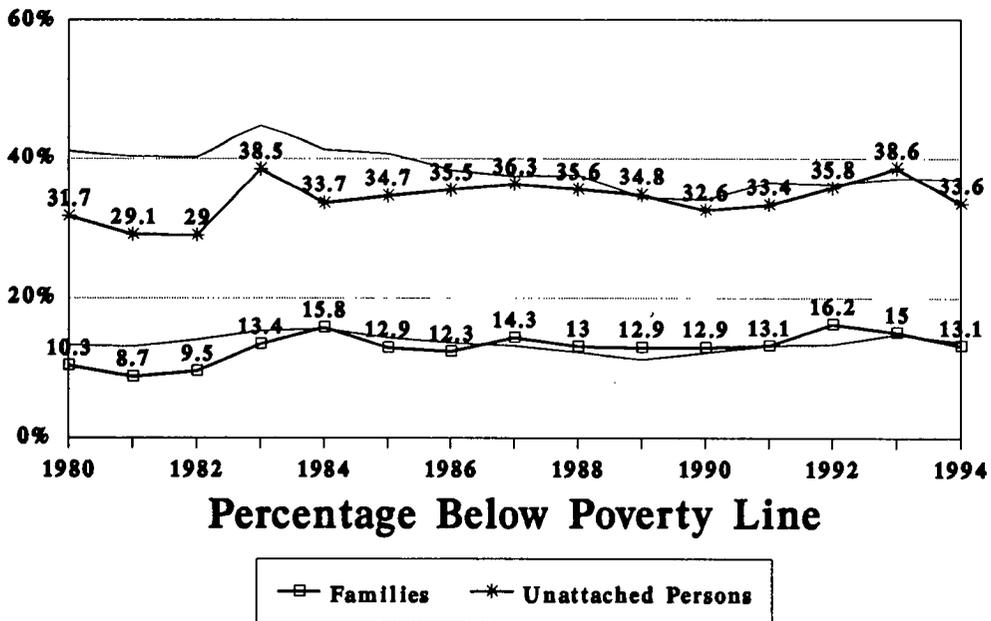
Graph L

# Alberta

## Trends for All Persons



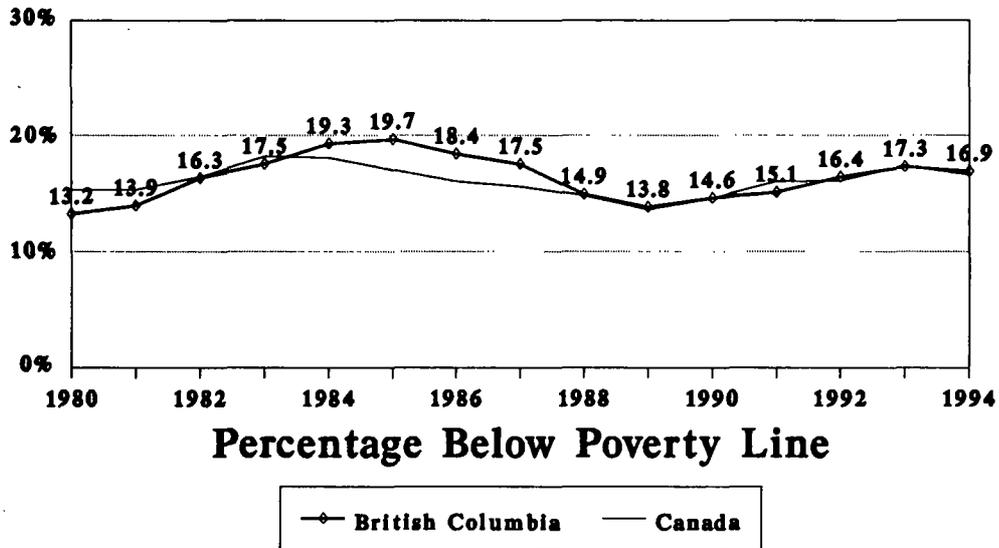
## Families and Unattached Individuals



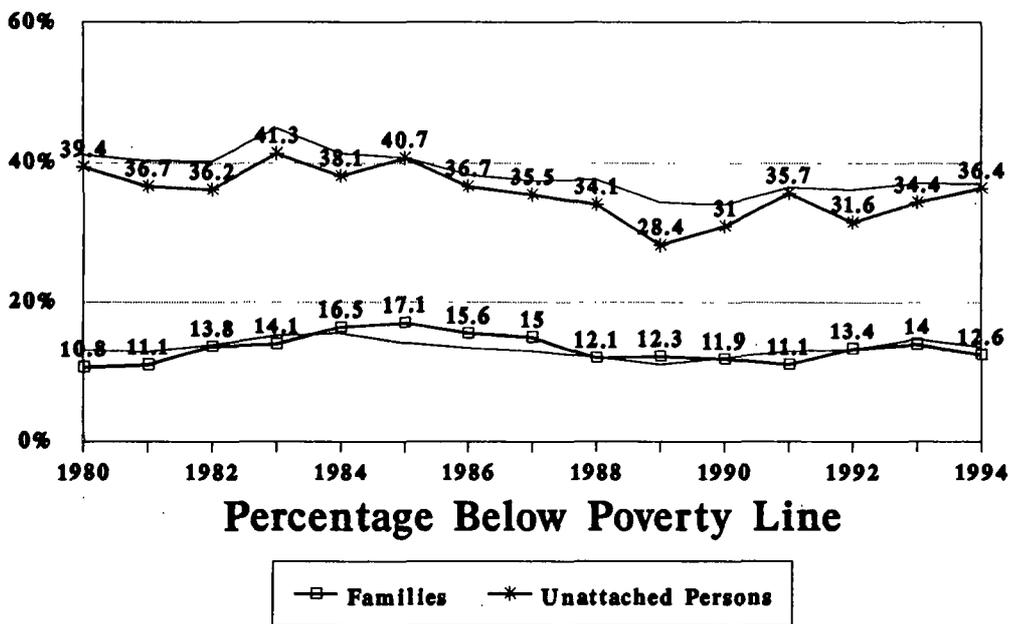
Graph M

# British Columbia

## Trends for All Persons



## Families and Unattached Individuals



Graph N

## **SNAPSHOTS OF POVERTY IN 1994**

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**

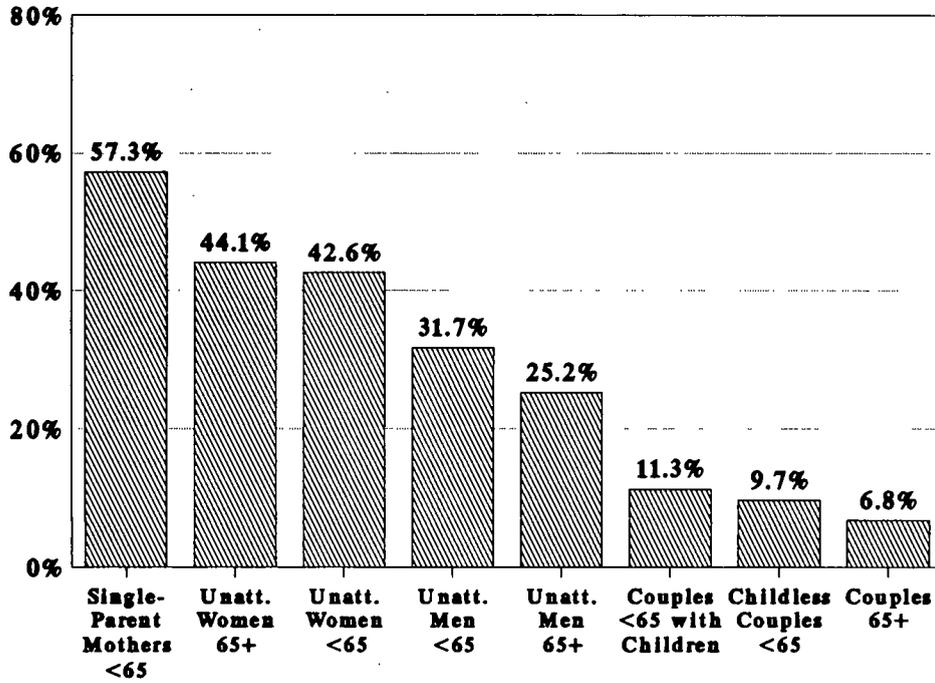
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph O 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.

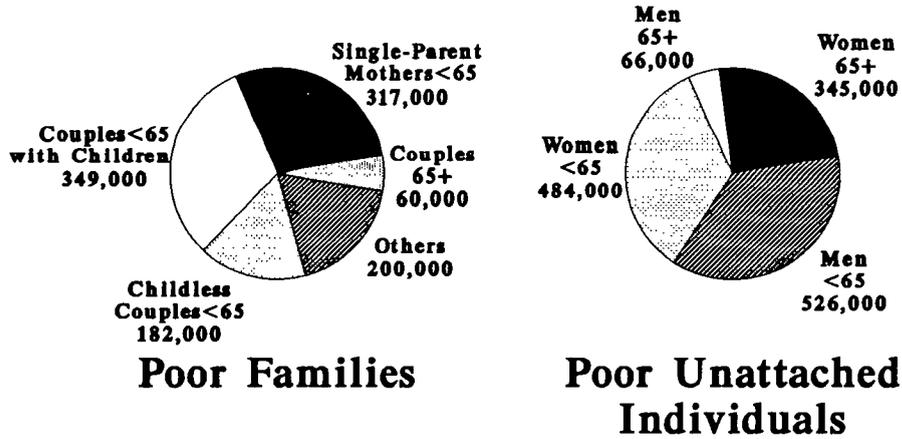
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent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

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 five to one. The numbers of poor unattached men and women under 65 were much closer.

## Poverty Rates by Family Type, 1994



## Distribution of Poor Families And Unattached Individuals, 1994



Graph O

### **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 P.

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.

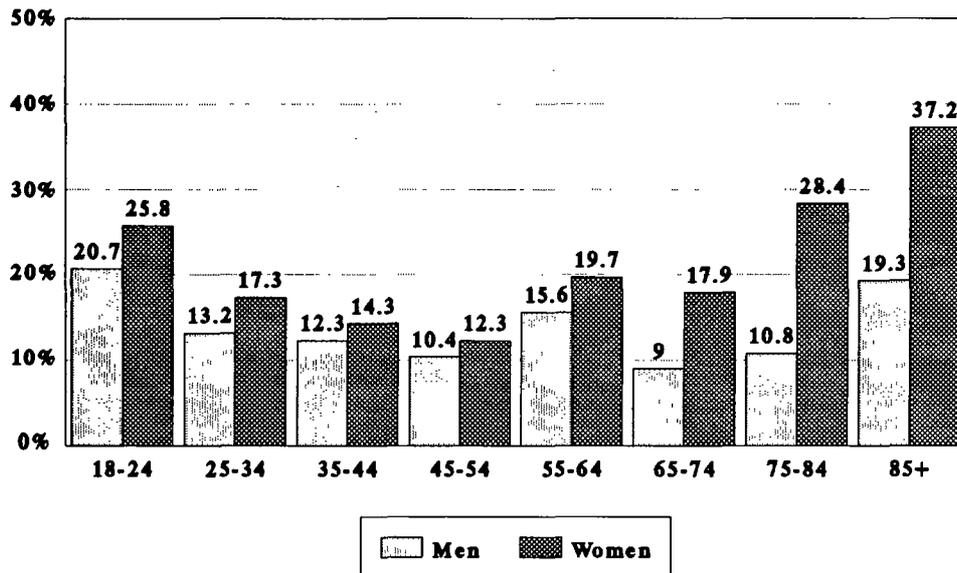
The poverty rates for both sexes were relatively high for the age groups 18 through 24 and 25 through 34. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell 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. 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.

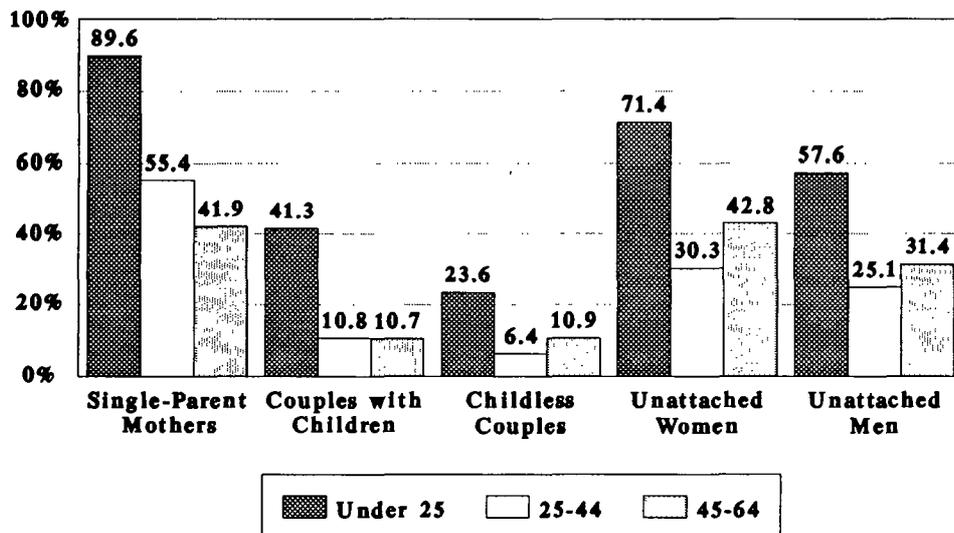
The bottom half of the graph shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 89.6 percent. The comparable rates for other families led by single-parent mothers were 55.4 percent for heads of families 25 through 44, and 41.9 percent for heads of families 45 through 64.

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In fact, the risk of poverty among young people under 25 has increased significantly in recent years with the deterioration in the job market.

