

# Poverty Profile 1995

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

**Spring 1997**

**Canada**

## ERRATA

Paragraph 2 on the first page of the Summary should read as follows:

Particularly disturbing were higher poverty rates for families headed by people under age 65. The poverty rate for all non-elderly families in 1995 was up to 15.5 percent. The rate for married couples under 65 with children under 18 rose to 12.6 percent, and the rate for couples without children under 18 went up to 10.4 percent. Meanwhile, the rate for the other main group of non-elderly families, single-parent mothers under 65 with children under 18, was down 1/10 of a percentage point, but remained at an unacceptably high level of 57.2 percent.

Paragraph 3 on page two should read as follows:

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## SUMMARY

The poverty statistics for 1995 turned out to be shockingly high. Increases in poverty among families pushed the overall poverty rate to 17.4 percent and the number of poor Canadians to a 16-year high of nearly 5.1 million. The number of poor Canadians was higher in 1995 than it was during the depths of the last two recessions.

Particularly disturbing were higher poverty rates for families headed by people under age 65. The poverty rate for all non-elderly families in 1995 was up to 15.5 percent. The rate for married couples under 65 with children under 18 rose to 10.4 percent, and the rate for couples without children under 18 went up to 12.6 percent. Meanwhile, the rate for the other main group of non-elderly families, single-parent mothers under 65 with children under 18, was down 1/10 of a percentage point, but remained at an unacceptably high level of 57.2 percent.

Rising poverty rates among families meant rising poverty rates for children. The child poverty rate in 1995 rose to 20.5 percent, and the number of poor children jumped to a 16-year high of more than 1.4 million.

In releasing the latest figures, Statistics Canada noted that the incomes of Canadians in general had stalled in 1995 due to little growth in employment and a dip in average weekly earnings after inflation. The Bureau also noted that cash transfers to Canadians were down in 1995 as a result of deficit reduction measures imposed by the federal, provincial and territorial governments.<sup>1</sup>

One of the few encouraging changes in the 1995 poverty statistics was a continuing decline in poverty among seniors. The poverty rate for all Canadians 65 and older dropped to an all-time low of 16.9 percent, and the number of poor seniors stood at 572,000.

Poverty Profile 1995 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 1995 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 57.2 percent in 1995. Single-parent mothers under age 25 had a poverty rate of 83 percent. Single-parent mothers who did not graduate from high school had a rate of 82.4 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 1995, but they still were several times higher than the poverty rate of 7.5 percent for elderly married couples. The rate for unattached elderly women was 43.4 percent, and the comparable rate for men was 21.3 percent.

The plight of unattached people under the age of 25 was much worse. Their poverty rate in 1995 was 64.7 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 392,000 unattached people had incomes in 1995 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 1995 would have been \$16.3 billion. That's a huge, but not outrageous amount of money in a country where the federal, provincial and territorial governments spent \$339 billion in 1995 and where the value of all the goods and services produced was \$776 billion.

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

Poverty Profile 1995 is an analysis of the facts rather than a 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 Improving the Canada Pension Plan.

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 1995 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>2</sup>

Despite these limitations, the National Council of Welfare believes that Poverty Profile 1995 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.



## I. 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 1996, sampled 32,785 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 1995 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1995. 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 1995 are technically known as 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 1995 appears below as Table 1. Comparable cut-offs for 1996 and the National Council of Welfare's estimates of the cut-offs for 1997 appear in Appendix A.

<b>TABLE 1</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

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>3</sup>

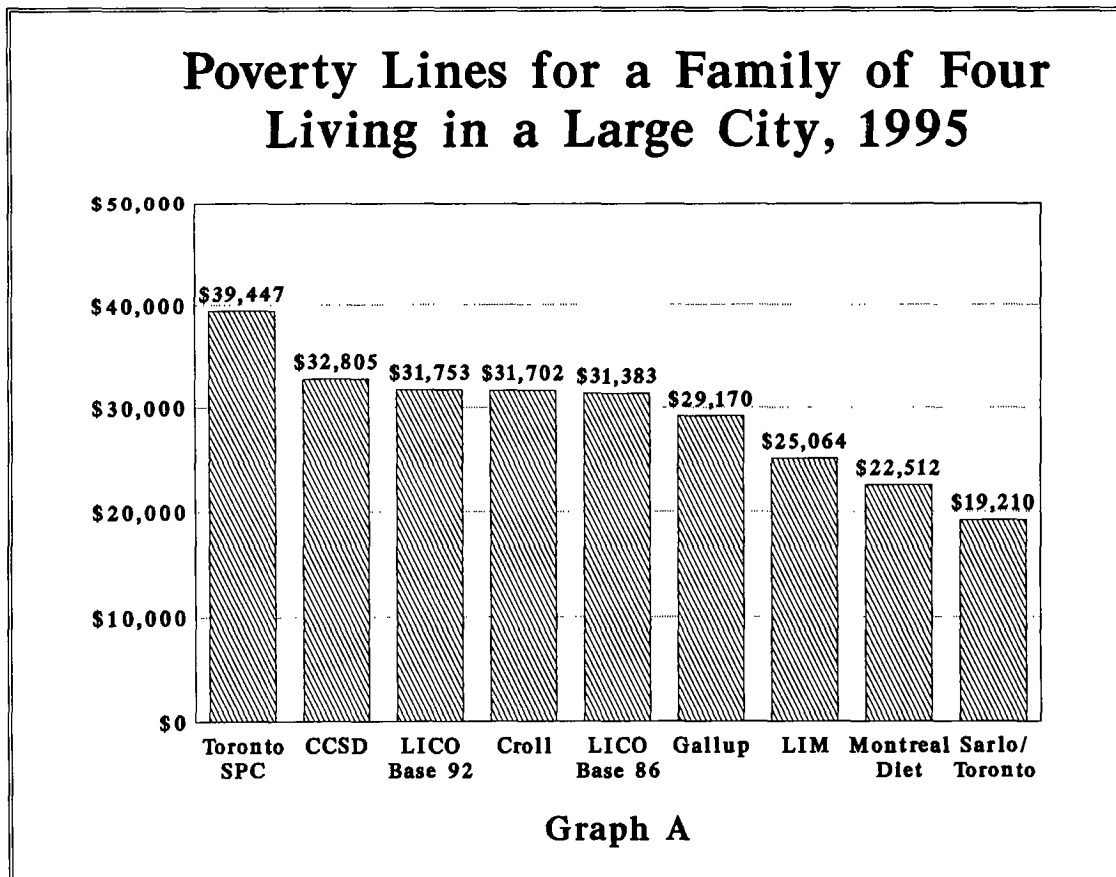
For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

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>4</sup> Most of the lines fall in a middle range from \$29,170 to \$32,805 for a family of four living in a large city in 1995. 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 1995. 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 for a two-earner couple with a 15-year-old son and a ten-year-old daughter in Montreal 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 1994 by Christopher A. Sarlo and updated to 1995 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 323,000 poor families with children under 18 headed by a female single parent under age 65 in 1995. The estimated total number of families with children under 18 headed by a female single parent under 65 was 565,000. The poverty rate was 323,000 divided by 565,000 or 57.2 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.

## **II. RECENT POVERTY TRENDS**

The National Council of Welfare was expecting to see a slight decrease in the overall poverty rate between 1994 and 1995. The Canadian economy continued to grow modestly as the recession of 1990-1991 faded into the past. Unemployment remained relatively high, but dropped slightly from one year to the next. The most draconian of the cuts in federal transfer payments to the provinces and territories were not scheduled to hit until later years.

All things considered, it seemed reasonable to assume that 1995 would be a better year than 1994.

The actual 1995 poverty statistics came as a shock. The poverty rate for all persons rose to 17.4 percent. The child poverty rate jumped to 20.5 percent, and the poverty rate for adults 18 to 65 was up to 16.2 percent. Seniors were the main group bucking the trend, as the poverty rate for people 65 and older fell to an all-time low of 16.9 percent.

This chapter shows major national trends in poverty from 1980 through 1995 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 rose again with the recession of 1990-1991. Instead of improving after the recession ended, however, they continued their upward trend.

By 1995, the number of poor people was nearly 5.1 million and the poverty rate was 17.4 percent. Both those figures were well above the figures for the years just prior to the last

recession. Bluntly put, the modest economic growth of the last several years was simply not filtering down to the ranks of the poor.

<b>TABLE 2</b>		
<b><u>POVERTY TRENDS, ALL PERSONS</u></b>		
	<b>Number of Persons Living in Poverty</b>	<b>Poverty Rate</b>
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%
1995	5,070,000	17.4%

Similar trends were evident in the child poverty statistics shown in Table 3. Child poverty rates and the number of poor children peaked in 1984 following the recession of 1980-1981 and declined through the rest of the decade. Following the recession of 1990-1991, the trend appeared to be strongly upward. In 1995, the number of poor children was at a 16-year high of more than 1.4 million and the poverty rate was 20.5 percent, the second highest in 16 years.

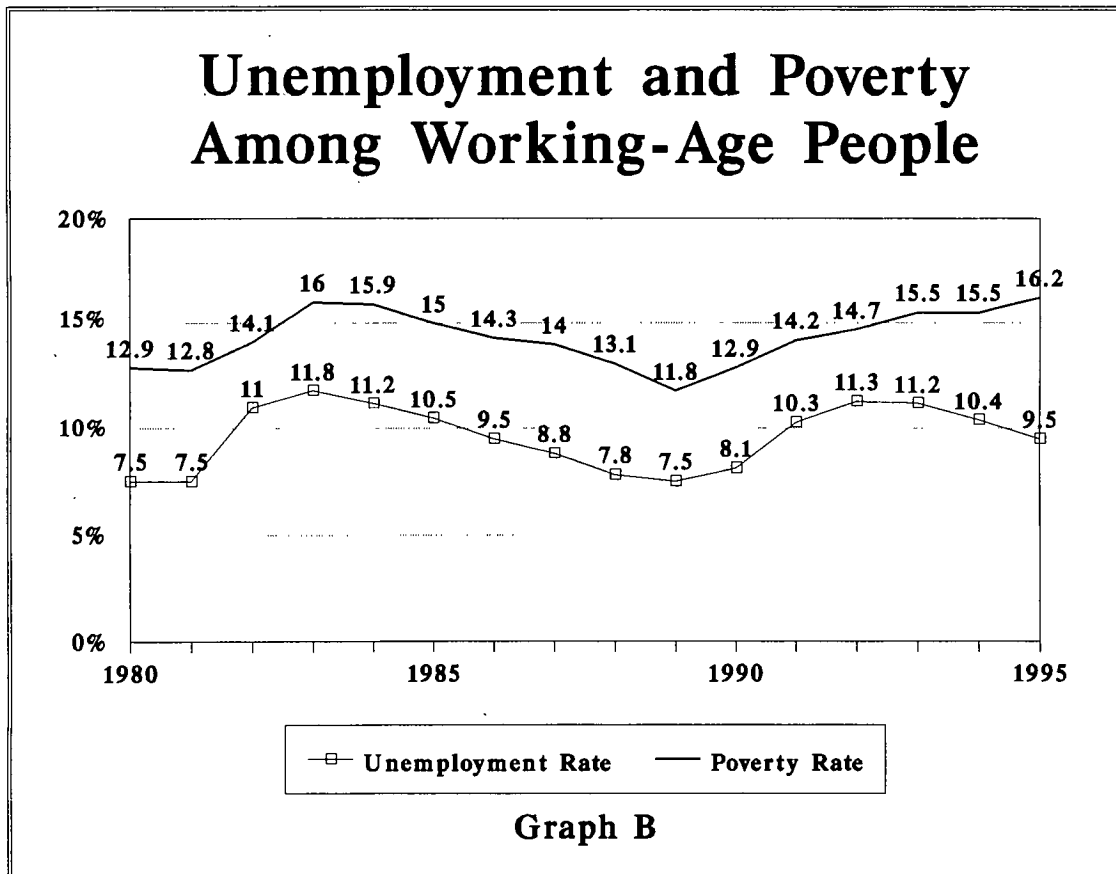
<b>TABLE 3</b>		
<b><u>POVERTY TRENDS, CHILDREN UNDER 18</u></b>		
	<b>Number of Children Under 18 Living in Poverty</b>	<b>Poverty Rate</b>
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
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%
1995	1,441,000	20.5%



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. In 1995, the unemployment rate was 9.5 percent and the poverty rate was 16.2 percent. Since 1980, the poverty rate for people 18 to 65 has normally been three to five percentage points higher than the unemployment rate. The gap in 1995 was 6.7 percentage points, the highest in 16 years.



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.

**TABLE 4**  
**POVERTY TRENDS, PEOPLE 65 AND OLDER**

	Number of Seniors Living in Poverty	Poverty Rate
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%
1995	572,000	16.9%

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 572,000 in 1995, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 16.9 percent in 1995.

### **Poverty Trends for Families and Unattached Individuals**

While the poverty statistics for all 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 on the next page. Throughout most of the period 1980 to 1995, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1995, however, the poverty rate for unattached individuals was 36.1 percent and the rate for families was 14.4 percent for a ratio of 2½ times to one.

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.

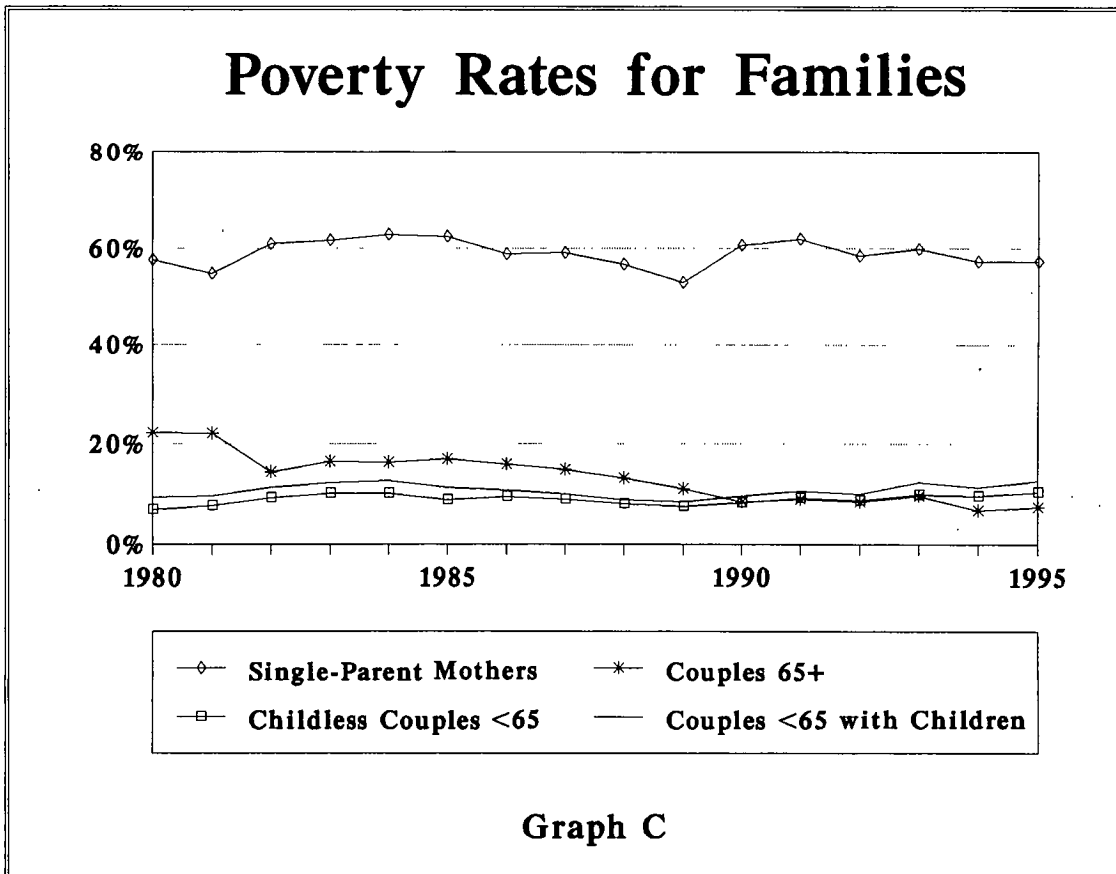
<b>TABLE 5</b>				
<b><u>POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS</u></b>				
	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
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%
1995	1,187,000	14.4%	1,399,000	36.1%

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 83 percent of all poor families in 1995. The other 17 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 as shown in Graph C. 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 all high.



**TABLE 6**  
**POVERTY RATES FOR FAMILIES, 1980-1995**

	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%
1995	57.2%	7.5%	10.4%	12.6%

As Table 6 shows in more detail, the highest rate for single-parent mothers was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By way of comparison, the highest rate for single-parent fathers was 34 percent in 1993 and 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. The 1995 rate was 7.5 percent.

Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with ups and downs in the economy through the early 1990s. The trend has been upward since then.

Throughout the entire period from 1980 through 1995, poverty rates for couples under 65 with children under 18 were consistently higher than the rates for childless couples.

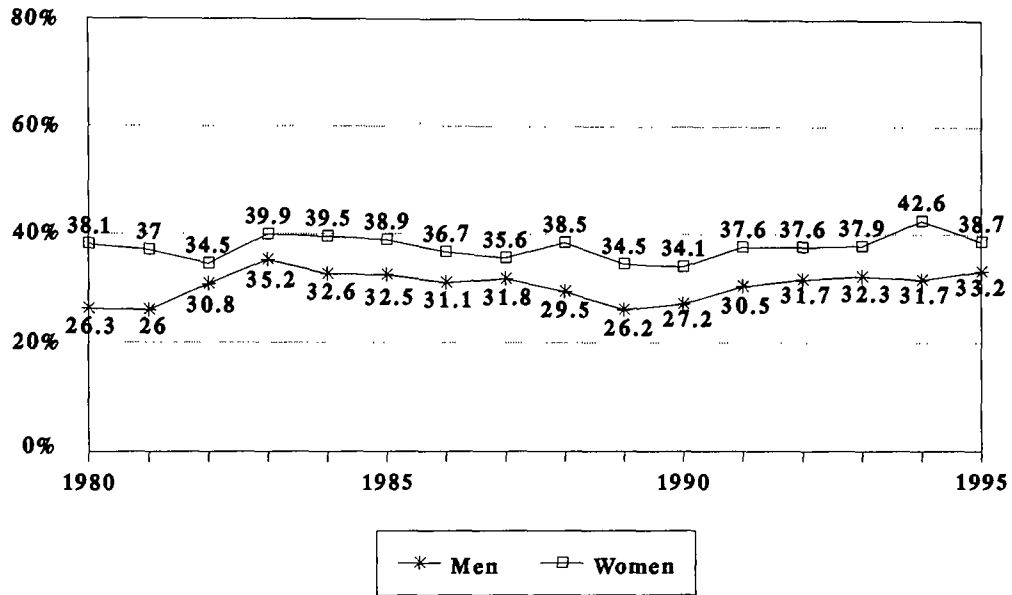
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families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

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph D on the next 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.

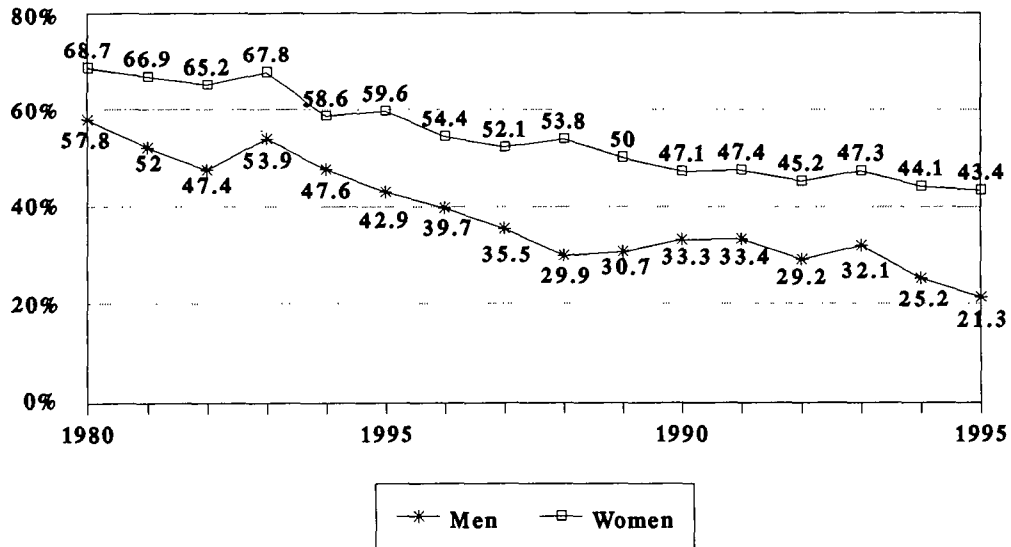
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 38.7 percent in 1995. The comparable rates for men were 26.3 percent in 1980 and 33.2 percent in 1995. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women went from 68.7 percent in 1980 to a record low 43.4 percent in 1995. The rate for men dropped from 57.8 percent in 1980 to a record low 21.3 percent in 1995. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

## Poverty Rates for Unattached People Under 65



## Poverty Rates for Unattached People 65 and Older



Graph D



### III. 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 1995 provincial statistics for families, unattached individuals and all persons. For families, poverty rates ranged from a low of 9.3 percent in Prince Edward Island to a high of 19.2 percent in Newfoundland. The range for unattached individuals was even greater, from 28.9 percent in Saskatchewan to 44.5 percent in Quebec. Poverty rates for all persons went from 12 percent in P.E.I. to 20.6 percent in Newfoundland and Quebec.

