

Poverty Profile 1996

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

Spring 1998

Canada

POVERTY PROFILE 1996

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National Council of Welfare**

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Copies of this publication may be obtained from:

National Council of Welfare
2nd Floor, 1010 Somerset Street West
Ottawa K1A 0J9
(613) 957-2963
FAX: (613) 957-0680
E-MAIL: ncw@magi.com

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
I. METHODOLOGY AND DEFINITIONS	4
II. RECENT POVERTY TRENDS	10
Poverty Trends for Individual Canadians	10
Poverty Trends for Families and Unattached Individuals	15
III. VIEW FROM THE PROVINCES	21
IV. SNAPSHOTS OF POVERTY IN 1996	33
Family Type	33
Additional Differences by Age, Sex and Family Type	35
Work Activity	38
Number and Age of Children	41
Education	43
Homeowners and Renters	47
Year of Immigration	49
Area of Residence	50
V. DEPTH OF POVERTY AND THE POVERTY GAP	52
VI. POOR CANADIANS AND THEIR SOURCES OF INCOME	61
Senior Couples and Unattached Individuals	64
Families and Unattached Individuals under 65	66
VII. A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST	73
The Low-Wage Poor	73
Children	76
Women	85
Seniors	88
CONCLUSION	90
FOOTNOTES	92
APPENDIX A: POVERTY LINES FOR 1997 AND 1998	93
APPENDIX B: REGIONAL POVERTY STATISTICS, 1996	94

SUMMARY

The United Nations designated 1996 the International Year for the Eradication of Poverty. Sadly, poverty statistics for 1996 show that Canada came nowhere near to meeting that goal.

Instead, the statistics show that in 1996, five years after the last recession, 5,190,000 Canadian children, women and men lived in poverty. While the rest of the economy enjoyed modest growth year after year, the overall poverty rate inched up to 17.6 percent. In 1989, the House of Commons resolved to eradicate child poverty by 2000. Only four years before that target date, child poverty had risen to 20.9 percent, the highest rate in 17 years.

Particularly disturbing were higher poverty rates for families headed by people under age 65. The 1996 poverty rate for all types of families of all ages was 14.8 percent. The poverty rate for married couples under 65 with children under 18 was 11.9 percent, and the rate for couples under 65 without children was 10.3 percent. At the same time, the rate for the other major group of non-elderly families, single-parent mothers under 65 with children under 18, had risen to 61.4 percent.

The poverty rate for couples 65 and over increased marginally to 8.6 percent, and the rate for individuals 65 and over increased slightly to 18.9 percent. However, this is the first increase in rates for seniors in several years and may simply be an aberration. Despite these increases, poverty rates for seniors were significantly better in 1996 than in 1980.

In releasing the 1996 figures, Statistics Canada noted that the average family incomes of Canadians had changed very little from 1995. However, it said that the total incomes of the poorest 20 percent of Canadians had dropped dramatically because of a combination of lower earnings and cuts to cash transfers from governments.¹

Poverty Profile 1996 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 1996 and poverty trends dating back to 1980.

As in previous years, families headed by single-parent mothers and “unattached” people - those 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 rose to 61.4 percent in 1996. Single-parent mothers under age 25 had a poverty rate of 91.3 percent. Single-parent mothers who did not graduate from high school had a poverty rate of 87.2 percent. And single-parent mothers with children under age seven had rates as high as 80.7 percent.

Unattached people of all ages had a poverty rate of 37 percent, nearly twice the rate of families. Unattached women and men 65 and older had poverty rates of 45.4 percent and 29.3 percent respectively, several times higher than the poverty rate of 8.6 percent for elderly married couples.

The poverty rate of unattached people under the age of 25 was much worse. In 1996, their poverty rate was 61 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 268,000 families and 423,000 unattached people had 1996 incomes 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 1996 would have been \$17.8 billion. That's a huge, but not outrageous amount of money in a country where the federal, provincial and territorial governments spent \$386 billion in 1996 and where the value of all the goods and services produced was \$820 billion.

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

Poverty Profile 1996 is an analysis of the facts about poverty, not a plan for eliminating it, so the report contains no specific recommendations. Over the years, the National Council of Welfare has published many other reports full of proposals for combatting poverty. Among them are Another Look at Welfare Reform, A Blueprint for Social Security Reform, Fighting Child Poverty, Women and Poverty Revisited, and Improving the Canada Pension Plan.

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 1996 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.² Information from Statistics Canada's new study, the Survey on Labour Income Dynamics, may be able to help track changes in people's incomes over time.

Despite these limitations, the National Council of Welfare believes that Poverty Profile 1996 can help to explain important facts about a subject that sparks many debates and discussions. 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 we have based this report was conducted in April 1997. It sampled 34,086 private households from all parts of the country except 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 1996 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1996. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of Statistics Canada, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, are 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. Statistics Canada 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 people, 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 1996 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 1996 appears below in Table 1. Comparable cut-offs for 1997 and the National Council of Welfare's estimates of the cut-offs for 1998 appear in Appendix A.

TABLE 1					
<u>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1996</u>					
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

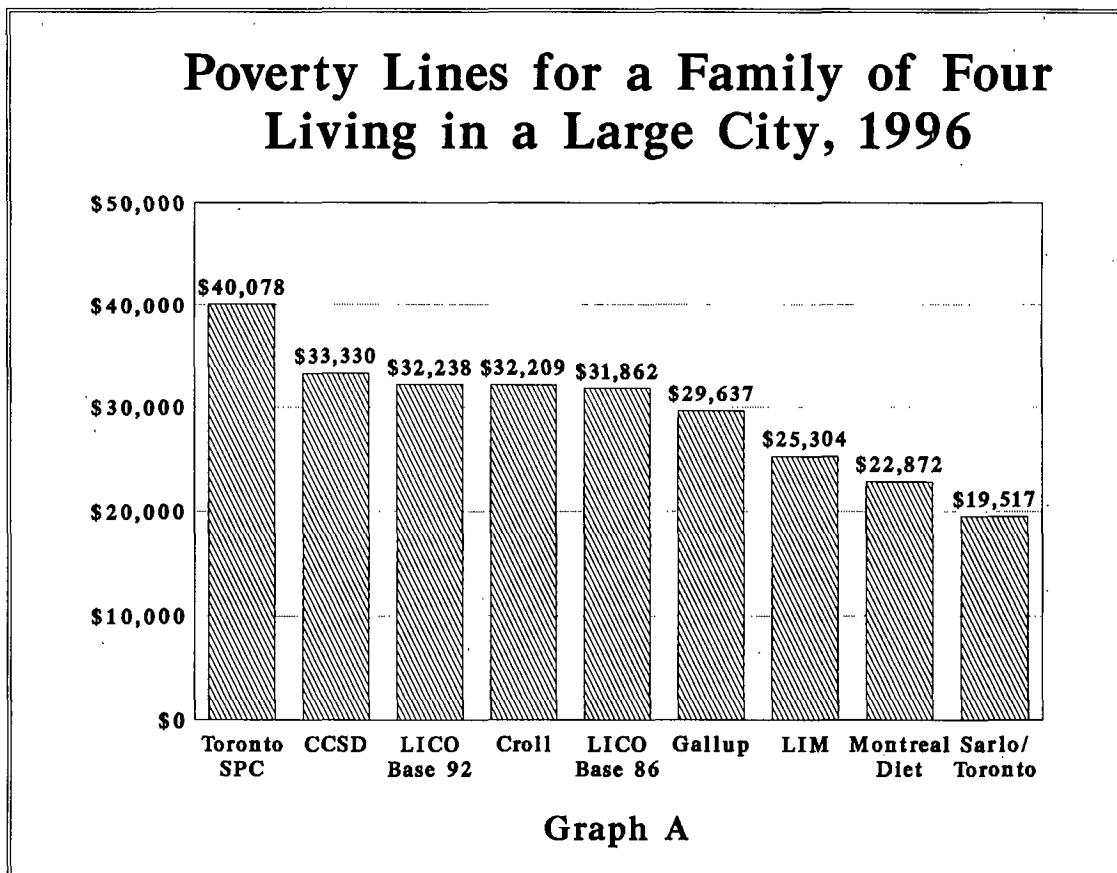
Over the years, Statistics Canada has published several other sets of low income cut-offs, and started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. We caution readers that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.³

The National Council of Welfare plans to continue using the 1986 base cut-offs for the time being. 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.

Whatever 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.⁴ Most of the lines fall in a middle range from \$29,637 to \$33,330 for a family of four living in a large city in 1996. One line is substantially higher than the rest, and three are much 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 1996. 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 1996 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 that gathered the data defined a family as a group of individuals occupying the same 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 people, families or unattached individuals in a particular category to all the people, families or unattached individuals in the same category. For example, there were an estimated 379,000 poor families with children under 18 headed by female single parents under age 65 in 1996. The estimated total number of families with children under 18 headed by female single parents under 65 was 618,000. The poverty rate was 379,000 divided by 618,000 or 61.4 percent.

Sometimes the terms “incidence of poverty” or “risk of poverty” are used instead of “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 Statistics Canada.

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.

In 1993, Statistics Canada began the Survey of Labour and Income Dynamics, which will replace the Survey of Consumer Finances in the future. The Survey of Consumer Finances takes a “snapshot” which allows readers to understand what was happening at the moment of the survey interview. The Survey of Labour and Income Dynamics interviewed approximately the same number of people from the same regions of Canada as the Survey of Consumer Finances, but there are some important differences between the two surveys which may help readers to understand poverty better.

The Survey of Labour and Income Dynamics follows the same group of Canadians from one year to the next so that it can track changes in people’s incomes over that period. This new survey is intended to answer questions about whether it is the same people who find themselves living in

poverty year after year, or whether many of the people living in poverty one year manage to pull themselves out, and are replaced by a new set of people. The survey uses the same low income cut-offs as the Survey of Consumer Finances.

The following information comes from the first report from the Survey of Labour and Income Dynamics which was released in 1997. The survey uses 1992 base low income cut-offs, and looks at after-tax income, whereas National Council of Welfare reports use 1986 base low income cut-offs and income before tax. This means that the poverty rates are not identical to the rates used in the 1993 and 1994 versions of this report.

The survey results showed that between 1993 and 1994, over one million Canadians - about eight percent of the population - dropped into poverty, while almost as many climbed out of poverty. Slightly more people - 8.5 percent of the population - remained poor in both years. The reason for these dynamics may become clear when further years of information is added.

II. RECENT POVERTY TRENDS

Poverty rates in 1996 were disturbingly high. Five years after the last recession, the Canadian economy continued to grow modestly, and poor people should have been able to share in the return of prosperity. Instead, the ranks of the poor continued to swell.

The 1996 poverty statistics were shocking. The poverty rate for all people rose to 17.6 percent, which meant that 5,190,000 people were living in poverty. The child poverty rate jumped to 20.9 percent, or 1,481,000 children. Even the poverty rates for seniors increased as the poverty rate for people 65 and older rose from an all-time low of 16.9 percent in 1995 to 18.9 percent in 1996.

This chapter shows major national trends in poverty from 1980 through 1996 using two types of measures. One looks at Canadians as individuals, the other as members of families or as unattached people living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as Table 2 on the next page shows. 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, poverty rates continued their upward trend.

By 1996, the number of poor people was nearly 5.2 million and the poverty rate was 17.6 percent. Both those figures were well above the figures for the years just prior to the last recession. The modest economic growth of the last several years has simply not filtered down to the ranks of the poor.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%
1993	4,775,000	17.4%
1994	4,795,000	16.6%
1995	5,070,000	17.4%
1996	5,190,000	17.6%

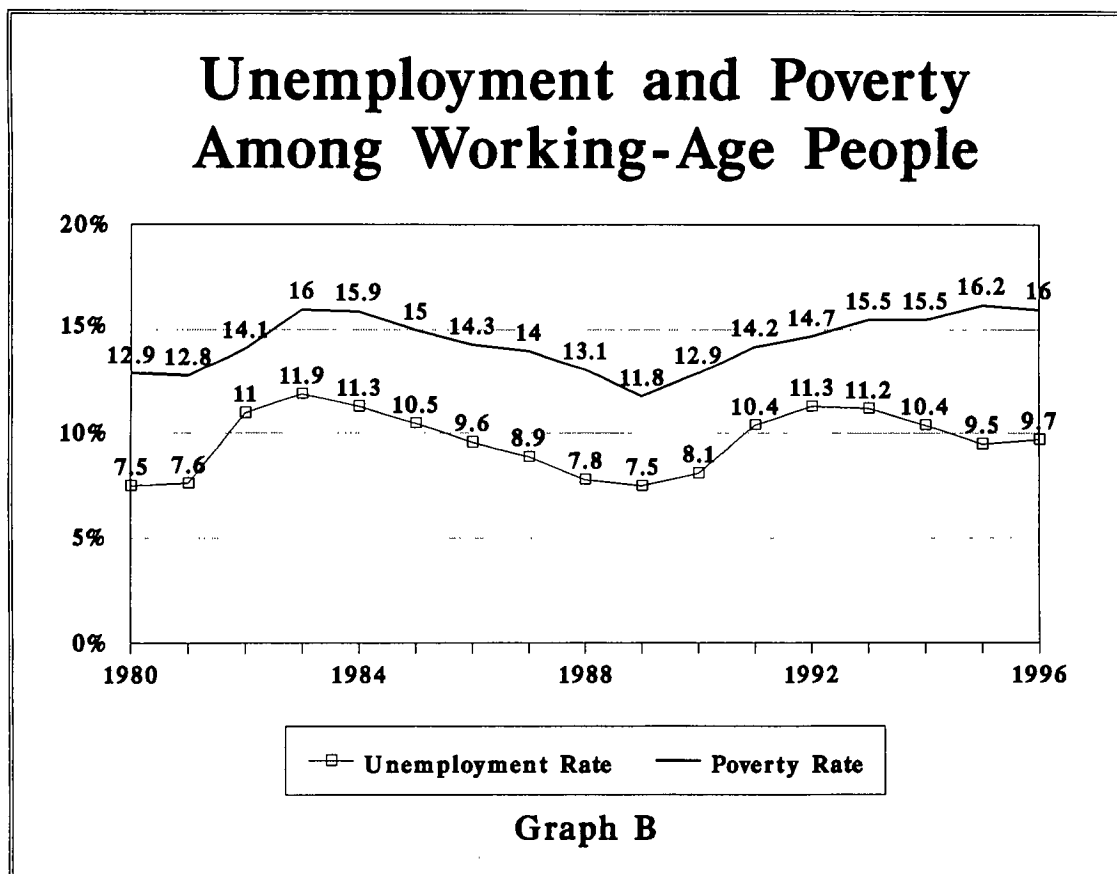
Similar trends were evident in the child poverty statistics shown in Table 3. Child poverty rates and the number of poor children peaked in 1984 following the recession of 1980-1981 and declined through the rest of the decade. Following the recession of 1990-1991, the trend appeared to be strongly upward. In 1996, the number of poor children was at a 17-year high of nearly 1.5 million and the poverty rate was 20.9 percent, the highest in 17 years.

TABLE 3		
POVERTY TRENDS, CHILDREN UNDER 18		
	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%
1993	1,415,000	20.8%
1994	1,334,000	19.1%
1995	1,441,000	20.5%
1996	1,481,000	20.9%

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 1996, the unemployment rate was 9.7 percent and the poverty rate was 16 percent. Since 1980, the poverty rate for people 18 to 65 has normally been three to five percentage points higher than the unemployment rate.



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%
1996	655,000	18.9%

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 downward. The number of poor seniors dropped from 731,000 in 1980 to 655,000 in 1996, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 16.9 percent in 1995, with a slight increase to 18.9 percent in 1996.

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for all people 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 1996, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1996, however, the poverty rate for unattached individuals was 37 percent and the rate for families was 14.8 percent. Unattached individuals were about 2½ times more likely to be poor than families were.

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.

TABLE 5
POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS

	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%
1996	1,230,000	14.8%	1,457,000	37.0%

An even better view of poverty comes by breaking down the bigger categories of families and unattached individuals into smaller subcategories of family types. The four family types are married couples whose 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. Together, these four subcategories accounted for 83 percent of all poor families in 1996. 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.

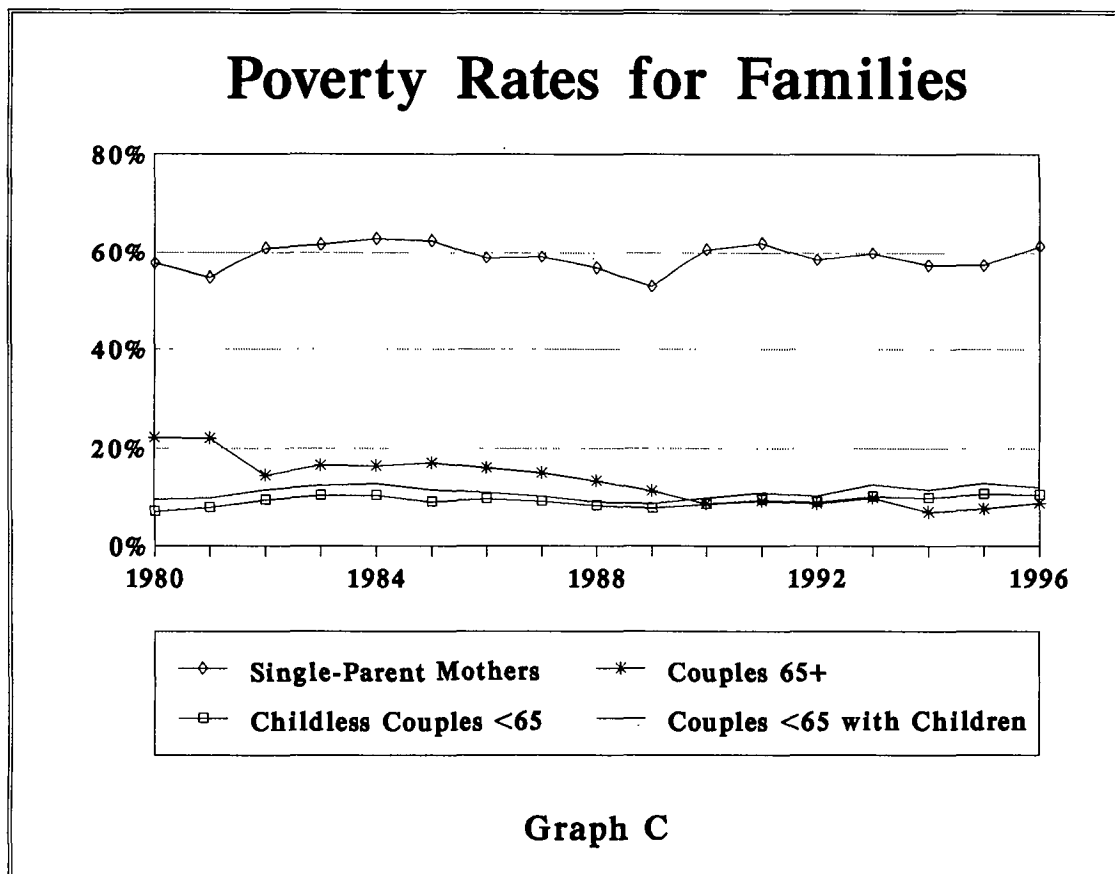


TABLE 6
POVERTY RATES FOR FAMILIES, 1980-1996

	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%
1996	61.4%	8.6%	10.3%	11.9%

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 comparison, the highest rate for single-parent fathers was 34 percent in 1993 and the lowest was 18 percent in 1987.

Married couples whose head of the family was 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 1996 rate was 8.6 percent.

Couples whose 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 to 1996, poverty rates for couples under 65 with children under 18 were consistently higher than the rates for childless couples.