## Poverty Rates for Persons By Age and Sex, 1994

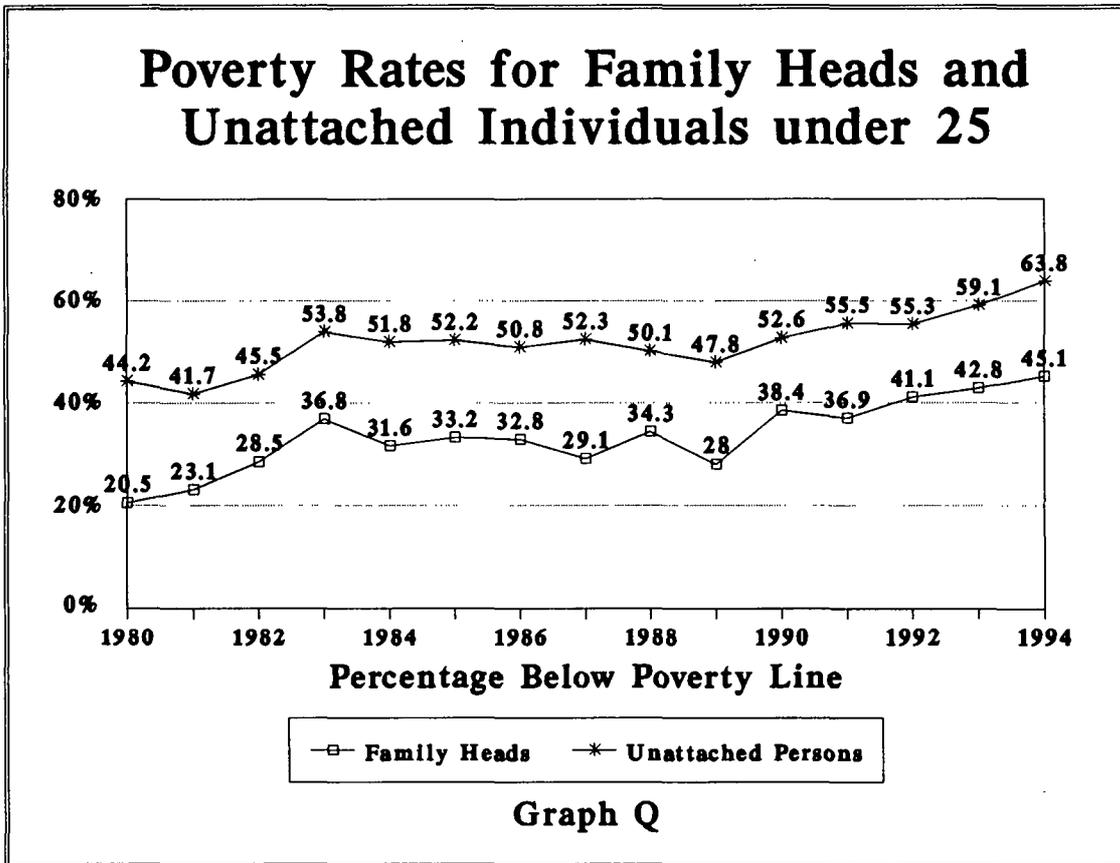


## Poverty Rates by Family Type And Age of Head, 1994



Graph P

Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 through 1994. Poverty rates for the unattached rose following the recession of 1981-1982 and remained at very high levels for most of the rest of the decade. After a slight dip in 1989, rates began rising again and hit 63.8 percent in 1994. The picture was a bit less gloomy for young families, but poverty rates have risen sharply since 1989 and reached 45.1 percent in 1994.



### 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 R on the next page.

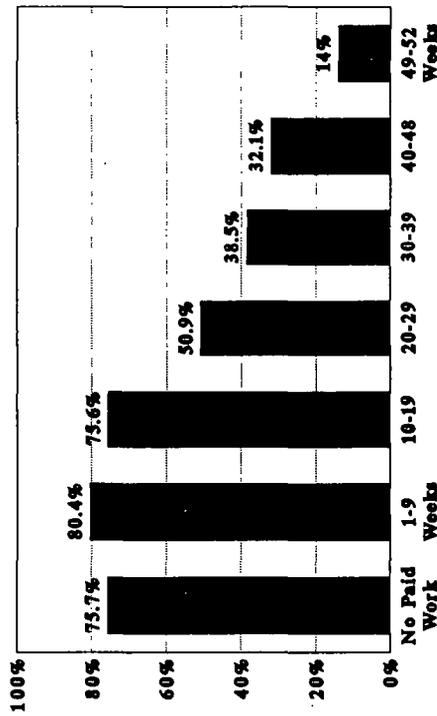
The upper left portion of the graph shows how the poverty rates for unattached individuals under 65 decline as their weeks of work increase. The poverty rates for unattached persons with only a few weeks of work in 1994 were extremely high. The poverty rate for those who worked for 49 to 52 weeks was only 14 percent.

The same general pattern holds true for families with heads under 65 as shown in the upper right portion of Graph R. Weeks of work for families includes weeks of work by the head of the family plus weeks of work by a spouse in the case of married couples. All the married couples with only one wage-earner and all single-parent families are covered by the bars in the graph that end at 49 to 52 weeks of work. The three additional bars represent husband-wife families where the two spouses together worked a total of more than 52 weeks. The poverty rate for couples under 65 with 93 or more weeks of work in 1994 was a mere 2.5 percent.

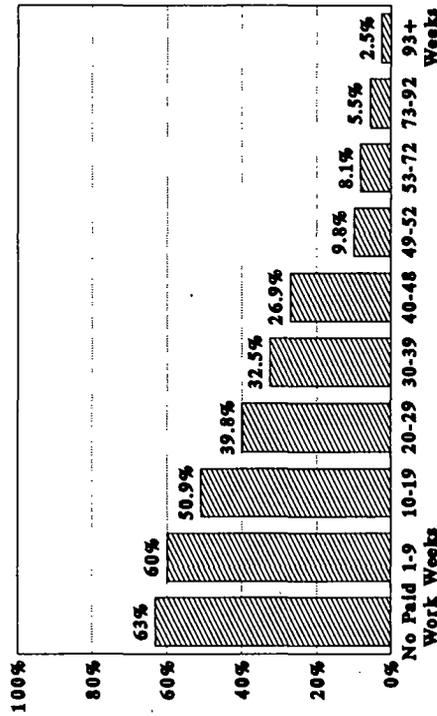
The pie charts in the bottom half of the graph show the distribution of poor unattached persons under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1994.

On the other hand, the pies also show that even 52 weeks of work a year does not always insulate a person from poverty. Some 216,000 unattached persons - or 21 percent of all poor unattached persons under 65 - were poor in 1994 even though they worked between 49 and 52 weeks. Some 71,000 families - or seven percent of all poor families with heads under 65 - were poor even when husbands and wives together worked for 93 or more weeks during the year.

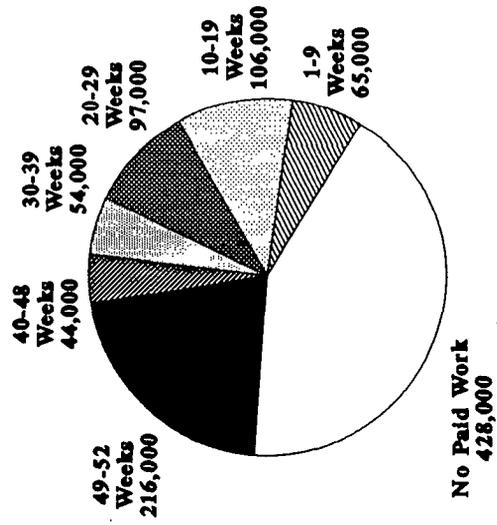
**Poverty Rates By Weeks of Work For Unattached Persons Under 65, 1994**



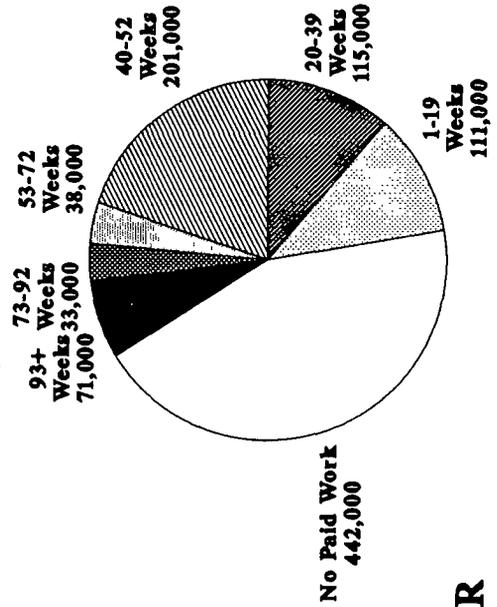
**Poverty Rates By Weeks of Work For Families Under 65, 1994**



**Distribution of Poor Unattached Persons Under 65 By Weeks of Work, 1994**



**Distribution of Poor Families Under 65 By Weeks of Work, 1994**



**Graph R**

Poverty rates for both families and unattached individuals also vary with the type of work done. Table 8 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.

<b>TABLE 8</b>		
<b><u>POVERTY RATES BY OCCUPATION, 1994</u></b>		
<b>Occupational Group</b>	<b>Family Heads</b>	<b>Unattached Individuals</b>
<b>Managerial</b>	<b>4.6%</b>	<b>11.5%</b>
<b>Professional</b>	<b>5.9%</b>	<b>18.1%</b>
<b>Processing and Machining</b>	<b>7.1%</b>	<b>15.3%</b>
<b>Product Fabrication</b>	<b>8.1%</b>	<b>20.3%</b>
<b>Transport</b>	<b>10.4%</b>	<b>23.1%</b>
<b>Construction</b>	<b>10.5%</b>	<b>27.1%</b>
<b>Sales</b>	<b>11.0%</b>	<b>31.4%</b>
<b>Farming, Fishing, Forestry</b>	<b>13.3%</b>	<b>27.5%</b>
<b>Clerical</b>	<b>13.7%</b>	<b>28.9%</b>
<b>Services</b>	<b>18.5%</b>	<b>48.8%</b>

### 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 S 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.

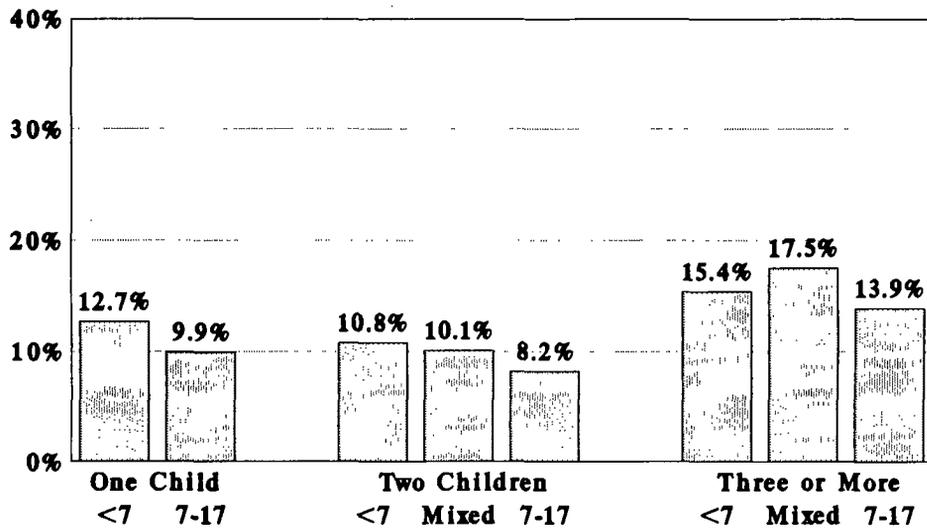
The poverty rate for two-parent families with two children under age seven was 10.8 percent in 1994. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was 10.1 percent. The rate for families with two children both seven or older was 8.2 percent.

The same pattern was even more striking among families with two children headed by single-parent mothers. The poverty rate was 82.8 percent when both children were under seven, it fell to 66.1 percent when one of the children was seven or older, and it fell again to 46.4 percent once both children had reached seven.

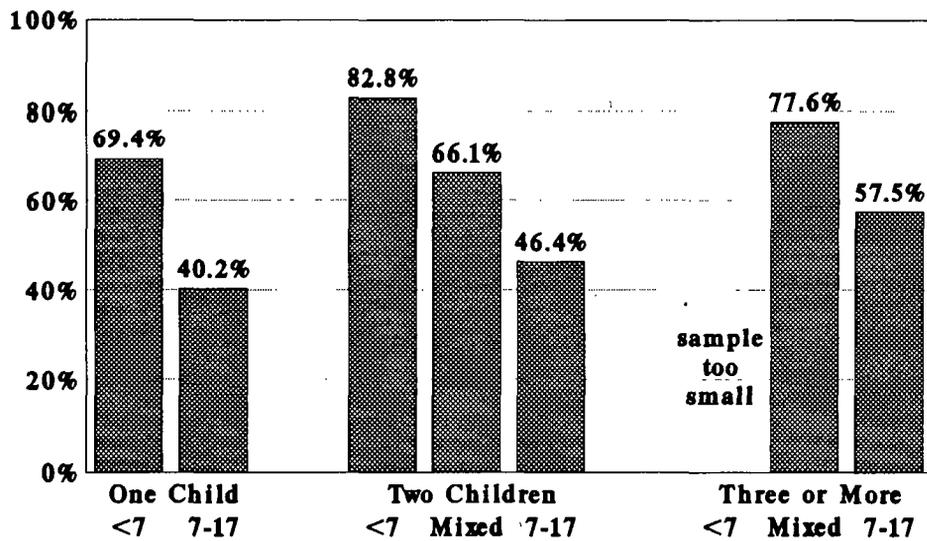
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers sometimes keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children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

As an aside, it is interesting to note that families led by single-parent mothers had fewer children on average than two-parent families. In 1994, poor single-parent mothers under 65 had an average of 1.7 children under 18, and single-parent mothers who were not poor had an average of 1.49 children. Among couples under 65 with children, poor couples had 2.02 children under 18 on average and non-poor couples had 1.86 children.

### Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1994



### Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1994



Graph S

## **Education**

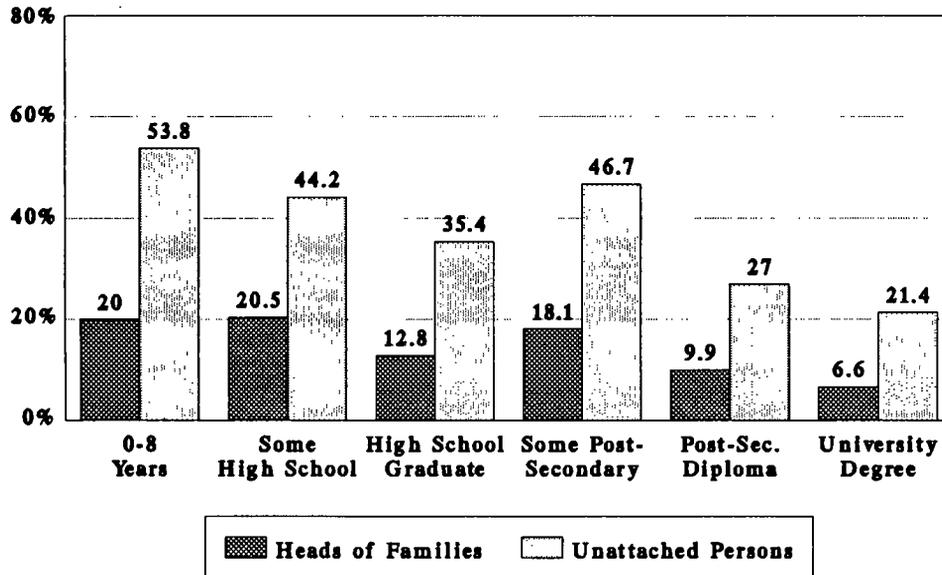
The risk of poverty normally decreases as people get more schooling. The top half of Graph T shows poverty rates of 20 percent or more for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals.

The bottom part of Graph T 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.