<b>TABLE 7</b>						
<b><u>POVERTY BY PROVINCE, 1995</u></b>						
	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	32,000	19.2%	16,000	42.3%	116,000	20.6%
Prince Edward Island	4,000	9.3%	5,000	36.0%	16,000	12.0%
Nova Scotia	42,000	15.5%	41,000	40.8%	164,000	17.8%
New Brunswick	35,000	15.7%	25,000	31.6%	128,000	17.2%
Quebec	347,000	16.8%	475,000	44.5%	1,492,000	20.6%
Ontario	398,000	12.8%	441,000	32.7%	1,698,000	15.3%
Manitoba	43,000	13.9%	50,000	38.7%	191,000	17.6%
Saskatchewan	37,000	13.4%	36,000	28.9%	158,000	16.3%
Alberta	112,000	14.8%	115,000	30.8%	472,000	17.4%
British Columbia	138,000	13.2%	194,000	32.7%	634,000	16.9%
Canada	1,187,000	14.4%	1,399,000	36.1%	5,070,000	17.4%

Between 1994 and 1995, family poverty rates were up in all provinces except Quebec and Saskatchewan. The family poverty rate in Quebec was unchanged at 16.8 percent, and the rate in Saskatchewan was down from 13.5 percent in 1994 to 13.4 percent in 1995.

Among unattached individuals, poverty rates were up between 1994 and 1995 in Newfoundland, Prince Edward Island, Nova Scotia and Ontario, and down in all other provinces.

Poverty rates for all persons were higher between 1994 and 1995 in all but three provinces. The rate in Manitoba fell from 18.4 percent to 17.6 percent, and the rate in Saskatchewan dropped from 17 percent to 16.3 percent. The B.C. rate was unchanged at 16.9 percent.

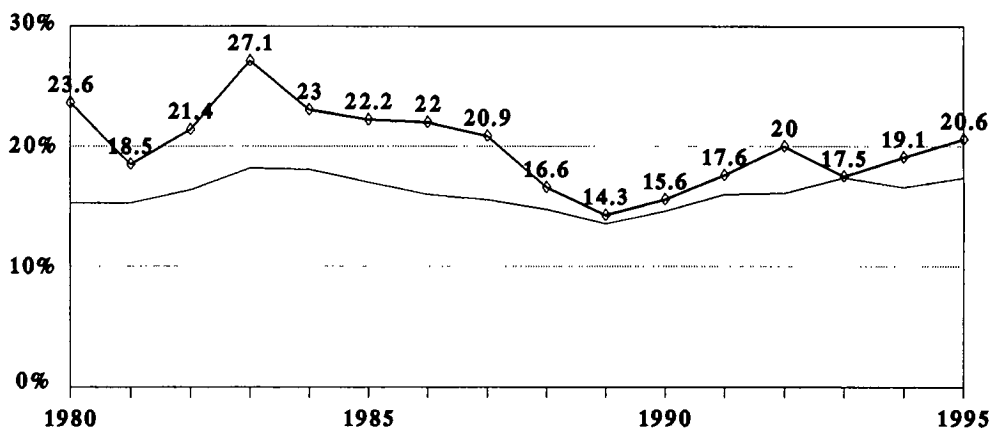
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all persons from 1980 to 1995. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, 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 1995. 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