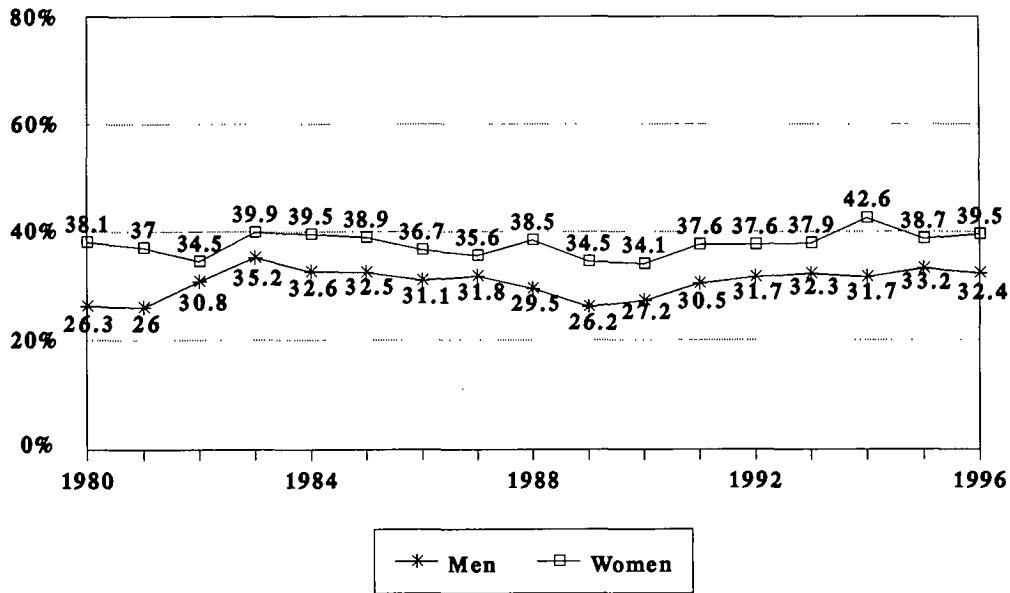
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families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

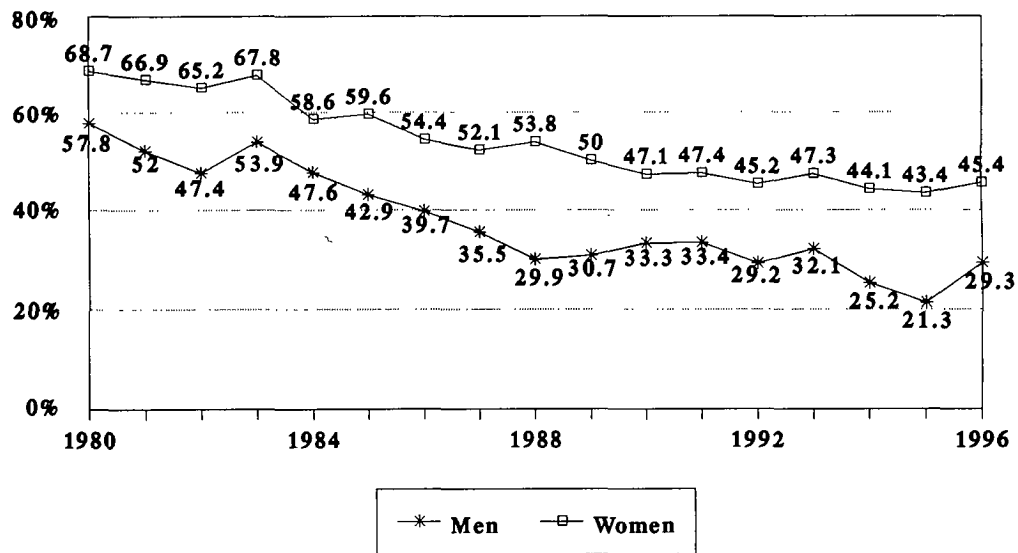
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 39.5 percent in 1996. The comparable rates for men were 26.3 percent in 1980 and 32.4 percent in 1996. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women dropped from 68.7 percent in 1980 to a record low 43.4 percent in 1995. In 1996, the rate rose slightly to 45.4 percent. The rate for men dropped from 57.8 percent in 1980 to a record low 21.3 percent in 1995. By 1996, it jumped to 29.3 percent. 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 1996 provincial statistics for families, unattached individuals and all people. For families, poverty rates ranged from a low of 10.6 percent in Prince Edward Island to a high of 17.6 percent in Quebec. The range for unattached individuals was even greater, from 31.2 percent in Alberta to 45 percent in Quebec. Poverty rates for all people ranged from 12.6 percent in P.E.I. to 21.2 percent in Quebec.

TABLE 7						
POVERTY BY PROVINCE, 1996						
	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor People	Poverty Rate
Newfoundland	27,000	16.6%	17,000	40.7%	96,000	17.2%
Prince Edward Island	4,000	10.6%	6,000	31.4%	17,000	12.6%
Nova Scotia	45,000	16.4%	38,000	33.7%	168,000	18.1%
New Brunswick	30,000	13.8%	30,000	37.1%	119,000	15.8%
Quebec	367,000	17.6%	512,000	45.0%	1,546,000	21.2%
Ontario	425,000	13.4%	427,000	33.3%	1,770,000	15.8%
Manitoba	46,000	15.1%	54,000	36.4%	205,000	18.8%
Saskatchewan	38,000	13.7%	45,000	32.4%	161,000	16.5%
Alberta	98,000	13.1%	117,000	31.2%	436,000	15.8%
British Columbia	150,000	14.3%	212,000	34.9%	673,000	17.6%
Canada	1,230,000	14.8%	1,457,000	37.0%	5,190,000	17.6%

Between 1995 and 1996, family poverty rates rose in all provinces except Newfoundland, where rates dropped to 16.6 percent; New Brunswick, where rates dropped slightly to 13.8 percent; and Alberta, whose rate was 13.1 percent.

Among unattached individuals, rates changed very little between 1995 and 1996. At a national level, the rate rose very slightly from 36.1 percent to 37 percent. Poverty rates rose in six provinces and fell in the other four.

Poverty rates for all persons were higher between 1995 and 1996 in all but three provinces. The rate in Newfoundland fell from 20.6 percent to 17.2 percent, the rate in New Brunswick dropped from 17.2 percent to 15.8 percent, and the Alberta rate fell from 17.4 percent to 15.8 percent.

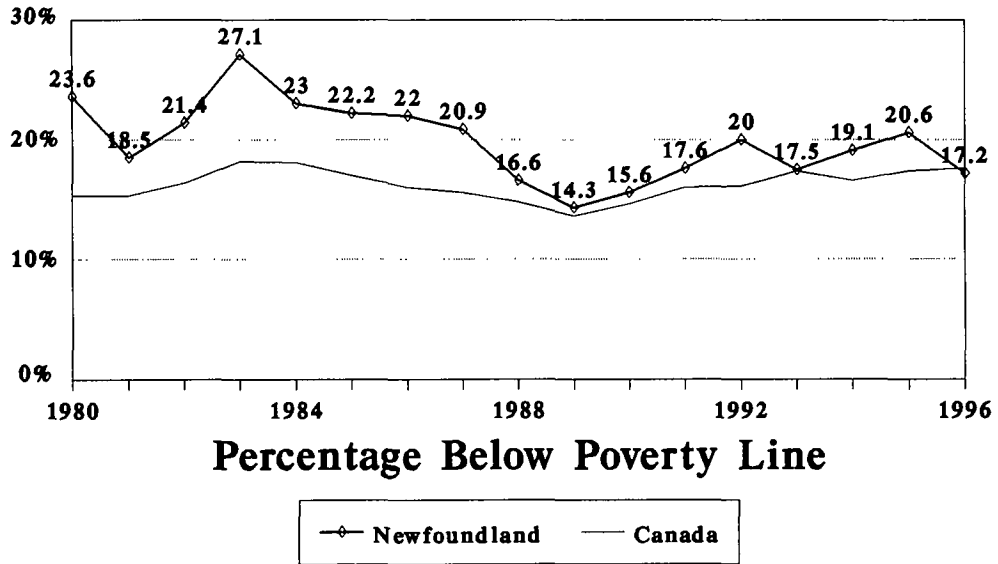
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all people from 1980 to 1996. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, 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 1996. The lines without markers and without percentages show the national trends.

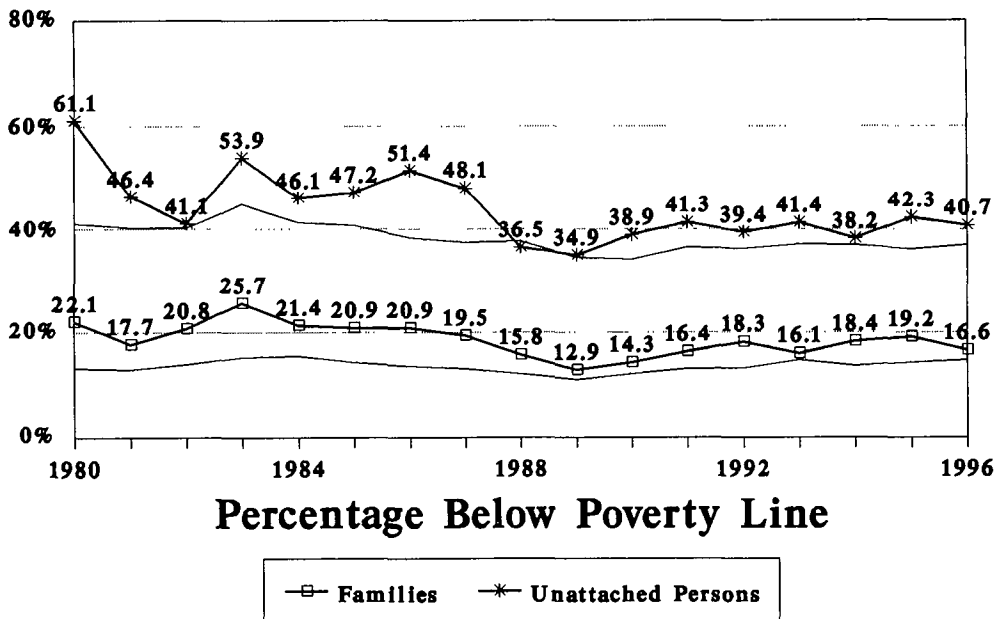
The two largest provinces have the most consistent trends for families, unattached individuals and all people. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period, although they have risen consistently since 1994. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