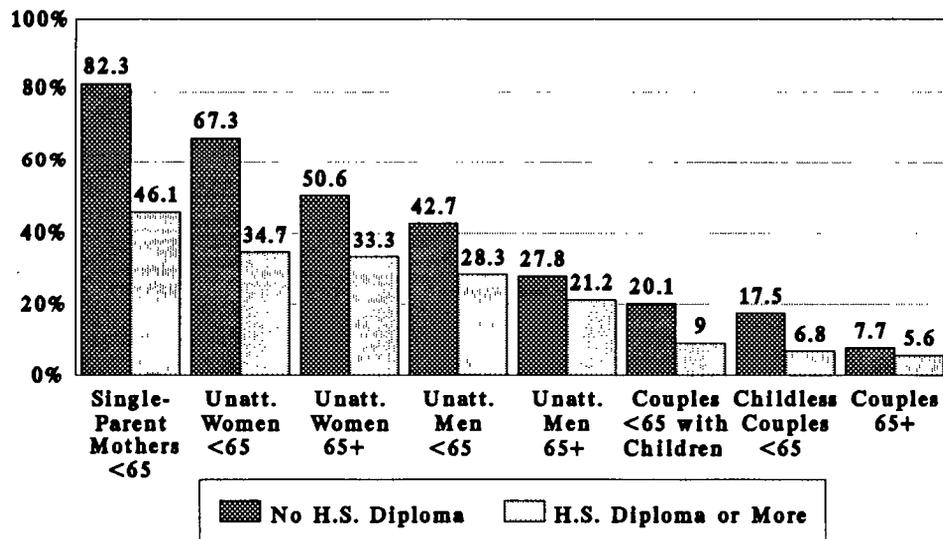
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 82.3 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 46.1 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.

## Poverty Rates by Highest Level Of Education Completed, 1994



## Poverty Rates by Family Type And Level of Education, 1994



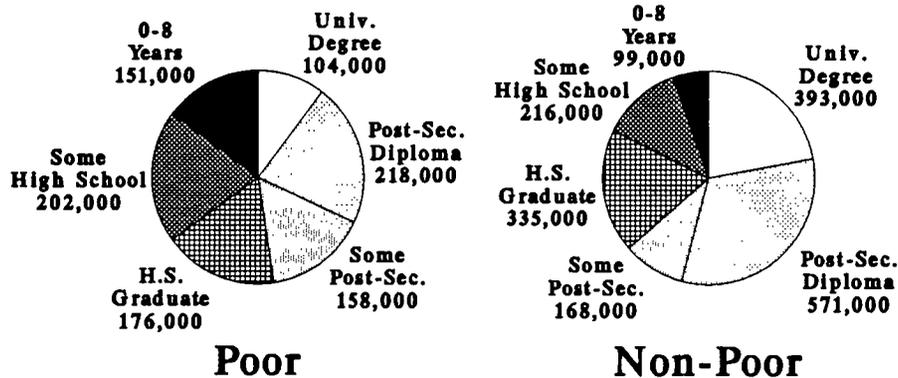
Graph T

Another way of looking at poverty and education is to compare the educational levels of poor people and non-poor people as in Graph U. The two pies on the left side of the page show the levels of education of poor unattached individuals under 65 or heads of poor families under 65. The pies on the right show the same for non-poor unattached people under 65 or heads of non-poor families under 65.

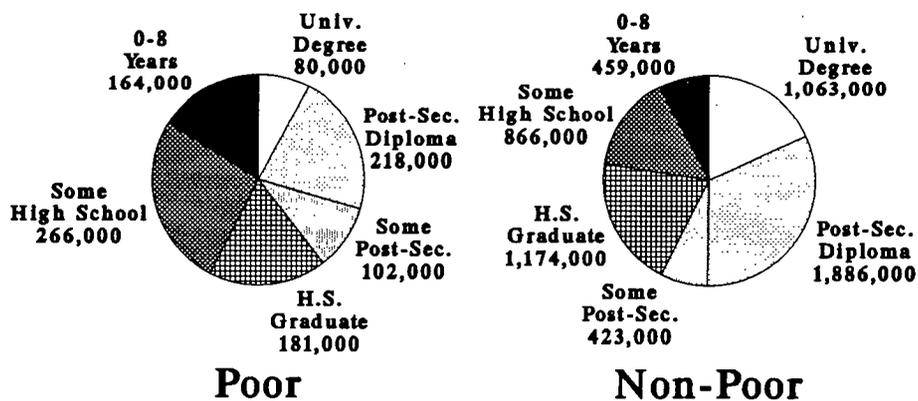
The graph shows that poor people as a group tend to have lower levels of education than non-poor people. The black slices of the pies, representing people who did not attend high school, are proportionately larger for poor people. The white slices of the pies, representing people with university degrees, are proportionately larger for the non-poor.

Graph U also shows that there is no definitive link between poverty and education. Hundreds of thousands of people who never finished high school somehow managed to avoid poverty in 1994. On the other hand, there were 104,000 unattached persons and 80,000 heads of families under 65 who had university degrees and still found themselves poor.

## Education of Poor and Non-Poor Unattached Individuals under 65, 1994



## Education of Poor and Non-Poor Families with Heads under 65, 1994



Graph U

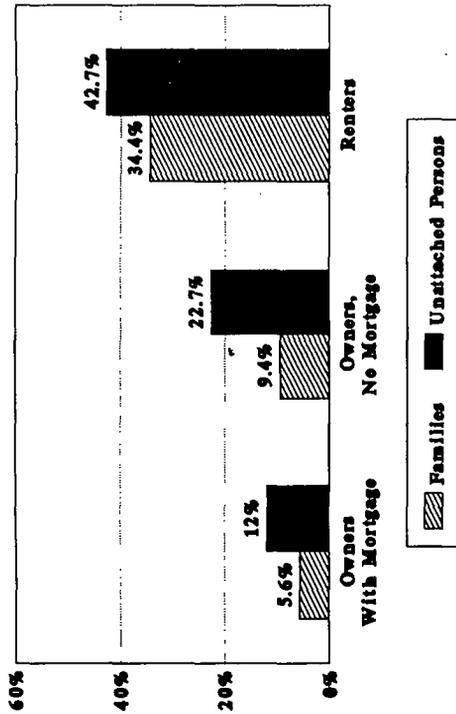
### **Homeowners and Renters**

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters.

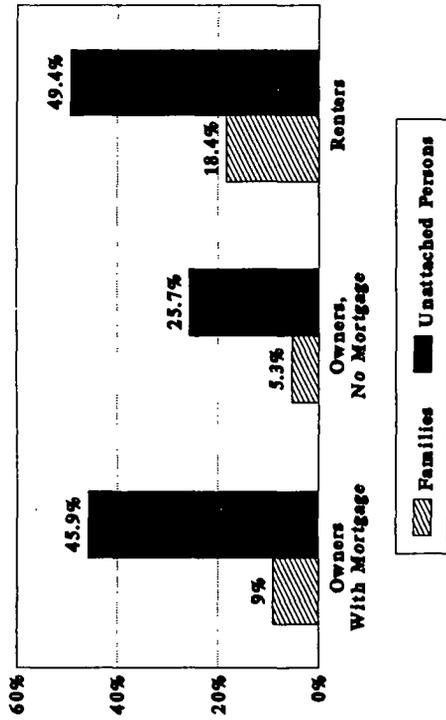
The top half of Graph V gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals. In both age groups, poverty rates were highest for unattached individuals and families who rented their homes. For the under 65 group, poverty 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 significantly lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group as shown in the bottom half of Graph V. For those under 65, 664,000 families or two-thirds of all poor families and 889,000 unattached persons or 88 percent of all poor unattached individuals were renters. For those 65 and older, 38,000 families or 39 percent of poor families and 270,000 unattached people or 66 percent of all poor unattached seniors were renters. Most of the rest of the poor seniors were homeowners without mortgages. Presumably, most of them 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.

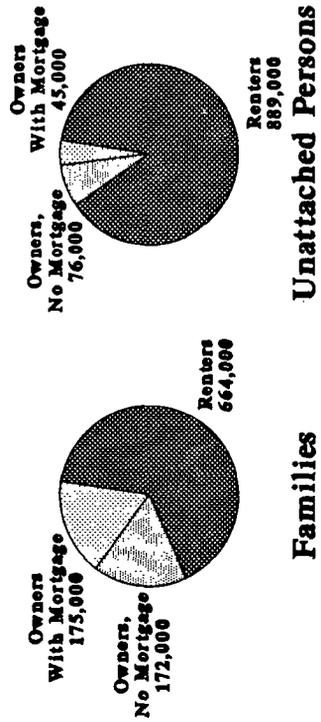
### Poverty Rates for Homeowners And Renters Under 65, 1994



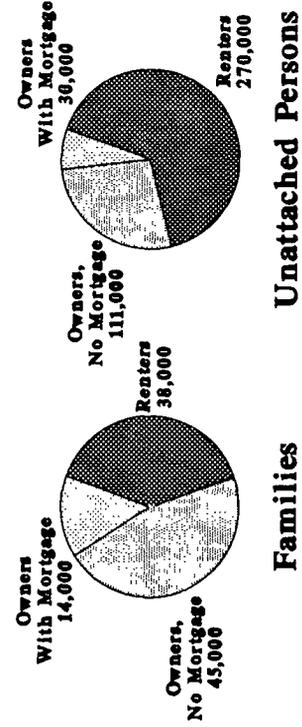
### Poverty Rates for Homeowners And Renters 65 and Older, 1994



### Distribution of Poor People Under 65 by Housing Status, 1994



### Distribution of Poor People 65 and Older by Housing Status, 1994

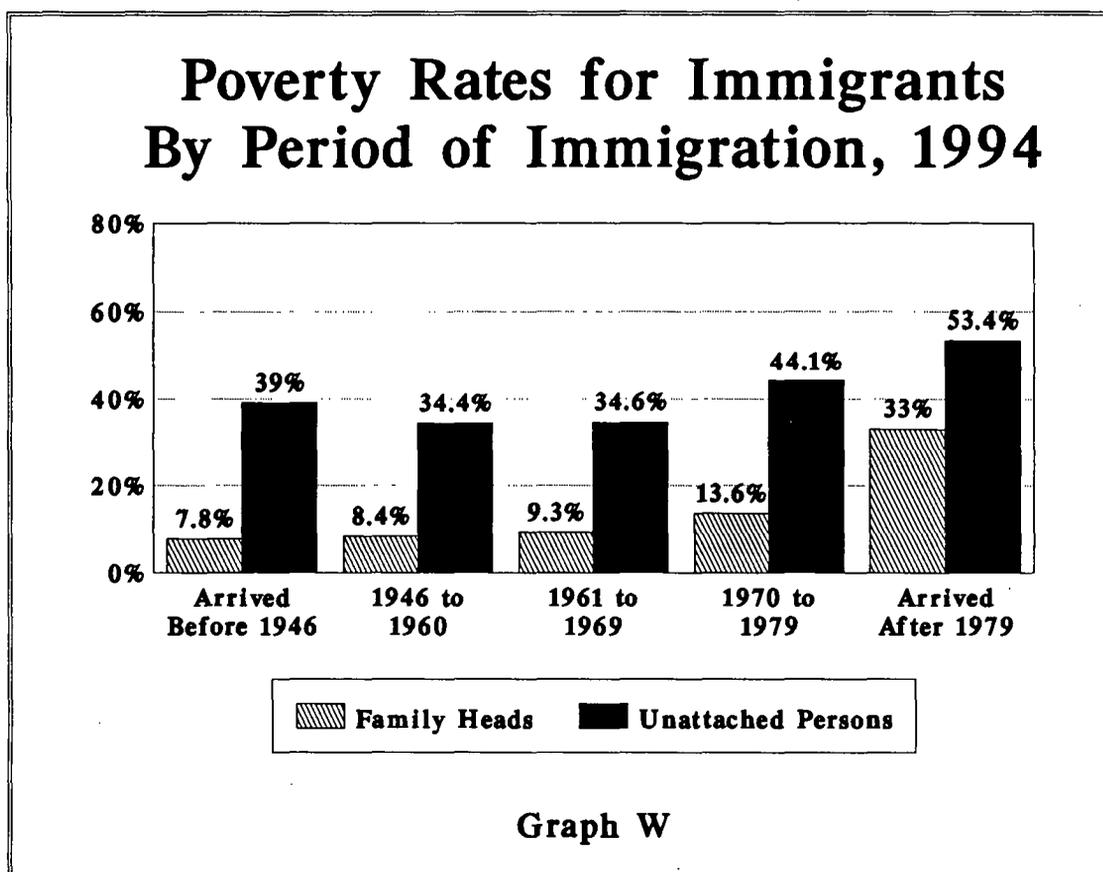


Graph V

### Year of Immigration

Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1980, and they were relatively high for families with heads who arrived in the 1980s or later. Among unattached individuals, poverty rates were lowest among those who immigrated before 1970 and highest among those who arrived after 1979.

The poverty rate for all families headed by immigrants was 17.8 percent in 1994, and the poverty rate for all unattached immigrants was 42.9 percent. The comparable rate for families with Canadian-born heads was 12.6 percent, and the comparable rate for unattached people born in Canada was 36.0 percent.



### Area of Residence

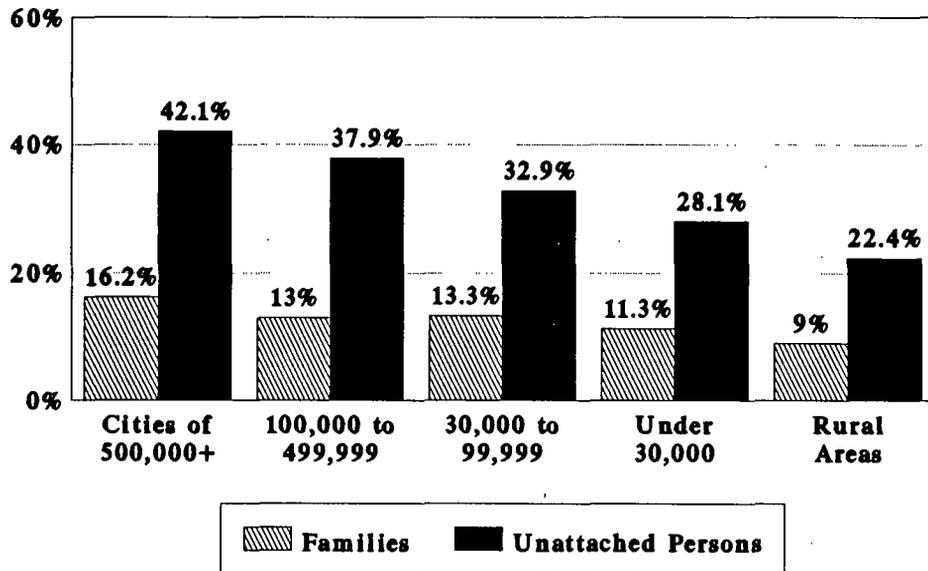
Graph X on the next page shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

The top half of the graph shows that poverty rates are higher in large cities than in small towns and rural areas. This is partly due to the fact that the low income cut-offs are higher in urban areas than rural areas. For example, a single person with an annual income of \$14,000 in 1994 would have been considered poor in the nine census metropolitan areas with populations of more than half a million, but would have been above the poverty line in all other parts of Canada.