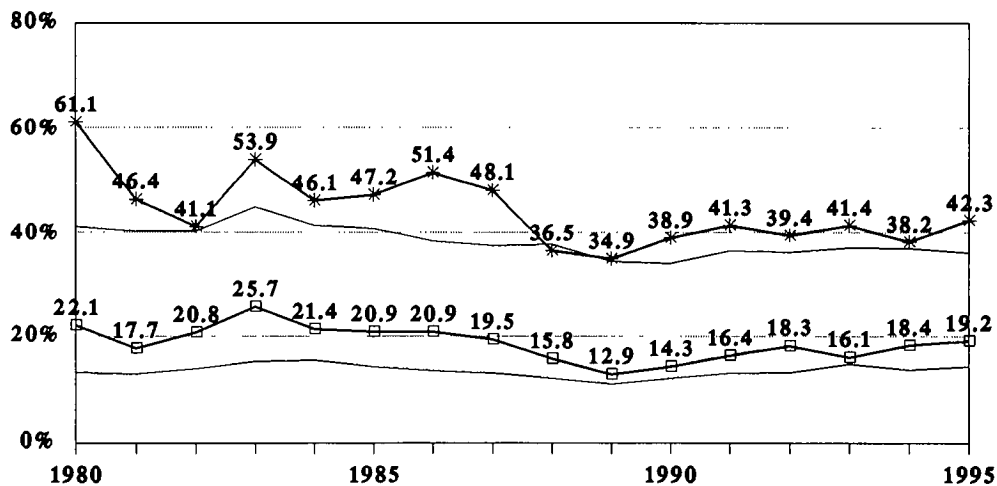
## Trends for All Persons



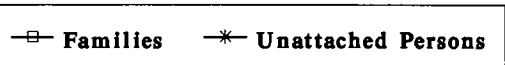
## Percentage Below Poverty Line



## Families and Unattached Individuals



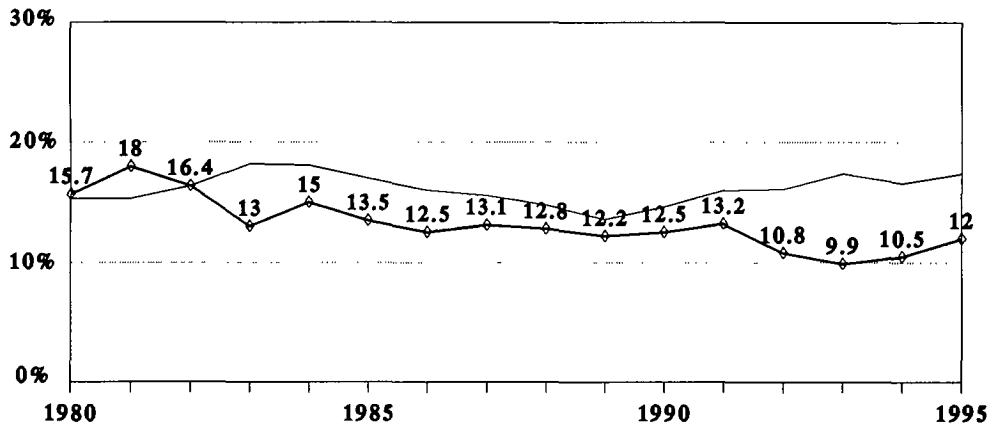
## Percentage Below Poverty Line



Graph E

# Prince Edward Island

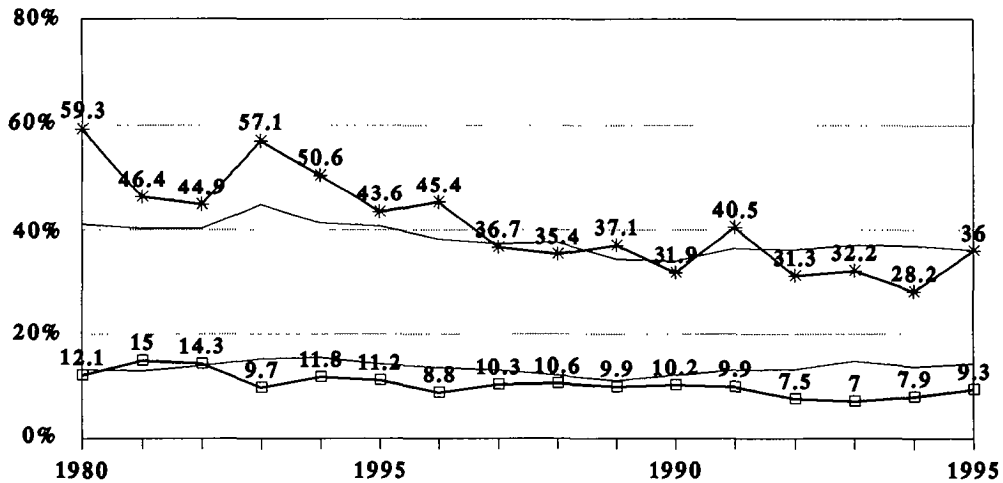
## Trends for All Persons



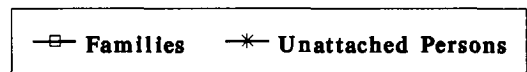
### Percentage Below Poverty Line



## Families and Unattached Individuals



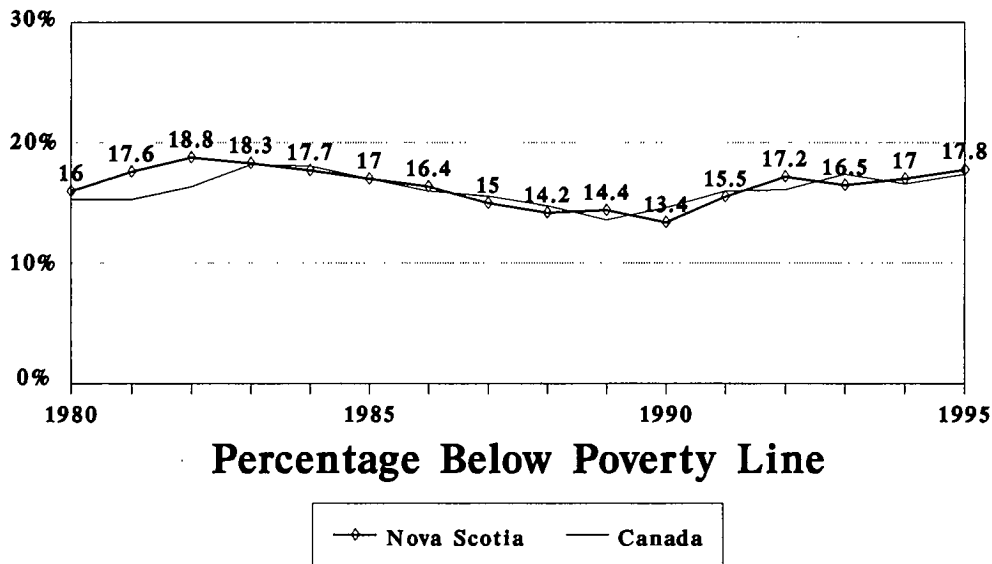
### Percentage Below Poverty Line



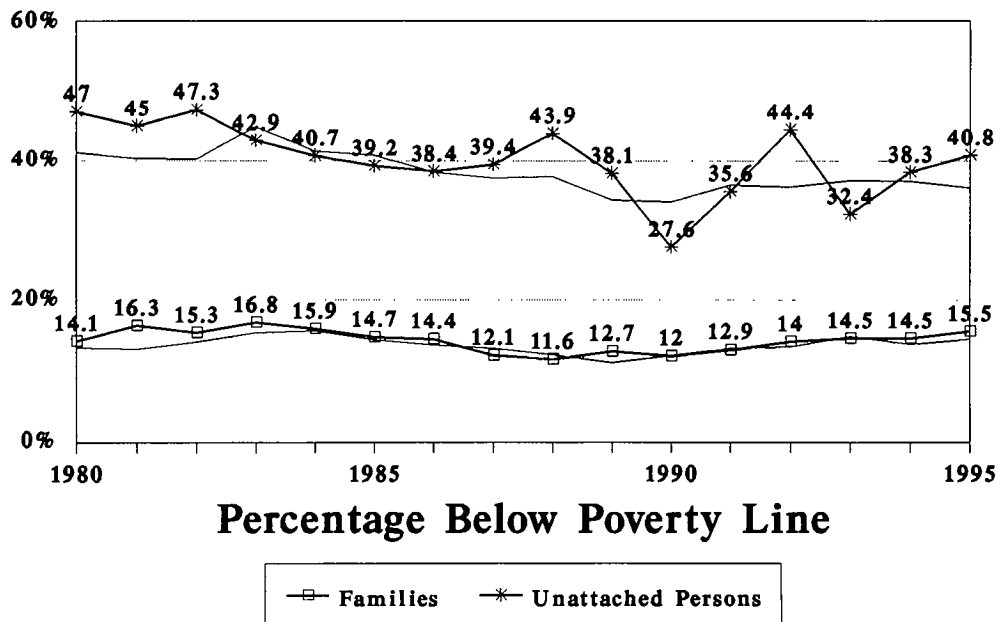
Graph F

# Nova Scotia

## Trends for All Persons



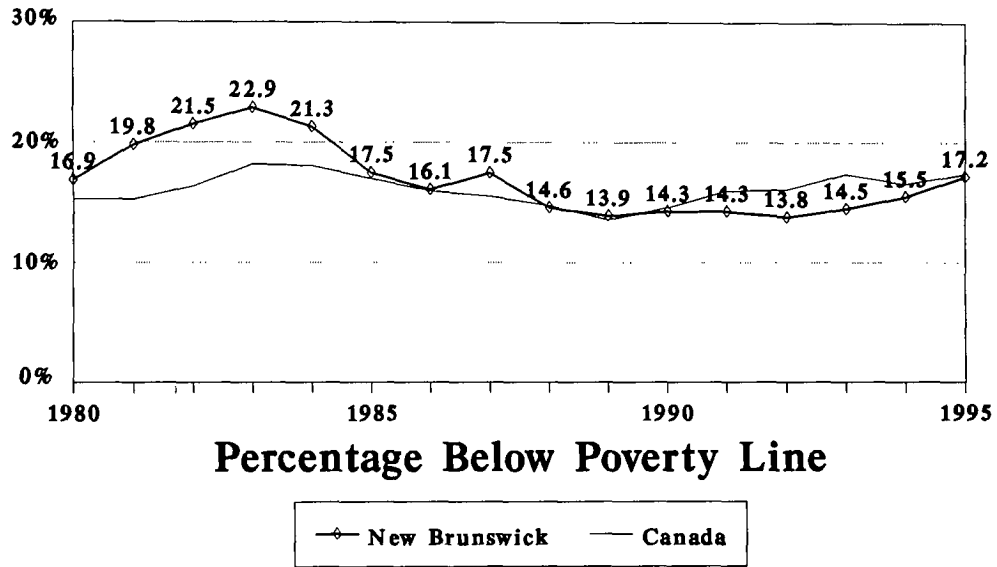
## Families and Unattached Individuals



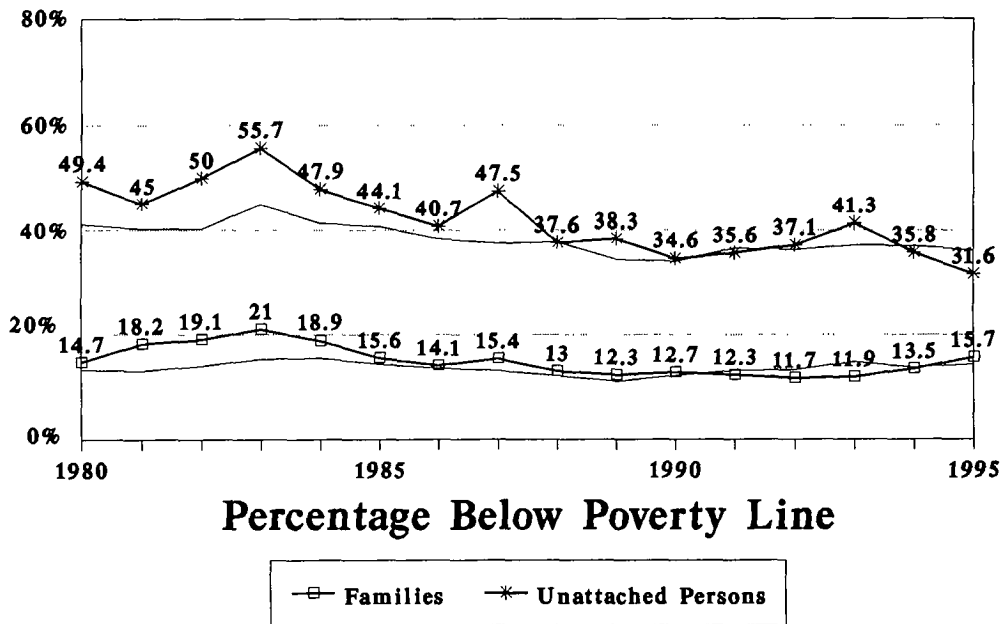
**Graph G**

# New Brunswick

## Trends for All Persons



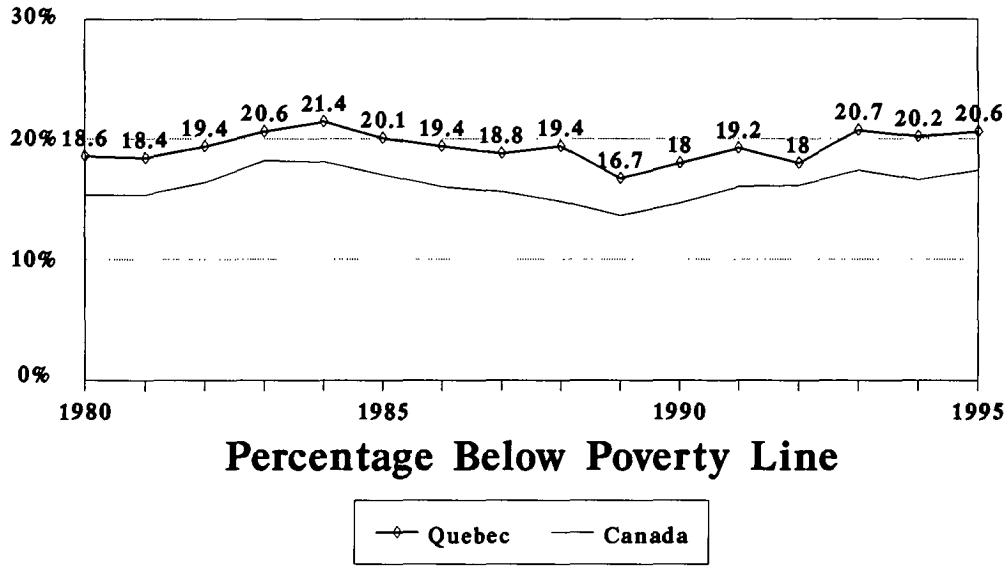
## Families and Unattached Individuals



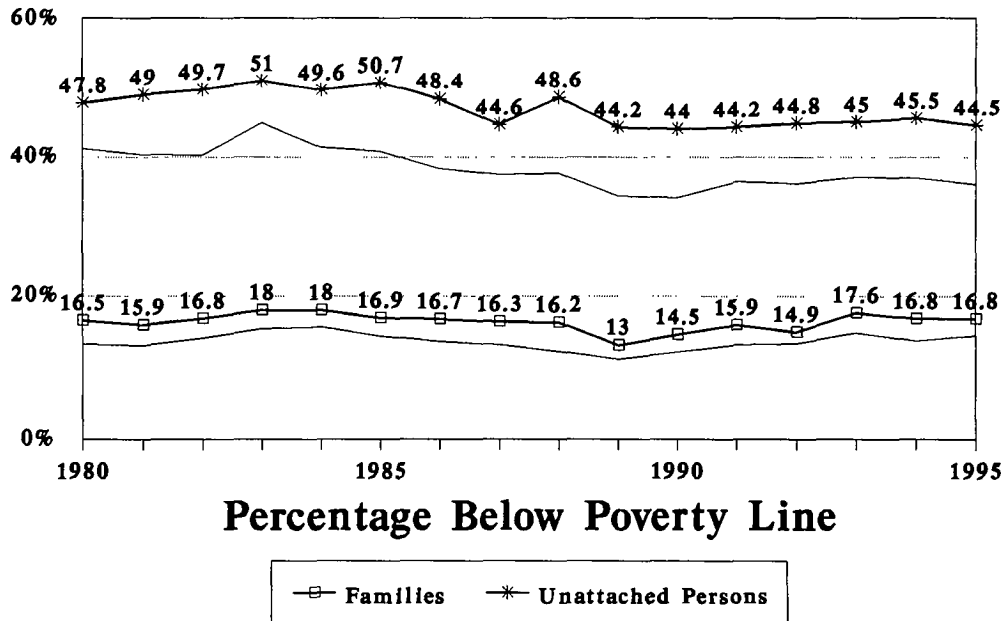
Graph H

# Quebec

## Trends for All Persons



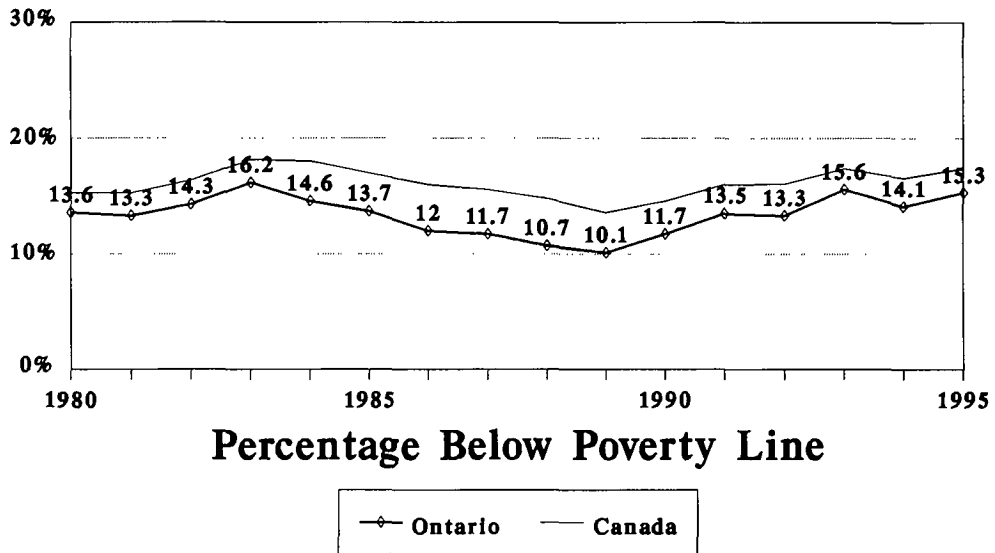
## Families and Unattached Individuals



Graph I

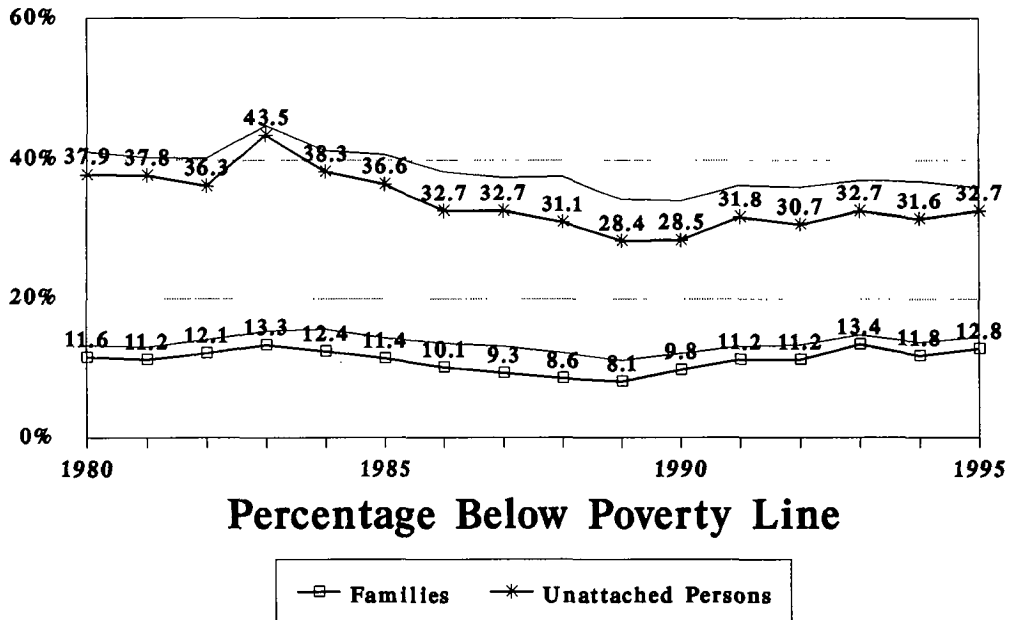
# Ontario

## Trends for All Persons



Percentage Below Poverty Line

## Families and Unattached Individuals



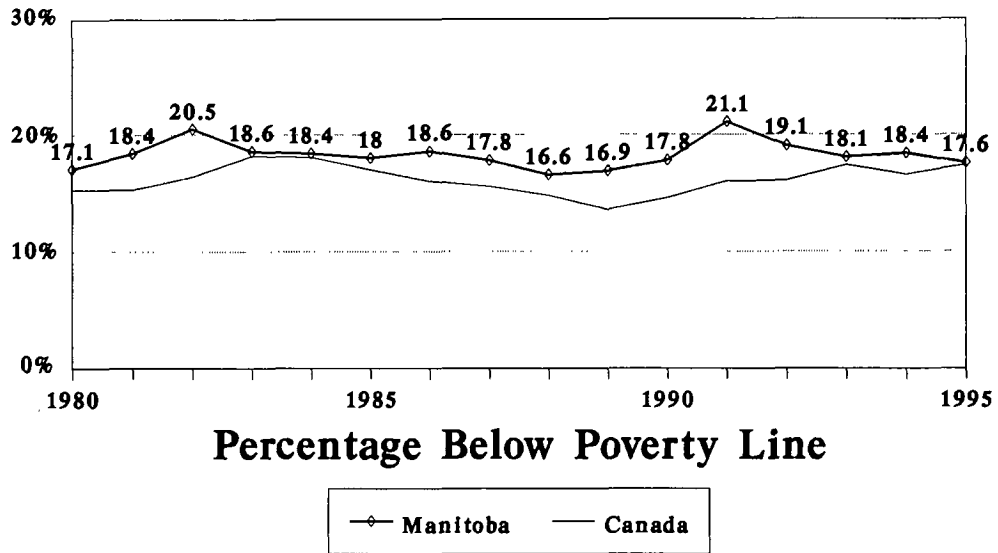
Percentage Below Poverty Line

Graph J

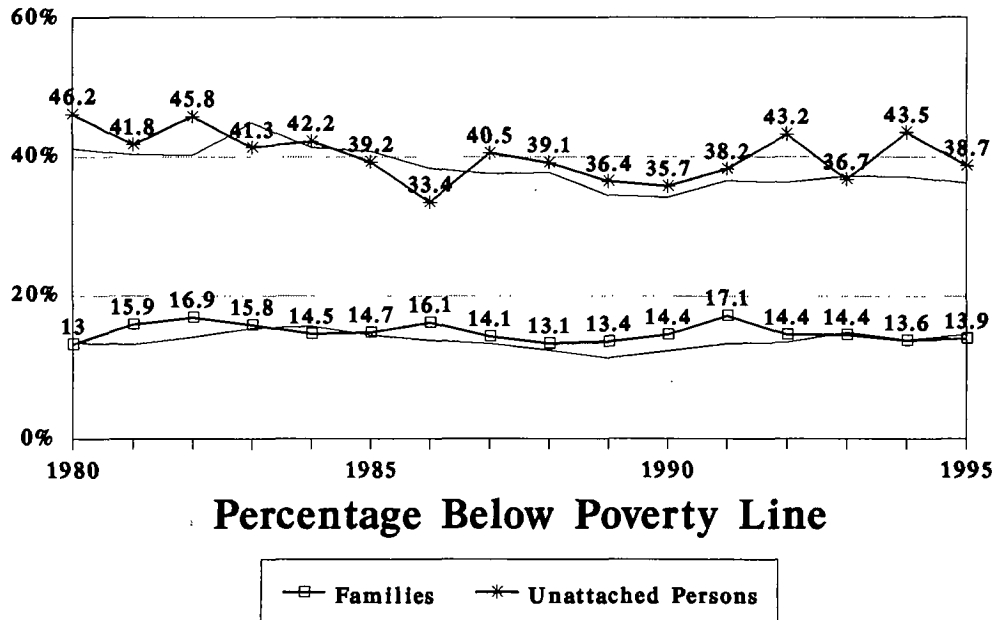


# Manitoba

## Trends for All Persons



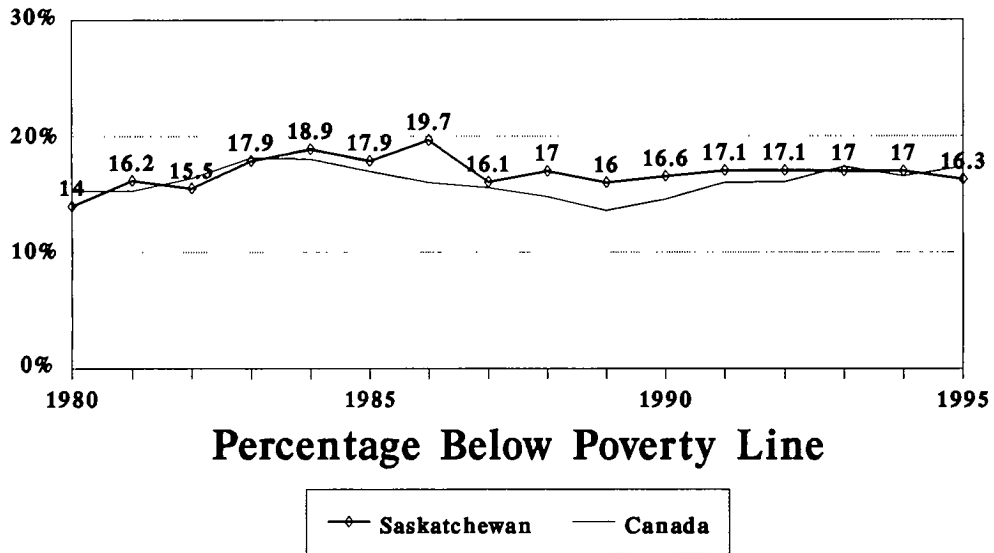
## Families and Unattached Individuals



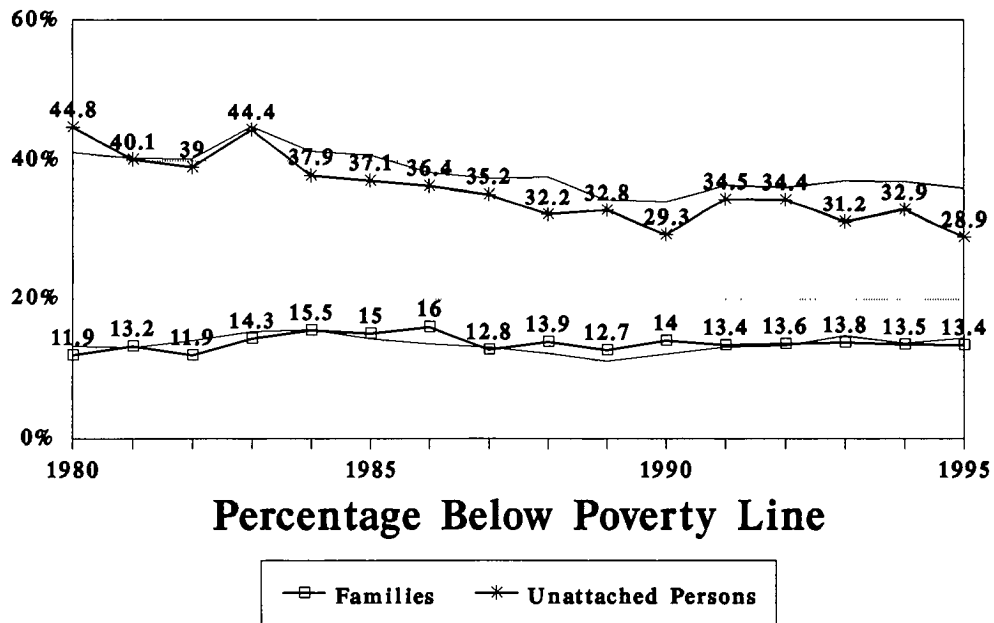
Graph K

# Saskatchewan

## Trends for All Persons



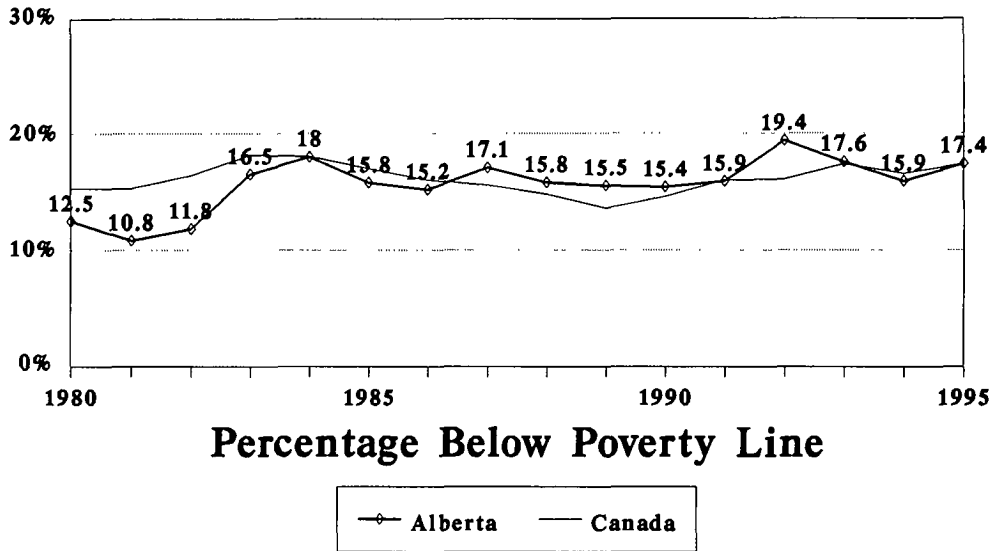
## Families and Unattached Individuals



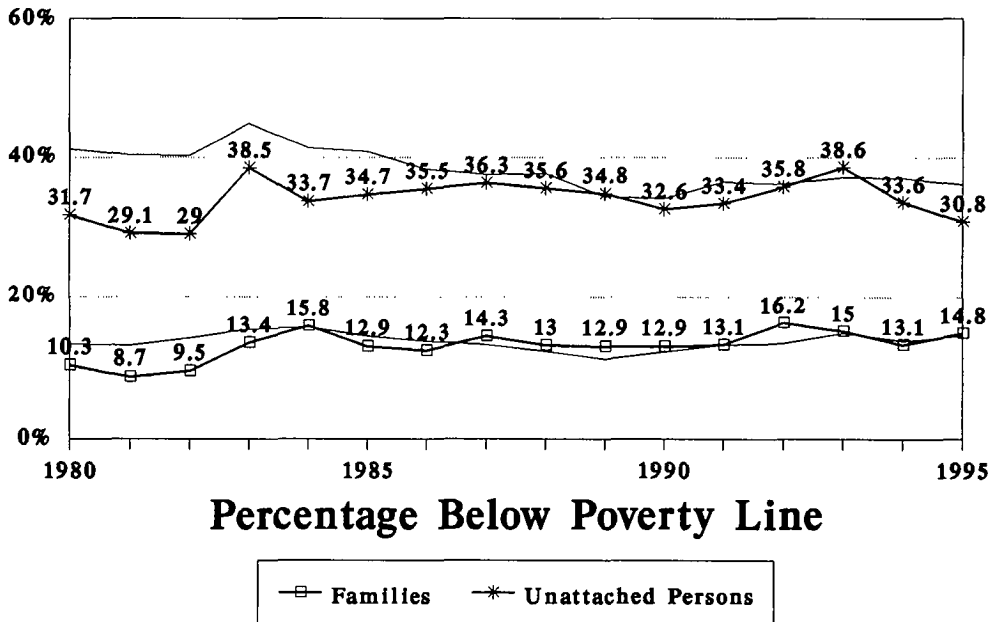
Graph L

# Alberta

## Trends for All Persons



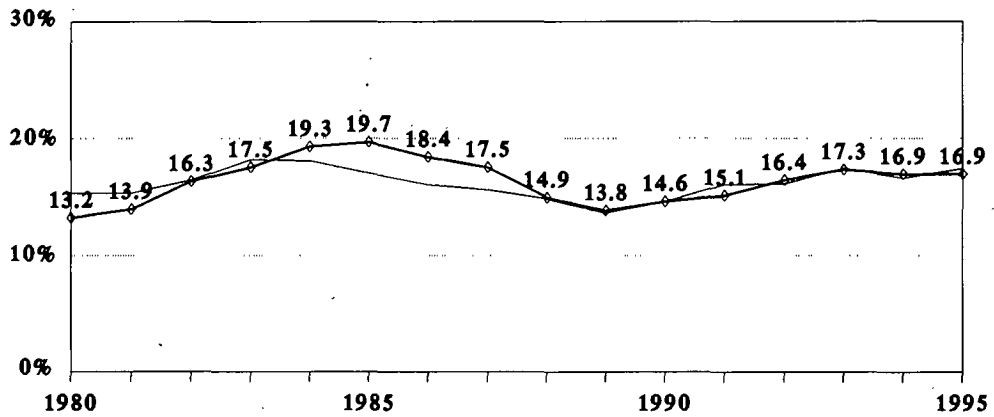
## Families and Unattached Individuals



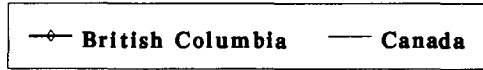
Graph M

# British Columbia

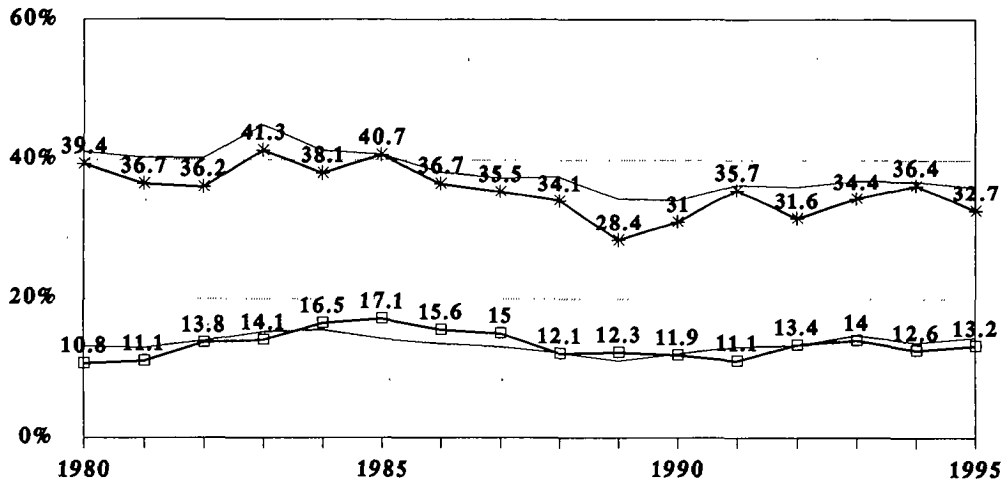
## Trends for All Persons



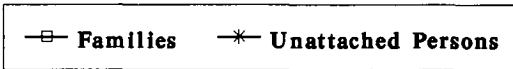
### Percentage Below Poverty Line



## Families and Unattached Individuals



### Percentage Below Poverty Line



Graph N

#### **IV. SNAPSHOTS OF POVERTY IN 1995**

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**

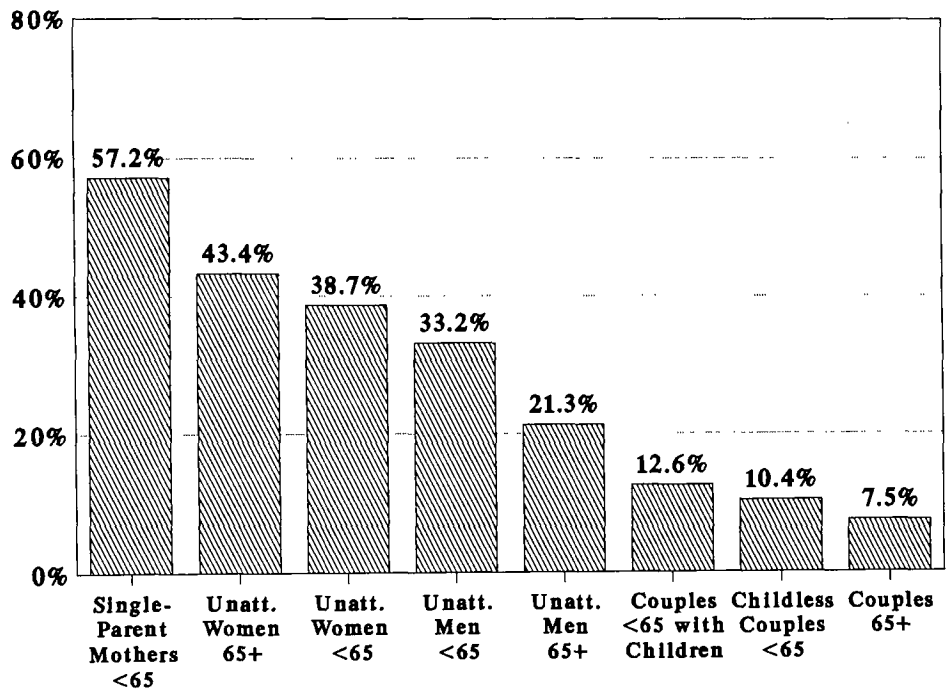
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

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.

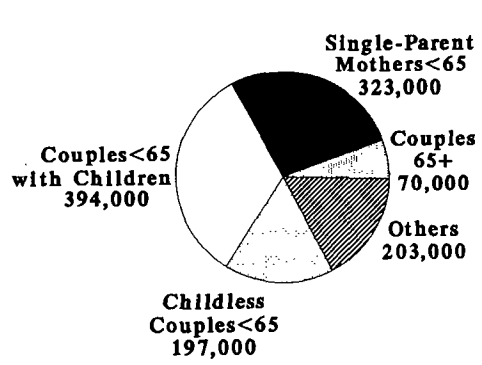
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent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

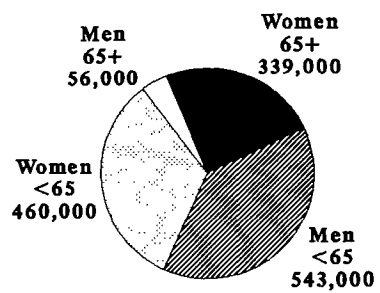
# Poverty Rates by Family Type, 1995



# Distribution of Poor Families And Unattached Individuals, 1995



**Poor Families**



**Poor Unattached Individuals**

**Graph O**

### Differences by Age, Sex and Family Type

The top half of Graph P gives the poverty rates for men and women by age, irrespective of their family status. In all cases but one, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups.