Newfoundland

Trends for All Persons



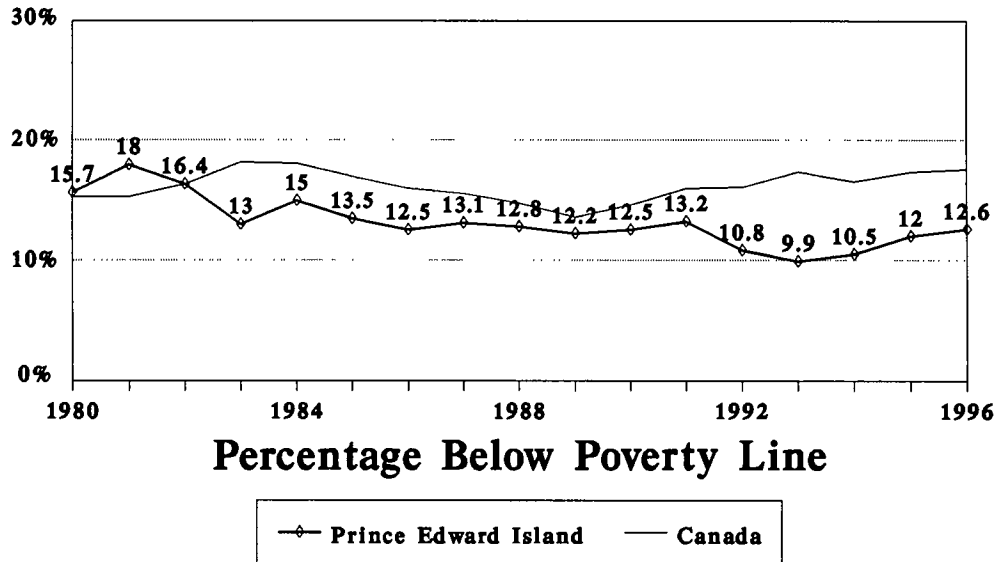
Families and Unattached Individuals



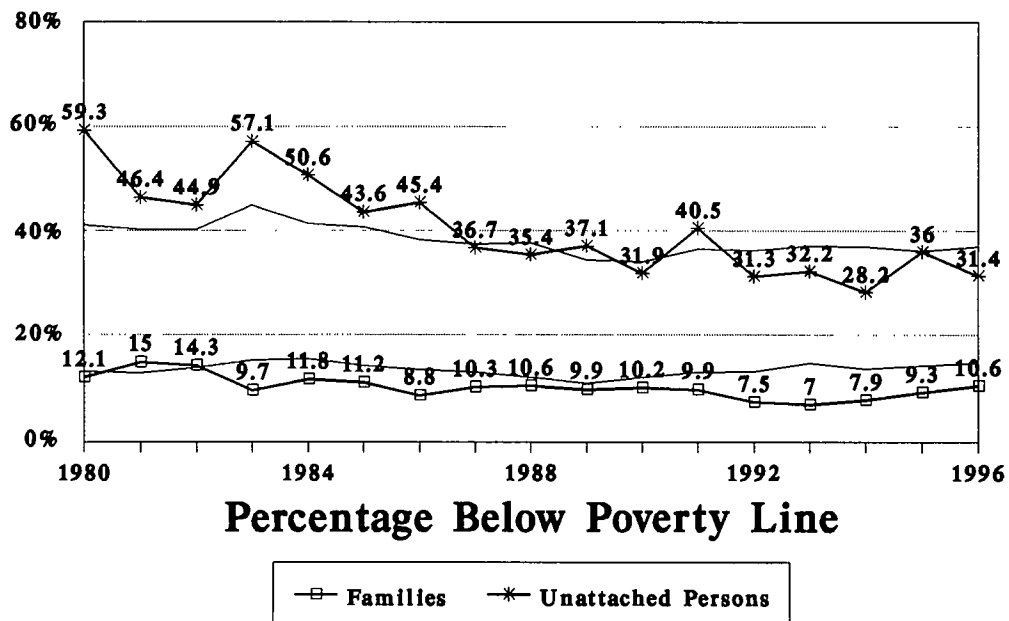
Graph E

Prince Edward Island

Trends for All Persons



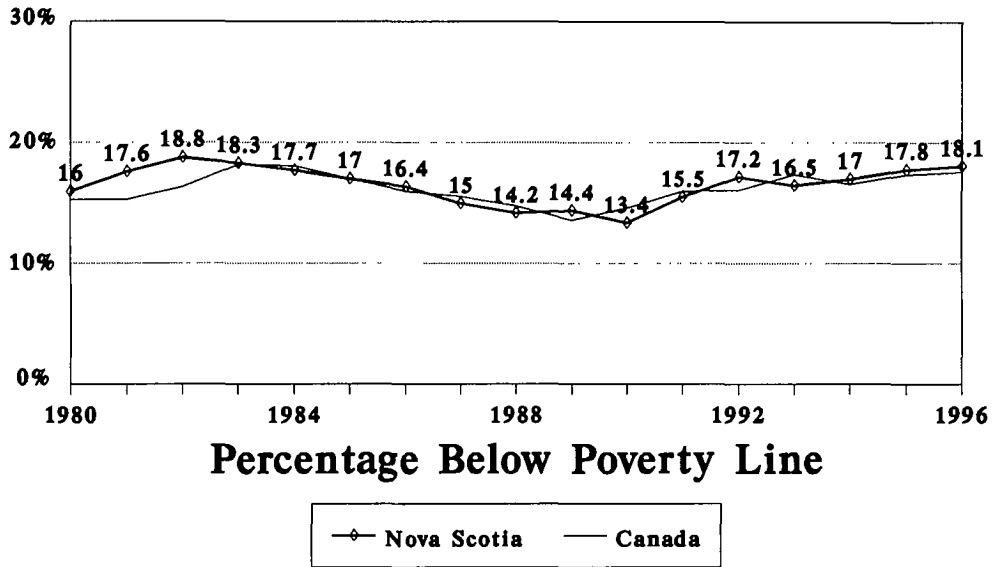
Families and Unattached Individuals



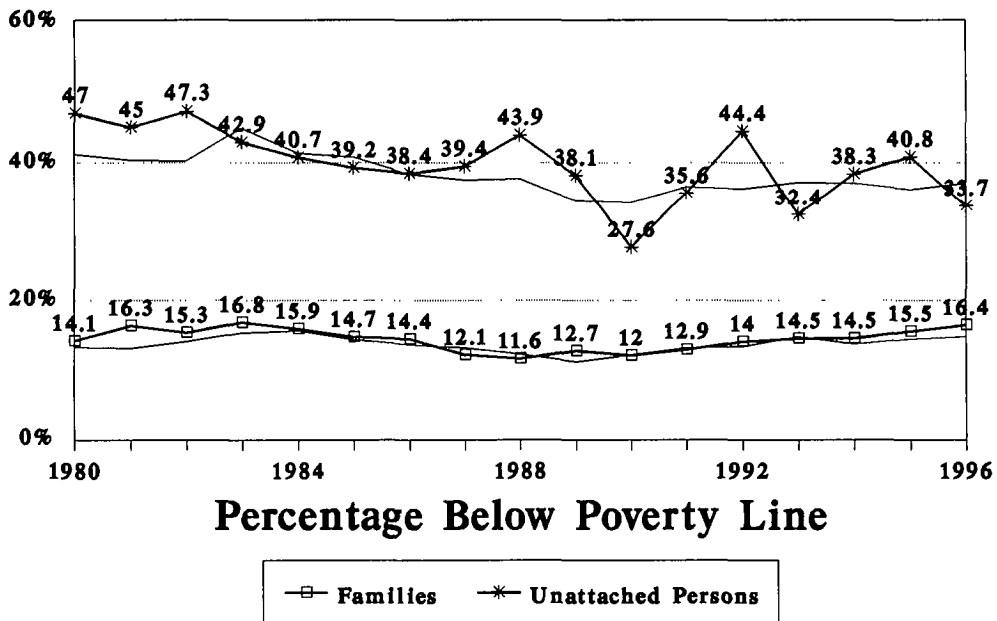
Graph F

Nova Scotia

Trends for All Persons



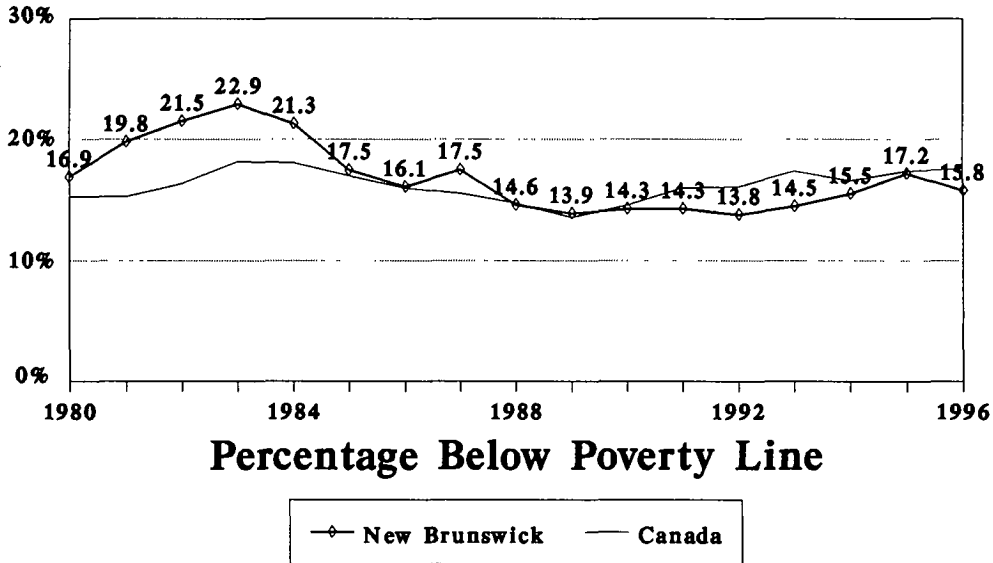
Families and Unattached Individuals



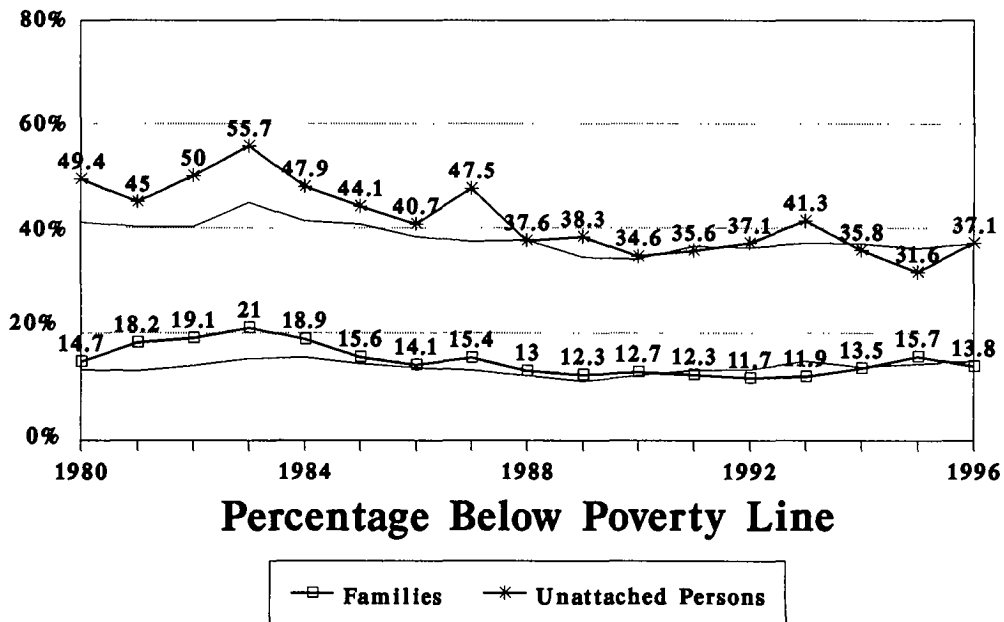
Graph G

New Brunswick

Trends for All Persons



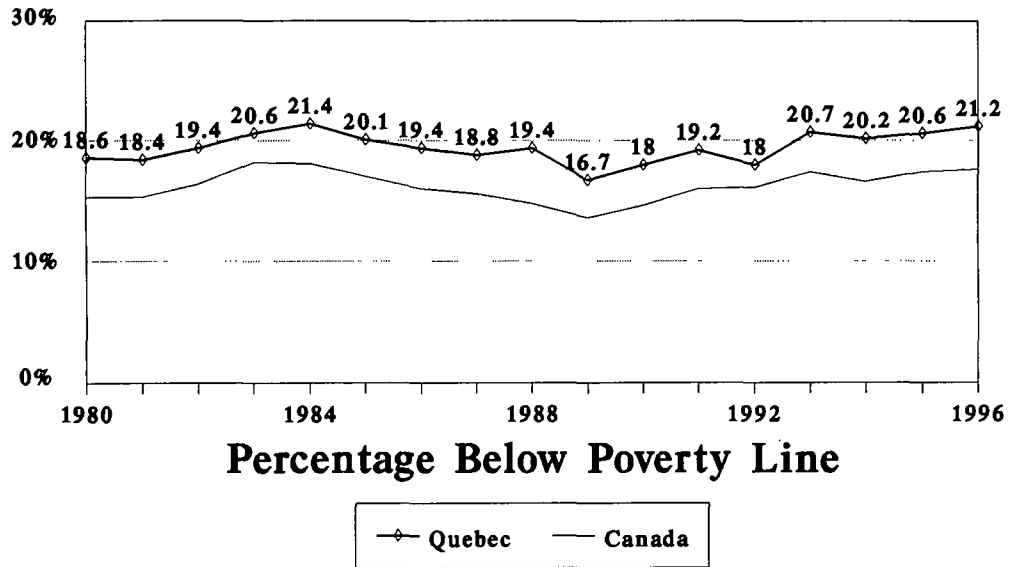
Families and Unattached Individuals



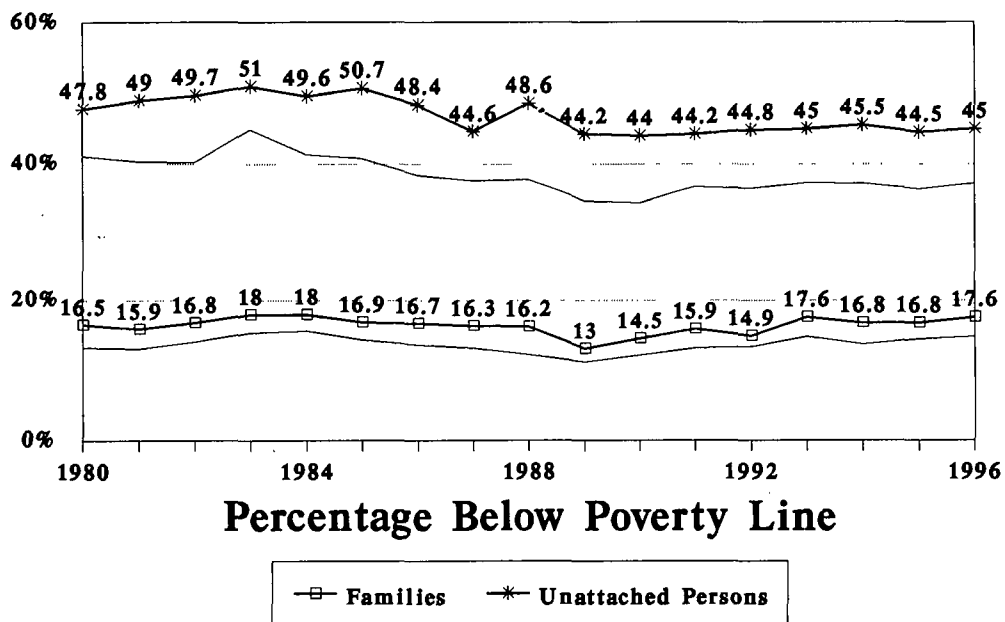
Graph H

Quebec

Trends for All Persons



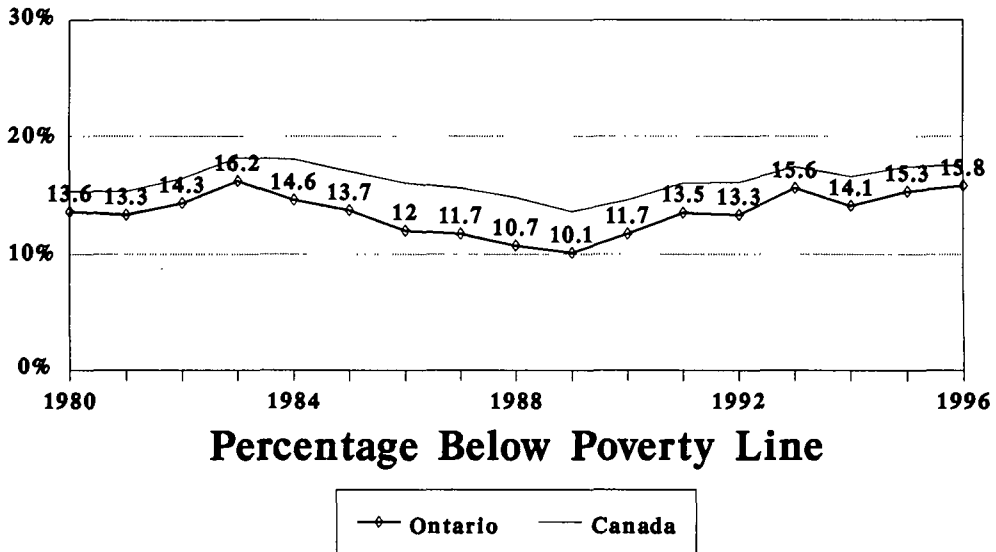
Families and Unattached Individuals



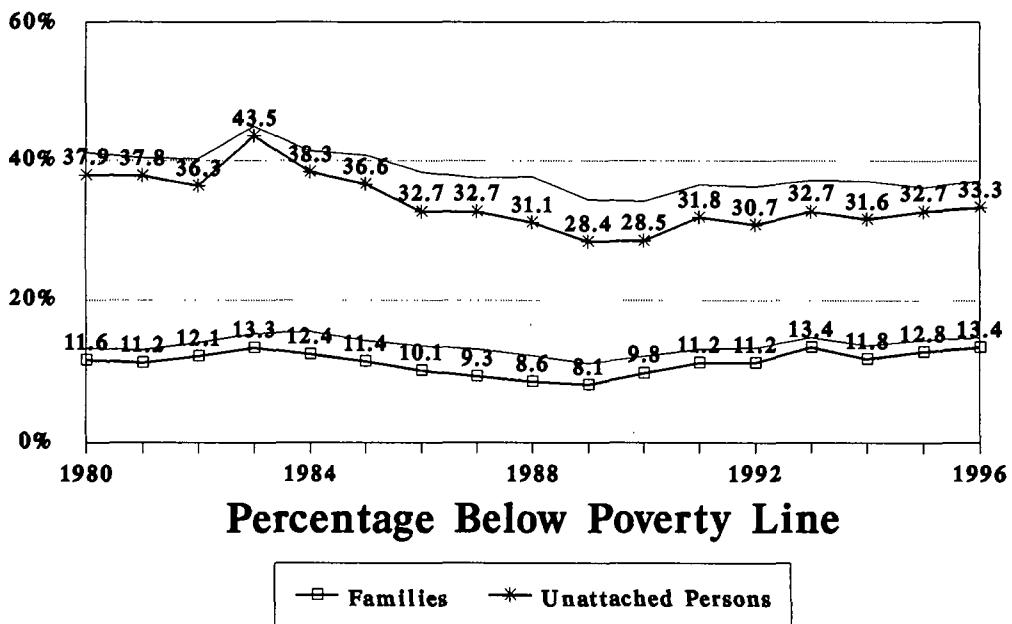
Graph I

Ontario

Trends for All Persons



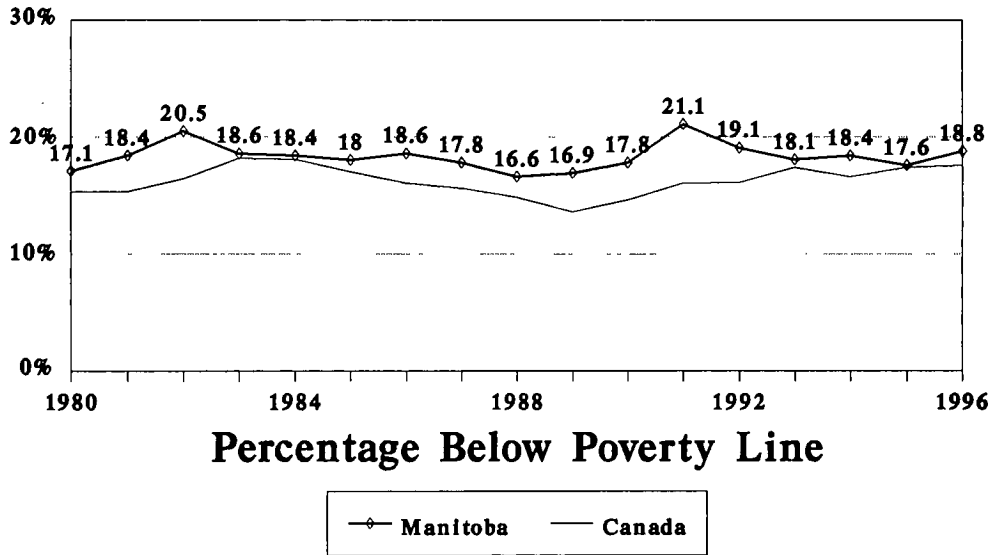
Families and Unattached Individuals



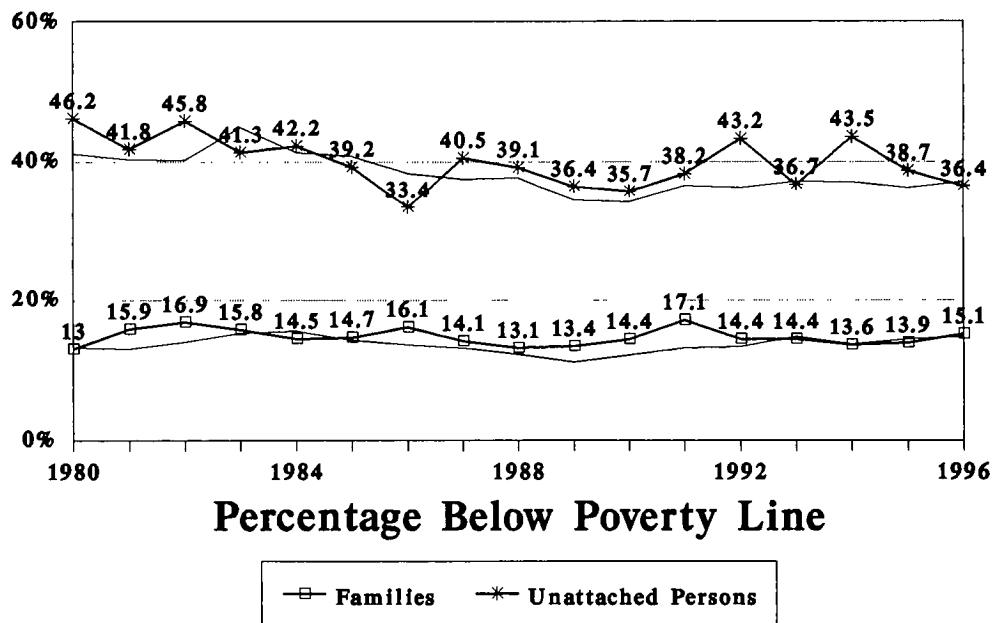
Graph J

Manitoba

Trends for All Persons



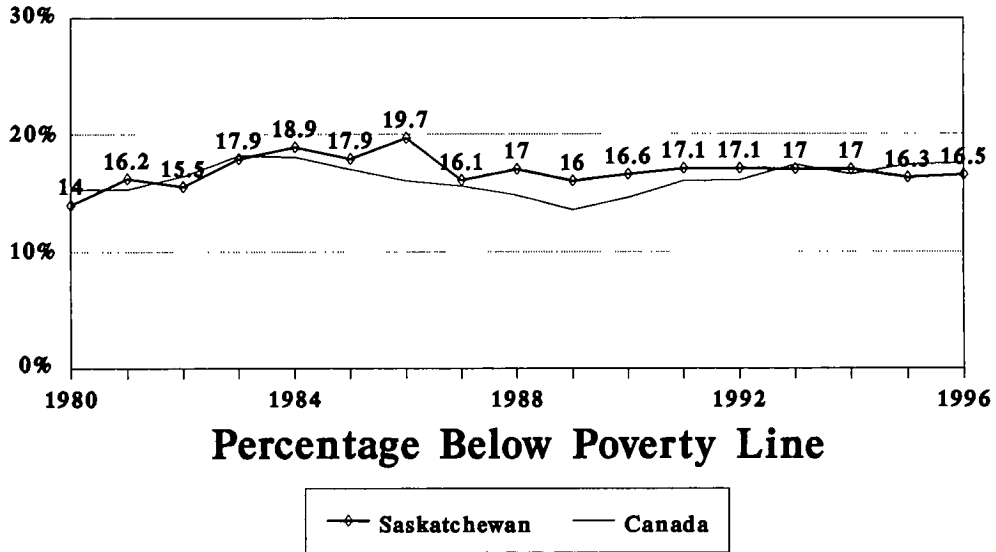
Families and Unattached Individuals



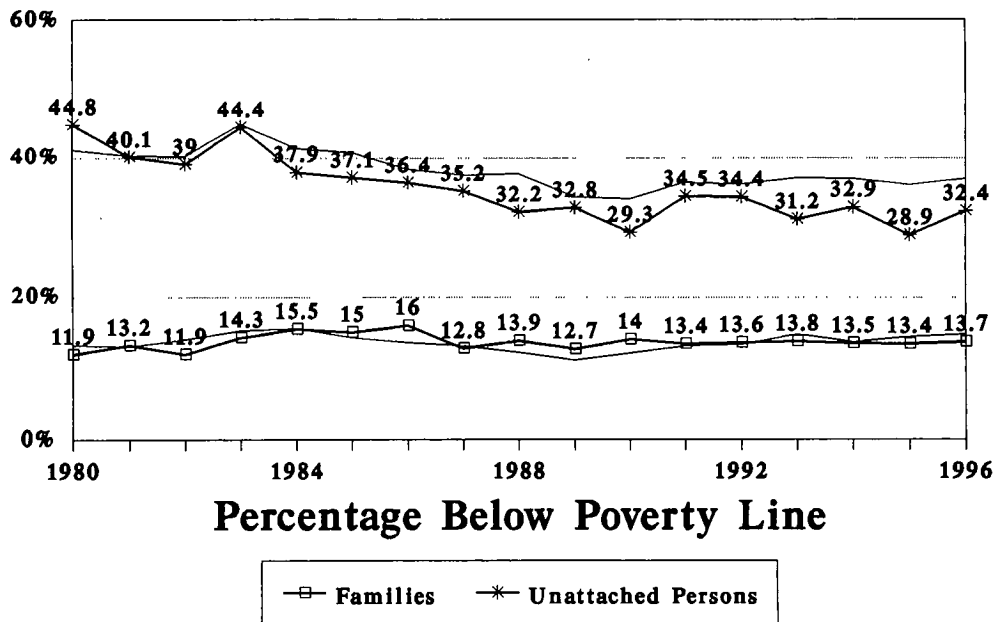
Graph K

Saskatchewan

Trends for All Persons



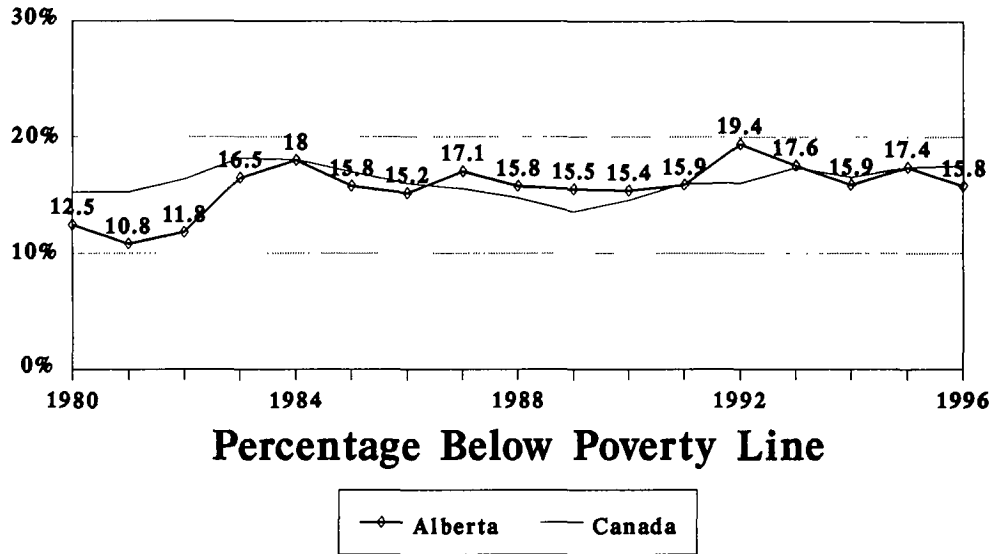
Families and Unattached Individuals



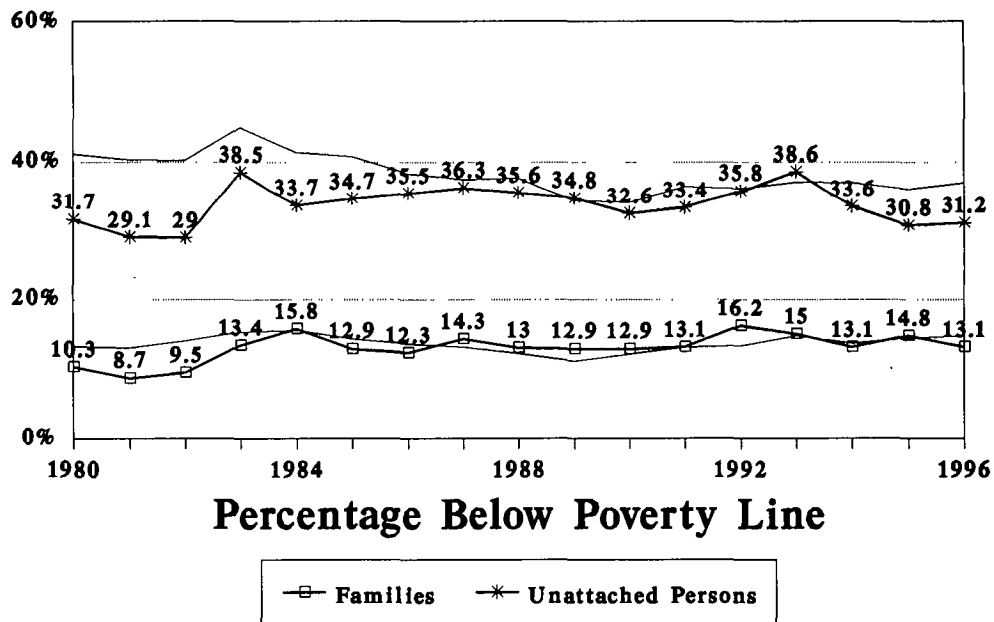
Graph L

Alberta

Trends for All Persons



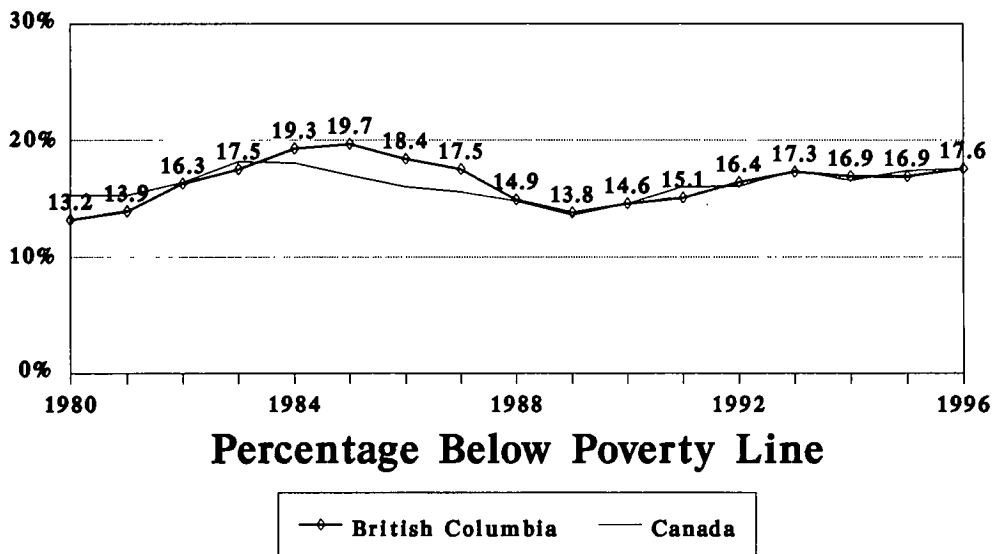
Families and Unattached Individuals



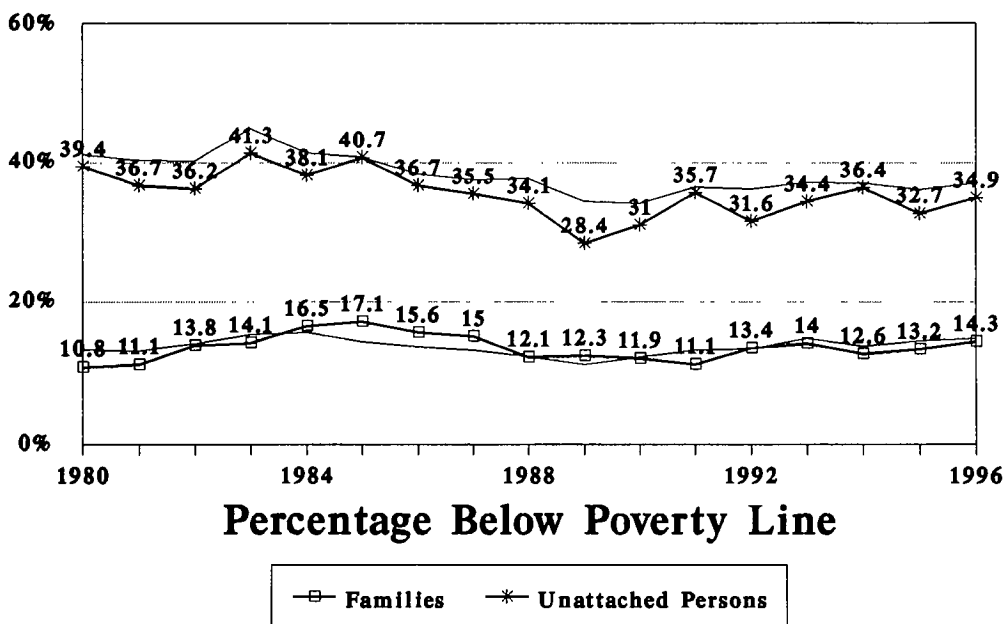
Graph M

British Columbia

Trends for All Persons



Families and Unattached Individuals



Graph N

IV. SNAPSHOTS OF POVERTY IN 1996

Poverty rates vary with family type, sex, age, employment, education, housing and the population of the area in which people live. 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

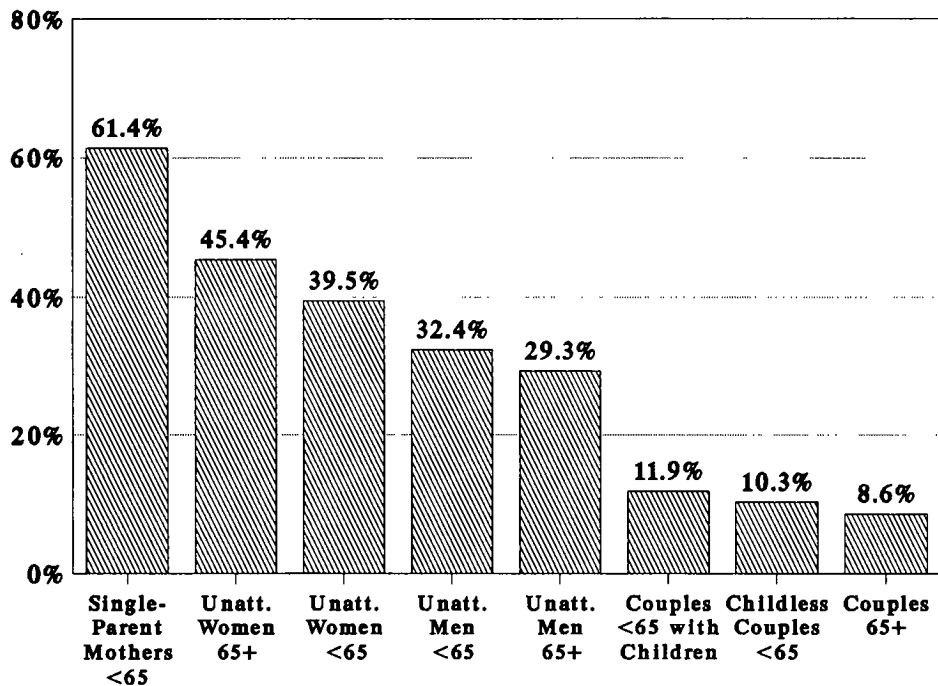
Probably the most important determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

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.