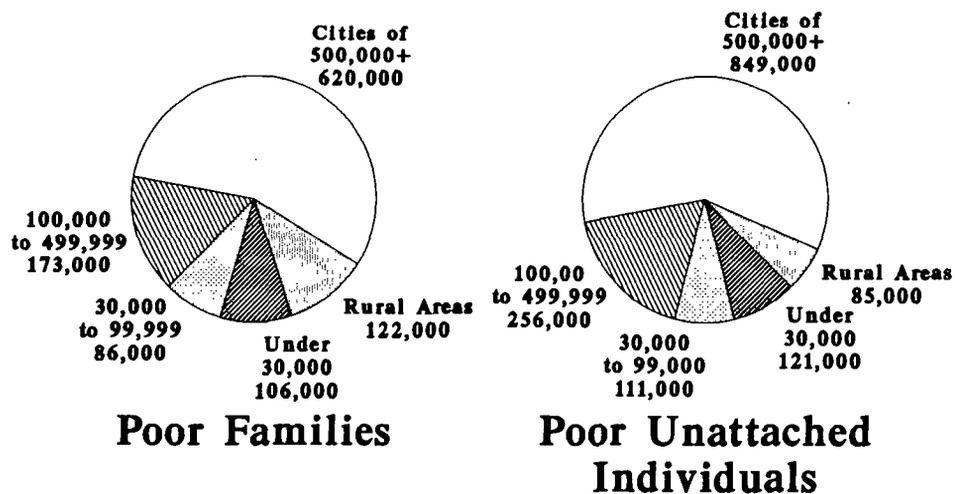
The bottom half of the graph shows the distribution of poor families and unattached individuals by community size. In 1994, 620,000 poor families or 56 percent of all poor families and 849,000 unattached individuals or 60 percent of all poor unattached people lived in cities of half a million people or more.

The percentage of poor people living in the biggest cities is disproportionately high, because only 47 percent of all families and 53 percent of all unattached individuals lived in cities of half a million or more in 1994.

## Poverty Rates By Size of Area of Residence, 1994



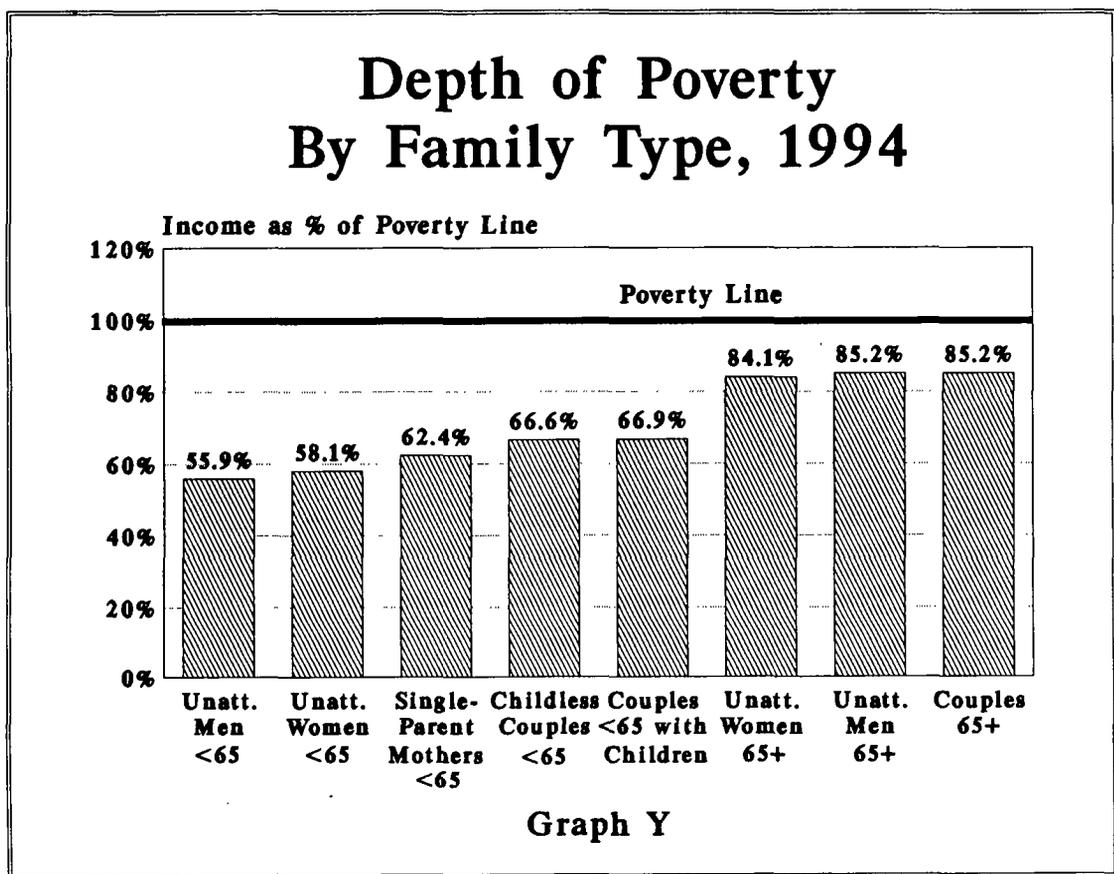
## Distribution of Poor Families And Unattached Individuals, 1994



Graph X

### DEPTH OF POVERTY AND THE POVERTY GAP

It is one thing to measure the risk of poverty and 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.



Graph Y 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 men under 65 were the poorest of the eight family types in 1994, with total incomes that were only

55.9 percent of the poverty line on average. Poor unattached men 65 and older and poor married couples 65 and older were at the other end, with average incomes of 85.2 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 1980 and 1994, with all the figures given in 1994 dollars to factor out the effects of inflation over the years.

<p style="text-align: center;"><b>TABLE 9</b></p> <p style="text-align: center;"><b>AVERAGE DEPTH OF POVERTY BY FAMILY TYPE</b>  <b><u>IN CONSTANT 1994 DOLLARS, 1980 AND 1994</u></b></p>		
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1994
Single-Parent Mothers under 65 with Children under 18	\$ 9,912	\$ 8,535
Couples under 65 with Children under 18	\$ 8,167	\$ 8,203
Unattached Women under 65	\$ 7,200	\$ 5,943
Unattached Men under 65	\$ 6,903	\$ 5,902
Childless Couples under 65	\$ 6,605	\$ 5,999
Unattached Men 65 and Older	\$ 4,051	\$ 2,089
Unattached Women 65 and Older	\$ 3,900	\$ 2,322
Couples 65 and Older	\$ 3,318	\$ 2,870

Poor single-parent mothers under 65 with children under 18 were the worst off, living \$9,912 below the poverty line on average in 1980 and \$8,535 below the line in 1994. Poor couples under 65 with children under 18 were not much better off, with average incomes \$8,167 below the poverty line in 1980 and \$8,203 below the line in 1994.

Unattached women and men under 65 came next. They were worst off when depth of poverty was expressed as a percentage of the poverty line, but had a different ranking when the measure was dollars below the poverty line. The explanation for this apparent inconsistency is that the poverty lines are higher for families than they are for unattached people. A family of four living in a large city at half the 1994 poverty line of \$30,708 would have been \$15,354 below the line, while a single person at half the poverty line of \$15,479 would have been \$7,740 below the line.

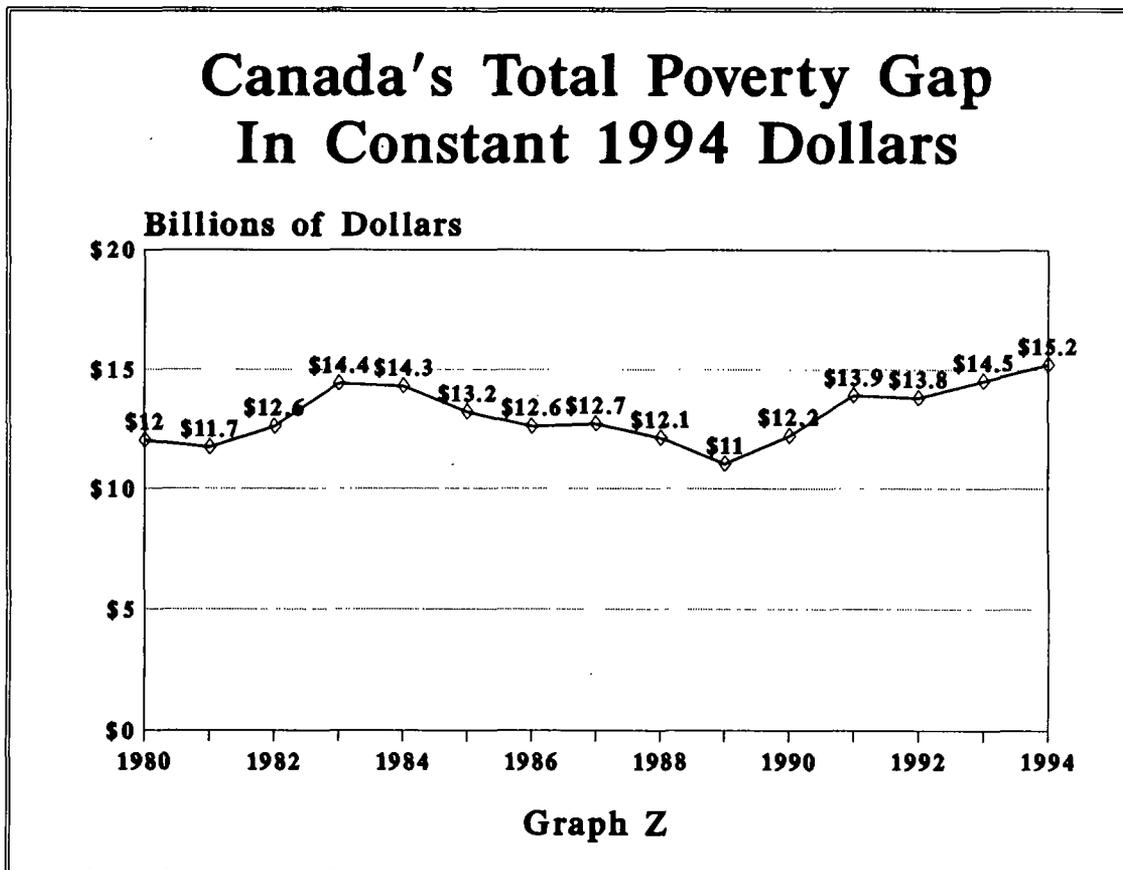
<b>TABLE 10</b>		
<b><u>POVERTY GAP BY FAMILY TYPE, 1994</u></b>		
Family Type	Poverty Gap	Percentage of Total Gap
Unattached Men under 65	\$3,102,000,000	20.5%
Unattached Women under 65	\$2,877,000,000	19.0%
Couples under 65 with Children under 18	\$2,863,000,000	18.9%
Single-Parent Mothers under 65 with Children under 18	\$2,708,000,000	17.9%
Couples under 65 without Children	\$1,091,000,000	7.2%
Unattached Women 65 and Older	\$801,000,000	5.3%
Couples 65 and Older	\$171,000,000	1.1%
Unattached Men 65 and Older	\$138,000,000	0.9%
Others	\$1,403,000,000	9.2%
<b>Total Poverty Gap</b>	<b>\$15,155,000,000</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 1994 was \$15.2 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, unattached women under 65, couples under 65 with children under 18, and single-parent mothers 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 Z. All the dollar figures have been expressed in constant 1994 dollars to show the trends with the effects of inflation removed. The gap was \$12 billion in 1980, it rose to \$14.4 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.



A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in Graph AA and AB on the pages that follow.

Graph AA shows the distribution of incomes in 1994 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of the line, 100 to 125 percent of the line, and more than 125 percent of the line.

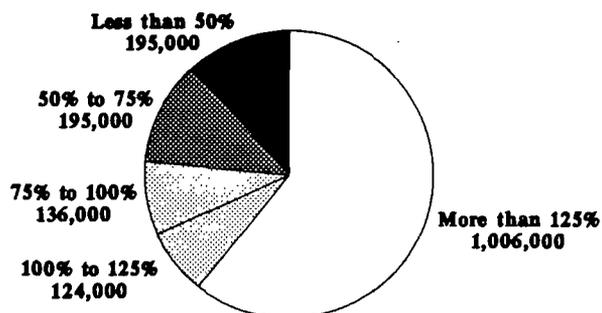
The income distributions for unattached men and women under 65 are shown in the two pies in the top half of Graph AA. Relatively large numbers of people were well below the poverty line in 1994. The poorest of the poor were the 195,000 poor unattached men under 65 and the 170,000 poor unattached women under 65 with incomes of less than 50 percent of the poverty line. They would have needed huge increases in their incomes to escape from poverty.

The income distributions were markedly different for the unattached men and women 65 and older as shown in the two pies in the bottom half of the graph. The category less than 50 percent of the poverty line was so small that it had to be combined with the category 50 to 75 percent of the poverty line. Huge numbers of unattached seniors fell into the two categories shown in light gray: 75 to 100 percent of the poverty line and 100 to 125 percent of the line. With this kind of income distribution, poverty rates could fall or rise noticeably if unattached seniors saw their incomes go up or down by even a few dollars a week.

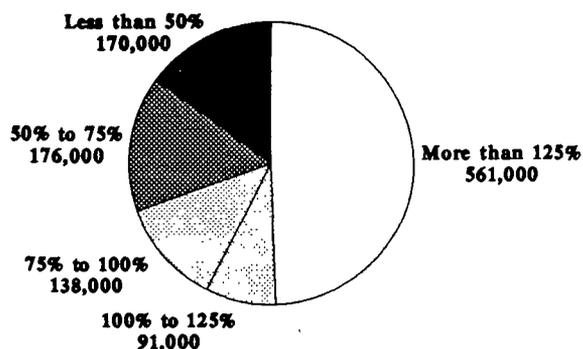
Just to get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1994 poverty statistics according to hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all the poor unattached people with incomes between 75 and 100 percent of the poverty line - one of the light gray slices of each pie in Graph AA - got enough additional income in 1994 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,421,000 to 817,000 under this scenario, and the poverty rate would have fallen from 37 percent to 21.3 percent.