Additional information about poverty among men and women is presented later in this report.

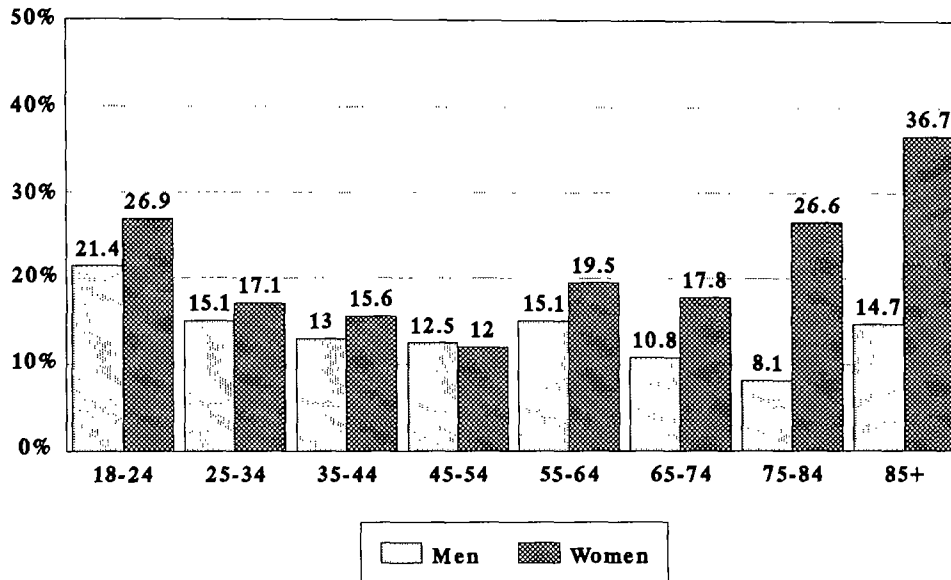
The poverty rates for both sexes were relatively high for the age group 18 through 24. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups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

The rates for older men and women show a widening gap between the sexes. 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.

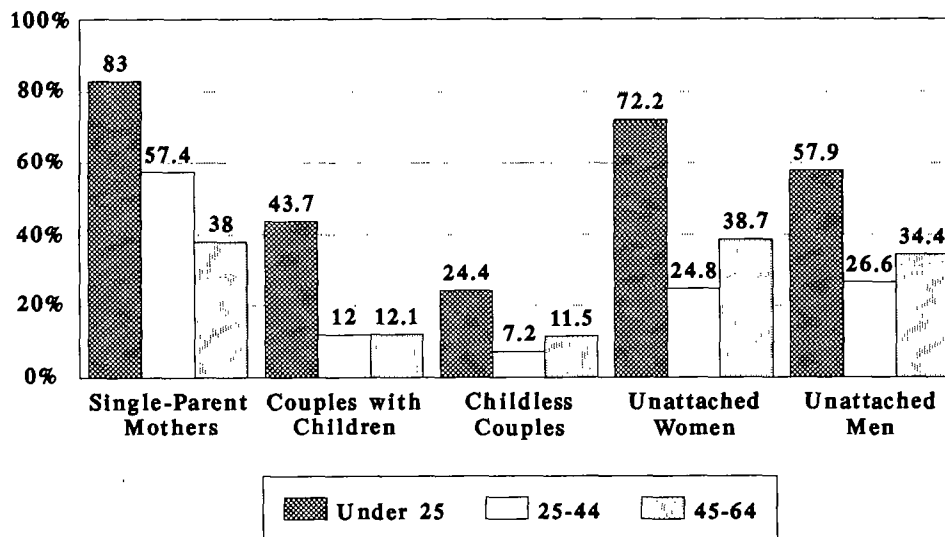
The bottom half of Graph P shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 83 percent. The comparable rates for other families led by single-parent mothers were 57.4 percent for heads of families 25 through 44, and 38 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, 1995



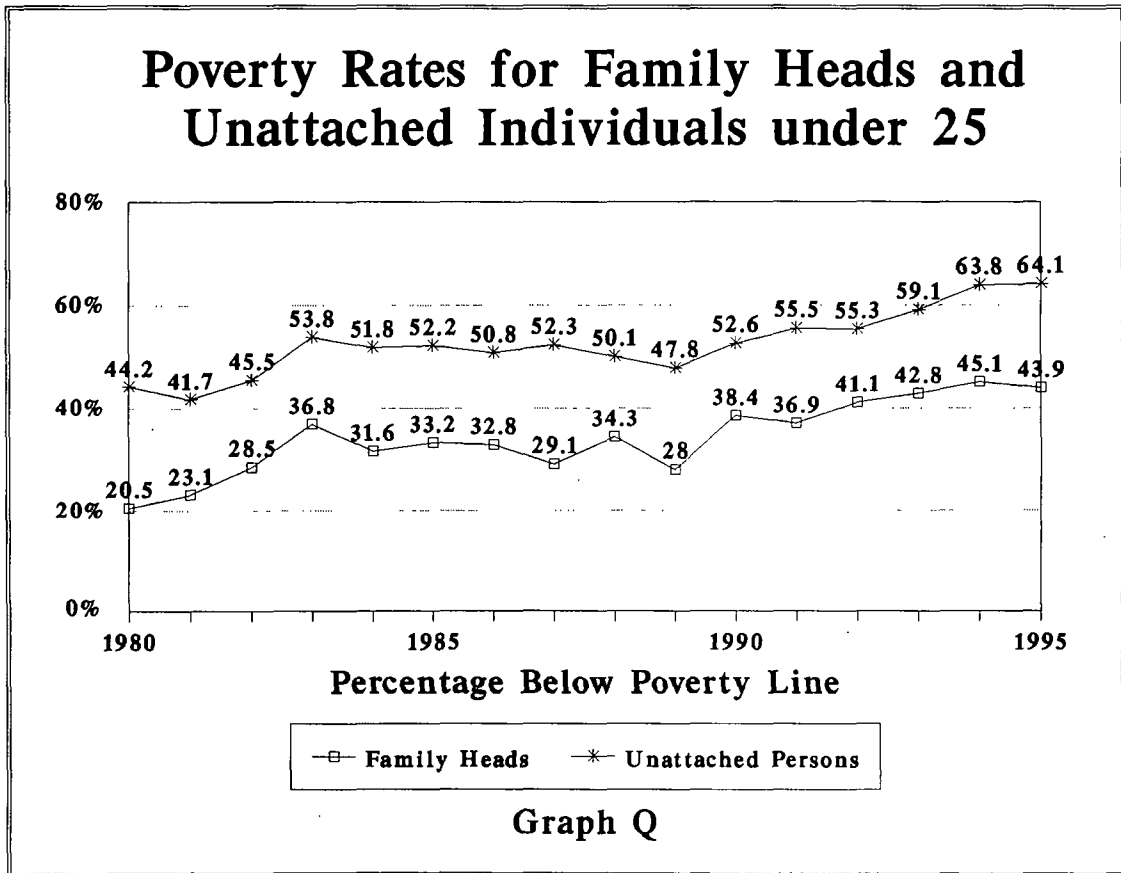
## Poverty Rates by Family Type And Age of Head, 1995



Graph P



Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 through 1995. 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 64.1 percent in 1995. The picture was a bit less gloomy for young families, but poverty rates have risen sharply since 1989. The rate for 1995 was 43.9 percent.



## 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.

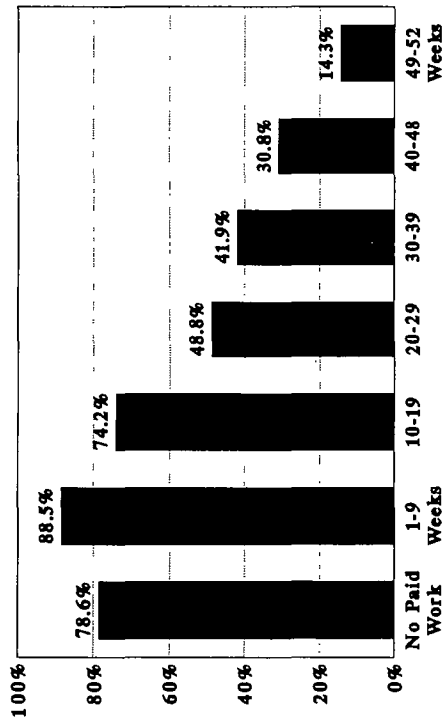
The upper left portion of the graph shows how the poverty rates for unattached individuals under 65 decline as their weeks of work increase. The poverty rates for unattached persons with only a few weeks of work in 1995 were extremely high. Meanwhile, the poverty rate for those who worked for 49 to 52 weeks was 14.3 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 last three bars on the right 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 1995 was a mere 2.7 percent.

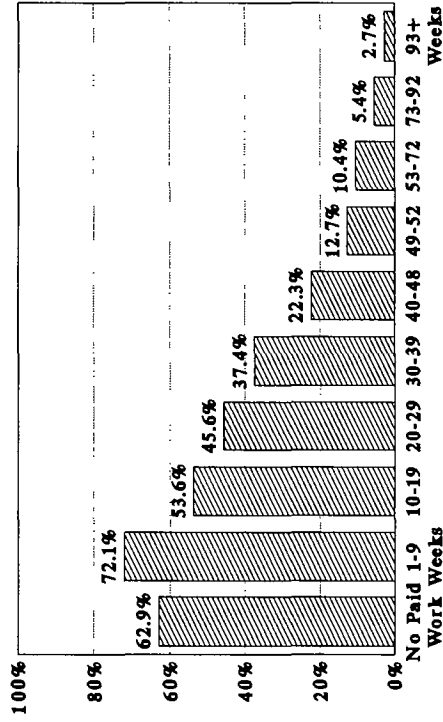
The pie charts in the bottom half of the graph show the distribution of poor unattached persons under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1995.

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 234,000 unattached persons - or 23 percent of all poor unattached persons under 65 - were poor in 1995 even though they worked between 49 and 52 weeks. Some 78,000 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.

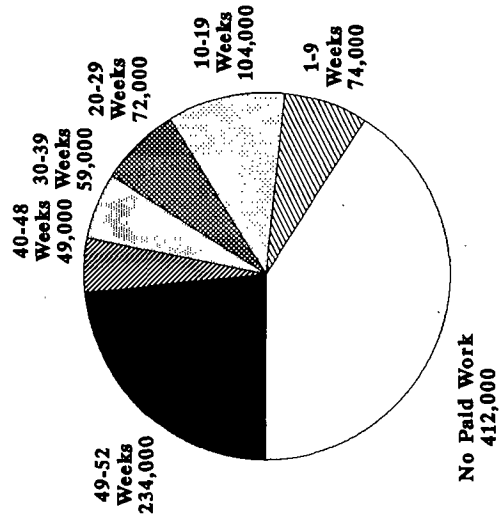
**Poverty Rates By Weeks of Work For Unattached Persons Under 65, 1995**



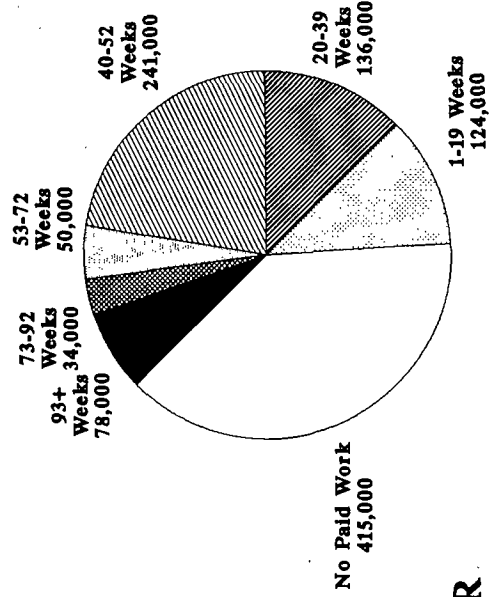
**Poverty Rates By Weeks of Work For Families Under 65, 1995**



**Distribution of Poor Unattached Persons Under 65 By Weeks of Work, 1995**



**Distribution of Poor Families Under 65 By Weeks of Work, 1995**



**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, 1995</u></b>		
<b>Occupational Group</b>	<b>Family Heads</b>	<b>Unattached Individuals</b>
Managerial	4.6%	12.4%
Processing and Machining	7.0%	15.2%
Professional	7.2%	19.8%
Product Fabrication	7.7%	20.6%
Construction	10.1%	20.3%
Transport	11.3%	27.9%
Farming, Fishing, Forestry	12.0%	30.0%
Sales	12.5%	26.0%
Clerical	16.5%	21.3%
Services	22.5%	46.4%

### 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.

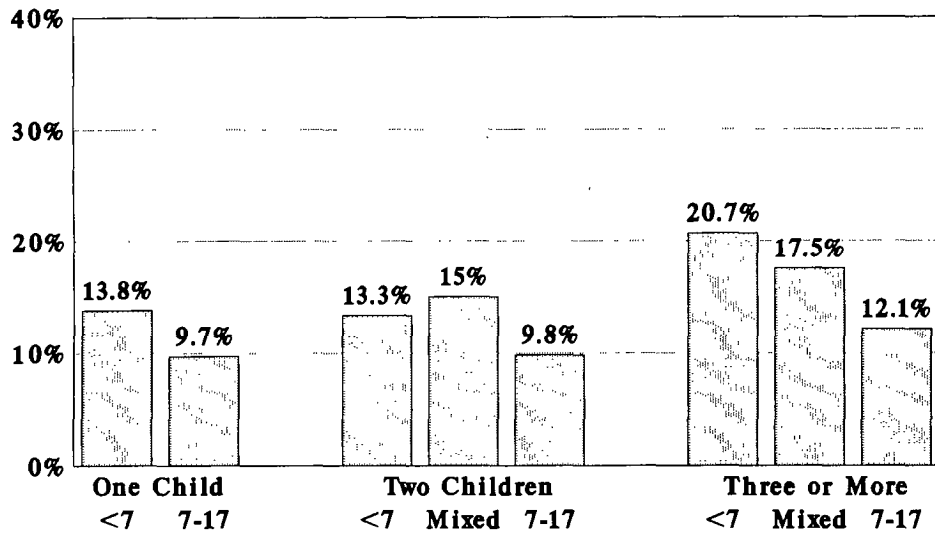
The top half of Graph S shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the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

In the bottom half of the graph, for example, the poverty rate for families led by single-parent mothers with two children under age seven was 82.8 percent in 1995. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was 73.5 percent. The rate for families with two children both seven or older was 51.2 percent.

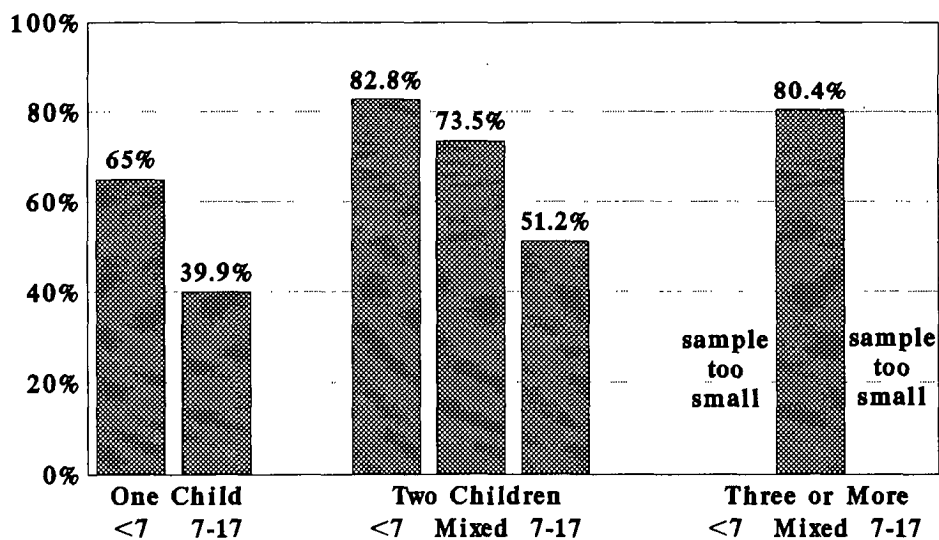
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers sometimes keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children 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 1995, poor single-parent mothers under 65 had an average of 1.78 children under 18, and single-parent mothers who were not poor had an average of 1.44 children. Among couples under 65 with children, poor couples had 1.99 children under 18 on average and non-poor couples had 1.84 children.

## Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1995



## Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1995



Graph S

## Education

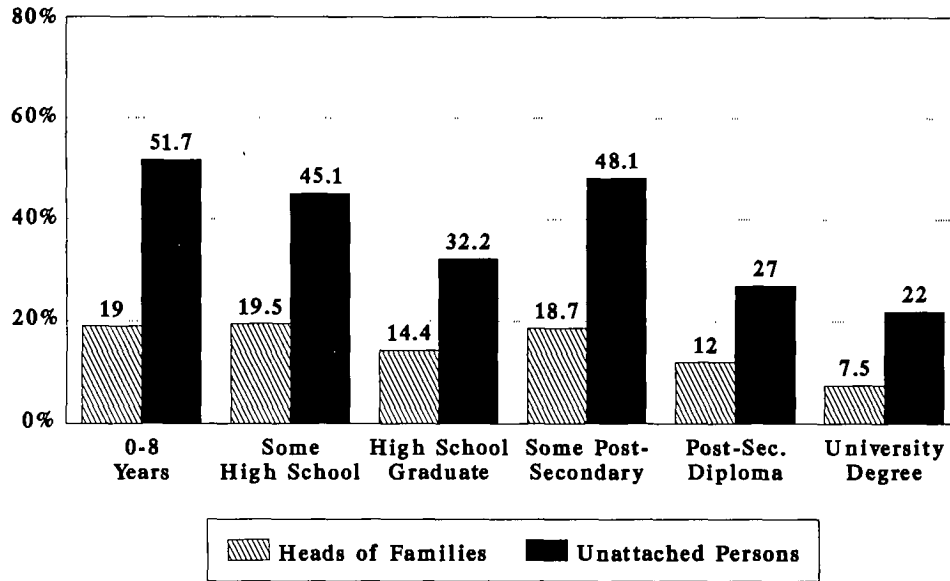
The risk of poverty normally decreases as people get more schooling. The top half of Graph T shows poverty rates of 19 percent or more for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university 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.

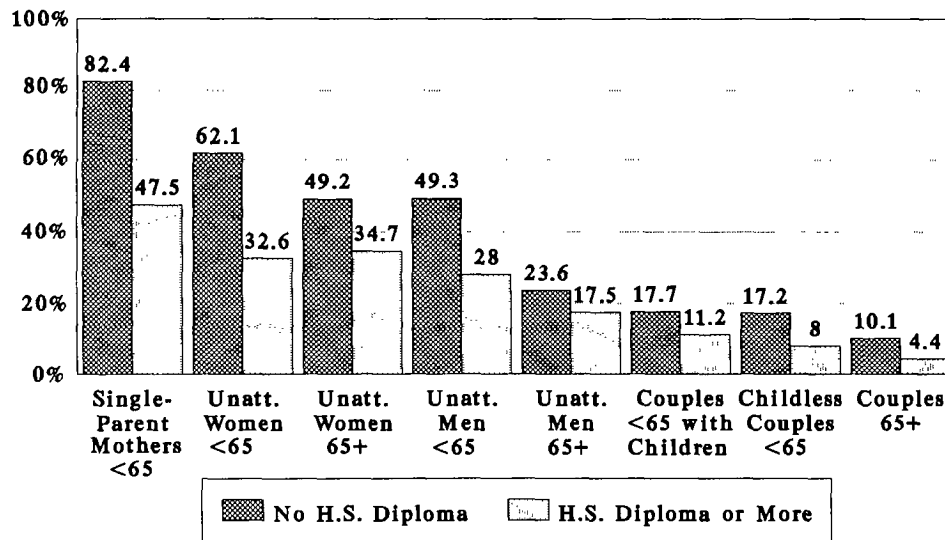
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 82.4 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 47.5 percent - again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

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

## Poverty Rates by Highest Level Of Education Completed, 1995



## Poverty Rates by Family Type And Level of Education, 1995



Graph T

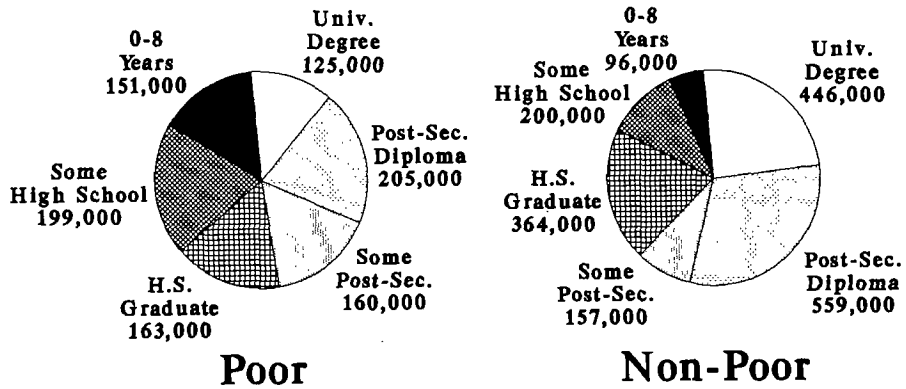


Another way of looking at poverty and education is to compare the educational levels of poor people and non-poor people as in Graph U. The two pies on the left side of the page show the levels of education of poor unattached individuals under 65 or heads of poor families under 65. The pies on the right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

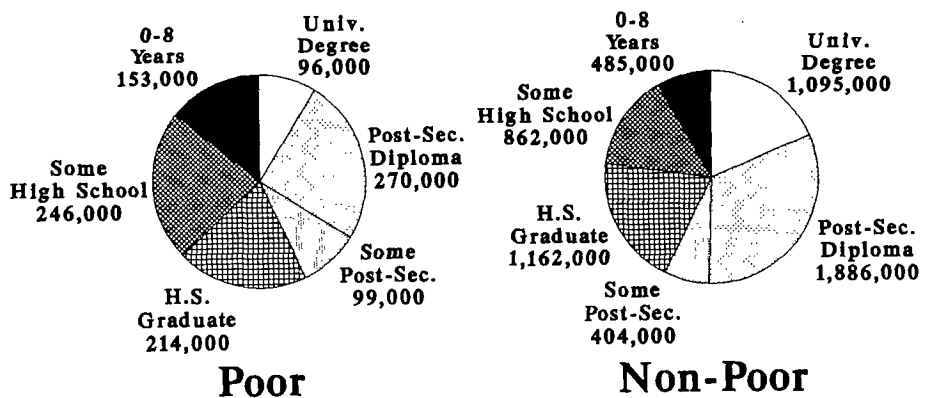
The graph shows that poor people as a group tend to have lower levels of education than non-poor people. The black slices of the pies, representing people who did not attend high school, are proportionately larger for poor people. The white slices of the pies, representing people with university degrees,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

However, 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 1995. On the other hand, there were 125,000 unattached persons and 96,000 heads of families under 65 who had university degrees and still found themselves poor.