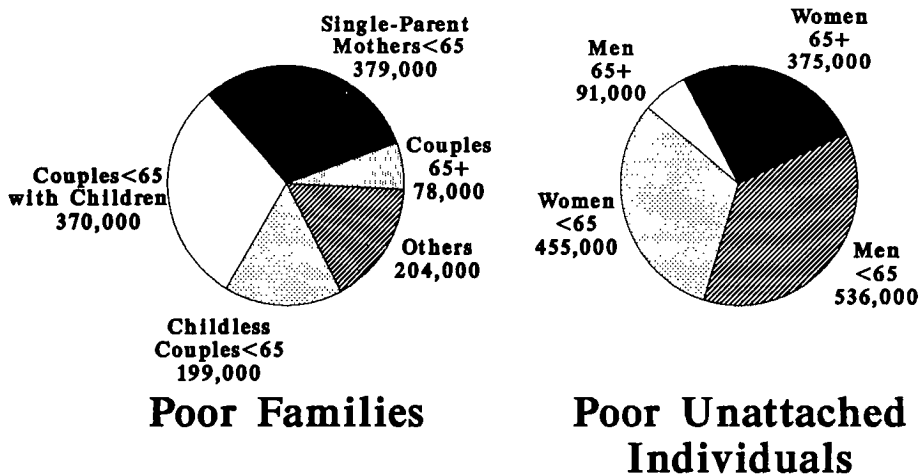
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent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

Poverty Rates by Family Type, 1996



Distribution of Poor Families And Unattached Individuals, 1996



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, 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.

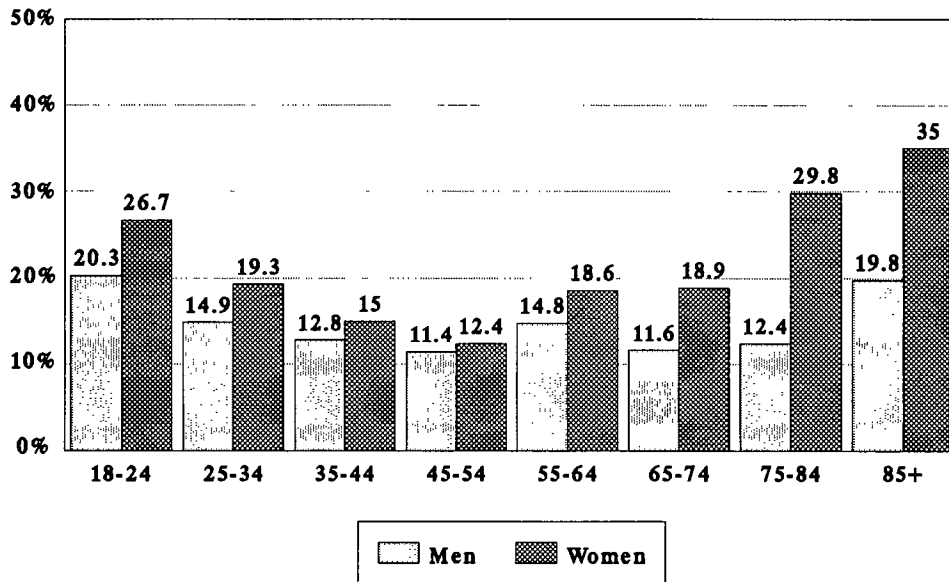
The poverty rates for both sexes were relatively high for the age group 18 through 24. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups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

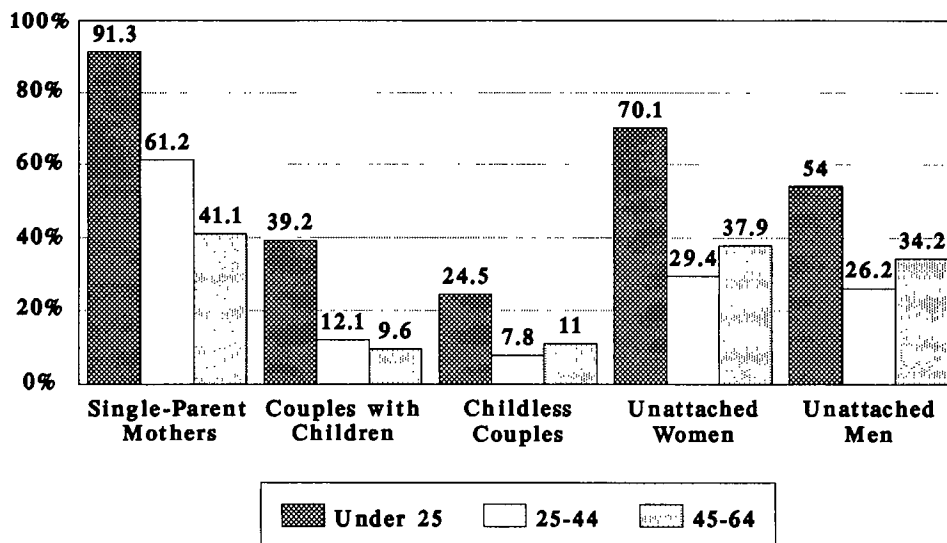
The bottom half of Graph P shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was incredibly high. In 1995, the rate was 83 percent, but by 1996, it had leaped to 91.3 percent. The comparable rates for other families led by single-parent mothers were 61.2 percent for heads of families aged 25 to 44, and 41.1 percent for heads of families 45 to 64 years old.

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, 1996



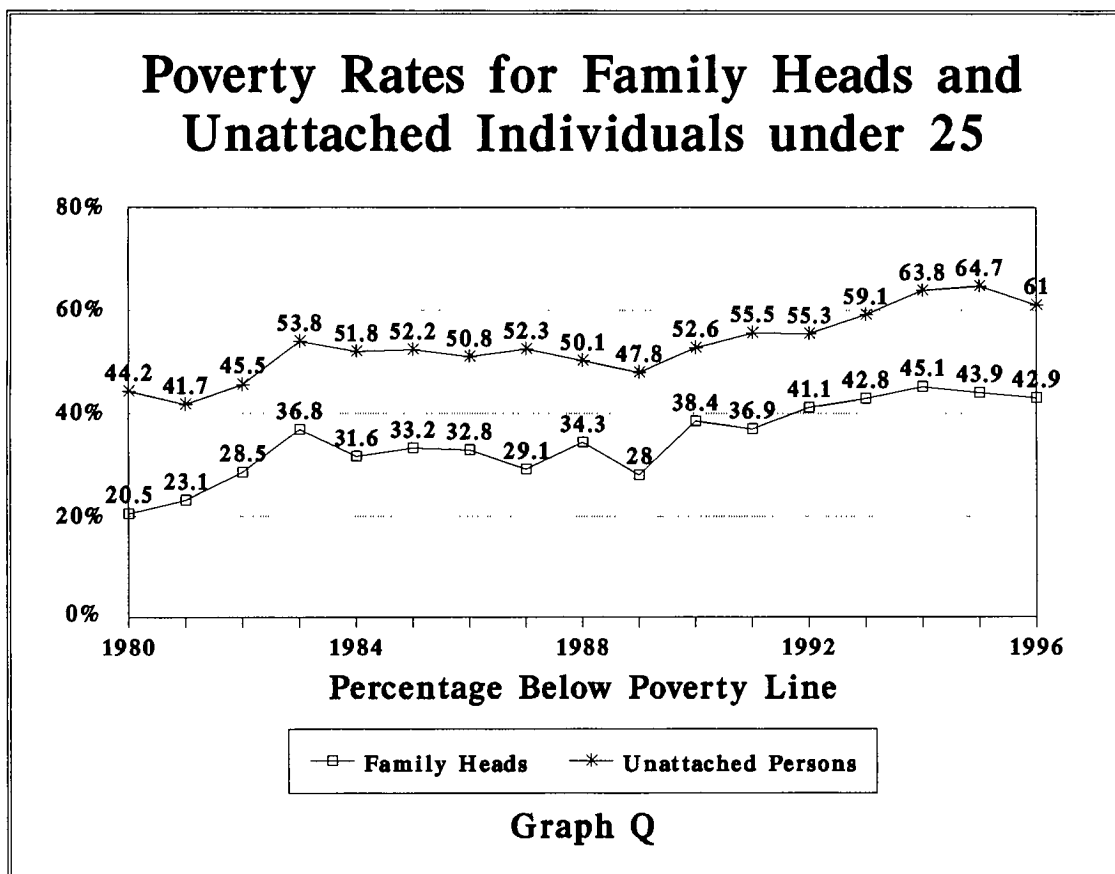
Poverty Rates by Family Type And Age of Head, 1996



Graph P

Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 to 1996. Poverty rates for unattached people 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 64.7 percent in 1995. In 1996, rates had dropped slightly to 61 percent.

The picture was a little less gloomy for young families, but poverty rates have risen sharply since 1989. The rate for 1996 was 42.9 percent, a drop of one percent from the previous year.



Work Activity

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65. Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing measures 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.

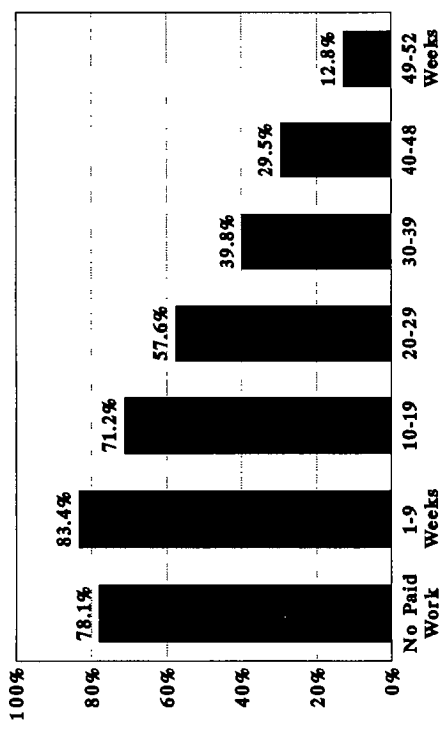
The upper left portion of the graph shows how the poverty rates for unattached individuals under 65 decline as their weeks of work increase. The poverty rates for unattached people with only a few weeks of work in 1996 were extremely high. Meanwhile, the poverty rate for those who worked for 49 to 52 weeks was 12.8 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 1996 was a mere 2.7 percent.

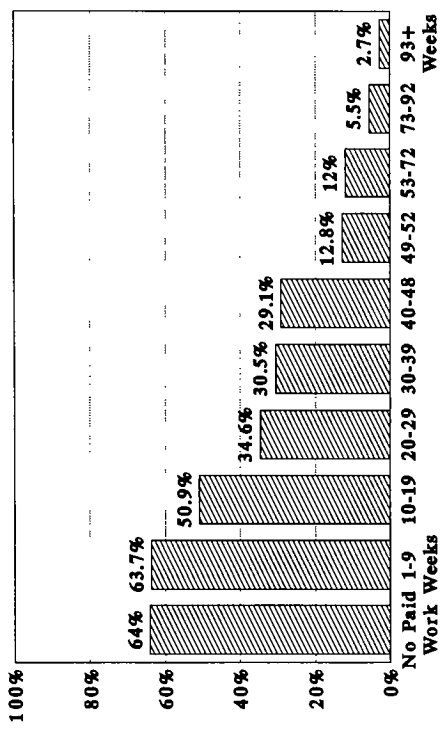
The pie charts in the bottom half of the graph show the distribution of poor unattached people under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1996.

On the other hand, the pies also show that even 52 weeks of work a year does not always protect a person from poverty. Some 201,000 unattached people, 20 percent of all poor unattached people under 65, were poor in 1996 even though they worked between 49 and 52 weeks. Some 81,000 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.

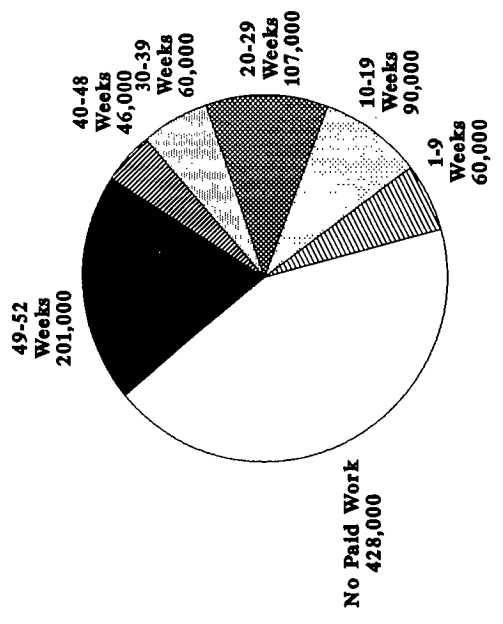
Poverty Rates By Weeks of Work For Unattached Persons Under 65, 1996



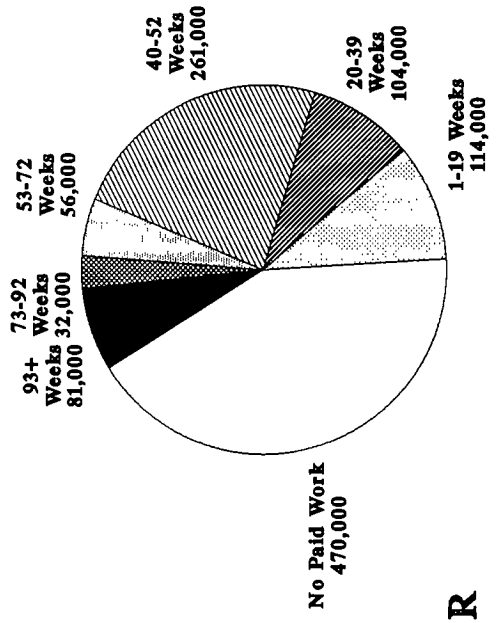
Poverty Rates By Weeks of Work For Families Under 65, 1996



Distribution of Poor Unattached Persons Under 65 By Weeks of Work, 1996



Distribution of Poor Families Under 65 By Weeks of Work, 1996



Graph R

Poverty rates both for 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.

TABLE 8
POVERTY RATES BY OCCUPATION, 1996

Occupational Group	Family Heads	Unattached Individuals
Managerial	3.2%	13.8%
Processing and Machining	7.3%	12.4%
Professional	7.7%	14.8%
Product Fabrication	8.4%	16.7%
Construction	8.6%	27.6%
Transport	9.4%	21.8%
Farming, Fishing, Forestry	11.8%	17.4%
Sales	11.8%	29.5%
Clerical	14.7%	25.0%
Services	20.8%	39.8%

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.

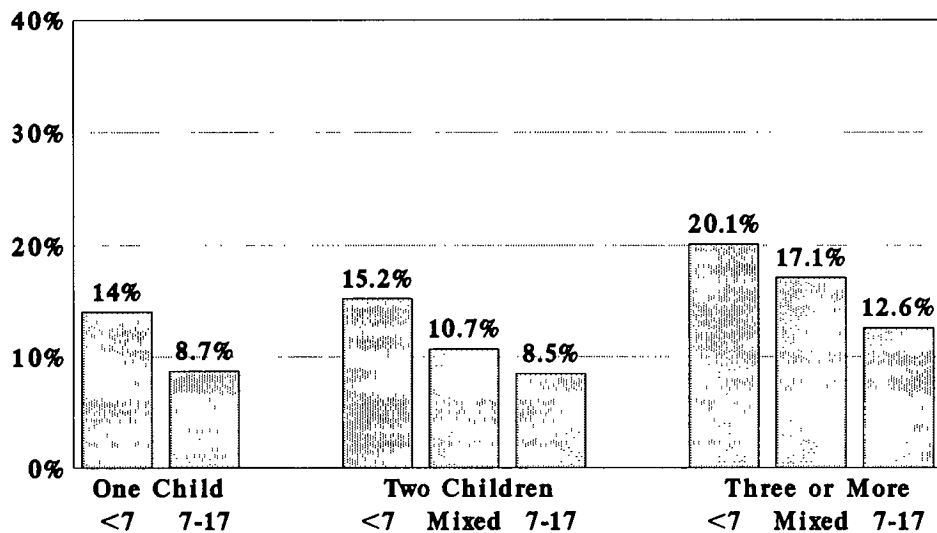
The top half of Graph S shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the 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 80.7 percent in 1996. The rate for single-mother families with two children of mixed age groups, that is, one child under seven and one child seven to 17 years old, was 68.2 percent. The rate for families with two children both aged seven or older was 51.6 percent.

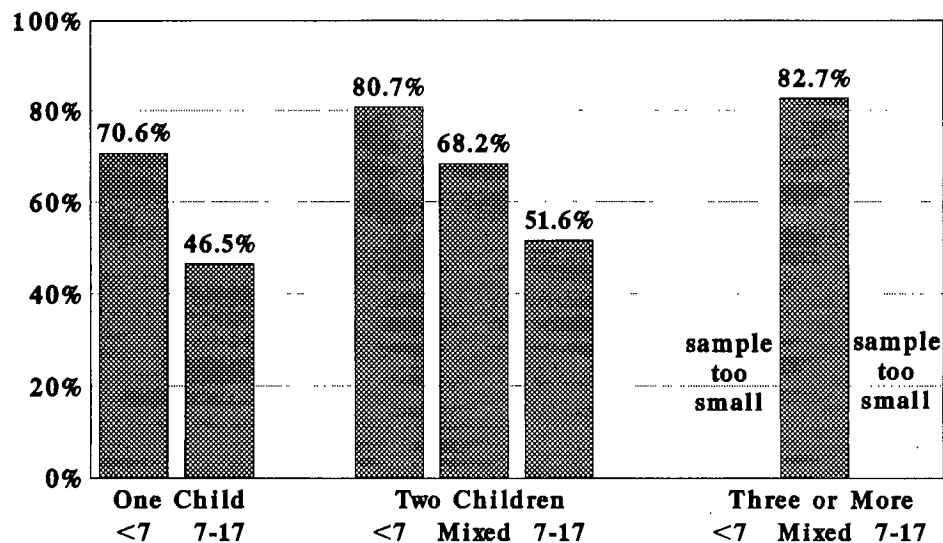
It is not surprising to find that the risk of poverty is higher for families of all types with very young children, since the job of caring for infants and toddlers often keeps mothers out of the labour force. Mothers are more likely to take jobs outside the home once their youngest children are off 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 1996, poor single-parent mothers under 65 had an average of 1.77 children under 18, and single-parent mothers who were not poor had an average of 1.49 children. Among couples under 65 with children, poor couples had 1.97 children under 18 on average and non-poor couples had 1.83 children.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1996



Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1996



Graph S

Education

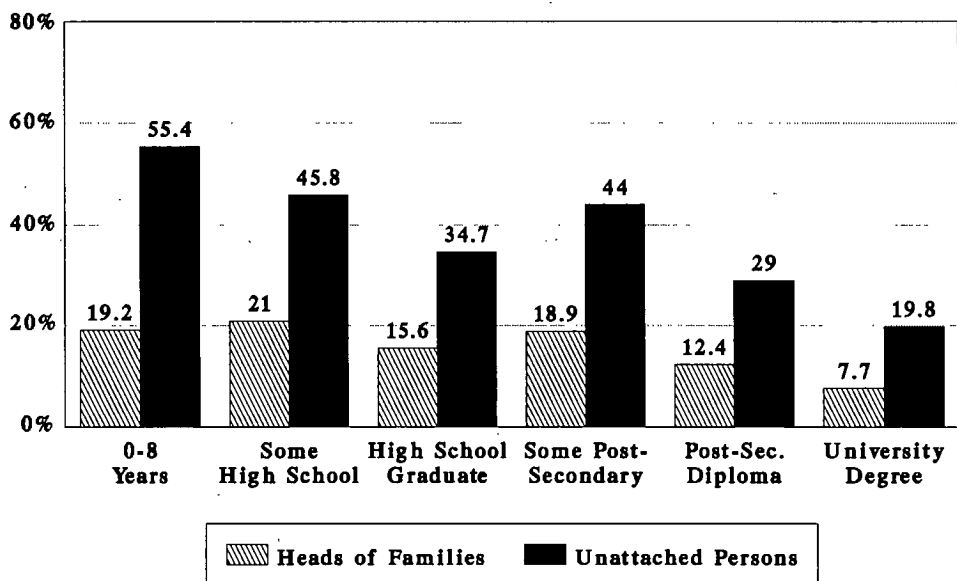
The risk of poverty normally decreases as people get more schooling. The top half of Graph T shows poverty rates of more than 19 percent for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university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

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.