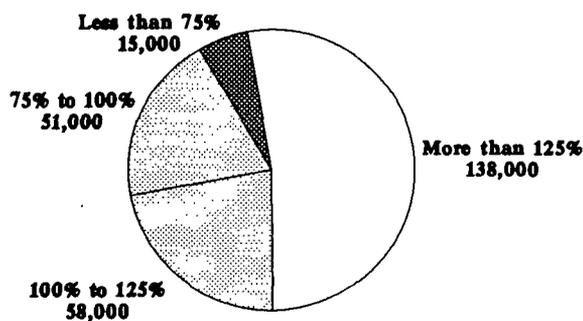
# Income Distributions in 1994 As Percentages of the Poverty Line



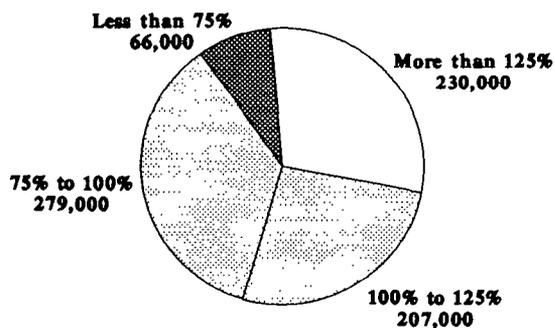
**Unattached Men  
Under 65**



**Unattached Women  
Under 65**



**Unattached Men  
65 and Older**



**Unattached Women  
65 and Older**

**Graph AA**

In the worst-case scenario, we assumed that all "near poor" unattached persons with incomes of 100 to 125 percent of the poverty line - the other light gray slice of each pie - lost enough income in 1994 to fall into poverty. The number of poor unattached individuals would have risen from 1,421,000 to 1,901,000 under this scenario, and the poverty rate would have shot up from 37 percent to 49.5 percent.

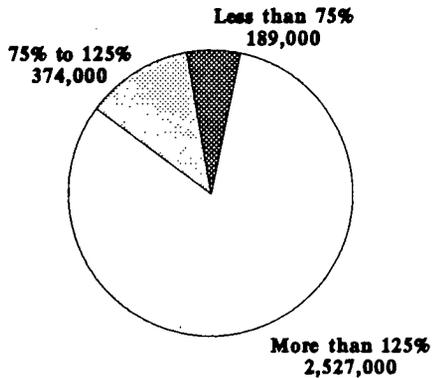
Graph AB on the next page presents the same kind of income distributions for families. The three pies for couples under 65 with children under 18, couples under 65 without children, and couples 65 and older are similar. The vast majority of families had incomes of more than 125 percent of the poverty line. The light gray slices representing incomes of 75 to 100 percent of the poverty line and 100 to 125 percent of the line are relatively small - so small that the categories had to be combined in two of the pies to be identified clearly. Two other categories - under 50 percent of the poverty line and 50 to 75 percent of the line - were even smaller and also had to be combined.

The one family type that was the exception to the overall pattern for families was single-parent mothers under 65 with children under 18. That particular pie shows relatively few single-parent mothers with incomes of 125 percent or more of the poverty line. It also shows 72,000 single-parent mothers with incomes of less than half the poverty line and 155,000 mothers at 50 to 75 percent of the poverty line.

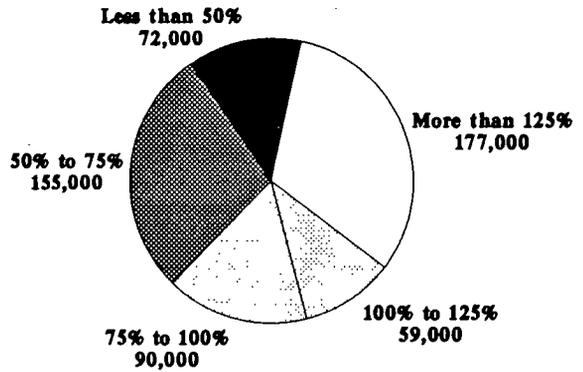
Under a hypothetical best-case scenario, with all families at 75 to 100 percent of the poverty line getting additional income and moving out of poverty, the number of poor families would have dropped from 1,108,000 to 636,000 in 1994 and the poverty rate would have fallen from 13.7 percent to 7.9 percent.

Under a worst-case scenario, with families at 100 to 125 percent of the poverty line falling into poverty, the number of poor families would have risen from 1,108,000 to 1,736,000, and the poverty rate would have gone up from 13.7 percent to 21.4 percent.

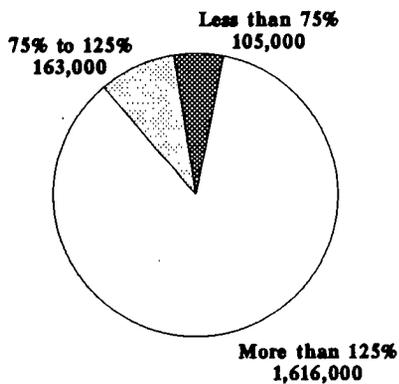
# Income Distributions in 1994 As Percentages of the Poverty Line



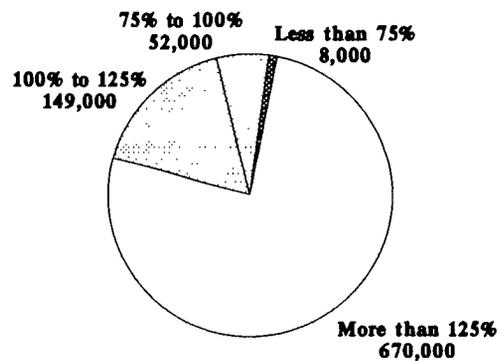
**Couples under 65  
With Children**



**Single-Parent  
Mothers**



**Couples Under 65  
Without Children**



**Couples 65  
and Older**

**Graph AB**

**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 1994, the average income of all Canadians by family type, and the relationship between the two. For example, unattached men under 65 who were poor had a total income of \$8,201 on average in 1994. The income of all unattached men under 65, both poor and non-poor, was \$28,050 on average. The average income of the poor amounted to 29 percent of the average income of all unattached men under 65.

<b>TABLE 11</b>			
<b><u>INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1994</u></b>			
Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,201	\$28,050	29%
Unattached Women under 65	\$8,525	\$22,521	38%
Unattached Women 65 and Older	\$12,311	\$17,106	72%
Unattached Men 65 and Older	\$12,406	\$23,782	52%
Childless Couples under 65	\$12,699	\$54,214	23%
Single-Parent Mothers under 65 with Children under 18	\$14,397	\$24,221	59%
Couples 65 and Older	\$17,272	\$37,387	46%
Couples under 65 with Children under 18	\$19,022	\$61,168	31%

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 \$19,022 in 1994, for example, while the average income of all couples with children under 18 was \$61,168 or roughly three 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 \$14,397 in 1994, but the average income of all single-parent mothers was only \$24,221 - 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 transfer payments received by poor families and unattached individuals in 1994. Transfer payments include Canada and Quebec Pension Plan benefits, unemployment insurance, welfare, the federal Old Age Security pension and Guaranteed Income Supplement, the federal Child Tax Benefit and the federal GST credit. The Canada and Quebec Pension Plans and unemployment insurance are government-run programs, but the money comes from contributions by workers and employers, not from government.

The family types in the table are ranked according to the average size of the transfer payments, 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 in Table 11. The third column gives the percentage of total income from transfers.

Government programs of one kind or another provided roughly half of total income for the first four family types, 73 percent of total income for single-parent mothers under 65 with children under 18, and more than 90 percent of total income for the three family types 65 or older.

<b>TABLE 12</b>			
<b><u>TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1994</u></b>			
Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$4,181	\$8,201	51%
Unattached Women under 65	\$4,238	\$8,525	50%
Childless Couples under 65	\$6,361	\$12,699	50%
Couples under 65 with Children under 18	\$9,067	\$19,022	48%
Single-Parent Mothers under 65 with Children under 18	\$10,551	\$14,397	73%
Unattached Women 65 and Older	\$11,183	\$12,311	91%
Unattached Men 65 and Older	\$11,558	\$12,406	93%
Couples 65 and Older	\$15,829	\$17,272	92%

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. 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.

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 two of the percentages are less than 100 percent is probably because some poor seniors were recent

immigrants to Canada who did not meet the residence requirements of the programs. The maximum Old Age Security pension and Guaranteed Income Supplement for senior couples in 1994 was \$16,489, and the maximum for an unattached senior was \$10,170.

**TABLE 13**  
**SOURCES OF INCOME FOR POOR SENIORS 65 AND OLDER, 1994**

Source of Income	Couples (60,000)		Unattached Men (66,000)		Unattached Women (345,000)	
	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%	\$11,554	100%	\$7,680	97%	\$8,162
Canada and Quebec Pension Plans	79%	\$4,882	73%	\$4,105	70%	\$3,361
Investments	28%	\$1,508	17%	\$990	34%	\$1,790
Provincial Supplements	25%	\$1,931	37%	\$985	45%	\$1,076
Occupational Pension Plans	12%	\$2,343	20%	\$3,031	13%	\$3,180
RRSPs	2%	\$2,342	1%	\$2,533	2%	\$1,315
Income from All Sources	100%	\$17,272	100%	\$12,406	100%	\$12,311

The second most important source of income, claimed by 79 percent of poor senior couples, 73 percent of poor unattached senior men and 70 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 \$8,333 in 1994, and the maximum survivor pension

for a person 65 and older was \$5,000. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

Some poor seniors had income from investments, but the average amounts were modest.

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

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.

Much the same could be said of income from RRSPs or registered retirement savings plans. Only one or two percent of all poor seniors got income from RRSP annuities in 1994. In the vast majority of cases, that is because they could not afford to contribute to RRSPs before they retired.

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.

Earnings were the single most important source of income in 1994 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 59 percent of poor unattached men under 65; 57 per cent of poor unattached women under 65; 57 percent of poor childless couples under 65; 77 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 of earnings were noteworthy in all cases. The average of \$6,829 earned by poor single-parent mothers, for example, was equivalent to 34 weeks of work for 40 hours a week at a rate of \$5 an hour or 17 weeks of full-time work at \$10 an hour.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1994

Source of Income	Unattached Men (526,000)		Unattached Women (484,000)		Couples without Children (182,000)		Couples with Children (349,000)		Single-Parent Mothers (317,000)	
	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	59%	\$6,153	57%	\$6,433	57%	\$8,638	77%	\$12,002	43%	\$6,829
Welfare	43%	\$5,872	38%	\$6,291	35%	\$8,087	37%	\$10,149	73%	\$9,694
Unemployment Insurance	13%	\$4,274	9%	\$3,905	20%	\$5,006	25%	\$5,525	11%	\$4,548
Investments	8%	\$669	12%	\$1,754	20%	\$1,884	14%	\$2,339	4%	\$1,578
Child Tax Benefit	--	--	--	--	--	--	100%	\$2,546	99%	\$2,046
Canada & Quebec Pension Plans	8%	\$5,259	14%	\$5,400	18%	\$5,939	5%	\$5,738	5%	\$5,035
Occupational Pension Plans	2%	\$5,715	2%	\$5,378	8%	\$7,461	1%	\$8,216	1%	\$2,605
Child and/or Spousal Support	--	--	2%	\$4,444	--	--	2%	\$2,847	20%	\$3,254
Income from All Sources	100%	\$8,201	100%	\$8,525	100%	\$12,699	100%	\$19,022	100%	\$14,397

A sizable portion of each of the five family types received welfare during 1994. Welfare payments were reported by 43 percent of the poor unattached men under 65; 38 percent of the poor unattached women under 65; 35 percent of the poor childless couples under 65; 37 percent of the poor couples under 65 with children under 18; and 73 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 1994, unattached people could have received provincial welfare and related benefits ranging between \$3,084 and \$8,326 a year, single parents with one child between \$8,844 and \$15,098, and couples with two children \$9,876 to \$19,562.<sup>4</sup>

Unemployment insurance benefits were reported by 13 percent of the poor unattached men under 65; nine percent of the poor unattached women under 65; 20 percent of the poor childless couples under 65; 25 percent of the poor couples under 65 with children under 18; and 11 percent of the poor single-parent mothers under 65 with children under 18. The average amounts received suggest that poor families or unattached people were on UI for fairly long periods of time. As of July 1994, the maximum UI benefit was \$429 a week.

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

The federal Child Tax Benefit was introduced in 1993 to replace Family Allowances, the refundable Child Tax Credit and the non-refundable credit for families with children under 18 who pay federal income tax. The maximum Child Tax Benefit in most parts of Canada in 1994 was \$1,233 for each child under age seven and \$1,020 for each child seven through 17. The rates are somewhat different in Quebec and Alberta at the request of the two provincial governments.<sup>5</sup>

Canada and Quebec Pension Plan benefits were claimed by 14 percent of poor unattached women under 65, 18 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.

Finally, Table 14 shows that 20 percent of poor single-parent mothers under 65 received support payments in 1994, and the average amount received was \$3,254. Two percent of poor unattached women under 65 and two percent of couples with children under 18 received support payments from previous marriages.

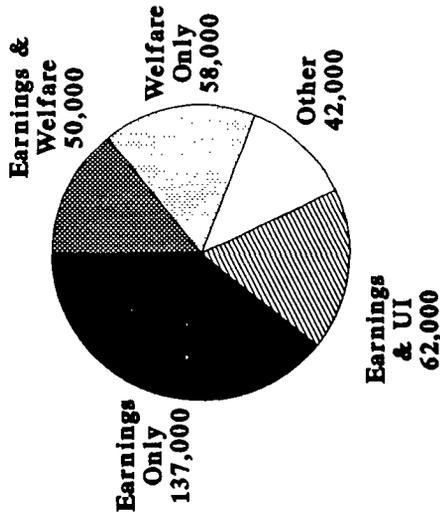
While the data in Table 14 are enlightening, they do not give a clear picture of typical combinations of income. Obviously, some poor people have only one main source of income and others have more than one.

The National Council of Welfare asked Statistics Canada to do special data tabulations to differentiate the poor families and unattached individuals in Table 14 according to their primary source or sources of income. Primary sources of income for people under 65 were assumed to be earnings, welfare and unemployment insurance.

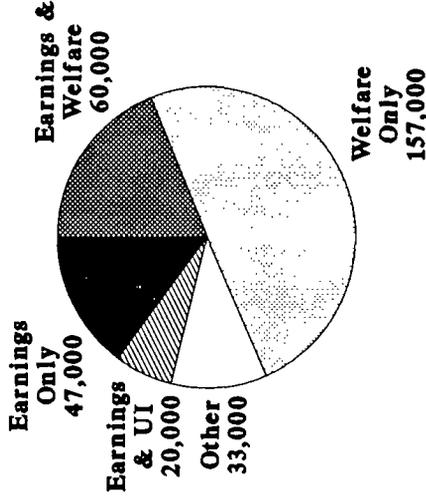
The result was a series of tables based on different combinations of income: earnings alone, welfare alone, earnings and welfare together, and earnings and UI together. Breakdowns of the four combinations are shown in Graph AC. Other possible combinations, such as welfare and UI but not earnings, produced breakdowns too small to be used.