## Education of Poor and Non-Poor Unattached Individuals under 65, 1995



## Education of Poor and Non-Poor Families with Heads under 65, 1995



Graph U

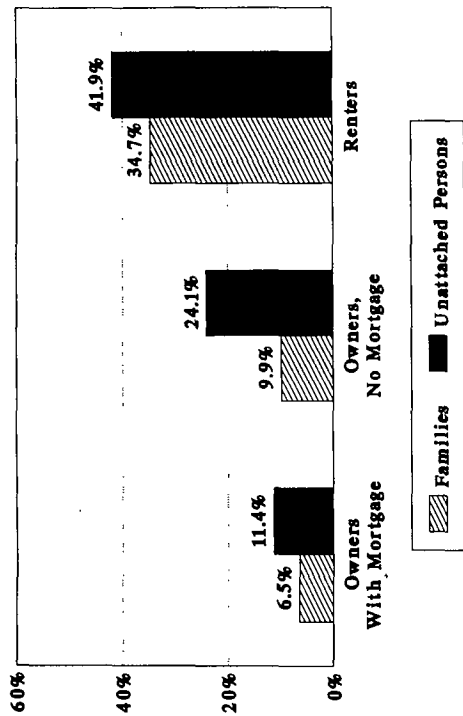
## **Homeowners and Renters**

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

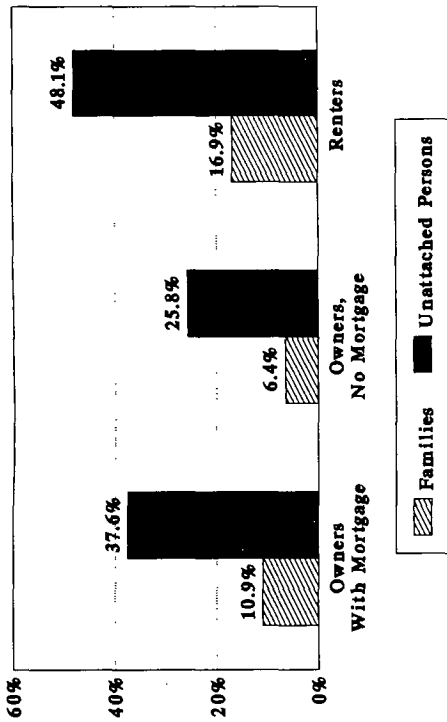
The top half of Graph V gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals. In both age groups, poverty rates were highest for unattached individuals and families who rented their homes. For the under 65 group, poverty 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, 694,000 families or 64 percent of all poor families and 881,000 unattached persons or 88 percent of all poor unattached individuals were renters. For those 65 and older, 31,000 families or 29 percent of poor families and 255,000 unattached people or 65 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.

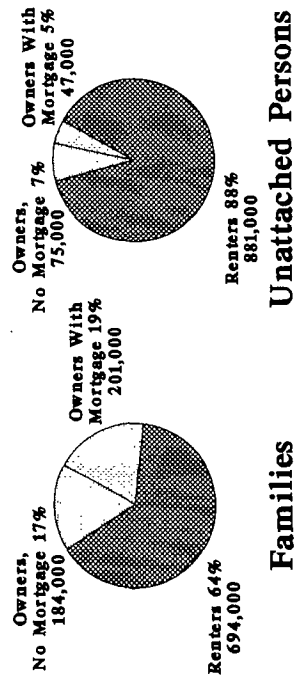
### Poverty Rates for Homeowners And Renters Under 65, 1995



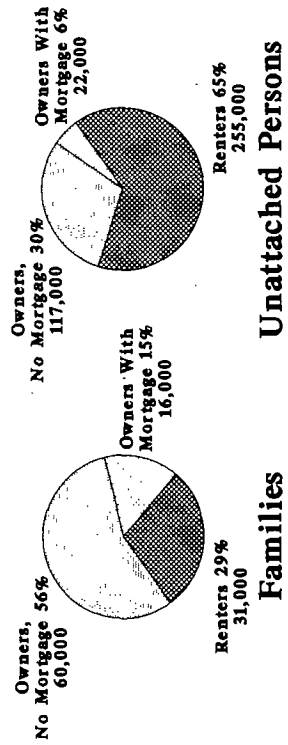
### Poverty Rates for Homeowners And Renters 65 and Older, 1995



### Distribution of Poor People Under 65 by Housing Status, 1995



### Distribution of Poor People 65 and Older by Housing Status, 1995

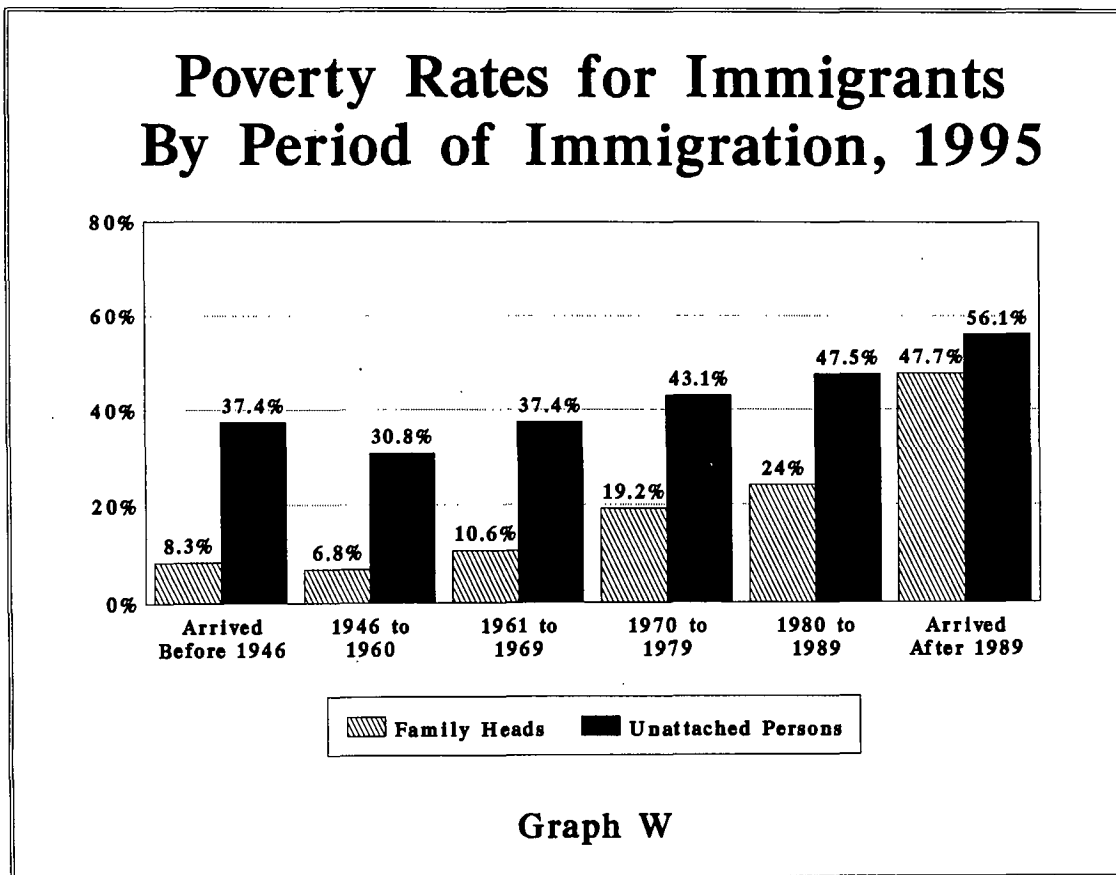


Graph V

### Year of Immigration

Poverty rates are invariably lower for unattached individuals and families headed by people born in Canada than for comparable groups of immigrants. In 1995, the poverty rate for unattached individuals born in Canada was 34.9 percent, and the rate for unattached individuals who immigrated to Canada was 42.8 percent. The poverty rate for heads of families born in Canada was 12.9 percent, and the rate for heads of families born elsewhere was 20.3 percent.

Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1970 and relatively high for heads of families who immigrated in recent years. Among unattached individuals, poverty rates were lowest among those who immigrated between 1946 and 1960 and highest among those who arrived after 1989.



### Area of Residence

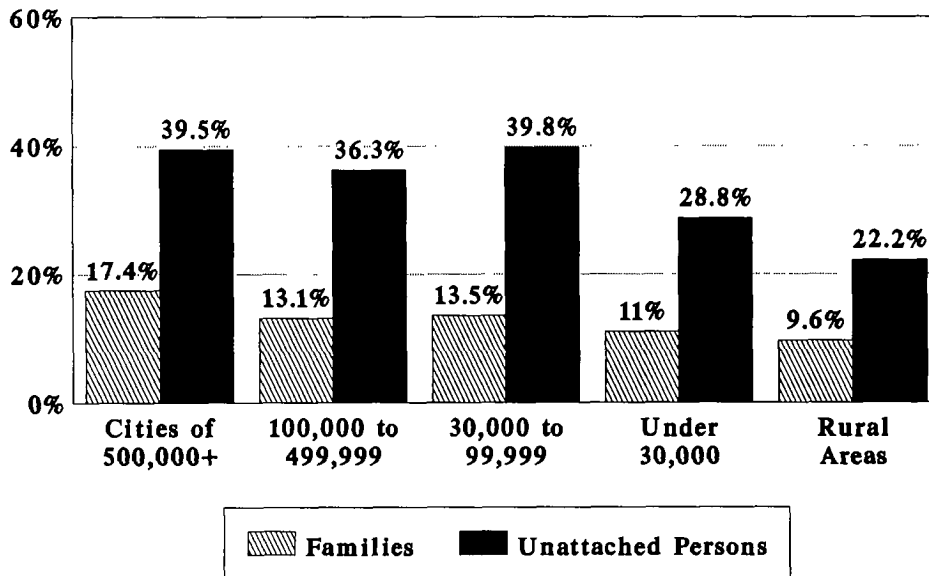
Graph X on the next page shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

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 \$15,000 in 1995 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.

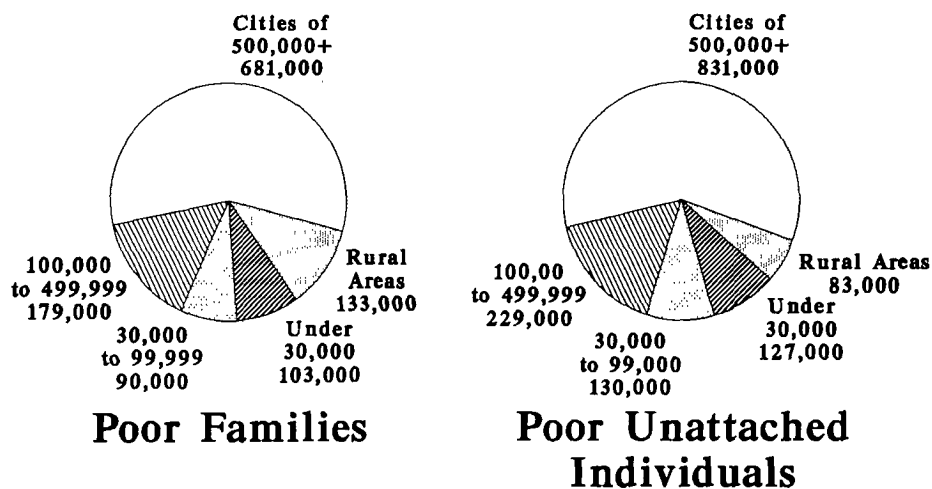
The bottom half of the graph shows the distribution of poor families and unattached individuals by community size. In 1995, 681,000 poor families or 57 percent of all poor families and 831,000 unattached individuals or 59 percent of all poor unattached people lived in cities of half a million people or more.

The percentage of poor people living in the biggest cities is disproportionately high, because only 47 percent of all families and 54 percent of all unattached individuals lived in cities of half a million or more in 1995.

## Poverty Rates By Size of Area of Residence, 1995



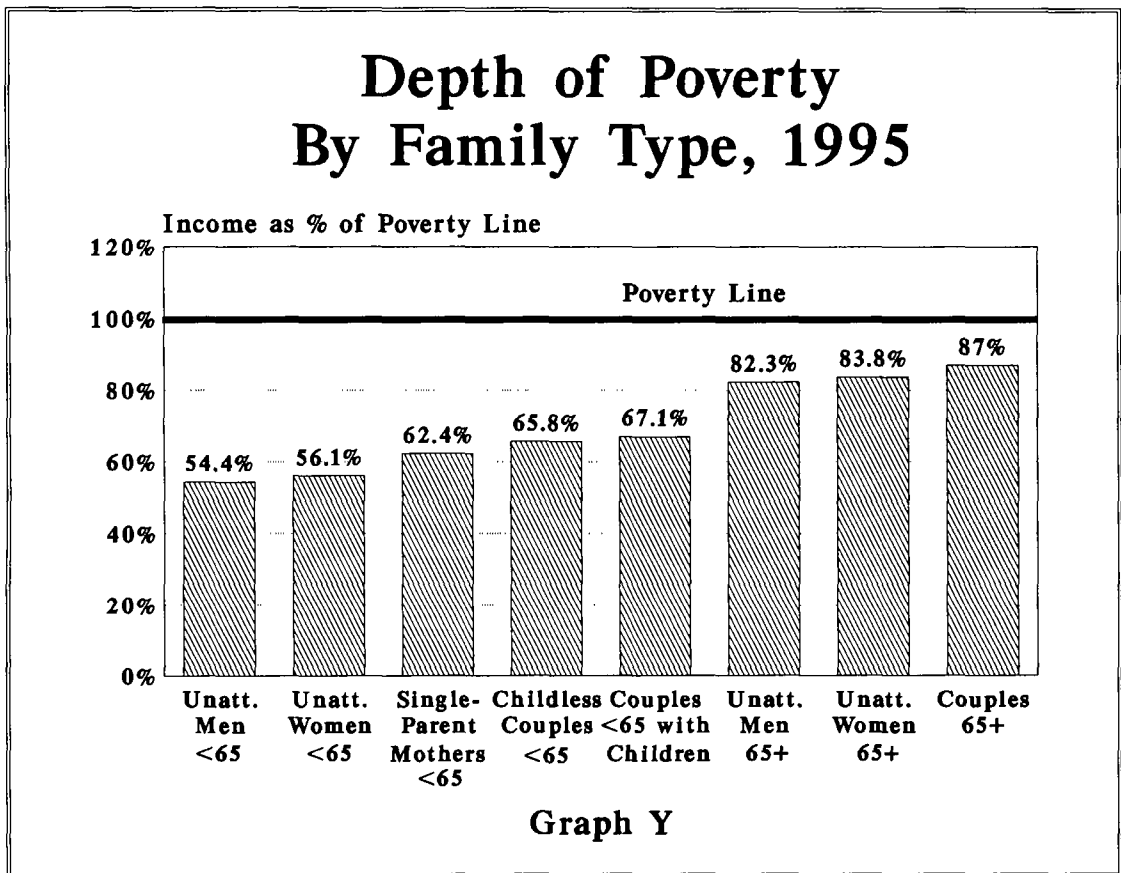
## Distribution of Poor Families And Unattached Individuals, 1995



Graph X

## V. 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 1995, with total incomes that were only



54.4 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 87 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 1995, with all the figures given in 1995 dollars to factor out the effects of inflation over the years.

<b>TABLE 9</b>			
<b>AVERAGE DEPTH OF POVERTY BY FAMILY TYPE IN CONSTANT 1995 DOLLARS, 1980 AND 1995</b>			
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1995	% Change 1980-1995
Single-Parent Mothers under 65 with Children under 18	\$10,126	\$8,851	-13%
Couples under 65 with Children under 18	\$8,343	\$8,564	+3%
Unattached Women under 65	\$7,356	\$6,346	-14%
Unattached Men under 65	\$7,052	\$6,489	-8%
Childless Couples under 65	\$6,748	\$6,108	-9%
Unattached Men 65 and Older	\$4,139	\$2,612	-37%
Unattached Women 65 and Older	\$3,984	\$2,410	-37%
Couples 65 and Older	\$3,390	\$2,454	-28%

Poor single-parent mothers under 65 with children under 18 were the worst off, living \$10,126 below the poverty line on average in 1980 and \$8,851 below the line in 1995. Poor

couples under 65 with children under 18 were not much better off, with average incomes \$8,343 below the poverty line in 1980 and \$8,564 below the line in 1995.

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 1995 poverty line of \$31,383 would have been \$15,691 below the line, while a single person at half the poverty line of \$15,819 would have been \$7,909 below the line.

The right-hand column of Table 9 shows the percentage change in the depth of poverty between 1980 and 1995 by family type. Negative figures mean the family types were closer to the poverty line in 1995 than they were in 1980, while positive figures mean the depth of poverty got worse.

Depth of poverty figures normally decrease in good times and increase in bad times. For the period as a whole from 1980 to 1995, poor couples under 65 with children under 18 were the only family type to experience an increase in their average depth of poverty. All the other family types were better off in 1995 than they were in 1980. Poor seniors gained the most, with a decline in the depth of poverty by 37 percent for unattached senior men and women and a decline of 28 percent for married couples.

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.

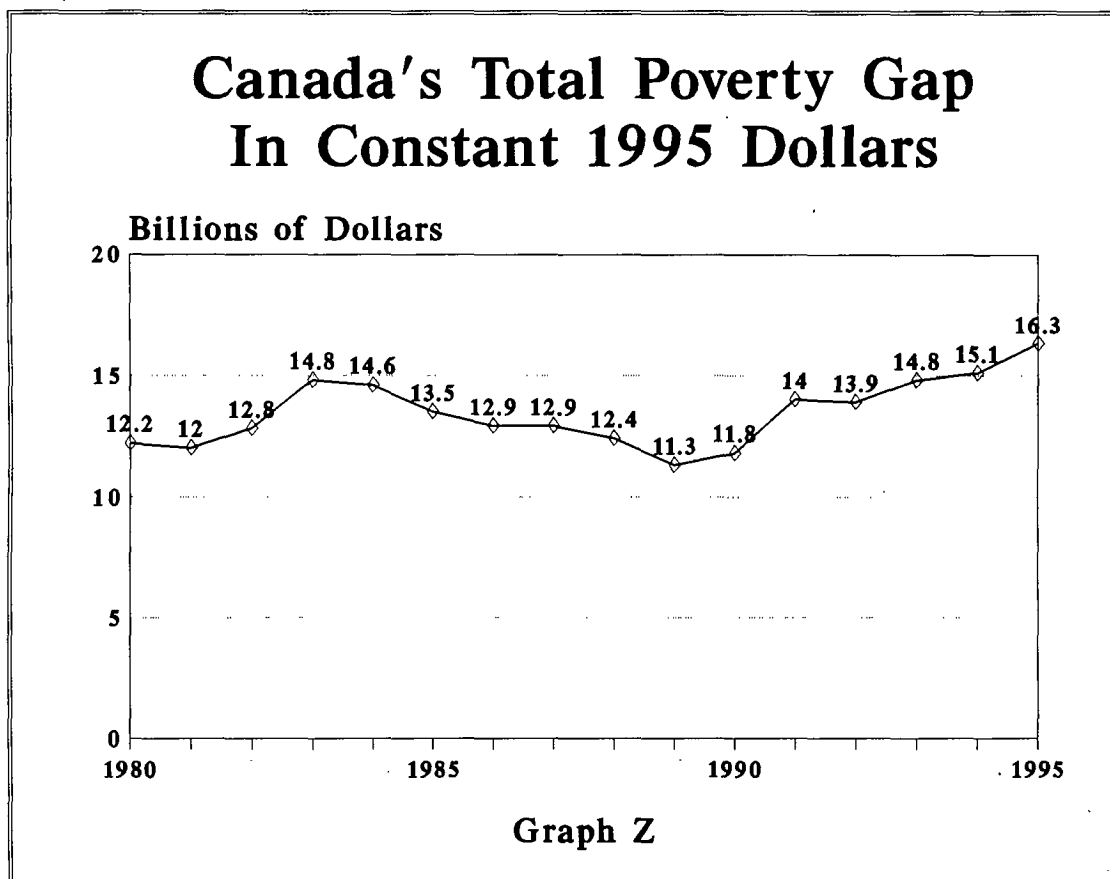
The poverty gap in 1995 was \$16.3 billion, as shown in Table 10 on the next page. Four family types accounted for more than three-quarters of the gap: unattached men under 65, couples under 65 with children under 18, unattached women under 65, and single-parent mothers under 65 with children under 18. 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.