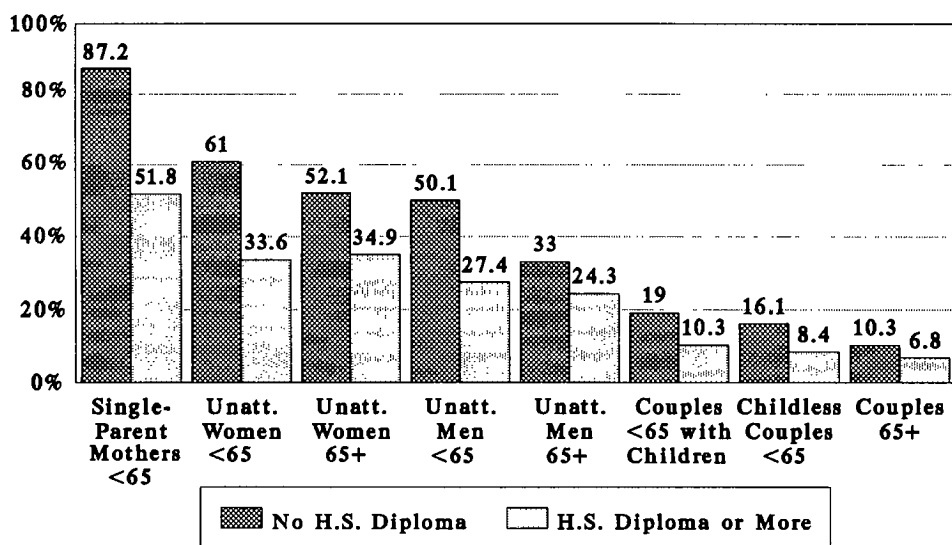
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 87.2 percent, by far the highest rate among all those who did not graduate from high school. Single-parent mothers who graduated from high school had a poverty rate of 51.8 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, 1996



Poverty Rates by Family Type And Level of Education, 1996



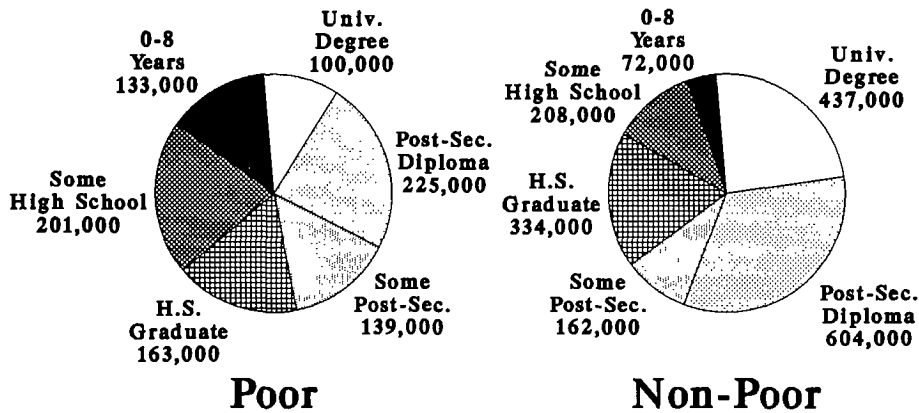
Graph T

Another way of looking at poverty and education is to compare the educational levels of poor people and non-poor people as we have 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.

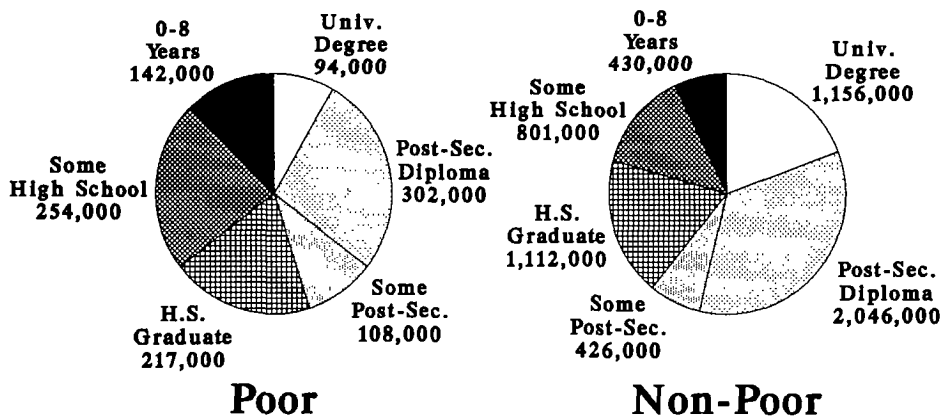
The graph shows that poor people as a group tend to have lower levels of education than non-poor people. The black slices of the pies, representing people who did not attend high school, are proportionately larger for poor people. The white slices of the pies, representing people with university degrees, 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 1996. On the other hand, there were 100,000 unattached people and 94,000 heads of families under 65 who had university degrees and still found themselves poor.

Education of Poor and Non-Poor Unattached Individuals under 65, 1996



Education of Poor and Non-Poor Families with Heads under 65, 1996



Graph U

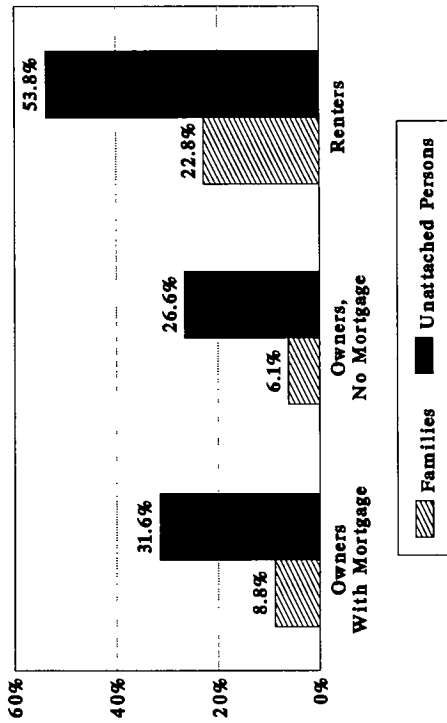
Homeowners and Renters

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

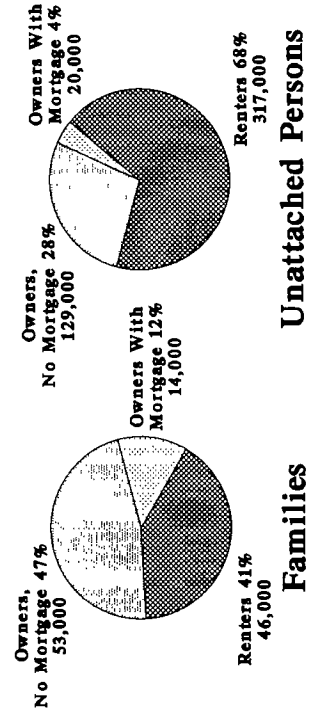
The top half of Graph V gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals. In both age groups, poverty rates were highest for unattached individuals and families who rented their homes. For the under 65 group, poverty 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, 739,000 families or 66 percent of all poor families and 862,000 unattached people or 87 percent of all poor unattached individuals were renters. For those 65 and older, 46,000 families or 41 percent of poor families and 317,000 unattached people or 68 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.

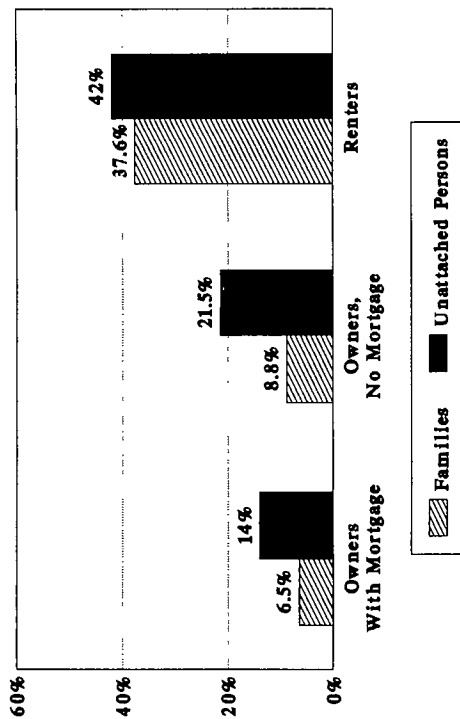
Poverty Rates for Homeowners And Renters 65 and Older, 1996



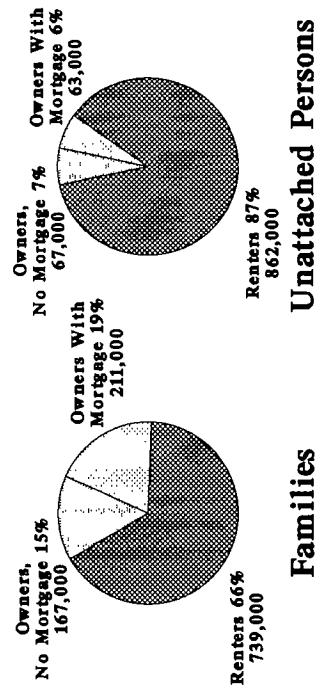
Distribution of Poor People 65 and Older by Housing Status, 1996



Poverty Rates for Homeowners And Renters Under 65, 1996



Distribution of Poor People Under 65 by Housing Status, 1996

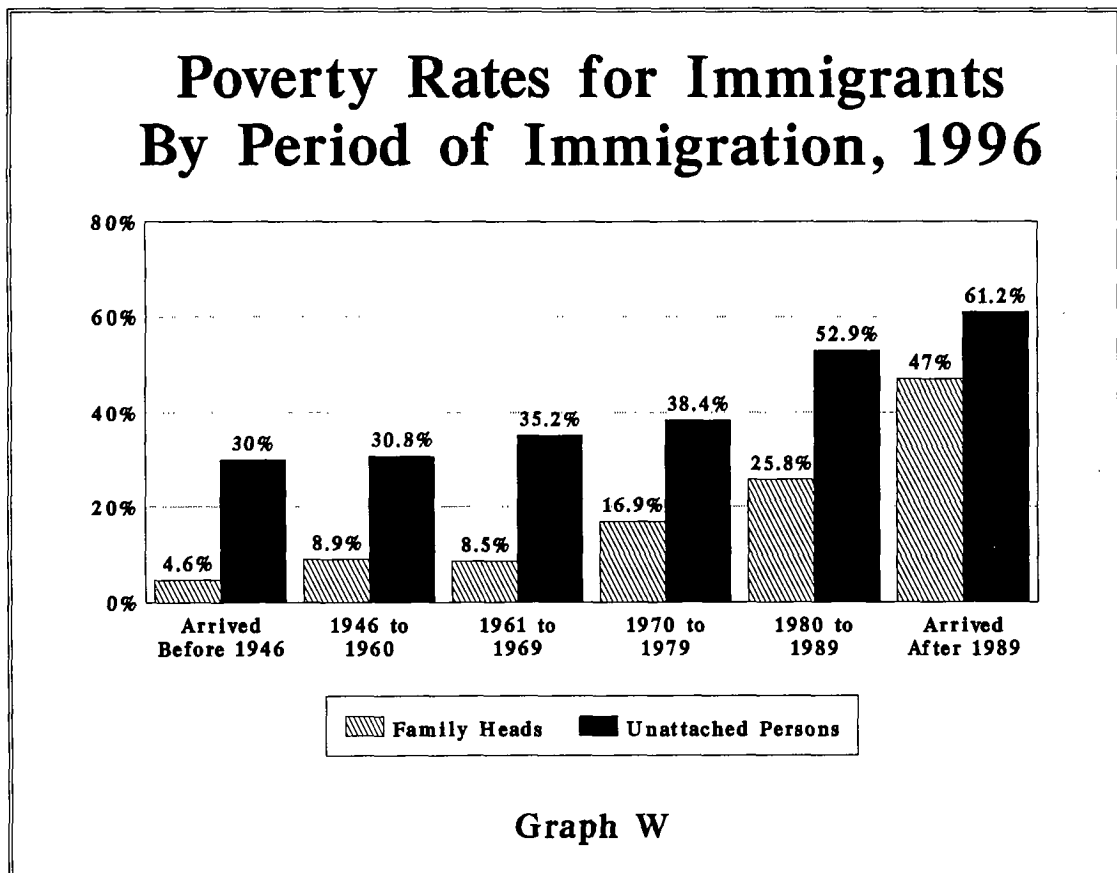


Graph V

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 1996, the poverty rate for unattached individuals born in Canada was 35.8 percent, and the rate for unattached individuals who immigrated to Canada was 43.7 percent. The poverty rate for heads of families born in Canada was 13.2 percent, and the rate for heads of families born elsewhere was 21.2 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. Since people who immigrated to Canada before 1946 are mostly seniors now, the lower rates of poverty in this group may reflect the fact that they are now collecting seniors' benefits.



Area of Residence

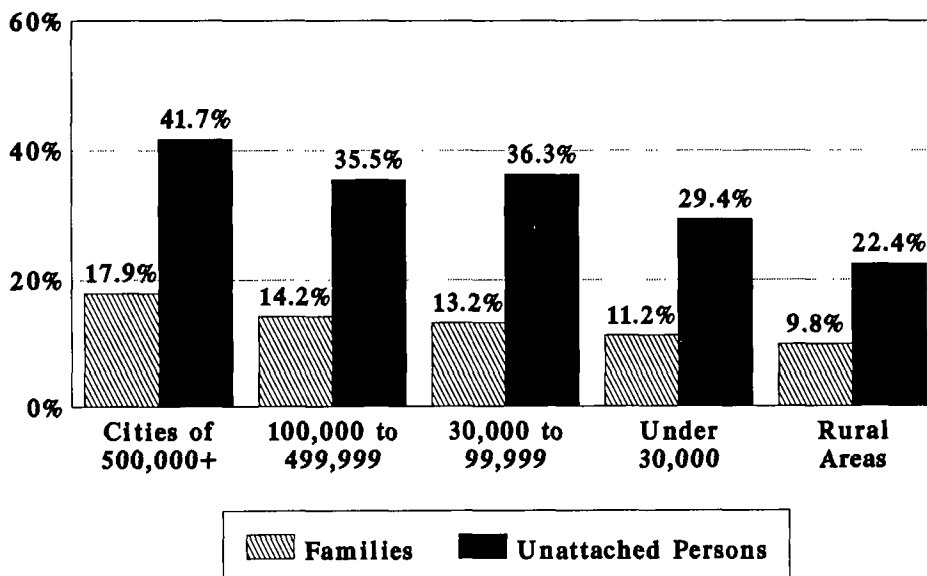
Graph X on the next page shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

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 1996 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.

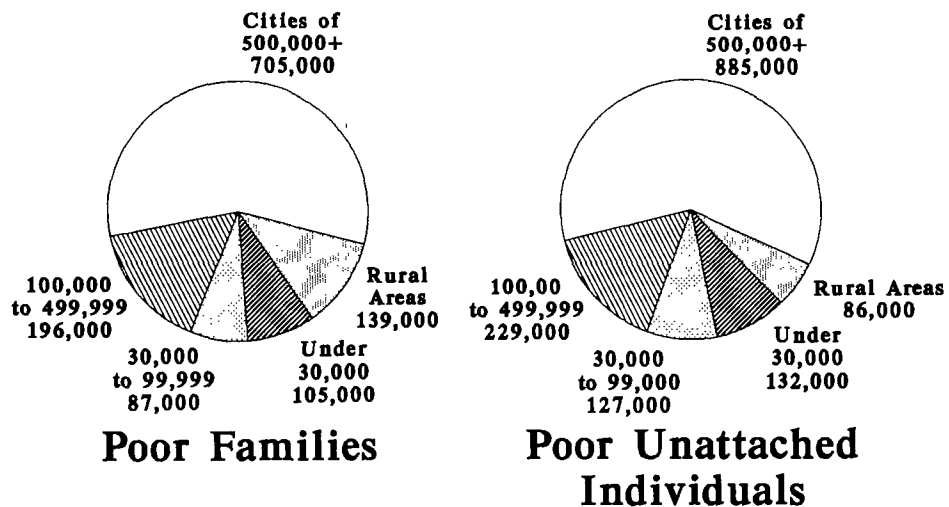
The bottom half of the graph shows the distribution of poor families and unattached individuals by community size. In 1996, 705,000 poor families or 57 percent of all poor families and 885,000 unattached individuals or 61 percent of all poor unattached people lived in cities of half a million people 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 1996.

Poverty Rates By Size of Area of Residence, 1996



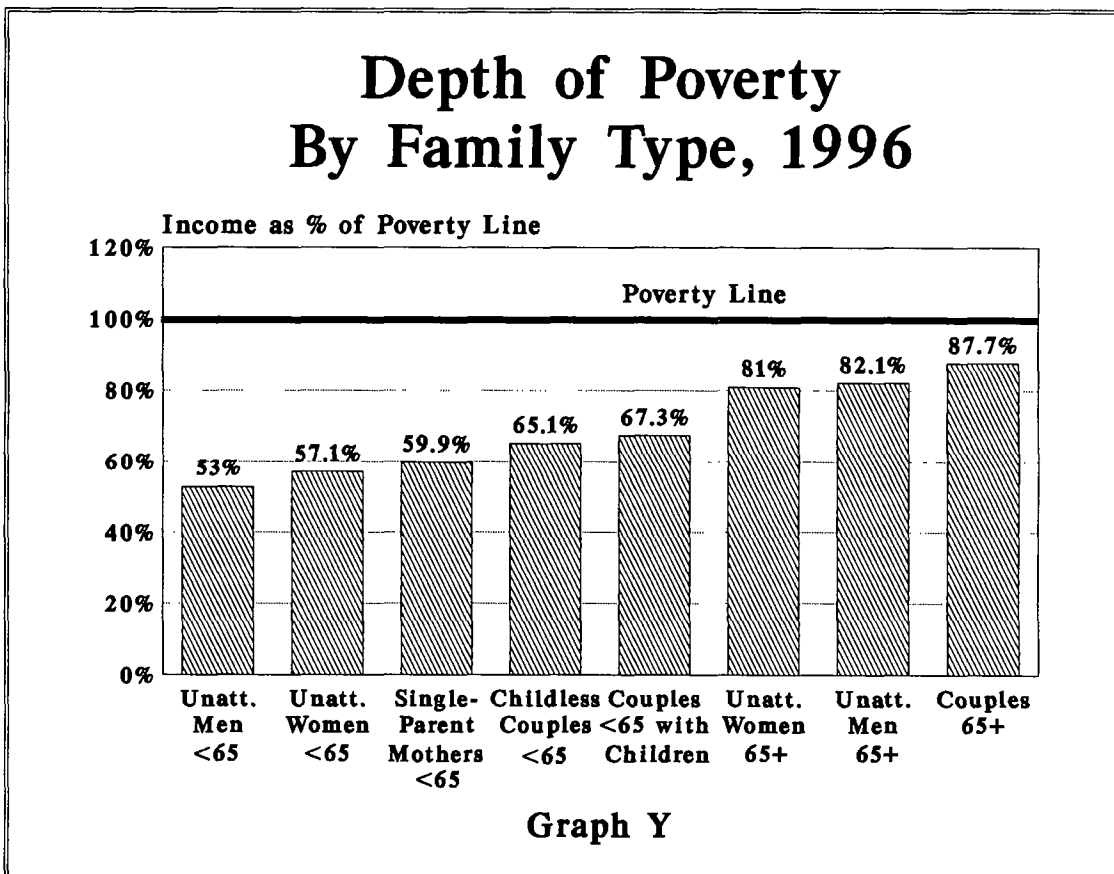
Distribution of Poor Families And Unattached Individuals, 1996



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 just 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 1996, with total incomes that were only 53 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 87.7 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for 1980 and 1996, with all the figures given in 1996 dollars to factor out the effects of inflation over the years.

TABLE 9			
AVERAGE DEPTH OF POVERTY BY FAMILY TYPE IN CONSTANT 1996 DOLLARS, 1980 AND 1996			
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1996	% Change 1980-1996
Single-Parent Mothers under 65 with Children under 18	\$10,284	\$9,604	-7%
Couples under 65 with Children under 18	\$8,474	\$8,866	+5%
Unattached Women under 65	\$7,471	\$6,368	-15%
Unattached Men under 65	\$7,162	\$6,768	-6%
Childless Couples under 65	\$6,853	\$6,581	-4%
Unattached Men 65 and Older	\$4,203	\$2,714	-35%
Unattached Women 65 and Older	\$4,046	\$2,857	-29%
Couples 65 and Older	\$3,443	\$2,551	-26%

Poor single-parent mothers under 65 with children under 18 were the worst off, living \$10,284 below the poverty line on average in 1980 and \$9,604 below the line in 1996. Poor couples

under 65 with children under 18 were not much better off, with average incomes \$8,474 below the poverty line in 1980 and \$8,866 below the line in 1996.

Unattached women and men under 65 came next. They appear to be the worst off when depth of poverty is expressed as a percentage of the poverty line, but they have a different ranking when the measure is 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 1996 poverty line of \$31,862 would have been \$15,931 below the line, while a single person at half the poverty line of \$16,061 would have been \$8,031 below the line.