The pie in the upper left portion of the graph represents the distribution of poor couples under 65 with children under 18. A total of 137,000 families reported earnings alone as their primary source of income. Another 62,000 families reported earnings and unemployment insurance but no welfare, and 50,000 reported earnings and welfare but no UI. A total of 58,000 families had welfare income alone. The final slice of the pie represents the other 42,000 poor families who did not fall into any of the main categories. Some of them were probably on disability pensions of one kind or another or retired before age 65.

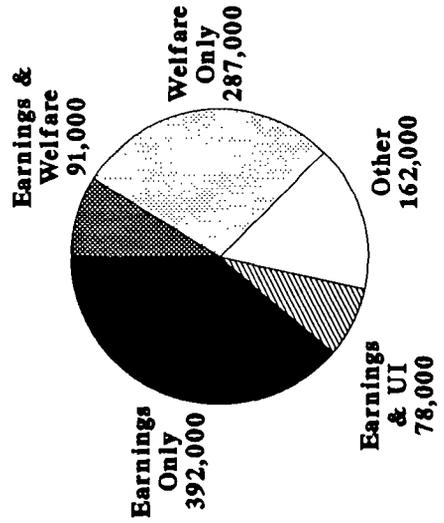
**Primary Sources of Income for Poor Couples Under 65 With Children, 1994**



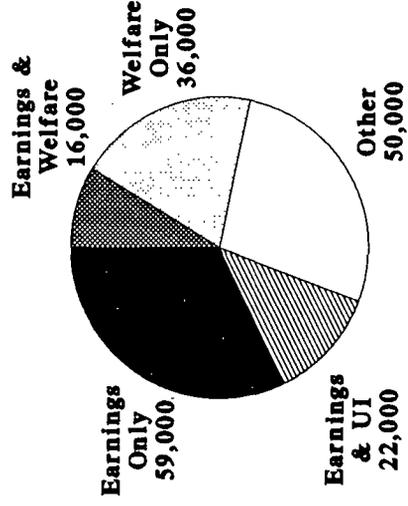
**Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1994**



**Primary Sources of Income for Poor Unattached Individuals Under 65, 1994**



**Primary Sources of Income for Poor Childless Couples Under 65, 1994**



**Graph AC**

Combining the three slices of the pie that included earnings, 249,000 poor couples under 65 with children under 18 reported earnings as a primary source of income during 1994, but many of them also had to rely on welfare or unemployment insurance for part of the year. That suggests that the parents were willing and able to work outside the home, but that jobs were not always available.

The main sources of income for poor unattached individuals under 65 and couples under 65 without children under 18 followed much the same pattern. There were no significant differences between unattached men and women, so the data for the sexes were combined.

The pie for poor single-parent mothers under 65 with children under 18 was strikingly different. About 157,000 families, or half of the total, listed welfare as their primary source of income. The slices of the pie representing earnings, earnings and welfare, and earnings and UI added up to only 40 percent of the total.

Looking at Graph AC as a whole, it is clear that a majority of poor families and unattached individuals under 65 had ties to the paid labour force, and a relatively small number of poor people were dependent on welfare alone. Poor single-parent mothers were the one family type with a slim majority that relied on welfare as their primary source of income.

It is important to remember that the data in the graph show primary sources of income only for 1994. They do not tell us how the families and unattached individuals fared in other years. Some of the people who relied on welfare as their primary source of income, for example, could have been temporarily down on their luck and were unable to find paying jobs only in 1994. Others could have been dependent on welfare for periods of time longer than one year.

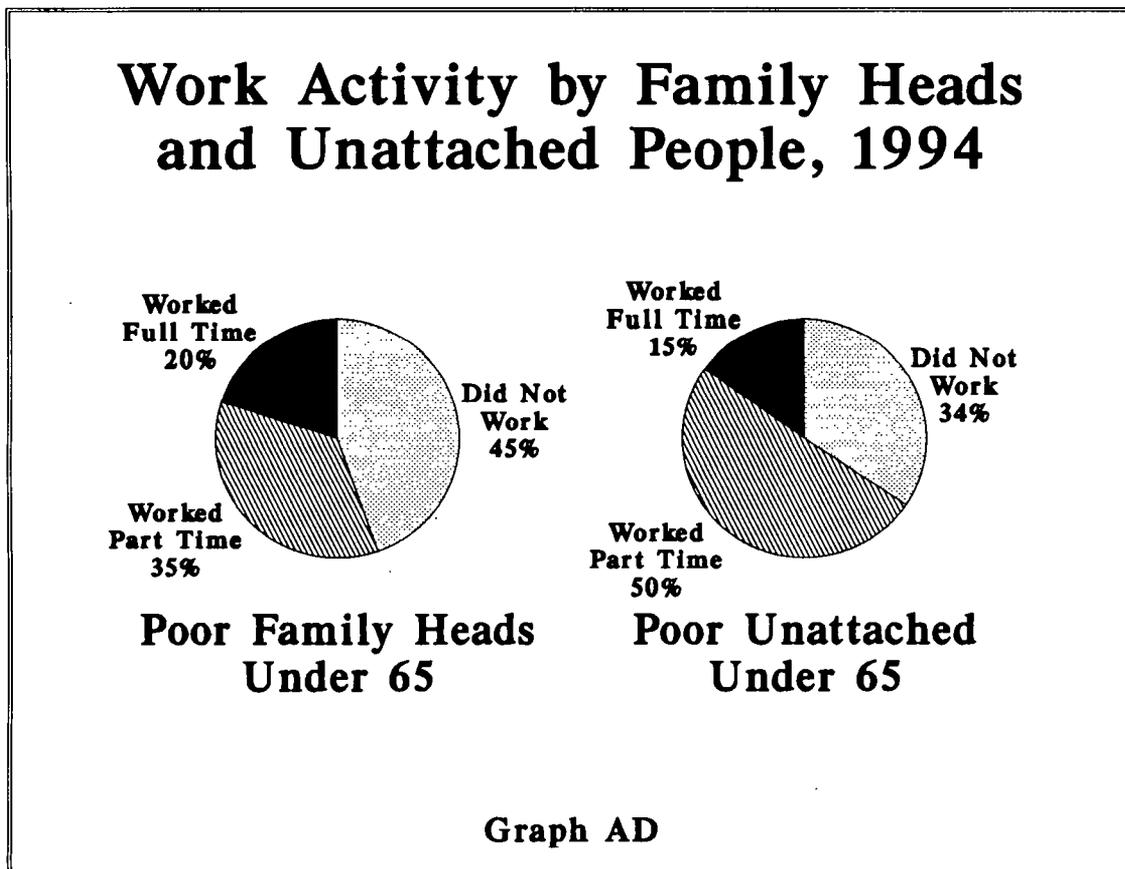
Similarly, the data do not indicate the way in which different sources of income were received. Some of the poor people who relied on earnings and unemployment insurance no doubt started 1994 with paying jobs and were forced to fall back on UI during the course of the year. Others started the year on UI and subsequently found new jobs.

**A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST**

**The Low-Wage Poor**

The low-wage poor or "working poor" are poor people who are normally in the labour force. 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>6</sup>

Graph AD 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 1994. 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, 20 percent of poor family heads under 65 worked full time in 1994, 35 percent worked part time, and the remaining 45 percent did not work at all for wages. Among poor unattached individuals under 65, 15 percent worked full time, 50 percent worked part time, and the other 34 percent did not work at all for wages.

These figures reflect a deterioration in the employment patterns of poor people, 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 per cent who worked full time, 54 percent who worked part time and 27 per cent who did not work.

Another way to define the low-wage 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.

Using this definition, Statistics Canada identified a total of 373,000 families with heads under 65 and 430,000 unattached individuals under 65 who made up the low-wage poor in 1994. Table 15 gives the details for the five main family types under 65. As in Graph AD, the table excludes 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 percent of the poor unattached men under 65, 48 percent of the poor unattached women, 45 percent of the poor couples without children and 55 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, 1994**

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	460,000	418,000	153,000	333,000	311,000
Number with Earnings of 50 Percent or More of Total Income	228,000	202,000	68,000	185,000	58,000
Percentage with Earnings of 50 Percent or More of Total Income	50%	48%	45%	55%	19%
Average Annual Earnings	\$7,384	\$7,774	\$11,273	\$15,149	\$11,651
Average Income from Sources Other than Earnings	\$1,167	\$1,027	\$2,194	\$5,095	\$4,099
Average Total Income	\$8,551	\$8,801	\$13,467	\$20,244	\$15,750
Earnings as a Percentage of Total Income	86%	88%	84%	75%	74%

\* The table excludes people permanently unable to work.

The lower part of Table 15 shows the average incomes of the low-wage poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 37 to 39 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 low-wage 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 Child Tax Benefit.

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 74 percent and 88 percent 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 poverty rates for children in two-parent families and rates for children of single-parent mothers. There are also important differences from province to province.

Table 16 gives the 1994 poverty rates and the 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 1,334,000 poor children, for example, included 91,000 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 1994, 19.1 percent of all Canadian children under 18 were poor. The lowest provincial child poverty rate was 13 percent in Prince Edward Island, and the highest was 23.5 percent in Newfoundland. The national poverty rate for poor children in two-parent families

was 12.1 percent, and provincial rates went from a low of six percent in P.E.I. to a high of 17.9 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 60.5 percent, and the range was from 56.9 percent in Ontario to 71.5 percent in Manitoba.

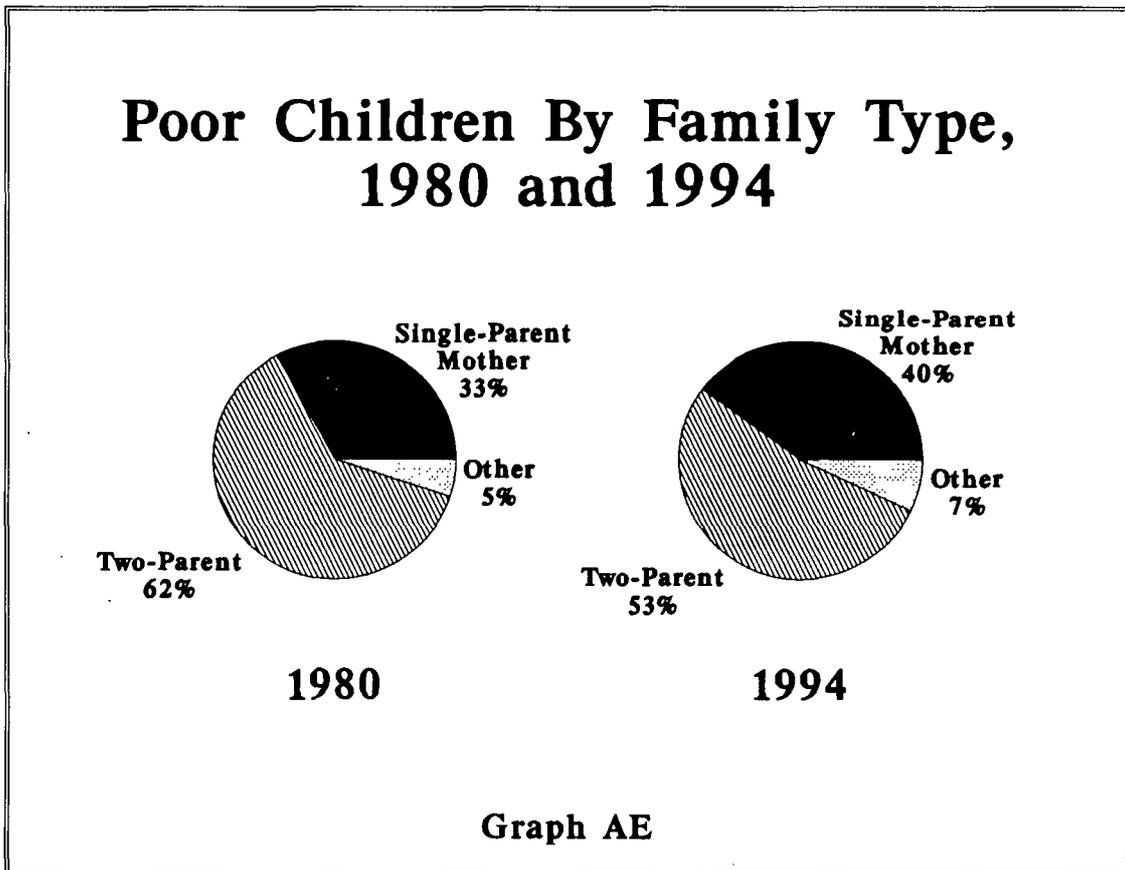
**TABLE 16**  
**CHILDREN UNDER 18 LIVING IN POVERTY IN 1994**

	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	23.5%	34,000	17.9%	22,000	69.2%	10,000
Prince Edward Island	13.0%	5,000	6.0%	2,000	57.6%	2,000
Nova Scotia	20.2%	44,000	10.9%	20,000	68.1%	22,000
New Brunswick	18.5%	33,000	11.0%	16,000	62.8%	14,000
Quebec	20.1%	338,000	13.4%	190,000	64.2%	132,000
Ontario	17.7%	463,000	11.0%	239,000	56.9%	191,000
Manitoba	21.7%	59,000	13.6%	31,000	71.5%	23,000
Saskatchewan	22.4%	59,000	13.6%	30,000	66.4%	24,000
Alberta	17.4%	125,000	11.5%	69,000	58.6%	49,000
British Columbia	19.9%	170,000	12.2%	85,000	57.7%	72,000
Canada	19.1%	1,334,000	12.1%	703,000	60.5%	539,000

Between 1993 and 1994, poverty rates for all children rose in Newfoundland, Prince Edward Island and New Brunswick, and they fell in the other seven provinces.

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 1994, 703,000 poor children lived in two-parent families under 65, while 539,000 poor children lived in single-parent families headed by women under 65. The province that proved to be the exception to the norm was Nova Scotia. Poor children living with single-parent mothers outnumbered poor children in two-parent families 22,000 to 20,000 in Nova Scotia in 1994.