**TABLE 10**

**TOTAL POVERTY GAP BY FAMILY TYPE, 1995**

Family Type	Poverty Gap	Percentage of Total Gap
Unattached Men under 65	\$3,523,000,000	21.6%
Couples under 65 with Children under 18	\$3,377,000,000	20.7%
Unattached Women under 65	\$2,922,000,000	17.9%
Single-Parent Mothers under 65 with Children under 18	\$2,858,000,000	17.5%
Couples under 65 without Children	\$1,202,000,000	7.4%
Unattached Women 65 and Older	\$817,000,000	5.0%
Couples 65 and Older	\$171,000,000	1.0%
Unattached Men 65 and Older	\$146,000,000	0.9%
Others	\$1,289,000,000	7.9%
<b>Total Poverty Gap</b>	<b>\$16,305,000,000</b>	<b>100.0%</b>

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 on the next page. All the dollar figures have been expressed in constant 1995 dollars to show the trends with the effects of inflation removed. The gap was \$12.2 billion in 1980, it rose to \$14.8 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.

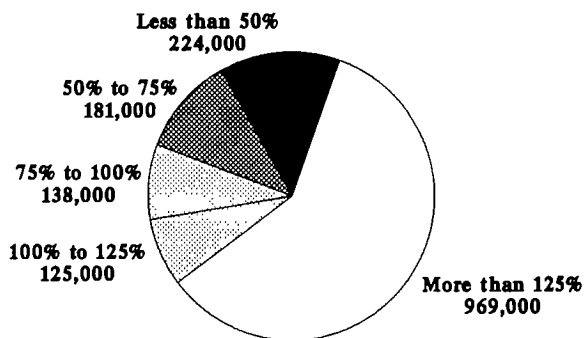


A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in Graph AA and AB on the pages that follow.

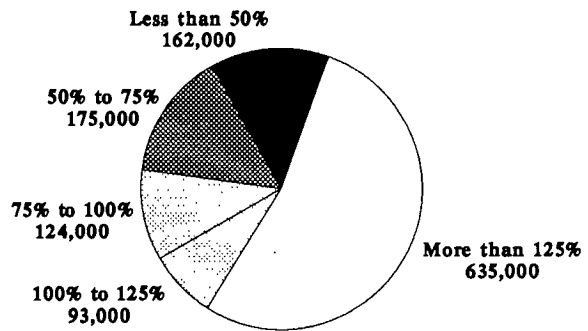
Graph AA shows the distribution of incomes in 1995 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of 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 1995. The poorest of the poor were the 224,000 poor unattached men under 65 and the 162,000 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.

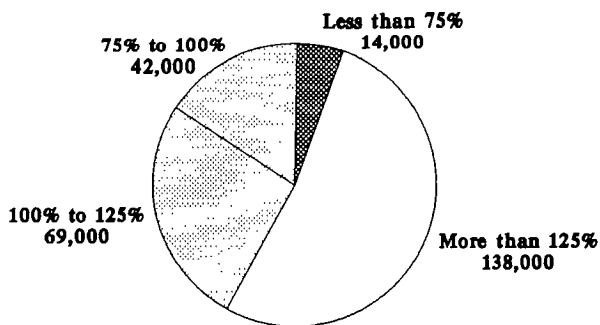
# Income Distributions in 1995 As Percentages of the Poverty Line



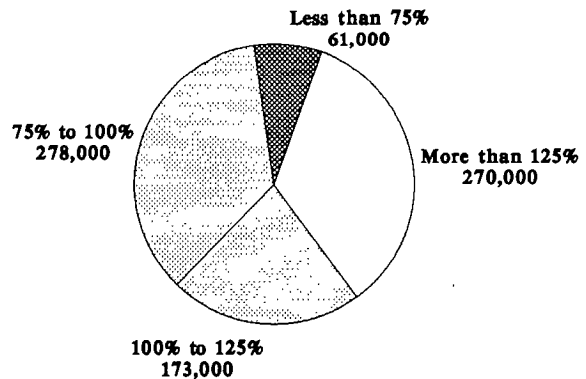
**Unattached Men  
Under 65**



**Unattached Women  
Under 65**



**Unattached Men  
65 and Older**



**Unattached Women  
65 and Older**

**Graph AA**

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.

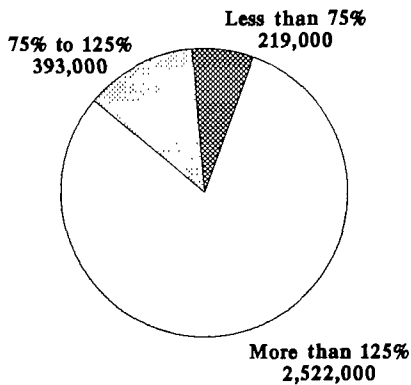
Just to get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1995 poverty statistics according to hypothetical best-case and worst-case scenarios.

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 1995 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,399,000 to 816,000 under this scenario, and the poverty rate would have fallen from 36.1 percent to 21.1 percent.

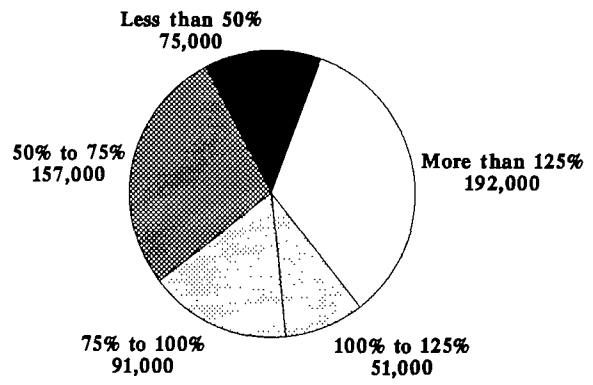
In the worst-case scenario, we assumed that all "near poor" unattached persons with incomes of 100 to 125 percent of the poverty line - the other light gray slice of each pie - lost enough income in 1995 to fall into poverty. The number of poor unattached individuals would have risen from 1,399,000 to 1,858,000 under this scenario, and the poverty rate would have shot up from 36.1 percent to 48 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.

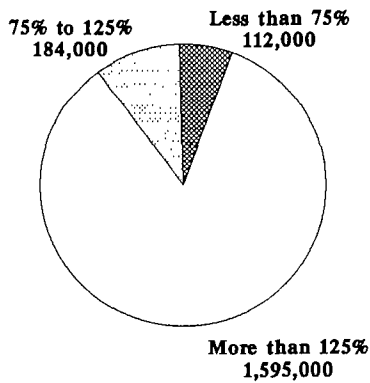
# Income Distributions in 1995 As Percentages of the Poverty Line



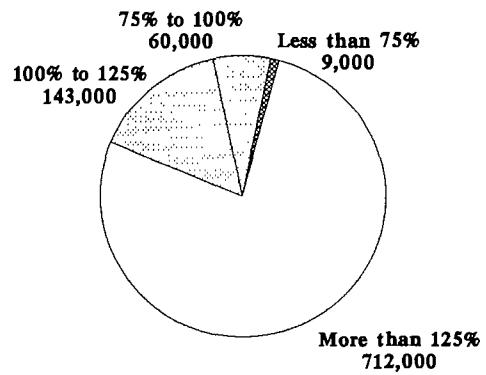
**Couples under 65  
With Children**



**Single-Parent  
Mothers**



**Couples Under 65  
Without Children**



**Couples 65  
and Older**

**Graph AB**

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 75,000 single-parent mothers with incomes of less than half the poverty line and 157,000 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 1,187,000 to 668,000 in 1995 and the poverty rate would have fallen from 14.4 percent to 8.1 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 1,187,000 to 1,807,000, and the poverty rate would have gone up from 14.4 percent to 21.9 percent.



**VI. 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 1995, 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 \$8,022 on average in 1995. The income of all unattached men under 65, both poor and non-poor, was \$27,398 on average. The average income of the poor amounted to 29 percent of the average income of all unattached men under 65.

**TABLE 11**  
**INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1995**

Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,022	\$27,398	29%
Unattached Women under 65	\$8,271	\$23,474	35%
Unattached Men 65 and Older	\$12,184	\$23,763	51%
Unattached Women 65 and Older	\$12,422	\$18,741	66%
Childless Couples under 65	\$12,828	\$55,646	23%
Single-Parent Mothers under 65 with Children under 18	\$14,696	\$25,122	58%
Couples 65 and Older	\$17,905	\$38,861	46%
Couples under 65 with Children under 18	\$19,691	\$62,116	32%

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 \$19,691 in 1995, for example, while the average income of all couples with children under 18 was \$62,116 or 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 \$14,696 in 1995, but the average income of all single-parent mothers was only \$25,122 - 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 1995. 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 less than half of total income for the first four family types, 70 percent of total income for single-parent mothers under 65 with children under 18, and 91 or 92 percent of total income for the three family types 65 or older.

**TABLE 12**  
**TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1995**

Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$3,674	\$8,022	46%
Unattached Women under 65	\$3,682	\$8,271	45%
Childless Couples under 65	\$6,275	\$12,828	49%
Couples under 65 with Children under 18	\$8,448	\$19,691	43%
Single-Parent Mothers under 65 with Children under 18	\$10,233	\$14,696	70%
Unattached Women 65 and Older	\$11,248	\$12,422	91%
Unattached Men 65 and Older	\$11,265	\$12,184	92%
Couples 65 and Older	\$16,503	\$17,905	92%

Average transfer payments to poor families and unattached individuals were generally down in 1995. The average losses between 1994 and 1995 were: \$507 for poor unattached men under 65, \$556 for poor unattached women under 65, \$86 for poor childless couples under 65, \$619 for poor couples under 65 with children under 18, \$318 for poor single-parent mothers under 65 with children under 18, and \$293 for poor unattached senior men.

The losses may seem small in absolute terms, but they are relatively large when compared to the low incomes of poor Canadians. The loss of \$556 by poor unattached women under 65, for example, represents seven percent of their total average income of \$8,271.

The only family types to get higher transfer payments in 1995 were poor unattached senior women, with an average gain of \$65, and poor married couples 65 and older, with an average gain of \$674.

**Senior Couples and Unattached Individuals**

One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. Table 13 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.

<b>TABLE 13</b>						
<b><u>SOURCES OF INCOME FOR POOR SENIORS, 1995</u></b>						
Source of Income	Poor Couples 65 and Older (70,000)		Poor Unattached Men 65 and Older (56,000)		Poor Unattached Women 65 and Older (339,000)	
	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	93%	\$10,979	99%	\$7,569	97%	\$8,115
Canada and Quebec Pension Plans	86%	\$5,498	72%	\$4,401	71%	\$3,709
Investment Income	35%	\$1,596	25%	\$1,055	32%	\$1,573
Provincial Supplements	27%	\$3,637	19%	\$1,170	23%	\$1,414
Occupational Pension Plans	14%	\$4,464	16%	\$3,018	14%	\$2,899
RRSPs	3%	\$766	2%	\$1,316	sample too small	
Income from All Sources	100%	\$17,905	100%	\$12,184	100%	\$12,422

Almost all poor seniors got a sizable portion of their total incomes from the federal government's Old Age Security pension and Guaranteed Income Supplement. The reason the 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 1995 was \$16,642, and the maximum for an unattached senior was \$10,264.

The second most important source of income, claimed by 86 percent of poor senior couples, 72 percent of poor unattached senior men and 71 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 \$8,558 in 1995, and the maximum survivor pension for a person 65 and older was \$5,135. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

In recent years, the percentage of poor seniors who receive CPP or QPP benefits and the amounts they receive on average have increased markedly. The increases have offset declines in investment income, presumably due to lower interest rates, and they also made seniors less dependent on the Guaranteed Income Supplement. In turn, the drop in average GIS entitlements was good news for the federal government as it worked to reduce the size of the deficit.

Some poor seniors had income from investments in 1995, but the average amounts were modest.

The category provincial supplements refers to the supplements for low-income seniors given by some provincial governments. It also includes some welfare benefits for seniors in provinces that do not have supplements. 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. Very few poor seniors got income from RRSP annuities in 1995. In the vast majority of cases, that is because they could not afford to contribute to RRSPs before they retired.

### **Families and Unattached Individuals Under 65**

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 1995 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 60 percent of poor unattached men under 65; 56 per cent of poor unattached women under 65; 61 percent of poor childless couples under 65; 81 percent of poor couples under 65 with children under 18; and 46 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 \$6,977 earned by poor single-parent mothers, for example, was equivalent to 35 weeks of work for 40 hours a week at a rate of \$5 an hour or 17½ weeks of full-time work at \$10 an hour.

The percentage of poor people under 65 with income from earnings has been declining more or less steadily since the last recession, but the trends are not clear for all family types, and some of the changes are subtle. The most disturbing drops occurred among poor couples under 65 with children under 18 and among poor single-parent mothers under 65. The percentage of poor couples with earnings was 89 percent in 1990, 84 percent in 1991, 83 percent in 1992, 77 percent in 1993 and 1994, and 81 percent in 1995. The percentage of poor single-parent mothers was down from 55 percent in 1990 to 46 percent in 1995.

**TABLE 14**

**SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1995**

Source of Income	Unattached Men (541,000)		Unattached Women (458,000)		Couples without Children (197,000)		Couples with Children (393,000)		Single-Parent Mothers (323,000)	
	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	60%	\$6,612	56%	\$6,834	61%	\$8,825	81%	\$13,059	46%	\$6,977
Welfare	39%	\$5,807	33%	\$6,313	37%	\$8,288	35%	\$9,432	68%	\$9,629
Unemployment Insurance	13%	\$4,106	8%	\$3,835	17%	\$4,286	26%	\$5,136	12%	\$3,996
Investments	10%	\$1,151	13%	\$1,555	21%	\$2,161	20%	\$800	7%	\$2,323
Child Tax Benefit	---	---	---	---	---	---	100%	\$2,499	99%	\$2,153
Canada & Quebec Pension Plans	9%	\$5,183	14%	\$4,906	24%	\$5,661	5%	\$4,828	6%	\$5,278
Occupational Pension Plans	2%	\$4,453	5%	\$3,930	7%	\$6,498	2%	\$8,267	1%	\$4,481
Workers Compensation	2%	\$3,429	2%	\$4,995	6%	\$5,367	4%	\$6,884	2%	\$6,797
Child and/or Spousal Support	---	---	1%	\$3,898	---	---	2%	\$2,622	23%	\$3,745
Income from All Sources	100%	\$8,022	100%	\$8,271	100%	\$12,828	100%	\$19,691	100%	\$14,696

A sizable portion of each of the five family types received welfare during 1995. Welfare payments were reported by 39 percent of the poor unattached men under 65; 33 percent of the poor unattached women under 65; 37 percent of the poor childless couples under 65; 35 percent of the poor couples under 65 with children under 18; and 68 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 who received welfare 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 1995, unattached people could have received provincial welfare and related benefits ranging between \$3,096 and \$7,897 a year, single parents with one child between \$9,192 and \$14,306, and couples with two children \$10,608 to \$18,422.<sup>5</sup>

The percentage of poor families and unattached individuals on welfare is up in recent years. The sharpest increase was among poor couples under 65 with children under 18 - from 23 percent in 1990 to 35 percent in 1995.

Unemployment insurance benefits were reported in 1995 by 13 percent of the poor unattached men under 65; eight percent of the poor unattached women under 65; 17 percent of the poor childless couples under 65; 26 percent of the poor couples under 65 with children under 18; and 12 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 January 1, 1995, unemployment insurance replaced 60 percent of insurable earnings for beneficiaries with dependents and low earnings. The replacement rate was 55 percent of insurable earnings for all other workers.

Between seven and 21 percent of poor families and unattached individuals under 65 had income from investments, but the amounts received were modest.

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 1995 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>6</sup>



Canada and Quebec Pension Plan benefits were claimed by 14 percent of poor unattached women under 65, 24 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.

Workers compensation was received by a very small percentage of poor families and unattached individuals. As in the case of pensions, however, it was an important source of income to the people who received it.

Finally, Table 14 shows that 23 percent of poor single-parent mothers under 65 received support payments in 1995, and the average amount received was \$3,745. One percent of poor unattached women under 65 and two percent of couples with children under 18 received support payments from previous marriages.

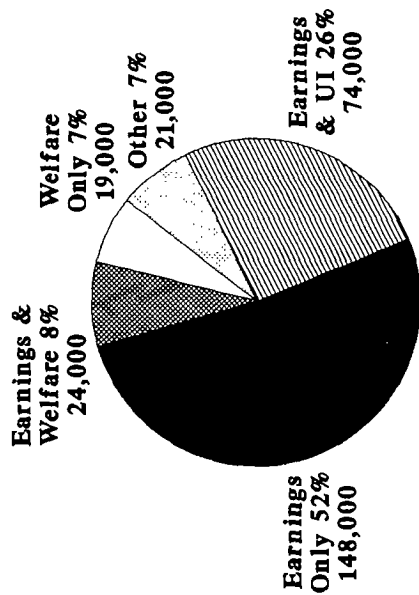
While the data in Table 14 are enlightening, they do not give a clear picture of typical combinations of income. Obviously, some poor people have only one main source of income and others have more than one.

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.

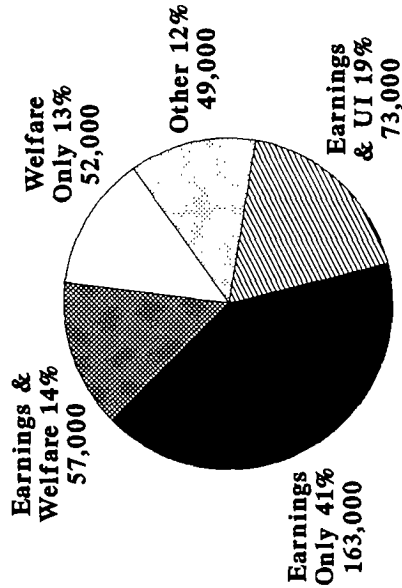
The result was a series of tables based on different combinations of income: earnings alone, welfare alone, earnings and welfare together, and earnings and UI together. Other possible combinations, such as welfare and UI but not earnings, produced breakdowns too small to be used.

The next two graphs show the distribution of poor families and unattached individuals by their primary sources of income in 1980 and 1995.

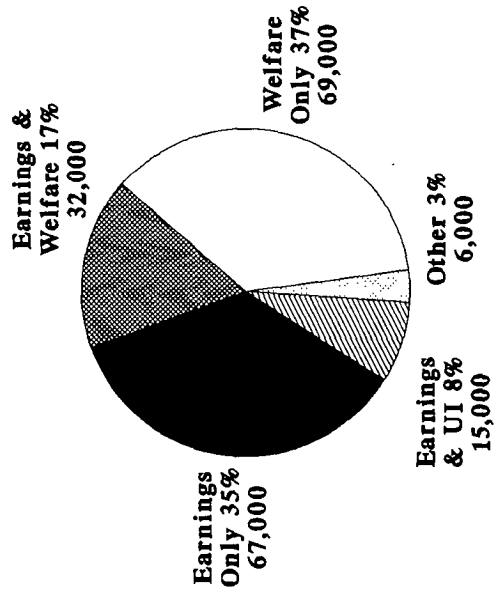
**Primary Sources of Income for Poor Couples Under 65 With Children, 1980**



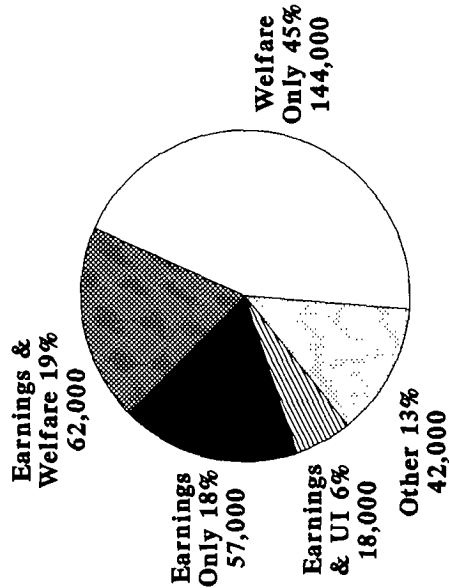
**Primary Sources of Income for Poor Couples Under 65 With Children, 1995**



**Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1980**



**Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1995**



**Graph AC**

The top half of Graph AC shows primary sources of income for poor couples under 65 with children under 18. The pie on the left represents primary sources of income in 1980, and the pie on the right does the same for 1995. The two pies in the bottom half of the graph show primary sources of income for poor single-parent mothers under 65 with children under 18.