The right-hand column of Table 9 shows the percentage change in the depth of poverty between 1980 and 1996 by family type. Negative figures mean the depth of poverty for the family type improved and got closer to the poverty line in 1996 than 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. From 1980 to 1996, 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 1996 than they were in 1980. Poor seniors gained the most during this period. The depth of poverty declined by 35 percent for unattached senior men, 29 percent for unattached senior women and 26 percent for married couples over 65.

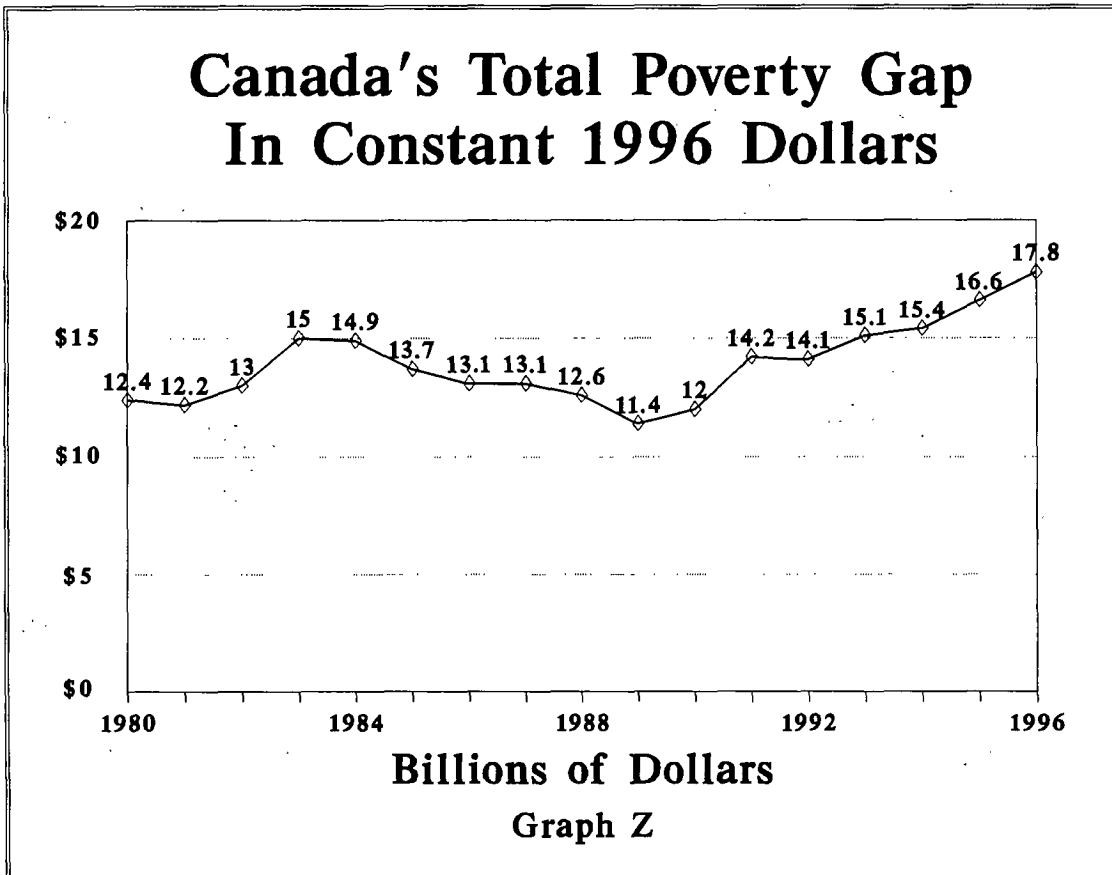
Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total poverty gap, or the amount of additional income that would be required to bring all Canadians above the poverty line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

The poverty gap in 1996 was \$17.8 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, 1996

Family Type	Poverty Gap	Percentage of Total Gap
Single-Parent Mothers under 65 with Children under 18	\$3,641,000,000	20.5%
Unattached Men under 65	\$3,629,000,000	20.4%
Couples under 65 with Children under 18	\$3,276,000,000	18.4%
Unattached Women under 65	\$2,899,000,000	16.3%
Couples under 65 without Children	\$1,312,000,000	7.4%
Unattached Women 65 and Older	\$1,071,000,000	6.0%
Unattached Men 65 and Older	\$247,000,000	1.4%
Couples 65 and Older	\$199,000,000	1.1%
Others	\$1,501,000,000	8.4%
Total Poverty Gap	\$17,775,000,000	100.0%

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 1996 dollars to show the trends with the effects of inflation removed. The gap was \$12.4 billion in 1980, it rose to \$15 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 again. In 1996, it had reached a peak of \$17.8 billion.

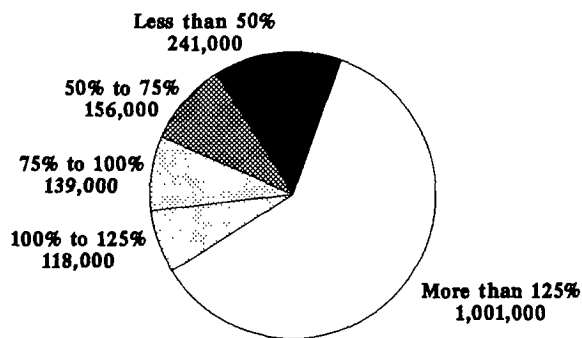


A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in Graph AA and AB on the pages that follow.

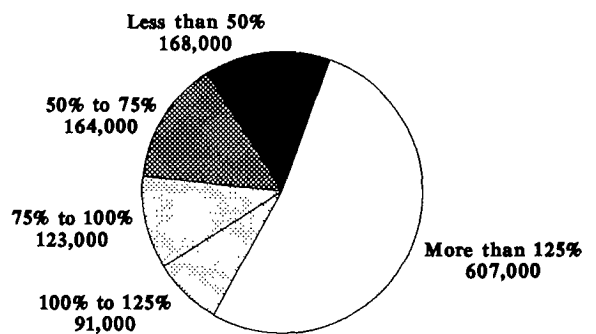
Graph AA shows the distribution of incomes in 1996 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of 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 1996. The poorest of the poor were the 241,000 poor unattached men under 65 and the 168,000 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 poverty.

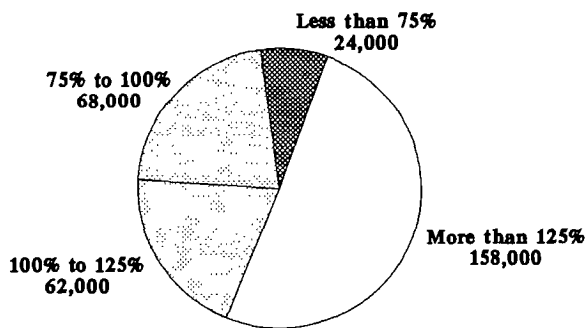
Income Distributions in 1996 As Percentages of the Poverty Line



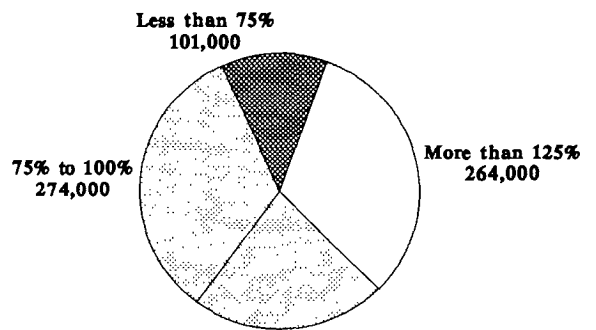
**Unattached Men
Under 65**



**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.

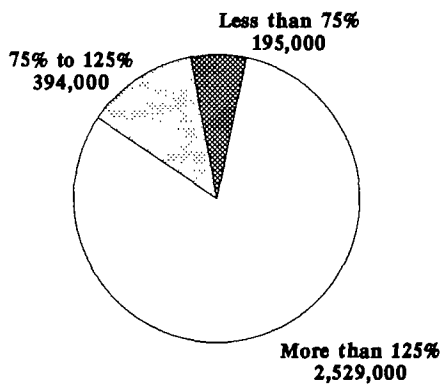
To get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1996 poverty statistics according to hypothetical best-case and worst-case scenarios.

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 1996 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,457,000 to 853,000 under this scenario, and the poverty rate would have fallen from 37 percent to 21.6 percent.

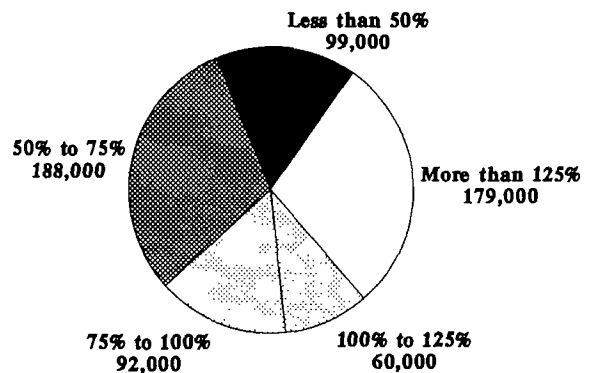
In the worst-case scenario, we assumed that all "near poor" unattached people with incomes of 100 to 125 percent of the poverty line - the other light gray slice of each pie - lost enough income in 1996 to fall into poverty. The number of poor unattached individuals would have risen from 1,457,000 to 1,914,000 under this scenario, and the poverty rate would have shot up from 37 percent to 48.5 percent.

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

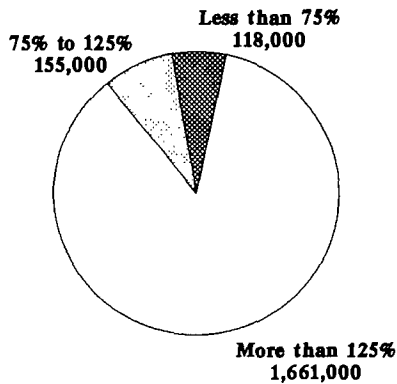
Income Distributions in 1996 As Percentages of the Poverty Line



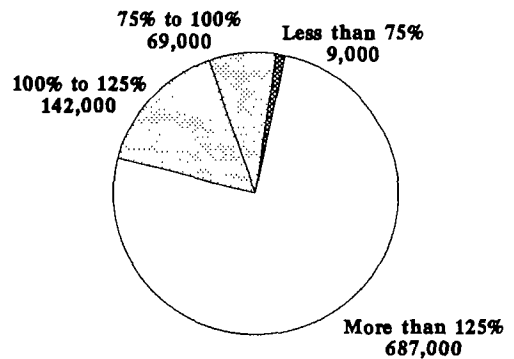
**Couples under 65
With Children**



**Single-Parent
Mothers Under 65**



**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. Relatively few single-parent mothers have incomes of 125 percent or more of the poverty line. That pie chart also shows 99,000 single-parent mothers with incomes of less than half the poverty line and 188,000 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 1,230,000 to 718,000 in 1996 and the poverty rate would have fallen from 14.8 percent to 8.6 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 1,230,000 to 1,841,000, and the poverty rate would have risen from 14.8 percent to 22.9 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 1996, 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 \$8,003 on average in 1996. The average income of all unattached men under 65, both poor and non-poor, was \$28,246. The average income of poor men under 65 amounted to only 28 percent of the average income of all unattached men under 65.

TABLE 11			
<u>INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1996</u>			
Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,003	\$28,246	28%
Unattached Women under 65	\$8,531	\$23,465	36%
Unattached Men 65 and Older	\$12,454	\$25,020	50%
Unattached Women 65 and Older	\$12,188	\$18,139	67%
Childless Couples under 65	\$12,734	\$56,691	22%
Single-Parent Mothers under 65 with Children under 18	\$14,437	\$24,092	60%
Couples 65 and Older	\$18,206	\$39,588	46%
Couples under 65 with Children under 18	\$20,028	\$64,070	31%

The differences between the average incomes of the poor and all Canadians are striking. Poor couples under 65 with children under 18 had an average family income of \$20,028 in 1996, for example, while the average income of all couples with children under 18 was \$64,070, more than three times as large.

The differences were much less for 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 \$14,437 in 1996, but the average income of all single-parent mothers was only \$24,092 - 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 for 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 1996. 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, 69 percent of total income for single-parent mothers under 65 with children under 18, and 90 or 91 percent of total income for the three family types 65 or older.

TABLE 12
TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1996

Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$3,947	\$8,003	49%
Unattached Women under 65	\$3,724	\$8,531	44%
Childless Couples under 65	\$5,605	\$12,734	44%
Couples under 65 with Children under 18	\$8,415	\$20,028	42%
Single-Parent Mothers under 65 with Children under 18	\$10,003	\$14,437	69%
Unattached Women 65 and Older	\$11,005	\$12,188	90%
Unattached Men 65 and Older	\$11,203	\$12,454	90%
Couples 65 and Older	\$16,526	\$18,206	91%

Average transfer payments to poor families and unattached individuals were generally down in 1996. The average losses between 1995 and 1996 were \$670 for poor childless couples under 65, \$33 for poor couples under 65 with children under 18, \$230 for poor single-parent mothers under 65 with children under 18, \$243 for poor unattached senior women, and \$62 for poor unattached senior men.

The losses are relatively small in absolute terms, but they are large when compared with the low incomes of poor Canadians. The loss of \$670 by poor childless couples under 65, for example, represents an 11 percent decrease from their 1995 total average income of \$6,275.

The three family types to get higher transfer payments in 1996 were poor unattached senior men, whose average gain was \$273, poor unattached women under 65, whose average gain was \$42, and poor married couples 65 and older, whose average gain was \$42.

Senior Couples and Unattached Individuals

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

Almost all poor seniors got a sizable portion of their total incomes from the federal government's Old Age Security pension and Guaranteed Income Supplement. The reason 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 1996 was \$16,905, and the maximum for an unattached senior was \$10,426.

The second most important source of income were the benefits from the Canada Pension Plan or Quebec Pension Plan. In 1996, 72 percent of poor senior couples, 74 percent of poor unattached senior men and 64 percent of poor unattached senior women claimed CPP or QPP. The maximum retirement benefit under the two plans was \$8,725 in 1996, and the maximum survivor pension for a person 65 and older was \$5,235. 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 helped to reduce the size of the deficit.

Some poor seniors had income from investments in 1996. Although investment incomes were up slightly from 1995, the average amounts were modest.

TABLE 13
SOURCES OF INCOME FOR POOR SENIORS, 1996

Source of Income	Poor Couples 65 and Older (78,000)		Poor Unattached Men 65 and Older (91,000)		Poor Unattached Women 65 and Older (375,000)	
	Percent who Receive	Average Amount to Recipient	Percent who Receive	Average Amount to Recipient	Percent who Receive	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	95%	\$12,522	97%	\$7,492	98%	\$8,246
Canada and Quebec Pension Plans	72%	\$5,119	74%	\$4,287	64%	\$3,546
Investment Income	33%	\$1,687	31%	\$2,045	30%	\$1,725
Provincial Supplements	29%	\$1,263	19%	\$2,017	23%	\$1,170
Occupational Pension Plans	16%	\$3,027	19%	\$2,266	13%	\$3,010
RRSPs	2%	\$3,559	sample too small		2%	\$1,853
Income from All Sources	100%	\$18,206	100%	\$12,454	100%	\$12,188

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 1996. 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 1996 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 56 percent of poor unattached men under 65; 57 percent of poor unattached women under 65; 57 percent of poor childless couples under 65; 80 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 significant in all cases. The average of \$7,629 earned by poor single-parent mothers, for example, was equivalent to 38 weeks of work for 40 hours a week at a rate of \$5 an hour or 19 weeks of full-time work at \$10 an hour.

The percentage of poor people under 65 with income from earnings has been declining fairly 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 children who had earnings was 89 percent in 1990, 84 percent in 1991, 83 percent in 1992, 77 percent in 1993 and 1994, 81 percent in 1996, and 80 percent in 1996. The percentage of poor single-parent mothers with earnings was down from 55 percent in 1990 to 46 percent in 1995 and 1996.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1996

Source of Income	Unattached Men (536,000)		Unattached Women (455,000)		Couples without Children (199,000)		Couples with Children (370,000)		Single-Parent Mothers (379,000)	
	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	56%	\$6,460	57%	\$7,265	57%	\$9,600	80%	\$13,464	46%	\$7,629
Welfare	41%	\$5,842	36%	\$6,439	33%	\$8,091	35%	\$8,861	68%	\$9,218
Unemployment Insurance	14%	\$4,420	10%	\$3,377	15%	\$4,546	22%	\$5,103	8%	\$4,487
Investments	10%	\$1,266	12%	\$1,752	22%	\$2,686	21%	\$1,737	5%	\$2,082
Child Tax Benefit	---	---	---	---	---	---	99%	\$2,665	99%	\$2,362
Canada & Quebec Pension Plans	8%	\$5,855	12%	\$4,818	21%	\$5,936	7%	\$6,032	4%	\$6,172
Occupational Pension Plans	1%	\$5,578	2%	\$5,339	8%	\$7,035	1%	\$5,756	---	---
Workers Compensation	2%	\$4,609	1%	\$2,718	4%	\$6,835	3%	\$7,068	2%	\$7,326
Child and/or Spousal Support	---	---	1%	\$3,014	---	---	3%	\$2,350	18%	\$3,881
Income from All Sources	100%	\$8,003	100%	\$8,531	100%	\$12,734	100%	\$20,028	100%	\$14,437

One third to more than two-thirds of each of the five family types received welfare during 1996. Welfare payments were reported by 41 percent of the poor unattached men under 65; 36 percent of the poor unattached women under 65; 33 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 most of the year. Poor couples, with or without children, seem to have spent less time on welfare on average than the other family types. As the National Council of Welfare reported in Welfare Incomes 1996, unattached people could have received provincial welfare and related benefits ranging between \$2,502 and \$6,584 a year, single parents with one child between \$9,192 and \$11,964, and couples with two children \$10,711 to \$15,273.⁵

The percentage of poor families and unattached individuals on welfare has increased 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 and 1996.

Unemployment insurance benefits were reported in 1996 by 14 percent of the poor unattached men under 65; 10 percent of the poor unattached women under 65; 15 percent of the poor childless couples under 65; 22 percent of the poor couples under 65 with children under 18; and 8 percent of the poor single-parent mothers under 65 with children under 18. The average amounts received suggest that poor families or unattached people depended on unemployment insurance for fairly long periods. As of January 1, 1996, 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 five and 22 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 1996 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.⁶

Twelve percent of poor unattached women under 65 claimed Canada and Quebec Pension Plan benefits, as did 21 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 CPP or QPP benefit, but the category could include 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.

A very small percentage of poor families and unattached individuals received workers' compensation. For most poor people receiving received workers' compensation, the average amount was fairly large. For unattached women, however, the amount was modest.

Table 14 shows that 18 percent of poor single-parent mothers under 65 received support payments in 1996, and the average amount received was \$3,881. One percent of poor unattached women under 65 and three percent of couples with children under 18 received support payments from previous marriages.

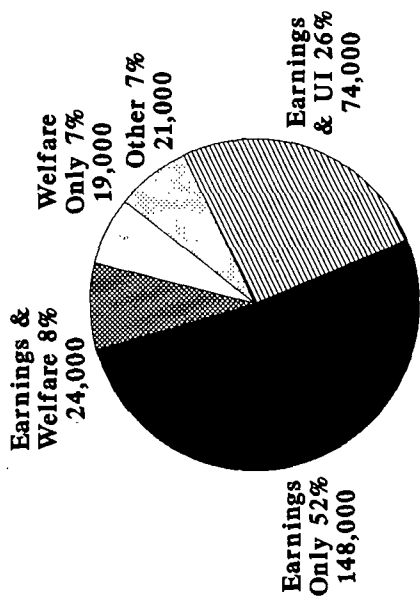
While the data in Table 14 are enlightening, they do not give a clear picture of typical combinations of types of income. Obviously, some poor people have only one main source of income and others have more than one.

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.

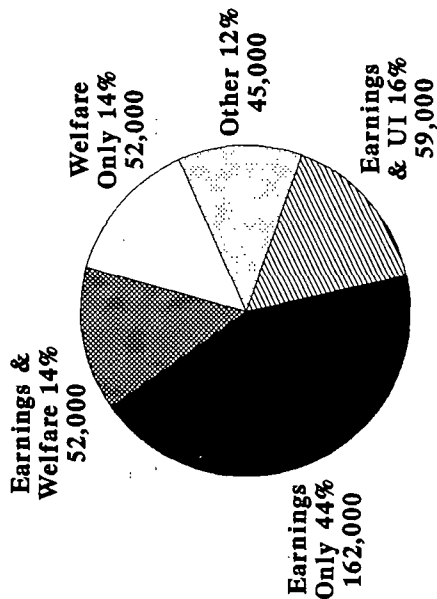
The result was a series of tables based on different combinations of income: earnings alone, welfare alone, earnings and welfare together, and earnings and unemployment insurance together. Other possible combinations, such as welfare and unemployment insurance but not earnings, produced breakdowns too 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 1996.