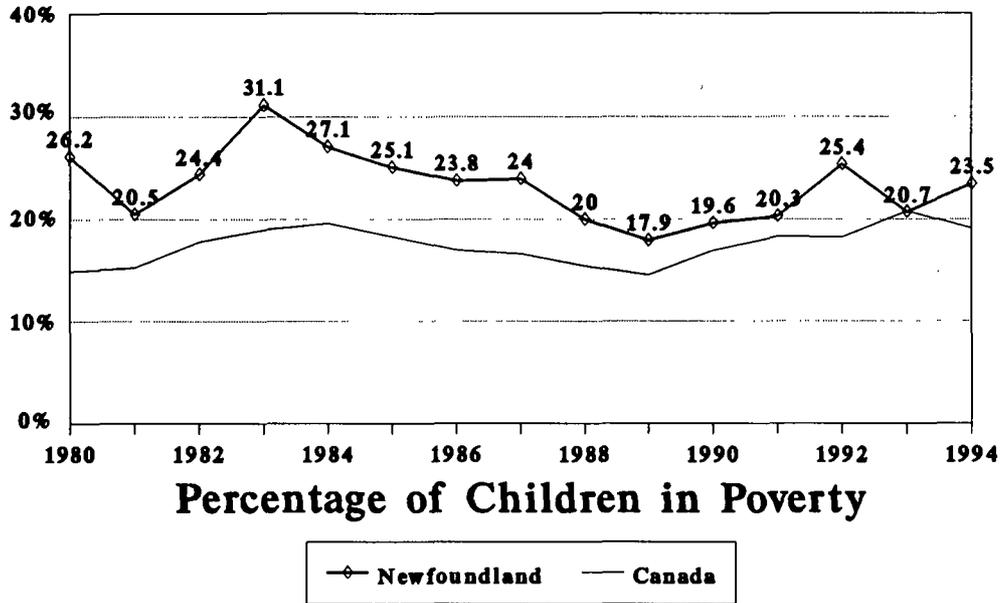
Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AE shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. In 1994, the percentage of poor children with single-parent mothers was up to 40 percent and the percentage living with both parents was down to 53 percent.



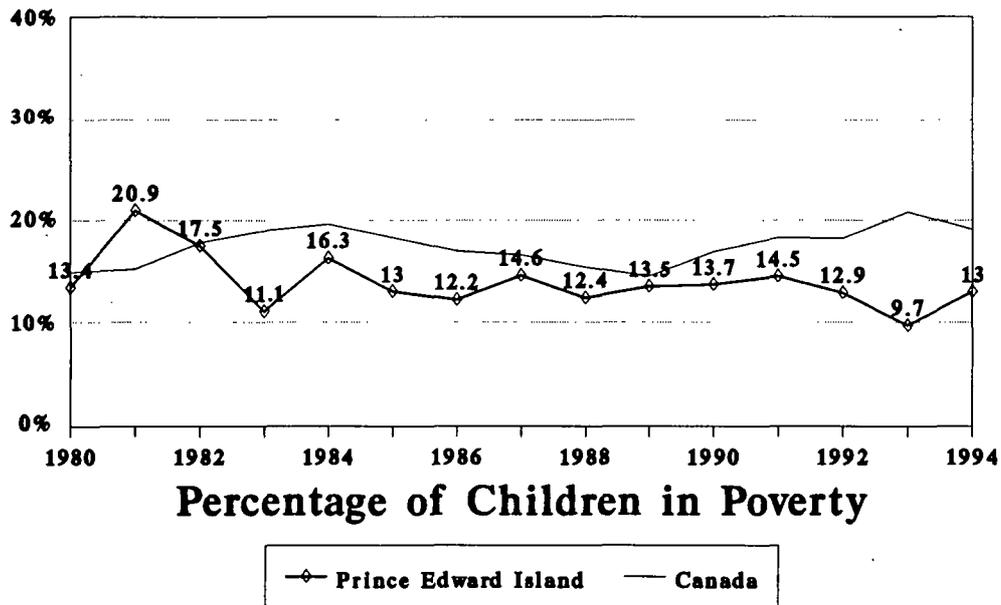
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1994. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