The graph as a whole shows a distinct shift away from earnings and in favour of welfare between 1980 and 1995. For poor couples with children, the size of the three slices of the pie containing earnings - earnings only, earnings and welfare, and earnings and UI - dropped from a total of 86 percent in 1980 to 74 percent in 1995, while the slice for welfare only increased from seven percent of the pie in 1980 to 13 percent in 1995.

Poor single-parent mothers were caught up in similar trends. The three earnings slices of the pie added up to 60 percent in 1980 and only 43 percent in 1995. The welfare slice of the pie increased from 37 percent in 1980 to 45 percent in 1995.

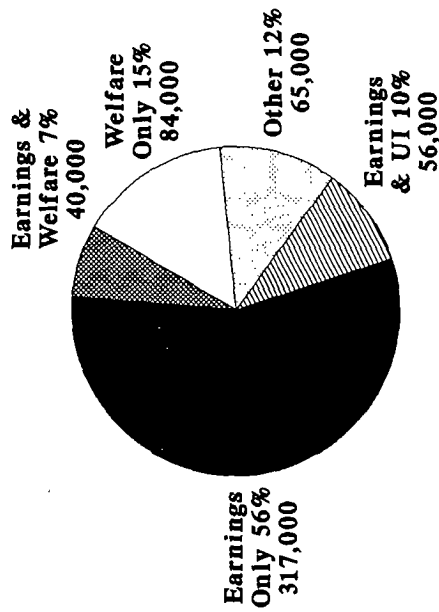
Graph AD on the next page shows primary sources of earnings for poor unattached individuals under 65 and poor childless couples under 65 in 1980 and 1995. Once again, the slices of the pie containing earnings got smaller from 1980 to 1995, and the welfare slices got bigger.

Stepping back for a broader look at Graph AC and Graph AD, 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.

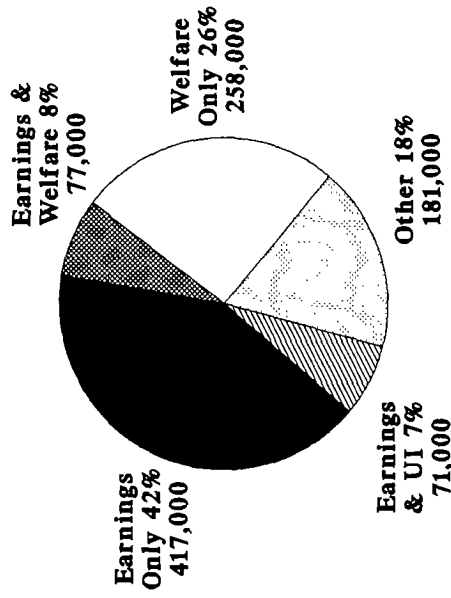
It is important to remember that the data in the graph are primary sources of income only for 1995. They do not tell us how the families and unattached individuals fared in other years. Some of the people who relied on welfare as their primary source of income, for example, could have been temporarily down on their luck and were unable to find paying jobs only in 1995. 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 1995 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.

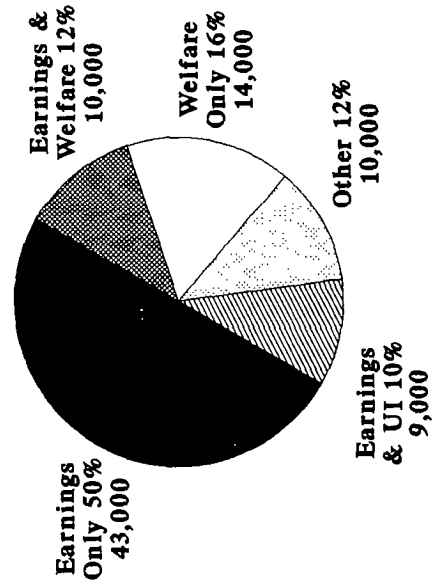
**Primary Sources of Income for Poor Unattached Individuals Under 65, 1980**



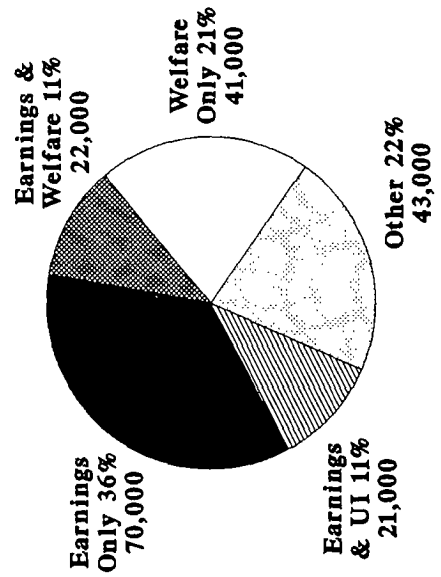
**Primary Sources of Income for Poor Unattached Individuals Under 65, 1995**



**Primary Sources of Income for Poor Childless Couples Under 65, 1980**



**Primary Sources of Income for Poor Childless Couples Under 65, 1995**



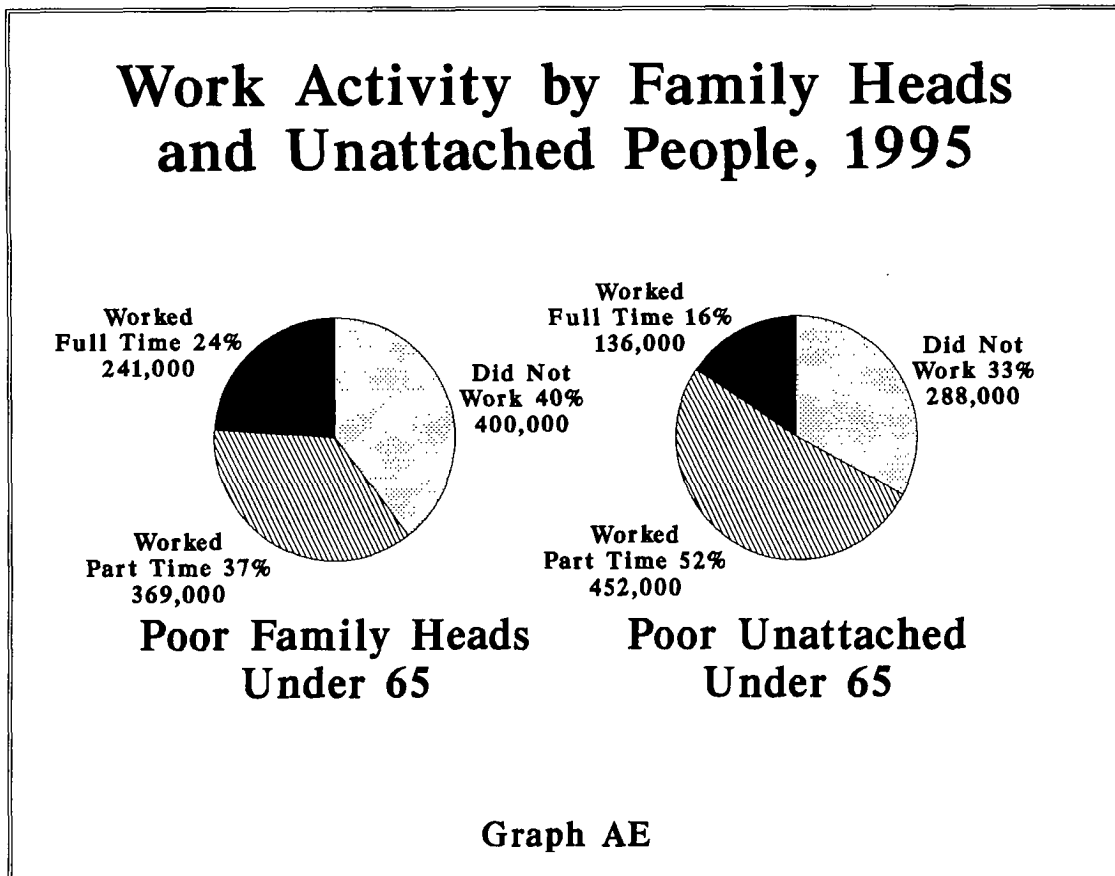
**Graph AD**

## VIII. 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>7</sup>

Graph AE 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 1995. 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, 24 percent of poor family heads under 65 worked full time in 1994, 37 percent worked part time, and the remaining 40 percent did not work at all for wages. Among poor unattached individuals under 65, 16 percent worked full time, 52 percent worked part time, and the other 33 percent did not work at all for wages.

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 424,000 families with heads under 65 and 461,000 unattached individuals under 65 who made up the low-wage poor in 1995. Table 15 gives the details for the five main family types under 65. As in Graph AE, 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-four percent of the poor unattached men under 65, 51 percent of the poor unattached women, 45 percent of the poor couples without children and 56 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 20 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

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 43 to 45 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.

**TABLE 15**  
**POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65**  
**WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1995**

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	468,000	408,000	171,000	377,000	313,000
Number with Earnings of 50 Percent or More of Total Income	251,000	210,000	77,000	210,000	63,000
Percentage with Earnings of 50 Percent or More of Total Income	54%	51%	45%	56%	20%
Average Annual Earnings	\$7,932	\$7,861	\$11,812	\$16,744	\$11,978
Average Income from Sources Other than Earnings	\$1,026	\$783	\$1,771	\$4,597	\$4,073
Average Total Income	\$8,958	\$8,644	\$13,583	\$21,341	\$16,051
Earnings as a Percentage of Total Income	89%	91%	87%	78%	75%

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

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 75 percent and 91 percent of total income for the different family types.

In recent years, the number of working poor families and unattached individuals under 65 has been growing, but not as fast as the number of poor people who are able to work. Between 1989 and 1995, for example, the number of poor couples under 65 with children under 18 rose by 58 percent, from 239,000 families to 377,000 families. The number of working poor couples with children rose only 38 percent, from 152,000 families to 210,000 families.

### 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 1995 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 1,441,000 poor children, for example, included 80,000 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.

The overall poverty rate for children rose from 19.1 percent in 1994 to 20.5 percent in 1995, and the number of poor children rose from 1,334,000 to 1,441,000, the highest in 16



years. The lowest provincial child poverty rate was 14.2 percent in Prince Edward Island, and the highest was 26 percent in Newfoundland. The national poverty rate for poor children in two-parent families was 13.5 percent, and provincial rates went from a low of 8.6 percent in P.E.I. to a high of 19.9 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 62.2 percent, and the range was from 55.1 percent in British Columbia to 77.5 percent in Newfoundland.

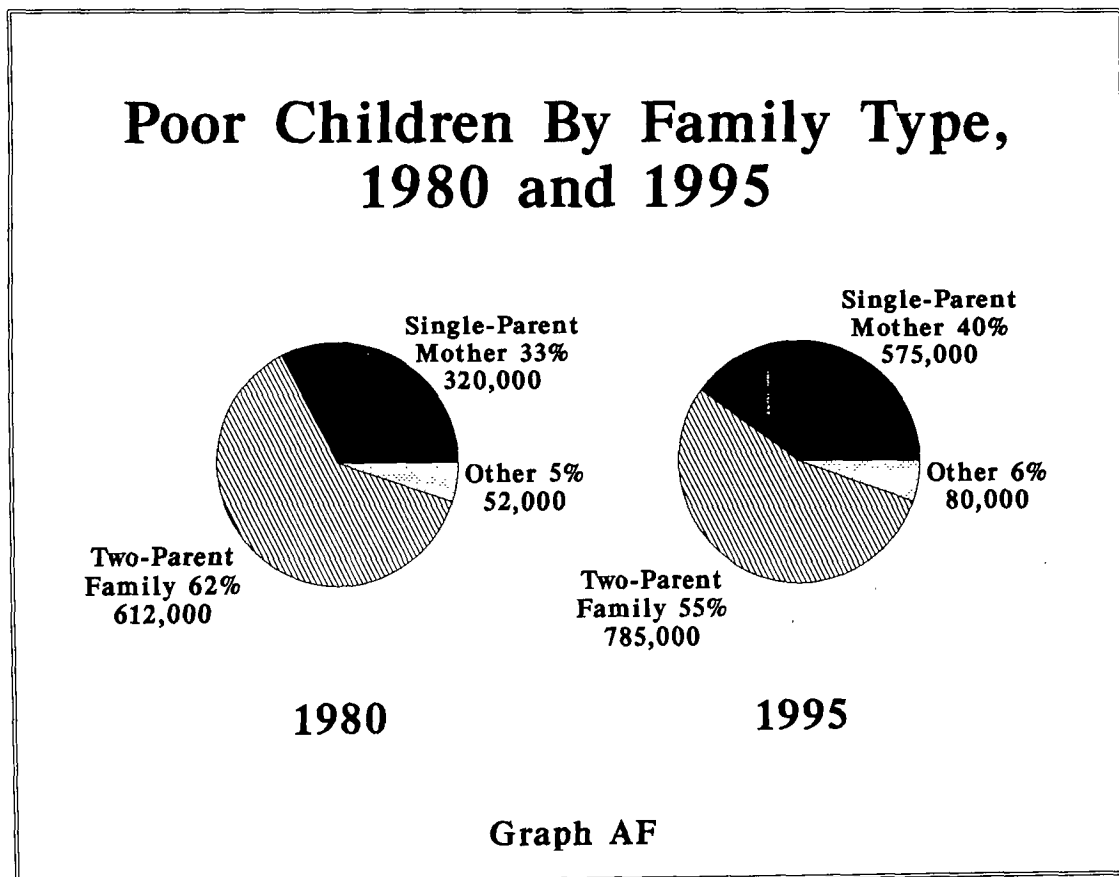
**TABLE 16**  
**CHILDREN UNDER 18 LIVING IN POVERTY, 1995**

	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate
Newfoundland	36,000	26.0%	24,000	19.9%	11,000	77.5%
Prince Edward Island	5,000	14.2%	3,000	8.6%	2,000	60.0%
Nova Scotia	47,000	21.6%	21,000	11.7%	25,000	73.6%
New Brunswick	42,000	23.9%	21,000	14.7%	18,000	75.2%
Quebec	358,000	21.4%	205,000	15.0%	133,000	56.1%
Ontario	502,000	19.0%	261,000	11.7%	213,000	62.9%
Manitoba	61,000	22.4%	35,000	15.4%	21,000	66.2%
Saskatchewan	57,000	21.6%	34,000	15.0%	21,000	62.9%
Alberta	154,000	21.4%	80,000	13.2%	67,000	72.9%
British Columbia	178,000	20.5%	104,000	14.6%	65,000	55.1%
Canada	1,441,000	20.5%	785,000	13.5%	575,000	62.2%

Between 1994 and 1995, poverty rates for children rose in every province except Saskatchewan. British Columbia's child poverty rate of 20.5 percent tied a modern-day record for the province that was set in 1993.

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 1995, 785,000 poor children lived in two-parent families under 65, while 575,000 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 25,000 to 21,000 in Nova Scotia in 1995.

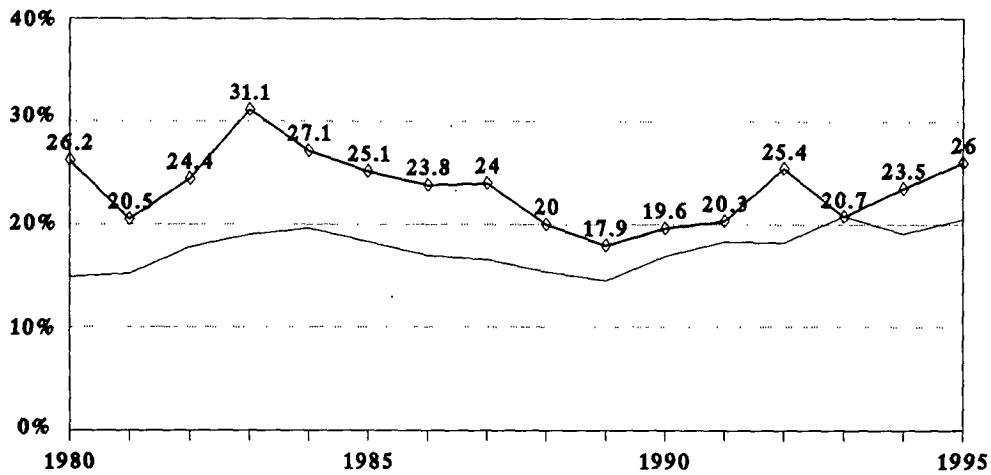
Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AF shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. In 1995, the percentage of poor children with single-parent mothers was up to 40 percent and the percentage living with both parents was down to 55 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 1995. 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, New Brunswick, Alberta and British Columbia were mixed.