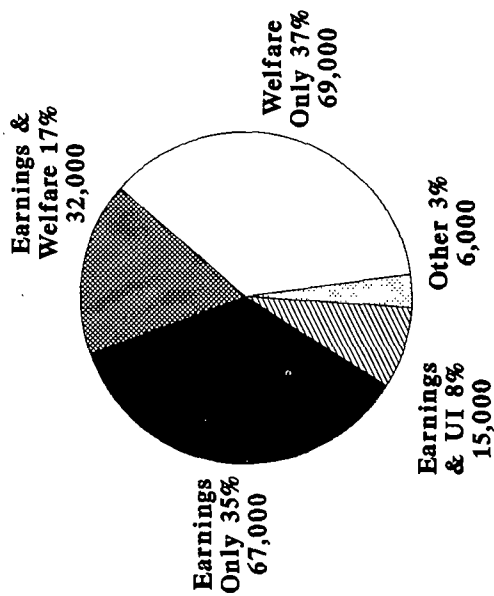
Primary Sources of Income for Poor Couples Under 65 With Children, 1980



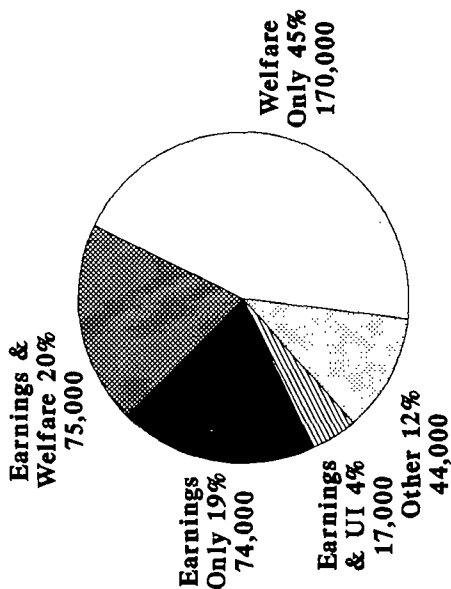
Primary Sources of Income for Poor Couples Under 65 With Children, 1996



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



Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1996



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 1996. 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 shows a distinct shift away from earnings toward welfare between 1980 and 1996. For poor couples with children, the size of the three slices of the pie that show earnings - earnings only, earnings and welfare, and earnings and unemployment insurance - shrank from a total of 86 percent in 1980 to 74 percent in 1996, while the slice for welfare only grew from seven percent of the pie in 1980 to 14 percent in 1996.

Poor single-parent mothers were caught in similar trends. The three earnings slices of the pie added up to 60 percent in 1980 and only 44 percent in 1996. The welfare slice of the pie increased from 37 percent in 1980 to 45 percent in 1996.

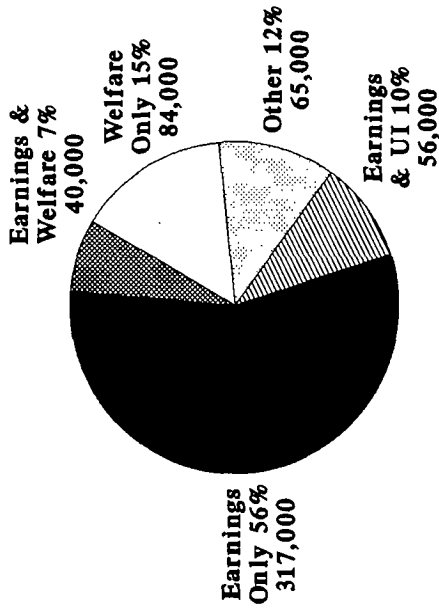
Graph AD on the next page shows primary sources of earnings for poor unattached individuals under 65 and poor childless couples under 65 in 1980 and 1996. Once again, the slices of the pie containing earnings got smaller from 1980 to 1996, and the welfare slices got bigger.

Stepping back for a broader look at Graph AC and Graph AD, it is clear that most 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.

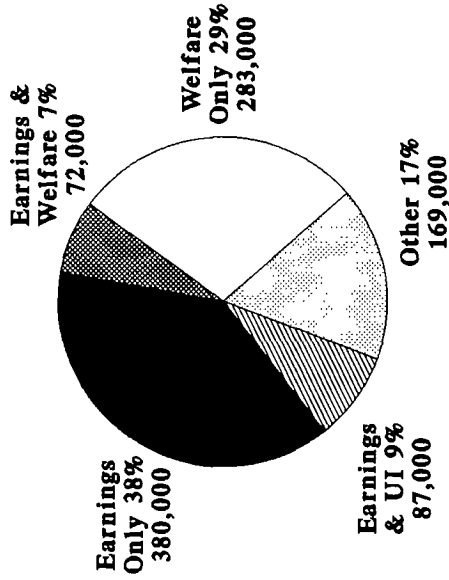
It is important to remember that the data in the graph show primary sources of income only for 1996. They do not tell us how the families and unattached individuals fared in other years. Some of the people who relied on welfare as their primary source of income, for example, could have been temporarily down on their luck and unable to find paying jobs only in 1996. Others could have been dependent on welfare for periods longer than one year.

Similarly, the data do not show 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 1996 with paying jobs and were forced to fall back on unemployment insurance during the year. Others started the year on unemployment insurance and subsequently found new jobs.

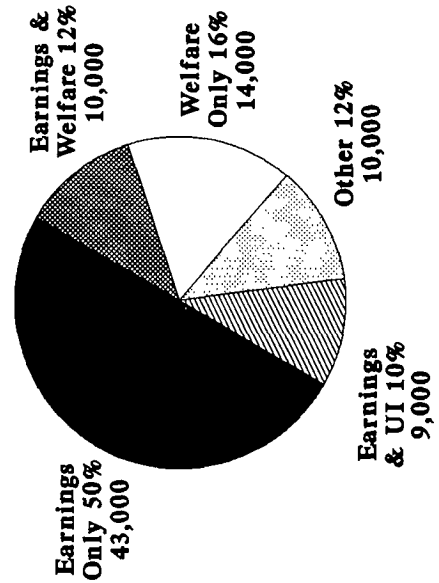
Primary Sources of Income for Poor Unattached Individuals Under 65, 1980



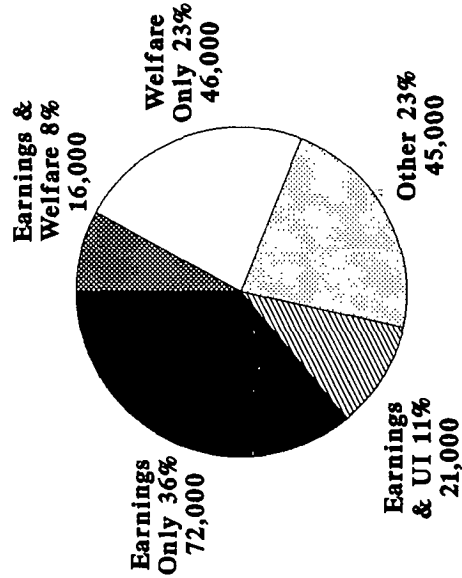
Primary Sources of Income for Poor Unattached Individuals Under 65, 1996



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



Primary Sources of Income for Poor Childless Couples Under 65, 1996



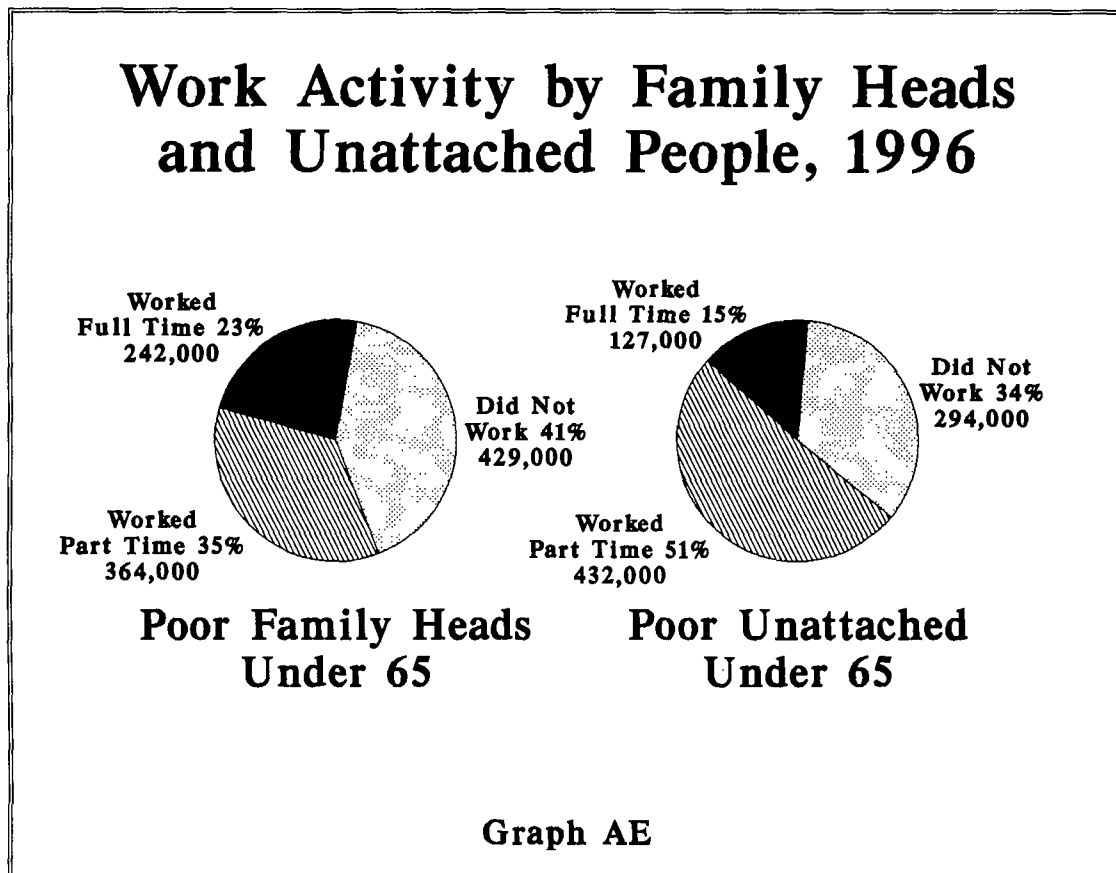
Graph AD

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.⁷

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 1996. 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 a person worked at least 49 weeks during the year and their normal work week was 30 hours or more. Part time means a person worked less than 49 weeks a year or less than 30 hours a week.

Twenty-three percent of poor family heads under 65 worked full time in 1996, 35 percent worked part time, and the remaining 41 percent did not work at all for wages. Among poor unattached individuals under 65, 15 percent worked full time, 51 percent worked part time, and the other 34 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 432,000 families with heads under 65 and 453,000 unattached individuals under 65 who made up the low-wage poor in 1996. 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 four of the five family types shown. Fifty percent of the poor unattached men under 65, 57 percent of the poor unattached women, 45 percent of the poor couples without children and 60 percent of the poor couples with children were working poor. The exception was single-parent mothers. Only 22 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 38 to 41 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were much higher, suggesting that family heads either had higher wage rates or had second earners in their families.

TABLE 15
POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1996

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	466,000	387,000	175,000	349,000	367,000
Number with Earnings of 50 Percent or More of Total Income	233,000	220,000	79,000	208,000	82,000
Percentage with Earnings of 50 Percent or More of Total Income	50%	57%	45%	60%	22%
Average Annual Earnings	\$7,601	\$8,202	\$12,618	\$16,862	\$12,527
Average Income from Sources Other than Earnings	\$1,182	\$989	\$2,035	\$5,212	\$4,097
Average Total Income	\$8,783	\$9,191	\$14,653	\$22,074	\$16,624
Earnings as a Percentage of Total Income	87%	89%	86%	76%	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 from sources other than earnings were very small. Most of the other income probably came from programs such as the federal GST credit or federal Child Tax Benefit.

Although the figures were limited to poor people whose earnings amounted to at least half of their total income, the last row of the table shows that a very large portion of poor people's total income came from earnings. Earnings accounted for between 75 percent and 89 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 1996, for example, the number of poor couples under 65 who are able to work and who have children under 18 rose 46 percent, from 239,000 families to 349,000 families. The number of working poor couples with children rose only 37 percent, from 152,000 families to 208,000 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 on the next page gives the 1996 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 1,481,000 poor children, for example, included 78,000 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.

TABLE 16
CHILDREN UNDER 18 LIVING IN POVERTY, 1996

	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	27,000	20.0%	15,000	12.7%	11,000	72.1%
Prince Edward Island	5,000	14.8%	2,000	8.3%	2,000	45.3%
Nova Scotia	51,000	23.7%	25,000	14.7%	24,000	70.5%
New Brunswick	34,000	19.6%	16,000	11.4%	17,000	67.6%
Quebec	372,000	22.2%	184,000	13.7%	167,000	62.4%
Ontario	538,000	19.9%	271,000	12.2%	245,000	66.2%
Manitoba	69,000	25.4%	37,000	16.9%	28,000	71.6%
Saskatchewan	55,000	20.9%	24,000	11.3%	29,000	68.7%
Alberta	148,000	20.3%	69,000	11.5%	72,000	70.7%
British Columbia	180,000	20.3%	86,000	12.0%	78,000	59.8%
Canada	1,481,000	20.9%	730,000	12.6%	673,000	65.3%

The national poverty rate for children rose from 20.5 percent in 1995 to 20.9 percent in 1996, and the number of poor children rose from 1,441,000 to 1,481,000, the highest level in 17 years. The lowest provincial child poverty rate was 14.8 percent in Prince Edward Island, and the highest was 25.4 percent in Manitoba.

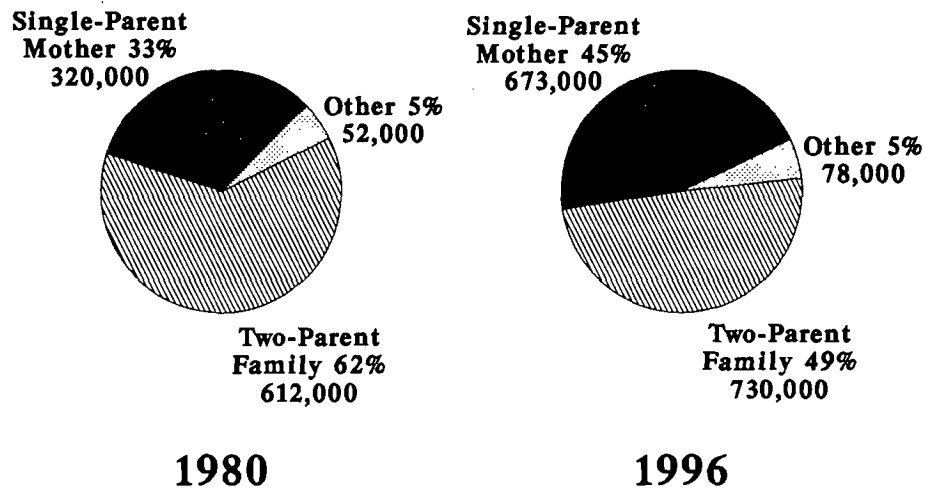
The national poverty rate for children in two-parent families was 12.6 percent, and provincial rates ranged from a low of 8.3 percent in P.E.I. to a high of 16.9 percent in Manitoba. The poverty rates for children of single-parent mothers were shockingly high. The national rate rose from

62.2 percent in 1995 to 65.3 percent in 1996. The highest provincial child poverty rate for children living with single mothers was 72.1 percent in Newfoundland, and the lowest was 45.3 percent in Prince Edward Island.

One long-standing myth 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 1996, 730,000 poor children lived in two-parent families under 65, while 673,000 poor children lived in single-parent families headed by women under 65. Even though this is the case nationally, in three provinces, poor children of single mothers outnumber poor children in two-parent families. In New Brunswick there are 17,000 poor children of single mothers, compared to 16,000 poor children of two-parent families; in Saskatchewan, there are 29,000 poor children of single mother families and 24,000 poor children in two-parent families; and in Alberta, there are 72,000 poor children of single-mother families and only 69,000 poor children of two-parent families.

Nonetheless, it is also true that a far higher proportion of children of single parents, particularly single-parent mothers, live in poverty. The proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AF on the next page shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. By 1996, the percentage of poor children with single-parent mothers had risen to 45 percent and the percentage living with both parents was down to 49 percent.

Poor Children By Family Type, 1980 and 1996

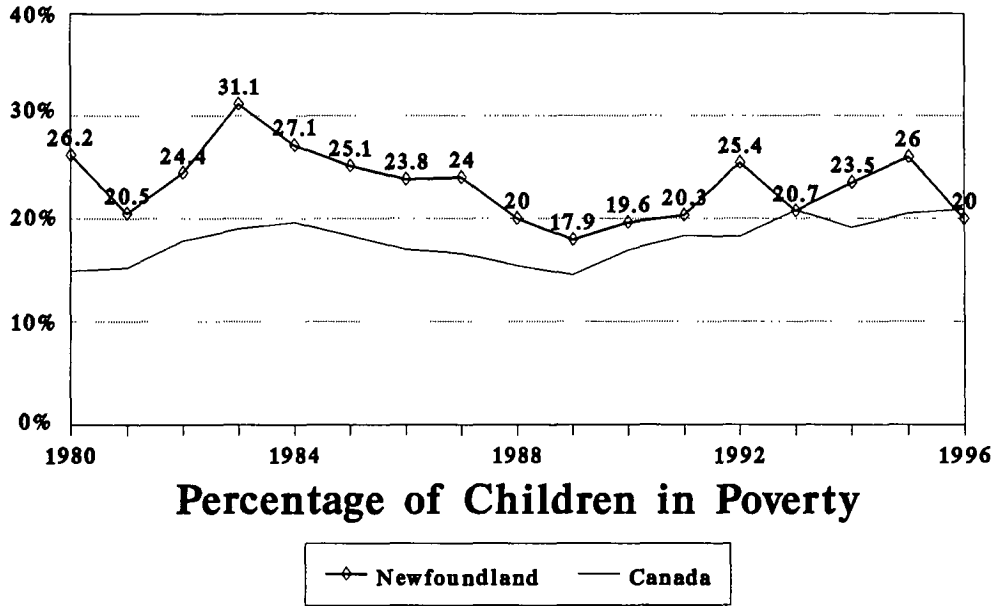


Graph AF

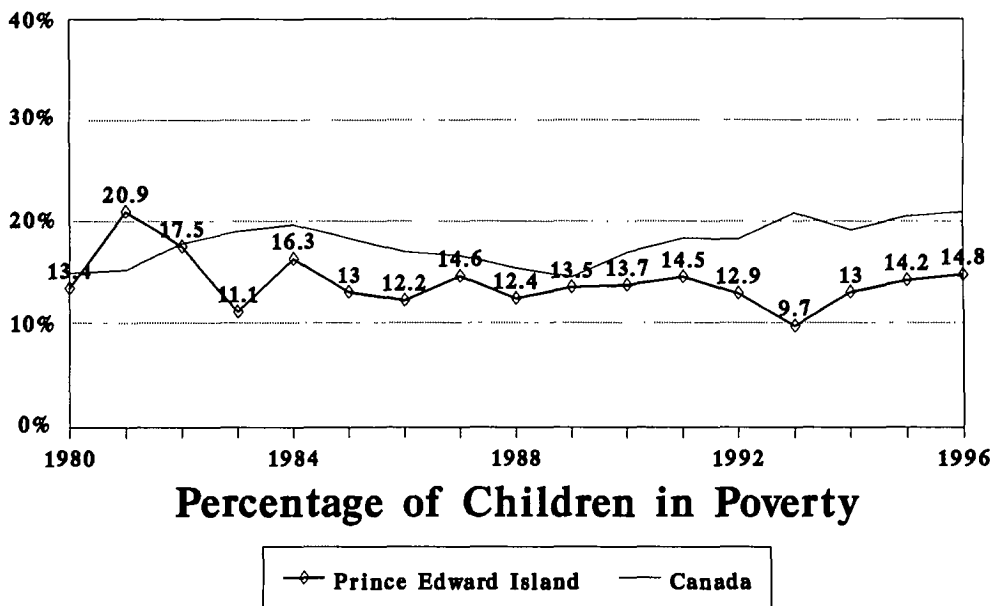
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1996. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

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, sometimes above, and sometimes below the national child poverty rates.