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

# Newfoundland

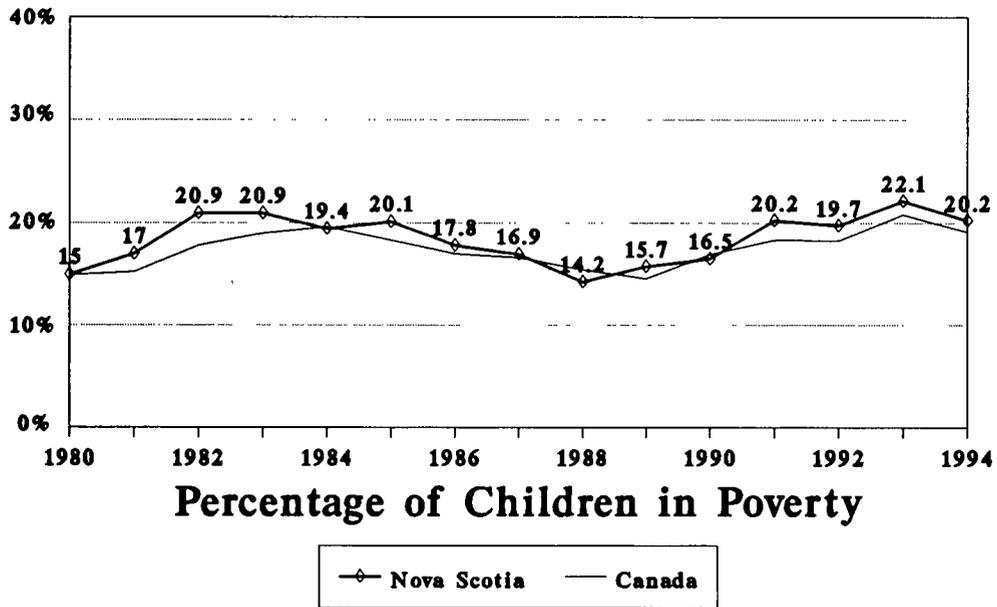


# Prince Edward Island

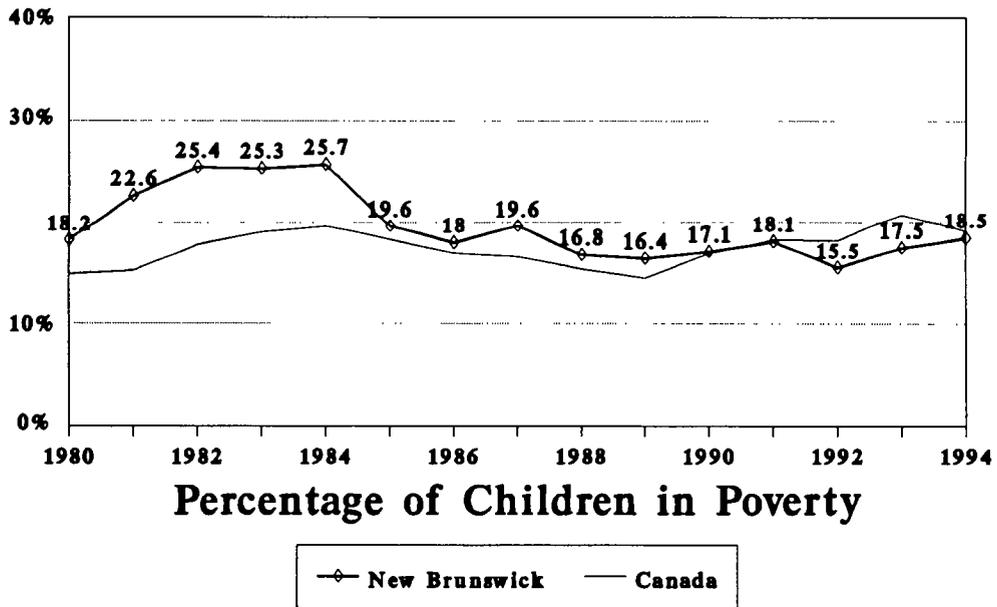


Graph AF

# Nova Scotia

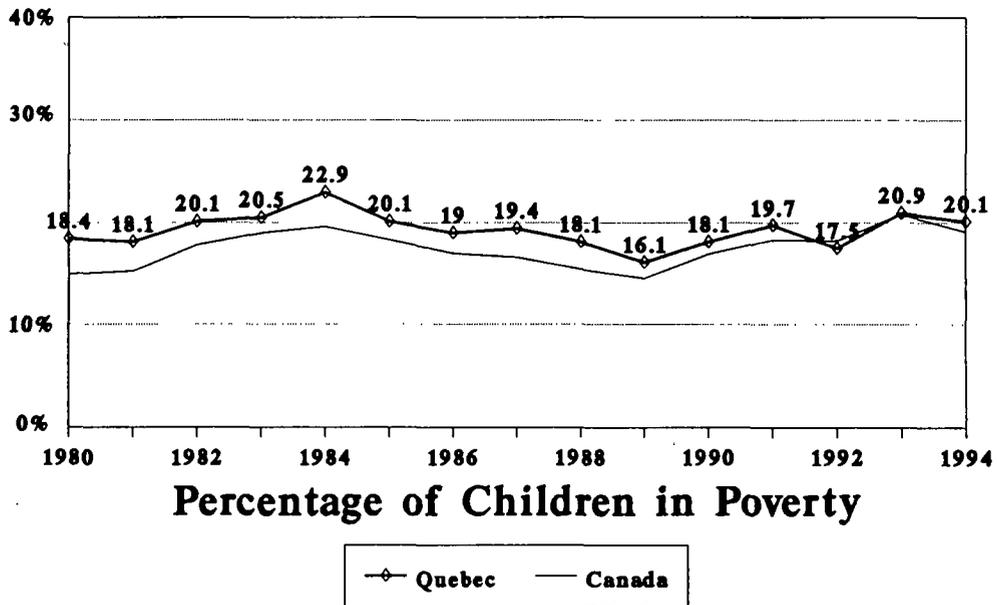


# New Brunswick

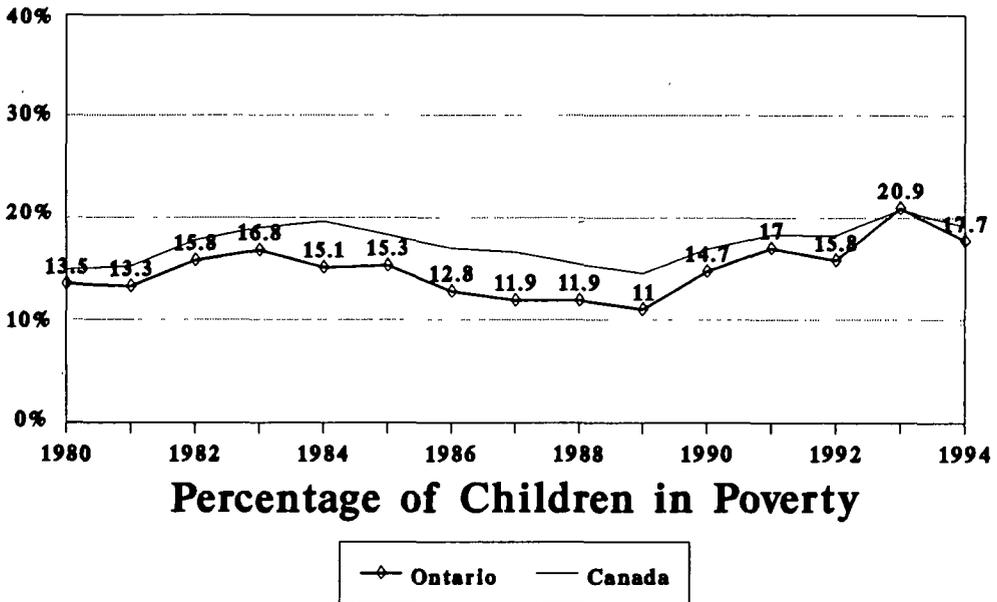


Graph AG

# Quebec

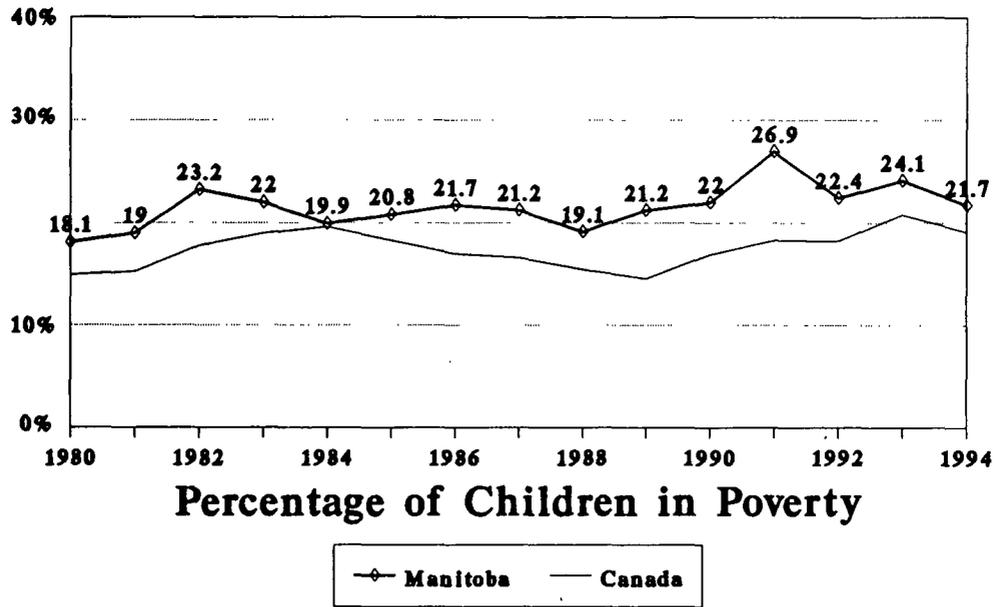


# Ontario

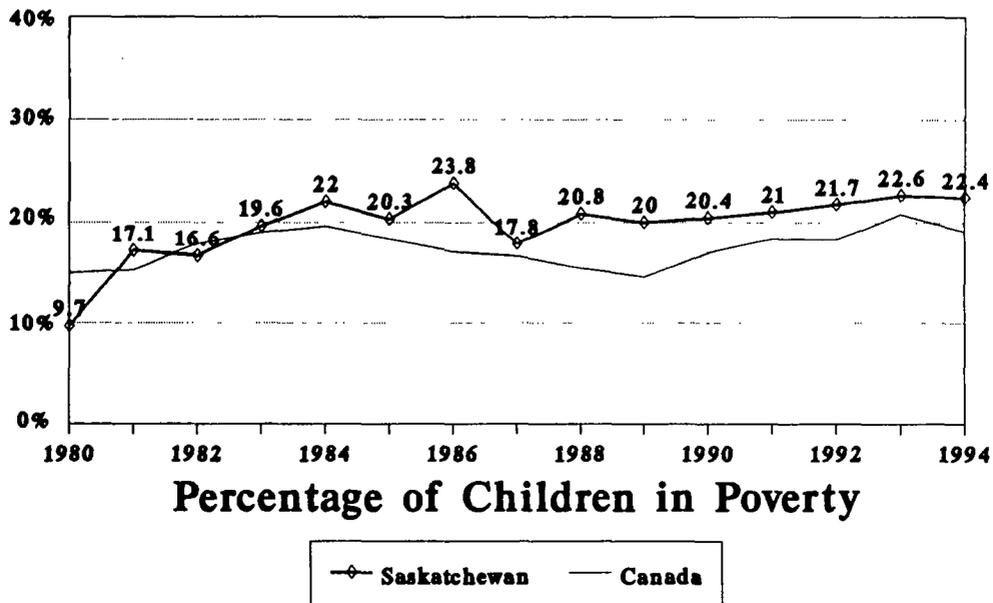


Graph AH

# Manitoba

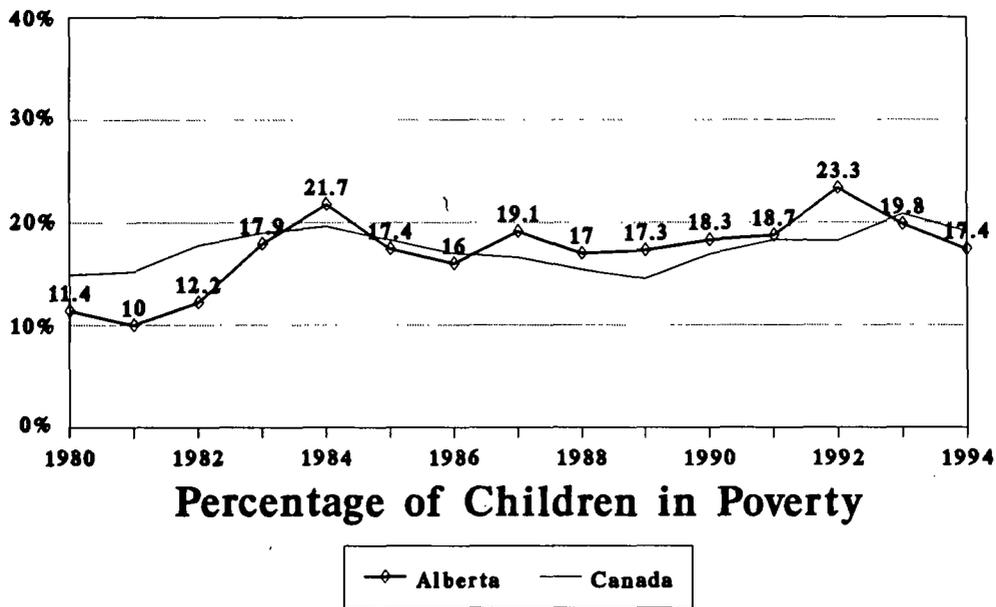


# Saskatchewan

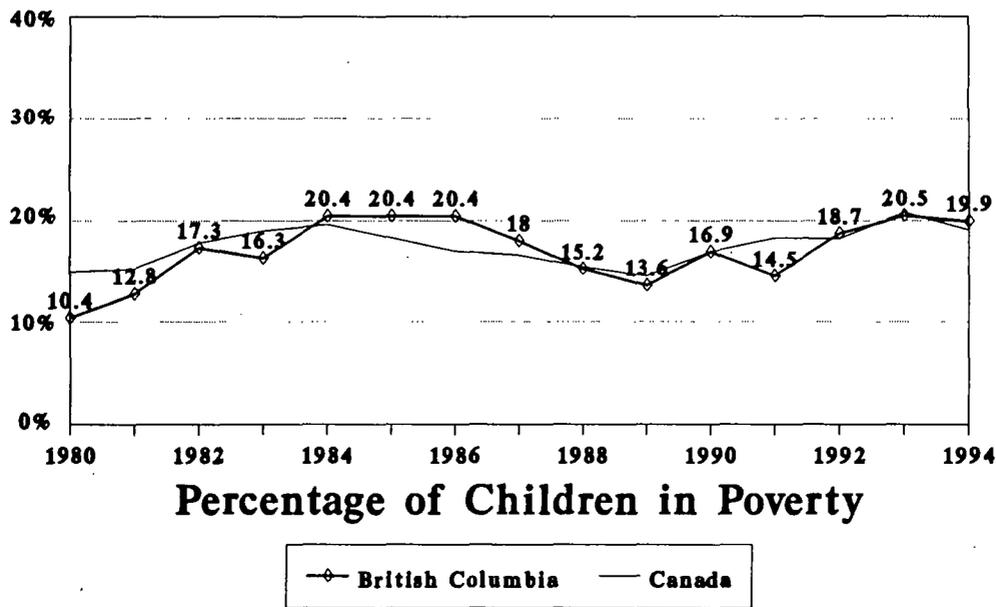


Graph AI

# Alberta



# British Columbia



Graph AJ

**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 1994, and ratio of female to male rates each year.

<b>TABLE 17</b>					
<b>TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER</b>					
	Women		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
1993	18.5%	1,949,000	13.9%	1,398,000	1.33
1994	18.1%	2,011,000	13.4%	1,434,000	1.35

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 1994, the poverty rate for women was 18.1 percent, the rate for men was 13.4 percent and the ratio between the sexes was 1.35.

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 1994 poverty rate for unattached women under 65 was 42.6 percent, compared to 31.7 percent for unattached men under 65. For unattached seniors, the poverty rates were 44.1 percent for women and 25.2 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 57.3 percent in 1994, 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 1994 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 1994 poverty rate for all husband-wife families under age 65 was 9.9 percent, and a total of 569,000 families were living in poverty. With the earnings of wives removed and

everything else remaining the same, the poverty rate would have jumped to 20.5 percent, and the number of families living in poverty would have more than doubled to 1,177,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1994 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

<b>TABLE 18</b>		
<b>POVERTY RATES FOR HUSBAND-WIFE FAMILIES UNDER AGE 65, WITH AND WITHOUT THE EARNINGS OF WIVES, 1994</b>		
	Percentage of Families Who Were Poor in 1994	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	15.7%	24.7%
Prince Edward Island	4.3%	14.7%
Nova Scotia	10.2%	20.0%
New Brunswick	9.1%	16.7%
Quebec	12.4%	23.9%
Ontario	8.5%	18.8%
Manitoba	9.7%	22.9%
Saskatchewan	10.1%	21.7%
Alberta	9.4%	21.3%
British Columbia	8.6%	17.7%
Canada	9.9%	20.5%

## **Seniors**

Table 19 gives the poverty rates for senior men and women in each province in 1980, 1993 and 1994, the changes between 1980 and 1994, and the changes between 1993 and 1994. Over the years, the poverty rates for seniors have fallen dramatically, and many of the figures for 1994 were record lows or near-record lows.

Between 1993 and 1994, poverty rates for seniors were down in all provinces for men and down in seven provinces for women. The only increases were among senior women in Newfoundland, Manitoba and British Columbia.

As in past years, the poverty rates among Quebec women and men 65 and older were strikingly higher than the rates in most other provinces. The main reason for the disparity seems to be that Quebec is the only large province that does not have a provincial income supplement for low-income seniors.

**TABLE 19**

**POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE**

	Men					Women				
	1980	1993	1994	% Change 1980-1994	% Change 1993-1994	1980	1993	1994	% Change 1980-1994	% Change 1993-1994
Newfoundland	27.6	13.1	5.7	-79%	-56%	36.9	17.6	19.5	-47%	+11%
Prince Edward Island	33.7	5.8	4.4	-87%	-24%	52.7	12.6	11.1	-79%	-12%
Nova Scotia	22.8	8.4	7.8	-66%	-7%	31.5	21.1	12.2	-61%	-42%
New Brunswick	22.1	8.3	8.1	-63%	-2%	34.2	22.0	17.3	-49%	-21%
Quebec	33.7	21.4	17.9	-47%	-16%	46.2	34.2	30.9	-33%	-10%
Ontario	24.0	12.9	6.6	-73%	-49%	34.3	22.3	18.2	-47%	-18%
Manitoba	23.8	12.6	10.3	-57%	-18%	41.2	24.9	28.8	-30%	+16%
Saskatchewan	28.1	8.1	5.6	-80%	-31%	49.0	15.7	13.5	-72%	-14%
Alberta	25.2	13.7	10.9	-57%	-20%	38.8	22.6	19.4	-50%	-14%
British Columbia	29.6	12.7	9.0	-70%	-29%	32.7	23.6	26.4	-19%	+12%
Canada	27.3	14.4	10.1	-63%	-30%	38.4	25.1	22.6	-41%	-10%

## CONCLUSION

The National Council of Welfare hopes that the U.N. International Year for the Eradication of Poverty in 1996 will be a spur to efforts at combatting poverty in Canada and around the world. Obviously, we do not expect poverty in Canada to be wiped out in a single year, but we know it would be possible to make dramatic reductions in poverty within a very few years.

For this to happen, governments at all levels will have to change their priorities and their attitudes toward poor people. We believe four approaches in particular would greatly assist Canada in mounting - and winning - a war on poverty.

Governments should make a special effort to promote realistic portraits of poor people. A faltering economy and family breakups have added greatly to the ranks of the poor in recent years. In this context, it is wrong to condone false and degrading stereotypes of poor people.

Governments should look to tax expenditures rather than cuts in social programs as the prime means for reducing their deficits. Governments should commit themselves to fair taxation based on ability to pay. Among other things, that means closing billions of dollars of tax expenditures or "loopholes" that are used primarily by rich Canadians and profitable corporations. At the same time, governments should stop cutting social programs that provide help to the least fortunate members of our society. It is unfair to ask poor people to "pay their share" of the cost of deficit reduction.

Governments should agree to work collectively to fight poverty. All governments have an interest in promoting the well-being of Canadians. It therefore makes sense for them to work together rather than passing on their own financial problems to other governments. From the early 1980s, the federal government started putting the squeeze on provincial and territorial governments with a series of unilateral cuts in federal financial support for cost-shared programs. Many provinces and territories started treating municipalities the same way by cutting funds to local governments, school districts and hospitals.

Governments should add fighting poverty to their list of immediate economic priorities. Given the resources available to governments, there is no reason that fighting poverty should have to wait while governments grapple with reducing the deficit, lowering interest rates or creating jobs. The reality is that poor people cannot wait five, ten or twenty years for their concerns to be addressed. They have to put bread on the table today.

As we talk about fighting poverty in the future, it is worth recalling the success of an earlier fight against poverty among senior citizens that reached its peak in the 1960s. Poverty among the elderly has not yet disappeared, but poverty rates and the number of poor seniors have plummeted within the last generation because of programs such as the federal Old Age Security pension and Guaranteed Income Supplement and the Canada and Quebec Pension Plans.

The lessons of the past are encouraging and sobering at the same time. They suggest that the approaches used with success among seniors in the 1960s can be adapted to the present to fight poverty among children or single-parent families or any other group of disadvantaged Canadians. The past also reminds us that fighting poverty cannot be a passing fancy. It will take a continuing commitment by governments to see that initiatives undertaken in the 1990s bear full fruit in years to come.

### FOOTNOTES

1. See the Economic Council of Canada publication The New Face of Poverty: Income Security Needs of Canadian Families.
  2. 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.
  3. Information for Graph A comes from Statistics Canada, Chapter 2 of The Canadian Fact Book on Poverty - 1994 by David P. Ross, E. Richard Shillington and Clarence Lochhead published by the Canadian Council on Social Development, and "Poverty in Canada-1994" written by Christopher A. Sarlo and published in 1994 as a supplement to the Fraser Institute's Fraser Forum.
- Some of the poverty lines were originally calculated for earlier years and were updated to 1994 by the CCSD or the National Council of Welfare.
4. The income ranges were taken from Table 5 of Welfare Incomes 1994. They are made up of provincial welfare and other provincial benefits.
  5. 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.
  6. For a very strict definition of the term, see The Canadian Fact Book on Poverty - 1994, p. 75. For a very loose definition, see the study commissioned by the Canadian Advisory Council on the Status of Women entitled Women and Labour Market Poverty by Morley Gunderson and Leon Muszynski with Jennifer Keck, pp. 57-61.

<b>APPENDIX A</b>					
<b>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1995</b>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,819	13,895	13,574	12,374	10,769
2	21,442	18,835	18,399	16,771	14,600
3	27,256	23,941	23,387	21,318	18,556
4	31,383	27,561	26,927	24,547	21,364
5	34,287	30,114	29,419	26,818	23,343
6	37,219	32,686	31,932	29,109	25,337
7+	40,029	35,159	34,347	31,311	27,252

<b>NATIONAL COUNCIL OF WELFARE ESTIMATES OF</b>					
<b>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1996*</b>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,175	14,208	13,879	12,652	11,011
2	21,924	19,259	18,813	17,148	14,929
3	27,869	24,480	23,913	21,798	18,974
4	32,089	28,181	27,533	25,099	21,845
5	35,058	30,792	30,081	27,421	23,868
6	38,056	33,421	32,650	29,764	25,907
7+	40,930	35,950	35,120	32,015	27,865

\* based on estimate of 2.25 percent inflation in 1996

**APPENDIX B**

**REGIONAL POVERTY STATISTICS, 1994**

	Atlantic		Quebec		Ontario		West	
	Number of Poor	Poverty Rate						
Single-Parent Mothers under 65 With Children under 18	30,000	62.2%	84,000	60.5%	111,000	53.9%	92,000	57.2%
Unattached Women under 65	33,000	47.5%	153,000	48.3%	150,000	38.8%	148,000	40.8%
Unattached Men under 65	34,000	35.7%	173,000	39.2%	149,000	26.0%	169,000	31.0%
Unattached Women 65 and Older	19,000	32.3%	111,000	56.9%	108,000	37.8%	106,000	44.0%
Unattached Men 65 and Older	5,000	20.1%	26,000	39.9%	14,000	15.5%	22,000	25.6%
Couples under 65 With Children under 18	32,000	11.8%	102,000	13.0%	115,000	10.0%	100,000	11.2%
Childless Couples under 65	17,000	11.8%	65,000	13.4%	57,000	8.3%	42,000	7.5%
Couples 65 and Older	3,000	4.2%	27,000	13.1%	18,000	5.3%	13,000	4.6%

**APPENDIX B (CONTINUED)**

**DEPTH OF POVERTY IN DOLLARS BELOW POVERTY LINE AND PERCENTAGE OF POVERTY LINE, 1994**

	Atlantic		Quebec		Ontario		West	
	Dollar Gap	% of Line	Dollar Gap	% of Line	Dollar Gap	% of Line	Dollar Gap	% of Line
Single-Parent Mothers under 65 With Children under 18	\$7,417	61.0%	\$8,787	61.3%	\$7,927	66.0%	\$9,411	59.3%
Unattached Women under 65	\$5,668	54.4%	\$6,040	57.7%	\$5,763	59.6%	\$6,084	57.6%
Unattached Men under 65	\$5,232	54.3%	\$6,215	53.9%	\$5,857	58.9%	\$5,756	55.6%
Unattached Women 65 and Older	\$1,639	86.9%	\$2,781	81.2%	\$2,014	86.5%	\$2,278	84.3%
Unattached Men 65 and Older	sample sizes too small							
Couples under 65 With Children under 18	\$6,983	70.6%	\$8,182	70.7%	\$8,214	64.4%	\$8,599	65.1%
Childless Couples under 65	\$5,249	65.7%	\$5,657	69.6%	\$6,128	66.9%	\$6,656	61.9%
Couples 65 and Older	sample sizes too small							

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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 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, 2<sup>e</sup> étage, 1010 rue Somerset ouest, Ottawa K1A 0J9.