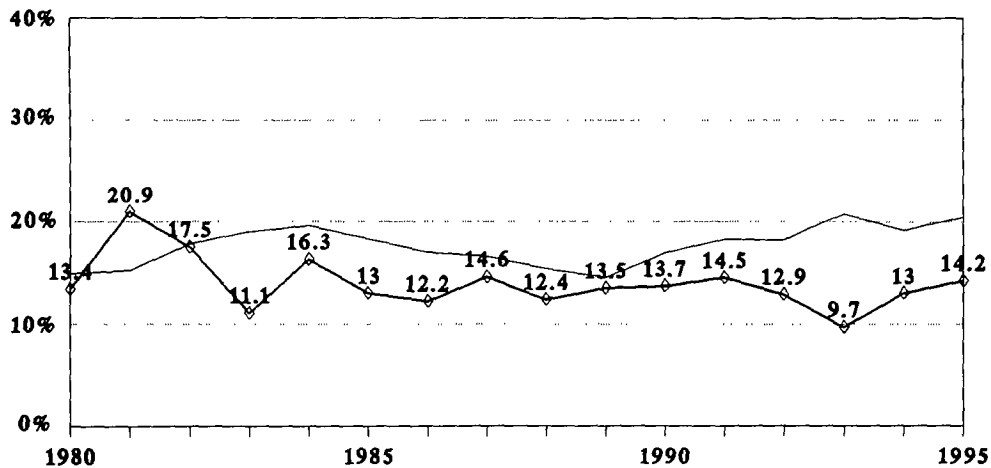
# Newfoundland



Percentage of Children in Poverty

◆ Newfoundland — Canada

# Prince Edward Island

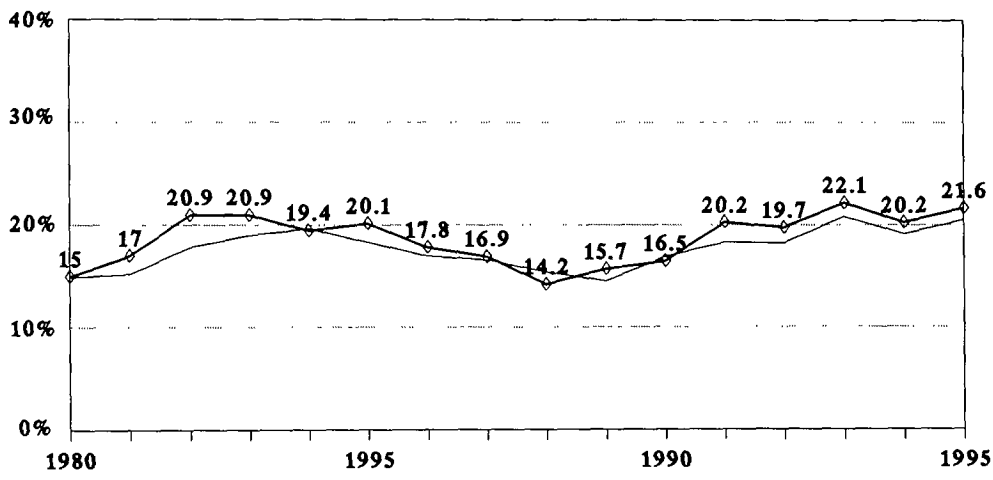


Percentage of Children in Poverty

◆ Prince Edward Island — Canada

Graph AG

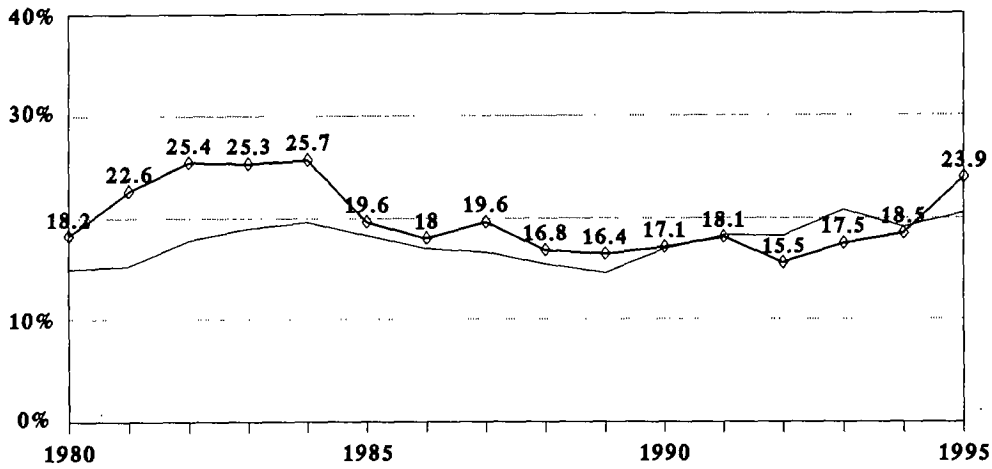
# Nova Scotia



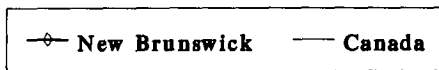
Percentage of Children in Poverty



# New Brunswick

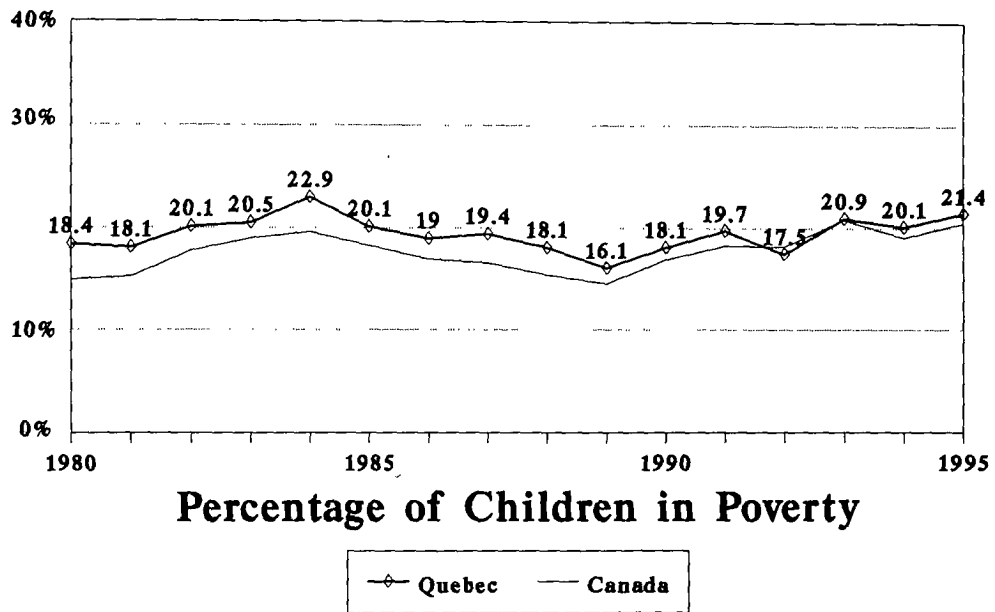


Percentage of Children in Poverty

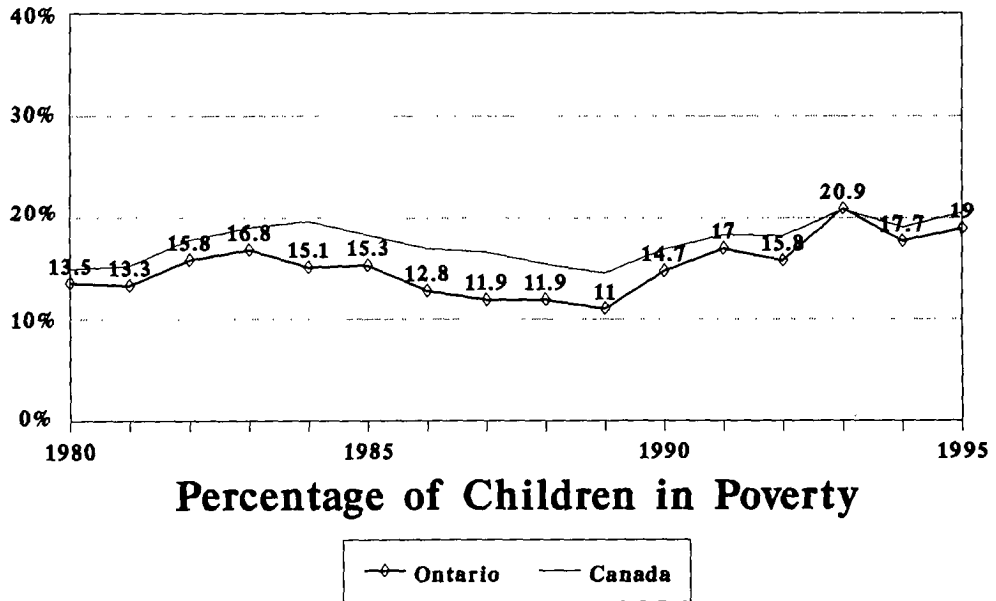


Graph AH

# Quebec

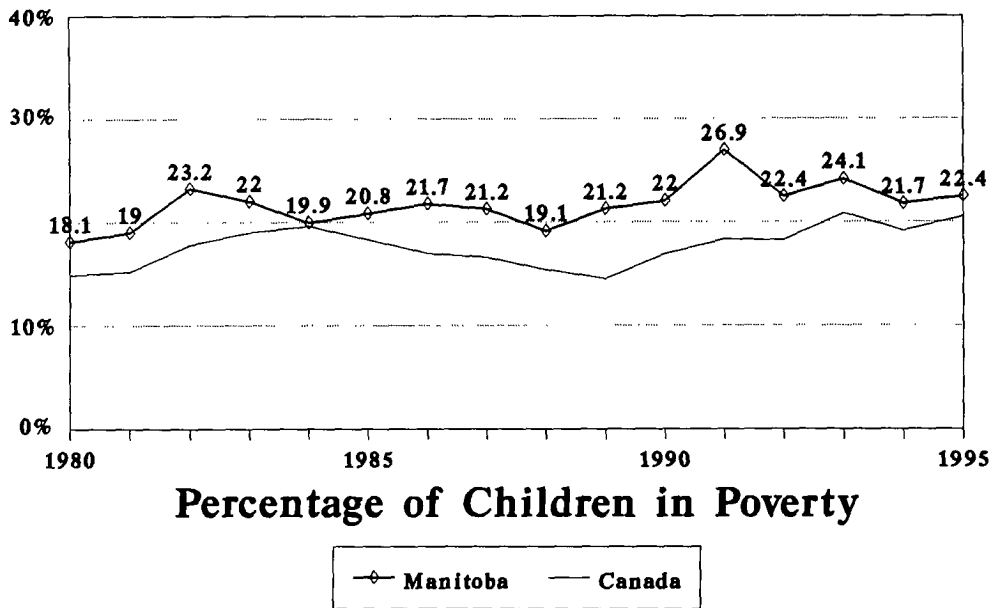


# Ontario

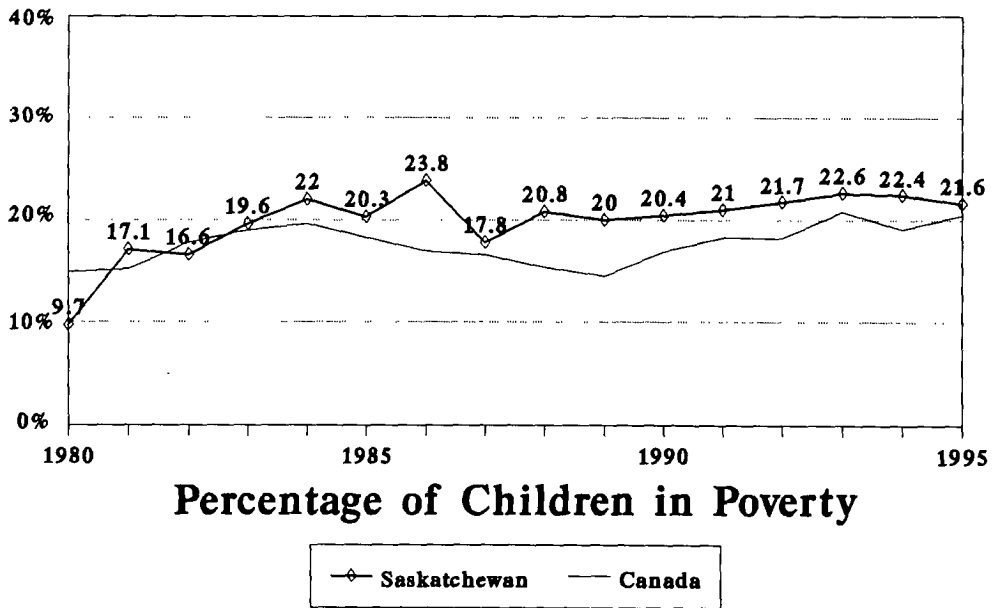


Graph AI

# Manitoba

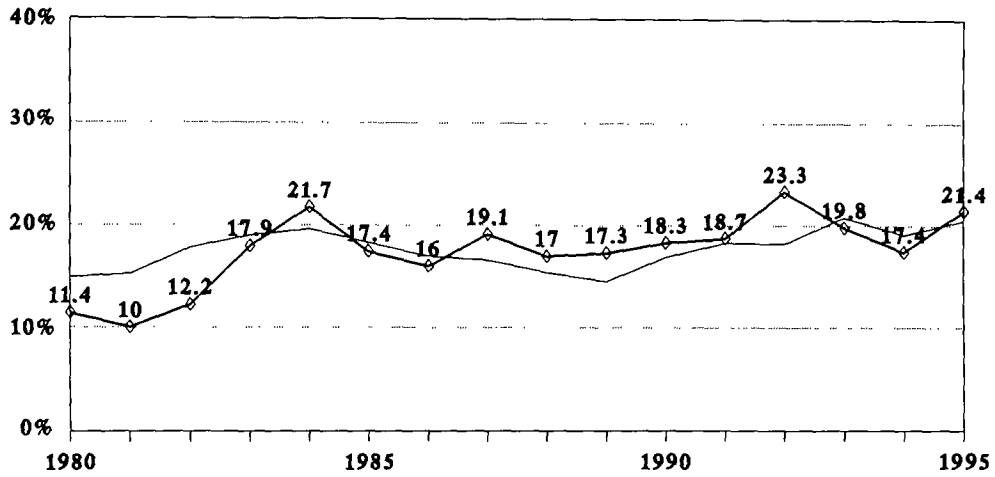


# Saskatchewan



Graph AJ

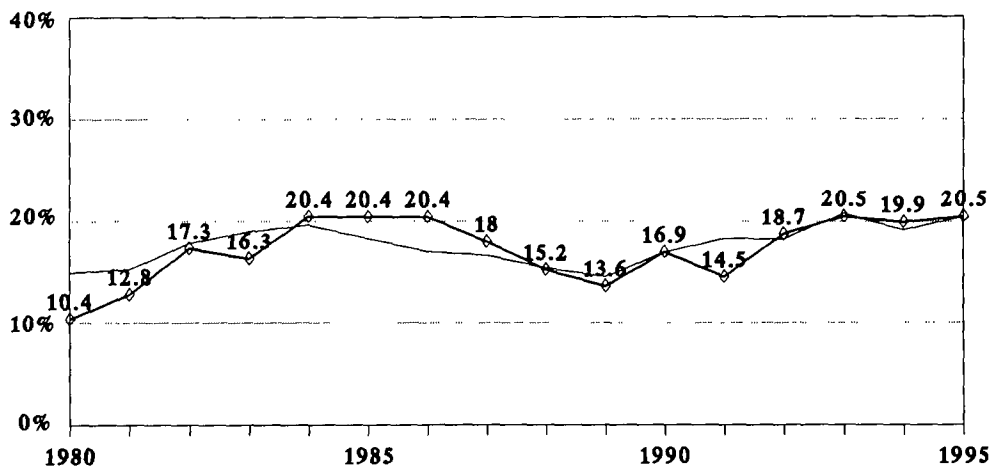
# Alberta



Percentage of Children in Poverty

—◇— Alberta — Canada

# British Columbia



Percentage of Children in Poverty

—◇— British Columbia — Canada

Graph AK



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 1995, 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
1995	18.2%	2,059,000	14.3%	1,556,000	1.27

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 1995, the poverty rate for women was 18.2 percent, the rate for men was 14.3 percent and the ratio between the sexes was 1.27.

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 1995 poverty rate for unattached women under 65 was 38.7 percent, compared to 33.2 percent for unattached men under 65. For unattached seniors, the poverty rates were 43.4 percent for women and 21.3 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 57.2 percent in 1995, 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 1995 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 1995 poverty rate for all husband-wife families under age 65 was 10.8 percent, and a total of 627,000 families were living in poverty. With the earnings of wives removed and everything else remaining the same, the poverty rate would have jumped to 21.9

percent, and the number of families living in poverty would have more than doubled to 1,268,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1995 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, 1995</b>		
	Percentage of Families Who Were Poor in 1995	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	17.4%	26.3%
Prince Edward Island	6.5%	17.6%
Nova Scotia	10.8%	19.9%
New Brunswick	12.1%	22.3%
Quebec	12.9%	24.7%
Ontario	9.2%	19.2%
Manitoba	10.5%	24.5%
Saskatchewan	11.2%	23.9%
Alberta	10.7%	24.8%
British Columbia	10.2%	20.5%
Canada	10.8%	21.9%

## Seniors

Table 19 on the next page gives the poverty rates for senior men and women in each province in 1980, 1994 and 1995, and the changes between 1980 and 1995. Over the years, the poverty rates for seniors have fallen dramatically, and many of the figures for 1995 were record lows or near-record lows.

In all provinces, the long-term decline in poverty among senior men was sharper than the decline in poverty among senior women. And in all provinces, the 1995 poverty rates for men were well below the 1995 rates for women.

Between 1994 and 1995, poverty rates for senior men were down in Nova Scotia, Quebec, Saskatchewan and Alberta. Poverty rates for senior women were down in all provinces except Prince Edward Island, Nova Scotia, Quebec and Ontario.

The increases reported from 1994 to 1995 were presumably temporary reversals in the long-term downward trend in poverty rates among seniors.

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	1994	1995	% Change 1980-1995		1980	1994	1995	% Change 1980-1995
Newfoundland	27.6	5.7	6.6	-76%		36.9	19.5	13.7	-63%
Prince Edward Island	33.7	4.4	5.6	-83%		52.7	11.1	14.8	-72%
Nova Scotia	22.8	7.8	5.3	-77%		31.5	12.2	15.7	-50%
New Brunswick	22.1	8.1	8.8	-60%		34.2	17.3	14.0	-59%
Quebec	33.7	17.9	15.4	-54%		46.2	30.9	32.5	-30%
Ontario	24.0	6.6	8.9	-63%		34.3	18.2	19.7	-43%
Manitoba	23.8	10.3	10.3	-57%		41.2	28.8	22.2	-46%
Saskatchewan	28.1	5.6	3.3	-88%		49.0	13.5	12.6	-74%
Alberta	25.2	10.9	7.5	-70%		38.8	19.4	15.3	-61%
British Columbia	29.6	9.0	10.1	-66%		32.7	26.4	20.4	-38%
Canada	27.3	10.1	10.2	-63%		38.4	22.6	22.1	-42%

## CONCLUSION

Most of the poverty statistics for 1995 came as a shock to the National Council of Welfare. In a year when poverty should have remained stable or declined slightly, the rates actually rose for many groups of Canadians.

Poverty rates for Canadians under 65 have traditionally risen and fallen with changes in the economic cycle. What is particularly alarming about the 1995 figures is the fact that poverty rates continued to climb even as the economy continued its recovery from the last recession.

We will be monitoring the situation closely in hopes that the increases in poverty in 1995 could turn out to be an aberration. The fact remains, however, that the poverty rates of recent years have been noticeably and consistently higher than the poverty rates just prior to the last recession.

We also concerned about the emerging trends in earnings and transfer payments from government programs. If these trends continue, we fear that it could next to impossible to mount any effective campaign against poverty.

One reason the plight of many poor Canadians has worsened is the meagre opportunities in the low-wage part of the economy. The number of "working poor" Canadians who get 50 percent or more of their total incomes from earnings has grown in recent years, but the ranks of the poor overall have grown even faster.

The other emerging trend of great concern to the National Council of Welfare is the decline in the income support provided by government programs of one kind or another.

The drop in government transfer payments to individuals in 1995 came amid modest cuts in unemployment insurance and more substantial cuts in some provincial welfare programs. Since 1995, there have been further cuts in UI, a campaign to squeeze recipients and potential recipients of disability pensions provided by the Canada Pension Plan, and further cuts or freezes in some provincial and territorial welfare programs.

Even more disconcerting is the prospect of further cuts in welfare programs as a result of the federal government's decision to replace the Canada Assistance Plan with the Canada Health and Social Transfer as of April 1, 1996. Along with the switch to this new form of financing for medicare and post-secondary education as well as welfare and social services are major cuts in federal support for these programs collectively. The 1996 budget speech outlined cuts in federal cash transfers for these programs of \$3.5 billion during the 1996-97 fiscal year and \$6 billion during the 1997-98 fiscal year for a total loss of \$9.5 billion over two years.

Cuts in federal spending on social programs, combined with cuts in provincial and territorial spending, raise the prospect of ever-increasing rates of poverty for 1996 and the years that follow. We hope that the 1995 poverty statistics will serve as a wake-up call to governments at all levels to take up the fight against poverty in earnest.

### FOOTNOTES

1. Statistics Canada, Income Distributions by Size in Canada, 1995 (Catalogue No. 13-207-XPB), p. 19.
2. See the Economic Council of Canada publication The New Face of Poverty: Income Security Needs of Canadian Families.
3. The methodology used to set the 1992 base low income cut-offs is the same. However, the 1992 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.
4. Some of the information for Graph A comes from 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 the 1996 edition of Poverty in Canada written by Christopher A. Sarlo and published by the Fraser Institute. Some of the poverty lines were originally calculated for earlier years and were updated by the CCSD or the National Council of Welfare.
5. The income ranges were taken from Table 5 of Welfare Incomes 1995. They are made up of provincial welfare and other provincial benefits. The ranges do not include welfare and related benefits in Yukon or the Northwest Territories.
6. 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.
7. 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.



**APPENDIX A**

**STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1996**

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,061	14,107	13,781	12,563	10,933
2	21,769	19,123	18,680	17,027	14,823
3	27,672	24,307	23,744	21,644	18,839
4	31,862	27,982	27,338	24,922	21,690
5	34,811	30,574	29,868	27,228	23,699
6	37,787	33,185	32,420	29,554	25,724
7+	40,640	35,696	34,872	31,789	27,668

**NATIONAL COUNCIL OF WELFARE ESTIMATES OF  
STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1997\***

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,318	14,333	14,001	12,764	11,108
2	22,117	19,429	18,979	17,299	15,060
3	28,115	24,696	24,124	21,990	19,140
4	32,372	28,430	27,775	25,321	22,037
5	35,368	31,063	30,346	27,664	24,078
6	38,392	33,716	32,939	30,027	26,136
7+	41,290	36,267	35,430	32,298	28,111

\* based on estimate of 1.6 percent inflation in 1997

**APPENDIX B**

**REGIONAL POVERTY STATISTICS, 1995**

	Atlantic		Quebec		Ontario		West	
	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate
Single-Parent Mothers under 65 With Children under 18	34,000	73.4%	76,000	51.7%	120,000	57.3%	93,000	57.4%
Unattached Women under 65	29,000	47.8%	153,000	42.6%	134,000	33.7%	144,000	38.9%
Unattached Men under 65	36,000	40.3%	181,000	41.0%	173,000	30.1%	153,000	28.8%
Unattached Women 65 and Older	18,000	30.2%	122,000	60.6%	118,000	41.0%	82,000	34.9%
Unattached Men 65 and Older	3,000	16.4%	19,000	28.3%	17,000	18.9%	17,000	19.7%
Couples under 65 With Children under 18	37,000	13.9%	111,000	14.4%	129,000	10.8%	117,000	12.9%
Childless Couples under 65	18,000	12.1%	69,000	13.9%	60,000	9.2%	50,000	8.4%
Couples 65 and Older	2,000	3.3%	28,000	13.4%	22,000	6.2%	17,000	6.0%

**APPENDIX B (CONTINUED)**

**DEPTH OF POVERTY IN DOLLARS BELOW POVERTY LINE AND PERCENTAGE OF POVERTY LINE, 1995**

	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	\$7,861	61.7%	\$9,679	58.6%	\$8,488	64.7%	\$8,998	62.5%
Unattached Women under 65	\$5,135	56.3%	\$6,684	54.8%	\$6,287	57.0%	\$6,290	56.6%
Unattached Men under 65	\$5,893	54.9%	\$6,794	52.3%	\$5,997	57.6%	\$6,823	53.2%
Unattached Women 65 and Older	\$1,490	88.5%	\$2,730	81.8%	\$2,414	83.8%	\$2,130	85.7%
Unattached Men 65 and Older	sample sizes too small							
Couples under 65 With Children under 18	\$7,628	68.3%	\$8,926	68.9%	\$8,891	67.1%	\$8,157	65.1%
Childless Couples under 65	\$5,148	69.2%	\$6,802	64.6%	\$5,614	68.6%	\$6,095	63.1%
Couples 65 and Older	sample sizes too small							

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## NATIONAL COUNCIL OF WELFARE

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

The Council consists of 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.