Newfoundland

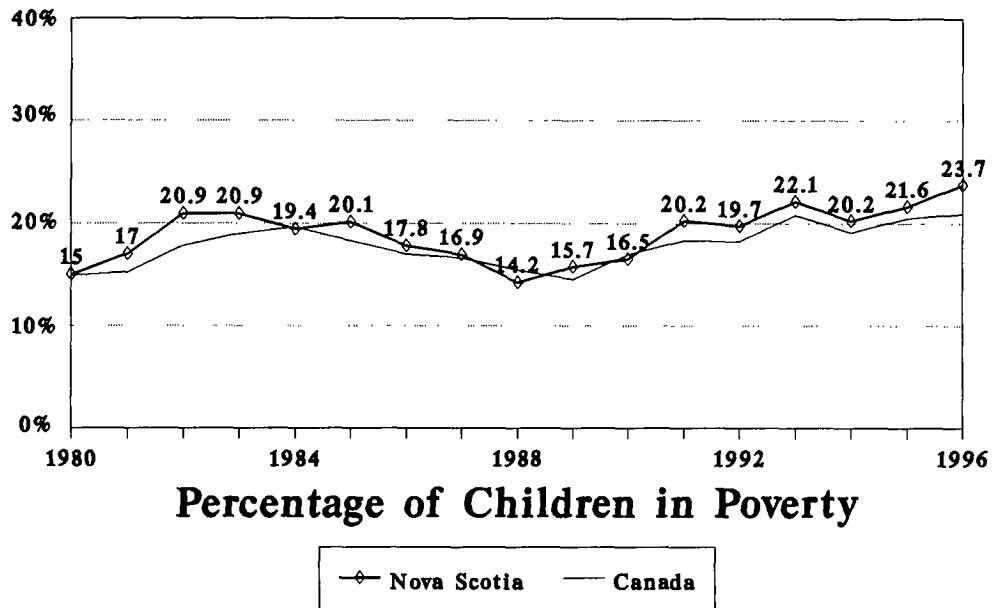


Prince Edward Island

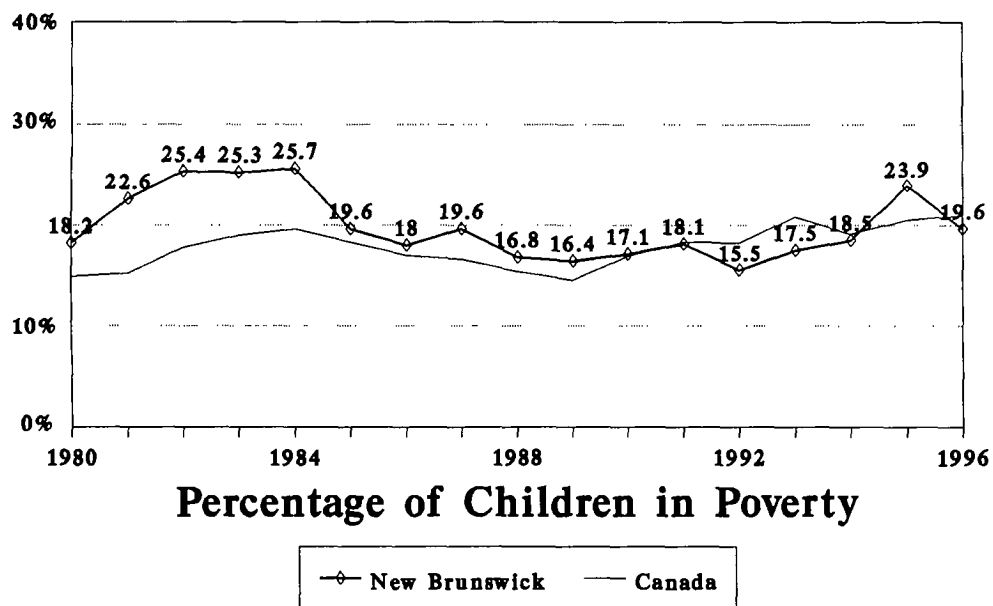


Graph AG

Nova Scotia

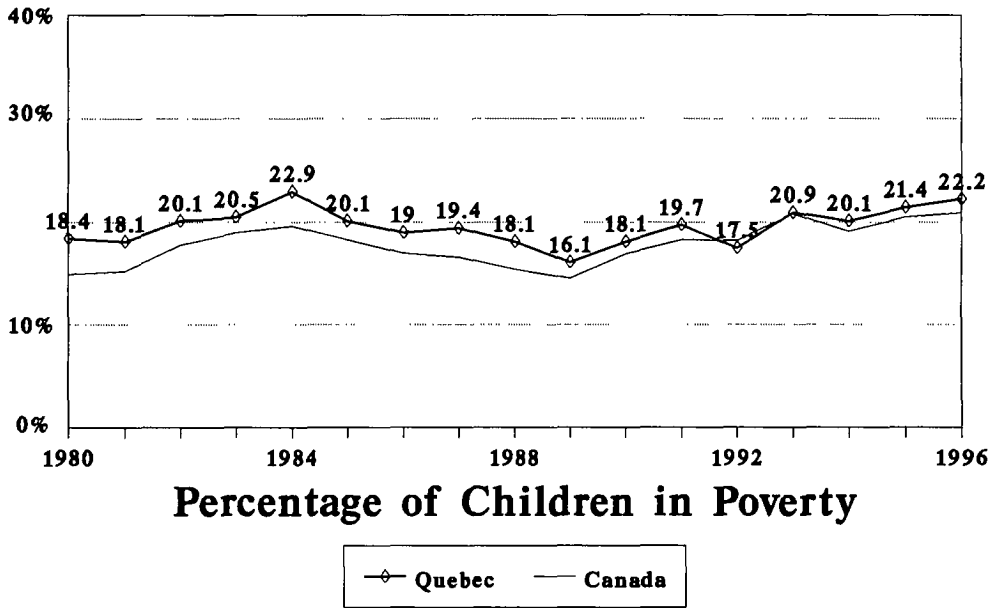


New Brunswick

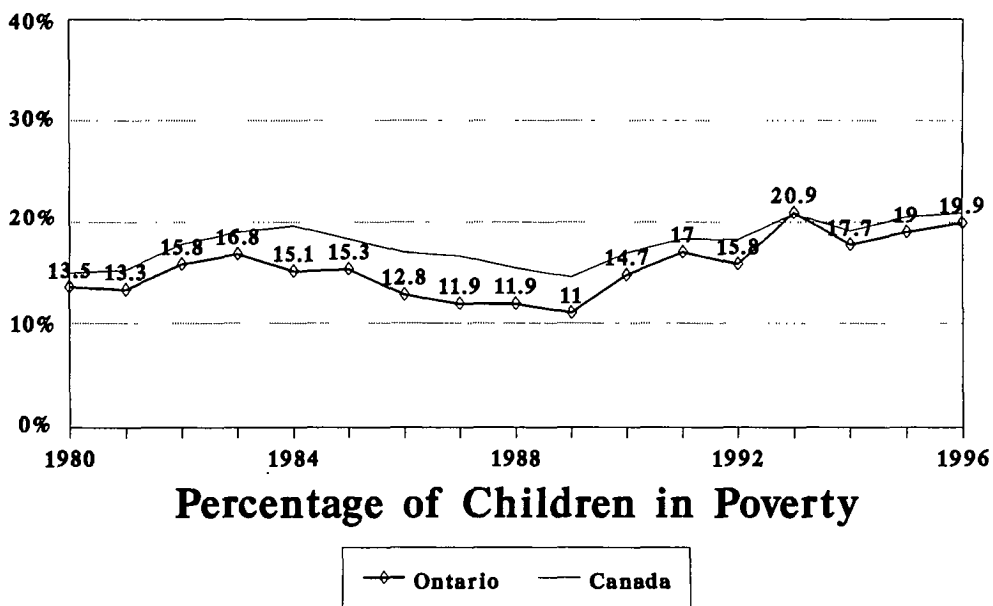


Graph AH

Quebec

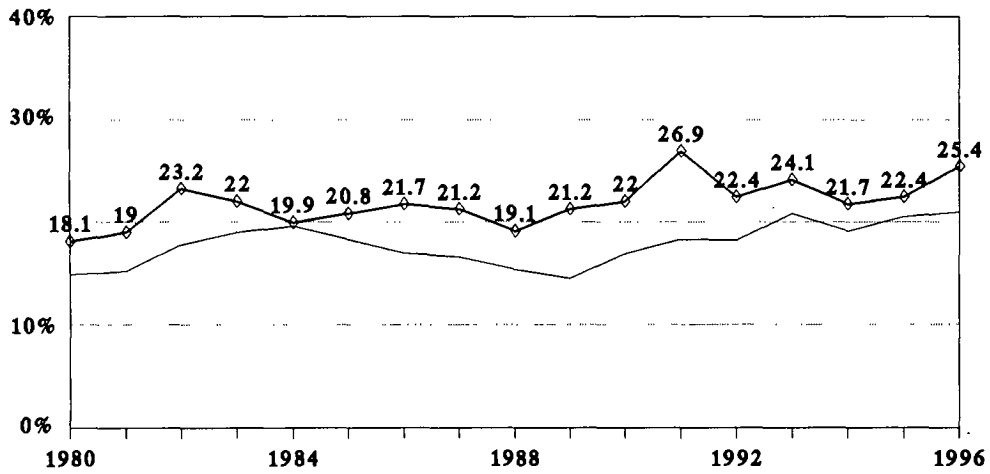


Ontario

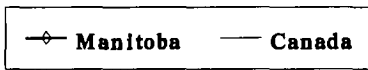


Graph AI

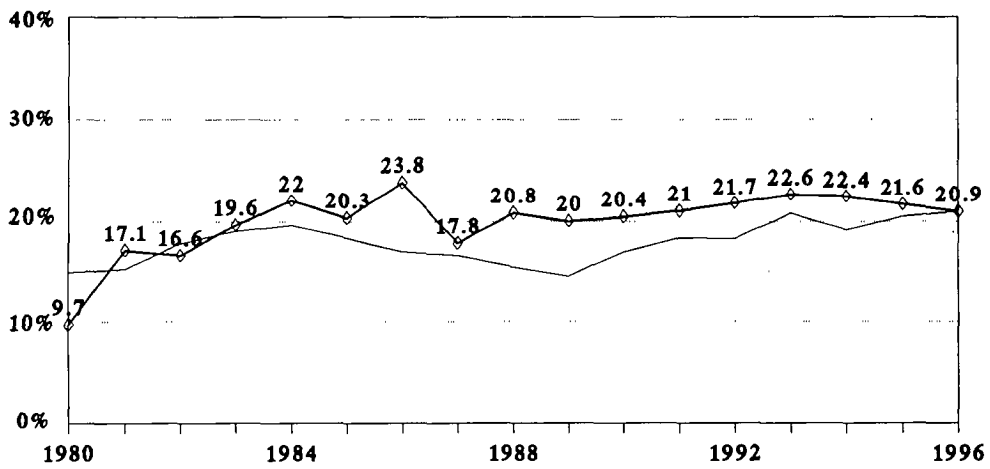
Manitoba



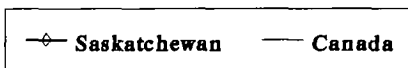
Percentage of Children in Poverty



Saskatchewan

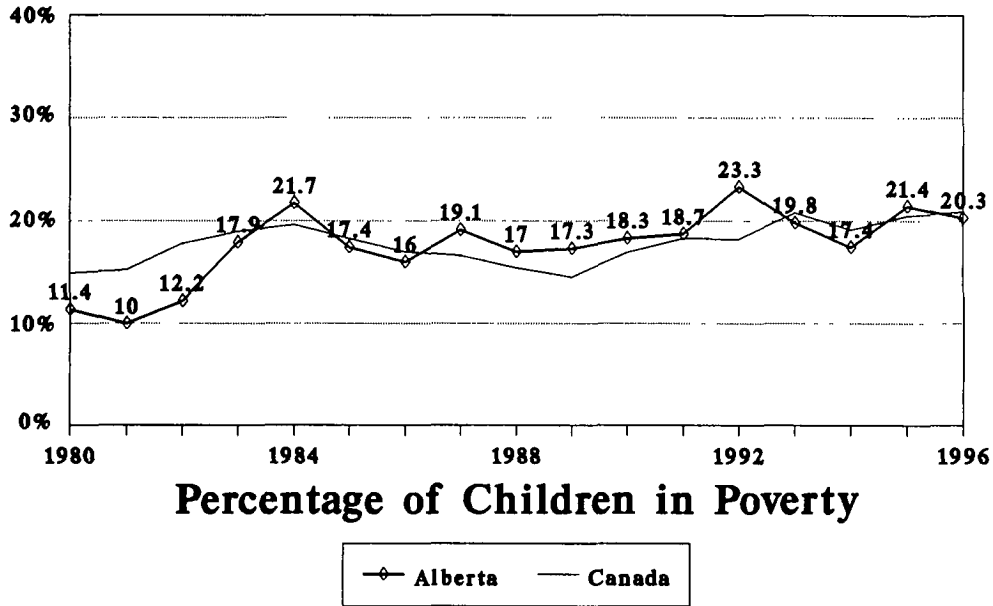


Percentage of Children in Poverty

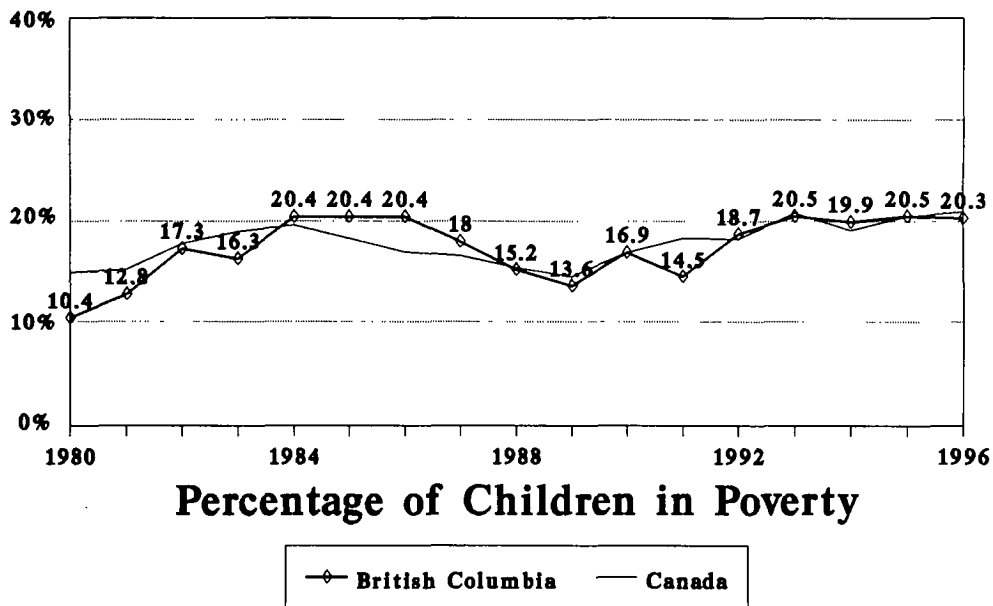


Graph AJ

Alberta



British Columbia



Graph AK

Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 on the next page gives the poverty rates for women and men age 18 and older for the years 1980 through 1996, and ratio of female to male poverty rates each year.

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 1996, the poverty rate for women was 18.8 percent, the rate for men was 14.1 percent and the ratio between the sexes was 1.33.

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

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1996 poverty rate for unattached women under 65 was 39.5 percent, compared to 32.4 percent for unattached men under 65. For unattached seniors, the poverty rates were 45.4 percent for women and 29.3 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 61.4 percent in 1996, 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.

TABLE 17
TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER

	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
1996	18.8%	2,143,000	14.1%	1,555,000	1.33

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

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to subtract the earnings of the wives from its 1996 income data on husband-wife families under age 65, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

<p style="text-align: center;">TABLE 18</p> <p style="text-align: center;">POVERTY RATES FOR HUSBAND-WIFE FAMILIES UNDER AGE 65, WITH AND WITHOUT THE EARNINGS OF WIVES, 1996</p>		
	Percentage of Families Who Were Poor in 1996	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	12.9%	23.3%
Prince Edward Island	6.3%	15.6%
Nova Scotia	11.5%	23.6%
New Brunswick	10.0%	19.8%
Quebec	12.5%	25.5%
Ontario	9.7%	18.8%
Manitoba	10.1%	25.5%
Saskatchewan	10.3%	22.0%
Alberta	8.6%	19.9%
British Columbia	10.1%	20.6%
Canada	10.5%	21.4%

The actual 1996 poverty rate for all husband-wife families under age 65 was 10.5 percent, and a total of 608,000 families were living in poverty. If the earnings of wives were removed and everything else remained the same, the poverty rate would have jumped to 21.4 percent, and the number of families living in poverty would have more than doubled to 1,243,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1996 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

Seniors

Table 19 on the next page gives the poverty rates for senior men and women in each province in 1980, 1995 and 1996, and the changes between 1980 and 1996. Over the years, the poverty rates for seniors have fallen dramatically. Although most of the rates for 1996 increased slightly from the previous year, poverty rates for seniors remain close to record low levels. For senior men in Alberta, the rate was the lowest since 1980.

The increases reported from 1995 to 1996 were presumably temporary reversals in the long-term downward trend in poverty rates among seniors.

In all provinces except Newfoundland, the long-term decline in poverty among senior men was sharper than the decline in poverty among senior women. And in all provinces, the 1996 poverty rates for men were well below the 1996 rates for women.

Between 1995 and 1996, poverty rates for senior men were down only in New Brunswick and Alberta. Poverty rates for senior women increased in all provinces except Ontario.

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	1995	1996	% Change 1980-1996	1980	1995	1996	% Change 1980-1996
	Newfoundland	27.6	6.6	11.4	-59%	36.9	13.7	14.5
Prince Edward Island	33.7	5.6	8.0	-76%	52.7	14.8	15.1	-71%
Nova Scotia	22.8	5.3	8.2	-64%	31.5	15.7	21.3	-32%
New Brunswick	22.1	8.8	6.5	-71%	34.2	14.0	16.6	-51%
Quebec	33.7	15.4	20.2	-40%	46.2	32.5	37.4	-19%
Ontario	24.0	8.9	10.7	-55%	34.3	19.7	18.5	-46%
Manitoba	23.8	10.3	14.4	-39%	41.2	22.2	28.1	-32%
Saskatchewan	28.1	3.3	6.1	-78%	49.0	12.6	16.0	-67%
Alberta	25.2	7.5	7.2	-71%	38.8	15.3	17.7	-54%
British Columbia	29.6	10.1	10.4	-65%	32.7	20.4	21.4	-35%
Canada	27.3	10.2	12.4	-55%	38.4	22.1	23.9	-38%

CONCLUSION

The United Nations proclaimed 1996 the International Year for the Eradication of Poverty. Although the National Council of Welfare knew that poverty could not be wiped out in a single year, we had hoped that poverty might at least be reduced in 1996.

Five years after the 1990-1991 recession, it seemed reasonable to expect that poor people would share in the return to prosperity. Instead, we found the poverty rate had inched up every year. In the depths of the recession, the rates were 14.6 percent in 1990 and 16 percent in 1991. By 1996, the poverty rate was up to 17.6 percent, and child poverty had reached a 17-year peak. These upward trends during a period of prosperity are extremely alarming.

Several developments in social policy leave the Council very concerned about Canada's commitment to fighting poverty. For 30 years, the federal government shared the costs of welfare with the provinces and territories under the terms of the Canada Assistance Plan. On April 1, 1996, CAP was replaced by the Canada Health and Social Transfer. The federal government's support for welfare, social services, medicare and post-secondary education dropped from \$29.7 billion in the 1995-1996 fiscal year to \$26.9 billion in the 1996-1997 fiscal year. Welfare, the program that supports the poorest of the poor, was particularly hard hit by the change. The Canada Assistance Plan required provinces and territories to provide welfare to all people determined to be "in need," to have an appeals procedure and it prevented provinces and territories from imposing residence requirements on people applying for welfare. Under CHST, only the ban on residence requirements remained.

Even before the cuts to transfer payments, many provincial and territorial governments reduced their welfare programs, often in concert with other deficit-reduction measures. As a result, the incomes of most welfare recipients in Canada were reduced, sometimes dramatically. Cuts to the eligibility requirements and the benefit rates of unemployment insurance also targeted people who were already down on their luck.

Although Canada has failed to eradicate poverty in 1996, another important target date is approaching quickly. In 1989, the House of Commons resolved to eliminate child poverty by 2000. Now that the deficit has been eliminated, the government is in a position to support the programs and policies that will ensure that Canada can live up to its commitment to children and their families.

Eliminating child poverty will require a combined effort by the federal, provincial and territorial governments. Only a mix of good welfare and other income support programs and broad efforts to reduce the unemployment rate and strengthen the labour market can ensure that families with children have the opportunity to rise out of poverty.

FOOTNOTES

1. Statistics Canada, Income Distributions by Size in Canada, 1996 (Catalogue No. 13-207-XPB).
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 1996. 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 1997					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,320	14,335	14,004	12,766	11,110
2	22,121	19,432	18,982	17,302	15,062
3	28,119	24,700	24,128	21,994	19,143
4	32,377	28,434	27,780	25,325	22,040
5	35,373	31,068	30,351	27,668	24,082
6	38,397	33,721	32,944	30,031	26,140
7+	41,297	36,273	35,435	32,303	28,115

NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1998*					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,565	14,550	14,214	12,957	11,277
2	22,453	19,723	19,267	17,562	15,288
3	28,541	25,071	24,490	22,324	19,430
4	32,863	28,861	28,197	25,705	22,371
5	35,904	31,534	30,806	28,083	24,443
6	38,973	34,227	33,438	30,481	26,532
7+	41,916	36,817	35,967	32,788	28,537

* Based on estimate of 1.6 percent inflation in 1998.

APPENDIX B

REGIONAL POVERTY STATISTICS, 1996

	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	66.3%	104,000	60.5%	129,000	59.9%	113,000	62.7%
Unattached Women under 65	28,000	41.3%	145,000	43.8%	128,000	34.1%	155,000	40.7%
Unattached Men under 65	34,000	35.0%	177,000	37.6%	169,000	34.1%	155,000	27.7%
Unattached Women 65 and Older	24,000	37.0%	152,000	62.4%	104,000	36.8%	95,000	40.5%
Unattached Men 65 and Older	4,000	19.2%	38,000	41.0%	26,000	25.8%	22,000	23.8%
Couples under 65 With Children under 18	31,000	11.8%	102,000	13.5%	137,000	11.5%	100,000	11.0%
Childless Couples under 65	19,000	12.7%	72,000	13.7%	59,000	8.5%	50,000	8.7%
Couples 65 and Older	4,000	5.4%	30,000	15.4%	29,000	8.3%	15,000	5.2%

APPENDIX B (CONTINUED)

DEPTH OF POVERTY IN DOLLARS BELOW POVERTY LINE AND PERCENTAGE OF POVERTY LINE, 1996

	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	\$7,711	61.3%	\$9,612	60.5%	\$9,852	59.9%	\$9,878	62.7%
Unattached Women under 65	\$6,094	52.9%	\$6,578	56.3%	\$6,214	58.1%	\$6,348	57.8%
Unattached Men under 65	\$5,566	57.7%	\$6,662	55.2%	\$6,816	52.0%	\$7,103	50.7%
Unattached Women 65 and Older	\$1,680	87.1%	\$3,579	76.5%	\$2,232	85.6%	\$2,134	86.1%
Unattached Men 65 and Older	sample sizes too small							
Couples under 65 With Children under 18	\$6,896	70.1%	\$8,565	70.5%	\$9,638	64.2%	\$8,726	67.9%
Childless Couples under 65	\$5,338	65.4%	\$7,080	63.5%	\$6,787	64.7%	\$6,097	67.8%
Couples 65 and Older	sample sizes too small							

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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^e étage, 1010 rue Somerset ouest, Ottawa K1A 0J9.